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Ethnic Politics in Bolivia: 'Harmony of Inequalities' 1900-2000

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Abstract

Bolivian history in the twentieth century is marked by enduring social and economic inequality, attempts at political inclusion, episodes of ethnic politicisation and changing forms of contestation, reform and revolution. Bolivia is often remembered for its 1952 National Revolution, but is also notable for the absence of large-scale political violence or civil war. Indeed, an important question is why Bolivian society, riven by high levels of inequality and torn by regional, ethnic and class differences, has avoided large-scale political conflict and violence over the past century. This paper addresses this question by taking a critical look at three aspects of ethnicity, inequality and violence: first, by analysing the question of ethnicity and the driving force behind ethnic politicisation over the twentieth century; second, by describing the extent and nature of social and economic inequality in the second half of the twentieth century; and third, by considering the multiple forms of social and political inclusion that often muted large-scale and sustained political violence over the twentieth century.

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Table of Contents

1. Introduction.....	2
2. Ethnicity and Ethnic Politicisation in Bolivia	3
2.1 The 'Harmony of Inequalities', 1900	4
2.2 The 'Disappearance of the Indigenous', 1952	5
2.3 Indigenous Political Renewal, 1979.....	7
2.4 'Two Bolivias', 2000	9
3. Enduring Inequality.....	11
3.1 Inequality Over Time and Space	11
3.2 Inequality and Human Capital	15
3.3 Inequality, Labour Markets and Income.....	17
4. Smoothing Inequality	22
4.1 Ethnic Politics: Weak Parties But Strong Movements.....	22
4.2. Clientelism: The Strength of Weak Ties	23
4.3. Poderes duales: Splitting the State.....	24
4.4. Cogestión: Power-Sharing Without Power.....	25
4.5. Autogestión: Hegemony or Inclusion?.....	25
5. Conclusions.....	26
6. References.....	29

List of Tables

Table 1: Ethnicity in the 1900, 1950 and 2001 Census.....	13
Table 2: Illiteracy and Ethnicity, 1976, 1992 and 2001 Census.....	15
Table 3: Schooling Years and Ethnicity, 1976, 1992 and 2001 Census.....	16
Table 4: Fertility Rates and Ethnicity, 1976, 1992 and 2001 Census	16
Table 5: Infant Mortality and Ethnicity, 1976, 1992 and 2001 Census	16
Table 6: Changes in Income Inequality, 1993-2002.....	18
Table 7: Subjective and Objective Determinants of Poverty	21

List of Figures

Figure 1: Inequality and Geographic Distribution.....	14
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List of Acronyms and Foreign Language Terms

Acronym/Term	Explanation
<i>autogestión</i>	collective self-management
<i>campesino</i>	peasant farmer
<i>COB, Central Obrera Boliviana</i>	Confederation of Bolivian Workers
<i>cogestión</i>	co-management
<i>hacienda</i>	estate
<i>katarismo; katarista</i>	movement to revive the political and historical significance of Julián Apaza's (alias, Tupac Katari) 1781 siege of La Paz; adherent of that movement
<i>mestizo</i>	(person) of mixed European and non-European parentage
<i>MITKA, Movimiento Indio Tupac Katari,</i>	Indian Tupac Katari Movement
<i>MNR, Movimiento Nacionalista Revolucionario</i>	Revolutionary Nationalist Movement
<i>MRTK, Movimiento Revolucionario Tupac Katari,</i>	Revolutionary Tupac Katari Movement
<i>poderes duales</i>	dual powers

Ethnic Politics in Bolivia: ‘Harmony of Inequalities’, 1900-2000

By George Gray Molina¹

*El error sustancial de la democracia, tal como ha venido entendiéndose, ha estado en haberse proclamado como principio suyo la igualdad. En apoyo de este principio se invocó la naturaleza; pero la naturaleza, que es una hermosa armonía de desigualdades, no ha hecho otra cosa que desmentir constantemente esta ilusión, porque, un régimen de libertad, no puede ser sino ambiente de florecimientos de desigualdades.*²

Bautista Saavedra, 1917

1. Introduction

Bolivian history in the twentieth century is marked by enduring social and economic inequality, attempts at political inclusion, episodes of ethnic politicisation and changing forms of contestation, reform and revolution. It is often remembered by the foundational and longstanding impact of its 1952 National Revolution. In contrast with other Latin American countries with similar characteristics – Guatemala, Peru, El Salvador or Nicaragua in the 1970s and 1980s – Bolivia also stands out by the absence of large-scale social or political violence, civil war or ethnocide. Indeed, an important question is why Bolivian society, riven by high levels of inequality and torn by regional, ethnic and class differences, has avoided large-scale political conflict or violence over the past century. This paper will attempt to address this question by taking a critical look at three aspects of ethnicity, inequality and violence: first, analysing the question of ethnicity and the driving force behind ethnic politicisation over the twentieth century; second, describing the extent and nature of social and economic inequality in the second half of the twentieth century; and third, considering the multiple forms of social and political inclusion that have often muted large-scale and sustained social and political violence since the National Revolution.

The key hypothesis discussed in this text concerns the ‘harmony of inequalities’, a term coined by Marta Irurozqui (1994) in her study of Bolivian politics in the early twentieth century. Irurozqui describes the construction of Bolivian political parties and institutions in terms of a delicate social and political balance: on the one hand, a colonial and republican legacy of *mestizo* political hegemony born in the early republican nineteenth century; on the other, the pragmatic need for cross-cultural and class alliances in the twentieth century, to sustain a weak elite’s grasp over political and economic power. This tension is partially resolved by the emergence of inclusive social and political mechanisms that ameliorate class- and ethnic-based inequality in a deeply divided multiethnic society. In addition, the politics of inclusion were sustained by an extractive natural resource-based economy that redistributed rents and provided access to a patrimonial state. The interplay between an inclusive politics and a redistributive

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² This quote, from former Bolivian President Bautista Saavedra (1917), is cited by the historian Martha Irurozqui, in her book entitled *Armonía de las desigualdades: Elites y conflictos de poder en Bolivia, 1880-1920* (Irurozqui 1994).

economy was the driving dynamic behind the 'harmony of inequalities' described by Irurozqui. This study will revisit this thesis from the vantage point of a full century of social and political developments.

How do inequality and ethnicity factor into this historical discussion? On the first issue, the empirical record is striking. Bolivian inequality, as measured by income, consumption and human capital indicators, is among the highest in the region, slightly behind Brazil. For a long period the data describe significant between-group inequality followed by a recent period of increasing within-group inequality driven by changes in educational achievement, labour experience and other non-observable individual characteristics. Geographic inequality is highest in municipalities experiencing a process of structural economic transformation from peasant agriculture to commerce, transport and, in some cases, industry and agro-industry. Despite continuing gaps between indigenous and non-indigenous groups, defined in various ways, the increase in inequality, as measured by household surveys, is almost entirely explained by changes in individual endowments over time. The empirical record would thus suggest a gradual transition from group-based to individual-based forms of social differentiation, immersed in a wider context of group-based social and political collective action. Among these, ethnic politicisation is the most salient.

In this context, the second issue, concerning the determinants and dynamics of ethnic politicisation, is crucial. How to explain regular patterns of ethnic-based political contestation and rebellion in a predominantly class-based and clientelistic political system? Beyond cyclical observations, what matters most is an understanding of the dynamics of ethnic politics. Here, a cursory look into history again suggests a recurring pattern in the twentieth century. Ethnic politicisation occurs in tandem with, or perhaps, in response to, the weakening of the 'harmony of inequalities' described by Irurozqui. Three episodes are particularly worth revisiting: the alliance and betrayal of Aymara leaders by *mestizo* political elites, after the Federal War of 1899; the disappearance of the 'indigenous question' during and after the National Revolution of 1952; and the 'reappearance' of ethnic-based social and political mobilisation in 2000, as the institutions and actors of democratic politics reach their weakest, twenty years into the democratic transition initiated in 1982. The picture that emerges from this historical review is revealing: the most important drivers of ethnic politicisation develop from within the 'politics of inclusion'. Formal and informal mechanisms of state-led political inclusion, most notably, patrimonial and clientelistic forms of political intermediation, survive and coexist with representative democratic institutions, participatory democratic practices and corporate forms of inclusion. The political practices that survive today are, in this context, a legacy of the 'harmony of inequality' that shaped the very first political parties and institutions of the late nineteenth century. None of this, in turn, would be resilient without the support of an also fragmented pattern of economic development, based on an overdeveloped primary sector, throughout the twentieth century.

2. Ethnicity and Ethnic Politicisation in Bolivia

The social and political construction of ethnicity is tightly linked to episodes of ethnic politicisation throughout the twentieth century. The meaning and adscription of terms such as 'Indian', 'indigenous', *campesino*, 'ethnic', 'originary' or 'autochthonous' has changed substantially over the decades. So have episodes of ethnic-based politicisation. The starting point for this discussion emerges in the early twentieth century during the

Bolivian Federal War of 1899, where the Liberal Party allied itself and later betrayed and excluded an Aymara leadership and militia. The debates of the first three decades of the century revolved around this seminal event, and contested essentialist conceptions of the 'Indian race' that were common at the turn of the century. The 'Indian' is alternatively reviled and glorified in contrast to new coalitions of cross-cutting alliances. Where alliances between *mestizo* elites and Aymara leaders were required after the Federal War, new alliances between *mestizo* elites with workers and miners became vital for the liberal overthrow of 1921. By then, ethnic cleavages no longer sustained social and political change.

2.1 *The 'Harmony of Inequalities', 1900*

La clase indígena llevó a cabo su levantamiento...para sacudirse el yugo blanco y del mestizo (como lo prueban) las frecuentes sublevaciones parciales de los comunarios que vendieron sus tierras y que en desquite de ese despojo, se engulleron a los nuevos propietarios...lo que nos demuestra que nos encontramos en frente a una lucha de razas.

(Bautista Saavedra 1917: 13-14).

The Federal War of 1899 marked a turning point in Bolivian political history. For the first time in republican history, the political infighting of *mestizo* elites linked to silver and tin mining resulted in a full-fledged war, waged over the pre-eminence of the ascendant La Paz tin-mining elites. The war is described by James Dunkerley as a 'liberal, rather than a federal war', with roots in past disputes over political power and the immediate impact of collapsing world silver prices throughout the 1890s (see Dunkerley 2003: 97).³ By 1900, La Paz was a city of 60,000, three times the population of Sucre, at 20,000. Conservative President Severo Fernandez Alonso, in response to Liberal Party fraud charges during the 1898 municipal elections in La Paz, sent a bill to Congress requesting the ratification of Sucre as the sole seat of government (*Ley de Radicatoria*). While this north/south territorial dispute ignited regional passions, the underlying political dynamics shifted from the Sucre-based Conservatives to the La Paz-based Liberals. General José Manuel Pando, senator for La Paz, led a weak and poorly armed *mestizo* army, circumstantially allied with an Aymara militia led by Pablo 'Willka' Zarate, an Indian leader from Machamarca, midway between La Paz and Sucre. Zarate plays a key role in this process from the onset. Two of the most significant defeats of the southern Conservative army occur under his command, in Ayo Ayo and Corocoro in January/February 1899. By March 1899, Aymara participation had become problematic for the Liberal elites, particularly after the massacre of Liberal soldiers in the town of Mohoza. Pando provided arms to Zarate's Indian adversaries and quelled other Aymara rebellions with force.⁴

In the aftermath of the war, Zarate was captured and tried by the new Liberal government for insurrection. General José Manuel Pando was elected President in October and initiated a twenty-year period of Liberal rule. As pointed out by Marta

³ Dunkerley emphasises the underlying economic transition from silver to tin mining in the early twentieth century. The social and political uprising can be read as a lapsed effect of more profound structural changes linking the Bolivian economy to world markets (Dunkerley 2003: 105-117).

⁴ Ramiro Condarco Morales transcribes a letter after the Mohoza battle: 'Mi cura, estamos perdidos; la indiada se ha alzado; la guerra no es de partidos sino de razas; hemos vivado a Pando y nos han contestado ¡Viva Willka!' (Condarco Morales 1983: 283)

Irurozqui, political discourse in the Liberal establishment hardened quickly against the 'Indian race', despite the decisive victory brought about by the mestizo/Aymara alliance. Where Liberal newspapers in La Paz once decried Conservative abuse against indigenous victims in the early period of the war, they now described their allies as 'savages' who threatened the precarious federal victory.⁵ A consequence of this turnabout was a prolific period of construction and deconstruction of the 'Indian question' from within the mestizo elites themselves. A critical debate that helped shape early-century conceptualisations of ethnicity was played out by Alcides Arguedas (*Pueblo enfermo*, 1910) and Franz Tamayo (*Creación de la pedagogía nacional*, 1910), during the Liberal period. Against the Manichean views expressed in the liberal media and establishment, Arguedas and Tamayo constructed a new vocabulary to depict the 'Indian question', based on a mix of social psychology, nationalist pride and paternalistic politics.⁶ In both cases, what emerges is the first public depiction of a 'mestizo' identity, separate from, yet immersed in, an indigenous context. This early form of 'indigenismo', survived well beyond the liberal period, into the writings of other prominent intellectuals of the post-Chaco War period, such as Tristan Maroff or Carlos Medinacelli. At a time in which other *mestizo* forms of 'indigenismo' were also emerging in the writings of Mariategui in Peru and other Latin American scholars, the Bolivian Arguedas/Tamayo debates helped to frame a new generation's reading of the 'Indian question'. The end of the Liberal period is marked by a new way of dealing with the 'harmony of inequalities', this time via *mestizo* alliances with workers and miners. The *coup d'état* of 1921 symbolised a new period of elite accommodation and resurgence. President Bautista Saavedra (1921-1925) attempted to realign working class and indigenous sympathies more directly through clientelist political means that ushered in a form of political inclusion mastered by the military socialists of the 1930s and the National Revolution of 1952. The resilience of elite regeneration is an important feature that recurs throughout the first half of the twentieth century. With it, a new vocabulary that celebrated the 'mestizo' and 'indigenous' character of the 'Bolivian nation'. This discursive form of recognition was itself a platform for more nuanced constructions around ethnicity and class-based cleavages over the second half of the twentieth century. The 1952 National Revolution is a seminal milestone along this historical path.

2.2 The 'Disappearance of the Indigenous', 1952

Hablar de luchas campesinas en Bolivia supone una necesaria aclaración. El término campesino, oficialmente adoptado en el país a partir de la revolución de 1952, suele enmascarar los contenidos que desarrollaron en su lucha poblaciones rurales predominantemente indígenas...Una de las contradicciones fundamentales generada por la revolución de 1952 fue el fracaso de su proyecto de alcanzar la homogeneidad cultural.

⁵ See Irurozqui, who cites Bautista Saavedra's description of the Mohoza massacre: 'La matanza fue definida como un delito colectivo, consecuencia de los azares de una guerra civil convertida en guerra de razas, que llevó al crimen a "una raza atrofiada moralmente y degenerada hasta la deshumanización"'. (Irurozqui 1994: 149).

⁶ Tamayo exposed a current of 'Indian redemption' in his writings, closely linked to internal disputes concerning elite factionalism. In his opening quote, Tamayo asks: '¿Qué hace el indio por el Estado? Todo. ¿Qué hace el Estado por el indio? ¡Nada!' (Tamayo 1910). In contrast, Arguedas reifies essentialist categories of what it means to be 'Mestizo', 'Cholo', and 'Indian'. beyond the civilising effects of education and civic duty: 'El día que esos dos millones sepan leer, hojear códigos y redactor periódicos, ese día invocarán tus principios de justicia e igualdad, y en su nombre acabarán con la propiedad rustica y serán los amos'. (Arguedas 1910: 211).

(Silvia Rivera 1983: 1 y 4)

The National Revolution emerged as a result of previous unsuccessful elite accommodation during the thirties and forties. Yet it shares with pre-revolutionary periods the survival of old forms of elite accommodation in key arenas of social and political life. Universal suffrage, agrarian reform and the nationalisation of mining, were foundational events of the National Revolution, carried out by a loose coalition of middle-class politicians with the critical backing of worker and campesino militias. The *Movimiento Nacionalista Revolucionario* (MNR, Nationalist Revolutionary Movement) born a decade earlier, aspired to be a hegemonic party, despite its loose political leadership and social composition. As noted by René Zavaleta Mercado, the MNR was 'a rabble, that revived a local and traditional way of confronting war. The rabble of Bolivian illiterates did not and could not organise itself as a scientific political party' (Zavaleta 1986: 147).

The development and demise of the National Revolution have been exhaustively analysed since the mid 1950s.⁷ This section will focus on a single, but important, aspect of the revolution as it relates to ethnicity and inequality. Silvia Rivera encapsulates this problem in a single yet accurate proposition: 'the disappearance of the Indigenous' in the context of a hegemonic and homogeneous social and political project (Rivera 1983:1). The revolution constructed a new vocabulary that emancipated indigenous citizens from Colonial forms of labour exploitation, but pointed to a new cohesive identity linked to the working classes, peasantry and a national bourgeoisie. The '*campesino*' played a key role in defining the identity of the protagonists of the revolution's most important action: the Agrarian Reform of 1953. A significant feature of the Agrarian Reform was the dissolution of all forms of agrarian labour exploitation coupled by the massive redistribution of land over thirty years. The Agrarian Reform decree erased all mention of 'Indian peoples', 'Indian race', Aymara or Quechua identity from official discourse.⁸ The '*campesino*' union system, created to redistribute land, was to provide a long-lasting link between the MNR and the rural society and economy for nearly half a century.

The 1950 Census data show a striking portrait of rural land inequality: 8% of the largest landholders, (7,000 property owners with 500 or more hectares of land) owned 95% of available land, while 69% of the smallest landholders (60,000 peasants with 10 or less hectares) owned only 0.4% of available land.⁹ Small and medium-sized owners make up the remainder. Thus, bottom-up land takeovers precipitated a top-down process of land

⁷ Early assessments of the National Revolution were made by Alexander (1958); Peñaloza (1963); Zondag (1966) and Malloy (1970). Assessments of the agrarian reform include Heath (1959); Carter (1965) Antezana and Romero (1968); Heath, Erasmus and Buechler (1969); Dandler (1969) and Calderón and Dandler (1986). For political and historical accounts of this period see Whitehead (1986), Malloy and Gamarra (1988), Dunkerley (1984) and Lavaud (1998). Two recent conferences on the fiftieth anniversary of the revolution also provide a retrospective assessment of the achievements of the National Revolution (see Grindle and Domingo 2003 and Calderón 2003).

⁸ The Agrarian Reform Decree of August 2, 1953 proclaims the following objectives: 'Son objetivos fundamentales de la Reforma Agraria: (a) proporcionar tierra labrantía a los campesinos que no la poseen, o que la posean muy escasa,... (b) liberar a los trabajadores campesinos de su condición de siervos,...(f) promover corrientes de migración interna de la población rural campesina, ahora excesivamente concentrada en la zona interandina...'(Considerandos del Decreto Ley 03464 de Reforma Agraria, 2 de agosto de 1953).

⁹ See Census of 1950.

reform, providing a focal point for social action and political discourse during the early phase of the National Revolution. The politics of land reform illustrates the complex infighting that took place between elites and with indigenous and campesino communities across the country. As observed during the Liberal period, elite accommodation – now focused on access to the *MNR* and state power – provided the backdrop for new forms of social and political inclusion, based on co-optation and redistribution of the spoils of power.

Jorge Dandler (1969) describes the infighting of two competing elite factions during the Agrarian Reform in Cliza and Ucureña, and the process of ‘unionisation’ that followed around the country. Jorge Rojas, Trotskyite union leader of Ucureña, led the earliest incursions on *haciendas* (estates) in 1952 and early 1953, prior to the Agrarian Reform decree of August 2, 1953.¹⁰ Rojas was eventually invited to participate within the *MNR* leadership and played a key role in the massification of union organisation in the valleys and highlands. He was promoted within the party structure to departmental union leader in 1954, national congressman in 1956-58 and Minister of Peasant and Agricultural Affairs in 1959. The internal struggles between ‘left’ and ‘right’ wing factions of the *MNR* played an important part in Rojas’ promotions and consequently in the state-wide policy of including indigenous communities via agrarian union patronage. The ‘disappearance of the indigenous’, as a discourse, largely follows from a very concrete practice of land redistribution, union co-optation and *MNR* political hegemony in the mid-1950s. The 1964 *coup d’etat* that ended *MNR* rule strengthened the agrarian union leadership through a national-level ‘military-campesino pact’. The breakdown of this pact was itself the cause of a new cycle of ethnic politicisation in Bolivia, led by the Aymara *kataristas* (see below) in the mid 1970s.

2.3 Indigenous Political Renewal, 1979

Los campesinos aymaras, qhechwas, cambas, chapacos, chiquitanos, moxos, tupiguaraníes y otros, somos los legítimos dueños de esta tierra...Queremos reconquistar nuestra libertad coartada en 1492, revalorizar nuestra historia...y ser sujetos y no objetos de nuestra historia...

(Tesis Política, CSUTCB, 1979)

In 1974, after a bloody confrontation between the military and *campesinos* in Epizana, Cochabamba, the corporatist pact between the agrarian union system and the armed forces came to an abrupt end. An ascendant indigenous movement, loosely held together by Aymara intellectual Fausto Reinaga in La Paz, proclaimed a new political manifesto, the Tiwanaku Manifesto of 1974, which cut ties with the *campesino* union system and left-wing marxist and socialist parties. The Manifesto contains a stringent critique of the National Revolution, its homogenising effect over indigenous peoples, its Spanish-dominant education and its co-opted Agrarian Reform.¹¹ Fausto Reinaga

¹⁰ Gregorio Iriarte (1979: 42) cites José Rojas a few months before the Agrarian Reform decree: ‘La única solución del problema indígena es la nacionalización de las tierras sin indemnización y su entrega inmediata a los campesinos...Todas las modalidades reivindicatorias se resumen en la consigna de ocupación de tierra lanzada por la masa campesina y ya realizada en algunas regiones.’

¹¹ The Tiwanaku Manifesto proposes a return to long-term memories of contestation and defeat, framed by a recurring process of ethnic exclusion (see Rivera 1983: 142):

‘Un pueblo que oprime a otro pueblo no puede ser libre. Nosotros los campesinos quechuas y aymara, lo mismo que de otras culturas autóctonas del país, decimos lo

succeeded in providing a new discursive form for a largely fragmented, urban-based and incipient indigenous movement. His *Partido Indio* (Indian Party), however, stumbled over many of the earlier obstacles to an all-indigenous political party: factionalism, Andean over-representation, and little grassroots support in the national political arena.

Reinaga's legacy, however, crystallised more effectively within the agrarian union system, via young Aymara migrants and agrarian leaders who formed a cultural centre-turned-indigenous movement in the mid-1970s. The *kataristas* revived the political and historical significance of Julián Apaza's (alias, Tupac Katari) 1781 siege of La Paz, with a critical reading of the recent history – particularly the legacy of *MNR* and left-wing clientelism and paternalism in Bolivian politics.¹² In April of 1978, the *katarista* movement that vied for control over the National Confederation of Campesino Workers of Bolivia (CNTCB) split into two rival factions: an 'indigenous' faction led by Genaro Flores and Víctor Hugo Cárdenas, who founded the *Movimiento Revolucionario Tupac Katari* (*MRTK*, Revolutionary Tupac Katari Movement), and an 'indianist' faction, led by Constantino Lima and Luciano Tapia, who founded the *Movimiento Indio Tupac Katari* (*MITKA*, Indian Tupac Katari Movement). This split reflected more than personal or within-group disputes, as each faction conceived of ethnicity, 'indigenous' and 'Indian', on different terms. The *MRTK* was to become loosely associated with left-wing parties in the *Central Obrera Boliviana* (*COB*, Bolivian Workers' Central) and, eventually, with national parties such as the *MNR*, after 1993 (see Albó 1993). The *MITKA*, on the other hand, rejected *q'ara* (western, white) left-wing parties and promoted an autonomous political agenda from within the union system but not allied with traditional political parties. The indigenous faction, under Victor Hugo Cárdenas in the early 1990s, synthesised a '*pluri-multi*' agenda of unity in diversity, while the indianist faction, fragmented and revived from the underground by Felipe Quispe in the late 1990s, proclaimed the end of 'pluri-multi' and the beginning of the reign of 'two Bolivias'.¹³

The lasting influence of *katarismo* transcends the indigenous movement in Bolivia. The counterbalance to 'neoliberal politics' in the 1980s and 1990s emerged not from leftwing or indigenous political movements, but from populist parties and leaders – such as Carlos Palenque and Max Fernández – who successfully articulated an inclusive urban

mismo. Nos sentimos económicamente explotados y cultural y políticamente oprimidos. En Bolivia no ha habido una integración de culturas, sino una superposición y dominación, habiendo permanecido nosotros en el estrato más bajo explotado de esta pirámide.'

¹² Ricardo Calla (2003: 38) discusses the effects the *katarista* movement would have over worker and *campesino* politics, particularly the revitalisation of a distinctly ethnic take on colonialism, class confrontation and social movements:

'Por efecto de la presencia del *katarismo*, el (sindicalismo rural boliviano) .desde 1973 hasta 1979, primero, y de 1979 a 1986, luego – se desarrolló bajo la fuerte marca de la *identificación* étnica...tal identificación influyó para que desde el sindicalismo campesino se proclamara permanentemente...la pluralidad de 'nacionalidades' o 'naciones' contenidas en su seno, y la necesidad de encontrar los caminos para lograr la 'unidad en la diversidad'...contra los intentos homogeneizantes del 'colonialismo interno'.

¹³ Silvia Rivera (1983: p. 158) highlights the urban and migrant extraction of most aymara *kataristas*, who constructed a 'politics of identity' within the university system, teacher training schools and other focal points for urban social activism:

'Los aymaras con más experiencia urbana y con mejor conocimiento del mundo *q'ara* viven más intensamente las contradicciones de la revolución de 1952 y son más proclives a reivindicar la identidad india por encima de la identidad campesina...'

cholo and indigenous identity from within the political party system. *Conciencia de Patria* (CONDEPA, Conscience of the Fatherland), in particular, replicated the ‘unity in diversity’ discourse of urban Aymaras, and added to it the clientelistic formulas of more traditional parties and social movements. In the 1980s, the *kataristas* formulated many of the key ideas that would later become mainstream multiculturalism in the 1990s. The Constitutional Reforms of 1994, began with the multicultural revision of Article 1 of the Constitution – ‘Bolivia, free, independent, sovereign, multiethnic and pluricultural, adopts...as its form of government, a representative democracy, founded on the unity and solidarity of all Bolivians’. The *katarista* movement catalysed a twenty-year-long process of ethnic politicisation that resulted in a gradual transformation of both formal and informal political institutions in Bolivia.

2.4 ‘Two Bolivias’, 2000

*Cercaremos a la ciudad, pero saldremos toda la comunidad, padre, abuelo, madre, hijos...llevaremos hasta a nuestros animales, como en tiempos de Katari, a tomar el poder político...*¹⁴

The social mobilisation and unrest of September of 2000, marked a turning point for state-society relations in general, but more specifically, for the *pluri-multi* conception of politics promoted by the political and institutional reforms of the 1990s. Felipe Quispe, the secretary general of the *Confederación Sindical Única de Trabajadores Campesinos de Bolivia* (CSUTCB, Unitary Trade Union Confederation of Peasant Workers of Bolivia) and Aymara leader, amplified *campesino* perceptions that the political reforms of the 1990s were not *pro-campesino* or indigenous reform. Rather, they ‘introduced the political system into the *ayllu*’.¹⁵ Although the September/October movements trace back to a long tradition of social contestation, many of the tenants of the blockade were crafted in the wake of these reforms. The decentralisation reforms, in particular, exacerbated state control over political and economic development in the northern altiplano, and revived *mestizo* and *vecino* political power throughout the altiplano. The shift of power toward local councils weakened the corporate *campesino* negotiations of a previous era and reminded community organisations that the new sources of power lay in the hands of local politicians, NGOs and development agencies.

The September road blockades tipped the scale back to old-style corporatist negotiations between the *CSTUCB* (*Confederación Sindical Unica de Trabajadores Campesinos de Bolivia*, Trade Union Confederation of Bolivian Peasant Workers) and the central government. Between 2000 and 2002, the list of demands grew from an initial agrarian petition to a 90-point manifesto, negotiated and renegotiated on separate occasions in August 2001 and February 2002 (See Orduna 2002). An immediate effect of the September protests was a significant change in discourse concerning national politics and nationality. In Quispe’s words, heatedly debated in the Bolivian media, ‘two Bolivias, one Indian, one *k’ara* (white)’ had been pitted against each other since colonial times. The ‘two Bolivias’ conception broke with the more hopeful *pluri-multi* ideas of the past five years. The ‘two Bolivias’ speech also triggered a backlash against multicultural politics from public opinion leaders of the urban media. The notion of easy coexistence and unity in diversity were perceived to be naïve and distorting of the true shape of

¹⁴ Felipe Quispe, cited in García Linera et al (2001a: 240).

¹⁵ Pulso, October 2000

power relations which favoured definite moves toward a modern and liberal or at least formally liberal state.

Two books written by Bolivian academics after September 2000 crystallised the shortcomings of the *pluri-multi* period. In *Retorno de la Bolivia Plebeya* and *Tiempos de Rebelión*, García Linera et al. argue a new beginning for multiethnic relations: '*la plebe aymara dispersa y congregada en sus comunidades, desparramada y aglutinada en la furia de los siglos, retorna ahora comenzando un nuevo tiempo y reinventando el mundo*' (García Linera et al. 2000). Luis Tapia best expresses this approach in his analysis of 'societal conflict in the democratic underground' (Tapia 2002b). Tapia suggests that much of the conflict observed in the formal/popular dynamics of reform and contestation can be attributed to societal differences – as opposed to merely social or regional or ethnic difference – between traditional and modern sectors of the Bolivian polity. Societal differences dig deep into pre-Revolution and pre-republican conflicts expressed in continuous dispute over remnants of colonial relations between indigenous and non-indigenous groups.

Although this tension is longstanding, Tapia argues that episodes of state reform and new state-society relations trigger movement at the societal level, in this case led by the institutional reforms led during the Sanchez de Lozada administration. Much of Tapia's discussion revolves around somewhat rarefied conceptions of 'societal difference', but provide perhaps the most lucid and provocative reading of the unravelling of *pluri-multi* politics from a long-term historical perspective.

The 'two Bolivias' discourse reveals an additional fault line in the Bolivian political debate, between those who value the idea of nation as a normative political goal, and those who perceive talk of nationhood or nationality to be arcane. In a sense, the idea of 'nation' as a shared set of secular or non-ethnic doctrines, as hinted by the *pluri-multi* conception, never did exist. The National Revolution of 1952 set forth a relatively clear vision of a national bourgeoisie, committed to *mestizo* cultural ideals and middle-class political values. The 'alliance of class' promoted by the *MNR* in the wake of nationalisation of mines and agrarian reform, was highly effective at defining the nation in contrast to a paradigmatic 'anti-nation' – the tin barons, foreign oil companies and bourgeois politics. The *pluri-multi* discourse on nationality struck a chord with opinion leaders and intellectuals who advocated the predominant language of liberal and democratic politics, while it alienated traditionally nationalist advocates, who understood nationalism, ethnicity and class relations in urban *mestizo* terms (see García Linera et al 2000).

The study of multilayered politics has long been a backbone of scholarly work in Bolivia. René Zavaleta's (1986) account of *abigarramiento* (a motley pattern), Silvia Rivera's (1984) analysis of long-run and short-run 'memories', and Luis Tapia's (2001) most recent discussion of societal change in the 'democratic underground' all recall a process of modern political construction upon remnants of past social practices and institutions. It is thus, unsurprising that scholars studying Bolivian history are accustomed to viewing fragments of the past influencing and moulding practices of the present and future. When *campesino* mayors under Popular Participation follow the *sindicato* (trade union) tradition of rotating posts for office or local clienteles capture public office in the tradition of corporatist politics, we encounter the legacy of multilayered state-building in its starkest form. The process of political construction that follows this formal/popular logic is not necessarily bereft of structure. The most recent crises of April and September

2000 translated into very precise legal claims over land, water rights or other arenas of political contestation. The disillusion with democratic rule expressed by public opinion polls has also translated into demands for a Constitutional Assembly, in what might be regarded as a highly legalistic form of popular protest.

A significant feature of the recurring demand for state-led social and political inclusion is that practices or conditions that seem antithetical to social integration in the short run – weak and uneven state reach, weak political authority – are often conducive to longer-run processes of resilient political change. In this view, the continuous process of state reform and social protest that characterises Bolivian lawmaking and policymaking is an integral part of a larger equilibrium. Popular mobilisation, contestation and rebellion thus often drive social change, while constitutionalism and reformism internalise changes and prepare the ground for further distributional struggles that play out over long periods of time. The withering of a system of corporate inclusion is one such struggle, supplanted by a more fragmented and open-ended system of territorial representation. The move from functional to territorial representation has involved the exclusion of many time-tested means of social mobility and political inclusion, including the transformation of the military, political parties and popular organisations.

3. Enduring Inequality

Bolivia is presently one of the most unequal countries in Latin America. It stands out as a high-inequality country, below only Brazil, a country that nevertheless has an income per capita four times higher. A recent World Bank study of inequality in Latin America finds that this high income inequality reflects significant disparities in assets (education, land, housing), household size and earnings differentials by gender, ethnicity, sector and type of employment (World Bank 2004). This high inequality, combined with a low per-capita GDP, contributes to the persistently high poverty levels of the country. This section analyses the factors behind the rising inequality in the country and the sources of earnings differentials. Behind this pattern of enduring inequality is a narrow-based extractive economy that has locked in many sources of group-based intergenerational inequality. While the macroeconomic constraints behind inequality are not explicitly addressed here, they will be considered again at the end of this paper.

3.1 Inequality Over Time and Space

Es preciso advertir que hace mucho tiempo se opera en Bolivia un fenómeno digno de llamar la atención: el desaparecimiento lento y gradual de la raza indígena. En efecto, desde el año 1878 esta raza está herida de muerte. En ese año, la sequía y el hambre, trajeron tras sí la peste, que hizo estragos en la raza indígena.

(Censo de 1900: 36)

The 1900 census provides a vivid picture of turn-of-the-century Bolivia. The choice of words employed to describe census categories is as provocative as the picture of social and economic inequality that emerges.¹⁶ Table 1 shows a comparative distribution of

¹⁶ The Census definitions on ethnicity are largely based on nineteenth century notions of ‘race’:

Indígenas. En la actualidad, la proporción de la raza indígena, incluyendo los salvajes, es la misma que hace 54 años, con la circunstancia de que las razas blanca y mestiza han aumentado

population across the twentieth century. The first issue worth noting is the proportion of 'indigenous' population described in the three census registries. The proportion of 'indigenous' population declines from close to 90% of total population in 1900 to about 65% in 1950 and 50% in 2001. Strictly speaking none of these is strictly comparable to the other. The definition of 'indigenous' is different in each case. In 1900, a racial definition is etched into the pollster's evaluation of the head of the household. In 1950, 'indigenous' is defined by self-reported language. In 2001, it emerges from a combination of variables: self-reported self-identification ('to which indigenous group do you consider yourself a member?') and self-reported language ('what languages do you speak?'). Between the 1950 and 2001 census, the population tripled but the proportion who report speaking an indigenous language is the same (65% in 1950, 64% in 2001). Despite significant language loss in Aymara and Quechua-speaking families, indigenous languages still command a majority of families in urban and rural areas. Paradoxically, indigenous self-identification has increased even as language loss has increased.

A second pattern that emerges from this comparison is a shift in the regional distribution of Bolivian population. While the 1900 census documents a concentration in the highlands and valleys (only 15% of the population lived in the lowland departments of Santa Cruz, Beni and Pando), the 2001 census shows a redistribution toward capital cities of all three regions and a significant shift towards the lowlands. In addition, the proportion of indigenous to non-indigenous changes significantly in lowland departments, moving from 16 to 1 in 1900 to about 1 to 3 in 2001. This change is largely explained by the culturally homogenising impact of increased educational attainment, almost exclusively conducted in Spanish until the Education Reform of 1993. In the city of La Paz, on the other hand, the proportion of indigenous to non-indigenous decreases from about 12 to 1 in 1900 to 1.5 to 1 in 2001. Aymara language loss is not nearly as significant as lowland indigenous language loss throughout the twentieth century.

considerablemente. De manera que, ateniéndonos a las leyes progresivas de la estadística, tendremos a la raza indígena, si no borrada por completo...al menos reducida a una mínima expresión. (Censo de 1900: 36).

Raza mestiza. De la unión del blanco con el indígena ha surgido la raza mestiza, conocida en Bolivia, con el nombre de cholos. Como en un principio los españoles no tuvieron a su alcance mujeres numerosas de su propia raza, tuvieron que satisfacer sus necesidades físicas y morales del sexo con mujeres de la raza vencida. Muchas llegaron a inspirar verdadera pasión en ellos, al extremo de casarse éstos, legal y católicamente, con nuestras indias... (Censo de 1900: 38-39).

Table 1: Ethnicity in the 1900, 1950 and 2001 Census

	1900 ⁽¹⁾			1950			2001		
	Total	Indigenous	Non-indigenous	Total	Indigenous	Non-indigenous	Total	Indigenous	Non-indigenous
Bolivia	1,633,610	1,512,494	121,116	2,704,165	1,703,371	1,000,794	8,274,325	4,133,138	4,141,187
Chuq	196,434	185,105	11,329	260,479	186,422	74,057	531,522	345,010	186,512
Lpz	426,930	396,146	30,784	854,079	573,374	280,705	2,350,466	1,402,184	948,282
Cbba	326,163	303,441	22,722	452,145	340,127	112,018	1,455,711	999,963	455,748
Oruro	86,081	80,725	5,356	192,356	117,427	74,929	391,870	238,829	153,041
Potosí	325,615	297,920	27,695	509,087	392,605	116,482	709,013	572,592	136,421
Tarija	67,887	64,437	3,450	103,441	41,720	61,721	391,226	69,936	321,290
Scrz	171,592	161,174	10,418	244,658	42,225	202,433	2,029,471	447,955	1,581,516
Beni	25,680	23,201	2,479	71,636	9,205	62,431	362,521	50,630	311,891
Pando	7,228	345	6,883	16,284	266	16,018	52,525	6,039	46,486

Source: Instituto Nacional de Estadística

⁽¹⁾ The indigenous population includes 'indigenous', 'mestizo', 'white' and 'black'.

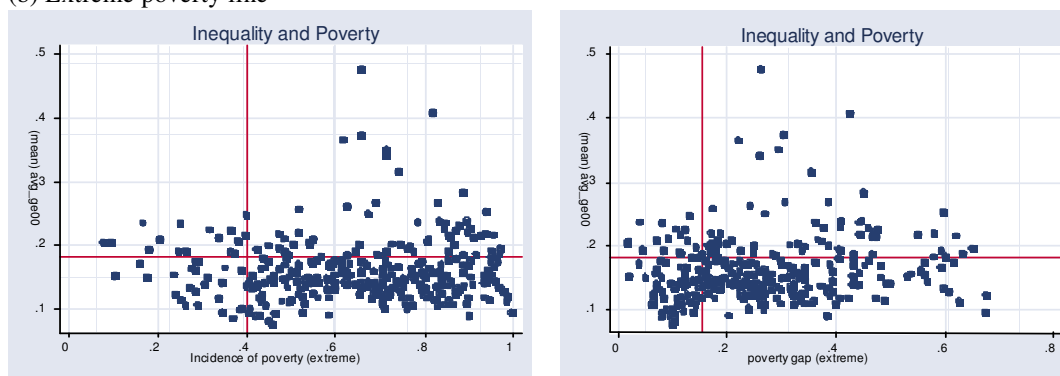
A recent study conducted by UDAPE, with the support of the World Bank, tracks inequality across geographic space, using 2001 Census data on basic needs and estimating a proxy measure of household income and income-based inequality. The results show a significant contrast between the standard poverty map, which plots a poverty headcount indicator at the municipal level, and the inequality map, which plots Theil index measures of inequality over the same municipal level. At first glance, the most significant difference between the two is largely historical in nature. The most unequal municipalities today are also municipalities of past trajectories of wealth creation (mining centres, coca-production centre, intermediate *hacienda* towns, among others), while the poverty map largely shows a standard picture of well-being strongly correlated with urbanisation and largely concentrated in northern Potosí, southern Cochabamba and northern Chuquisaca.

Figure 1: Inequality and Geographic Distribution

(a) Low poverty line



(b) Extreme poverty line



Source: Based on UDAPE (2004), using data from the 2001 Census and Household Surveys 1999-2001.

Despite the heterogeneous development of municipalities, four groups can be distinguished:

- Municipalities with poverty levels close to 100% and low inequality (lower-right quadrant), where nearly the entire population lives at subsistence levels. Most of these municipalities have low population densities and are typically constituted by indigenous communities.
- Municipalities with high levels of poverty and high levels of inequality (upper-right quadrant), where elites and economically powerful groups coexist with large pockets of extreme poverty. This is particularly noticeable in urban municipalities, which present high levels of consumption along with high rates of inequality in their distribution and include small population centres that live off major economic activities, such as exploitation of mineral resources or trade in the border areas of the country. The presence of relatively high levels of wealth and its concentration by small groups suggest that the introduction of redistributive

policies to address pervasive poverty in these municipalities could be effective in improving the living conditions of the poor.

- Municipalities with lower poverty and higher levels of inequality (upper-left quadrant), which are typically cities and urban areas that have developed important economic activities and reduced poverty, but maintain an economic stratification based on different levels of consumption.
- Municipalities with low levels of poverty and low inequality (lower-left quadrant), likely composed of population centres of intermediate development that have lowered poverty through income distribution within the municipality.

3.2 *Inequality and Human Capital*

A comparison of educational and health attainment indicators shows significant improvements between 1976 and 2001. Part of this improvement is due to a significant process of urbanisation that induced the beginning of a demographic transition in the mid-1970s. In 1976, 68% of the population was rural. Today, 62% of the population is urban. By 1976, mortality rates began to drop at a faster rate than birth rates, leading to a rapid increase in the total population. Rural pressure upon land and services, in turn, led to a gradual process of urbanisation which helped to speed access to health care services for mothers and infants. The population boom that began in the mid-1970s is expected to subside in the following decade, as the booming cohort becomes working age and makes choices on family size. This structural shift is behind most of the changes observed in illiteracy, school attainment, fertility and mortality rates in Tables 2, 3, 4 and 5. From the point of view of group-based differences, the 25-year comparison shows a consistent attainment gap between indigenous and non-indigenous groups. In education, the gap is largest for indigenous women, who show attainment rates 4 to 5 times lower that of non-indigenous men.

Table 2: Illiteracy and Ethnicity, 1976, 1992 and 2001 Census

	Illiteracy Rate		
	Total	Men	Women
1976 Census	36.79	24.16	48.62
Non-indigenous	18.29	12.63	23.73
Indigenous	44.49	29.06	58.78
1992 Census	20.01	11.84	27.69
Non-indigenous	7.19	3.50	10.25
Indigenous	27.00	15.97	38.09
2001 Census	13.28	6.94	19.35
Non-indigenous	4.51	2.85	6.08
Indigenous	19.61	9.87	29.03

Source: *Instituto Nacional de Estadística*

Table 3: Schooling Years and Ethnicity, 1976, 1992 and 2001 Census

	Schooling Years		
	Total	Men	Women
1976 Census	3.57	4.49	2.73
Non-indigenous	5.67	6.24	5.14
Indigenous	2.80	3.84	1.86
1992 Census	6.06	6.95	5.23
Non-indigenous	8.67	9.64	7.89
Indigenous	4.81	5.81	3.80
2001 Census	7.43	8.24	6.65
Non-indigenous	9.95	10.30	9.62
Indigenous	5.79	6.93	4.69

Source: *Instituto Nacional de Estadística*

Schooling years are estimated for population 19 years or older.

Table 4: Fertility Rates and Ethnicity, 1976, 1992 and 2001 Census

	Fertility Rate		
	Total	Urban Area	Rural Area
1976 Census	6.65	5.18	7.77
Non-indigenous	6.04	4.54	8.34
Indigenous	6.89	5.57	7.66
1992 Census	4.97	4.14	6.37
Non-indigenous	4.33	3.75	6.70
Indigenous	5.31	4.43	6.31
2001 Census	4.39	3.62	6.18
Non-indigenous	3.56	3.18	5.76
Indigenous	4.96	4.03	6.29

Source: *Instituto Nacional de Estadística*

Table 5: Infant Mortality and Ethnicity, 1976, 1992 and 2001 Census

	Infant Mortality Rate		
	Total	Urban Area	Rural Area
1976 Census	151	123	170
Non-indigenous	112	92	131
Indigenous	171	144	187
1992 Census	75	58	94
Non-indigenous	56	46	76
Indigenous	87	69	100
2001 Census	66	55	86
Non-indigenous	52	47	65
Indigenous	75	63	94

Source: *Instituto Nacional de Estadística*

3.3 *Inequality, Labour Markets and Income*

A recent World Bank study (World Bank 2004), led by Omar Arias analyses the microeconomic determinants of inequality, through household surveys between 1993 and 2002. The data and conclusions that follow are mostly taken from this study. The key results relate changes in poverty to changes in inequality. Overall, the decline in poverty during the high growth episode of the 1990s was very modest. This resulted in a low poverty-to-growth elasticity. Poverty-growth elasticities are estimated at about one third in urban areas and up to half a percentage point in rural areas. Several factors underlie this disappointing trend. First, growth was concentrated in the less labour-intensive sectors and in the better-off regions of the country. This prevented the benefits of growth to be expanded to more members of poor households through better-quality jobs. Second, Bolivia has had a historically high level of inequality and in particular, a large income gap separating the poor from the non-poor. This makes it difficult for distribution neutral growth to have large immediate impacts on poverty.

The characteristics of the distribution process in Bolivia are a key factor behind its disappointing poverty performance during the 1990s and early 2000s. Growth in the largest urban centres of Bolivia appears to have been broad-based, insofar as income growth rates of the urban poor (3.2%) were essentially similar to the median growth rate (3.5%) in large cities. The high growth episode of the 1990s was in this sense relatively pro-poor. The labour income of the richest 20% of households, however, appears to have grown somewhat more quickly and those of the bottom decile somewhat more slowly. Unfortunately, the surveys lack rural data to see whether these results hold in rural areas and small cities. Income inequality increased significantly in the late 1990s regardless of the inequality measure (e.g., household equivalised income, earnings and wages).

The Gini coefficient for the distribution of equivalised household income among individuals remained constant around 50.3 between 1993 and 1997 in the main urban areas. In the next five years, the Gini for these areas increased 3 points, while inequality for the whole country increased 2 Gini points, which represents a substantial increase. Confidence intervals confirm the significant inequality increase between 1997 and 2002. As will be discussed in chapter 4, the increase in income inequality mainly results from a more unequal distribution of earnings in Bolivia (labour income represents around 90% of total income).

- A sizeable increase of inequality in unmeasured or unobserved wage determinants (e.g., school quality, labour market connections, unmeasured skills) is the main factor behind the significant increase in income inequality since the late 1990s.
- The increase in the returns to these unobserved worker characteristics has played a very significant unequalising role over the last ten years, especially in urban areas.
- Changes in the returns to education were an equalising factor during the early 1990s in urban areas and an unequalising factor thereafter, particularly in urban areas.

- Changes in the education structure of the work force have been mildly unequalising, mostly in urban areas.
- Changes in regional earnings gaps have played a moderately equalising role, particularly much stronger in rural areas.
- Changes in the gender and ethnicity earnings gaps had little effect on income inequality, while the widening gap in hours of work between skilled and unskilled workers was mildly unequalising.

Table 6: Changes in Income Inequality, 1993-2002

	Equivalized income All (i)	Equivalized labor income All (ii)	Equivalized labor income Sample (iii)	Earnings All (iv)	Hourly wages All (v)	Earnings Sample (vi)	Hourly wages Sample (vii)
Capital Cities*							
1993	50.34 (48.5 - 51.9)	48.68 (47.7 - 49.8)	49.34 (48.0 - 50.7)	51.89 (49.8 - 53.2)	54.01 (52.3 - 55.6)	51.87 (50.1 - 53.5)	53.69 (52.3 - 55.1)
1996	49.05 (48.0 - 50.2)	48.74 (47.7 - 49.9)	48.64 (47.4 - 50.1)	52.18 (50.3 - 54.8)	54.28 (52.2 - 56.4)	52.13 (50.0 - 54.8)	54.05 (51.4 - 56.5)
1997	50.37 (49.2 - 51.4)	49.32 (48.3 - 50.3)	49.84 (48.7 - 51.4)	52.58 (50.9 - 54.5)	54.27 (52.7 - 55.9)	51.91 (50.0 - 54.2)	53.53 (51.8 - 55.4)
2002	53.94 (52.4 - 55.7)	51.98 (50.9 - 53.7)	52.45 (51.0 - 53.9)	55.40 (53.6 - 57.6)	57.00 (55.2 - 59.1)	55.21 (53.2 - 57.6)	56.20 (53.9 - 58.8)
Urban							
1997	50.52 (49.7 - 51.4)	49.54 (48.8 - 50.9)	49.97 (49.1 - 51.4)	52.64 (50.9 - 53.9)	54.25 (52.9 - 55.8)	51.91 (49.9 - 53.2)	53.41 (51.9 - 55.0)
2002	52.59 (51.5 - 53.9)	51.00 (50.0 - 52.2)	51.40 (50.3 - 52.8)	54.48 (52.6 - 56.3)	56.13 (54.4 - 57.9)	54.20 (52.0 - 56.3)	55.41 (53.8 - 57.4)
National							
1996	56.02 (55.3 - 56.7)	56.07 (55.3 - 57.0)	55.94 (55.1 - 57.0)	55.51 (54.2 - 57.3)	56.71 (55.3 - 58.7)	55.15 (53.8 - 57.0)	55.97 (54.7 - 57.8)
1997	56.85 (56.1 - 57.5)	55.93 (55.3 - 56.7)	56.08 (55.2 - 57.0)	56.28 (55.4 - 58.0)	58.07 (56.8 - 59.4)	55.37 (53.9 - 57.0)	57.20 (55.6 - 59.0)
2002	58.80 (57.8 - 59.9)	58.28 (57.4 - 59.3)	58.28 (57.2 - 59.3)	58.40 (56.6 - 60.1)	59.24 (57.7 - 60.9)	57.50 (55.9 - 59.2)	58.08 (55.9 - 59.8)

Source: World Bank (2004).

Although some of the dispersion in unobservable characteristics reflects measurement errors, the magnitude of the results suggests that unmeasured factors like school quality, labour market connections, and unmeasured skills have become more important determinants of earnings performance in Bolivia over the last decade, for instance through their impact on returns to education. These factors alone account for an increase of more than 3 Gini points in the distribution of wages between 1993 and 1997 in capital cities, 3 points between 1997 and 2002 in urban areas, and 2 points in rural areas during that period. The impact on the equivalised household income distribution is smaller but still significant.

Contrary to the findings for other countries, changes in returns to education were inequality-decreasing in capital cities between 1993 and 1997. That is, there is no evidence of rising returns to higher education leading to increasing earnings inequality.

On the contrary, wages grew more quickly for workers with primary education. This change accounts for a decline of over 1 Gini point in wage and equivalised household income inequality in capital cities. In contrast, unskilled earnings have lagged behind

with the deceleration of growth in the last five years. The change in average returns between 1997 and 2002 was unequalising, although of smaller magnitude than in the earlier period.

The effect of changes in education returns on income inequality is magnified by the uneven change in the returns across workers at different points of the adjusted earnings distribution (see Gasparini et al., 2004). The predicted fall in income inequality in capital cities during 1993-97 is 2.5 Gini points when we account for the relatively faster decline in the unskilled wage gap for workers at the bottom of the adjusted earnings scale who tend to come from poor families. The contribution to the rising wage and household income inequality during 1997-2002 is also higher since the increase in the skilled wage premium benefited only workers in the best paid jobs, while returns actually declined for most workers in the bottom of the adjusted earnings scale. It could be that among the well educated workers those with better labour market connections or from better quality schools have been able to cling to the better paid jobs, while the least connected or with lower education quality have borne the earnings erosion caused by the sluggish economy and rising unemployment. These results highlight the increasing importance of unmeasured worker skills for labour market performance in Bolivia.

The early unequalising effect of the moderate upgrade in the educational endowments of the workforce is becoming visible in recent years. The impact of a better-educated workforce was modest in capital cities between 1993 and 1997, large in urban areas between 1997 and 2002, and negligible in rural areas during that period. The educational upgrading of the late 1990s to 2000s in urban areas can account for 1 extra Gini point of wage inequality and 1.5 extra Gini points of household income inequality. The regression results point to significant reductions in the earnings differentials between several *departamentos* and Santa Cruz, particularly between 1997 and 2002 in rural areas. These changes are reflected in a relatively large equalising effect on the income distribution in rural areas, since Santa Cruz is one of the richest regions. Note, however, that this relative regional convergence in incomes largely reflects the relatively better performance of more vibrant areas such as Cochabamba, La Paz, and Oruro and bypassed some of the poorest regions such as Beni and Chuquisaca. Nevertheless, given that the latter are less densely populated, the overall effect has been mildly equalising.

Changes in labour supply and the gender wage gap have played a lesser role in the distributional changes. The gap in hours of work per week between skilled and unskilled workers widened over the last decade. While college graduates worked an average of three more hours per week in 2002 than in 1997, those with completion of primary school only worked an average of two hours less in 2002 than in 1997. This had an unequalising effect on the distribution. Meanwhile, the gender wage gap shrunk between 1993 and 1997 and increased thereafter, resulting in an equalising change in the first period and an unequalising force in the second. However, all of these impacts seem to be modest: the Gini increases are below half a point. In the case of gender, the result is likely a consequence of working women being disproportionately located in the upper part of the household income distribution.

Summing up, changes in income inequality over the last 10 years in Bolivia result from several forces working in opposite directions. Inequality in capital cities did not change during the 1993-97 period despite the substantial rise in the returns to unobserved worker characteristics and the milder unequalising effect of educational upgrading on

total earnings, thanks to the equalising impact of the decline in the earnings gaps between more and less educated workers and the better-off and relatively worse-off regions. In contrast, several factors conspired to significantly increase inequality in the last five years, mainly the continuing rise in the returns to unobserved characteristics and the educational upgrading of the labour force, coupled with a moderate increase in the education wage premium. Changes in regional wage gaps have played an equalising role, especially in rural areas, while the gender wage gap has not affected income inequality significantly.

3.4 Subjective and Objective Measures of Inequality

The World Bank study also focuses on the interrelation between subjective and objective measures of poverty and inequality. Individual income and household expenditures are not the only relevant aspect behind self-rated poverty in Bolivia. While both reduce subjective poverty, their inclusion in the regressions does not eliminate the effect of other characteristics. The mild marginal effects of income and expenditures indicate that their impact on subjective welfare mainly operates through their correlation with other socioeconomic factors and that they have a weak correlation with idiosyncratic aspects of subjective welfare. Therefore, significant income compensation is needed to change the probability that an individual self-rates poor if his/her socioeconomic characteristics remain unmodified.

Income poverty profiles still mimic closely many of the subjective welfare rankings owing to the strong correlation of income with other socioeconomic characteristics. Thus, the probabilities of being income-poor and of self-rating poor are higher among heads with lower education, of younger age, unemployed or underemployed, in blue collar occupations, with an indigenous (Quechua or Aymara) background, and/or living in rural areas. In many cases the relative importance of these characteristics in explaining income and self-rated poverty is remarkably identical (such as in the case of education), while in other cases observed differences are within standard statistical significance and/or are of negligible practical importance (such as for unemployed and blue collar workers). These results are striking given that potentially different processes could be behind these poverty classifications.

However, income poverty rankings fail to accurately reveal the relative subjective welfare status of the self-employed, workers outside the labour force, migrants and region of residence effects, and the indigenous population. Controlling for other individual and family characteristics, salaried workers are more likely to self-rate as poor than the self-employed in spite of their (average) earnings advantage in the labour market that in turn makes them less likely to be income-poor. Household heads outside the labour force are as likely to be in income-poor families as heads with jobs, but the former tend to consider themselves poorer. While migration status does not significantly affect subjective poverty perceptions, migrants are less likely to be in income poverty (probably reflecting the fact that migration occurs from poorer to relatively richer areas). There are also noticeable differences in the independent effects of region of residence on both income and subjective poverty, which are discussed in the section below focused on the geographic dimensions of poverty in Bolivia.

Table 7: Subjective and Objective Determinants of Poverty

	Original Probit coefficients		Normalized coefficients	
	ENAPD Self-rated (1)	MECOVI Income (2)	ENAPD Self-rated (3)	MECOVI Income (4)
Male	-0.022	0.021	-0.020	0.014
Age	-0.004**	-0.013**	-0.004	-0.009
Household Size	0.007	0.217*	0.006	0.144
Married	-0.050	-0.053	-0.046	-0.035
Education	-0.061*	-0.085*	-0.055	-0.056
Unemployed	0.530*	0.628**	0.481	0.416
Out of the Labor Force	0.142***	-0.136	0.129	-0.090
Underemployed	0.075	0.104	0.068	0.069
Employer	-0.303**	-0.526*	-0.275	-0.348
Employee	0.194*	-0.107	0.176	-0.071
Blue Collar	0.263*	0.494*	0.239	0.327
Rural	0.170*	0.210*	0.154	0.139
Non-migrant	0.043	0.117**	0.039	0.077
Quechua	0.227*	0.087	0.205	0.058
Aymara	0.180**	0.399*	0.163	0.264
Other Indigenous	-0.244	0.180	0.221	0.119
Intercept	0.109	-0.158	0.099	-0.105
Regional Dummies	Yes	Yes	Yes	Yes
Observations	3491	3035		

Note: Income poverty measures are based on household income per capita for urban areas and per capita expenditures for rural areas.

Significant at 1%; ** Significant at 5%; ***Significant at 10%

Coefficients in columns 3 and 4 are normalized to have norm 1 for comparative purposes, their statistical significance is similar to the original estimates.

Source: Authors' estimates on ENAPD and MECOVI 1999 household survey data.

Source: World Bank (2004)

Moreover, there are important ethnic differences between income and subjective poverty rankings. Quechua native speakers are more likely to self-rate as poor than non-indigenous heads of household, but both are judged equally poor on the basis of income poverty (once we adjust for their observed characteristics). Aymaras also self-rate poorer than the non-indigenous, but are less likely to perceive themselves as poor as suggested by income poverty profiles. Moreover, while the relative importance of education in determining self-rated poverty does not vary along ethnic lines, the weight of unemployment in poverty perceptions is twice as high for the indigenous.

These discrepancies in income and subjective poverty rankings may be traced to non-monetary traits that affect the well-being of these groups. The lower self-rated poverty of the self-employed is consistent with the idea that these workers derive other benefits (monetary and non-pecuniary), which compensate for the earnings penalty that many usually face in the labour market. Similarly, many Bolivian heads outside the labour force may actually be discouraged workers in involuntary unemployment who bear negative welfare losses, especially when their families lack alternative sources of income or precautionary savings. The higher propensity of Bolivians with a Quechua background to self-rate as poor might be related to cultural factors (e.g., weakened sense of identity) and/or discrimination that are not well captured by differences in income, living

conditions and other individual/household characteristics. While these unmeasured factors do not lead Quechuas to place lesser importance on education, they do seem to put a higher weight on employment in their subjective poverty assessments. Meanwhile, it appears that the costs (monetary and affective) borne by migrants when separating from their families and communities are outweighed by the potential improvement in economic opportunities and access to basic services for themselves and their families.

Further analyses of the ENAPD survey stress the importance of human capital accumulation, employment stability and access to assets and basic services for subjective poverty assessments, but fail to show significant independent impacts of social capital. The levels of education of both parents, as well as job security, are both important determinants of self-rated poverty. Meanwhile, attendance to a public school and the proxies for social capital fail to show independent significant effects. The former result may suggest that any differences in education quality between public and private Bolivian schools are not substantial enough to affect self-rated poverty assessments independently from other socioeconomic characteristics. Similarly, the benefits from participating in community, economic and political organisations may affect subjective welfare mainly through improvements in socioeconomic factors. Another interesting difference is that while household size is a strong predictor of income poverty, family size is irrelevant to the subjective poverty assessments of household heads and has a mild negative effect on self-rated poverty of non-heads.

4. Smoothing Inequality

Beyond patterns of enduring inequality, how do high levels of social and economic inequality coexist in a multiethnic society riven by class, regional and cultural conflict? Bolivian history suggests a long-lasting legacy of colonial relations sustained through collective and individual mechanisms of social and political inclusion. During the second half of the twentieth century, the ‘harmony of inequalities’ observed in the early liberal period – based on elite political and economic hegemony – was replaced by a more complex system of political accommodation that is porous to ethnic, class or regional cleavages. This system of accommodation assumes both a weak and heterogeneous state, as well as differentiated and non-hegemonic social actors. It is sustained by a chronic imbalance that forces elites to accommodate social demands through formal and informal means. This section considers five formal and informal institutional mechanisms that emerged in the aftermath of the National Revolution and which provide a repertoire of collective action for social and indigenous movements. Persistent horizontal inequality -- sustained by collective forms of discrimination, exclusion or domination-- is functional to this elaborate system of political checks and balances.

4.1 Ethnic Politics: Weak Parties But Strong Movements

A estas alturas de los procesos sociales y políticos en Bolivia, las tendencias de mitificación de lo indígena que se vienen desbrozando desde el romanticismo y el chauvinismo...obligan a que surja una conciencia política más rigurosa sobre los horizontes y perspectivas de los movimientos indígenas...

(Calla 2003: 14)

The first question worth considering is why episodes of ethnic politicisation were not followed by the establishment of ethnic-based political parties that might ‘institutionalise’

ethnic differences within the formal system of democratic governance. How to explain the poor performance of indigenous parties but the strength of indigenous social movements? The *MRTK* and *MITKA* electoral performance in the late 1980s is illustrative of this pattern.¹⁷ The *katarista* movement, which attained such prominent influence within the *campesino* union system, never surpassed a 3% electoral threshold from 1979 to 1989. One answer might be electoral engineering. Did institutional design hinder indigenous political participation? Formally, Bolivia's electoral proportional representation would seem to favour ethnic representation, as close to two-thirds of uninominal circumscriptions are predominantly Quechua, Aymara or lowland indigenous districts. The scarce appeal of all-indigenous political parties might be explained, rather, by a system of clientelist and corporatist inclusion inherited from the early 1900s and developed by the near-hegemonic *MNR* in the mid 1950s.

While ethnic-based political parties never caught on in the Bolivian highlands or lowlands, ethnic representation has increased steadily, first in municipal politics, and since 2002, in national politics. Today, nearly one-third of Congressional districts are represented by indigenous deputies or senators, another third is represented by urban-based popular worker or informal sectors and a third by middle-class *mestizo* representative of the 'traditional' political class. As pointed out by Ricardo Calla (2003), however, the mainstreaming of indigenous political demands – Constitutional reform, land tenure reform, bilingual education, Constitutional Assembly – has been achieved mostly by indigenous social movements, on the streets rather than in Congress. Indigenous movements have successfully introduced a multiethnic political agenda in Bolivia since the early 1990s. The slow pace of reforms and achievements, however, are behind a recent backlash against conciliatory and reformist proposals.

4.2. Clientelism: The Strength of Weak Ties

Todo poblador del territorio boliviano, sea hombre o mujer, que de cualquier modo participe en la producción, distribución y uso de la riqueza, está obligado a sindicalizarse con sujeción al procedimiento que determinará el Estatuto Sindical

(Artículo 1, Decreto de Sindicalización Obligatoria, 19 de agosto de 1936, Presidente Coronel David Toro).

While changes in formal institutional design do not appear to explain patterns of social and political inclusion, a number of informal institutions organise ethnic-based- local and class-based collective action around the state. These include, clientelistic relations, dual powers (*poderes duales*), co-management (*cogestión*), collective self-management (*autogestión*), among others. The most pervasive form of inclusion is a legacy of the conservative and liberal periods at the turn of the century. Strong elite hold over political and economic power was buttressed by clientelism between the mining-based elites, urban middle classes and indigenous communities. In 1936, President David Toro consolidated his political support by installing compulsory unionisation in urban and rural producer associations under the nascent *COB*. However, the most significant consolidation of clientelistic relations emerged during and after the National Revolution. *Campesino* and worker unions provided critical social and political support in the early stages of the Revolution. Unionisation in rural areas provided direct access to state patronage for *campesino* and indigenous communities.

¹⁷ See Calla (2003)

Political clienteles shifted away from the *MNR* in the 1960s and toward the military, between 1964 and 1982. The democratic transition was followed by a wave of decentralisation reforms in the 1990s which moved patronage relations from capital cities to small towns and municipalities. Political capture by local elites accentuated a patrimonial government style and pushed political reform and disenchantment to the fore in the late 1990s. Today, political parties suffer from the lowest level of public credibility of the past forty years. From October 2003, President Carlos Mesa appointed a non-political cabinet and dismantled many of the clientelistic networks that participated from public employment and patronage in the executive power. While clientelistic relations are an integral part of democratic politics in present-day Bolivia, there is increased pressure to open up political participation to non-clientelistic and meritocratic forms of politics.

4.3. Poderes duales: *Splitting the State*

Lo que importa es estudiar cómo se produce el tránsito desde el momento en que 'Paz Estenssoro no era más que un prisionero de la COB' (cita Guillermo Lora 1960, Sindicatos y Revolución) hasta el momento en que la COB misma se convierte en prisionera del MNR...

(Rene Zavaleta 1986: 102-103).

The National Revolution institutionalised a dual form of government that has recurred institutionally over time since the 1950s. In the early years of the Revolution, one power was constituted by a worker and *campesino* militia, associated with the *COB*, while the other emerged from the *MNR* leadership that led the revolutionary government. Dual powers allowed the popular movement access to political power without yielding collective political positions to the government. A key feature of dual powers is the absence of political hegemony within the government, which secures governance and political support by 'sharing power'. The close association between *COB* and government has attracted much scholarly scrutiny, most notably by René Zavaleta Mercado, who recalls the Marxist concern with dual powers during and after the October Revolution of 1917.

A remarkable aspect of dual powers is its persistence beyond the hegemonic period of the National Revolution. The design of the Popular Participation reform in the 1990s, for example, institutionalised dual powers at the local level, by granting veto power to a civil society oversight committee in each municipality. The oversight committee was itself constituted by territorial grassroots organisations, most of which developed from the *campesino* and urban union movement. At a time when the union movement was at its lowest, after the collapse of tin-mining and the privatisation of state companies, the Popular Participation reform created a new arena for union-based collective action. The recent Poverty Reduction Strategy (PRSP), elaborated by the Bolivian government and discussed at a National Dialogue table, also institutionalised dual powers by delegating oversight and accountability powers to a civil society *Mecanismo de Control Social* (Social Control Mechanism). Have dual powers eroded formal political parties and Congressional checks and balances? In a sense, checks and balances, are in a dual power arrangement, institutionalised outside the reach of formal government bodies or powers. They allow social movements or local grassroots organisations an arms-length control over government policy decisions in contexts of weak state legitimacy. In extreme cases, dual powers are discarded for more radical power sharing, via *cogestión* or *autogestión*.

4.4. Cogestión: Power-Sharing Without Power

La cogestión (minera de COMIBOL) estaba destinada a repetir la misma experiencia de la nacionalización: allá donde no se 'nacionaliza' al país, no se nacionaliza verdaderamente ninguna de sus partes. La cogestión, a su turno, no significaba nada si no era la antesala de la cogestión en el poder total...la Asamblea Popular.

(René Zavaleta 1986: 207).

As with dual powers, *cogestión política* has a long tradition in Bolivian political history. The radicalisation of worker politics under the *COB* in the early years of the National Revolution, induced a shift from *poderes duales* to *cogestión*. The difference between union and party politics was eventually assimilated to 'left' and 'right' wings of the *MNR*, understood no longer as a party but as a loose coalition of movements strung together by strong political clienteles. The most memorable instances of *cogestión* emerged from within the mining sector in the 1950s and 1960s. *Cogestión* meant, in economic terms, joint state-worker management, but in political terms, represented a fusion of social movements and political parties within and under the auspices of a non-neutral state.

René Zavaleta Mercado (1986) recalls the precarious political balance implied by partial or joint-worker ownership. The experience of *cogestión minera* was only fully understood as a form of nationalisation, which eventually made up the core of the Revolution's early economic programme. Likewise, *cogestión* in the military revolutionary government of President Juan José Torres in 1970-71, was eventually surpassed by a more radical demand for full constituent power. The *Asamblea del Pueblo* (People's Assembly), which substituted Parliament in 1971, would be the beginning of the end for the Torres national/popular experiment. The military coup d'état of August of 1971 installed Hugo Banzer Suarez as President, who presided over the heyday of dictatorial politics in modern Bolivian history. As with *poderes duales*, *cogestión* has risen and fallen in periods of severe political crisis. Both represented hybrid forms of political inclusion, based on strong corporate representation, itself sustained by the National Revolution's failed hegemonic project.

4.5. Autogestión: Hegemony or Inclusion?

'Un pueblo que oprime a otro pueblo no puede ser libre', dijo el Inca Yupanqui a los españoles. Lo que proponemos para superar esta situación no es ya la intervención paternalista del Gobiernos o de personas de buena voluntad. Creemos que la única solución está en la auténtica organización campesina.

(Manifiesto de Tiahuanacu, 1974)

Ethnic politicisation, contestation and open rebellion have permeated Bolivian history since pre-Hispanic times. In Silvia Rivera's analysis, the 'long memory' of colonial resistance converges with the 'short memory' of republican or national revolutionary contestation in *future* projects of autonomous self-government or *autogestión* (Rivera 1983). The historical discussion is split on whether demands for *autogestión* are to be understood under the prism of inter-elite conflict as implied by Irurozqui (1994) or whether autonomous self-government is to be construed as an actual historical project for indigenous emancipation in the late nineteenth century and at present (see Patzi 2003 and Hylton 2004). In both cases, ethnic politicisation is mediated by a thesis on the nature of ethnic representation. Does a demand for ethnic self-determination emerge in times of crisis and conflict accentuated by the politicisation of ethnic cleavages, or does

it imply a continuous historical project that permeates periods of crisis and subjugation? When is ethnicity a driver of social and political change and when is it induced by failures in cross-cutting alliances led by economic and political elites?

Demands for autonomy and ethnic self-government are recurrent in colonial and republican history – all the way through the liberal and Chaco war periods – but are muted in the second half of the twentieth century. The collapse of the National Revolutionary political project in the 1960s and 1970s opened up a new period of ethnic-based politicisation, led mostly from the Aymara highlands and urban centres. Are present-day demands for ethnic autonomy or self-government to be understood as demands for social and political inclusion or autarkic political projects aimed at establishing hegemony within a heterogeneous multiethnic state? The *pluri-multi* period of political and institutional reforms can be described, alternatively, as successfully inducing ethnic politicisation and empowerment, or as incomplete in terms of achieving more radical aims of hegemony or self-government. Current demands for indigenous autonomy can be analysed against the backdrop of a refoundational moment in Bolivian history. The celebration of a Constitutional Assembly in 2005 is likely to revisit many of the themes discussed in previous refoundational moments in the 1920, 1938, 1948 and 1961 and 1967 constitutional reforms, including further elaboration on the ‘national’ and ‘indigenous’ questions that have figured prominently in public discourse throughout the twentieth century.

5. Conclusions

This paper has revisited Marta Irurozqui’s ‘harmony of inequalities’ thesis drawn from a historical reconstruction of the Conservative and Liberal periods at the turn of the nineteenth century. A key question posed by Irurozqui, and considered explicitly in this research project, is how to explain the absence of large-scale or sustained political violence in the face of enduring and massive social and economic inequality throughout the twentieth century. Bolivia continues to be one of the most unequal countries – by income, human and physical assets – in the world’s most unequal continent. A number of conclusions follow from this. First, episodes of ethnic politicisation, contestation and rebellion need to be explained in historical context, with a particular focus on the self-understanding and self-identification of ‘ethnicity’, ‘indigenous’, ‘Indian’ or ‘originary peoples’ across time. The history of the second half the twentieth century, particularly since the National Revolution of 1952, would seem to point to class-based patterns of state-led inclusion and political co-optation, sustained by a deliberate policy of redefining key social and political actors in non-ethnic terms. The ‘disappearance of the indigenous’ did not, however, last long. The end of the hegemonic political project of the National Revolution coincided with a renewal of indigenous discourse and power in the late 1970s that can be traced to present.

Second, the enduring nature of social and economic inequality in Bolivia is mostly explained by the resilience of group-based inequality nurtured by class, regional and ethnic-based differences. In recent decades, improvements in educational and health attainment have led to further, rather than lesser inequality, as individual-level characteristics begin to explain the determinants of labour and income inequality in a changing economy. The magnitude of income-based inequality continues to be very high, only surpassed in Latin America by Brazil. Geographically, income-based inequality is concentrated in large cities and past sources of resource-based extraction

and wealth creation. Educational and health attainment are strongly correlated with demographic shifts that favour urban residence and easier access to social services.

Third, social and economic inequality in Bolivia has been largely tempered by crosscutting political institutions that induced sporadic forms of inclusion. Among these, it is surprising to observe the poor performance of ethnic-based political parties but the strong political impact of indigenous movements since the 1970s. Non-ethnic forms of political inclusion include broad-based clientelism sustained by a hegemonic political movement during the revolution, and dual powers (*poderes duales*) and power-sharing (*cogestión*) when the revolution's hegemonic project fragmented and collapsed. The historic demand for indigenous self-government (*autogestión*) can be analysed both for periods where ethnic cleavages drive social and political change, or where cross-cutting forms of political inclusion fail and induce renewed cycles of ethnic politicisation. A common feature of these forms of 'inequality smoothing' is a historically contingent explanation. Bolivian democratic institutions do not seem to 'consolidate' toward ethnic or non-ethnic-based inclusion. They tend, rather, to coexist with historical forms of social and political inclusion and contestation, derived from longer colonial and republican time frames.

A key issue not explored in this paper, but critical for a comprehensive discussion of ethnic politics, is the relationship between long-term economic and political institutions, in particular, those linked to a narrow-based natural resource economy – silver in the sixteenth-nineteenth centuries, tin in the twentieth century and natural gas at present. Gray Molina (2003b) describes the long-term impact of an extractive economy on the social and political institutions that emerge across the twentieth century. Many of the particularistic forms of inclusion described in this account, including hegemonic forms of clientelism, *poderes duales* and *cogestión*, arise from a system of state patronage built upon natural resource rents and strong *caudillo* politics. Narrow-based politics, in this account, feed upon narrow-based economics. A common feature of this relationship is, however, the absence of a strong hegemonic social or political actor. The shift from silver to tin mining in the early twentieth century resulted in a factional war between elites. The nationalisation of natural resources in 1936 and 1967 resulted in additional changes in the locus of political power, strengthening the narrow-based politics grasp on broad-based sources of patronage and rent-redistribution.

The absence of clear-cut social and political hegemonic actors has also led to an enduring heterogeneity in social and economic institutions – what René Zavaleta Mercado (1986) called *abigarramiento* (a motley pattern), and Calderón and Laserna (1995) call a *chenko* (a mess). The coexistence of institutions and practices that are dysfunctional to modern hegemonies such as 'market economies' and 'representative democracy', has provided Bolivian politics with a flexibility and resilience that has often kept the peace but also tempered redistributive pressures over social and economic inequality. The 'harmony of inequalities' described by Irurozqui is, in this light, a resilient political legacy that keeps social and economic inequality intact over time. Under what circumstances is this likely to change? An important source of exogenous change arises from the future development of Bolivia's natural gas reserves and regional pressures toward faster trade, investment and infrastructural integration. The pace of these exogenous – and globalising – effects is likely to impact upon Bolivian political institutions and their capacity to 'equalise' over time and across different groups, including ethnic-, class- and regional based cleavages. Over the long run, Bolivia's future path of development is likely to confirm or disprove Bautista Saavedra's

premonition on the 'beautiful harmony of inequalities' that preserved elite control over an increasingly precarious source of economic and political power in the twentieth century.

6. References

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