



Latin American and Caribbean Center
FLORIDA INTERNATIONAL UNIVERSITY

Hemisphere

Volume 18

Issue 1 *Bolivia's Uncertain Future*

Article 1

2007

Bolivia's Uncertain Future

Follow this and additional works at: https://digitalcommons.fiu.edu/lacc_hemisphere



Part of the [Latin American Studies Commons](#)

Recommended Citation

(2007) "Bolivia's Uncertain Future," *Hemisphere*: Vol. 18 : Iss. 1 , Article 1.

Available at: https://digitalcommons.fiu.edu/lacc_hemisphere/vol18/iss1/1

This work is brought to you for free and open access by the Kimberly Green Latin American and Caribbean Center (LACC) Publications Network at FIU Digital Commons. It has been accepted for inclusion in Hemisphere by an authorized administrator of FIU Digital Commons. For more information, please contact dcc@fiu.edu.

Bolivia's Uncertain Future

Abstract

Edited by former LACC Director, Eduardo Gamarra, this issue asked prominent Bolivian journalists and social scientists to critically analyze the first year and a half of Evo Morales' government. Popularly elected in December 2005, Morales promised to conduct a revolution in democracy. In this collection of essays, the objective is to show a different view than the image of Morales as the Bolivian Nelson Mandela who freed his indigenous brethren from repression. The essays gathered here tell the story about how Bolivia's first indigenous president has attempted to change Bolivia. These essays show that Morales' first 18 months in office have been filled with promise, controversy, and conflict.

Hemisphere

A MAGAZINE OF THE AMERICAS

VOLUME 18 • FALL 2007 • [HTTP://LACC.FIU.EDU](http://LACC.FIU.EDU)



Bolivia's Uncertain Future



Latin American and Caribbean Center

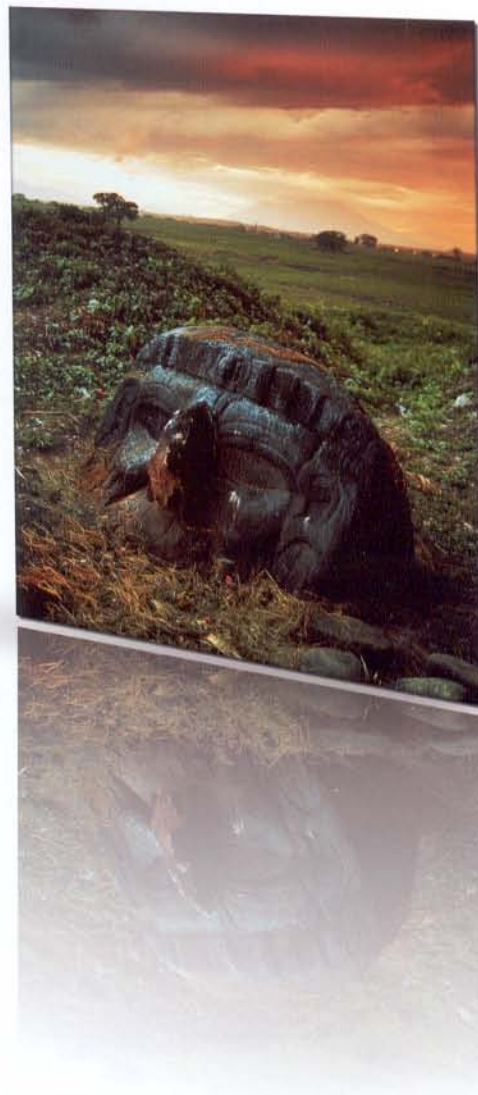
30 years of leadership
in Latin American and Caribbean Studies

An integral part of International Studies at Florida International University (FIU), the Latin American and Caribbean Center (LACC) is the largest and most comprehensive area studies program at the university. The center coordinates a robust program that spans across the disciplines, supporting and enhancing FIU's academic mission.

Designated as a National Resource Center for Foreign Language and Area Studies by the US Department of Education, LACC fosters high quality research, education, and services on Latin America and the Caribbean.

LACC's academic offerings include graduate and undergraduate certificate programs, a graduate degree program, and a variety of summer and foreign study opportunities. The center's programs build on the unique assets of FIU's inter-American setting and the expertise of close to 200 faculty associates who work on Latin America and the Caribbean.

For more information, contact LACC at 305-348-2894 or by email at lacc@fiu.edu. Please visit our website at <http://lacc.fiu.edu>.



Hemisphere

A MAGAZINE OF THE AMERICAS

VOLUME 18 | Fall 2007 | BOLIVIA'S UNCERTAIN FUTURE

IN THIS ISSUE

FROM THE EDITOR

Bolivia's Uncertain Future	<i>Eduardo A. Gamarra</i>	2
----------------------------	---------------------------	---

COMMENTARIES

Toward an Integrated Ethnicity	<i>Victor Hugo Cárdenas</i>	3
The Two Bolivias and a Catastrophic Tie	<i>Henry Oporto Castro</i>	4
The Plurinational State	<i>Félix Patzi</i>	5
Twenty Months of Masismo	<i>Jimena Costa</i>	6

REPORTS

Bolivia's Forgotten Heritage	<i>Grace-Ann Lindsay</i>	8
Paradoxes of Migration	<i>Jean Paul Guzmán Saldaña</i>	11
Cosmic Race or Indigenous Stronghold?	<i>Carlos Toranzo Roca</i>	13
The ATPDEA and the Bolivian Economy	<i>Carola Capra and Luis Castro</i>	15
Time for Redistribution	<i>Fernando Molina</i>	17

FEATURES

The Movimiento al Socialismo and Challenges to Legitimacy	<i>Jennifer Cyr</i>	20
Bolivia's Gordian Knot	<i>Jorge Lazarte</i>	22
Democracy, Representation, and Individuation	<i>Roberto Laserna</i>	27

PHOTO ESSAY

Cochabamba on Fire	<i>Luis René Baptista</i>	32
--------------------	---------------------------	----

Bolivia's Uncertain Future

by *Eduardo A. Gamarra*

In 1987 a group of FIU faculty members, convoked by Mark B. Rosenberg, then director of the Latin American and Caribbean Center, founded *Hemisphere*. Anthony P. Maingot became the founding editor, Richard Tardanico assumed the role of associate editor, and I served as book review editor. In 1994, I became the editor and was joined by a very fine group of committed collaborators. Pedro Botta designed and produced every magazine since it was founded. Alisa Newman joined the magazine as associate editor and did everything from recruiting essays to copyediting. For the last two years, Pedro Botta has been in charge of producing *Hemisphere* in all of its phases.

This is the last issue of the magazine as the Latin American and Caribbean Center assumes new leadership and takes on new challenges and directions. I have been privileged to edit *Hemisphere* and want to express my deep gratitude to everyone who has been involved in the production of this magazine for the last two decades. I am doubly privileged in that the last issue is devoted to Bolivia, my lifelong passion.

In this issue we have asked prominent Bolivian journalists and social scientists to critically analyze the first year and a half of Evo Morales' government. Popularly elected in December 2005, Morales promised to conduct a revolution in democracy. In this collection of essays, the objective is to show a different view than the image of Morales as the Bolivian Nelson Mandela who freed his indigenous brethren from repression. The essays in this collection demonstrate amply that while the country was mired in political turmoil, the situation was far from the prevalent uncritical and flattering international version of the Morales administration. Simply put, Morales is president precisely because democracy has worked.

The essays we have gathered here tell the story about how Bolivia's first indigenous president has attempted to change Bolivia. As Jimena Costa argues the more things change in Bolivia the more they appear to remain the same, as the actors may be different but their behavior is the same. These essays show that Morales' first 18 months in office have been filled with promise, controversy, and conflict.

President Morales' tenure in office has been tainted by violent conflict. As Fernando Molina points out, hope that his administration would put an end to this pattern has faded. Conflict has escalated not only because of the confrontation between the government and the opposition, but also because the new government has failed to deliver all of its campaign pledges despite the very favorable economic conditions it inherited.

President Morales and his cabinet made the US and the politicians who ruled Bolivia democratically since 1982 the principal target of attacks against imperialism and neoliberalism. Morales pledged to nationalize the hydrocarbons industry and settled on a new tax code. He went after the mining interests of former president Gonzalo Sánchez de Lozada and is likely to introduce a new mining code. He has pledged to carry out a major process of land reform, although his critics point out that he will only implement a law passed by the former president in the mid 1990s. Finally, the Bolivian government rejected the possibility of a free trade agreement with the US, opting instead for the continuity of the Andean Trade Preference Act which will expire in early 2008.

In foreign policy, the government has aligned itself with Venezuela's Hugo Chávez. Morales has assumed the same anti-US rhetoric and has signed on to the ALBA, Venezuela's response to US free trade agreements in the Americas. Venezuela's presence in Bolivia is the source of even greater controversy as Morales distributes checks drawn on Venezuelan banks to communities around the country. Moreover, Venezuelan officials believe they have the right to opine, critique, and even harass members of the Bolivian opposition. At the same time Cuban medical and literacy teams have landed in rural Bolivia providing much needed health care and teaching thousands of rural Bolivians to read and write.

The government's main mechanism to transform Bolivia was the Constituent Assembly, which was elected in

July 2006 with a year-long mandate to craft a new constitution. As this issue goes to print, it is still highly unlikely that it will reach that lofty goal. Instead of bringing Bolivians together, the Constituent Assembly has contributed to dividing the country along regional and racial lines. As Víctor Hugo Cárdenas argues in his essay, far from creating a new and positive indigenous nation, the brand of indigenism pushed by the government and its allies has exacerbated racial tensions. And Carlos Toranzo Roca argues that neglecting Bolivia's majority mestizo population in favor of a limited and exclusionary view of indigenous rule is unlikely to bode well for democratic governance.

Despite the controversy and the conflict that has surrounded his first two years in office, Morales remains very popular. His favorability ratings are greater than any of his democratic predecessors and it is also unlikely that a major contender who can challenge him in an electoral contest will emerge. Thus, for the foreseeable future Bolivia's fate is linked closely to Evo Morales.

COMMENTARIES

Toward an Integrated Ethnicity

by Víctor Hugo Cárdenas

Bolivia today is experiencing a process of social democratization whose main goal is increasing the presence of indigenous men and women in public office at the national, regional, and local levels. The process is characterized by a predominant concern for ethnic identity over professionalism and technical or managerial efficiency, and as such it seems destined merely to replace one type of exclusionary system with another. Government should not be for only one sector of the population, no matter how indigenous it can claim to be. What Bolivia needs is a government for all Bolivians, indigenous and non-indigenous, creoles and *mestizos*, Afro-Bolivians and *chaqueños*.

The current government is headed by a president of indigenous ancestry—although his indigenism is mainly a symbolic representation that seeks to change collective perceptions and establish new forms of symbolic domination. Its socialist, Marxist, and nationalist program has placed the principal decision-making and structural mechanisms of the state in the hands of creole representatives of the old and renewed nationalist left. Indigenous, communitarian, and historical perspectives are not a part of a Bolivian vision of nation, society, and state. These elements are being used in a creole power play to construct a sectarian ideological system.

In Evo Morales' government, the indigenous functions as a pretext for ideological and political domination. The discourse of indigenous grievance is repeated only to achieve an internal social and governmental identity, and is presented to the rest of the world to obtain external assistance and neutralize any possible criticism.

Of course, some indigenous leaders share the nationalist, socialist, and statist vision of the traditional left, which has entrenched itself in government. They should recognize, however, that there are people of indigenous background who oppose the official ideology bent on constructing an ethnic nation before a political one.

It is always useful to remember the difference between *indigenismo* and *indianismo* and the importance of the *Katarista* vision in Bolivia. *Indigenismo* was created at a meeting of Latin American governments in Pátzcuaro, Mexico, in 1940. Drawing on the ideas of Mexican intellectual José Vasconcelos, these governments agreed to construct a *mestizo* national-social identity through *indigenista* policies based on an integrationist, assimilationist discourse and on the work of *indigenista* institutes in each Latin American country. Peru's José Carlos Mariátegui and Bolivia's own Franz Tamayo were among the leading thinkers of the *indigenista* movement.

Indianismo, on the other hand, was created by indigenous organizations such as the Word Council of Indigenous Peoples (CMPI) and the Indigenous Council of South America (CISA) as an ideological, political, and cultural project based on the central role of indigenous peoples as opposed to western culture and thinking. One of the principal theorists of *indianismo* in Bolivia was Fausto Reinaga, who called for an Indian revolution

fueled by ethnic fundamentalism. *Indianismo* recognizes the western character of democracy and ascribes to it an ethnocentric, racist, and exploitative nature. In contrast, Reinaga developed a mystical and utopian notion of indigenous peoples within an essentially ethnic construct. Felipe Quispe (a prominent politician who heads the Movimiento Indio Pachacutec) and Germán Choquehuanca (Bolivia's current Minister of Foreign Affairs) belong to this form of *indianismo*, which they have infused with a radical Marxist agenda.

Finally, *Katarismo*, whose ideas I share, emerged in Bolivia in the 1970s. *Katarismo* proposes a political project based on the creative synthesis of the diverse political organizations of peoples and cultures in Bolivia in relation to others in Latin America and the world. It considers issues such as external and internal colonialism; the multiethnic state; the construction of a self-sufficient society; intercultural democracy; bilingual and intercultural education; the institutionalization of indigenous symbols and heroes; judicial, economic, and political pluralism; land and territorial rights; and unity within diversity. Its broader perspective is one of democratic integration and solidarity.

Unfortunately, Bolivia's current government, mired in the search for social and cultural equity and a return to *indianista* fundamentalism, has a tendency to overvalue the indigenous (languages, customs, symbols, knowledge) and elevate it to a new symbolic and cultural form of domination as seen through the prism of an ethnocentric, urban, and Aymara vision.

This trend has deeply polarized Bolivia, a society profoundly divided by regional, social, ethnic, political, and ideological tensions. The recent conflicts in Bolivia's eastern lowlands, the Huanuni mining tragedy in which 16 miners were killed, and the street battles between *cocaleros* and local youths in Cochabamba reflect this situation. The increasingly ethnocentric, racist, and authoritarian discourse of government officials aggravates these ethnic, social, and regional splits.

To bridge these divides, Bolivia's only hope is sociopolitical alliances that join indigenous and non-indigenous sectors—creoles, Afro-Bolivians, Andeans, and Amazonians—with the shared goal of a democratic, intercultural, anticolonial, and pluralist society.

Victor Hugo Cárdenas was Bolivia's first democratically elected indigenous vice president (1993-1997).

COMMENTARIES

The Two Bolivias and a Catastrophic Tie

by Henry Oporto Castro

Despite government rhetoric of a great transformation headed by President Evo Morales, ongoing political and regional conflicts make it clear that nothing has really changed in Bolivia. A crisis of governability and an ever more incendiary state are perpetuating social, political, and territorial divides that cast serious doubts on Bolivia's viability as a nation.

Any illusions that Morales' victory in December 2005 would resolve the crisis and produce a democratic revolution have vanished quickly. The electoral shift in favor of the Movimiento al Socialismo (MAS) has elevated left-wing sectors, popular movements, and indigenous groups in western Bolivia, but it has not resolved the struggle over the inherent right to power. This conflict continues to polarize the country between irreconcilable visions of the nation's future, ideology, economy, and social interests.

The MAS may have cemented its victory with the July 2006 election of a new Constituent Assembly, but

the simultaneous “yes” vote in favor of departmental autonomy in the eastern “half moon” departments (thus called for the geographic shape they form) re-established the power equilibrium between east and west and with it the “catastrophic tie” that has characterized Bolivian politics.

Since the autonomy referendum, these differences have been exacerbated to the point that the country is chronically on the verge of a serious confrontation. Regional resistance to the government’s offensive —requiring a two-thirds majority vote in the Constituent Assembly, a new agrarian reform law, the censure of departmental prefects or governors, and harassment of the National Congress—has undermined the MAS revolutionary project. The government simply lacks the strength to impose its will over a divided country.

The central government does not control the entire breadth of the nation’s territory. Its power is partial and limited, particularly in the country’s four eastern departments. These regions rely on increasingly autonomous power structures to challenge the central state and influence the military and police.

We dare not close our eyes to the reality of the two Bolivias. The country is teetering between modernity and tradition, chaos and disintegration, capitalism and an indigenous-based socialism, the outcome of a history of failed and incomplete attempts at nation building. To attempt to resolve these internal fissures through force, as the government appears to be doing, will only increase the risk of violent confrontation and even civil war.

When opposing forces rely on mutual deterrence, and when one cannot defeat the other, the only way to avoid disaster is to search for a compromise.

After six months of haggling, the opposing sides finally reached an agreement over the required two-thirds majority in the Constituent Assembly. The consensus was ephemeral, however, because of its failure to address fundamental issues. At the core is an accord over a single national project to be enshrined in a new constitution to be drafted by the Constituent Assembly. The decisive question is departmental autonomy, which the eastern departments refuse to negotiate and pose as a requirement for their continued membership in the country. It implies resolving the conditions under which all regions will participate in the national state, something which only occurred in 1825 when Bolivia was first founded.

The issues at stake are the foundation for constructing a national state, a project that entails reconstituting the Republic on conditions and rules that are acceptable to all nine departments. That is the only way to guarantee the future of the nation.

The Constituent Assembly alone does not have the power to negotiate such a pact. It can only be forged by the real contenders for power in Bolivia: the government, the regions represented by prefects and civic committees, and the political parties. A pact among these groups could jumpstart the Constituent Assembly, and the accords it reaches could give life to a new constitution to be voted upon by all Bolivians in 2008. ⁿ

Henry Oporto Castro is a Bolivian sociologist.

COMMENTARIES

The Plurinational State

by Félix Patzi

It is absurd to listen to the opposition and the Civic Committees of the “half moon” argue that a plurinational state would fragment Bolivia’s territorial unity. We know that historically the national state not only denied the development of indigenous civilizations, it also truncated their history and imposed a culture and a capitalist mode of production and a Eurocentric political organization as if it were the only and supposedly the best.

For this reason, the demand of indigenous societies in different historical moments has been not only about a recognition of their culture, but also that their social system be a part of the social conception of the world on a national scale and not a selfish culture that is valid only for a few.

These demands are aimed at the new constitution so that indigenous languages are recognized and are spoken by all Bolivians. That is to say, every citizen should learn one of the native languages depending on the region where he/she belongs.

The request also aims toward the recognition of the communitarian mode of production of indigenous societies. In such a system there is no private property. All resources and all of the means of production are collective. The basis of the economy is not the “enajenación del trabajo;” instead, each person is the real owner of his work.

Undoubtedly this is totally different than the capitalist form of production. Thus, the new constitution will have to guarantee two forms of economic production on a national scale. We are speaking of the co-existence of two systems of production: private property and communal property so that both are subjects to credit.

Another implication is the recognition of the political practices of indigenous societies. Its representatives, at the national, departmental, or municipal levels should be elected by traditional forms. To become a deputy, departmental, or municipal council member, a person would not have to belong to a political party or electoral district; instead the systems of turns and rotations could be used in the case of Aymaras and Quechuas, or by the natural emergence of a leader, as occurs among the Guarníes. Representatives should express and execute only the collective decisions of its membership in assemblies, juntas, or cabildos.

Finally in the juridical field, the positive and ordinary justice systems should not be the only valid one. All types of nonstate offenses could be handled in the communities and urban neighborhoods in accordance to tradition. The idea of this proposal is that justice should not be a monopoly of a few “en desmedro” of the large majorities who feel impotent before so many cases of judicial corruption. This proposal would give those majorities the possibility of administering justice and avoiding those processes that inevitably lead to an eternal and corrupt bureaucratic circle.

The plurinational state that we expect will emerge from the Constituent Assembly is the co-existence of these two conceptions of the world: the liberal western and the communitarian of indigenous societies. n

This article was first published in Spanish under the title “Estado plurinacional” in La Razon on July 2, 2007. It is reprinted here with the permission of the publisher.

Félix Patzi is a sociologist and was the first Minister of Education of the Morales Administration.

COMMENTARIES

Twenty Months of Masismo

by Jimena Costa

In January 2006, the world’s attention turned to Bolivia as Evo Morales was sworn in as president. A coca union and opposition leader since 2002, Morales won the December 2005 presidential elections as head of a complex and heterogeneous political organization registered in the National Electoral Court as the MAS (Movement toward Socialism).

Rise to Power

The MAS acronym was inherited from a former right-wing party while the movement’s ideology and politics originated in the Movimiento Tierra y Territorio Instrumento Político, founded in 1995 by coca growers

and peasant farmers.

The MAS began participating in elections in 1999 at the municipal level, where it won barely 3% of the vote. In the 2002 general election it placed second, with 20.96%, and it garnered the most votes—18%—in the December 2004 municipal elections. Morales' 53.7% victory in December 2005 was a landslide, a majority never before achieved in Bolivia's democratic history. This was followed by MAS victories in three out of nine departments in the country's first-ever elections for prefect [governor] and a 50.74% majority in the July 2006 contest for representatives to the Constituent Assembly.

The MAS's 2005 platform was based on an anti-imperialist and anti-neoliberal discourse aimed at including historically excluded sectors of Bolivian society. It represented a nationalist and union-based alternative to the traditional parties that had governed the country for the previous two decades and promised to make the Bolivian state a dignified and sovereign entity. As the first steps toward this goal, the MAS proposed nationalizing natural resources to recover state income and convoking a Constituent Assembly to "refund" the country.

The MAS owed its electoral victory to external factors as well as to its campaign promises. In 2005, Bolivia was experiencing political instability, intense social conflict, and the failure of national mediation and representation mechanisms in place since 1985. All of the traditional political parties were in upheaval and experiencing public image crises. The MAS won because it promised change, renovation, and political openness, but also because society censured the prevalence of clientelism and prebendal practices in Bolivian politics. Twenty months after Morales' ascendance to power, it is not clear that the political system or its practices have changed.

A Legacy of Authoritarianism

The Morales government has contributed enormously to the opening of the political system and the participation of strategic political actors who previously had no access to the decision-making process. Morales' cabinet includes individuals from a variety of indigenous, social, and political groups, which demand public service positions, political spaces, and attention to their problems. The Bolivian political system has opened up, empowering society in what appears to be an irreversible process. At the same time, however, governability continues to be based on particularistic, corporatist, regional, and ethnic visions of the future within an ideological context that favors the authoritarian traits in Bolivia's political culture. The process of constructing a citizenry committed to democratic values is still incomplete.

Just as important, the MAS has contributed to the restoration of trust in the political system. Polls reveal that people again believe in democracy, the government, Congress, the judiciary, and even the much maligned National Police. In other words, social trust in the political system has changed. What has not changed is the system itself. Past behavior has simply been reproduced; instead of being awarded to political cronies, public posts today are handed out to allied parties and movements. Members of the MAS are accused of the same acts of corruption that plagued Bolivia's traditional political parties: influence peddling, nepotism, illegal enrichment and use of public resources, among others.

As it turned out, anti-imperialism and anti-neoliberalism did not bring about the nationalization of the hydrocarbons industry. Instead, the government simply extended the deadline for the renegotiation of contracts with foreign oil companies. The process was not particularly transparent and recalled the corrupt practices of the past. The nationalization of the smelting company at Vinto violated national law and gradually reduced the number of companies willing to smelt their minerals there. Next in line was the national telecommunications company (ENTEL), which was nationalized on May 1, 2007, amid fears of the end of competition and a decline in the quality of service to the public. Even so, most Bolivians believe that the government has indeed nationalized hydrocarbons and gives the administration approval ratings that range between 50% and 68%.

Another disappointment is the Constituent Assembly. This body spent its first nine months without passing a single article of the new constitution. Nothing has been refunded; on the contrary, instead of becoming a mechanism for the coming together of diverse groups it has contributed to the polarization and the fragmentation of the country. Government intrusion in the assembly's affairs and the ruling bench's absence of vision have made this institution a collective farce.

Any steps the MAS may have taken toward restoring national sovereignty and dignity seem to boil down to speeches against the United States. At the same time, Cuba and Venezuela have strengthened their influence in Bolivian affairs. Members of the Cuban and Venezuelan legations have threatened the opposition and the media, and critics even claim that they have a hand in running the Bolivian military.

All of these factors signal a renewed trend toward authoritarianism. Any attempts at opposition have been undermined by the purchase of communications media companies and the harassment of the few critical venues that remain. Morales' announcement of new elections should focus all attention on guaranteeing the impartiality and independence of the National Electoral Court, another institution that is a frequent target of presidential speeches. Power may have changed hands in Bolivia, but the legacy of authoritarianism continues to be felt. ⁿ

Jimena Costa is an independent researcher currently working on her doctoral dissertation.

REPORTS

Bolivia's Forgotten Heritage

by Grace-Ann Lindsay

Discussions about race and ethnicity in Latin America tend to emphasize the indigenous and *mestizo* populations. Only in countries with larger and more visible African populations, such as Brazil, Puerto Rico, and Cuba, is African identity explored, discussed, and embraced. But these countries are not the only ones with an African heritage. Afro-Latino populations exist in many Latin American countries, including Bolivia.

Bolivia is one of the most multicultural countries in the Western Hemisphere. In spite of its relatively small population, it is rich in diversity and culture. Approximately 36 indigenous groups are represented in Bolivia, the largest of which are the Aymara, Quechua, Chiquitano, and Guaraní. According to US State Department figures, 62% of Bolivians belong to one of these indigenous groups. The remaining 38% are *mestizos*, meaning they have European and indigenous ancestry.

Not included in these statistics is the Afro-Bolivian population, the descendants of African slaves brought to Upper and Lower Peru (present-day Bolivia and Peru) in the 16th and 17th centuries. Many reputable sources neglect Afro-Bolivians in discussions of Bolivian ethnicity, in spite of their presence in Bolivia for more than two and a half centuries. This article explores the reasons for and implications of this exclusion.

The First Africans in Bolivia

The history of Africans in Bolivia is similar to the history of Africans in other parts of the New World: most, if not all, were brought as slaves to work for European colonizers. African slaves may even have been a part of Francisco Pizarro's expeditions in Upper and Lower Peru. They originated in different areas of Africa, including Congo, Angola, Senegal, Mozambique, Ivory Coast, and Ghana, and in most cases were brought to Upper Peru from Lima or Buenos Aires, cities that did a lively trade with slave merchants.

Upper Peru had a smaller number of African slaves than did other colonies, but their labor played an important role in the economy. As silver mining became the colony's main economic activity, many slaves were sent to the mines in Potosí. Others worked in agricultural and domestic capacities, especially in the department of La Paz. The low-lying areas of this department, known as Los Yungas, had the greatest number of African slaves, and their history is intertwined with the history of coca in Bolivia.

Coca has been an important part of Andean culture since ancient times. When the Spanish conquered this region, they realized the plant's importance, not only for indigenous consumption but also for its potential in the European market, where it was discovered to be an effective painkiller and anesthetic. In fact, the possibility of

gaining profit from coca exports led to the creation of the hacienda system in Bolivia. By 1793, 90% of the coca in Bolivia was produced in the Yungas of La Paz on haciendas that specialized in coca production, using slave and Indian labor.

The lives of the first Africans in Bolivia were extremely difficult. They were taken by force from their homes and transported to the New World in cramped and unsanitary conditions. Upon arrival, they were forced to adapt to horrible living conditions. In Potosí, they lived at high altitude and inhospitable conditions, without proper protection from the elements. On the haciendas, they were treated like cattle, branded and traded at the whim of their owners.

Given these conditions, it is not surprising that slaves participated actively in Bolivia's wars of independence (1809-1825). They fought on both sides of the struggle, but their goal was the same: to secure their freedom either through the benevolence of their masters or the end of colonization. But while in theory independence should have guaranteed freedom for all members of the colony, in practice it did not.

Afro-Bolivians in the Republic

Bolivia's first constitution, promulgated on December 10, 1826, fell short of instating immediate emancipation; instead, it declared the sale of slaves illegal and phased out slavery gradually by granting freedom to all persons born of slave parents after January 1, 1813. Under pressure from slave owners, this date was later changed to August 6, 1825. In the meantime, slaves were given the right to buy their own freedom, although most did not have the economic resources to do so. The sale of slaves also continued, even though this was technically illegal.

The continued sale of slaves and the delay in granting freedom to their descendants underscore the importance of Afro-Bolivians in the Bolivian economy. Colonial and republican elites alike considered slave labor essential for economic progress and were anxious to ensure that it was easily accessible and cheap. Any consideration of abolition also raised the question of whether slaves and their descendants could become Bolivian citizens. According to the constitutional reform of 1843, only married persons over the age of 21 with a profession or trade were eligible for citizenship. Individuals bonded to another person in servitude were explicitly excluded.

Slavery was not abolished in Bolivia until 1851, when Manuel Belzu, the republic's 10th president, amended the constitution to declare the freedom of all Bolivians. Of course, abolition did not automatically create equality between former slaves and landowners; rather, it equalized Afro-Bolivians' relations with the indigenous population.

The newly freed slaves joined the indigenous servitude system and continued to work for landowners through institutions known as the *pongo* and *mitani*. These were essentially exchange systems under which landowners gave Afro-Bolivians and Indians a small piece of land called a *sayaña* in exchange for rent in the form of labor and produce. The land was usually given to families, referred to as *colonatos*. In these families, men, women, and children over eight years old worked together to fulfill the labor requirement. The men cultivated coca or other crops, such as coffee and citrus, took care of livestock, or did errands for the landowners. Women worked alongside their husbands or as domestic servants.

The 1952 Revolution was a turning point for *colonatos* of both African and indigenous descent, and, of course, for Bolivian society in general. The revolution sought to end discrimination and social inequality and allowed all Bolivians, both rich and poor, to vote equally in elections. One of its main targets was the system of land ownership, which concentrated fertile land into haciendas. Newly created labor unions allowed Afro-Bolivians and indigenous inhabitants to lobby for changes in the distribution of land and instigated the Agrarian Reform of 1953.

Land ownership improved the situation of peasant farmers, both Afro-Bolivians and indigenous, but it soon proved inadequate. Over generations, the parcels of land farmed by each family shrunk as they were divided between children and grandchildren. Without more land, as well as improved transportation to market, the crops grown in Los Yungas—coca, citrus and coffee—were not profitable enough for families to survive. As a result of these conditions, many Afro-Bolivians began seeking alternatives to agriculture for their economic

livelihood. A wave of migration began from Los Yungas to the cities, as Afro-Bolivians—mostly young people between the ages of 19 and 39—left in search of greater access to jobs and higher education.

Rural to urban migration is not a new issue for Latin American countries. It is however a new phenomenon for the Afro-Bolivian population. Since colonial times, most Afro-Bolivians have worked the land in Los Yungas. Now, significant Afro-Bolivian communities can be found in the country's largest cities, including La Paz, Cochabamba, and Santa Cruz. While their larger presence in the cities could be expected to make Afro-Bolivians more visible as an ethnic group, this has not in fact been the case. Even though gradual economic progress since the abolition of slavery and the introduction of land reform has improved their living conditions, social and political discrimination remain important obstacles to the advancement of Afro-Bolivians in other respects.

Social and Political Barriers to Inclusion

Bolivia has embraced certain aspects of Afro-Bolivian culture. For example, the Afro-Bolivian dance and music known as the *saya* is a symbol of Bolivian culture, both nationally and internationally. Afro-Bolivians have also made prominent contributions in Bolivian sports, including soccer. At the same time, however, their part in Bolivian identity remains largely invisible.

Like many African cultures in the New World, Afro-Bolivian culture is syncretic. The slaves brought to Bolivia came from different areas of Africa and worked and lived alongside indigenous groups. After hundreds of years, Afro-Bolivian culture reflects Aymara, Spanish, and African influences. In Los Yungas, Afro-Bolivian and Aymara women dress alike, favoring the same types of skirts, blouses, and hats. Afro-Bolivian women also wear their hair like the Aymara, in two ponytails. Inter-marriage has solidified the connection between the two ethnic groups. Both live on the outskirts of Bolivian society and are united in the fight for inclusion and acceptance. But while Afro-Bolivians have endured enslavement and humiliation, they do not receive the same type of official recognition as indigenous groups. Many Afro-Bolivians complain of racism and discrimination on a daily basis and believe the situation can only improve if Afro-Bolivians receive some form of official recognition.

There are several ways this could be done. The first is to revise school textbooks to include the participation of Afro-Bolivians in the country's history. The books currently in use fail to acknowledge Afro-Bolivian involvement in the fight for independence or the nation's economic development, first as slaves and then as indentured laborers in the hacienda system. The contribution of Afro-Bolivians who fought in the Chaco War is also overlooked.

The exclusion of Afro-Bolivians from Bolivian society extends to the political sphere. For example, the national census does not include an ethnic category for Afro-Bolivians. This omission suggests that the government has no interest in the size of the Afro-Bolivian population and, consequently, dismisses its importance. Afro-Bolivians also lack representation in government or the Constituent Assembly. Without representation, the group has no advocate for its needs and concerns.

Many Afro-Bolivians feel a sense of loss with regard to their African heritage and are engaged in a daily struggle to be seen and acknowledged as a part of Bolivian society. This struggle for inclusion, of course, is not the same as it was before 1952. Afro-Bolivians today have the right to vote and own land. Their main goal now is recognition and equal standing with other Bolivian ethnic groups, such as the Aymara and Quechua. ⁿ

Grace-Ann Lindsay is a recent graduate of Florida International University's Master of Arts Program in Latin American and Caribbean Studies.

REPORTS

Paradoxes of Migration

by Jean Paul Guzmán Saldaña

With more than one-third of its population out of the country and a flow of people continuing to emigrate to the United States and Europe in search of better living conditions, Bolivia is experiencing a mass exodus.

Airports crowded with families saddened by the departure of their loved ones; the national airlines without a license to fly; three airline executives jailed for selling tickets for nonexistent flights to Europe; immigration officials arrested for engaging in an illegal passport scam; Bolivian migrants deported from the ports of Cádiz, Valencia, and Genoa—these are just a few reflections of a migration crisis that has no parallels with any time in memory.

Of a population of 9.4 million, approximately 3.4 million Bolivians live outside of the country. Roughly one million are in Argentina, half a million in the United States, 400,000 in Spain and Italy, and another million scattered elsewhere.

The Floodgates Open

The radical and noisy exodus began in the last trimester of 2006, when the European Union announced that as of April 1, 2007, Bolivians and other foreigners would require a visa to enter its territory. Rushing to beat the deadline, thousands of lower-income Bolivians with few employment prospects scrambled for passports and airline tickets to reach Spain, the preferred destination because of shared language and culture.

Before April 2007, Bolivians traveling to the EU needed only a letter of invitation from a friend or family member, a hotel reservation, round-trip airfare, and enough money to stay a few days. Thousands of undocumented migrants took advantage of the lax rules to enter Europe in search of jobs, mainly in the service or agricultural sectors. In Spain, only one out of every five Bolivians has a legal residence card.

Facing a huge demand for tickets, Bolivia's two international airlines increased the frequency of their weekly flights to Madrid and leased larger planes to accommodate the growing number of passengers. No official statistics are available on the number of Bolivians who arrived in Spain in this period, but news reports estimated that in January 2007 alone, 50,000 Bolivians entered the country through legal and illegal channels.

Data from Bolivia's National Immigration service, which is charged with providing passports, reveals the high demand for travel documents. In 2005, this office issued 110,353 passports to Bolivians planning to travel abroad. In the first three months of 2007, the number was 24,289. Most of the passports issued were used for travel to Spain. In addition, as economist Humberto Vacaflor points out, "Not only those who leave on airplanes are fleeing Bolivia. There are also those who are leaving by boat, and those who cross the Argentine and Brazilian borders, or those who take ships toward Europe after departing Brazil. Approximately 10,000 per month cross the border town of Villazón into La Quiaca, Argentina, where most stay."

A False Boom

Economic factors often play a large role in mass emigration, and the Bolivian case is no exception. At first glance, however, Bolivia's economic performance does not appear to provide an explanation for the most recent exodus.

The Evo Morales government and its critics agree that the current economic situation is very favorable, as is confirmed by statistics. In 2006, Bolivia's exports reached the historic figure of \$4.6 billion: \$2.3 billion was in hydrocarbons, \$1.6 billion in minerals, and \$767 million in non-traditional exports. These figures were possible thanks in part to the renegotiation of contracts with petroleum companies "nationalized" by the Bolivian government. Higher prices for the country's exports to Argentina and Brazil also contributed to the increase, as did the price of minerals on the international market.

Thanks to the export boom, the Central Bank's international reserves grew from \$2.1 billion in March 2006 to \$3.4 billion a year later. Other important indicators included a positive fiscal balance, a favorable balance of trade, stability in the financial system, and a drastic reduction in the external debt (from \$4.6 billion in March 2006 to \$3.2 billion in March 2007), thanks to debt forgiveness programs extended by international financial institutions. A slight increase in inflation to 2.28% in February 2007 and a large internal debt of \$2.8 billion did little to dampen the positive economic atmosphere.

Why then are thousands of Bolivians leaving the country in search of new destinations? To find an answer to this question, one must take a closer look at the macroeconomic indicators.

As economist Jorge Leytón Quiroga explains, Bolivia has three principal export and production sectors: gas, minerals, and soybeans. All are capital intensive and employ mostly skilled workers. According to Quiroga, "the productive structure of the country lacks the capacity to absorb the rest of the population and the benefits of the current favorable economic situation are not perceived by most households. These characteristics force people to search for new opportunities in other countries. The perception is that Bolivia is living through a bonanza, but with empty pockets."

Former Finance Minister Juan Cariaga attributes the exodus to "the lack of hope, the absence of faith in the future, the permanent scarcity of employment and work opportunities that make Bolivians feel that better days are not to be found for them, and especially for their children and future generations." For Cariaga, the responsibility for this panorama rests with the country's politicians. "Until now they have been totally incapable of generating jobs in the Bolivian economy or putting together growth and development plans," he charges. "Above all, they have failed to propose a vision of how the world progresses and what direction should be taken to lead Bolivia's destiny."

Job Scarcity

Lack of employment opportunities clearly plays a big factor in the decision to emigrate. The government Office of Economic Policy Analysis sets Bolivia's unemployment rate at 7.6%, but independent sources, such as the Center for Labor Development Studies, claim that the real figure is around 11.8%.

Employment is the key to explaining the mass migration phenomenon, economist Gonzalo Chávez argues. "Bolivia must generate 120,000 jobs per year to cover the unemployment index, and only 30% of that requirement is met. Each year approximately 120,000 professionals graduate from Bolivian universities, yet only one-third (25,000) enter the job market." Fellow economist Ernesto Antelo agrees: "The lack of jobs is an expulsion factor that provokes the painful exile of Bolivians living under democracy at a time when Bolivia should be taking full advantage of booming world trade, as is occurring in other countries."

For the Morales administration, however, the exodus is a "product of the neoliberal model that failed in the country," spokesman Alex Contreras retorts, and the new government is attempting to address the situation. Recently, Gabriel Loza, the Minister of Economic Development, announced the launch of an employment program called "Aquí Me Quedo" (I'm Staying Here) that aims to avert emigration through the creation of 50,000 new jobs in 2007. This goal was met with great skepticism by the economists interviewed for this article. Dozens of Bolivians continue to request passports daily at the Migration Ministry, they point out, and wait in long lines at the Spanish Embassy in an attempt to enter that country legally through formal requests for permanent residency.

As analyst José Gramunt de Moragas observes, job creation programs may stop the dramatic flight of migrants, but only if they are implemented efficiently. Initiatives that never move beyond the level of rhetoric will simply fuel the frustration of would-be émigrés swindled by airlines, travel agencies, and other players in the migration drama and increase their sense that at least some of the blame lies with the government's lack of interest in their problems. In the meantime, the flood of emigrants has affected daily life in Bolivia in many ways. One consequence is employers' inability to find skilled workers. The magnet of better wages—despite longer hours and the below-average salaries paid to undocumented immigrants—has drawn carpenters, masons, mechanics, and other skilled workers abroad.

Ironically, the money Bolivian migrants send home to their families has become a major source of income

for the country. In the last 10 years, remittances have grown by an annual average of 39%. The Central Bank acknowledges that remittances have surpassed Foreign Direct Investment (FDI) flows to Bolivia: 4.7% of GDP compared to 5.4% in 2006. According to the government's Office of Social and Economic Policy Analysis, remittances to Bolivia reached \$500 million that same year, an 80% increase over 2005. In other words, in 2006 remittances tied the income generated by mineral exports and far exceeded the revenue from nontraditional exports, representing double the income generated by tourism and almost equaling all foreign assistance received by Bolivia. ⁿ

Jean Paul Guzmán Saldaña is head of the Department of Communications at the Central Bank of Bolivia.

REPORTS

Cosmic Race or Indigenous Stronghold?

by Carlos Toranzo Roca

It is impossible to explain any society through homogeneity, imposing a monocultural framework to trace social and political development. History is littered with failed attempts at homogenization, with socialism the most recent example. In Bolivia, the best-known attempt to homogenize social discourse was the 1952 Revolution, which tried to invent a universally *mestizo* society. Just as it was impossible then to make all citizens accept a mixed heritage, the current efforts of the Evo Morales government to impose an indigenous label are unlikely to succeed. In today's globalized world, the ease of communication—TV, the Internet, cellular phones—and migration contribute to the fluidity of culture and identity. These changes do not erase the past, but modify and incorporate it into a recreation of reality, culture, and identity.

The Politics of Ethnicity

Statistics are fundamental for social analysis, but they have their limitations. Not all data are alike and their interpretation can vary, especially regarding imprecise concepts such as ethnicity and culture. The data becomes even more unreliable when subjected to the passing of time, since it may no longer possess the same explanatory value. In Bolivia it was one thing to speak of white, *mestizo*, or indigenous in 1900 and quite a different thing to do so 50 or 100 years later.

In 1900, for example, Bolivia's population census identified the country's inhabitants as 51% indigenous, 27% *mestizo*, and 13% white. In 1950, the split was 63% indigenous and 37% *mestizo*; the "white" category had been eliminated, giving respondents who considered themselves white no way to express this option.

Racial categories are not the only insight into demographic change, of course. According to the 1992 census, 8.1% of the population aged six years and older was monolingual, speaking only Quechua, with an additional 3.2% speaking only Aymara. What does this mean? That increase in the Spanish-speaking population reflected a cultural change, but people who learned Spanish could have continued to speak indigenous languages as well. Just because more Bolivians spoke Spanish does not mean they stopped possessing an indigenous identity. As this factor alone shows, identity is a complex phenomenon.

While not readily comparable with census data, additional sources of information on Bolivian society are available. In 1996, the United Nations Development Program's Human Security Survey asked Bolivians to identify their ethnicity. The results were as follows: 16% indigenous, 67% *mestizo*, and 17% whites. Even after

centuries of *mestizaje*, therefore, a significant percentage of Bolivians continued to consider themselves white, whatever their phenotype.

Other surveys include Vanderbilt University's Latin American Public Opinion Project, directed by Mitchell Seligson, which measures ethnic self-perception among Bolivians. The 1998 LAPOP, taken two years after the UNDP survey (although the results are not entirely comparable), found a roughly similar pattern of self-identification: 9.8% indigenous or *originario*, 62.8% *mestizo*, and 23.3% white. By 2004, however, the LAPOP found a significant increase in the number of respondents who classified themselves as indigenous: 15.6%, versus 60.6% *mestizo*, and 19.4% white. This increase probably has something to do with the momentum of indigenous discourse in Bolivia in response to neoliberalism and the crisis of traditional political parties. In 2006, with Morales and his Indian-oriented Movement toward Socialism (MAS) in office, the same project produced figures of 19.3% indigenous, 64% *mestizo*, and 11% white. Two-thirds of the population still identified itself as *mestizo*, but the number who preferred the category indigenous grew to almost 20%.

Demographic Pressures on Ethnicity

The 2001 census, the last for which statistics are available, changed the classification system yet again. Instead of tallying the percentage of indigenous, *mestizos*, and whites, it asked Bolivians aged 15 and older if they considered themselves Quechua, Aymara, Guaraní, Mojeño, or another indigenous ethnicity. Sixty-two percent of respondents claimed to belong to one of those indigenous groups. In an interesting twist, this census ignores the centuries-long process of *mestizaje*, denying the practical reality that many Bolivians (perhaps the majority) feel a profound ethnic and cultural mix. It almost certainly inflates the indigenous figure. Sixty-two percent of Bolivians over the age of 15 may consider themselves to be indigenous, but only 11% of that population speaks an indigenous language; in other words, 51% of the self-declared indigenous population speaks only Spanish. As noted above, speaking only Spanish does not negate an indigenous identity, but it does signal a strong change in customs, cultural enrichment, and ethnic and cultural mixing.

Another important factor in self-identification is migration. The 2001 census found 62.4% of the population to be urban and 37.6% rural, with 44.8% of the population having engaged in some form of migration. Normally, migration refers to movement toward urban centers, or can be a rural to rural flow. But of Bolivia's 9 million population, three million people live abroad. Does such a large migration pattern lead to changes in culture, customs, language, and self-perception? Is Bolivia's population becoming more diverse and generating an even more complex pattern of national diversity?

Supporters of the 62% indigenous figure in Bolivia note that 74% of the residents of the city of El Alto—made up largely of rural migrants to the outskirts of La Paz—claim Aymara as their ethnic identity (since the 2001 census had no *mestizo* option), but they admit that only 48% speak the Aymara language. This says a lot about the complexity of the topic, as does a 2006 survey of the capital city and El Alto by UNIR showing that 56% of those who self-identify as Aymara also identify as *mestizos*. The same is true of 76% of Quechuas and 79% of Chiquitanos. These data employ a greater analytical complexity, which is probably the best route to understanding and explaining the ambivalences, complexities, and profound diversity of Bolivian society.

Political correctness during this time of indigenous expression in Bolivia should not blind us to the reality that after centuries of political and demographic pressures, few Bolivians can claim to belong to any one race or ethnicity in an absolute sense. Bolivian society is complex and diverse, and Bolivians reflect that complexity in their phenotype, language, and culture. n

Carlos Toranzo Roca is a Bolivian economist who works for the Friederic Ebert Foundation in La Paz, Bolivia.

REPORTS

The ATPDEA and the Bolivian Economy

by Carola Capra and Luis Castro

In recent years, Bolivia's main source of growth has been exports, mainly hydrocarbons and minerals but also manufactured goods and wood products. Many of these exports have benefited from preferential treatment under regional trading pacts and international institutions such as the World Trade Organization (WTO). US anti-drug policy in the Andes has also given a boost to licit export production as an alternative to growing narcotics. These programs are temporary, however, and face periodic renewal in the US Congress. Many Bolivian exporters are now pushing for an official free trade agreement with the United States but are uncertain whether they will receive support from the Morales administration, which is openly critical of US neoliberal policies and economic intervention.

Steps Toward Commercial Integration

Trade liberalization of the Bolivian economy began in 1985, starting with a uniform tariff of 20%, reduced to 10% or less for different types of goods since the early 1990s. In 1995, Bolivia entered the WTO and the following year became a full member of the Andean Community of Nations, which eliminated tariffs on most commerce between Bolivia, Colombia, Ecuador, and Peru. A drawback of the agreement, however, was that it failed to introduce a common tariff for non-members. In 1996, Bolivia joined Mercosur as an associate member and signed trade agreements with Chile and other countries.

Bolivia established its first trade agreement with the United States in 1991 under the Andean Trade Preference Act (ATPA). In force from July 1992 to December 2001, this agreement lifted tariffs on around 6,000 different products from the Andean region (Bolivia, Colombia, Ecuador, and Peru). In August 2002, the ATPA was extended into what became the Andean Trade Preference and Drug Eradication Act (ATPDEA). This new scheme allowed more products into the US without paying a tariff, but most of the goods it covered were industrial ones not produced by Bolivia. Also, the main purpose of the agreement was, as its name implies, to promote alternatives to coca production and tighter control of illegal drugs. The ATPDEA was supposed to end in December 2006, but the US Congress extended it for six months.

In the case of Bolivia, the ATPDEA has affected mostly exports of garments, wood, and manufactures. Most of Bolivia's exports, however, are primary goods (i.e., goods with little or no added value), which already have zero tariff through the WTO's Most Favored Nation (MFN) clause.

Export Trends

To understand the benefits of the ATPDEA, one must look at Bolivian exports over several years, emphasizing products that totaled more than \$50,000 in annual exports. Bolivian exports to the US have: a) preferential treatment through ATPDEA; b) preferential treatment through the MFN clause; c) partial preferential treatment through ATPDEA; or d) no preferential treatment at all.

Over the last three years, on average, 99.24% of all Bolivia's exports to the US surpassed \$50,000. Fifty-eight percent of these benefited solely under the ATPDEA, meaning that an average of \$200 million in Bolivian exports each year is affected directly by the agreement. An additional 41% is exported under the MFN clause, with the remainder falling into the categories of partially benefited products or those having no preferential treatment.

In 2006, 54% of Bolivia's principal exports were covered under the ATPDEA, led by jewelry and precious metals (\$68.5 million), oil products (\$19.8 million), wooden doors and frames (\$14.5 million), cotton shirts (\$10.7 million), and wolfram (\$10.6 million). MFN products represented 44% of principal exports, with tin the most important by far (\$85.9 million), followed by Brazil nuts (\$14.1 million). According to the Bolivian National Statistical Office (INE), the textiles, clothing, and leather sector also grew by 3.89% over the last two years, mainly due to an increase in exports of leather (45.56%), clothing (41.34%), spun products (29.06%), and textiles (45.56%). These products are exported mainly under the ATPDEA. Activity in the wood products sector increased by 3.89%, with exports growing an average of 11%.

Business Reactions to the ATPDEA

The forum "Opportunities and Challenges of a Trade Agreement with the US" provided a venue to air the concerns of the exporting sector. Large Bolivian firms participated, as well as medium and small entrepreneurs, manufacturers, and labor and academic analysts from the country's major cities. At the end of the discussion, a consensus emerged on the need to maintain the ATPDEA and negotiate a permanent trade agreement with the United States, regardless of government and radical discourse criticizing economic openness.

Different sectors supported the signing of a long-term trade agreement with the US, with the conditions that labor and business views are taken into account and that the Morales government shows greater support than it did for extension of the ATPDEA. The forum called for clear and concise long-term policies to support the export sector in Bolivia with a focus on concrete and realistic trade agreements (in contrast to the largely symbolic "People's Free Trade Agreement" with Cuba and Venezuela). Perhaps most important, the participants recognized the need for social and judiciary stability to support trade and development policies.

The export sector cited the importance of the ATPDEA for Bolivia's economy, but acknowledged that it will almost certainly not materialize into a long-term agreement due to a combination of the ideological burden imported from Cuba and Venezuela and a lack of experience or knowledge of external markets on the part of Bolivian negotiators.

Socioeconomic Impact of Losing the ATPDEA

If Bolivia loses its ATPDEA benefits, jobs will be lost in the industries and sectors that depend on the agreement. Jewelry, the main export that has benefited from the ATPDEA, is a labor-intensive industry that employs a large work force in La Paz and El Alto. Other industries that have flourished under the ATPDEA, such as the garment industry (especially cotton shirts, T-shirts, and other cotton garments), and wood doors, frames and other wooden manufactures, would suffer similar effects.

In addition, as noted above, more than 50% of the value of Bolivia's exports comes from the primary goods sector. This means that an important part of Bolivia's fiscal revenues depend on the international context and prices for minerals and hydrocarbons. These products have fetched high prices in the past few years, and they, rather than specific government policies, have accounted for the recent trade surpluses so proudly announced by the Bolivian government.

The cyclical characteristics of fiscal policy in developing countries are a sensitive issue, given the necessity of a steady flow of investment for growth. Therefore, it is imperative for Bolivia to improve sectors that could promote greater industrialization while providing a secure source of employment. In some of these sectors, such as jewelry, production is oriented entirely toward exports, mostly to the United States.

Bolivia's exporters have expressed concern at the government's failure to address the potential social crisis that would follow the loss of the ATPDEA. One of the biggest impacts would be felt in El Alto, the sprawling outskirts of La Paz, where, business leaders say, around 70,000 jobs depend on exports to the United States. (Government figures set the number much lower, at a little less than 23,000). Job loss here would be ironic, since El Alto was the city that showed most support for Morales in the last elections. According to the 2001 census, 67% of El Alto's residents are poor and mainly indigenous. Cochabamba would also be affected by the end of the ATPDEA, which could eliminate around 10,000 jobs in the wood industry.

Considering that the unemployment rate in Bolivia is 8% and that 100,000 new workers are incorporated

into the labor market each year, it would be an unaffordable luxury for the government to say no to a trade agreement with the United States, which buys the majority of Bolivian exports, not including natural gas exports to Brazil. Given that Bolivia is currently unprepared to export to other markets, such as the European Union, the loss of a US trade agreement would mean that the export sector and the government would have to find new markets for the country's products elsewhere. In the meantime, jobs and development in key industries would suffer. ⁿ

Carola Capra is president of the Bolivian think-tank Grupo Nueva Economía.

Luis Castro is a doctoral student in the Department of Economics at Florida International University.

REPORTS

Time for Redistribution

by Fernando Molina

In 2004 Bolivia set a record of \$2 billion in exports—a figure reached for the last time in the 1970s and which eluded the country for the next two decades. The two following years were even better. In 2005 Bolivia exported \$2.7 billion and nearly \$4 billion in 2006. This success also translated into \$2.7 billion in foreign reserves, an appreciation of the Bolivian peso, and a favorable trade and fiscal balance.

These results, however, are the result of the economic growth and the primary product export boom that characterize the current world economy. Every few years throughout its history, Bolivia leaves its usual lethargy and acquires an important export dynamic. This coincides with global consumption cycles of some primary product produced by the country. At the end of the 19th century it was silver. In the 1920s, 40s, and 60s it was tin and other minerals. Today it is natural gas and minerals.

In 2006, 75% of all Bolivian exports were hydrocarbons and minerals. At the same time, nontraditional exports (agricultural and manufacturing) were well below their best levels attained in the 1990s. In 2005 these reached only \$861 million. Moreover, agricultural exports declined by 7% between 2004 and 2005 and during 2006 soy and its derivatives fell by 8.3%.

Who benefits from the export boom? The new income generated by the hydrocarbon and mineral sectors has not reached the population, which is among the poorest in the world (five of its nine million inhabitants make less than \$2 per day). This contrast, which has always existed in Bolivia, translates into a “redistributionist” tendency.

This tendency feeds the following ideological complex: a) Bolivia is a wealthy country because it has abundant natural resources; b) a paradox exists between the wealth of the country and the poverty of its inhabitants; c) this paradox is explained by the exploitation of natural resources by different groups of actors, such as the mining companies, international petroleum enterprises, the elite who were involved with them and who governed the country, and financial organizations that supported the presence of transnational capital; all have taken advantage of Bolivia's national wealth, while not allowing Bolivians to enjoy the benefits; e) the solution to poverty is rooted, therefore, in political action to recover lost wealth through expropriation of the right of the elite over natural resources and to redistribute wealth among the poor; in this manner, equality will be attained; f) this paradigm, generally referred to as rentism, defines politics as the use of power to influence the fate of the wealth generated by a country's natural resources.

The presence of great quantities of natural gas in the ground and the economic crisis that marked the beginning of the present century translated mainly into high levels of unemployment and the loss of confidence in

the political parties that dominated the political scene during the two previous decades. As a result, this redistributionist tendency, which was latent in Bolivian society, came to the fore with a series of mainly political effects.

The principal political effect of redistributionism was the success of Evo Morales and his party the MAS in several successive elections until both obtained national political power in December 2005. The MAS relies on redistribution as its central political proposition. The MAS consistently attacks previous governments, while projecting its own brand and political mythologies. As the official champion of redistributionism, during its first year and a half in office, the MAS took the following measures: 1) the nationalization of the natural gas industry, which apart from other factors, has considerably increased the participation of the state in the business; 2) the confiscation of the Vinto smelting plant that once belonged to former president Gonzalo Sánchez de Lozada and which was expropriated from the Swiss firm Glencore; 3) the granting of a \$40 bond or “bono” (known as Juancito Pinto) to all primary school students with the aim of promoting school attendance; 4) the use of new income from natural gas to: “refund” the state hydrocarbons company (YPFB); strengthen the armed forces and the police; establish an indigenous fund; and pay other state expenditures.

As can be seen from the two previous points, the MAS government is not satisfied with existing public assets. It seeks to increase them to strengthen the redistributionist flow. It aims to extend state control over some private areas: land; former state owned companies which have not been affected by the nationalization of hydrocarbons; mining concessions where there was no investment; and the mining companies that belonged to former president Sánchez de Lozada (Vinto is only one of them.) This expansion of the pie will be conducted in a relatively peaceful and legal manner and not through uncompensated expropriations. The government’s *modus operandi*, then, does not depart too much from the democratic framework because if it did so, this would cause a number of internal and external problems for Bolivia. Moreover, it would also push the process in a socialist direction, something the majority of its leaders do not want.

The redistributionist trend does not rely only on the communications channels that are open between the government and the population; it also opens other channels within society itself. Conflict appears between sectors and against enterprises. Disorganized through private ambition, society has lost the cohesion that should be guaranteed by the state and the law. The justice system in Bolivia, however, has failed to earn the respect of the citizenry because it failed to guarantee some sense of social order.

Not even the government respects the law, thus becoming one of the main causes of the institutional crisis rather than being the actor that solves the problem. The government acts more like the strongest bully fighting for control of the tribe rather than the guarantor of the legal system. This is so for two reasons. First, it is important to keep in mind that many government officials, including the president, were once labor leaders involved in movements that resisted normal attempts to establish social order and cohesion by the state. These movements were good at subverting order, not maintaining it.

Second, this subversion of order is a symbol of redistribution, which dismisses any illusion that the state is a neutral actor among the forces that are fighting for the national wealth. This is in sharp contrast to previous governments that attempted to side with the law.

The Morales government constantly takes sides, often encouraging conflict between competing groups. When conflict is not present, it goes as far as creating it by denouncing fictitious conspiracies or foreign enemies. In this manner the government mobilizes its supporters and consolidates its role as the principal bully, that is to say the leader of the faction with the greatest power on the scene. Governing by creating conflict instead of harmony among social groups is an unavoidable consequence of the redistributionist approach.

The principal objective of the government is change; not just any change, but total and holistic shift toward a society that is the antithesis of the neoliberal model. The Bolivia of today wants to go from a society predominantly focused on the exploitation of resources and the creation of wealth to one guided by redistribution. For this reason, the MAS government places no limits on the economic role of the state. Its focus on redistribution takes precedence over the crafting a polity that is well regulated, representational, law abiding, and based on the separation of powers.

The agenda of the MAS government manifests itself especially in its desire to convert the Constituent As-

sembly into an instrument for the “refounding of the republic.” To do this, the government needs absolute control over the institution. This has become another major source of conflict, although mainly political in nature. In fact, this “refounding” does not point toward socialism but more to a model that crystallized in Bolivia as a result of 1952 Revolution and which lasted several decades. This model was basically state capitalism oriented toward redistribution and managed by a single popular party monopoly.

Redistributive change and the management of the ensuing conflict of such a process require a highly centralized and authoritarian government. Change is not always possible within the confines of a democratic government, although the enormous popularity of the current government could make this possible. In any event, the authoritarian route is always an option in Bolivia

Despite its electoral rhetoric, the MAS has been essentially opposed to departmental autonomy (which implies a profound distribution of power) as demanded by a conglomerate of departments that call themselves the “half moon” and include the departments of Beni, Pando, Santa Cruz, and Tarija. The government’s attempt to exert absolute control over the Constituent Assembly is due in part to the fear that if it fails to do so, departmental autonomy would become a reality.

In short, the stage is set in Bolivia for the potential for more social conflict from a variety of sources. Clearly, the possibility exists for conflict between the state and property holders as the government seeks more resources for its redistribution schemes. On occasion, property holders have been able to garner the support of significant sectors of the population.

Then there is the monster created by redistribution itself. Social movements arise with the purpose of influencing the redistributionist agenda. Conflict can ensue as demands are placed on the state.

Conflict is also created as social organizations pit themselves against the private sector with the aim of radicalizing redistribution. Different social sectors also struggle to move redistribution from the public policy sphere to “direct action” where the strongest group prevails.

Conflict inevitably arises between the government intent on increasing and centralizing its power and those who are still swayed by notions of representative democracy and its inherent checks and balances and separation of powers. Currently, this is one of the principal fissures in Bolivia’s political base. The fate of the Constituent Assembly and the ad infinitum postponement of departmental autonomy are issues that will not quietly go away. Another thorn is the government’s attempt to establish a mechanism to control and even dismiss Bolivia’s prefects, the departmental governors that were popularly elected for the first time in the country’s history in 2005 in the same elections that brought Evo Morales to power. n

Fernando Molina is a Bolivian writer and journalist. He is currently the editor-in-chief of the weekly Pulso, and has authored four books, including Evo Morales and the Return of the Nationalist Left.

FEATURES

The Movimiento al Socialismo and Challenges to Legitimacy

by Jennifer Cyr

On July 31, 2006, amidst calls for the resignation of prefects and mayors across the country, Bolivian Vice-Minister for the Coordination of Social Movements Alfredo Rada stated that, while the central government supported the legal right of these individuals to hold office, they alone were responsible for the legitimacy of their term. With this statement, Rada differentiated between the constitutionality of an elected official and his or her right to govern once elected. The implication was that, without popular support, the state cannot guarantee the completion of an elected official's term.

The Vice-Minister's declaration reflects a belief that is implicit to the way President Evo Morales' administration operates: leaders are only legitimate if they have the support of the masses. According to this thinking, the actions of a popular politician and his mandate in general require little justification and even less negotiation.

In their first year and a half in office, President Morales and his party, the *Movimiento al Socialismo* (MAS), have received enough public support to cement their legitimacy, and they have behaved accordingly. Yet, the MAS's claims to legitimacy are not invulnerable. Recent intra-party polarization and inter-party factionalization have threatened to undermine the MAS's popular support base. Ironically, the "most legitimate" party in contemporary Bolivian democratic history may fall victim to the same fate as its traditional party predecessors.

Politics Before Evo

Prior to President Morales' history-making election in 2005, politics in Bolivia primarily involved the party leaders and militants of three "traditional" political parties: the *Movimiento Nacionalista Revolucionario* (MNR), the *Acción Democrática Nacionalista* (ADN), and the *Movimiento de Izquierda Revolucionaria* (MIR).

Five presidencies were formed out of closed-door negotiations between these and other, smaller parties. Never able to obtain an absolute majority on their own, every plurality-winning candidate between 1985 and 2002 was able to establish his government only after joining in a formal pact with other parties.

Bolivia's so-called "pacted democracy" may have provided the means through which successive presidents could govern, but the inclusive and insular nature of this political model made it vulnerable to criticism from the country's highly active civil society. Allegations of corruption and clientelism were rampant, exacerbated by racial and ethnic differences between the governing and the governed.

For most social movements and their followers, Bolivian democracy was anything but representative and, because elected presidents had never enjoyed the support of an absolute majority, hardly legitimate. The system remained relatively stable, however, until an economic depression in 1998 negatively impacted growth and employment, sparking a wave of mobilizations and political crises that ultimately led to the resignation of two presidents and the downfall of traditional political parties in general.

Majority Rule for the First Time

Morales' election to the presidency was symbolic for two reasons. First, he achieved something that no Bolivian president-elect in the country's recent political history was able to do: win the election in the first round with an absolute majority, 53.74% in this case. Second, this meant it was not necessary for the president to form a pact with other parties to rule. While this could potentially eliminate the clientelistic, patrimonial behaviors that characterized the country's pacted governments, it has also greatly diminished the MAS's need to dialogue with other

parties.

The impact of single-party rule has been twofold. First, the MAS has begun to articulate its newfound power and to consolidate it as much as possible. This has meant that the MAS often avoids consensus-building unless absolutely necessary and employs pressure tactics to reach its objectives. To give a few examples, the government has “invited” ministerial technocrats to leave their posts if they do not agree with the administration’s policies. In addition, in the scandal surrounding non-transparent contractual negotiations at the country’s petroleum company, *Yacimientos Petrolíferos Fiscales Bolivianos* (YPFB), Morales fired both those within the company accused of wrongdoing (including YPFB’s executive president) as well as those who did the accusing, openly suggesting that the latter were conspiring against the nationalization process. In both instances, the government effectively purged the upper echelons of the most important ministries and industries of any dissent from party objectives.

Second, as a result of this power grab, the MAS began to alienate not only its opponents but also its allies. This marginalization is perhaps clearest in the debate in the Constituent Assembly over the regulations for approving new articles of the constitution. Because the MAS does not control two-thirds of the seats in the 255-member assembly, a growing number of party members are demanding that substantive and administrative decisions be approved by an absolute majority. Predictably, the rest of the parties and citizens’ groups represented have contested this proposal, creating a breach between the MAS, its most fervent opposition and potential collaborators.

Growing Disunity within the MAS

In principle, this political polarization should matter little to Morales and the MAS, especially as long as the president’s approval ratings stay above 50%. As long as the president retains the support of the majority of the population, the government remains—in its own eyes—legitimate.

Yet, such a polarized political system is only sustainable over time as long as the MAS, and the movements and organizations that support it, remain united against the still relatively unorganized opposition. Recent events suggest that the MAS is showing signs of internal fragmentation at various levels of governance. Some examples include inter-party fighting in the municipalities of Punata, Sacaba, Quillacollo, and Cercado, which, at least in one case, has turned violent; the resignation of the Minister of Hydrocarbons, Andrés Soliz Rada, one of the most popular members of the Morales cabinet; and the disputes among *masistas* about the two-thirds/ absolute majority debate in the Constituent Assembly.

Such internal fragmentation is not surprising given the movement’s history. The MAS-IPSP (*Movimiento al Socialismo-Instrumento Político por la Soberanía de los Pueblos*) is formally a political instrument of the *campesino* and indigenous organizations that form its primary support base. It was established in 1998 as the result of a dispute between Morales and the leader of his former party, Alejo Veliz. Since its creation, internal power struggles have shaped the development and evolution of the movement’s structure.

In fact, the political instrument of the MAS is only one part of an overarching structure that distinguishes between several branches: the party, social movements, Parliament, the current national government, and the Constituent Assembly. This multi-level structure is ideologically pluralist and includes indigenist, Guevarist, radical left, and moderate tendencies. The factions that make up each of these branches and tendencies have specific and at times conflicting demands that make coherent policy-making at the highest levels of the MAS nearly impossible.

These internal pressures take on new meaning now that the MAS has primary control of the national government. Morales is no longer just the referee among internal factions of his party; he also must now be an arbiter on the much larger national (and international) stage. Moreover, the MAS’s popular support base is not yet loyal to the still-young party organization. The return of anti-government mobilizations throughout the country is a palpable indication of this problem. Indeed, a rejection of past policies and elites—a primary force that brought the MAS to power—does not mean a popular consensus on how these policies should be pursued in the future.

Challenges to Come

Given the polarization between the MAS and its opposition, the government will face some difficult policy and rhetorical battles in the future. If the factions within the party (and the social bases they represent) continue to disagree on the style and substance of its decisions, the MAS could fall prey to what Vice-Minister Rada might term a

loss of popular sovereignty. This threat to legitimacy may be the most pressing issue for the MAS in the period to come, particularly at the conclusion of negotiations on nationalizing key industries—one of the government's most provocative and most important objectives.

Framing legitimacy as a matter of popular opinion can be a risky endeavor, particularly when a government's own legitimacy is vulnerable to an active and demanding public. In an effort to remain "legitimate," Morales and his party may be forced to confer more openly both within the ranks of the MAS and with other potential allies outside of the party structure. The disparate nature and objectives of these groups will make the possibility of successful negotiations exceedingly difficult. In many ways, the government's own claims to legitimacy may be the hardest for it to sustain, given the many challenges ahead. n

Jennifer Cyr is a graduate of Florida International University's Master of Arts Program in Latin American and Caribbean Studies. She is currently pursuing a doctorate in political science at Northwestern University.

FEATURES

Bolivia's Gordian Knot

by Jorge Lazarte

The December 2005 elections that brought Evo Morales to power have led to a deep rupture in Bolivian politics. In 24 years of democratic rule in Bolivia, no candidate had ever won an absolute majority of the popular vote. Morales' 54%, versus his closest contender's 29%, represents the most important recent political change in Bolivia not only quantitatively, but also qualitatively. In sociological terms, it has altered the governing elite even more importantly than the 1952 Revolution, marking a true rupture with the past. Indigenous groups marginalized since the republic's founding in 1825 and others newly excluded by neoliberal policies have come to power, all within a democratic framework that Morales' Movement toward Socialism (MAS) criticized when it was in the opposition but which ultimately made change possible.

As a candidate, Morales had the ability to express conflicting demands. In his capacity as leader of the coca growers' movement, his position was anti-American and pro-national dignity. His rejection of neoliberal policies made him a natural ally of the poor, but middle-class voters fed up with traditional party politics also took up his cause. Morales embodied the collective desire for change, and his victory has profoundly altered the distribution of political power in Bolivia. A new array of political forces has emerged with a dominant faction that recalls the MNR of 1952, but without its party structure or plans to unify the country, and a largely discredited opposition.

A Mosaic of Diverging Tendencies

Unlike any political party in the last two decades, the MAS not only controls the executive branch but also has a majority in the National Congress. It is the only political force with a capacity for social mobilization; the political opposition appears theoretical, fragmented, and reactive, while social opposition, such a relentless force against previous governments, is scattered and only serves to vindicate the government rather than destabilize it. If there is a real opposition, it is based regionally—mostly in Santa Cruz, which recently held its first direct provincial elections and is pressing its calls for autonomy.

The new configuration of power has made itself felt across state institutions. The judicial branch has clashed publicly with the government on several occasions, but a growing number of judges and prosecutors have allied themselves with the administration. Leadership of the armed forces also has shifted in the government's favor; several former military figures have been discredited by allegations of scandal, and three top military leaders in

line to be promoted were replaced with individuals with close ties to the government.

The new government's problems seem to involve the nature of the administration itself. First, the MAS cannot properly be called a political party, but rather a "proto-party"; it lacks functioning political structures, more closely resembling a mosaic of diverging tendencies united mainly by their desire to challenge the status quo. For the most part, MAS congressional deputies represent alliances between social groups, and so their loyalties waver between the MAS and their own organizations. Second, the MAS seems to have come to power too soon, when it was still in the process of assimilating the corporatist policies it proposed in 1997, the more national but fiercely combative stance it presented in the 2002 elections, and its 2003 platform, which was more balanced but still a collage of not always coherent ideas.

The MAS today has four basic internal components: 1) a historical faction linked to the coca growers of the Chapare, where the MAS was born. Morales remains the most important leader of the six coca grower federations and he continues to pledge accountability to them; 2) indigenous inhabitants, especially Aymaras and eastern Amazonian groups, who are the physical and symbolic base of the Morales government; 3) the old left, comprised of former guerrillas, Guevarists, Maoists, Trotskyites, nostalgists, and statist who largely abstained from politics for the last two decades; and 4) those who joined the movement during the electoral process from the middle class and critics of neoliberalism—among them the current vice president—and who now form part of the core of the MAS's power. External factors bring these four groups together: their opposition to neoliberalism and their need to "invent" conspiracies to unite them against a common enemy. These different currents exist alongside so-called *neomasistas* in technical government jobs who fiercely proclaim their loyalty as latecomers.

This mix is at the heart of the government's swings between radicalism and moderation, consensus and imposition, national and ethnic discourse, Chávez and Lula, revenge and revanchism, and laying the blame for Bolivia's problems with the rules of the game or its actors. The confusion has affected the government's public approval ratings, which rose as high as 80% in March 2006 but fell to 62% the following month. Perhaps to halt this downward trend, which could hurt the government's chances in the upcoming Constituent Assembly elections, Morales tackled a number of controversial domestic issues. On May 1—International Worker's Day—he announced the nationalization of the hydrocarbon industry, surprising the country with the military takeover of these installations. This and a series of dramatic actions to combat corruption received overwhelming public support and halted the slide in Morales' public approval ratings, as did his growing ties with Venezuela and Cuba versus Brazil, his closest ally until then.

In the event, the MAS won the July 2 elections and controls an absolute majority in the Constituent Assembly. Even these results, however, were a bit of a disappointment: Morales had expected an even greater margin of victory, and in fact the total was three percentage points less than his victory in the December 2005 presidential elections. The opposition fared far worse: the seats it won were divided among more than a dozen political groupings, and the strongest challenger, PODEMOS, lost half its votes.

All in all, the MAS seems to have focused more on taking power than on actually governing. Morales' cabinet is more representative than competent, which explains many of its improvisations. His electoral victory may have shifted the national mood from the pervasive fears of the elite to the hopes of the excluded, but these fears have not disappeared; they continue to echo throughout the middle class every time the government polarizes the country with combative declarations, such as its proposal to "decolonize" national educational policy and its efforts to mold the Constituent Assembly in its image.

Morales' symbolic importance in the broader context of political trends in Latin America also has set off alarm bells in the United States and among Bolivia's business classes, despite his initial gestures toward openness. The sympathy and indulgence that greeted his victory in many foreign countries and international organizations has gradually given way to concern over a government whose public discourse is more combative than diplomatic.

Mixed Results

Thus far, the Morales government has produced contradictory results. On the one hand, Bolivia's macroeconomic indicators are better than they have ever been. Bolivia has a positive balance of payments and more

money is flowing into the country, thanks mostly to external factors. On the other hand, investment has declined, alarming business sectors.

Ironically, after initially boosting public confidence in the country's institutions, Morales has done everything he can to dismantle them as vestiges of neoliberalism. As in the case of hydrocarbons, his government's public discourse has been characterized by unnecessary threats and combativeness. In November 2006, a collective sigh of relief greeted the announcement of new contracts with foreign oil companies.

The same ambivalence has characterized government discourse in other areas, including maritime policy—a sensitive issue for a country that continues to resent the loss of its coastline to Chile in the late 1800s—and land redistribution, which pits the country's western highlands against the east. Morales won public support in his fight against corruption, but lost it in the way he handled the Constituent Assembly vote. He claims to be open to dialogue, but he gravitates toward confrontation.

These contradictions continue to have repercussions for Morales' public image, which fell to 50% in October 2006. According to a December 2006 Gallup poll, only 32% of respondents said they would vote to re-elect the president.

A Return to Ingovernability?

With the news of Morales' overwhelming victory in December 2005, many Bolivians dared to hope that their country would become more governable. The MAS had been the main force behind the popular mobilizations that destabilized recent governments, they argued, so once it took power this threat should disappear. But this was not necessarily the case. The government has repeatedly denounced conspiracies or coups that, real or not, bring government supporters into the streets. One effect of the collective unease is the growing number of Bolivians who "vote with their feet," seeking better prospects for their future abroad. In a country with such a high level of conflict, the Morales government has shown a poor capacity for conflict resolution. This is one of its greatest vulnerabilities.

It can be useful to differentiate between what might be called a legacy of ingovernability stemming from ongoing social conflicts and the rules for containing them, and potential new forms of ingovernability involving Morales' proposals for changing the nature and structure of the state. At both levels there is a certain idea of society and power that in practice could make ingovernability an even more dangerous risk than it was in the past.

The MAS has promoted the idea that Bolivia's recent social and political conflicts were the result of neoliberal policies that caused poverty and inequality. Once the governments responsible for these policies were eliminated, it follows that the conflicts too should disappear. This line of thinking is based on an idea of democracy by consensus which rejects the notion of conflict as an inherent ingredient in modern democracies. It derives from Andean community-based democracy, in which decisions are taken without much tolerance for dissent. The MAS has upheld this brand of democracy versus representative models as its plan for "refounding" the nation. As a government, therefore, the MAS is not prepared to handle the conflicts that are an inevitable part of societies. It has gone so far as to eliminate the government office charged with monitoring social conflicts, replacing it with a Vice Ministry for Social Movement Coordination whose guiding premise is that any dispute can be resolved through dialogue.

Another part of this thinking is that no further conflicts should arise given that the MAS is not a political party but rather a composite of social movements which cannot be against themselves. Beyond the implications for democracy of subordinating, and indeed absorbing, social movements into the machinery of state power, the immediate problem is that some social movements have felt free to pursue conflicts of their own in the belief that the government belongs to them and will therefore back their demands. This belief has proved false, and on several occasions the government has denounced as "conspiracies" mobilizations that merely follow the new logic of corporatist and collective action. The difference is that instead of aiming to overthrow the government, as in 2000 and 2005, these movements have sought only to make it fulfill its promises or respond to immediate demands.

In fact, soon after Morales took power the Minister of the Interior assured the country that the government would reject the use of force—a term mistakenly equated with violence—in resolving conflicts in favor of dia-

logue. The consequences of this policy were seen in Huanuni in October 2006, when 16 people died and almost 80 were injured in fighting between members of private mining cooperatives allied with the government and workers for state mines, who also voted for the MAS but were not considered government allies. The government was informed of the probability of violence but preferred to treat this as a rumor and resisted mobilizing the police until it was too late.

These mistaken beliefs about the functioning of a complex society are reinforced by the absence of a culture of the rule of law in Bolivia, a problem that has fueled political instability since the earliest days of the republic. In the case of the MAS and of many of its leading public figures, it is reflected in an unwillingness to take government action. This reluctance can be understood if we consider that many MAS leaders and movements have first-hand experience of the arbitrary use of law. To them, any attempt to invoke the law invites suspicion of ne-liberal tendencies.

The Right to Govern vs. Concentrate Power

Another factor that must be taken into account in considering governability is the MAS's basic ideas of power and government. In a democracy, the winner of an election gains only the right to govern while preserving the independence of the three branches of government. The MAS, however, has an idea of governance that has little to do with democracy. Vice President Álvaro García Linera called on an Aymara audience in La Paz last September to defend the "revolution" with slingshots and Mausers to assure control over the "totality of power." Such statements are common throughout the MAS leadership as well as its base, which includes not only anti-modern and pro-indigenous currents but also anti-democratic, authoritarian, and even totalitarian elements. This drive for total control goes beyond authoritarianism, as past political experiments show, and is a vision compatible with the dominant tendency within the MAS to confuse social and political considerations. It explains the MAS's determination for what it calls social movements to occupy the gap formerly filled by political parties and to become part of the governing structure in the name of social power.

Even before the new government took power, and especially after, the MAS announced a new idea of government it calls "rule by obedience." In contrast to the previous monopolization of power by the elite, this new formula proposes returning power to "the people." First of all, it is interesting to see this use of the word "rule" (*mandar*), which has historically been a synonym or substitute for "govern" in Bolivia. "Rule" is associated more closely with the idea of power than government, and it's odd to see the MAS use this term as a break with history when in fact it signals the prolongation of a non-democratic past. Second, "rule by obedience" seems to imply obeying the people and not the elite, which is assumed to pursue only its own interests. But to hear them talk, many delegates in the Constituent Assembly clearly think of themselves more as leaders than representatives. The social movements they claim to obey belong to the MAS, while those who do not are overlooked when it comes to organizing meetings or public assemblies. In other words, the Constituent Assembly "obeys" the groups with which it is affiliated and so cannot be expected to show them resistance or dissent. In fact, MAS leaders have so much power that in some cases the Constituent Assembly merely approves decrees passed down from the government, creating tension with delegates who object to this traditional manifestation of authoritarianism in Bolivian politics.

In other words, "rule by obedience" turns out to be the opposite of what it seems to mean, and is simply not feasible in practice. "Governing" implies the capacity to reach an aggregate consensus, not simply the obligation to make decisions according to multiple social demands that are by nature unstructured, incompatible or mutually exclusive. According to Roberto Laserna, who studies conflicts in Bolivia, as of August 2006 Bolivia had experienced more conflicts per month under Morales than it had under any previous government, with the exceptions of the Mesa and Siles Suárez administrations, which represented the country's most severe crises of social ungovernability. Morales' promises to "refound" the republic could take this problem to a whole new level.

"Refounding" Bolivia

One way to describe the government's official goal of changing the nature of the state and its territorial struc-

ture is as a type of “ethnic nationalism” designed to replace former “liberal-racist” models. But in fact, the proposal is much more than an ethnic or a social vindication of the country’s indigenous majority; instead, it is the manifestation of a “neo-indigenous” political project that has been developing over the last 15 years as an affirmation of Bolivia’s ethnic and cultural diversity, a reality which the 1994 constitutional reforms enshrined as a basic right. One might say that the ruling discourse has shifted from thinking of national unity in terms of uniformity to defining it as the sum of social differences. The revolution at the polls in December 2003 has given this discourse new and unexpected momentum associated with the Constituent Assembly, which is the MAS’s most important political tool to “refound” the country.

The first step in this process is Article I of the general charter of this institution, which declares the “original” or foundational nature of the Constituent Assembly itself. The second step is the amendment of the constitution to establish the “multinational” nature of the state, declaring the country’s different ethnic-cultural groups to be separate “nations.” Already, there have been calls to redraw Bolivia’s territorial map along ethnic lines, to the alarm of the eastern provinces and a large part of the middle class in the west. In fact, however, most MAS base groups seem more concerned with access to the symbolic and material aspects of modernity than with ethnic separatism.

A possible outcome of neo-indigenist state policy, made stronger by Bolivia’s prevailing “ethnomania,” may be the transformation of existing cultural differences into national divisions with a right to self-determination that go far beyond existing claims of non-territorial autonomy. We have seen the results of such policies in weak and fragmented states at different times in history and in different parts of the world. This scenario may represent the biggest political risk of ingovernability under the Morales government, in the context of a Constituent Assembly balanced precariously between different factions.

In other words, Bolivia has entered a new phase in its history. The country will face many difficulties in the short and medium terms under a strong government that wants to change everything but doesn’t always have a clear idea how to do so or much concern with norms. The government will meet opposition from those whose interests it threatens or affects. Of course, it will also receive support from poor and indigenous sectors seeking to recover their dignity and a new sense of power, which for many means the right to repeat past history from the bottom up.

In sum, the future of the country, the Constituent Assembly, and the government depends on untying Bolivia’s Gordian knot: on the one hand, managing the integration of a society divided and fragmented by deep historical fractures; and on the other hand, incorporating these changes into the framework and limits of democracy. ⁿ

Jorge Lazarte is a Bolivian sociologist and a member of the Constituent Assembly.

FEATURES

Democracy, Representation, and Individuation

by Roberto Laserna

Military coups may be a thing of the past, but social coups are back. The former claimed to be out to save democracy; but, by relying on political repression, denied and destroyed it instead. The latter try to reclaim democracy by acting in the name of the collective rights it grants, but ultimately ignore them. In the end, by abusing its freedoms and ignoring the limits of the law, social coups destroy democracy as well.

Why haven't we been able to stop the swing of this pendulum, knowing as we do the (self-)destructive dynamic it represents? Every new political cycle takes us along the same well-trodden paths and we are left to start over, one step back from where we were. Returns and reconstructions, revolutions and restorations turn out to be illusions, often at great social cost for their own protagonists.

How can we explain this shortsightedness when it comes to learning from our own history?

The Poverty of Democracy in Latin America

Democracy is often, and rightly, discussed in terms of the relationship it establishes between state and society. Some people gauge the strength of a democracy according to the strength of the state, opening the debate over what it means to be a strong state. Others emphasize the strength of society, again raising the question of what a strong society means.

Both approaches tend to refer to "citizenship" as a political condition giving individuals rights and responsibilities that must be protected and guaranteed, but they rarely consider the structural prerequisites for this to be true. Some minimal conditions are required to enable individuals to become actors.

Democracy is vulnerable when a state is weak and cannot protect the rights and freedoms of individuals. This weakness, however, is a result of historical events and thus is not in itself an explanation, but rather something that needs to be explained. Democracy is also weak in corporatist societies that tend to reproduce conflict, are intolerant, and eschew dialogue and deliberation. Again, these characteristics only describe the situation; they cannot explain it.

In seeking explanations for a democracy's problems, it is important, as classic works on economic, political, and social thinking remind us, to look beyond institutions and behaviors to the conditions that define people's daily lives. There can be no strong state or society, or culture or institutions, if the conditions of daily life are fragile and vulnerable, if people cannot develop their individuality, think for themselves and plan for their future.

To put it a different way, we could say that poverty, exclusion, and the precarious processes of social reproduction make it impossible to create a solid basis for a democratic society. Democratic societies are made up of individuals with the capacity to make decisions with an understanding of their possible consequences and, therefore, with the capacity to assume the responsibilities these decisions imply. This is only possible if people can be minimally certain of their own subsistence.

A significant portion of the Latin American population lacks these conditions. Uncertainty about essential and daily needs forces many people not officially classified as poor to concentrate most of their efforts and thoughts on basic daily needs, including food, transportation, health, public services, security, privacy, and co-existence with other members of society.

Latin America has made great progress in formulating basic rights and creating institutions and entities to

protect them. Our laws and constitutions have been perfected and, in theory, regulate everything. The problem is that they are not implemented. We blame the problem on imperfect institutions, corrupt systems, or immoral individuals; on culture, or on the absence of controls or punitive measures. But in most cases the law is not obeyed simply because people lack the capacity (or power) to exercise their rights. Something as basic as obtaining official identity documents continues to pose an enormous challenge for many Latin Americans. Obtaining such documentation is so complicated and expensive in terms of money and organization, and often so useless in practice, that many people simply do not have one. Merely subsisting takes up so much effort and worry that people have no time to think about themselves.

The question therefore becomes: How can there be representation if there are no political actors to represent? In political terms, these are individuals who can imagine a future and, therefore, have the material capacity to transcend the uncertainty of daily life.

The institutional reforms of recent decades have sought to expand and perfect electoral systems and political representation. And yet, not one single study has found significant progress in these areas. Political parties are vilified more each day and people have no confidence in the representative or fiscal organs of the state (congresses, councils, assemblies). The number of formal mechanisms for social and political participation has increased, but protest marches are blocking the streets and marginalizing groups that cannot exert organized pressure. Social demands and collective pressure restrict governability, and attempts at mediation are gradually losing legitimacy under the rhetoric of popular self-representation. In some cases, such as Argentina, Ecuador, and Bolivia, these tensions have escalated into acts of insurrection that are just inside the limits of the law, but have no respect for it.

All of us—intellectuals, politicians and cooperative organizations—have contributed to this tendency, in different ways and nearly always without realizing it. In some cases, motivated by a desire to speed up the process of institution building, we have acted willingly and eagerly. In others, perhaps out of ignorance, we have assented to conditions that we would not accept in our own national or local realities.

By emphasizing representation and participation, for example, we have tended to take for granted minimum living standards. Naively, we have even assumed that these conditions could be generated by empowering society or strengthening the state. To some degree, this emphasis has contributed to the emergence of new forms of corporatist action and the rebirth of populism.

The debate over representation has concentrated less on the individual than on the need to guarantee the institutional and political existence of social organizations important to creating or protecting a sense of collective identity. Regardless of the efficacy of such organizations, we are confusing the problem; what really counts in a democracy is *political* representation. This encompasses the representation of future proposals; ideals of the common good; and a way to take immediate action to build the basis for the future, which is negotiable precisely because it is yet to come. Instead, attempts at institutional reform have paid more attention to *social* representation. The concept of social representation is built more on cultural traditions or ideals of the past that lend a sense of community or identity, or on conditions such as race, ethnicity, age, and gender. This confusion has led to the creation of mechanisms of *social* representation in *politics*, which has the ultimate effect of furthering social disaggregation and sectarianism. In the search for perfect representation, based on who should or can represent whom, we have lost sight of the fact that *what* is represented is more important than *whom*. This confusion has eroded the possibility for mediation and reconciliation.

The emphasis on participation works in a similar way, prioritizing direct action over the necessary mediatory role of the political institutions fundamental to democracy. Corporatist groups feel justified and perhaps encouraged by this confusion. In the tumult of their marches and speeches—rooted in a tradition of socialism, humanism, and solidarity, and with explicit references to democracy—it is difficult to discern their real orientation toward social particularism, exclusion and intolerance. The struggle over existing resources that drives them into politics to look for what they should find in the economy: jobs, income, consumption.

Nothing that has been said here should be interpreted as disdain for the formal codification of political freedoms and the rights of citizens. History has shown us the importance of democratic formalities and nothing justifies delaying, cutting back, or eliminating them. Merely proclaiming or codifying these formalities, however, is

not enough if citizens do not have at least a minimal capacity to take advantage of them.

Politics as a Disguise

Widespread disillusion with democracy for its failure to guarantee expected living conditions suggests that people expect politics or the state to give them what they can't get in the economy. In the process, economic struggles over distribution of resources are disguised as political conflicts.

The "perverse privatization" referred to by some authors, such as Enrique Iglesias, or *rentismo*, as others, including myself, prefer to call it, has its roots in the unfulfilled aspirations of a population that is aware of its economic exclusion; in other words, that lacks the minimum economic capacity to allow its members to express their individuality.

The most important challenge that democracy faces in Latin America may be the need to establish the economic basis for individuation. Without it, people cannot exercise their citizenship or make creative use of their capacity, whether defined as power or rights. The important thing is for everyone to have at least the opportunity for individuation. It is not enough to recognize that existing structures are exclusionary, unequal, and limiting; or, even worse, fall back on the kind of unrealistic proposals that time and again have ended in frustration.

Many proposals for fighting poverty from the perspective of economic growth have argued for the necessity of guaranteeing every person minimum access to resources. This amounts to a redistribution of resources, such as the efforts to redistribute land in the nineteenth century. The resources to be redistributed, however, must be relevant to the contemporary economy and not affect the existing capacity for the social generation of wealth.

The idea that land redistribution would provide the conditions for individuation was commonplace at the beginning of the modern democratic era. At that time, it was a question of destroying the old social order and giving people the economic standing to exercise the political rights they had won as citizens. In the late 1700s and early 1800s, the Americans and the French acted out of a conviction that land ownership, then an important source of economic resources, would guarantee people the ability to enjoy the rights and freedoms of emerging democracies and to intervene freely in the market, whether by deciding what to produce or by using the fruits of their own labors.

We could say that the myth of agrarian reform was born then—myth, because what had been nothing more than an instrument to expand the market and strengthen the economic foundations of democracy gradually became an end in itself, regardless of its results.

Agrarian reform reached Latin America decades later, and while it succeeded in eliminating the *latifundios*, it also destroyed many agricultural and livestock enterprises. It came late to the region because in many cases land had already been distributed on a mass scale, although it had not brought people the economic benefits they expected. Times had changed, and the world was no longer in the pre-industrial era when land meant everything. In the contemporary context, the small parcels of land created barely sustained families and trapped them in activities and rural areas with declining economic potential. The subsistence these small parcels offered was so precarious that the following generation again slipped into poverty, with no means for integration into democracy or the market. This also marked the end of the personal dignity that was assumed to have been distributed along with the land.

Proof of this inadequacy is that today, even in countries that have undergone more advanced agrarian reform, the poorest and most vulnerable sector of society is made up of peasants, small rural landowners. It is easy to see why the rural population migrates to urban areas, whether in their own country or abroad.

Proponents of a new agrarian reform argue that peasants' incomes are low because they don't have enough land, but this isn't entirely true. Studies show that the most important variable for explaining poverty or poor nutrition is not the amount of land available, but rather its links to the market. The market acts as a positive force in improving living conditions through increased income and opportunities. It is no surprise, therefore, that the highest agricultural productivity is usually found on farms that are close to urban areas.

None of these conclusions justifies non-productive land ownership or its fraudulent accumulation through

political favors, nepotism, or corruption. But we cannot ignore that agriculture is no longer the main source of wealth in today's world, and that land is not Latin America's most abundant resource. If we argue, then, that a fundamental prerequisite of democracy is the existence (or creation, in most cases) of a minimum economic basis for individuation, we must think of alternatives.

Many have already done so. A growing current of opinion advocates the expansion and improvement of education, a crucial factor given the importance in contemporary society of information management, scientific advances, and technical innovation.

There is another option, however, perhaps more basic and less creative, but with enormous potential to have an immediate impact on not only society and politics, but also the economy: the direct distribution of the income from natural resources.

The Right to Responsibility

Latin America has an abundance of natural resources, and the money they earn through exports provides an enormous source of government revenue. This income, however, has done little to change existing conditions in the region. In some cases, the money has been used to pay off the external debt; in others, it has shored up unequal and dependent economies. Why not use this abundance to create the basic conditions for individuation? What better asset do we have to lift ourselves out of poverty than a reasonably stable flow of income that could allow citizens to seize opportunities and assume their responsibilities?

The immediate political effect of universal distribution of the profits from natural resource exploitation would be, on the one hand, individual empowerment and, on the other, the weakening of the corporatist organizations, interest groups, and political elites that grow rich off of the needs and demands of the population. This would help erode the corporatist clientelism that misuses the channels for representation and participation created by democratic reforms.

As people acquired the power and the freedom to use these channels, they would also acquire responsibility. By taking ownership of their actions, they would assume the consequences of their decisions. Those who wasted their share of the money, or spent it imprudently, would assume the consequences of their imprudence and learn from them. They would no longer be able to take refuge in a group or appeal to the state, whether to cast blame on it or demand solutions. In other words, they would be unable to hand off individual responsibility for their actions.

Of course, governments have at times used access to the profits from natural resources as a means of prebendal or clientelist domination, especially when they have conditioned it on political criteria. No *caudillo* has resisted the temptation to abuse this means of controlling the poorest sectors and ensuring a political base. To avoid this scenario, the profits in question should be defined as one of the rights of citizens, independent of government decisions. Only this way will it give people the capacity to exercise their other rights and the security to think about and invest in the long term.

Why shouldn't a share in the profits of a country's natural resources be a right, considering that, in most of Latin America, these resources belong to the nation? The state controls them and regulates their exploitation in the name of the nation and with the promise that all will benefit. The reality, however, is quite different. Is there any reason to think that the latest wave of nationalizations will do any better?

Corporativism, which cloaks social conflict as participation and triumphs statism, curbs the rights of citizens and, therefore, erodes democracy. It directs energy toward group organization and popular pressure, and it reproduces inequality by excluding the poorest and most vulnerable members of society, who are unable to mobilize.

Distributing natural resource profits, however, would ensure that the basic equality needed for development and democracy is no longer merely symbolic or an article of law. It would be real, economic, concrete, and contribute to providing the minimum level of opportunities for consumption, savings, and investment that are needed for individuation and the creation of political actors.

This proposal could at first divert state resources, but its ultimate effect would be to strengthen the state rather than weaken it. History has shown that states that grow rich from controlling the profits from natural resources

do not make their citizens rich, but there are many examples in which the wealth of citizens becomes the basis for a rich state. It is much more likely for money to result in wealth if it is in the hands of the people instead of bureaucracies.

The obstacles to implementing a proposal of this type are more political than administrative. If Bolivia, one of the world's least developed countries, has managed to establish a transparent and efficient system for distributing universal pensions to citizens over 65 years of age, why couldn't other countries do the same? The difficulties have more to do with the *rentista* mentality shared by many sectors of the population and bureaucratic and political elites, as well as the existence of group interests strongly rooted in the control of public resources.

The success of a policy of this type also depends, of course, on the abundance of natural resources in comparison to living conditions. Let's consider for a moment the case of Bolivia, which is beginning to enjoy an extraordinary boom in natural gas production. If only half of the public takings (which have quadrupled over the last two years) were distributed among citizens 18 and over, each family could receive close to \$270 annually, the equivalent of 25% of per capita GDP. For the poorest 20%, this amount would represent an 80% increase in available income, without even considering the multiplier effect if the money is invested.

In countries with no hydrocarbon resources, this policy would be even more effective and easy to apply. The natural resources in question could be mining, forestry products, or some combination of these. In any case, the principles and arguments involved are the same and the effect on democracy would not be much different.

New Paths to Explore

The preceding analysis focuses on democracy and its social bases, setting aside economic considerations. It is enough to point out the dynamic effect that would be produced by the significant expansion of domestic markets that could be expected under this proposal. The direct distribution of natural resource profits would not only strengthen citizens' position as consumers but would also make them automatic participants in a credit-based economy.

The whole idea behind this proposal is to enable people to meet the basic conditions required to become individual actors with a sense of responsibility and dignity, allowing them to become protagonists in their societies and enjoy the economic and political development that democracy implies.

Political traditions and idealized notions of the past send us along the same paths over and over again with the illusion that we will reach a different destination. We reject options we haven't tried simply because we aren't used to considering them. Daring to think differently is one of Latin America's most important challenges. ⁿ

Roberto Laserna is director of the Center for Studies of Economic and Social Reality (CERES) and president of the Millennium Foundation. This article was originally presented at the Organization of American States forum on "The Political Dimension of Democratic Governability" in Santiago, Chile, on January 12, 2007.

Photo Essay

Cochabamba on Fire

Text by Luis René Baptista; Photos courtesy of Los Tiempos, Cochabamba, Bolivia

In January of 2007, the Bolivian city of Cochabamba was gripped by violence as supporters of the MAS government descended on the city, intent on bringing down the departmental government. These photographs, reprinted here with the permission of the newspaper *Los Tiempos*, depict the drama that unfolded over the course of several days. The images are representative of the unfortunate pattern of violence that has plagued Bolivia in recent years. This type of mob violence has become part of the political landscape in Bolivia, and many experts fear that it will only escalate as the MAS government pursues its goals. *Editors note: In late November 2007, violence erupted again—this time in the city of Sucre, the site of the Constituent Assembly. At issue was Sucre's demand that the Constituent Assembly consider the city's claim to once again become Bolivia's capital. In the end, three students died of gunshot wounds, allegedly fired by the police.*



Between January 4 and 8 of 2007, an enormous contingent of farmers belonging to MAS-controlled organizations pours into the city of Cochabamba. Most of the farmers came from the Chapare region in the Department of Cochabamba. Their goal was to surround the prefecture and demand the resignation of departmental governor Manfred Reyes Villa, who was



elected in December 2005 with more than 50% of the votes. Farmers and militant members of the MAS decide to take over the prefecture building. They demand the withdrawal of police forces guarding the building in order to proceed with their plans of a “peaceful” take over of the prefecture.



Just one block away from Cochabamba's main square, a small group of policemen attempt to stop protesters from moving into the area. Minutes later, the police stand down, heeding government orders to allow the framers to proceed.



As soon as the police forces stand down, protesters attack the prefecture building. Tires drenched with gasoline are set on fire and hurled at the building's front gate.



A group of protesters sets fire to a government vehicle, while others attempt to set fire to the government offices.



With no police presence to stop them, protesters get ready to set the prefecture building on fire. Moments later, the fire rages throughout the structure.



The attack on the prefecture building destroyed many important historical and legal documents.



Not only were government vehicles attacked, but any car parked in the city's main square became a target. Hapless owners could do nothing but watch as their cars burned.



Smoke rises from the burning building of the prefecture, as protesters celebrate their accomplishment amidst the lack of police presence.



Protesters blocked all access to and throughout the city for several days, forcing local residents to take long and arduous routes to get to and from their homes and jobs.



On the morning of January 10th, farmers took over the Plaza de las Banderas in order to prevent a peace rally organized by the city of Cochabamba's Civic Committee from taking place.



Unable to assemble at the Plaza de las Banderas, Cochabamba's citizens take to the streets throughout the city to demand peace and a return to order.



This panoramic view shows the spot where protesters first clashed with citizens demanding the cessation of violence. Farmers at the Plaza de las Banderas (left side of the picture) and peace demonstrators move toward one another on the Cala Cala bridge. In between both groups, a small contingent of police officers tries to prevent a confrontation.



Armed with stones and wooden sticks, farmers and peace demonstrators confront each other at the Plaza de las Banderas. The farmers are forced back and maneuver through 10 city blocks to rejoin their comrades at the city's main square.



More than 200 people were injured during the confrontation between farmers and peace demonstrators. Most injuries were caused by flying stones and wooden clubs. Overwhelmed by the mob, police officers could do little else but assist the injured.



While MAS supporters encourage the general populace to rise up and attack the mansions of the wealthy, others attempt to pacify the violence. Meanwhile, gangs assault and destroy businesses in downtown Cochabamba. They also attack the headquarters of one of the national TV stations, Unitel Network, which is accused by the government of serving the opposition's interests.



Senator Leonilda Zurita chides police officers for attempting to keep protesters from reaching the prefecture building. The police were eventually ordered by the government to stand down.



A burned vehicle sits in front of the embattled prefecture building.



Accused by the MAS of supporting the opposition, the headquarters of Unitel Network is targeted by protesters.



Citizens demanding the return to law and order are prevented by police from marching to the Plaza de las Banderas, under siege by protesters.

Hemisphere

EDITORIAL STAFF

<i>Founding Editor</i>	Anthony P. Maingot
<i>Editor</i>	Eduardo A. Gamarra
<i>Associate Editors</i>	Mark B. Rosenberg
	Richard Tardanico
	Patricia Price
<i>Managing Editor</i>	Pedro D. Botta
<i>Book Review Editor</i>	Ivelaw Griffith
<i>Bibliographer</i>	Marian Goslinga

CONTRIBUTING EDITORS

Uva de Aragón	Sarah Mahler
Ana María Bidegain	Félix E. Martín
David Bray	Lisandro Pérez
Janet M. Chernela	Timothy J. Power
Michael W. Collier	Ana Roca
Carol Damian	Andrea Mantell Seidel
Damián J. Fernández	Victor Uribe

EDITORIAL ADVISORY BOARD

Don Bohning	Guido Pennano
Ettore Botta	Alejandro Portes
Wolf Grabendorff	Sally Price
Alistair Hennessy	David Ronfeldt
Harry Hoetnik	Selwyn Ryan
Franklin W. Knight	Steven E. Sanderson
Vaughan Lewis	Saskia Sassen
Larissa A. Lomnitz	Andrés Serbín
Abraham F. Lowenthal	Carol A. Smith
Terry L. McCoy	Lourdes Sola
Andrés Oppenheimer	Yolande Van Eeuwen
Robert A. Pastor	Arturo Villar
Anthony J. Payne	Juan Yañes

Hemisphere (ISSN 08983038) is published twice a year by the Latin American and Caribbean Center at Florida International University. Copyright © 2007 by the Latin American and Caribbean Center, Florida International University. All rights reserved. Printed in the United States of America.

Hemisphere is dedicated to provoking debate on the problems, initiatives and achievements of the Americas. Responsibility for the views expressed lies solely with the authors. Editorial, Circulation and Advertising Offices: Latin American and Caribbean Center, Florida International University, University Park, DM 353, Miami, Florida, 33199, Tel.: (305) 348-2894, Fax: (305) 348-3593, E-mail: gamarrae@fiu.edu.



FINANCIAL INCLUSIVENESS PROGRAM

Florida International University (FIU) has initiated the Financial Inclusiveness Program to promote the development of banking services for lower income populations and remittance and microfinance recipients in Latin America.

Organized by the university's Summit of the Americas Center, the Financial Inclusiveness Program is based on nearly three years of research on the challenge of creating viable financial services business models that enable financial deepening by offering banking products that are both cost effective and affordable to microcredit clients and remittance recipients.

Through the program, FIU hopes to contribute to building regional policy and management capacity that advance economic and social development. With the enormous expansion of microfinance services throughout Latin America and the Caribbean in the past 20 years, the need for greater integration of the region's lower income populace into the formal financial sector has emerged as an important and urgent question for the region's policy makers.

The Financial Inclusiveness Program comprises a series of intensive seminars, promoting best practices and practical solutions for financial systems deepening in the Americas. Seminars are held throughout the year at FIU's University Park Campus in Miami, Florida.

For more information about the program, contact the Summit of the Americas Center at 305-348-2894; by email at summit@fiu.edu; or visit <http://soac.fiu.edu>.





FLORIDA INTERNATIONAL UNIVERSITY
INTERNATIONAL STUDIES



Conference on Cuban and Cuban American Studies

February 21-22, 2008

*Cuba 2008: Counterpoints of
Continuity and Change*

The Cuban Research Institute at Florida International University continues its tradition of convening scholars engaged in the study of Cuba and Cuban Americans with its 7th conference. This year's panels will focus on the current political, economic, cultural, and social dynamics on the island and beyond in the following four tracks:

- The Politics of Arts and Culture
- Politics and Economy
- Social Actors and Issues
- Diaspora

For more information:
Contact us at 305-348-1991 or
by email at cri@fiu.edu.
You can also visit our website
at <http://cri.fiu.edu>.

Cuban Research Institute

University Park, DM 363 | T: 305-348-1991 | W: <http://cri.fiu.edu>



FIU

*Education with a
global perspective*