

## Bolivia: The Challenges to State Reform

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*The elections of 2 June to elect representatives for the Constituent Assembly and the National Referendum for the Regional State Departments show the complex reality of a state with profound dysfunctions, the divisions of Bolivian society and the problems it faces. Mariano Aguirre and Isabel Moreno visited Bolivia and spoke to the various social actors.*

On the 2<sup>nd</sup> July the Bolivian electorate voted on two key questions of the project to reform the State led by the Movement for Socialism party (MAS). Firstly, those who will be responsible for drafting the new State Constitution were elected. Secondly, Bolivians voted on whether their country will be structured around a centralist system or regional state departments. The results of these two votes will determine, to a great extent, the scope and viability of the project to re-found the State proposed by the recently elected government of Evo Morales.

In neither case has the government won an absolute majority and this opens the door to complex negotiations about the State and power. At the same time, both questions delineate a series of problems which affect the structure of the State and its democratic capacity to carry out a reform which might allow for the construction of a society that would include the different identities and combat the high levels of poverty and inequality.

Bolivia is a country at the centre of international attention. For some countries such as Spain, Brazil and Argentina this is due to the nationalisation of hydrocarbon reserves carried out by President Morales that will force petroleum companies to re-negotiate the prices at which they buy crude oil and gas and the level of profits that they obtain from the exploitation concessions. In this area, Bolivia has become part of the global debate about oil and gas prices, the exhaustion of future supply and the political use of these resources. This debate involves a wide range of suppliers, from Venezuela to Iran, Angola to Saudi Arabia, and buyers in the whole international system.

For other countries, especially in Latin America, it is due to the influence that the political programme of Morales might have, which combines the extraction of resources with an attention to the rights of the indigenous people and an attempt to reformulate the tenancy of land. Finally, Bolivia has attracted the attention of the United States that has the country in this list of cocaine producers and is also concerned about a government that has populist left-wing characteristics.

### Governing what had been Decided

The MAS party won the general elections of 18 December 2005. This coalition of groups with differing claims came to government with a programme defined, to a great extent, by the political struggles of the last decade such as the so-called wars over water and gas and, especially, a rejection of the policies of adjustment and neoliberalism of the 1990s. These policies of privatisation broke up at the end of that decade due to the impact of the Asian crisis and instability in Argentina and Brazil. For a large section of the population, neoliberalism brought no benefit; and for the majority, the vision of the State, political corruption and neoliberalism were transformed into one and the same thing.

The Morales government was elected, as one member of a social movement put it, "to put into practice what other governments had decided or accepted." In effect, during the turbulent presidency of Carlos Mesa G. a series of "governability pacts" were reached centred on three agreements:

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- a) Call a binding referendum about how energy resources should be used;
- b) Reform the Law of Hydrocarbons of 1996 to re-establish national sovereignty over energy sources;
- c) Convene a Constituent Assembly to enhance the construction of an inclusive and more democratic State.<sup>1</sup>

The political parties which had promoted this economic model lost legitimacy. The Social Democratic Power party, (PODEMOS, *Poder Democrático Social*) led by former President Jorge Tuto Quiroga, personified, for a large section of voters, the traditional political party game in which a series of political formations took turns at being in power and sharing out posts, the so-called 'democracy by agreement'. In this sense, the triumph of MAS represented more of a rupture with the stagnation of democracy rather than a threat to it.

The programme of MAS focused, therefore, on a greater control of natural resources and a reform of the Constitution to give more power to the indigenous and poorer sectors, promote agricultural reform and hold a referendum about the autonomous regions. In addition, the MAS government promised to look for new ways of dealing with the issue of coca production for illegal use. In his first six months of office, Morales has made progress in every one of these areas, engendering at the same time support and adverse reactions both in and outside of Bolivia.

Apart from these aspirations, the coalition led by Evo Morales, a peasant and trade unionist, encompasses two identity factors. Firstly, the Bolivian nationalism, a part of the history of the country which since independence was declared, was born surrounded and enclosed by neighbouring countries to which it has lost territory. Since the populist and modernising nationalist revolution of 1952, the 'national' factor has been increasingly present even amongst the armed forces. Nationalism has been a factor as much as of unity as of difference. On the one hand, it served as motor for nation building, as has been the case in almost all of the post-colonial societies. On the other hand, it eliminated almost all references to ethnicity, in a country where indigenous people are the majority, and attempted to integrate the native Indians in worker-producer trade unions and demand the end of inequality through class alliance. At the same time, however, nationalism has not been able to solve the differences and the accelerating tendency towards greater regional autonomy that peaked in the 1990s.

Secondly, the indigenous factor. Sixty per cent of the 8,858,000 inhabitants are Amerindian;<sup>2</sup> the indigenous communities have been marginalised by the political process and have suffered harsh exploitation since the colonial era; 62.7% of the population is poor and the majority are native Indians; 26.5% live in extreme poverty. Bienvenido Saku, a social activist, told us, "we are entering into the house of the State for the first time".<sup>3</sup>

The indigenous people have recently gained more institutional and judicial space, for example through the constitutional reform of 1994, which recognised Bolivia as a multi-ethnic state and article 171 of the Constitution, which recognises collective rights. The so-called 'People of the East' have a system of communal justice with established procedures. This justice is secondary with respect to that which governs in the State as a whole. However, as Maria Teresa Zegada of the University Mayor of San Simón in Cochabamba said, "these formal gains have not had a real impact on the conditions of the people."<sup>4</sup>

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<sup>1</sup> See Juan Ramón Quintana Taborga "Bolivia; un Destello al Final del Túnel", *El Debate Político*, Year I, Issue 2, December 2004, Fondo de Cultura Económica, Buenos Aires, p38.

<sup>2</sup> 40% are Quechua, 24% Aymara, 27% mixed, 8% white. Eighty-eight per cent of the population are practising Catholics. In Santa Cruz there has been a debate about the Camba identity which is based on the mixed peoples and the presence of the white population. The idea of a Camba nation is orientated to the justification for secessionism.

<sup>3</sup> Interview with the authors in Santa Cruz, 27 May 2006.

<sup>4</sup> Interview with the authors in Santa Cruz, 27 May 2006.

MAS obtained 54% of the votes against PODEMOS. Their victory represented the high turnout and active participation of the social movements that have proliferated in Bolivia in the last 20 years. From the 1980s onwards movements of land workers, coca farmers, casual workers, trade unions in the energy sector and others began to substitute the traditional trade unionism that had been formed by work in the mines. Agriculture, mining, the exploitation of energy resources and construction are now the principal sectors of production.

The most dynamic of these is the hydrocarbon sector, which is why the government has attached such importance to its control. An additional income of \$860 million has come from the remittances of the Bolivian Diaspora community in the United States, Europe and other countries in Latin America.<sup>5</sup> It is estimated that there are 2 million Bolivians living outside the country, although the figure is not exact. And approximately 150 more leave the country every day for diverse destinations.

### **The Assembly and its Issues**

The Constituent Assembly is a demand of a great part of Bolivian society and has been a promise of successive governments since the country became independent in 1825. Now, for the first time in Bolivia's history, the project is underway and the 3,713,345 Bolivians registered to vote with the Electoral National Census (PNE, *Padrón Nacional Electoral*) have made their decision at the polls.<sup>6</sup>

The Constituent Assembly is the centrepiece of the government's project for a peaceful reform of the State, led by a President from the Aymara people, in a country where 62% of the of the population define themselves as indigenous.<sup>7</sup> The MAS characterises the Assembly as "an act of democratic revolution of the people to substitute the old structures after 180 years of an oligarchic regime" and "the materialisation of centuries of struggle by the people."<sup>8</sup>

After this double vote for the Assembly and the Autonomous Referendum, the challenges for the MAS project and for Bolivia are varied and complex. The main issues to be debated in the Assembly are land, natural resources, the administrative structure of the State, the question of the indigenous and their rights and the future economic policy. The sociologist José Martínez thinks that the Assembly could end up with legislation that changes nothing, but if it is to work at all it will need to create a new 'social pact'.<sup>9</sup>

Land is one of the most essential and most difficult questions to resolve. On the one side there is a division between the land of the people of the East and the West, who regard each other with mutual suspicion. As the historian Anita Lema explained, "from the West they see the East as the promised land that is taken by Whites and from the East the West is seen as an upheaval provoked by peoples of exhausted lands."<sup>10</sup>

But in the West the land is also being overexploited especially because of the soya crop. Land is controlled by large landowners, but equally by smallholders. One added factor in the conflict is that Brazilian citizens and companies have installed themselves along the border in the last decade, buying Bolivian land that President Morales now wants to expropriate.

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<sup>5</sup> P. Gregorio Iriate O:M:I, *Análisis Crítico de la Realidad, Anexos*, Grupo Editorial Okipus, Cochabamba, 2006, p.54.

<sup>6</sup> Electoral National Court, National Census Statistics by Age and Geographic Area [http://www.cne.org.bo/consulta\\_ciud/consultas/EstadisticaPneAcra2006.aspx](http://www.cne.org.bo/consulta_ciud/consultas/EstadisticaPneAcra2006.aspx)

<sup>7</sup> According the last National Census of Population and Housing 2001, the percentage of the population over 15 who define themselves as indigenous represents 62% of the national total.

<sup>8</sup> Law Proposal for Convening a Constituent Assembly presented to the National Congress 2006 by the President of the Republic.

<sup>9</sup> José Martínez "Sociodiversidad Constituyente" in the magazine *Artículo Primero*, Special Edition about the Constituent Assembly, Year IX, Issue 17, Centro de Estudios Jurídicos e Investigación Social, pp. 153-166.

<sup>10</sup> Interview with the authors, Santa Cruz, 26 May 2006.

But, in effect, the land is concentrated in a few hands and in many cases without being used. One recent report of the catholic church indicates that 90% of the productive land in Bolivia is controlled by 50,000 people. Legally, the State can expropriate unused land but mechanisms of corruption and police and legal inefficiency make it almost impossible to enforce the legislation.<sup>11</sup> One indigenous leader explained to FRIDE how some indigenous people are bribed to testify that some of the large shares of land are, supposedly, being worked.

In Bolivia there exists a superposition of legal titles for a number of land holdings which can be, at the same time, forestry concessions, zones for the exploitation of hydrocarbons, mining concessions and protected areas. Also, the indigenous people are demanding their rights over their communal lands and have begun legal battles to re-title land.

### **Growing Expectations Difficult to Fulfil**

In the Constituent Assembly, of the 255 seats that need to be fulfilled, a two-thirds majority is needed to draft articles for the Constitution that will lay the foundations for the new State as of 6 August, 2006.

The formation of political alliances has become an imperative because of the Special Law for Convening the Constituent Assembly that makes it impossible for any one party to achieve a similar majority.<sup>12</sup> The law has favoured the representation of several smaller groupings and, as a consequence, a considerably plural representation in the Assembly. Government and opposition have made progress in conversations with the different political groupings to form coalitions that might permit a majority.

In spite of the election results having been favourable to MAS, which obtained a majority in the Assembly, the current voting system which intends to favour minorities has not allowed the 54% of MAS votes to grant it an absolute majority, but instead 135 seats. So Morales will have to make pacts. The results demonstrate, however, that his government does not appear to have been worn down politically by their six months in power.

The Assembly, conceived as a historical, political and social break with the an elitist State has generated expectations amongst the population that will be difficult to satisfy. The new Magna Carta might be ratified or rejected after 6 August 2007, when the definitive text to be submitted to a referendum will, it is thought, be ready.

In the hypothetical case that the text were held up by an absolute majority of votes (an indispensable condition for the approval of the Magna Carta), the changes that it would suppose for the complex and, in part weak, Bolivian State would not be in any way immediate. Even more importantly, the new articles of the Constitution do not carry a guarantee that ensures its fulfilment. In the event that the new Constitution is not supported by an absolute majority of citizens, the Constitution of 2004 will remain in force.<sup>13</sup>

One part of Bolivia that has not been included in the Assembly, are those organisations which represent, or say they represent, the original peoples (CONAMAQ, CIDOB and some others), which have demanded 26 representatives chosen according to their customs, on the basis that if the country is pluri-cultural and multi-ethnic the forms of election should also be diverse.<sup>14</sup>

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<sup>11</sup> Hal Weitzman "Land Distribution Plan Pits Bolivia's Farmers Against the State", *Financial Times*, 6 June 2006.

<sup>12</sup> The Special Law for Convening the Constituent Assembly ([http://www.cne.org.bo/centro\\_doc/normas\\_virtual/acra2006/ley\\_convocatoria\\_ac.pdf](http://www.cne.org.bo/centro_doc/normas_virtual/acra2006/ley_convocatoria_ac.pdf)) was negotiated in Congress and MAS was obliged to give way on several things. Amongst them, the fact that of the three representatives for each of the seventy seats, two are elected by a majority and one by a minority. And from the nine departments, two are by a majority and one by the following minorities.

<sup>13</sup> If an absolute majority cannot be obtained, the Constitution under the Law Number 2650 of 13 April 2004 and the Law of 6 July 2005, will come into force.

<sup>14</sup> The traditional "use and customs" imply an election of candidates by the form of assembly which implies a control over the leader by the social base including revocation.

These organisations and their representatives (leaders of *El Alto*) are those which in the disturbances of 2003 mobilised people to block the roads, causing the disorder that brought down two presidents (Sánchez Losada and Carlos Mesa G.). However, the role that this parallel Assembly plays in the current scene appears to carry less weight because it does not include all the indigenous organisations and because it represents too radical a vision for the majority of MAS voters.<sup>15</sup>

In any case, the Assembly, which will have a continuous and uninterrupted session of no less than six months and no more than one year, will approve a text with two thirds of the members present in the Assembly, as established by the current State's Political Constitution. When this process is concluded, the Executive will call a Constituent Referendum.<sup>16</sup>

### **A State under Discussion**

In Bolivian society the idea that the State does not exist or does not function is extensive. At the same time, the debate about the type of State which exists and the reasons why it is deficient in providing for the security and welfare of the citizens and guarantee universal rights is as wide as are the differences of opinion.

The internal perceptions about the Bolivian State vary among those who consider it non-existent, those who want to re-found it to construct an alliance of indigenous nations and those that consider that there is a modern State which needs a modern form of government. For part of the indigenous population "the State is the local council" – the closest power structure and one that has come to be run by indigenous representatives over the last decade, as the Catalan priest Mauricio Bacardit, who has lived in Bolivia for the last five decades, indicated.<sup>17</sup> But the State is also, for the indigenous people, the communal land.

The historian Anita Lema considers that the Bolivian State does not need to be re-founded but is, rather, an entity in the process of being formed but not yet consolidated. In this sense, she agrees with the United Nations Development Programme (UNDP) which considers that the country is in a process of self-transformation and self-determination.<sup>18</sup> In the last 20 years, there have been reforms in the fields of tax collection, popular participation, local power and the problem of drug trafficking, which highlight this evolution. At the same time there is a double reality. For some social sectors, the State is corrupt, abusive and a symbol of oppression. For others, for example the Amazon people, it is non-existent.

The Law of 1994 of Popular Participation drove forward the *municipalisation* of the territory. In Bolivia there are 327 local authorities with participating budgets, a model much better known in the city of Port Alegre in Brazil. Carlos Molina, a specialist in local work, considers that this country is much more advanced in local development and in non-party local participation which has produced an appropriation or empowerment of the citizens and their resources. The development of civil society has led 42% of the citizens that were classified as 'rural' and did not use to vote, now do vote. In part, they have taken Evo Morales to power.<sup>19</sup> In the same direction, Esther Balboa, Human Development Official of the Council of Cochabamba, says that "the vision of State that Bolivian citizens have is of the Mayoralty" since "that is the real State in Bolivia".<sup>20</sup>

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<sup>15</sup> International Crisis Group, *Bolivia's rocky road to reforms*, Policy Report, 3 July 2006. According to this report, the sacrifice of not including in the list of candidates for the Assembly some possible political allies of MAS responds to the greater interest of MAS in distancing itself from radical positions which could put off urban voters.

<sup>16</sup> Articles 24, 25 and 26 of the Special Law for Convening the Constituent Assembly of 6 March 2006

<sup>17</sup> Interview with the authors, Santa Cruz, 27 May 2006.

<sup>18</sup> UNDP, *Situación y Perspectivas político-económicas de Bolivia. Balance de la Transición*, La Paz, 2004.

<sup>19</sup> Interview with the authors, Santa Cruz, 27 May 2006.

<sup>20</sup> Interviews with the authors, Cochabamba, 22 May 2006.

The structural conflict of the Bolivian State is, according to various experts, between the Nation and the State. The three contradictions of this conflict might be between the State and the excluded classes, the State and the ethnic groups and the State and the regions.<sup>21</sup>

### Local Power

Listening to members of the Evo Morales government, one has the sensation of mission and haste. It is the first time that there is a popular government with wide and legitimate support and it must take the chance to reform the State.

Inside MAS there is a certain consensus in favour of having a strong government which can move the reforms forward even though it might have to govern by decree. For some of the indigenous leaders and groups, Morales is too moderate and it will be a government which betrays the expectations. In this line, the indigenous leader Felipe Quispe, founder of the indigenous movement *Tupac Katari* and former Executive Secretary of the *Confederación Única de Trabajadores Campesinos de Bolivia* (CSUTCB) says that "there will be no changes because Evo is a reformist and not a revolutionary."<sup>22</sup> But some sectors of the elite, especially in Santa Cruz, think that the President is following the advice of the Venezuelan leader Hugo Chávez, and is trying to impose a democratically elected dictatorship and is restrained by the Assembly. The fear or the prediction that Bolivia could have in the future a government democratically elected but with authoritarian practices, without becoming a dictatorship, is seriously considered by diverse sectors.

In reality, the rules of the game do not allow MAS to have a majority enough to impose a model of the State. Moreover, it is not clear what this model would be. Vice-President Álvaro García Linera indicates that the government wants to create an 'Andean capitalism' which combines the three current economic and social structures: family, communal and modern industrial. The idea is to "transfer a part of the surplus from the nationalised hydrocarbons to strengthen the role of the Andean and Amazonic forms of self-organisation, self-management and commercial development."<sup>23</sup> In fact, before the arrival of Morales to power, 5% of the profits which came from the sale of hydrocarbons went to the development of local communities, a factor which has given more power to the local Town Halls and accelerated the tendency towards autonomy and anti-centralism.

But this transmission of resources is not, nor will be, simple, with the existing tax mechanisms, which oscillate between inefficiency and corruption with a tradition of "evasion techniques" as defined by José Negales, Director of the daily newspaper *La Voz* of Cochabamba.<sup>24</sup>

Eighty per cent of the population do not pay taxes, some for being poor, others for being rich, and a good part because there is no State structure to make them do it. The informal economy occupies a wide margin, around 70 per cent of GNP, something that makes tax collection immensely more complicated.

### The Regional Question

The National Referendum for the Autonomous Departments reflects the future conflict of the Bolivian State. The results show that a majority rejects the system of Autonomous Departments, but four Departments have voted in favour: Santa Cruz, Pando, Beni and Tarija. Those are the four that form the 'half moon' in which there is an influential white and *mestiza* population that wants to have a high level of autonomy or, even, independence- departments that are rich in resources with a level of growth higher than that of the rest of the country.

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<sup>21</sup> Interview with political scientist Dunia Sandoval, Santa Cruz.

<sup>22</sup> Interview with Mabel Azcui, collaborator with FRIDE, La Paz, 26 May 2006-

<sup>23</sup> "La Bolivie depuis l'élection d'Evo Morales. Entrevue avec Alvaro García Linera", Points de Repere, Winter 2006, Alternatives International, Montreal, p. 16.

<sup>24</sup> Interview with the authors, 23 May 2006.

According to the 'Law for Convening' passed this year, the results of the Referendum will be binding on the Constituent Assembly. This means that, once the Magna Carta has been promulgated, the Departments where the result was positive by simple majority of votes will accede the regime of Autonomous Departments right after the Constitution has been approved. This implies a *de facto* division between the West and the East, which raises great uncertainty over the tensions already created between the 'half moon' and the 'highlands', above all regarding the questions about the distribution of land. According to commentators in the Bolivian press, the Referendum has shown and crystallised the image of the two Bolivias.

The affirmative vote of Santa Cruz, the least indigenous Department, was known before the Referendum. In fact, the Referendum initiative as much as the design of the question arose from the *Cruceña* demand for autonomy. Now the authorities of Santa Cruz and the other three Western Departments that have voted affirmatively by a majority (almost 70% of the votes) are claiming the legal framework which they believe the Constitution must grant them. This framework will be considered during the year that the Assembly members will dedicate to drafting a new constitutional text.

According to Juan Carlos Urendo Díaz, one of the jurists who has worked on the autonomic proposal, the Bolivian State is weak and largely unstructured whilst at the same time excessively centralised. The project for the autonomies must, therefore, correct these problems through three objectives: by making a proposal which is more democratic, looking for greater efficiency and by making the autonomies a more efficient vehicle for the excluded groups to channel their demands.<sup>25</sup>

The model of autonomy under which the four Western Departments that voted 'Yes' will organise themselves is still to be designed. But the departmental leaders of the regions are maintaining a defensive stance of this autonomy due to the position of President Morales who has reminded people, on various occasions after the Referendum result became known, of the importance of the 'No' vote at national level. Leaders of the Civic Committee of Santa Cruz and Pando have sent out resolutions in defence of the autonomy and tense declarations to promote the union "because if we *Cambas* do not unite the *Collas* are going to want to wipe us away since sadly we have a President who is indigenous."<sup>26</sup>

Inside MAS, at least in the debate about the autonomies, the positions are not so polarised as the election campaign might have led one to believe. MAS campaigned for a 'No' to avoid the triumph of a 'Yes' by political groups in the '*media luna*', but many of the members of the Morales government understand a specific model of autonomy as essential for the new Bolivia: the indigenous autonomy.

What appears without doubt to reflect the results of the popular vote and the mood of society is that two Bolivias continue to exist within the same State structure. That are destined to understand one another. The need to agree in the Constituent Assembly is a question which, even if it slows down the project being proposed by Morales to re-found Bolivia, guarantees the participation of more social sectors and politicians in the conception of a new theoretical base for the State and the strengthening of democracy.

Morales seeks to open the debate inside the Constituent Assembly but without the pressure of the demand for independence from the white and mixed Departments of the East. With much skill, the leaders of these Departments have left the secessionist line aside and have opted to show themselves as Bolivians who do not want to destroy the State but count on more autonomy. In fact, the Spanish model of autonomy is seen as a backdrop.

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<sup>25</sup> Interview with the authors, 27 June 2006. See also Juan Carlos Urendo Díaz, *Separating the Wheat from the Chaff, Bases to construct the Autonomous Departments*, Editorial Imprenta, Santa Cruz de la Sierra, 2005.

<sup>26</sup> Statement of the President of the Civic Committee de Pando, David Torrico, to the newspaper *La Razón*, 4 July 2006.

The writer and historian Ruber Carvalho considers Bolivia as a badly designed State, which would be better divided than incorrectly united. Likewise, Carvalho believes that the autonomic and pro-independence tendencies on the one hand, and the nationalistic populism on the other, are part of a strong polarisation stage that Latin America has entered. To a great extent, the process which has been initiated now in this country will show if his analysis is right or if Bolivia can start a phase of the State building which is more just, democratic, decentralised and reaching an agreement with international players for a more equitable use of its rich resources.<sup>27</sup>

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<sup>27</sup> Interview with the author, Santa Cruz, 27 June 2006.

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