

Bolivia: A Gasified Democracy

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‘Goni’ goes to Miami

On 15 October 2003, Bolivian President Gonzalo ‘Goni’ Sánchez de Lozada made his last bid to resolve the crisis that had been growing in the country since mid September, when mobilizations had started against the intended export of natural gas to the United States and Mexico, by way of Chile. A month of protests and harsh repression had by then cost some 60 lives, and what the President offered was far too little and it came far too late. Opposition leaders and movements immediately turned down the offer. Mobilizations intensified, calling for Sánchez de Lozada’s resignation. With support of ex human rights ombudsman Ana María Romero de Campero, intellectuals, human rights advocates and NGO workers initiated a hunger strike, reminiscent of the movement that had helped bring down the Banzer dictatorship in 1978. Two days earlier, Vice-President Carlos D. Mesa Gisbert had withdrawn his support for the President, though Mesa continued as Vice-President and President of the Congress. Sánchez de Lozada accused the opposition of preparing a *coup* financed by foreign powers, arguing that the opposition was only a tiny minority of *narcos*, anarchists and trade unionists seeking to establish a dictatorship, and hinted at links with the remainders of the Peruvian guerrilla organization Sendero Luminoso. Health Minister Javier Torres Goitia, speaking for the government, accused Carlos Mesa of opportunism and disloyalty and giving support to the anti-democratic forces.

With popular mobilizations ongoing, Vice-President Carlos Mesa called a Congress meeting for 17 October to discuss the situation. That morning, one of the coalition partners who had seconded Sánchez de Lozada when he made his last bid, Manfred Reyes Villa of the *Nueva Fuerza Republicana* (NFR),¹ withdrew his support and some hours later, the other, Jaime Paz Zamora of the *Movimiento de Izquierda Revolucionaria* (MIR), suggested that the President step aside. In doing so they responded to pressure from their grass roots constituency, which was increasingly joining the opposition in clamouring for the ouster of Sánchez de Lozada.² Finally, the latter faced the fact that he had lost legitimacy and that political support was dwindling. He fled the country in the company of various members of his cabinet leaving behind a letter of resignation. Thus his second presidency ended after some 14 months. With Sánchez de Lozada on his way to Miami, Congress accepted his resignation with 97 against 30 votes. In this article I will discuss the ‘Bolivian crisis’ in the light of the debate on democracy in Latin America.³

Transitology and the quality of democracy

Bolivia by now has enjoyed some two decades of democratic rule, a noteworthy achievement for a notoriously unstable country (Lavaud 1991). Although the great majority of observers agree that democratic institutionality has been preserved

through the October 2003 events, these events do suggest that not all is well with Bolivian democracy. The occurrences in Bolivia and other Latin American countries such as Ecuador and Argentina, to mention just two cases,⁴ pose a challenge to the theories of democratic transition and call into question the optimistic assessments of the stability of democracy in Latin America. Here I will briefly review some of the contributions to the debate, focusing on the Bolivian case.

In their study of party systems in Latin America, Mainwaring and Scully (1995, 19) characterized the Bolivian party system as 'inchoate' but suggested that it was showing some signs of acquiring greater solidity. They focused on the institutionalization of party systems as reflected in electoral volatility, the ways parties are rooted in society, their legitimacy, and the solidity of party organization. More recently, Mayorga has studied the rise of what he calls 'neo-populist' parties in Bolivia. Two such parties, *Conciencia de Patria* (CONDEPA) and the *Unión Cívica Solidaridad* (UCS), emerged in the 1980s. Mayorga suggests that these parties posed a challenge to the party system but in the end have contributed to the consolidation of the party system and the hegemony of democratic neo-liberalism (Mayorga 2002, 86). Whitehead (2001a, 10) takes a similar view. As I will argue below, these analyses have underestimated the groundswell of discontent that was temporarily channelled through these parties.

In their leading study on transition and consolidation, Linz and Stepan (1996, 7-15) look beyond party systems. They argue that a democratic regime requires a functioning state in the first place and suggest that to assess the consolidation of a democratic regime, five 'arenas' should be considered: civil society, political society, the rule of law, a usable state bureaucracy and an institutionalized economic society. When in these realms specified behavioural, attitudinal and constitutional conditions are present, a democracy can be considered consolidated. They do not include Bolivia in their study, but recently Whitehead (2001a) has taken issue with this view of consolidation in a study that specifically focuses on that country. He argues that the conditions listed by Linz and Stepan are too exacting and suggests speaking of 'democratic viability' rather than 'consolidation'. In doing so he takes a cue from O'Donnell's (1999b) observations on the perhaps illusionary character of democratic consolidation and argues that transition processes may give rise to durable and, in their own ways, strong regimes that may not meet the standards of a 'fully consolidated' democracy but still can be considered relatively democratic. Whitehead then suggests four measures to assess the viability of democracy: legitimacy, consolidation, civil society, and performance. As to legitimacy, he noted the emergence of the new populist parties in the 1980s but suggests that they cannot be regarded as threats to the system and that Bolivia's democracy could be rated as more or less viable. On the other hand, he mentions the issue of Bolivia's external relations, especially with the US, which may erode legitimacy. Regarding institutional consolidation Whitehead argues that through its system of interparty bargaining, post-electoral coalitions, consensual practices, and its congressional election of the chief executive, Bolivia's democratic institutions appear to function relatively effectively, although undemocratic practices persist. The evaluations of civil society and citizenship and of performance in meeting popular expectations similarly end in a relatively optimistic mode. This optimistic tone is reinforced in a second article (Whitehead 2001b), which addresses geopolitical factors (the Cold War, external and internal regional tensions), socio-structural factors (ethnic stratification, the incomplete legacy of the national revolution, the zero-sum nature of

class conflicts and the sectarianism generated by *empleomania*, or party sponsored patrimonialism), and political economy factors (rent seeking, failures of accumulation and the relation between neo-liberal economics and political democracy). Although he points out that linear progress towards democracy cannot be taken for granted, Whitehead argues that in Bolivia the score on these three factors is positive on the first and encouraging on the second while the 'broadly neo-liberal framework of policy pursued since 1985 seems reasonably compatible with the persistence and even the entrenchment of at least a 'low intensity' form of market democracy, even if the full consequences of the new model still need to be elucidated' (Whitehead 2001b, 39).

Developments in Bolivia since 2000 belie these relatively optimistic assessments and suggest that the country is still far away from the green pastures of democratic governability. In early 2000 Bolivia was the scene of what locally is called a 'social convulsion', which culminated in the Water War in Cochabamba, a protest against the privatization of the local water supply system. Since then, social convulsions have been shaking the country at regular intervals; the presidential elections in 2002 played havoc with the party system and a wave of protests in 2003 led to the resignation of President Sánchez de Lozada. Bolivia's apparent progress toward the entrenchment of a relatively democratic regime may therefore well have been illusory. This invites a re-examination of some of the ideas raised in transitology literature.

In that sense the UNDP-sponsored project that aims to assess the quality of democracy in Latin America provides some guidance (O'Donnell, Iazzetta and Vargas 2003). In the context of this project O'Donnell (2003) has elaborated an analytical framework in which he argues that a democratic political regime is a fundamental component of democracy, but that it does not suffice to fully capture the meaning of democracy or to assess the quality of democracy. He proposes that democracy, human rights and human development are intimately connected. This takes him to inquire into the conditions under which a democratic regime may flourish, in particular the democratic character of the state itself and its capacity to guarantee basic civil and political rights, the social context, and the human development context or the existence of certain social rights that underpin human agency as a requirement for the functioning of democracy. He thus reintroduces the issue of social and economic conditions, which the more minimalist approaches to democracy exclude. It is far beyond the scope of this article to fully discuss this proposal, but the Bolivian case can elucidate some of the questions raised in the debate on democracy in Latin America. Contrary to the more optimistic views, the Bolivian case, like other Latin American countries, reveals the emergence of what has been called 'armed neoliberalism' (Seoane 2003), which involves social militarization and the criminalization of protest. Bolivia illustrates how a transition process may result in a polyarchy that blocks the transition to a representative democratic regime and moves rather into the direction of a *democradura*, bringing about a crisis that suggests that the process has arrived at a crossroads.

Seedbeds of discontent

The intended sale of liquid natural gas (LNG) to the United States and Mexico, by way of Chile, was the direct motive for the protests that brought down Sánchez de Lozada. In his speech of 15 October 2003, Sánchez de Lozada offered a consulta-

tive referendum by Department.⁵ Two days later, Carlos Mesa offered a binding national referendum and added a review of the ‘capitalization’ process in this sector. In contrast to Sánchez de Lozada he did not mention the oil companies when referring to a modification of the legislation on hydrocarbons. The opposition had turned down Goni’s offer to modify the legislation through a consensual process with the oil companies because it was regarded as toothless. The few lines Mesa dedicated to the question covered a host of issues. In the first place, the mention of the hydrocarbons legislation and the capitalization process pointed to the legacy of the first Sánchez de Lozada government (1993-1997). In the second place, the referendum was a response to the current crisis, but the procedure proposed reflected different ways of tackling the problem. Let us look at these issues one by one.

The question of the hydrocarbon legislation and the capitalization process is related to the package of ‘second generation’ reforms carried through by the first Sánchez de Lozada government (1993-1997). Among these reforms the ‘capitalization’ policy, which involved an ‘innovative’ variant of privatization, stood out. The policy was applied to five sectors that previously had been the reserve of the state, among them the hydrocarbons sector. The state abandoned direct operations in such sectors to assume a regulatory role and the market was to become the main allocation mechanism (Baldivia 1998). The capitalization policy has prompted important increases in direct foreign investment, particularly in the hydrocarbons sector (Calderón and Jetté 2002, 36).

The privatization of *Yacimientos Petrolíferos Fiscales Bolivianos* (YPFB) was accompanied by the introduction of a new Law on Hydrocarbons, Law 1689 of 1996, which introduced a system of joint risk contracts with a residual YPFB and of concessions to be regulated by a newly created Superintendency for Hydrocarbons. To promote private investment in exploration, exploitation and commercialization the new law reduced taxes and fees on newly discovered reserves to some 30 per cent. Compared with other countries, the Bolivian system introduced in 1996 is extremely generous with private operators. On the other hand, the 1996 legislation indexed domestic oil and gas prices on international market prices, which resulted in an increase in consumer prices. Such features of the reform in this sector reflected the spirit of the reform policies and were also applied to other sectors, such as water supply. While, at the time, praised by the multilateral agencies as an example of ‘best practice’, such reforms were strongly questioned and resented by the Bolivian population. The privatization process was plagued by irregularities and was widely regarded as a garage sale of the national patrimony. Moreover, the new economic policies failed to deliver the miraculous growth rates that were promised (PNUD 2002).

Bolivia is one of those proverbial beggars seated on a golden bench. In the past few years, natural gas has become the country’s main asset in a world where energy is becoming a scarce good. While YPFB was being privatized, Bolivia’s proven gas reserves increased miraculously. In 1996 they had been estimated at 6.6 trillion cubic feet, by 2002 the estimate stood at 52.3 trillion cubic feet, which made Bolivia the owner of the largest reserve in the Southern Cone and therefore the ‘gas hub’ for the region. Gas would become the business of the future and provide the country with a ‘window of opportunity’ in the terminology of the multilateral agencies, which were quick to set further loans as conditional on the ‘monetarization’ of these new riches. In 1999 the country started to export gas to Brazil and since then Brazilian demand has rapidly increased. With an average annual growth

rate of 7.5 per cent during the 1990s, the hydrocarbon sector became the most dynamic one. By 2003 gas has become Bolivia's main export product, accounting for 21.6 per cent of the exports and with a value of US\$ 99.7 million (INE, *Nota de Prensa No. 76*, 17 June 2003).

In recent years the US West Coast and northern Mexico have become energy craving regions, and Bolivia has prepared to join the race to supply them with Liquefied Natural Gas (LNG) to generate energy, mainly electricity. The concessionaries of the Margarita gas field in the Department of Tarija – British Petrol, British Gas and the Spanish enterprise REPSOL – formed a consortium with Sempra Energy, which would take charge of distribution. Gas would be liquefied and then shipped, either from a Chilean or Peruvian port. The total investment in this mega-project at that time was calculated at some US\$ 5,000 million, of which US\$ 1,800 million would be invested in Bolivia to develop the gas field and to construct a pipeline. The Bolivian government calculated that the project would yield revenues of some US\$ 310 million per year.

The plan immediately generated polemics. Both Peru and Chile offered harbour facilities, the port of Ilo and the port of Mejillones, respectively. This introduced the issue of Bolivia's access to the Pacific, which it had lost in the 1879 war with Chile. The gas project should be used as leverage to regain sovereign access to the ocean, it was argued. Chile's interest in facilitating Bolivian gas exports, it was also suspected, derived from the fact that Chile itself is in desperate need of gas and thus would eventually buy an important share of the gas exported to cater for its domestic market and to build a petrochemical industry. Another issue was that the project relied on a price 'at the pit' of US\$ 0.70 per thousand BTU (British Thermic Units) whereas the gas exported to Brazil is paid US\$ 1.30 per thousand BTU.⁶ Finally, it was argued that processing facilities should be located in Bolivia to generate employment, giving priority to the Bolivian population and industry. Gas derivatives should be produced in the country instead of exporting natural gas.

Bolivian President Jorge Quiroga⁷ tried to strike a deal before the end of his term but did not succeed. After the June 2002 elections Gonzalo Sánchez de Lozada became president. Meanwhile, a *Coordinadora* for the Defence of Gas had emerged, linked to the *Movimiento al Socialismo* (MAS) presidential candidate Evo Morales, and adamantly opposed the export of natural gas through Chile. While opposition grew, negotiations over the realization of the project stalled, particularly after the February 2003 revolt against a new income tax, during which the offices of the MNR, MIR and NFR were set on fire, ministries were looted and over thirty people were killed.⁸ It was increasingly, and probably rightly, suspected that the government actually had already decided to export gas through a Chilean port, possibly Patillos, which by then had started competing with Mejillones.

The gas war

The gas issue rapidly became polarized. The government, eager to go ahead, talked of a consultation and prepared a World Bank-funded campaign to convince the population of the project. On the other hand, an *Estado Mayor del Pueblo* had been formed in June 2003 to oppose government plans. Evo Morales and Oscar Olivera, who had been a key figure in the Water War in Cochabamba in 2000, were prominent as well as retired General Vito Ramírez López, who stated that preparations were under way to construct the pipeline to Chile. Opposition parties MAS and

NFR proposed a referendum on the gas project, while in the Department of Tarija, where 85 per cent of Bolivian reserves are located, a regional movement arose to defend exports.⁹ By August the popularity of President Sánchez de Lozada had dropped to 9 per cent and most of the population mistrusted him and his government coalition, which was continually engaged in shady deals and bickering over power shares. In a context of crisis and political paralysis, the NFR entered the coalition in early August and negotiated its share of ministries. That same month, the election of Jaime Solares as the new executive secretary of the *Central Obrera Boliviana* (COB) meant that the government coalition had lost control over the organization, which until then had been dominated by the MIR. The COB now allied itself with the opposition. And by mid August the MAS declared the ‘Gas War’, stating that its strategy of going from ‘protests to proposals’ had fallen on deaf ears and that from now on it would adopt a strategy of ‘protests with proposals’.¹⁰ Widespread discontent began to coalesce around the gas issue.

The pace of events quickened when an Aymara community leader, Edwin Huampo, was arrested in the La Paz Department, accused of having been involved in the killing of two cattle rustlers. To defend ‘community justice’, Aymara leader Felipe Quispe and nearly a thousand followers started a hunger strike in the premises of Radio San Gabriel in the city of El Alto, from where other protests were directed. Freeing Edwin Huampo was only one of the demands and was merely added to the list that on various previous occasions had been negotiated with ministerial delegations. The gas issue was also added to the list, although Quispe did not enter the alliance formed by Morales.¹¹ Roads were blocked in the region between La Paz and Lake Titicaca, trapping some hundreds of tourists. By 19 September 2003, the government decided on an operation to rescue the tourists, which was carried out the next day in Rambo style under the direct supervision of Defense Minister Carlos Sánchez Berzaín.¹² Six people were killed, five of them civilians and among them an eight year old girl. That caused an escalation of Aymara peasant protests, while the city of El Alto was brewing with protests for a host of other reasons.

At the same time Congress was busy bickering over the nomination of new ministers of the Supreme Court, the Constitutional Court, the Judiciary Council, and of a new Human Rights Ombudsman. The office of the *Defensoria del Pueblo* had been created in 1997 and the first to hold the post was Ana María Romero de Campero, who gained an enormous prestige among the population for her courageous defence of human rights and her denunciations of abuse in the repression of protests. She now was one of the candidates but withdrew her candidacy when it became clear that the governing coalition wanted to get her out of the way at any price and concocted the election of a candidate of its own through the usual means of power brokering among coalition partners. MNR candidate Iván Zegada was manoeuvred into the post, to the outrage of much of the population. One more reason for mistrust of the government and for protest had been created.

Protests, roadblocks and manifestations gradually escalated in El Alto and the northern La Paz region and started to spread to other parts of the country such as Cochabamba, Oruro, Sucre and Potosí. The government sought to minimize the issue and argued that only a small minority was creating disturbances. Protests became massive, however, and the government resorted to repression, culminating in the death of 26 persons on 12 October during an army operation to bring tank trucks down from El Alto to fuel-starved La Paz. The next day another 20 people

were killed and Vice President Carlos Mesa withdrew his support for the President. Some hours later economy minister Jorge Torres (MIR) resigned. On 15 October, intellectuals, human rights advocates and NGO workers started their hunger strike demanding the resignation of Sánchez de Lozada. That same day the latter made his last bid.

If we look at what Gonzalo Sánchez de Lozada had to offer regarding the question of gas exports and what Carlos Mesa offered a few days later, some important points stand out. In the first place, Sánchez de Lozada offered a consultative referendum, while Mesa offered a binding one. Also, the former offered a referendum per department, while the latter opted for a national referendum. The issue here is regionalism and the increasing cleft between the east and the west parts of the country. Over the past decades the Santa Cruz region has experienced the most important growth in the country and resents domination by La Paz and the highlands. This has given rise to a virulently right-wing regionalist movement. The Department of Tarija is another case in point. Reform of the Constitution, to which I turn below, is one of the responses to these demands. The point to make here is that Sánchez de Lozada clearly betted on support from the eastern lowland Departments to carry through his gas export project. In contrast, Mesa Gisbert opted for a nationally binding referendum. The outcome is extremely unsure. It will depend on a package of proposals about what to do with the gas, how to distribute revenues regionally and over different sectors of the population; in short, on a proposal for future development of the country, which certainly will have to depart from the model in use since 1985. Last, but not least, if exports to the USA and Mexico remain an option, the issue of access to the sea will play a role.

The other difference between Sánchez de Lozada and Mesa's offer is the approach to revising the Law on Hydrocarbons. Sánchez de Lozada offered to seek a consensual revision with the oil companies while Carlos Mesa offered a revision of the law as well as of the capitalization process of the sector. Revision of the law will most likely aim for a 'fifty-fifty' formula, increasing the state share by some 20 per cent, and an investigation of the capitalization process responds to a demand for transparency and the widespread suspicion that the process has been fraught with irregularities. This might open the way to a 'judgment of responsibilities' of former governments.

Reconstructing the party system

In his inaugural speech Carlos Mesa did not limit himself to the gas issue but also raised the question of the functioning of Bolivian democracy. He stated that his government would be one of transition and proposed elections at some moment or other. Meanwhile, he would govern without direct involvement of the political parties to give them time to reform themselves. Bolivian democracy clearly needs an overhaul if it is to become viable.

Although the existing party system and what has become known as 'pacted democracy' have until now granted relative stability to a formally democratic polity, this has been achieved by barring the majority of the population from having any significant influence, the so-called 'representation deficit'. The rise of 'anti-systemic' forces,¹³ the recurrent 'social convulsions' since 2000, and the outcome of the June 2002 elections are indicative of the tensions generated by the deficiencies of the existing political regime, which, though formally democratic, has

gradually glided toward a *democradura* to preserve the neoliberal economic model and the privileges of a thoroughly corrupted political class. The fall of Sánchez de Lozada is regarded as the proof of the unsustainability of the 'pacted democracy' regime.

The case of the Human Rights Ombudsman, mentioned above, is illustrative of the workings of the Bolivian party system. While sidelining Ana María Romero was aimed at undermining the Ombudsman office, the procedure was the brokering of power shares among parties. As noted, the election of a new Ombudsman was not the only one at stake. Renovation of the Supreme Court, the Constitutional Court and the Judiciary Council were also pending.¹⁴ At a certain point the government-coalition offered the election of Ana María Romero if the opposition would go along with its list of candidates for the other positions. The idea was adamantly rejected by Evo Morales, who stated that it was the quality of candidates that should count, not their political allegiance.

The mechanism of power brokering has its roots in the corporative model adopted in 1952: a virtual one-party system that caters to different corporate sectors and relies on the loyalty of a bureaucracy in return for jobs in the State apparatuses and enterprises. After the return to democracy in 1982 the party spectrum has broadened but the patrimonial or prebendalist dynamics remained essentially the same (Gamarra and Malloy 1995), although they came under strain, among other things, as a result of the policies introduced in 1985 because these reduced the bounty and spread it in new ways (PNUD 2002).

The party system that emerged in the early 1980s basically relied on a core of three parties, the MNR, the MIR and Hugo Banzer's *Acción Democrática Nacionalista* (ADN). Usually, each of these parties would gain between 16 per cent and 30 per cent of the vote in national elections, not sufficient to directly elect a president. After the elections, therefore, negotiations would start to elect a president in Congress, and such negotiations would revolve more around apportioning ministries among coalition partners than around programmatic issues. The ministries and other state agencies would then provide jobs for the party clientele. This not only accounts for a badly functioning state bureaucracy but also suggests that the parties depend on the state rather than responding to the needs of an electorate. In the course of the 1980s two new parties, CONDEPA and UCS, emerged. Although these neo-populist parties criticized the wheeling and dealing of the established parties, they were soon integrated into 'the system'. Mayorga (2002) has argued that these parties have contributed to the consolidation of Bolivian democracy by providing for the symbolic political inclusion of the sectors dislocated by neoliberal policies and de-aligned from the established parties. However, he also notes that this capacity for symbolic political integration contrasts with the weakness of institutional representation and a very limited efficacy in transforming social demands into public policies that effectively address economic inequality (Mayorga 2002, 86; see also Domingo 2001). After the death of their founders, these two parties, and CONDEPA in particular, lost much of their appeal.¹⁵ By the time of the 2002 elections the MAS and Felipe Quispe's *Movimiento Indigenista Pachacuti* (MIP) had arisen as the 'anti-systemic' vehicles of popular discontent.

Bolivian democracy as it has functioned until now can be characterized as a 'pacted democracy'. Since 1985 Bolivian governments have relied on 'pacts' among party leaders and the ensuing distribution of the bounty, which assured 'governability' and the implementation of structural adjustment packages.¹⁶ This in

fact amounted to a double exclusion of much of the population, in economic and political terms. Neoliberal reform packages have exacerbated income disparities and have done little to improve the situation of the most vulnerable sectors. The PNUD (2002, 46) speaks of a vicious circle between economic growth, distribution of income, and poverty.

At the same time, pacted democracy barred these sectors from having a voice in political affairs. The 'representation deficit' and 'governmental autism' have become a matter of debate in recent years (Tapia and Toranzo 2000), but are hard to resolve. Moreover, while such features have their roots in Bolivian history, they are being exacerbated by the global tendency to substitute politics with economics and the obsession with macro-economics which results in situations in which the 'economy fares well, but the population does not'. Political elites increasingly tend to orient themselves on their globalized peer and supra-national institutions, caring little for the populations they are supposed to represent.¹⁷ Episodes like the Water War, the revolt against the new income tax in early 2003 and the Gas War and many others are symptoms of a diseased party system and of defective relations between government and civil society. Since 1985, governments have increasingly turned to teargas and bullets to carry through unpopular policies, Bolivian democracy is becoming ever more of a *democradura* in the process. With the dismal performance of the Banzer government (1997-2002), Bolivian democracy touched 'ground zero' (Assies and Salman, in press; Sivak 2001) and the subsequent Gonzalo Sánchez de Lozada administration brought more of the same.

One should, however, credit the first Sánchez de Lozada government for some reforms that sought to improve democracy, the 1994 Law of Popular Participation (LPP) and the reform of the electoral system (Grindle 2000; Van Cott 2003a). The way to these reforms was opened by a round of negotiations that took place in 1991 and 1992 among the three established parties and the emerging UCS and CONDEPA. The ensuing pacts prepared for the 1994 reform of the Constitution and the 'second generation' reforms of the first Sánchez de Lozada administration. In that context, the LPP brought administrative decentralization and greatly enhanced the role of the municipal level of government, while at the same time seeking to give concrete shape to the constitutional recognition of the multicultural and pluriethnic character of the population. Coca growers and indigenous organizations have, after some hesitation, seized the opportunity and have entered municipal government. The reform of the electoral system in 1996 created 68 uninominal districts for the election of the 130-seat Chamber of Deputies. Although meant to strengthen the grip of the existing parties on the local level, the reform opened the way for the emergence of new parties. In the 1997 elections coca growers and indigenous candidates gained some seats in the national Congress (Albó 2002). It was the dismal performance of the Banzer government (1997-2002) and the manifest corruption of the established party system, however, that propelled the so-called anti-systemics into key positions in the 2002 elections. Evo Morales' MAS and Felipe Quispe's MIP gained 20.9 per cent and 6.1 per cent of the vote, respectively, while populist Manfred Reyes Villa and his NFR gained 20.9 per cent, finishing just behind the MAS.¹⁸ This electoral performance made Evo Morales a potential presidential candidate and turned Congress into a colourful Tower of Babel, with indigenous deputies wearing their traditional attire and speaking their native languages (Assies and Salman, in press; Van Cott 2003b).

After the elections, MNR, MIR and UCS brokered a pact to form a Government

of National Responsibility, and managed to elect Gonzalo Sánchez de Lozada as president. In contrast to his first government, which was characterized by a high degree of dynamism in carrying through reforms, this time the government was characterized by ineptitude, infighting and the absence of any clear program. Sánchez de Lozada's autocratic style, which had encountered less opposition during his earlier presidency, now was resented much more. Also, the concern with constructing a pluriethnic and multicultural democracy was gone. What remained was a lacklustre government, stubbornly applying foreign-made economic policies and carrying out the war on drugs in the most fundamentalist way. No lessons had been learned from the 'social convulsions' that had shaken the Banzer government and the warning of the February 2003 revolt went unheeded. Those were dubbed disturbances created by a 'tiny minority'. Although parties like the MAS and the MIP occupied a quarter of the seats in Congress, the government coalition did all it could to marginalize and ignore them instead of recognizing that they might express or reflect some legitimate popular demands and aspirations. They were not deemed worth listening to, and as far as the coalition partners were concerned business could go on as usual. The October events were the outcome. This does not imply that the revolt was orchestrated in any way, as Sánchez de Lozada would have it. If one looks at the dynamics of the revolt one sees rather a gradual convergence of fragmented protests around the banner of gas exports and then the ouster of Sánchez de Lozada.

The Mesa government

The new government has set out to govern without direct party participation. The fact that Carlos Mesa does not belong to any party and that he enjoys great prestige among the population may be an asset, for the moment at least. Somehow, however, the government will have to establish a working relation with the legislature and with the state bureaucracies occupied by the clientele of the established parties. The MNR may go into a purge to rid itself of the Sánchez de Lozada clique, but the outcome remains to be seen. The capacity of the MIR, NFR and UCS to reform themselves significantly may be doubted. Internal reform and democratization of these parties has been on the agenda for some time, but little advance has been made until now. Party *caudillos* may discursively admit the need for reform and the creation of access for a new generation of leaders, but at the same time will not relinquish control over such processes. More likely, these parties already have started manoeuvring to regain positions and may try to sabotage and wear out the new government in order to present themselves again as the 'only alternative'.

That, at least, is the opinion of the 'anti-systemic' MAS, in particular, which has expressed its support for the new government without immediately posing conditions. The party is well aware that it has benefited from recent events and seems to be prepared to play a 'discrete' role. Significantly, during the conflict Evo Morales was asked on various occasions if he would enter the next government. He said 'no' and then the next, insistently posed, question was if he was seeking to 'destroy democracy'. Morales did not answer that question directly and instead argued that there are a lot of difficult issues to resolve. He did, however, fully support the process of constitutional succession and made no attempt whatsoever to 'seize power' as TV commentators had expected. And MAS Senator, Filemón Escobar also picked his adversaries when he affirmed, 'We will impede any at-

tempt of the MIR, MNR and NFR to use their parliamentary majority to screw Carlos Mesa'. These are encouraging statements, and it is to be hoped that the MAS will be able to transform into a constructive opposition. That will partly depend on its capacity to transform itself from a sort of trade union venturing into politics into a real party with less *caudillista* features. In any case, in the wake of the October events the MAS has very clearly embraced the electoral way, in contrast to the more ambiguous ploy of Felipe Quispe of the MIP or Jaime Solares of the COB.

Bolivia has now seen two decades of elected governments but it has not seen the emergence of an institutionalized representative democratic regime. Instead, 'pacted democracy' has increasingly come to exhibit features of a *democradura*. This calls into question Whitehead's (2001a, 11) suggestion that the Bolivian system may have helped to avoid the emergence of what O'Donnell (1999a) has called a 'delegative democracy' and that it might eventually become a model for imitation in other Latin American countries. Given the representation deficit inherent in the Bolivian model one may conclude that 'pacted democracy' and 'delegative democracy' are functional equivalents. The dramatic October events have opened a window of opportunity for a different pathway. Whether that will be the case depends on the capacity of the old 'systemics' to reform themselves and adapt to new rules of the game, the capacity of the MAS to live up to its own transformed aspirations, and the capacity of the radical anti-systemics to sabotage the process. On the other hand, it will depend on the room for manoeuvring that the US Embassy allows the new government in dealing with the coca issue and revising the economic model. On both accounts the prospects are bleak. Nonetheless, the new government has announced that it will de-emphasize eradication and focus rather on combating drug traders – an announcement that immediately met with the US statement that 'coca is cocaine'.¹⁹ Economic policies have not been altered as yet, but the gas issue has turned the revision of the capitalization policy into a central question and may result in creative solutions without reverting to a statist model as one step towards the construction of a viable economic policy that benefits the majority of the population. Finally, the process of constitutional reform and eventual elections will be key.

Constitutional reform and the re-founding of Bolivia

Reform of the Constitution and the convocation of a Constituent Assembly is another issue that re-emerged from the October crisis. In his address to the nation Sánchez de Lozada proposed a procedure that follows the existing Constitution. This implies the preparation of Law of the Need for Reform (*Ley de Necesidad de Reforma*) that should be endorsed by the sitting Legislature. Then the subsequent Legislature, in this case to be elected in 2007 if elections are held on schedule, could proceed with a reform taking into account the specific items included in the *Ley de Necesidad*. A reformed Constitution, including the possibility to convoke some sort of Constituent Assembly, would then enter into force somewhere between 2007 and 2012. Carlos Mesa, on the other hand, promised to seek a shortcut in order to convoke a Constituent Assembly within a reasonably short time span. Passing a law of interpretation of the Constitution may provide a solution. These are the formal issues at stake and a solution might be found. The substantive issues are another matter.

In his inaugural speech Carlos Mesa said that until then he had not been terribly

fond of the idea of a Constituent Assembly but that as a citizen he had to express an opinion and to listen to the opinions of society as a whole. A Constituent Assembly means a debate over the country's future and should address central issues, such as the use of natural resources, land use, the democratic participation of the citizenry and the structure and functioning of the national Congress. While this already constitutes a tall order, Mesa then addressed a particularly sensitive issue: the proposal to re-found Bolivia that, in the midst of the conflicts, had been launched in the Department of Santa Cruz.

The demand for a Constituent Assembly has grown in the wake of the Water War in early 2000. In that conjuncture maverick lawyer Alberto Costa Obregón briefly gained popularity by denouncing the corrupt and elitist governing parties and clamouring for a Constituent Assembly that should establish new rules of the game and a parliamentary system. Costa Obregón can be regarded as a precursor of the 'anti-systemics', but his popularity did not last. Neo-populist parties like CONDEPA and UCS adopted a somewhat similar discourse and later the NFR joined the call for a Constituent Assembly during the 2002 electoral campaign, as did the MIR. During the campaign, indigenous peoples' organizations organized a march to press for reform of the Constitution, basically to consolidate the rights they had been granted in the 1994 constitutional reform. On the other hand, over the past few years a virulently right-wing movement, the *Nación Camba*, has emerged in the Department of Santa Cruz as the most radical exponent of regionalism in the eastern lowland region (Sandoval 2001).²⁰ In the Department of Tarija the call for autonomy was fuelled by the fact that it harbours 85 per cent of the Bolivian gas reserves and wants to 'monetarize' these riches as soon as possible. And in the highland around La Paz, Felipe Quispe and his followers preach the reconstitution of an Aymara state of Kollasuyo, occasionally stating their aims in the strongest ethno-nationalist terms, but also recognizing that the *q'aras* (basically referring to white, rich, dominant groups) are 'human beings like ourselves' or that there are 'poor *q'aras*' (Patzl 1999; Quispe 1999, 2001).

Meanwhile, President Banzer had proposed the creation of a Citizen's Council to prepare a proposal for constitutional reform. Such a Council, consisting of nine 'notables', among them Carlos Mesa, was installed in May 2001 and eventually produced a proposal for modification of the Constitution. Some of the main modifications proposed had to do with immunity from penal persecution of members of the legislature and executive, citizen representation, decentralization and the procedure for constitutional reform. Immunities, which in fact often meant impunity, were to be slightly decreased. Citizen groups were to be allowed to propose candidates in elections without having to resort to the established parties, which was to break the monopoly of the parties and improve representation. The proposal to introduce the figure of the popular initiative went into the same direction. Decentralization was to be strengthened and the procedure for constitutional reform was to be simplified and shortened and the referendum was to be introduced to approve the constitutional reform. The proposal furthermore included stipulations that would strengthen citizen's rights, for example on domestic violence or the rights of domestic servants. On the other hand, the proposal rather tacitly eliminated a series of protections of the 'national patrimony' and strengthened the position of private enterprise. According to critiques such tacit modifications clearly pointed to the wish to incorporate the country in the Free Trade Area of the Americas. Nothing was said about regional autonomies.

Whereas the issue of constitutional reform played a role in the 2002 electoral campaign, the debate stalled after the elections when in September 2002 the oppositionist MAS and NFR blocked the debate on constitutional reform and demanded a Constitutional Assembly. The government coalition could thus not count on the required two-thirds majority to carry through the proposed reforms.

A Constituent Assembly is on the agenda again and, as Carlos Mesa stated in his inaugural speech, the question of re-founding Bolivia will now be included. He specifically referred to a regional autonomy proposal launched in Santa Cruz in early October, in the midst of the ongoing conflicts over gas. Somewhat paradoxically, the proposal was welcomed by intellectuals like sociologist Álvaro García Linera, identified with Aymara nationalism and other popular opposition movements, who soon published a detailed proposal for a multinational and multi-institutional democracy (García, 2003). Quite probably the only point of convergence between the proposals is the demand for regional autonomy, while the class base for such demands is a major point of divergence. Both in Santa Cruz and Tarija, the tension between supporters of regional autonomy and popular movements such as indigenous organizations or the movement of landless peasants is palpable. In these regions autonomy will imply a strengthening of the dominant classes and an exacerbation of conflict over land and territories. On the other hand, in the highland region north of La Paz the popular Aymara nationalist movement has virtually established a *de facto* regional autonomy in the wake of the 2000 revolts. It is hard to predict what such regionalist and autonomist sentiments hold for the future. In any case, the struggle over a re-foundation of Bolivia will be a tense one and the outcomes on this point are unpredictable.

Other issues that are likely to give rise to heated debate, if not worse, are the reform of the economic model and the role of state enterprises as well as the reform of the party system and forms of representation. Whereas the latter involves the breaking of the party-monopoly on representation and the issue of institutional design if some form of regional autonomy is to be achieved, the former will run up against the process of regional integration into the Free Trade Area of the Americas and US policy.

These are only a few of the issues that will have to be addressed. A further question that is pending is how a Constitutional Assembly will actually be organized and how it will proceed. It is expected to work parallel to the Congress, but it is far from clear how it will be composed and how it will be related to the electoral process. In his inaugural speech Carlos Mesa argued that his government would be one of historic transition and that elections should be held at some moment before the end of the constitutional mandate. A few weeks later, however, he affirmed that he would finish the constitutional mandate in the face of the radical 'anti-systemics', such as Felipe Quispe and Jaime Solares, who affirmed that they only would give a 90-day truce to see if the new government would meet their demands. In any case, the relation between elections and the process of constitutional reform still has to be worked out.²¹

By way of conclusion

To say that Bolivian democracy is 'at a crossroads' is stating the obvious. When in 1985 President Hernán Siles Zuazo stepped down before ending his mandate, a 'pacted democracy' emerged and a New Economic Policy was introduced. Both

were exclusionary; what the 'pacted democracy' excluded in political terms, the New Economic Policy excluded in material terms. To sustain such exclusionary policies, Bolivian democracy gradually slid towards a *democradura*; a gasified democracy that proclaimed 'national dialogues', but most often dialogued with bullets and teargas (Assies 2001 and 2003; Assies and Salman, in press). The recurrent waves of protest that have shaken the country since early 2000 as well as the rise of neo-populist anti-politicians first and anti-systemics somewhat later reflect the fault-lines of Bolivian democracy as it has existed over the past decades. A transition toward a consolidated representative democratic *regime* (see O'Donnell 1999a, 160) is urgently needed to overcome the deficits of pacted democracy, which can be regarded as a functional equivalent, rather than an alternative, to delegative democracy. The most recent crisis might provide a window of opportunity to get such a transition under way, but this will be an extremely delicate process while the margins for manoeuvre are rather narrow and polarization has rapidly increased.

O'Donnell's (2003) effort at reframing the debate on transitions and consolidation and the UNDP project on the quality of democracy are bold steps to break through the impasses of mainstream transitology. It is far beyond the scope of this article to discuss this project but in the light of the Bolivian case some observations may be made. In developing his framework O'Donnell takes the 'initiating countries' of the Northwest as a point of reference. In these countries the conditions for democracy, and particularly the conception of the individual as an agent, have developed through a lengthy historical process. Taking the 'initiating countries' as a point of reference may be a valid procedure but it requires further discussion. The legacy of colonial rule and the issue of ethnic cleavages in Latin American societies are largely absent from O'Donnell's discussion. In Bolivia, as in other Latin American countries, the colonial legacy clearly has not been solved and therefore should be systematically taken into account in the debates over the quality of democracy.²²

A partly related point that requires further scrutiny is the conception of the state. There are several issues here. In the first place, given the colonial legacy, the notion of the 'nation-state' as a framework for democracy cannot be taken for granted. It is exactly those efforts to create nation-states and the imposition of a legal fiction of equality and citizenship that have stood in the way of a recognition of the 'distinctness' (Calla 2003) of the indigenous peoples of Latin America. Indigenous peoples' movements have become important political actors in Latin America over the past decades, demanding recognition of their distinctness in the public sphere as a feature of democratization (Assies, van der Haar and Hoekema 2000; Van Cott 2000, Sieder 2002). In the case of Bolivia this demand has been met half-heartedly and rhetorically with the 1994 reform of the Constitution, the Law of Popular Participation and the new agrarian legislation introduced in 1996, which can be regarded as a hybrid between neoliberal reformism and recognition of indigenous demands (Urioste and Pacheco 2000), among other things through the creation of *Tierras Comunitarias de Origen* (TCOs).²³ The policies introduced in Bolivia in the mid 1990s can be regarded as a case of 'neoliberal multiculturalism', which 'entails pro-active recognition of a minimal package of cultural rights, and an equally vigorous rejection of the rest' (Hale 2002, 485). Such policies may open new political spaces but at the same time the drive to exploit new resources to be sold on the world market clearly constitute a menace to indigenous peoples – as

they do to other sectors of the population. In that context it is perhaps not so surprising that in many cases indigenous peoples' organizations have become the protagonists in popular protest movements. On the other hand, the indigenous autonomy claims clearly pose a challenge to the state model that emerged in the nineteenth century. This will be one of the issues to be addressed by a Constituent Assembly in Bolivia, which at the same time faces the autonomy claims staked by the eastern lowland regions.

In the second place, one may question whether the state still can be conceived of as a cluster of bureaucracies and a coherent legal system that, in the last instance, exercises the monopoly on the use of violence within a given territory (O'Donnell 2003). This Weberian conception of the sovereign state is being challenged in the context of globalization and the rise of what tentatively has been called the 'network state'. This furthermore has implications for the notion of government, since it cannot be taken for granted that, in times when New Public Management is in vogue (Burky and Perry 1998, 175-6; Nickson, in press), the notion of a bureaucratic hierarchy of command, with a government at the top, still holds. Note also that New Public Management seeks to supplant democratic deliberation with (semi-) market mechanisms in the name of the freedom of the individual, that is, the individual as *consumer*. Here we face a series of issues that I will only touch upon briefly. As to government, we should note that governance has become the buzzword. It implies that an increasing number of areas are being subtracted from what one would understand by government and government policy – gas in Bolivia being a case in point. A key issue here is that the role of the state tends to be reduced to the passive recipient of revenues that then can be used for government spending. In this context, the use of natural resources is not a policy item anymore as it is transferred to agencies like the Superintendencies, which allocate resources according to market criteria. Both the Water War of 2000 and the Gas War of 2003 essentially opposed this trend. In the first case the argument was that water should be a public good, instead of a commodity, and access to it a human right, and in the second case that gas is the property of the nation and should be used in the first place to the benefit of the population and its well-being. In both cases the market logic clashes with the logic of democratic control and deliberation, which is a logic of government.

Finally, though, the debate over the relation between the political and the economic regime is far from being settled (O'Donnell, Iazzetta and Vargas 2003), the Bolivian case and the slide towards a *democradura* suggests that it remains unavoidable and that an assessment of the quality of democracy will have to face the issue of democracy's capacities to deal with indigenous and popular aspirations and demands. In this respect Fraser's (1997) reflections on social justice in the epoch of identity politics are worth taking into account. She argues that opposing politics of redistribution and recognition presents us with a false antithesis, and defends a pragmatic approach in which politics of redistribution are balanced with politics of recognition in order to achieve 'participative parity'. Following a lengthy tradition (Assies 2002) with roots in the works of Polanyi (2001) and Marshall (1950), redistribution – an anathema to (neo-)liberal dogma (Castel, 1995) – thus appears as a major mechanism to reconcile the political and economic regime and to attenuate identity politics that might subvert democracy.

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Notes

1. The NFR joined the government coalition only in August in a characteristically opportunist move, in return for its share of power. NFR ended third in the 2002 elections and, in its view, had been kept out of the subsequent presidential elections by fraud. Therefore, it did not join the government coalition at first.
2. By then, the US State Department also acknowledged that if their pet had to go, he should go in an orderly way. The Argentine news service Clarín reported that the US Department of State spokesman Richard Boucher had subtly substituted 'support for the democratically elected President' with 'support for the constitutional process'. Quite probably the US ambassador in Bolivia gave Jaime Paz the green light for withdrawing his support for Sánchez de Lozada, whom he supported until the last minute to pay off a debt with the US: in 2001 his entry visa to the US, which had been withdrawn in 1997 on suspicions of complicity with drug traders, had been reinstated.
3. For an overview of the 1982-2002 period and a discussion of the 2002 elections and their implications for the now 21-year-old Bolivian democracy and the party system, see Assies and Salman (in press).
4. For a recent overview of social and political processes in Latin America see Seoane (2003).
5. Bolivia is a unitary state, which counts nine departments that in turn are subdivided in over 300 municipalities.
6. The 'price at the pit' is the basis for the calculation of fees and taxes. This price is arrived at by deducting transportation and distribution costs from the final sales price. The difference between the price paid by Brazil and the price calculated for exports to the USA and Mexico derives from the higher transportation costs.
7. Vice-president Jorge Quiroga succeeded President Banzer in August 2001 when the latter was diagnosed with cancer.
8. Under IMF pressure the Bolivian government introduced a new income tax in order to reduce the fiscal deficit. The tax bill amounted to a 12.5 per cent increase in income tax for every salary above 880 Bolivianos (approximately US\$ 115). From the outset the bill met with protests for not contemplating progressive taxation and for 'once again' making poor Bolivians foot the bill of defective government. Rather than taking the burning of the MNR, MIR and NFR offices as a warning sign, this was attributed to vandalism and politics went on as usual.
9. The Tarijeños claim that they should have a first say on the issue since the gas comes from their Department. The counter argument is that all Bolivians should have a say on the issue, if only because many highlanders died in the 1932-1935 Chaco War with Paraguay in defence of the region where gas is now found.
10. Although the MAS, which after the June 2002 elections had become a major opposition party, had difficulties in articulating a coherent program, it also was given very little opportunity to negotiate issues by the governing coalition. In December 2002 Evo Morales presented a list of 14 issues he wanted to discuss. The government replied that it would only discuss the coca issue with Morales

- and that he should not attempt to assume the representation of other sectors.
11. Coinciding with the Water War, Felipe Quispe, executive secretary of the *Confederación Sindical Única de Trabajadores Campesinos de Bolivia* (CSUTCB), known for his radical Aymara-Quechua nationalist discourse, had organized road blocks in the highlands in April 2000 and repeated them at regular intervals to press a list of peasant and indigenous demands (Assies and Salman, in press). In November 2001 Quispe formed the *Movimiento Indigenista Pachacuti* (MIP) to participate in the June 2002 elections (Van Cott 2003a).
 12. Usually such problems would be resolved through the intermediation of the national Human Rights Ombudsman, the Permanent Human Rights Assembly or the Church, but this time the government thought it should act on its own. Carlos Sánchez Berzaín and Yerko Kukoc, Minister of the Interior, accompanied Gonzalo Sánchez de Lozada on his flight to Miami. They had not only made themselves hated for the harsh repression of popular protests, but also are suspected of corruption.
 13. The *Movimiento Indigenista Pachacuti* (MIP) of Aymara leader Felipe Quispe and the *Movimiento al Socialismo* (MAS), headed by coca-growers' leader Evo Morales, are often classified as 'anti-systemic' for their involvement in extra-institutional forms of protest such as roadblocks and the suspicion that they might want to overthrow the Bolivian democracy.
 14. These appointments require a two-thirds majority, which the government coalition did not have. The election of a new ombudsman was finally achieved with the support of the NFR, at an unknown price.
 15. Though its trajectory is different, the NFR also exhibits features of neo-populism. When Manfred Reyes Villa withdrew his support for Gonzalo Sánchez de Lozada, having joined the governing coalition only a few months before, he argued that he could not 'go against the will of the people'. For a discussion of these neo-populist parties and their 'anti-politics' see Mayorga (1997, 2002).
 16. The Pact for Democracy (MNR and ADN, 1985), which was unilaterally abrogated by the MNR just before the 1989 elections; the *Acuerdo Patriótico* (MIR and ADN, 1989-1993); the Governability Pact (MNR/MRTK-L/MBL and UCS, 1993-1997); the *Compromiso por Bolivia* (ADN/NFR, MIR, UCS y CONDEPA, 1997-2002); the Government of National Responsibility (MNR-MBL, MIR y UCS, 2002-2003). Not all the parties that participated in such pacts stayed until the end.
 17. In that sense, 'Goni' Sánchez de Lozada, who has spent a large part of his life in the USA and speaks Spanish with a heavy *gringo* accent is emblematic.
 18. For a biographic profile of Evo Morales and Felipe Quispe, see Albó (2003).
 19. For a concise overview of anti drugs policies in Bolivia, see Salazar (2003).
 20. While Carlos Mesa prepared himself to assume the presidency, a march of peasants and indigenous people was heading for the Plaza 24 de Septiembre in Santa Cruz while at the same time a group of *Nación Camba* adherents, waving a great number of green and white flags, was on its way to the Plaza to bar the other marchers from entering it. A violent confrontation could barely be averted by the police force. The situation illustrates that the 'proudly mestizo' *Nación Camba* has little sympathy for the indigenous peoples or the poorer strata of the *Oriente*-region, not to speak of their deep hatred of highland *kollas* who are viewed as an 'occupation force'.
 21. Moreover, municipal elections are due in December 2004.
 22. A further issue for debate, which will not be discussed here, is the questioning of 'occidental' models of democracy.
 23. The new legislation expressly avoided the term 'territories' and considers the TCOs as a form of property, not as spaces of indigenous jurisdiction or political control since, from the point of view of the state, that would lead to fragmentation and balkanization (Vadillo 1997). Authors like Ayo (2003) have recently pointed out that indigenous organizations are pushing for a convergence between what they can gain from agrarian legislation and administrative decentralization with the aim of reconstituting territories.

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