

**DECENTRALIZING THE PROVISION OF PUBLIC
SERVICES IN BOLIVIA**

**Institutions, Political Competition and the Effectiveness of
Local Government**

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Abstract

This dissertation comprises a close analysis of decentralization in Bolivia, employing a methodology that marries qualitative and quantitative techniques. It first examines the effects of decentralization on public-sector investment and the provision of public services in Bolivia using a unique database that includes measures of municipalities' social and institutional characteristics and information on its policy-making processes. I find that decentralization changed both the sectoral uses of public resources and their geographic distribution significantly by increasing government sensitivity to local needs in human capital investment and the provision of basic services. I then investigate the determinants of central and local government investment respectively in order to investigate why the shift in regime produced such large changes in investment patterns.

I then turn to a much deeper examination of local government via nine case studies, selected to broadly represent Bolivia's national diversity. I begin with an account of the workings of local government in the best and worst of these, analyzing the character and interactions of the major societal actors. I locate fundamental causes of good and bad government in the economic structure of a district as it relates to the political party system, and the cohesiveness and organizational capacity of its civil society. These ideas are used to build a conceptual model of the local government process in which the interactions of political, economic and civic actors reveal information and enforce accountability. I show how imbalances between them can cripple accountability and distort the policy-making process. Lastly, the dissertation tests the model by examining government performance in seven additional municipalities. I show that the framework can explain the emergence of good or bad government institutions, and thus the quality of government a district ultimately receives, through the interactions of key players – notably civic organizations – deep in the local political economy.

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Part I

Decentralizing Government

1

Introduction

Over the past two decades decentralization has become one of the broadest movements, and one of the most debated policy issues, in the world of development. It is at the center of reform efforts throughout Latin America and in many countries of Asia and Africa. And under the multiple guises of subsidiarity, devolution and federalism it is also squarely in the foreground of policy discourse in the European Union, United Kingdom and United States. While Manor recently called it “a quiet fashion of our time”¹, Campbell now refers to “The Quiet Revolution”², hinting perhaps at the extent to which momentum and enthusiasm for decentralization have grown over just four years. It is not only the fact of decentralization in many countries which impresses but, as Campbell points out, the scope of political authority and economic and human resources that have been devolved to sub-national governments: “from Guatemala to Argentina, local governments began spending 10 to 50 percent of central government revenues”³ effectively reversing decades of control by national governments.

The literature on decentralization is similarly broad, spanning academic disciplines and literally scores of countries. This dissertation focuses on the economics, political science, public choice and applied policy literatures. The first three are examined in detail in Chapters 2, 4 and 7, which adopt the conceptual tools of each. In general, all three have found cause for enthusiasm about decentralization, for reasons of heterogeneity in tastes or needs across regions, for example, or based on arguments about accountability and democratic representation. Although each discipline also contains important arguments against decentralization, as a broad generalization political scientists and economists have (recently) found the case in favor more compelling.

What I loosely term the “applied policy literature” comprises a huge body of work, much of it public-management-oriented, which attempts to draw lessons on the efficacy of decentralization from particular country or regional experiences, or

¹ Lecture, Technical Consultation on Decentralization, Rome, 16 December 1997.

² The title of Campbell (2001).

³ *ibid.*, p.2.

increasingly cross-country surveys. It can fairly be said to dominate the literature on decentralization, if only in terms of volume, and has had considerable influence on the approach of multilateral organizations and international policy analysts to reform. And yet its conclusions are far from clear-cut. A number of authors have already produced extensive surveys of this literature; it is not my intent to add to these, but rather to quickly summarize the main conclusions, and then focus on the findings that are of particular relevance to this study.

In their wide-ranging 1983 survey, Rondinelli, Cheema and Nellis note that decentralization has seldom – if ever – lived up to expectations. Most developing countries implementing decentralization experienced serious administrative problems. Although few comprehensive evaluations of the benefits and costs of decentralization efforts have been conducted, those that were attempted indicate limited success in some countries but not others. Nonetheless the authors conclude that guarded optimism is warranted, due to the small number of cases where decentralization had brought about small but clear improvements. A decade and a half later, surveys by Piriou-Sall (1998), Manor (1999) and Smoke (2001) also come to cautiously positive conclusions, but also with caveats about the strength of the evidence in decentralization's favor. Manor ends his study with the judgment that “while decentralization ...is no panacea, it has many virtues and is worth pursuing”, after noting that the evidence, though extensive, is still incomplete. Smoke asks whether there is empirical justification for pursuing decentralization and finds that the evidence is mixed and anecdotal.

Why has our understanding not advanced? The tentative nature of these conclusions contrasts with the sheer size of the literature: hundreds of studies written over five decades, ranging from close examinations of individual communities to international comparisons. Why, after so much time and given the vast scale of what is effectively an international social experiment, is empirical evidence on decentralization's effects so mixed? Part of the difficulty in any assessment of decentralization is that the claims made on its behalf are so many, and so varied. In the discussion below, I follow Inman and Rubinfeld, who nicely collapse the many justifications for decentralization into three broad arguments,⁴ and ask *How does decentralization affect (i) public sector efficiency, (ii) government responsiveness to local wants and needs, and (iii) political participation and a sense of the democratic community?* I should note that this

⁴ Inman and Rubinfeld (1997), p.44.

dissertation will focus squarely on the second question. I consider participation in depth as well, not for its own sake but as a means to the end of improved government responsiveness.

The first question, that of decentralization's effect on public sector efficiency, is an extremely broad one, ranging from large issues of macroeconomic management to specific questions of cost improvements on small-scale projects. On the former, Tanzi (1995) and Prud'homme (1995) set out clear examples of the dangers decentralization can pose to macroeconomic stability. Treisman (1999) cites recent events in Yugoslavia, Russia, Argentina and Brazil to suggest that decentralization can interact with economic liberalization to intensify fiscal, macroeconomic and even territorial instability. Dillinger and Webb (1999) show that decentralization has led to significant fiscal problems in Colombia, at both the national level as central resources are transferred outwards, and the sub-national level where unsustainable deficits have accumulated. And Wildasin (1998) cites a number of countries where decentralization-inspired deficits have put pressure on central banks to monetize debt, placing exchange rates and price stability at risk. Shah's (1998a) is practically the lone voice asserting that decentralized fiscal systems offer greater potential for macroeconomic management than do centralized systems, largely due to better clarity and transparency in the rules of the game.

On the related question of corruption, Fisman and Gatti (2000) – despite ambiguous predictions from the theoretical literature – find that fiscal decentralization is consistently associated with lower measured corruption across a sample of countries. But Blanchard and Shleifer (2000), distinguishing the case of Russia from Weingast's (1995) account of China, argue that local governments' capture by existing firms and the competition for rents by local officials eliminated incentives to firm entry in Russia, thus strangling a nascent economy. They attribute the absence of such behavior in China – and hence the superior performance of its decentralization – to political centralization through the party.

There is evidence that decentralization can improve cost efficiency at the sectoral level. Humplick and Moini-Araghi (1996) use panel data to study the cost of road provision; they conclude that concave resource costs are offset by downward-sloping “preference costs”, so that initial losses in economies of scale from decentralization are outweighed by efficiency gains when the locus of roadworks is closer to the people. Where road maintenance was decentralized, unit costs were lower and roads were of

better quality. In Mexico, World Bank studies of small-scale rural projects managed by the *Comités de Solidaridad* (community groups supported by World-Bank-financed projects) have found cost savings of up to 50% relative to similar projects managed by state agencies.⁵

Piriou-Sall describes a mixed record on education: in Brazil decentralization resulted in increased administrative costs, while Chile managed to avoid this problem. Decentralization also boosted the overall cost-effectiveness of health services in the latter country. Estache and Sinha (1995) highlight some of the methodological difficulties faced by the decentralization scholar. Their study of twenty countries' spending on infrastructure over ten years finds that decentralization increased both total and sub-national spending on public infrastructure. As they note at the outset, however, no conclusions can be drawn from this about whether decentralization made spending more or less efficient. They point out various data problems: the absence of information on autonomous parastatals' spending; the inability to distinguish between capital and recurrent expenditures; and finally the volatility of exchange rates and multiplicity of exchange rate regimes, which made data from one of the countries unreliable. To these can be added the perils of using measures such as the share of sub-national expenditure in total expenditure to define the degree of decentralization.⁶

Research into the question of the effect of decentralization on government responsiveness to local need is considerably more scarce. Piriou-Sall and Smoke agree that few scholars have systematically assessed the impact of decentralization on service delivery. One case study of decentralization in Colombia often cited found that satisfaction with government and local services improved notably after decentralization.⁷ In Brazil, Piriou-Sall notes that decentralization may have increased access to education, but might also have worsened inequalities between regions. In a carefully researched econometric study, Galasso and Ravallion (2000) show pro-poor program benefits increased with decentralization in Bangladesh. Case studies reported in Rondinelli *et.al.* and Manor find that decentralization increased the access of people in neglected rural areas to central government resources and institutions in most of the countries studied. The former note evidence from Indonesia, Morocco, Thailand, Pakistan, and Tunisia that shows "perceptible" improvements in resource distribution, extension of public services,

⁵ World Bank (1994).

⁶ See Smoke (2001), p.12 for a specific example.

⁷ World Bank (1995)

and project identification and implementation. Devolution in Papua New Guinea also seems to have made government more responsive to local needs, largely by improving the capacity of provincial administrators.

On this last point Manor stands out for his enthusiasm, citing what he terms strong evidence from Colombia, the Philippines, India and Côte d'Ivoire that decentralization enhances the responsiveness of government. His claim contradicts the *World Development Report 1997*, which states that little comparative evidence to this effect exists. Samoff (1990), on the other hand, finds the evidence negative, asserting that decentralization schemes around the world have largely failed to work. They have neither enhanced local capacities nor improved local programs, in large part because they were neutralized by elaborate mechanisms of central supervision and control. Slater (1989) supports this view with the example of Tanzania, where elected councils were eliminated and replaced by District Development Councils which reported directly to central government, leading one observer to comment that "the state was now moving its guns from Dar-es-Salaam to the villages".⁸

Turning to the question of political participation and democratic community, a cross-country study by de Mello (2000) makes use of indicators of social capital such as confidence in government and civic cooperation to suggest that social capital can be boosted by fiscal decentralization. He notes various weaknesses in the data as well as likely endogeneity problems which make his empirical findings suggestive rather than conclusive. Huther and Shah (1998) construct an index of quality of governance for a sample of 80 countries and find that indices of political freedom and political participation are positively correlated with an index of fiscal decentralization. They also find positive correlations between decentralization and indices of social development, economic liberalization, a quality index of economic management, and an overall government quality index, from all of which they infer causal relationships.

Various case studies described by Parker (1995) find evidence in Colombia, Mexico and Brazil that decentralization increased beneficiary participation in decision-making in rural development schemes, leading to superior outcomes. Parker also relates the suggestive story of decentralization in Bangladesh, where extremes of wealth and power allowed local elites to capture nascent local governments. Subsequent elections

⁸ Slater (1989), p.514, commentator unidentified.

overcame this distortion, however, and over 90 percent of local councilmen were ejected from office.⁹

The broad range of conclusions on the overall effects, or “performance”, of decentralization summarized above underline the deeper point that decentralization is inherently neither “good” nor “bad”, but rather an institutional form which may be useful in certain circumstances to achieve certain ends (Bird 1994, among others). The question then becomes: Under what conditions does decentralization flourish? A number of authors have focused on what variations in performance can tell us about the conditions necessary for successful decentralization. It is important at this stage to make a clear distinction between two fundamentally different sets of factors: essentially technocratic issues of program design; and the pre-existing, largely exogenous economic, political, social and other (geographic? cultural?) attributes of society that affect how it is governed. The first category is inspired above all by a concern for legal, institutional and political instrumentality, asking if the reforms it examines were appropriate to desired results. Parker’s “soufflé theory of decentralization”, which underlines the importance of achieving just the right mix of political, administrative and fiscal tools, falls clearly into it, as to a lesser extent do Rondinelli *et.al.* and Smoke. The second category is epitomized by Putnam’s (1993) argument that social capital, defined as horizontal linkages within society, is the decisive factor for achieving good local government. Putnam’s contribution is particularly salient to my research, and I return to it in Chapter 4. Other contributors include Fisman and Gatti, and Manor. This strain of the literature teaches us that decentralization is better suited to contexts with:

- democratic political traditions
- relative macroeconomic stability
- low local socio-economic disparities
- low levels of pre-existing political conflict
- high heterogeneity in demand for public services
- low population density, and
- legal origins in the common law system.

This study falls unequivocally into the second camp. I focus on the impact of decentralization within a single country, allowing me to take policy design and macro-institutional context as given, and focus instead on the differing effects of local economic, political and social characteristics as they vary across municipalities. Although such factors are properly held to be exogenous by theoretical political

⁹ Parker (1995), p.25.

economy, my research design in a sense endogenizes them as the central object of study. This is in explicit contrast to the program design school, which leaves such issues at the periphery of research, focusing instead on how policy tools and outcomes vary across countries. My approach is consistent with a judgement that social characteristics are more important than program design, which I do not disown.

But even such contingent results regarding when decentralization may be appropriate are few, and weak in light of the mass of studies undertaken. This is in large part due to a definitional failure at the core of the subject. Instead of articulating a clear definition of decentralization from the start, many authors have often allowed themselves to be led conceptually by the phenomena they have encountered. The quasi-spontaneous definition which has so emerged is thus opaque, malleable and ultimately unstable. It ranges from the deconcentration of central personnel to field offices in authoritarian systems, to wholesale divestiture of public functions to the private sector (see Ostrom *et.al.* (1993) and Rondinelli, *et.al.* for detailed discussions). As a result, researchers often use the same language to talk about different things, and the literature as a whole stagnates. This multiplication of meanings is not entirely incidental, as Slater notes, paraphrasing Curbelo.

The popularity of the concept of decentralization can be linked to a combination of elements – its ambiguity, its capacity to conceal more than it reveals, its identification with long-established sentiments, its facile justification from purely technocratic points of view and the political instrumentality that it potentially engenders.¹⁰

This study seeks avoid some of the pitfalls identified above first by proposing a definition of decentralization that is conceptually discrete, and so facilitates analytical precision.

Decentralization is the devolution by central (i.e. national) government of specific functions, with all of the administrative, political and economic attributes that these entail, to democratic local (i.e. municipal) governments which are independent of the center within a legally delimited geographic and functional domain.

I restrict my focus to decentralization under democratic regimes. The reasons for choosing this usage are both compelling and fortuitous. First, its restrictiveness aids analysis by excluding a number of phenomena which, though superficially similar, are in incentive terms fundamentally different to that which I study here;¹¹ this greatly simplifies the identification of endogenous and exogenous variables, and thus the

¹⁰ *ibid.*, p.501.

¹¹ Such as deconcentration and privatization.

measurement of ultimate effects. And second, the case of Bolivia involves precisely this form of decentralization, implemented vigorously.

I then seek to push the question of decentralization onto more fertile terrain by departing from the main body of literature in two important ways: (1) a one-country focus which seeks results that do not have worldwide generality, but are conclusive and convincing regarding the effects of decentralization in Bolivia; and (2) an explicitly interdisciplinary approach that combines econometric tests for broad questions amenable to such techniques with qualitative research that probes deeper into issues where data-intensive methods are either impossible or inappropriate. By marrying contrasting approaches in this way, I seek to generate a higher level of overall methodological rigor than either independently could achieve. In addition, the complex nature of decentralization processes, as well as the thread of my initial findings and the questions that they in turn prompted, argue for focused interdisciplinarity.

The text is divided into two parts. Part I, which opens with this chapter, relies mainly on the empirical and theoretical tools typical of applied economics to study the Bolivian experience. Chapter 2 begins describing Bolivia's 1994 reform, and then examines whether decentralization changed government responsiveness to local need, and if so how, using a unique database that includes measures of municipalities' social and institutional characteristics, as well as information on its policy-making processes. The tight focus of the question renders it both well-suited to the characteristics of the available data, and answerable in an unambiguous way. This methodological approach allows me to study variations in local social, economic and institutional characteristics while holding constant for national factors, variation in which bedevils cross-country studies generally. It also marks a break with the literature by adopting a quantitative approach to the question of responsiveness. Evidence to date on this issue is overwhelmingly qualitative, based on case study. My empirical tests show that decentralization did change the distribution and use of investment across Bolivia, with the ultimate effect of making government more sensitive to local need (e.g. education investment rises where illiteracy is higher). Impressively, these national changes were driven by the smallest, poorest municipalities investing in their highest-priority projects.

How can we explain such differences in behavior? What institutional or political features link policy-making to need at the local level while isolating them at the center? The empirical findings of Chapter 2 are consistent with a model of public investment in which local government's superior knowledge of local needs dominates the center's

technical and organizational advantage in the provision of public services. But in order to understand why decentralization has the effects that it does, we must understand how central and local government work; we must go beyond *ad hoc* assumptions and investigate the processes by which decisions are taken under each regime.

Chapter 3 uses econometric models of policy-making to do this. I seek to exploit information on the political, administrative and procedural characteristics of government to investigate the determinants of central and local government investment separately. The complex social and institutional nature of the mechanisms in question imply that such attempts push econometrics to the limits of its explanatory power, my extensive database notwithstanding. I find that central government investment is regressive both economically and in terms of need. Local government investment decisions are progressive, and largely determined by a competitive interest group dynamic which provides poorer citizens, as well as private sector firms and civic institutions, with political voice. This ensures that accountability is binding for elected officials. My results highlight the importance of the legal-political "hardware" of an open and transparent local political system, in marked contrast to the training and systems "software" approach that dominates many donors' good governance programs, which appears to have little effect on policy outputs. I also develop a model of government which relies on political bargaining between municipal representatives and central agents over the allocation of public resources. By invoking central government self-interest, I can explain the two central facts of Bolivian decentralization: (1) the sharp fall in the geographic concentration of investment, and (2) the sea-change in the uses of investment away from infrastructure towards the social sectors.

Part I underlines that in order to understand decentralization, both its aggregate effects and why it appears to work better in some places than others, we must comprehend the inner workings of local government. The tools of economic theory employed therein can suggest general reasons why certain changes occur, but are not adequate for analyzing in depth the social and institutional factors which actually bring them about, nor for establishing causality.

Thus Part II of the dissertation exploits qualitative information from extensive field work to conduct a much deeper and more detailed examination of local government in nine case studies, selected to broadly represent Bolivia's regional, economic, political and social characteristics. Chapter 4 introduces the main issues through the lens of political science's understanding of local government, and introduces the conceptual

framework of the new institutional economics. Chapters 5 and 6 provide an account of the workings of local government in the best and the worst cases, using the tools of comparative politics to analyze the character and interactions of the major political, economic and social actors in great detail. I seek to establish how democracy at the local level actually works – what is the social and institutional dynamic that leads to real policy decisions of the sort that generated the patterns found in Part I. I locate the fundamental causes of good and bad government in the economic structure of a district as it relates to the political party system, and in the cohesiveness and organizational capacity of its civil society. Chapter 7 abstracts away from these results to explain the local government process through the interactions of political, economic and civic actors. I describe a simple model of local government in which control rights over public institutions and resources are allocated to politicians in a first stage, and policy is determined in a second stage through a series of single issue lobbying sub-games. I then operationalize the model for qualitative research by collapsing it into an atemporal framework focused on the real institutions of local government, and their interactions with the major economic, political and social actors in a given district. I show how imbalances between these elements can cripple accountability and distort the policy-making process.

Chapter 8 returns to the other seven municipalities, testing the model on a larger and more diverse set of districts. It analyzes the economic, social and political determinants identified above, and shows that my local governance framework can explain the emergence of responsive and accountable institutions of government with greater accuracy than competing explanations of government performance. I review evidence from all nine case studies and identify the quality of local politics as emerging endogenously from interactions between economic structure and the degree of civic organization, both exogenously determined. Overall, civil society – and especially its coherence and organizational capacity – is the key to explaining local government performance. In order to understand where government works and where it doesn't, it is necessary to study the insertion of civil society into the governing process. Chapter 9 concludes by synthesizing the results of the dissertation, and returning to the question of why local government proved systematically more responsive to local needs than central government.

Lastly, a few words on the history of decentralization in Bolivia. Readers will notice that the subject is mostly absent from the chapters that follow. This is chiefly

because the topic is not directly related to the main thrust of my research agenda. Fully expecting the opposite, I investigated the economic and political history of reform in Bolivia extensively,¹² discovering that the most salient quality of decentralization was its ahistorical character. The Law of Popular Participation (LPP), as reform was christened, marked an important break with three decades of discourse amongst Bolivia's policy-making and regional elites. Since the 1960s, the decentralization debate focused on Bolivia's nine departments. Regional elites, especially the powerful *Comité Pro-Santa Cruz*, bid for power and resources by appealing to strong regional identities, and threatening civic disorder and even secession.¹³ Their efforts were largely blocked by concerns for the unity of a highly diverse nation with a chronically weak state.

So ingrained was this regional concept of decentralization in the policy discourse that, according to one close observer of the process, the first 30-odd drafts of the LPP ignored municipalities entirely.¹⁴ The idea to "go lower" originated late in the process with President Sánchez de Lozada himself, who sought above all to promote accountable local government. Remaining details were finalized by a small team of technocrats without consultation until the law was ready to be presented to the nation. Hence Bolivia represents an episode of discontinuous reform, and not a process of negotiation or accommodation amongst competing interest groups. Although the many local contexts of decentralization – historical and otherwise – are central to its success (or failure) across 311 districts, the national environment is simply less significant than it might be elsewhere. Moreover the history of decentralization – without doubt an interesting one – has already been told in accounts which are detailed and insightful.¹⁵

¹² The interviews in La Paz, for example, were mostly on this topic (see Interview List).

¹³ For a discussion of Santa Cruz's regionalism and central-local relations, see Rodríguez (1993), and Dunkerley (1984) Chapter 3.

¹⁴ David Tuschneider, World Bank rural development officer, interview, La Paz, 3 May 1997.

¹⁵ See for example Molina (1997), Gonzales-Arana (1992) and Grupo DRU (1996).

2

Does Decentralization Increase Government Responsiveness to Local Needs?

1. Introduction

Chapter 1 discussed the curious discrepancy between enthusiasm for decentralization amongst governments and policy analysts across the world, and the weak and contradictory evidence on its effects. In particular the literature records no econometric analysis of the effects of decentralization on government responsiveness to local needs, and relevant anecdotal evidence is ambiguous. This is especially surprising given that increased responsiveness constitutes one of the central claims in favor of reform. This chapter seeks to fill the gap by examining this question in a careful, methodical way using data from Bolivia. Focusing on one country allows me to control for political regime, external shocks, and other exogenous factors more systematically than a cross-country approach can. And Bolivia is particularly appropriate since reform was comprehensive and sustained, and so constitutes a social experiment. It also coincided with a huge upsurge in the collection of local-level and national data which are of surprising scope and quality, including political, institutional, and even procedural/administrative indicators for all of Bolivia's 311 municipalities. The use of such variables constitutes an innovation of this dissertation.

The remainder of the chapter is organized as follows. Section two discusses Bolivia's decentralization program, and then examines the changes in national resource flows which it brought about. Section three develops a model to analyze the trade-off between local government's knowledge of local needs v. central government's technical and organizational advantage in the provision of public services in districts with heterogeneous preferences. Section four tests whether decentralization changed public investment patterns across Bolivia's 311 municipalities, and then examines the determinants of this change focusing on variables of need. Section five concludes.

2. Decentralization In Bolivia

2.1 Popular Participation And The Decentralization Reform

On the eve of revolution, Bolivia was a poor, backward country with extreme levels of inequality, presided over by a “typical racist state in which the non-Spanish speaking indigenous peasantry was controlled by a small, Spanish speaking white elite, [their power] based ultimately on violence more than consensus or any social pact.”¹⁶ The nationalist revolution of 1952, which expropriated the “commanding heights” of the economy, land and mines, launched Bolivia on the road to one of the most centralized state structures in the region. The government embarked upon a state-led modernization strategy in which public corporations and regional governments initiated a concerted drive to break down provincial fiefdoms, transform existing social relations, and create a modern, industrial, more egalitarian society. To this end the President directly appointed Prefects, who in turn designated entire regional governments and associated dependencies, forming a national chain of cascading authority emanating from the capital.

Successive governments through the 1950s promoted the unionization of miners, laborers, peasants, public servants and professionals into a hierarchical “peak association”, whose representatives negotiated national policies directly with their similars from the private sector and government. Together these three planned the exploitation of Bolivia’s natural resources, the development of new industries, and sectoral and regional policy in a bid to orchestrate a rapid development process from the heights of La Paz. The intellectual trends of the 1950s-1970s, *Dependencia* theory, Import Substitution Industrialization, and Developmentalism, only contributed to this tendency, as did the military governments which overthrew elected administrations with increasing frequency from the 1960s on.¹⁷ With political power so little dispersed, there was little point in establishing the legal and political instruments of local governance. As a result beyond the nine regional capitals (including La Paz) and an additional 25-30 cities, local government existed in Bolivia at best in name, as an honorary and ceremonial institution devoid of administrative capability and starved for funds. And in most of the country it did not exist at all.

¹⁶ Klein (1993), p.237. Author’s translation.

¹⁷ See Klein (1993), Chapter 9.

Against this background, the Bolivian decentralization reform was announced in 1994. The Law of Popular Participation, developed almost in secret by a small number of technocrats, was announced to the nation to general surprise, followed by ridicule, followed by determined opposition of large parts of society.¹⁸ First made public in January of that year, the law was promulgated by Congress in April and implemented from July. The scale of the change in resource flows and political power that it brought about were enormous. The core of the law consists of four points:¹⁹

1. The share of national tax revenues devolved from central government to municipalities was raised from ten percent to twenty percent. More importantly, whereas before these funds were apportioned according to *ad hoc*, highly political criteria, after decentralization they are allocated on a strict per capita basis (see below).
2. Title to all local health, education, roads, irrigation, culture and sports infrastructure was transferred to municipalities free of charge, along with the responsibility to administer, maintain and equip it, and invest in new infrastructure.
3. Oversight Committees (*Comités de Vigilancia*) were established to oversee municipal spending of Popular Participation funds, and propose new projects. These are composed of representatives from local, grass-roots groups who can petition to have disbursements from central government suspended if they judge that such funds are being misused or stolen. When suspension occurs, the center undertakes no arbitration, but simply waits for the two sides to resolve their dispute, relying on economic incentives to speed agreement.
4. 198 new municipalities – 64% of the total – were created, and existing ones expanded to include suburbs and surrounding rural areas.

The reform heralded a new era of municipal government for the overwhelming majority of Bolivian towns and cities. In many parts of Bolivia where before the state was present, if at all, in the form of a local schoolhouse, health post, or perhaps military garrison or customs office, each reporting to its respective ministry, there was now for the first time elected local government accountable only to local voters.

2.2 Descriptive Statistics

The extent of the change is perhaps best appreciated by examining the changes in resource flows that it catalyzed. Figure 1 shows that before decentralization 308 Bolivian municipalities divided amongst them a mere 14% of all devolved funds, while the three main cities took 86%. After decentralization their shares reversed to 73% and

¹⁸ “Participación Popular: Se Cierne La Tormenta”, *Reflejos de la Semana*, No.368, 14-21 January 1994; “Injertos Tramposos en “Participación Popular””, *Hoy*, 19 January 1994; “La Declaratoria de Guerra del Primer Mandatario”, *La Razon*, 27 January 1994; “Arrogancia Insultante”, *Presencia*, 27 February 1994; and “Participación Popular: Se Democratiza la Corrupción?”, *La Razon*, 6 March 1994 are only a few of the many articles which appeared in the Bolivian press documenting popular reaction to the “Ley Maldita” (“Damned Law”).

27%. The per capita criterion resulted in a massive shift of resources in favor of the smaller, poorer districts.

Figure 1: The Changing Allocation of Public Funds

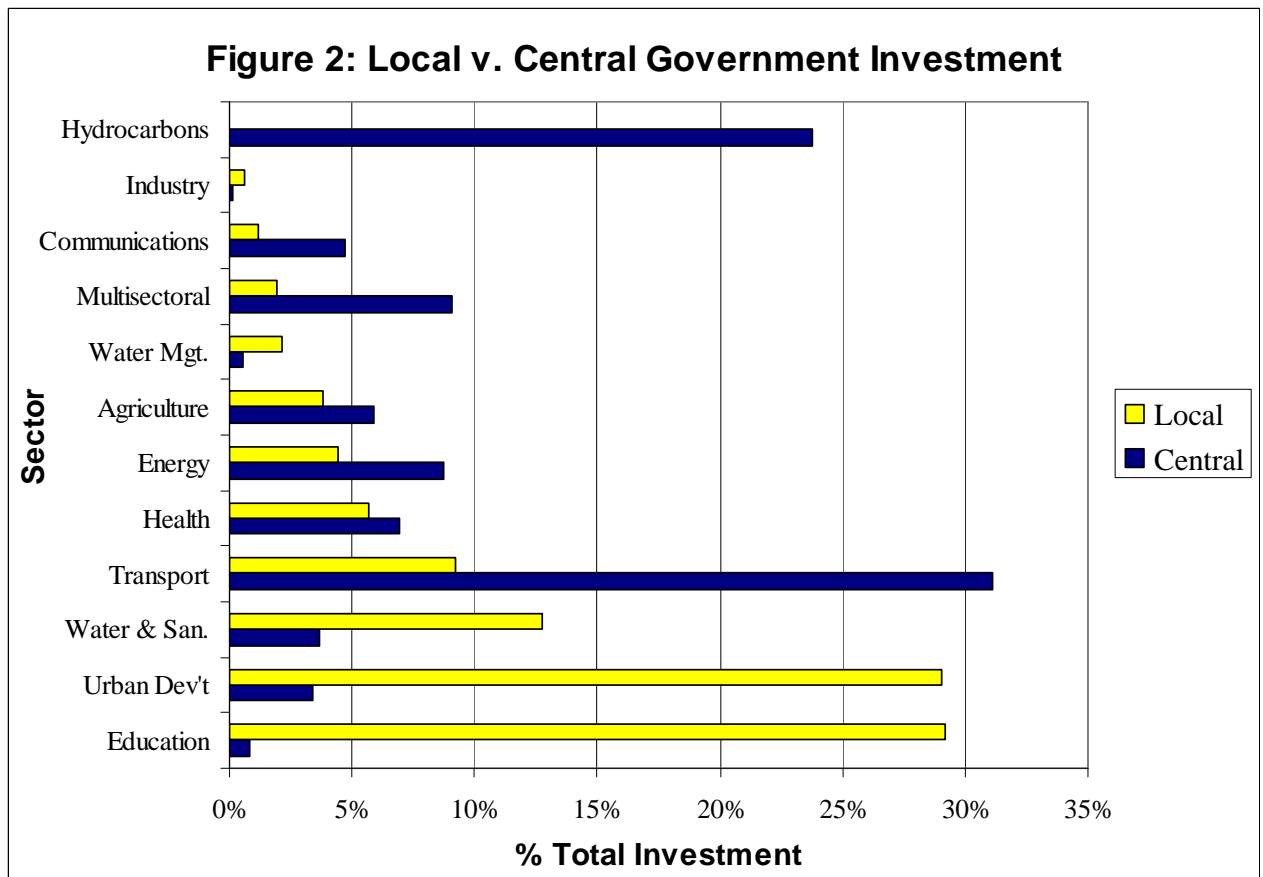
City	Central-to-Local Revenue Sharing (Bs'000)			% of National Total	
	1993	1995	% Change	1993	1995
La Paz	114,292	61,976	-46%	51%	10%
Santa Cruz	51,278	63,076	23%	23%	10%
Cochabamba	25,856	38,442	49%	12%	6%
3 Cities Sub-total	191,427	163,494	-15%	86%	27%
Rest of Bolivia	32,099	444,786	1286%	14%	73%
Total	223,525	608,280	172%		

A more important and telling change was to the composition of investment.

Figure 2 shows central and local government investment by sector for the periods 1991-3 and 1994-6 respectively. The differences are large. In the years leading up to 1994 central government invested the largest sums in transport, followed by hydrocarbons, multisectoral²⁰ and energy. Together these four sectors account for 73% of total public investment during 1991-3. But after decentralization local governments invest most heavily in education, urban development, and water & sanitation, together accounting for 79% of municipal investment. Of the sectors accounting for roughly three-quarters of total investment in both cases, central and local government have not even one in common. The evidence implies that local and central government have very different investment priorities.

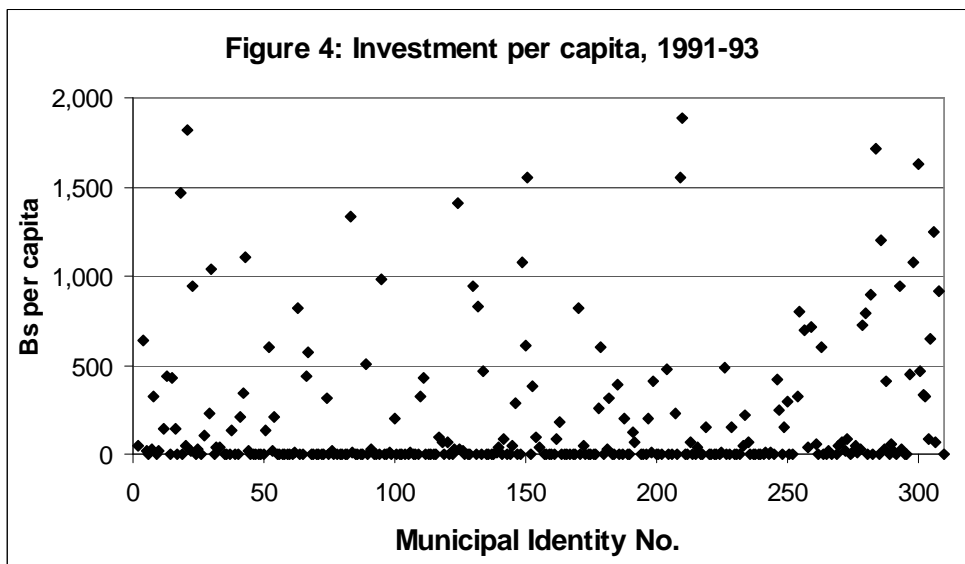
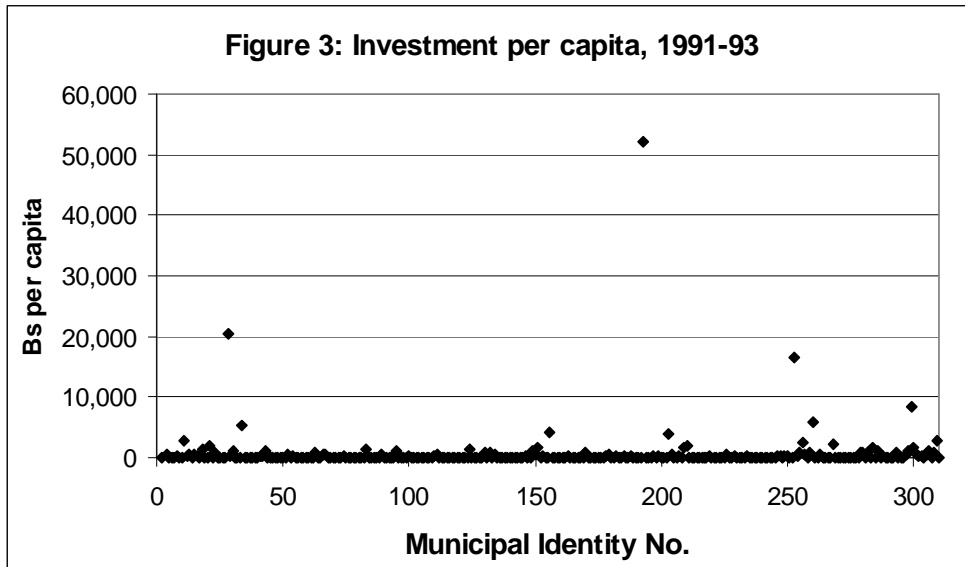
¹⁹ *Ley de Participación Popular, Reglamento de las Organizaciones Territoriales de Base*, Secretaría Nacional de Participación Popular, Ministerio de Desarrollo Sostenible y Medio Ambiente, 1994.

²⁰ A hodgepodge of projects including feasibility studies, capital acquisitions, technical assistance and emergency relief that is difficult to categorize.

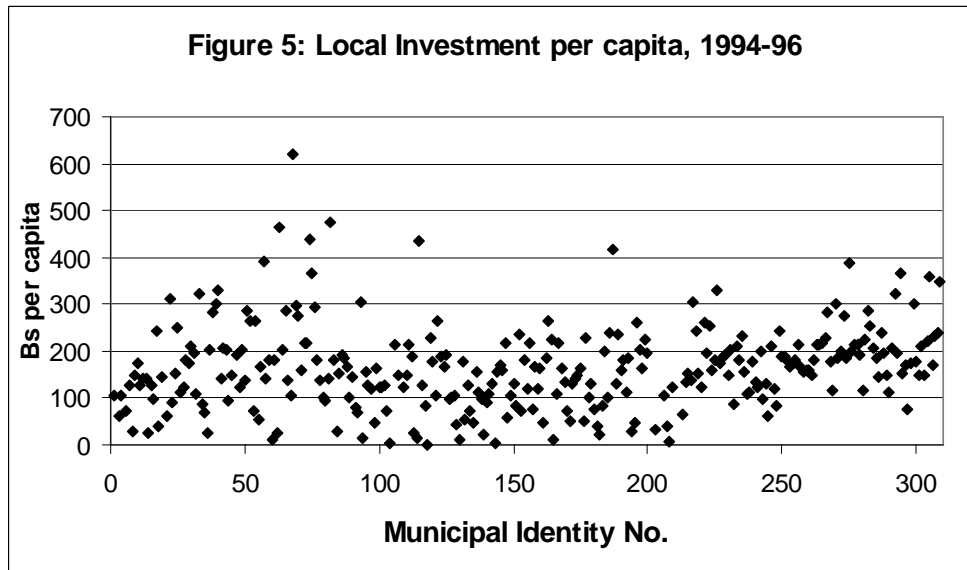


Lastly, it is instructive to examine how investment was distributed geographically among Bolivia's municipalities before and after decentralization. Figures 3-5 below give us a rough sense of this by placing Bolivia's municipalities along the horizontal axis and measuring investment per capita as vertical displacement. A highly skewed allocation would appear as a few points strewn across the top of the graph, with most lying on the bottom; an equitable distribution would appear as a band of points at some intermediate level. How does Bolivia compare? Figure 3 shows that per capita investment before decentralization was indeed highly unequal, with large investments in three districts and the vast majority at or near zero. Figure 4 corrects for the skewing effect of the highest observations by excluding the upper twelve and showing only those below Bs.2000/capita. Though the distribution now appears less unequal, there is still monotonically increasing density as we move downwards, with fully one-half of all observations on or near the horizontal axis. Investment under centralized government was thus hugely skewed in favor of a few municipalities which received enormous sums, a second group where investment was significant, and the unfortunate half of districts which received nothing. Compare this with figure 5, which shows municipal investment after decentralization. This chart shows no district over Bs.700/capita, a broad band with

greatest density between Bs.100-200/capita, and only a few points touching the axis. Average municipal investment for this period is Bs.208/capita, and thus the band contains the mean.²¹ These crude indicators imply that central government, with a much larger budget and free rein over all of Bolivia's municipalities, chose a very unequal distribution of investment across space, while decentralized government distributes public investment much more evenly throughout the country.



²¹ Investment sums here are much lower because they exclude central government funds.



3. Theory

3.1 Background

In terms of productive efficiency, central government should be naturally superior to local government so long as returns are at least slightly increasing. Any economic case for decentralization must therefore invoke a counterbalancing source of efficiency in which local government has an advantage. Different authors have approached the problem in different ways. Tiebout's (1956) seminal work posits a world in which individuals move costlessly amongst localities that offer different levels of provision of a public good. The ensuing competitive equilibrium in locational choices produces an efficient allocation. But this approach assumes a highly mobile population and fixed governments, which is at odds with both anecdotal evidence from Bolivia and studies of the (comparatively mobile) United States, as Bardhan (2001) points out.²² A better assumption would seem to be that government is the mobile element in most local democratic systems, changing with relative frequency, whereas the population is essentially fixed over typical, four or five year electoral periods. European countries' notably low rates of internal migration support this view. Tiebout-style "voting with your feet" is undoubtedly a valid mechanism for preference revelation at the margins, and may be more important for particular services, such as education. But the principal mechanism for joining demand and supply for public goods must involve the political process. Indeed this is arguably why local government exists at all.

Oates (1972) examines heterogeneity in tastes and spillovers from public goods through a model in which local government can tailor public goods output to local tastes, whereas central government produces a common level of public goods for all localities. He finds that decentralization is preferred in systems with heterogeneous tastes and no spillovers; with spillovers and no heterogeneity, centralization is superior on efficiency grounds. But Oates' results rest largely on his assumption of uniform central provision of public goods which, though it mirrors an empirical regularity, is theoretically ungrounded and problematic when viewed in the Bolivian context. Besley and Coate (1999) provide a model in which this restriction is lifted. Like Oates, they invoke uniform taxation to finance public goods provision. But they then devise a model of central policy-making in which elected representatives bargain over public goods provision in multiple districts. For heterogeneous districts, they find that decentralization continues to be welfare superior in the absence of spillovers, but centralization is no longer superior when spillovers are present. They also find that higher heterogeneity reduces the relative performance of centralization for any level of spillovers. This model is both more representative of how real central governments operate, and more in keeping with the facts of the Bolivian transition from centralized to decentralized provision. The results below can be interpreted as an indirect test of their findings, given reasonable assumptions about representative local utility functions. Thus construed, my results weakly support their findings.

Bardhan and Mookherjee (1998) develop a model of public service provision which examines the implications of decentralization for the targeting and cost-effectiveness of public expenditure. They find that for provision of a merit good available on competitive markets to the poor, decentralization dominates with respect to inter-community targeting and cost-effectiveness, though not necessarily for intra-community targeting. For the provision of infrastructure, decentralization dominates only if local governments are not vulnerable to capture, local government has adequate financing, inter-jurisdictional externalities do not exist, and local governments have all the bargaining power vs. public enterprise managers. On a separate but related issue, Persson, Roland and Tabellini (1997) examine how the separation of powers can lead to political accountability. They examine how voters can combine incentives produced by elections and the separation of powers to control moral hazard and reduce politicians'

²² Bardhan cites Hanson and Hartman's (1994) finding that few poor people move amongst US states in

rents under a variety of constitutional regimes (presidential, parliamentary, etc). Under appropriate checks and balances, they find that separation of powers helps voters elicit information about both politicians and the state of nature. These results are of interest not only here but for Part II as well, as the separation of powers is central to the operation of local government in Bolivia.

3.2 The Model

A country is made up of T districts, each with population n_j where the subscript j denotes district. Individuals, subscripted i , have linear utility $U_i = x_i + \theta_i b(g_j)$ where x_i is the amount of private good consumed by individual i , g_j is the amount of public good available in district j , and θ_i is individual i 's preference for public good g_j . I use θ_{mj} to denote the local median preference for the public good in district j . Local welfare is defined as median utility, $U_{mj} = x_{mj} + \theta_{mj} b(g_j)$. The function of government is to provide public goods, which it finances with a local head tax. I allow central government to have a cost advantage in the provision of public goods, such that the head tax needed to finance a given level of provision under central government is $\alpha g_j / n_j$ with $0 < \alpha \leq 1$, whereas the tax under local government is g_j / n_j . This cost advantage can derive from various sources, such as central government's superior technical knowledge or an organizational advantage which lowers the cost of complex public goods, or traditional economies of scale.²³ I also assume that local government ascertains θ_{mj} accurately, whereas central government ascertains θ_{mj} with probability p and θ_{-mj} with probability $(1-p)$. Probability varies as $p \in [0,1]$, and θ_{-mj} is defined as an unrestricted value of θ other than θ_{mj} .

Under decentralization, local government's problem in district j is

$$\max_g \left[\theta_m b(g) - \frac{g}{n} \right] \quad (1)$$

where for simplicity I drop all subscripts j . Local government thus maximizes provision of the public good given median local preference, which it finances with a head tax.

Taking first-order conditions and re-arranging yields

$$b'(g) = \frac{1}{n\theta_m} \quad (2)$$

search of higher welfare benefits.

²³ Certain types of public health interventions, for example, require specialized technical knowledge which central government may be able to obtain more cheaply than local government.

The level of public good provided by local government is thus an implicit function of θ_m , the median preference for the public good, and of the population n . Citizens receive the level of public good that they prefer, which they pay for fully.

Central government's problem is

$$\max_{g_1, \dots, g_T} \left[\sum_j (p\theta_{mj} + (1-p)\theta_{-mj}) b(g_j) - \sum_j \alpha \frac{g_j}{n_j} \right] \quad (3)$$

Solve for district j . Taking first-order conditions and re-arranging yields

$$b'(g) = \frac{\alpha}{n(p\theta_m + (1-p)\theta_{-m})} \quad (4)$$

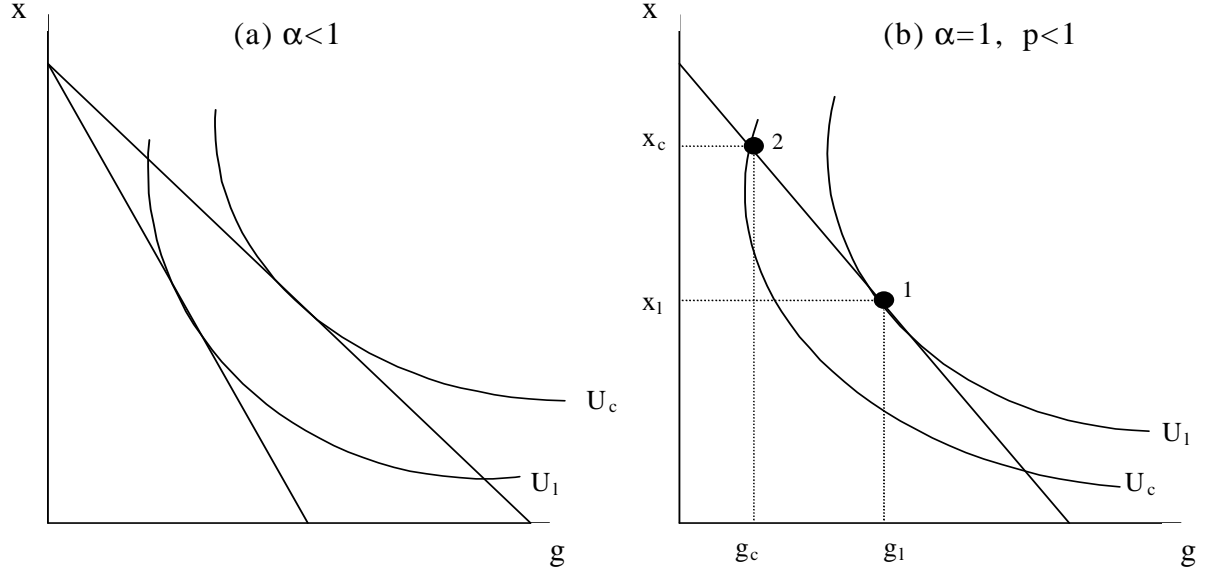
The level of public good provided by central government is thus an implicit function not only of local median preference and population, but also of the probability that central government correctly assesses local preferences, the difference between “true” local preferences and those otherwise ascertained by central government, and central government's cost advantage.

Hereafter the amounts of the public good provided in equilibrium by local and central governments, defined by equations (2) and (4) respectively, are denoted g_l and g_c . Utility is a strictly concave function of g , and hence $b''(g) < 0$. Comparing the two equations, it is easy to see that, *ceteris paribus*, public goods provision under central government will be higher than under local government when the former has a cost advantage ($\alpha < 1$). Citizens will prefer central government which, for a given head tax levied, provides more of the public good than does local government. This is clear from figure 6(a), where central government's cost advantage changes the slope of the budget line, and allows the residents of j to move from a local-government equilibrium on U_l to the new tangency on U_c where $U_c > U_l$.

For the sake of simplicity, I assume from this point on that $\theta_{-m} = 0$ and analyze central government's assessment of local preferences via the $p\theta_m$ term. The central government equilibrium is now defined by $b'(g_c) = \alpha/(np\theta_m)$. Where $p < 1$, central government underestimates local preferences, and *ceteris paribus* public goods provision will be lower than under local government. This is equivalent to comparing points 1 and 2 in figure 6(b). Because there is no cost advantage, the budget line remains the same and citizens consume less g but more x . Choosing central government entails moving to a lower indifference curve $U_c < U_l$, and citizens prefer local government provision. When

$p=1$ the center accurately assesses local preferences, provision is equal to that under local government (point 1 below), and citizens are indifferent between the two regimes.

Figure 6: Utility Under Central v. Local Government



By setting $b'(g_c) = b'(g_l)$ we can find critical values for the indifference points at which the countervailing effects are equal. It is straightforward to see that if $\alpha = p$, citizens will be indifferent between central and local government, as the center's inaccuracy in assessing local preferences is counterbalanced by its cost advantage, and provision of $g_c = g_l$. If $\alpha > p$, the cost advantage is dominated by the center's inaccuracy in measuring local preferences, and $g_c < g_l$. Citizens will prefer local government. If $\alpha < p$, then the center's cost advantage outweighs its inability to perceive local preferences accurately, and $g_c > g_l$. Citizens prefer central government. These results are summarized in figure 7.

Figure 7

Indifference condition:

$$b'(g_c) = b'(g_l) \Rightarrow \frac{\alpha}{np\theta_m} = \frac{1}{n\theta_m}$$

Assuming	Condition	Result	Preference
$\theta_m = 0$	$\alpha > p$	$g_c < g_l$	Local
	$\alpha < p$	$g_c > g_l$	Central

For simplicity, the analysis above depicts the function of the public sector as the provision of a single public good g , and examines the effects of competing political and institutional factors on that provision. In reality, of course, local and central governments provide many public and private goods and services, and perform a large variety of functions which this approach is too simple to capture. Cost advantage and assessment inaccuracies are likely to affect these different activities in different ways. Section four examines this question empirically by comparing central and local investment patterns across ten different sectors for Bolivia before and after decentralization.

4. Empirical Tests: Decentralization and Investment

4.1 Methodology

My objective is to test whether decentralization made public investment more responsive to local needs in Bolivia. This can usefully be decomposed into two questions: (i) did the pattern of public sector investment change with decentralization? and if so, (ii) do indicators of need determine that change? It is possible that public investment did not change with decentralization. If so decentralization and centralization would be largely equivalent from an economic perspective, though one might be preferable to the other on political or administrative grounds. If decentralization did change investment patterns it becomes important to try to characterize this change in terms of welfare and distribution, and determine which social and institutional factors were most important in defining it. Ideally public goods would be measured in quality-adjusted units of output, separated by type. But such information is unavailable for Bolivia, and instead I measure investment inputs in the form of resources expended on public investment projects. This approach has the advantage of using natural, non-controversial units, and of facilitating comparisons across different sectors. I separate these flows into thirteen distinct sectors, of which I analyze ten (see figure 9).²⁴

For each sector I estimate the model

$$G_{mt} = \beta_1 \alpha_m + \beta_2 \alpha_m^* + \beta_3 \delta_t + \epsilon_{mt} \quad (5)$$

²⁴ Multisectoral includes a sufficient diversity of projects as to be functionally meaningless as a category. And almost no local governments invest in Hydrocarbons or Mining, rendering comparisons across regimes impossible.

where α_m and δ_t are vectors of state and year dummy variables as per above, and α_m^* is the product of α_m and a decentralization dummy variable which takes the values 0 before 1994 and 1 after (i.e. post-decentralization).²⁵ Investment patterns are thus decomposed into three terms: a state effect, α_m , which captures all of the characteristics of a state fixed in time, a year effect, δ_t , which captures year shocks and time-specific characteristics, and a decentralization-interacted state effect, α_m^* , which captures state-specific characteristics commencing in 1994 which were previously absent. As decentralized public goods provision began in 1994, this term will capture the effects of local government, local civic associations and other local institutions that sprang up with the reform, and social and political dynamics more generally that impact upon local government but lay dormant under central rule. The data cover the period 1987-1996.

I then perform three tests:

1. $\beta_1 = \beta_2$ Means test. This is a simple t-test to determine whether the means of the α_m and α_m^* coefficients are significantly different for each sector. Significance indicates that decentralization changed national investment patterns through the effects and actions of local governments.
2. $\beta_{1m} = \beta_{2m}$ Individual tests. This F-test checks municipality by municipality whether the decentralization-interacted state coefficients are different from the simple state coefficients for investment in a given sector. A significant F-test constitutes evidence that decentralization caused a change in local investment patterns in a particular municipality. Significance in many municipalities constitutes stronger evidence that decentralization changed national investment patterns.
3. Lastly, I place the *differences* in state dummy coefficients on the LHS and estimate the model

$$\beta_{2m} - \beta_{1m} = \zeta S_m + \eta Z_m + \epsilon_m \quad (6)$$

for each of ten sectors, where S is a scalar or vector of the existing stock of public services (variously defined, as we will see below) at an initial period, and Z is a vector of institutional and civic variables, both indexed by municipality m . This approach isolates those changes in investment patterns resulting from a move to a decentralized regime and then examines its determinants. Notice that equation (6) is a general-form and not structural model, and hence the results will not be sensitive to specific theoretical assumptions.

The LHS variable should by construction be unrelated to all factors which remain constant between the two periods, and thus I omit socio-economic, regional and other variables which do not vary between the centralized and decentralized regimes. I

²⁵ Thus α_m^* takes the value 0 for all municipalities and all years before 1994, and is identical to α_m for all years from 1994 onwards.

assume that the variables in Z , as well as the stock of public services in the ten sectors of interest, S , are constant over the period in question.²⁶

Literally hundreds of variables that might be included in the Z vector are available for Bolivia. To facilitate analysis, and in order to combine very specific Z -type variables into more meaningful and conceptually defensible indicators, I characterize them according to the groups in figure 8, and construct principal component variables (PCVs) for each.

Figure 8: Interpretation of PCVs

PCV Group	PCV No.	Interpretation - Variable increases in... listed in order of importance, where applicable (see Annex 1 for details)
Civil Institutions	1	Strength of local civil institutions and organizations
Private Sector	1	Dynamism of the local private sector
Training & Capacity-Building	1	Intensity of the local capacity-building efforts undertaken by/for local government
Information Technology	1	IT systems - hardware and software
Project Planning	1	Informed project planning which follows consensual and open procedures

This process is explained in detail in the following section (4.2). The PCVs and their constituent variables, as well as variables of need, are summarized in Appendix 1.

Equation (6) can thus be written

$$\beta_{2m} - \beta_{1m} = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_5 Z_{5m} + \varepsilon_m, \quad (7)$$

where subscripts 1 to 5 denote the groups above.

In theoretical terms, the main coefficient of interest is ζ , which is interpreted as an indicator of the degree to which investment is based on need. I define “need” as the marginal utility arising from a particular type of public service, $N = U'(g)$, where N is need and utility is defined as in the model in section 3.2. In the language of the model, let $\theta_m = U'(g)$. Hence need falls as the stock of g rises, and vice versa. I use two types of information as indicators of the stock of public services: (1) the penetration rates²⁷ of public services or benefits in the local population, r , or the population without access to the same, $1-r$,²⁸ and (2) the initial per capita stock of infrastructure (at the outset of decentralization). Examples of these are: (1) the literacy and illiteracy rates, the share of population without water or sewerage; and (2) the number of sports facilities and

²⁶ For most of the demographic and socio-economic variables in question, which tend to show change that is statistically significant only over longer periods of time, this is reasonable. It is less reasonable in the case of the S variable. Unfortunately the data leave no choice.

²⁷ Note that “rate” here denotes a stock and not flow concept.

markets per capita in 1994. Of these, type 1 variables can be considered truer indicators of need, as they better capture the criterion of public service use by the population and are likely to be better measures of the flow of benefits produced by public investments. Type 2 variables indicate existence more than exploitation by the local population, and hence should be less accurate indicators of need. I use type 2 variables when type 1 variables are unavailable. It is also important to note that need here is a relative concept, rising and falling with $U'(g)$. This is an important distinction, as the semantics of its common usage imply that need is an absolute, and even discrete, concept, existing in some places (at some times) but not in others.

Following the argument in section 3.2, I expect ζ to be negative and significant when S_m is measured by the penetration rate r , and positive and significant when S_m is measured by $(1-r)$. If S_m is measured by r , a negative coefficient suggests that decentralized government invests more heavily in a type of public good where it is scarce, and hence presumably where it is more strongly preferred. Decentralization would thus lead to a more progressive investment pattern in terms of objective need than obtained under centralized government. A positive coefficient implies that decentralized government behaves regressively, accentuating the pre-existing differences in public goods endowments. I interpret this as evidence that the relationship posited in 3.2 is exactly backwards, and central government allocates public investment with more sensitivity to need than local government. A coefficient equal to zero suggests that local government does not take the existing stock of public goods into account at all in making its investment decisions, implying that the model is misguided and local preferences should not appear in the expression.

The variables in Z are not included as mere controls, however. Their coefficients, η , are of interest insofar as they help explain the institutional, civic and procedural determinants of decentralized investment decisions, and so constitute indirect tests of the theoretical argument above. The case put forward by political scientists²⁹ for local government's superior assessment of local preferences and needs includes greater sensitivity to grass-roots demand, greater accessibility of local lobby groups to local government, and greater political accountability to the local populace. Some of the ways in which this can happen include the use of participative planning techniques, and the existence of private sector and civic organizations that are strong and dynamic.

²⁸ I use both for education, and obtain the expected variation in sign in our results (see below).

Remember that these factors were not relevant to central decision-making, which occurred in the center. Hence I interpret positive coefficients on these PCVs as weak evidence that local government assesses preferences more accurately than central government, implying that the value of p is less than 1 and the difference between real preferences and those perceived by the center ($\theta_m - \theta_{-m}$) is high.

4.2 Empirical Approach and Data Reduction

The surprisingly large amount of information available for Bolivia during the period 1987-1996 demands a strategy for choosing, from among 1200+ variables, those which are most appropriate and most closely related to the underlying concepts I wish to test. In particular a number of measures in which I am interested are present in my dataset as multiple, finely differentiated variables the interpretation of which – collectively and across sectors – is problematic. I have, for example, sixteen variables of municipal capacity-building exercises by type, and thirteen variables measuring technical assistance drafting municipal development plans. The challenge is to reduce such groups to at most one indicator each without loss of information.

I commence by narrowing down the dataset to a manageable size. My empirical strategy is iterative, and begins by finding the best idiosyncratic model of public investment for each of the ten sectors of interest. I fit the equation

$$G_m = \zeta S_m + \eta Z + \epsilon_m , \quad (8)$$

separately for central public investment (1991-3) and local public investment (1994-7) where G_m is aggregate investment per capita in the public good subscribed by municipality, S_m is a scalar or vector of the existing stock of public goods of that type (variously defined) at an initial period, and Z is a vector of socio-economic, demographic, regional, political, institutional, administrative and procedural variables which might affect investment decisions. The use of the Z term follows the literature on the demand for public goods exemplified by Bergstrom & Goodman (1973) and Rubinfeld, Shapiro and Roberts (1987) within the context of the available data. In particular, no income data is available at the municipal level in Bolivia, and so I substitute several alternative indicators of income and wealth, for example type of cooking fuel, and housing size, quality and related characteristics. But I expand the scope of the Z vector considerably compared to previous authors by including measures of the strength of local political forces as well as municipal institutional capacity. This

²⁹ See for example Wolman in Bennett (1990).

innovation allows me to investigate the micropolitical basis of local government decision-making, explored in detail in Chapter 3.

No constraints across sectors are allowed on the particular variables admissible in Z . I use the Huber/White estimator of variance to produce consistent standard errors in the presence of non-identically distributed residuals. This produces ten different models of public sector investment, one for each sector. Individually these models are quite satisfactory, with high R^2 and few variables insignificant. But because of large variation in the specification of the Z vector, comparison across sectors is problematic. Additionally, on a theoretical level these models would seem to assert that public investment in different sectors happens according to different processes, in which different variables intervene. This is evidently unsatisfying.

In a second iteration I re-estimate equation (8) holding the Z vector constant across all sectors. But I take advantage of the previous stage by using only those variables found significant there; in this sense the previous stage constitutes a method for reducing the 1200+ indicators to a subset of 197. But a dimensionality problem persists even so. I then employ a method of forward and backward substitution and elimination in order to reduce this subset to 22 variables encompassing the thirteen categories of Z , in specifications of 23-30 variables overall. These models benefit from being readily comparable across sectors. The ratio of significant to insignificant variables drops sharply compared to the first stage, however, and R^2 values are somewhat lower.

The insignificance of the variables chosen is not entirely separable from the issue of comparability, however. In these results none of the variables is significant in most of the sectors, and many are significant in only two or three. How does one interpret a given variable across sectors, knowing that an alternative one from the same group would produce a different pattern of significance and insignificance? For example, how do we interpret the insignificance of a given training & capacity building variable in most models when we know from stage one that there is at least one alternative such variable that is significant for each sector? We evidently cannot assert that capacity building does not matter and must conclude that the comparability constraint forces us to omit information from our models that is important in explaining investment behavior.

Indeed, given that there are 197 variables, many of them quite specific, which have explanatory power over the dependent variable, *any* subset of twenty, 30, or even 100 will omit valuable information. I require a solution that allows me to retain the full breadth of information, and yet produce a specification which is both comparable and

parsimonious. I turn to principal component analysis, a data reduction technique in which the objective is to find the unit-length combinations of explanatory variables with the highest variance. I follow Maddala (1977) in calculating variables z_1 to z_k where z is a linear combination of the x variables,

$$z_1 = a_1x_1 + a_2x_2 + \dots + a_Lx_L$$

$$z_2 = b_1x_1 + b_2x_2 + \dots + b_Lx_L \quad \text{etc.}^{30}$$

ranked in order of variance, with highest first. Principal component analysis regresses y on z_1, z_2, \dots, z_k , where $k < L$ and z 's are constructed so as to be orthogonal. So long as the z 's chosen represent combinations of variables that have economic meaning and can be interpreted, this provides a method for estimating parsimonious models with limited loss of information.

I calculate a set of principal component variables (PCVs) based on the raw variables retained in stage one. I discard all those with low eigenvalues, as per normal procedure, and then find the remaining subset which optimally estimate equation (8), where Z is a vector of PCVs. The eigenvectors associated with each of the PCVs used in this chapter are listed in Appendix 1, along with more detailed interpretations of each PCV.

4.3 Results

Figure 9 shows the results from the means test $\beta_1 = \beta_2$. Mean values are significantly different at the 0.1% level for education, water & sanitation, agriculture, transport, urban development and communication, and at the 1% level for industry & tourism and water management. In health, values are significantly different at only the 13% level, and worse for energy. The evidence is that decentralization changed national investment patterns in the first eight sectors. Examination of the β_2 values indicates that the effect of local government on average investment under decentralization was to increase investment in education, urban development, water management and perhaps health, no change in energy, and decrease investment in agriculture, transport, communication, industry and tourism, and (puzzlingly given the increase in water management) water & sanitation. But figure 10 shows that the number of municipalities investing in these sectors increased for all except agriculture. This implies that the concentration of investment fell, as more municipalities invested in a large number of (often smaller) projects in nine sectors.

³⁰ For further treatment of this topic, see also Greene (1997), and Jackson (1991).

Figure 9

Test 1: Coefficients Equal? Test $\beta_1 - \beta_2 = 0$

Sector	Variable	Mean	Std Error	Test t-statistic	Test P Value
Education	β_1	0.00128	0.00032	-22.798	0.0000
	β_2	0.01685	0.00042		
Water & Sanitation	β_1	0.00374	0.00043	17.343	0.0000
	β_2	-0.01174	0.00049		
Agriculture	β_1	0.00867	0.00080	8.667	0.0000
	β_2	-0.00535	0.00086		
Transport	β_1	0.05464	0.00890	5.967	0.0000
	β_2	-0.05152	0.00890		
Urban Development	β_1	0.00307	0.00049	-5.324	0.0000
	β_2	0.00791	0.00053		
Communication	β_1	0.00191	0.00032	4.011	0.0001
	β_2	-0.00055	0.00031		
Industry & Tourism	β_1	0.00101	0.00023	3.768	0.0002
	β_2	-0.00071	0.00023		
Water Management	β_1	0.00075	0.00018	-2.932	0.0034
	β_2	0.00182	0.00020		
Health	β_1	0.00258	0.00038	1.540	0.1238
	β_2	0.00141	0.00041		
Energy	β_1	-0.00489	0.00185	1.281	0.2004
	β_2	-0.00963	0.00186		

Figure 10
Number of Municipalities Receiving Investment, by Sector (in municipality-years)

Sector	%		
	Before	After	Change
Urban Development	66	675	923%
Education	75	685	813%
Health	95	484	409%
Water Management	46	175	280%
Communications	38	97	155%
Water & Sanitation	202	506	150%
Energy	180	259	44%
Industry & Tourism	44	60	36%
Transport	357	444	24%
Agriculture	343	309	-10%

Figure 11 shows the number of municipalities where we can reject the hypothesis $\beta_{1m} = \beta_{2m}$, that is, the number of municipalities where decentralization changed investment patterns significantly during the first three years. The test is significant in about three-quarters of municipalities for water & sanitation and education, and in one-third of municipalities for urban development and water management, but in only one-fifth of municipalities for agriculture and health and fewer in other sectors. This suggests that investment patterns changed significantly for water & sanitation, education, urban development and water management, did not change for industry & tourism, energy, communication and transport, with agriculture and health on the border between significantly different and not. Taking into account the results from test 1, I conclude that agriculture spending did change significantly between the two periods, while for health it may have but the evidence is inconclusive. Thus two sectors can be added to the two above for which decentralization did not significantly change investment patterns across Bolivia's 311 municipalities. From this point the analysis focuses on water & sanitation, education, urban development, water management and agriculture.

Figure 11

Test 2: Coefficients Equal?

$$\text{Test } \beta_{1m} - \beta_{2m} = 0$$

Sector	No. Significant	% Significant
Water & Sanitation	224	76%
Education	209	71%
Urban Development	107	36%
Water Management	105	36%
Agriculture	65	22%
Health	49	17%
Transport	29	10%
Communication	7	2%
Energy	7	2%
Industry & Tourism	7	2%

These results can best be understood by considering the following: (i) One-half of all municipalities in Bolivia received no public investment at all during the three years before decentralization, and these are for the most part the poorest municipalities. As all municipalities have funds to invest post-decentralization, the most pronounced changes in investment patterns are accounted for by the poorest municipalities. And, (ii) given high levels of poverty and low levels of public investment before decentralization, poor municipalities have a need for investment in more than one sector. Thus, rather than spread resources around thinly, most reasonably choose to concentrate investment in a few, high-priority sectors during the initial years of decentralization.

Hence the results are driven by investment by the poorest districts responding to their greatest needs. By revealed preference we can infer that local administrations in these areas prioritize basic social service projects above productive projects, and productive (i.e. income-enhancing) projects in turn above economic infrastructure. Hence they will tend to invest in education and water before agriculture, and agriculture before transport or communication. Because only a few years of post-decentralization data are available, the F-test is expected to fail in low-priority sectors, as poor municipalities received little or no investment under central government and continue to invest little under decentralization. In high-priority sectors, however, investment will leap upwards from a very low base if decentralization matters. This is indeed what happens. Decentralization leads to an increase in investment in water & sanitation and

education in three-quarters of all municipalities, and urban development and water management in one-third. There are moderate changes in investment patterns in agriculture and health, and very little change in transport, communication, energy and industry & tourism. In conclusion, decentralization did change the pattern of Bolivian public investment, and this difference was strongest in the social services and urban development.

Test 3 investigates the determinants of the difference in dummy state variables, $\beta_2 - \beta_1$, equivalent to the increase in investment due to decentralization. Results are examined sector-by-sector, beginning with education.

Education

Figure 12

Test 3: $\beta_{2m} - \beta_{1m} = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_5 Z_{5m} + \epsilon_m$

Independent Variable	Model*				
	I	II	III	IV	V
Private Sector PCV1	-0.000983 (-2.466)	-0.00121 (-3.004)	-0.00106 (-2.689)	-0.0003 (-1.004)	-0.00056 (-1.619)
Project Planning PCV1	-0.000538 (-0.919)	-0.00049 (-0.830)	-0.00055 (-0.925)	-0.00037 (-0.703)	-0.00052 (-0.879)
Civil Institutions PCV1	0.000973 (1.752)	0.00101 (1.774)	0.00103 (1.839)		
Training & Capacity Building PCV1				-0.00063 (-0.591)	
Information Technology PCV1					0.00118 (1.010)
Illiteracy Rate (Adult)	0.000173 (2.906)			0.00019 (3.116)	0.0002 (3.306)
Illiteracy Rate (Over-6's)			0.00018 (2.505)		
Literacy Rate		-0.00011 (-1.844)			
Local Education Authority	0.005603 (1.421)	0.00534 (1.356)	0.00543 (1.378)	0.0053 (1.354)	0.00479 (1.379)
_constant	0.0075759 (1.814)	0.02037 (3.728)	0.00806 (1.816)	0.00722 (1.862)	0.00704 (1.731)
R-square	0.0176	0.0136	0.0162	0.0155	0.0172
Prob>F	0.001	0.0025	0.0016	0.0128	0.0104

* OLS regressions reported with robust standard errors

t-stats in parentheses; PCV1 = 1st principal component variable

Investment rises under decentralization where the illiteracy rate is higher, and investment is thus progressive in terms of need. This implies that local government is more sensitive to local need than central government. This finding is not sensitive to specification or to the measure of illiteracy used, as is evident in Figure 12 above, where the literacy rate is significant and negative. In terms of the model of section 3.2, the results imply that $p < 1$, and hence that the center assesses local preferences less accurately than local government. Educational investment falls where the private sector is stronger, a finding which is again insensitive to specification. This is most likely because private firms lobby for resources to flow to other sectors where they stand to profit more. The results for urban development (below) support this interpretation. Civil Institutions, by contrast, lead to an increase in investment after decentralization, suggesting grass roots support for education (i.e. parents worried about their children). Participative planning methodologies have no effect on investment, nor do information technology or local training and capacity-building activities.

Water & Sanitation

Figure 13

Test 3: $\beta_{2m} - \beta_{1m} = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_5 Z_{5m} + \epsilon_m$

Independent Variable	Model*			
	I	II	III	IV
Private Sector PCV1	0.000123 (0.130)		-0.000856 (-1.265)	-0.000712 (-1.058)
Project Planning PCV1	-0.003165 (-2.002)		-0.003322 (-2.237)	-0.003517 (-2.205)
Civil Institutions PCV1	-0.001227 (-1.230)			
Training & Capacity Building PCV1			-0.001129 (-1.161)	
Information Technology PCV1				-0.000196 (-0.163)
% Pop. w/out Sewerage	0.000194 (1.881)		0.000170 (1.768)	0.000180 (1.756)
% Pop. w/out Water		0.000157 (1.791)		
_constant	-0.030616 (-3.324)	-0.027167 (-4.492)	-0.028461 (-3.348)	-0.029259 (-3.217)
R-square	0.0323	0.0064	0.0320	0.0302
Prob>F	0.0000	0.0743	0.0000	0.0000

* OLS regressions reported with robust standard errors

t-stats in parentheses; PCV1 = 1st principal component variable

Investment rises under decentralization where more people have no sewerage. It also rises where the percent of the population without access to drinking water increases, though this finding is sensitive to specification and drops out when other variables are included in the model. Thus local governments invest more where need is greatest, and investment is progressive in terms of need. This implies that $p < 1$ in the model above. Participative planning methodologies are significant and negative, thus decreasing investment, and the private sector and civil institutions are both insignificant. This last result is surprising given the positive effect of civil institutions on investment in education.

Water Management

Figure 14

Test 3: $\beta_{2m} - \beta_{1m} = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_5 Z_{5m} + \varepsilon_m$

Independent Variable	Model*			
	I	II	III	IV
Private Sector PCV1	0.000171 (0.602)	0.000170 (0.609)	0.000056 (0.405)	0.000155 (0.758)
Project Planning PCV1	-0.000550 (-0.877)	-0.000540 (-0.878)	-0.000533 (-0.906)	-0.000525 (-0.829)
Civil Institutions PCV1	-0.000171 (-0.655)	-0.000182 (-0.655)		
Training & Capacity Building PCV1			-0.000024 (-0.063)	
Information Technology PCV1				-0.000445 (-1.326)
% Pop. w/out Water	-0.000087 (-2.363)		-0.000088 (-2.339)	-0.000088 (-2.412)
% Pop. w/Water (Int. Plumbing)		0.000135 (0.879)		
% Pop. w/Private Standpipe		0.000067 (1.639)		
% Pop. w/Public Standpipe		0.000101 (2.012)		
% Pop. w/out Sewerage	0.000085 (2.217)	0.000110 (1.485)	0.000087 (2.249)	0.000077 (2.097)
% Pop. w/"Other" Sewerage**	0.000113 (1.793)	0.000139 (2.481)	0.000112 (1.850)	0.000103 (1.725)
_constant	-0.001260 (-0.393)	-0.012457 (-1.441)	-0.001367 (-0.404)	-0.000426 (-0.136)
R-square	0.0110	0.0114	0.0103	0.0116
Prob>F	0.0832	0.1422	0.0824	0.0635

* OLS regressions reported with robust standard errors

t-stats in parentheses; PCV1 = 1st principal component variable

** "Other" Sewerage refers to non-public-utility, non-septic-tank methods of sewerage disposal.

Does Decentralization Increase Responsiveness to Needs?

The water management sector is related to water & sanitation but is broader in scope, including reservoirs and wastewater treatment lagoons, levees, and storm drainage works. In general the degree of overlap between the two sectors is high, and similar indicators of need are used for both. Investment in water management is lowest where the share of population with no access to water is highest, rises as more people have access to public and private standpipes, and then falls again as internal plumbing becomes widespread. Investment is also highest where few people have access to sewerage, or access to rudimentary sewerage, and decreases as municipal sewerage systems become widespread. These results point to investment that is progressive in terms of need at intermediate and high levels of provision, with a poverty trap amongst the most needy. Within this range, local government fails to respond to need and central government provision is superior. The model can explain this indirectly, if in these neediest districts the costs and complexity of making initial investments in water are so great (*e.g.* from developing water sources, laying water mains and building treatment plants) that local governments cannot undertake them alone, but once these initial investments are made the marginal costs of extending the system are manageable. In the language of the model, central government has a cost advantage over local government for initial investments, $\alpha < 1$. But at intermediate and higher levels of provision $p < 1$ and local government's needs-orientation dominates. Perhaps surprisingly, institutional and civic variable appear to have no effect on investment – only variables of need matter.

Agriculture

Figure 15

Test 3: $\beta_{2m} - \beta_{1m} = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_5 Z_{5m} + \epsilon_m$

Independent Variable	Model*		
	I	II	III
Private Sector PCV1	-0.000286 (-0.156)	-0.000665 (-0.466)	-0.000837 (-0.657)
Project Planning PCV1	-0.005871 (-1.819)	-0.005644 (-1.727)	-0.005932 (-1.853)
Civil Institutions PCV1	-0.000401 (-0.226)		
Training & Capacity Building PCV1		-0.001492 (-0.420)	
Information Technology PCV1			0.000885 (0.303)
Malnutrition Rate (Low), Males	0.000720 (1.962)	0.000680 (1.987)	0.000702 (1.931)
_constant	-0.032749 (-2.936)	-0.031594 (-2.981)	-0.032157 (-2.918)
R-square	0.0198	0.0209	0.0201
Prob>F	0.0768	0.0818	0.0798

* OLS regressions reported with robust standard errors

t-stats in parentheses; PCV1 = 1st principal component variable

It is notable that even though agricultural investment decreased after decentralization – fewer municipalities invested here (see Figure 10) and the mean difference in state variables is negative and significant – investment nonetheless increases with the male malnutrition rate, a finding which is insensitive to specification. This implies that those municipalities that did invest in this sector after decentralization did so progressively according to need. Hence $p < 1$ in the model above. Once again participative planning techniques decrease agricultural investment under decentralization, and the number of private sector enterprises and civil institutions has no effect. Investment is similarly unaffected by local training and capacity-building programs and installed IT capacity.

Urban Development

Figure 16

Test 3: $\beta_{2m} - \beta_{1m} = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_5 Z_{5m} + \epsilon_m$

Independent Variable	Model*		
	I	II	III
Private Sector PCV1	0.004749 (4.486)	0.004869 (4.804)	0.005125 (4.704)
Project Planning PCV1	-0.000801 (-0.994)	0.000263 (0.219)	0.000175 (0.143)
Civil Institutions PCV1	0.000439 (0.750)		
Training & Capacity Building PCV1		-0.000540 (-0.716)	
Information Technology PCV1			-0.000609 (-0.285)
# Markets per capita (1994)	0.136135 (6.130)	0.124015 (3.048)	0.108250 (2.371)
# Sports Facilities per capita** (1994)	4.728497 (2.815)	4.758151 (2.991)	4.814974 (3.013)
_constant	0.006800 (4.340)	0.005830 (3.244)	0.005801 (3.176)
R-square	0.0684	0.0474	0.0474
Prob>F	0.0000	0.0000	0.0000

* OLS regressions reported with robust standard errors

t-stats in parentheses; PCV1 = 1st principal component variable

** Defined as other than football fields, multi-use courts and coliseums.

The initial (i.e. pre-decentralization) stock of infrastructure is used directly as the measure of need. Investment under decentralization increases as the initial number of markets per capita increases, and as the number of general sports facilities per capita increases as well. Investment is thus regressive in terms of need in this sector, as opposed to the others considered above, and this finding is not sensitive to specification. Thus it would seem to be central government that more accurately assesses local need in this sector, and local government that mis-estimates it. Investment increases with the number of private sector firms, which is as expected given that urban development projects often result in lucrative contacts for these firms. Investment is unaffected by participative planning techniques and civil institutions, implying that it is not a high priority at the grass-roots level. Neither training programs nor IT affects investment.

The results show that the changes in investment patterns detected above in education, water, agriculture and urban development are strongly and positively related

to indicators of local need. Other plausible variables, including civil and social dynamism, the strength of institutions, and local government procedures, are not consistently significant. These results can be combined with the data of section 2.2 in order to distinguish between the cost advantage and needs-assessment effects posited in section three. Remember that in every sector except agriculture the number of municipalities investing increased, and the effect of local government on average investment was positive in the social sectors and urban development, and negative in economic infrastructure and agriculture. The average rise in investment (*i.e.* across all municipalities) in education, water management and urban development after decentralization can be interpreted as a product of the need-orientation of local government detected above, and evidence that the center cannot produce these services at lower cost than the periphery. The fall in average investment in agriculture, by both volume and number of municipalities, combined with the significance of need, is evidence that the center was over-investing in this sector, and that given the choice municipalities prefer to redirect resources elsewhere. The fall in average investment by value in water & sanitation, combined with an increase in the number of districts investing and the significance of need, implies that the central government concentrated investment in too few projects and districts; local government thus re-allocates resources in a larger number of smaller projects where need is greatest. And lastly, the systematic fall in investment by value throughout Bolivia in transport, communication and industry & tourism, combined with modest increases in numbers of municipalities investing and the irrelevance of need, implies weakly that the center may have had a cost advantage in these sectors, leading volumes to fall after decentralization.

5. Conclusions

The results show that decentralization significantly changed national public investment patterns in Bolivia. Investment changed unambiguously in education, water & sanitation, water management, agriculture and urban development after the 1994 reform. And these shifts are strongly and positively related to real local needs. In education, water & sanitation, water management, and agriculture, post-decentralization investments are higher where illiteracy rates are higher, water and sewerage connection rates lower, and malnutrition a greater risk respectively. These changes were driven by the actions of Bolivia's 250 smallest, poorest municipalities investing newly devolved public funds in their highest-priority projects. Decentralization thus led to higher

investment in human capital and social services as the poorest regions of the country chose projects according to their greatest needs. In terms of the model of section 3.2, this implies that decentralized provision dominated central provision in these sectors through local government's superior sensitivity to local needs. In transport, communication and industry & tourism, on the other hand, central government may have had a positive cost advantage.

In econometric terms, the most interesting feature of the results is that no terms other than need are consistently significant across the five principal sectors analyzed. Relationships of need are robust and insensitive to specification. By contrast social, institutional and procedural variables are infrequently significant across sectors, and seem to account for little total variation. Indeed, the only apparent effect of private sector firms is to transfer resources from education to urban development. Civil institutions are significant only for education, where they increase investment, and insignificant everywhere else. Training, capacity-building and IT are insignificant for all sectors. This implies that the differences in investment patterns chronicled above are not related to the number of private enterprises or civil institutions, or driven exogenously by training programs or information technology, but are instead determined by local needs. I conclude that the Bolivian experience, where decentralization led to an investment increase in municipalities with the worst demographic indicators and infrastructure endowments in the sectors examined, is exactly the opposite of what many academics and policy-makers predict, and what other researchers have found in the past. It is accordingly important to investigate the social and institutional mechanisms that cause these changes. I turn to these questions in the following chapters.

By demonstration, this chapter seeks to make a case for conducting empirical research on decentralization and fiscal federalism in the manner employed here. Much of the empirical work on decentralization to date focuses on the share of national expenditures conducted by different levels of government, and ignores the many insights waiting to be uncovered by moving down to the level of the local political economy and conducting a careful comparison of spending and investment patterns with economic, institutional, social and demographic indicators. The data presented here is from one of the poorest countries in the Western hemisphere, and took years to collect, clean and organize. But as this chapter demonstrates, its quality is sufficient to permit significant and counter-intuitive results. Applying a similar methodology to more sophisticated countries in the region, not to mention Europe and North America, might prove very

fruitful. Lastly, the above analysis leaves open the question of how political power is distributed in a central government, the institutional mechanisms by which governments sense and take up local demand for public services, and the precise nature of the organizational or technical advantages or scale economies which might benefit one level of government over another. That is, p , θ_m and α are all exogenous here. Research is needed to understand these processes and endogenize them in our models of public goods provision.

3

How Do Central and Local Government Differ?

Two Extensions

1. Introduction

Chapter 2 showed that decentralization did indeed change Bolivian public investment patterns, and in a way which made them more attuned to local needs than centralized government had been. Most telling is the contrast between policy-making at the highest and lowest levels. Before decentralization national government concentrated investment in transport, hydrocarbons and energy in Bolivia's largest, wealthiest municipalities. After decentralization the country's smallest, poorest districts redirected investment toward social services and agriculture, allocating it much more evenly throughout the national territory. Even the most isolated municipalities benefited. These changes were sufficiently strong to cause dramatic shifts in national investment aggregates.

How can we explain these differences? Why do central and local government make different decisions when faced with the same objective needs? Economic and political models of decentralization often rely on assumptions about the policy constraints faced by different levels of government, or their differing sensibility to local demands, that are largely *ad hoc*.³¹ The model presented in the previous chapter is one example. If we are to understand decentralization and its impact on policy outcomes, we must go beyond this level of theorizing and comprehend the precise ways in which central and local government decision-making operate, and how they differ. We must model the institutional and political features that link policy priorities to need, or fail to, explaining thereby what "closeness" is and why it might matter.

I examine these questions here through two extensions of the previous chapter: one empirical, the other theoretical. Section two employs econometric models of public investment that include a broader range of variables than those of Chapter 2 to examine the policy choices of central and local government in more detail. We are fortunate to

³¹ A broad range of such approaches is discussed in Chapters 1, 2, 4 and 7.

have a rich seam of data on the political, social and civic, economic, institutional, and administrative characteristics of all Bolivian municipalities that begs to be exploited. By modeling policy decisions under each regime separately, I am able to probe deeper into the political economy mechanisms that govern outcomes in each. Ultimately the social processes in question are too complex and nuanced in nature, requiring qualitative characterization of actors and the relationships between them, to lend themselves naturally to quantitative estimation. This is thus an exploratory exercise, pushing at the limits of such techniques to see how much they can tell us, before moving on to the qualitative analyses of Part II. That interesting, even provocative insights do emerge is a testament to the quality and breadth of the data. But in the end the conceptual tools of Part II are required for a complete analysis of the local government process.

Section three shifts the focus to central government. As Chapters 4 to 8 comprise an extended empirical and theoretical investigation of the nature of local government, this is my last chance to explore how central government works. I do so with the tools of theory, seeking to explain the two stylized facts of decentralization in Bolivia: (1) a sharp fall in the geographic concentration of investment, and (2) a generalized change in the uses of investment away from infrastructure towards the social sectors. By showing that central investment was regressive economically and in terms of need systematically across Bolivia, while local investment was progressive on both counts, the empirical section confirms that these are not statistical artefacts but phenomena that require explanation. It is evident that the more even distribution of resources after 1994 is largely due to the per-capita criterion adopted by the decentralization reform. But strong evidence suggests that central government was essentially unconstrained before decentralization (see section 2.1 below). Hence the question must be turned upside down: Why did the center choose to invest nothing in one-half of all Bolivian municipalities? And why did it prefer such different sectors?

I focus accordingly on structural attributes of central government in order to explain why its behavior differs from the periphery's. I move beyond a simple view of central and local government as mutually exclusive social planners with parametrically varying objective functions, to a bargaining framework that explicitly models interactions between the two and permits Pareto-improving cooperation. By locating the center in a particular district with its own constituency, preferences, and utility-maximizing incentives, I can explain why decentralization triggers the substantial policy changes that we observe. Section five summarizes the findings of the chapter, as well as

the first part of the dissertation more generally, and provides suggestions for further research.

2. Central v. Local Government Investment

The object is to investigate the institutional, socio-political and administrative determinants of investment decisions by both central and local government. Specific questions include: Which local political forces are important in determining policy? How do voting and lobbying affect investment? How do the institutions of government shape policy choices? I wish to estimate the effects of these factors on public decisions under both central and local government, and compare them to those of need identified in Chapter 2. The nature of the data allows me to probe more deeply into the institutional and administrative characteristics of local government than I can for the center. Data on factors such as the planning procedures, training and capacity building, and information systems implemented by municipalities allows me to decompose their investment decisions to a surprising degree. For obvious reasons, central government data offers no cross-sectional variation of this nature, and hence less opportunity to pry open the black box of decision-making. The weight of analysis is accordingly biased in favor of the periphery.

2.1 Empirical Approach

The economic literature on local government includes a strong strain on the demand for local public goods and services. In a seminal contribution, Bergstrom and Goodman (1973) develop a method for estimating the demand functions of individuals for municipal public services. They find positive income elasticities and negative price elasticities for different types of municipal expenditures using a technique which takes explicit account of population heterogeneity. Rubinfeld, Shapiro and Roberts (1987) build on this to propose a maximum-likelihood estimation technique that incorporates the sorting of individuals among communities on the basis of quality and quantity of local goods provided. They find price and income elasticities considerably smaller than those of Bergstrom and Goodman and others. Pommerehne and Schneider (1978) allow for differences in democratic institutions, dividing their sample of Swiss districts into direct democracies, and representative democracies with and without referenda, and find that the median voter model works best for direct democracies. This literature establishes a method for estimating demand for local public services which I follow below.

Ideally public goods would be measured in quality-adjusted units of output, separated by type. But such information is unavailable for Bolivia, and instead I measure investment inputs in the form of resources expended on public investment projects. This approach has the advantage of using natural, non-controversial units, and of facilitating comparisons across different sectors. Following the example of Chapter 2, I separate these flows by sector. For each sector I estimate the model

$$G_m = \zeta S_m + \eta Z_m + \epsilon_m , \quad (1)$$

where G_m is aggregate investment per capita in the public good subscribed by municipality, S_m is a scalar or vector of the existing stock of public goods of that type (variously defined) at an initial period, and Z is a vector of socio-economic, demographic, regional, political, institutional, administrative and procedural variables which might affect investment decisions. My use of the Z term follows Bergstrom and Goodman, and Rubinfeld, Shapiro and Roberts within the context of the available data. In particular, no income data is available at the municipal level in Bolivia, so I substitute several alternative indicators of income and wealth, including for example housing size, quality and related characteristics, and type of cooking fuel. But in comparison with previous authors I expand the scope of the Z vector to include measures of political regime type, municipal decision-making processes, and civic institutions and organizations, allowing me to investigate the micropolitical basis of local government decision-making.

For reasons similar to those of Chapter 2, I adopt a simple cross-sectional approach where investment flows are summed over the years 1992-93³² for central investment, and 1994-96 for local investment. I assume that the variables in S , the stock of public services, as well as those in Z , are constant over the five-year period in question. As in Chapter 2, I reduce the large number of potential Z variables to a manageable and conceptually coherent set through principal component analysis. This produces ten dimensions of Z containing thirteen principal component variables, which are summarized in figure 1 and explained in detail in Appendix 2. Equation (1) can thus be written as

$$G_m = \zeta S_m + \eta_1 Z_{1m} + \dots + \eta_{13} Z_{13m} + \epsilon_m , \quad (2)$$

where subscripts 1 to 13 denote the PCVs below.

³² I reduce the sample to the period 1992-93 in order to be able to use census data as initial values of S_m without incurring endogeneity. Extending the sample to 1991-93 does not change the results significantly.

Figure 1: Interpretation of PCVs

PCV Group	PCV No.	Interpretation - Variable increases in... listed in order of importance, where applicable (see Annex 1 for details)
1 Demographic	1	Protestants, atheists (i.e. non-Catholics) and rural dwellers
2	2	Native-language speakers and rural dwellers
3 Economic	1	Wealth and income
4	3	Family size and poverty
5 Civil Institutions	1	Strength of local civil institutions and organizations
6 Private Sector	1	Dynamism of the local private sector
7 Political Disaffection/Protest	1	Electoral abstention, null and anti-government votes
8 Training & Capacity-Building	1	Intensity of the local capacity-building efforts undertaken by/for local government
9 Information Technology	1	IT systems - hardware and software
10 Central Government Auditing	1	Audits by, reports to, and information system shared with central government
11 Municipal Administration	1	Robust administrative guidelines and operating procedures, and a strong executive
12	2	Strong, activist municipal council and weak mayor
13 Project Planning	1	Informed project planning which follows consensual and open procedures

Following the notation of equation (2) above, I use coefficient ζ to characterize central and local investment patterns according to need, where “need” is defined per Chapter 2 as the marginal utility arising from a particular type of public service, $N=U'(g)$. Hence need falls as the stock of g rises, and vice versa.³³

In theoretical terms, the main coefficients of interest are η_5 - η_{13} , corresponding to the social, political, institutional and procedural factors that underpin local governance. To a significant degree this vector of variables represents competing hypotheses about how government works, and thus we do not expect all to be significant for any given sector. Each sector also includes an interacted need-municipal training variable, to test the theory that even where training and capacity building have no independent effect on investment, they may affect investment indirectly via local government’s ability to perceive need.

Before moving to the results I briefly discuss two considerations which could affect the interpretation of the results in important ways. The first is the possibility that central government investment between 1992-3 was externally constrained, and thus its correlates reflect not central government preferences but rather the structure of these constraints. The second is that municipal investment between 1994-6 was externally

constrained, and thus these patterns similarly reveal little about local-government preferences and dynamics. If neither possibility holds, we may take investment decisions between 1992-3 and 1994-6 to reflect central and local priorities subject to budget constraints. Otherwise we must account for additional external constraints, and include them in our models. I take each consideration in turn.

(i) *Central Government Discretion:* As Chapter 2 shows, any external constraints binding on central government before decentralization would be of a sort that forced it to skew investment dramatically towards a few, large municipalities and away from the smaller half, as well as favor transport and hydrocarbons over health, education and water & sanitation. In Bolivia's case such constraints would most likely come from the multilateral agencies and bilateral and other donors on which the country depends for scarce investment resources, and which impose numerous policy conditions as the price of aid. But careful consideration of Bolivia's international context during 1992-3 reveals no such pressures. Indeed, if anything international pressures would seem to have pointed in opposite directions from those Bolivia took. By 1992 Bolivia had ended its second structural adjustment program (ESAF) with the IMF, and begun its second Structural Adjustment Credit (SAC) with the World Bank. The conditions upon which these were based include a number of provisions designed to redirect public investment away from productive activities (mining and hydrocarbons especially) and toward the social sectors (i.e. education, health and water & sanitation).³⁴ Furthermore, a number of prominent projects undertaken by the Bolivian government at the time, including the Emergency Social Fund³⁵, Social Investment Fund³⁶, Education Reform Project³⁷ and the incipient Integrated Child Development Project³⁸, co-financed in various combinations by the Word Bank, Inter-American Development Bank, USAID, WHO/PAHO, GTZ, KfW, the Dutch, Swiss, Swedish, Belgian and several other governments – that is to say, as far as Bolivia is concerned, the entire international community – sought explicitly to redistribute investment flows toward poorer, rural areas and away from Bolivia's cities. But according to the data in Chapter 2, on neither

³³ Per Chapter 2, I use two types of information as indicators of the stock of public services: (1) the penetration rates of public services or benefits in the local population, r , or the population without access to the same, $1-r$, and (2) the initial per-capita stock of infrastructure (at the outset of decentralization).

³⁴ World Bank Staff Appraisal Report, *Second Structural Adjustment Credit*, September, 1991.

³⁵ World Bank Staff Appraisal Report, *Emergency Social Fund Project*, 1987

³⁶ World Bank Staff Appraisal Report, *Social Investment Fund Project*, 1993

³⁷ World Bank Staff Appraisal Report, *Education Reform Project*, 1993

³⁸ World Bank Staff Appraisal Report, *Integrated Child Development Project*, 1994

criterion did international pressures have any effect. The fact that investment outcomes were the exact opposite of those the international community supported forces us to conclude that central government in Bolivia faced no binding constraints on its investment decisions during this period. The implication for relevant donors' aid policy, of course, is that collectively at least their conditionality was entirely ineffectual.

(ii) *Constraints on Local Government:* The question of external constraints on municipal governments between 1994-6 is only somewhat more subtle. Legal constraints certainly did exist – after the Popular Participation Law itself, central government passed Executive Decree 24182 which directed municipalities to dedicate at least 25% of their resources to productive investment, 30% to social investment, and no more than 15% to operating costs. The center sought to reward municipalities that did so through additional investment via the Social Investment Fund, Campesino Development Fund, National Environmental Fund, and the Regional Development Fund. Were this binding, changes in national investment patterns between the two periods would be the result of changed priorities in La Paz and not the action of local governments. But the evidence demonstrates the opposite – the center proved too institutionally weak to enforce this decree. No sanctions were taken against offending municipal governments, and the system of matching grants fell apart as the Funds (all of them executive agencies) ignored requirements and continued working with municipalities regardless of their compliance.³⁹ An examination of the limit on operating costs reveals that 203 municipalities exceeded 15% in 1994, 157 did so in 1995, and 147 more in 1996. Indeed, departmental capitals were amongst the biggest violators, and received correspondingly broad media coverage of their finances. Smaller municipalities took notice. Indeed, Chapter 5 illustrates the extraordinary extent of real discretion that municipalities enjoyed after 1994. As for central government, we must conclude that local governments faced no binding constraints on their investment decisions.

2.2 Results

I examine central and local investment in the five sectors analyzed in Chapter 2 plus health, where results are strongest. We shall see that central government coefficients are generally larger by an order of magnitude or more than local government coefficients. This should be interpreted bearing in mind that even after decentralization

³⁹ Mauricio Lea Plaza, Director of Participative Planning, National Secretariat of Popular Participation, interview, La Paz, 29 September 1997.

the center manages over seven times the resources that local government manages, and that it concentrated investment in a relatively small number of municipalities. Larger coefficients should thus not be interpreted as greater sensitivity to the factors that interest us, but rather as by-products of budgetary scale and concentration.⁴⁰

Health

Figure 2 shows that of the eight indicators of need used in three models of central government investment, only one – the percentage of households using NGO or church-run health facilities – is significant. Its positive sign indicates that investment increased where private (*i.e.* non-public⁴¹) medical facilities already exist, which in Bolivia is where public facilities are also in abundance.⁴² This implies an increasing geographic concentration of infrastructure. The insignificance of the other seven indicators implies central government investment was insensitive to need, or at most weakly regressive.

⁴⁰ This effect is magnified for the case of civil institutions, which sprouted by the hundreds throughout Bolivia after 1994.

⁴¹ The majority of private health facilities in Bolivia are NGO or church-operated.

⁴² The Municipal Census (Secretaría Nacional de Inversión Pública y Financiamiento Externo 1997) shows that private health facilities are mostly concentrated in municipalities that also benefit from public facilities of the same type. In the municipalities where all 46 private health posts are located, there are 436 public facilities. Of the 145 private centers nationwide, 107 are located in just two municipalities. Far from complementing the state health network and making up for its deficiencies, these facilities operate in parallel to the public system and compete with it for patients.

Figure 2

Ind. Var	Model*					
	Central Government			Local Government		
	I	II	III	I	II	III
<i>Demographic & Regional Controls?</i>	YES	YES	YES	YES	YES	YES
Economic PCV1	0.11361 (2.237)	0.12081 (2.420)	0.13094 (2.441)	-0.0016 (-2.940)	-0.0014 (-2.698)	-0.0012 (-2.309)
Economic PCV3	0.12182 (1.648)	0.12324 (1.628)	0.12294 (1.695)	0.0022 (2.020)	0.00224 (2.022)	0.00189 (1.793)
Political Protest Vote PCV1	-0.211 (-1.455)	-0.2187 (-1.508)	-0.2397 (-1.620)	-0.0008 (-0.801)	-0.0015 (-1.390)	-0.0008 (-0.798)
Civil Institutions PCV1	0.12452 (2.401)	0.1203 (2.399)	0.1199 (2.336)	0.00161 (2.488)	0.00159 (2.401)	0.00152 (2.380)
Private Sector PCV1	-0.0727 (-1.866)	-0.0767 (-1.912)	-0.0756 (-1.868)	-0.0018 (-2.022)	-0.0021 (-2.363)	-0.0015 (-1.807)
Training & Capacity Building PCV1	0.06995 (0.733)	-0.1389 (-0.917)	0.09059 (0.965)	0.00156 (1.041)	-0.0016 (-1.008)	0.0016 (1.079)
Information Technology PCV1	0.12397 (1.700)	0.12628 (1.750)	0.13478 (1.825)	0.00187 (2.135)	0.00172 (2.016)	0.00167 (1.961)
Central Gov Auditing PCV1	-0.0353 (-0.501)	-0.0315 (-0.461)	-0.0369 (-0.533)	-0.0012 (-1.636)	-0.0014 (-1.867)	-0.0012 (-1.692)
Municipal Administration PCV1 (Robust Guidelines)	0.1012 (1.350)	0.10708 (1.335)	0.11265 (1.486)	-0.0006 (-0.648)	-0.0007 (-0.686)	-0.0006 (-0.636)
Municipal Administration PCV2 (Strong Municipal Council)	0.0637 (0.866)	0.06782 (0.928)	0.04703 (0.633)	0.00167 (2.203)	0.00183 (2.188)	0.00141 (1.971)
Project Planning PCV1	0.03738 (0.473)	0.03858 (0.490)	0.04565 (0.603)	0.00083 (1.083)	0.00082 (1.046)	0.00098 (1.258)
Health Care, Min. Health %	-0.0019 (-0.219)		-0.0004 (-0.048)	0.00018 (2.513)		0.00014 (1.991)
Health Care, Public Insurance %	0.01408 (0.725)	0.01883 (1.051)		0.00045 (2.272)	0.00033 (1.807)	
Health Care, None %	0.01665 (1.293)	0.0184 (1.558)	0.01593 (1.138)	-0.0003 (-1.673)	-0.0003 (-1.935)	-0.0003 (-1.847)
Health Care, NGO & Church %			0.03638 (1.860)			-0.0003 (-1.549)
Malnutrition Rate (Low)	0.01761 (1.273)	0.01808 (1.285)	0.01531 (1.068)	0.00038 (1.881)	0.00039 (1.850)	0.00041 (1.951)
Local Health Authority	-0.373 (-0.975)	-0.416 (-1.083)		-0.0019 (-0.527)	-0.0021 (-0.557)	
Needs-Training Interacted 1	-0.0045 (-0.709)		-0.0055 (-0.839)	-0.0001 (-1.323)		-0.0001 (-1.304)
Needs-Training Interacted 2		0.00433 (1.219)			5.8E-05 (1.067)	
constant	-1.6044 (-2.147)	-1.6839 (-2.667)	-2.0193 (-3.020)	-0.0008 (-0.107)	0.00731 (1.312)	0.00132 (0.208)
sigma	0.8949 (5.038)	0.88729 (5.016)	0.87899 (5.080)	0.01652 (4.482)	0.01674 (4.561)	0.01662 (4.512)
χ^2	42.05	43.32	43.23	60.84	53.17	57.99
Prob> χ^2	0.0041	0.0019	0.0019	0.0000	0.0001	0.0000
N	265	265	265	259	259	259

* Tobit estimation with robust standard errors

z-stats in parentheses; PCVn = nth principal component variable

Civil institution PCVs are positive and significant in all three models, implying that strong civil institutions are associated with increasing investment in health. As this data pre-dates both central and local investment, the direction of causality must be from

civil society to investment outputs. This implies that civil institutions were able to successfully lobby central government to increase investment in health. The private sector variable is similarly significant in all three models, but negative. I interpret to mean that where the private sector is strong it successfully lobbied the center to reduce investment in health in favor of other sectors which interest it more, as we shall see below. The information technology PCV is also significant and positive in the three models, but because these IT investments only began with the decentralization program, I discount them as spurious correlations. Such results may imply that these variables proxy for deeper characteristics of municipalities before decentralization, but this possibility is not explored here.

Investment under local government shows several important differences from that under central government. First, need variables are significant in all three models. Investment rises with indicators of need, although in the neediest municipalities there appears to be a poverty trap. Thus, investment increases with the malnourishment rate.⁴³ Investment is also higher where public facilities and those run by public insurers are used intensively. But investment is lower where the proportion of the population that receives no health care is high. I interpret this to mean that local government responds to demand for local health services, as well as to indicators of poor public health. But where very few health care services exist, people may be ignorant about their benefits and not demand health investment, leading local government to invest less. Second, and interestingly, investment is progressive in economic terms according to both PCVs in all three models; health investment increases as wealth and income fall, and as family size and poverty measures rise. This is the opposite of the usual, expected pattern, where investment is higher in wealthier municipalities.

Civil institution and private sector PCVs are also significant in these models, with the same signs as for central government. This indicates that both civic groups and private sector firms are successful in lobbying local government to increase/decrease investment as they prefer. Municipalities which acquire IT systems invest more in health, perhaps because IT helps them to execute complex health projects, though as we shall see this result is not repeated in any other sector. Municipalities subjected to central audits and similar external pressures invest less in health, and municipalities where the local council is strong and active and the mayor relatively weak invest more.

Note that the interacted needs-training variables are insignificant in all three models, reinforcing the conclusion that training has no effect on investment. Curiously, the presence of a local health authority also has no effect on investment, either before and after decentralization.

Water & Sanitation

Figure 3 shows few determinants for central government investment in water & sanitation. Investment increased with the number and strength of civil institutions, indicating – as in health – their success in lobbying the center for resources. But no other variables in our four models are significant. In particular, central government does not seem to have responded to any of our five measures of local need.

Decentralized investment in water is quite different. All indicators of need are significant. Investment rises as the share of population without access to sewerage rises, and falls with the square of this term. The trend holds across different measures of population without sewerage. This implies investment that increases in need up to a high level of deprivation,⁴⁴ beyond which it falls again, signaling the existence of a poverty trap where existing levels of provision are extremely low. Investment also rises with the per capita number of public urinals, the lowest level of public sewerage available in poor communities. It is likely that the presence of urinals in such communities helps to build grass-roots support for further investment by showing people the benefits of sewerage. Investment decreases with the percentage of people who already have private sewerage, additional evidence that investment is concentrated where need is greatest. The models are robust to alternative specifications.

Of the main variables of interest, both municipal administration and central auditing are consistently significant across our models. Investment rises where districts have a strong municipal council, whereas the PCV for robust municipal rules and procedures is not significant. Central auditing and budgeting systems that operate in the municipality are also associated with rising investment. None of the other institutional or procedural variables seems to affect local government investment, nor does the interacted needs-training term.

⁴³ Associated in Bolivia much more with nutritional balance than caloric intake, and hence susceptible to simple medical interventions.

⁴⁴ The implied inflection point is about 92% of the population without sewerage.

Figure 3

Independent Var	Model*							
	Central Government				Local Government			
	I	II	III	IV	I	II	III	IV
<i>Demographic & Regional Controls?</i>	YES	YES	YES	YES	YES	YES	YES	YES
Economic PCV1	0.00512 (0.780)	0.00281 (0.472)	0.00311 (0.504)	0.00524 (0.804)	0.00348 (3.313)	0.00292 (2.949)	0.00286 (2.843)	0.00371 (3.384)
Economic PCV3	-0.0115 (-0.944)	-0.0103 (-0.913)	-0.0104 (-0.844)	-0.0112 (-0.898)	-0.0029 (-2.320)	-0.0023 (-1.909)	-0.0025 (-2.004)	-0.003 (-2.314)
Political Protest Vote PCV1	-0.0131 (-0.776)	-0.0139 (-0.837)	-0.0135 (-0.801)	-0.0131 (-0.770)	0.00133 (0.918)	0.00162 (1.117)	0.00142 (0.958)	0.00114 (0.761)
Civil Institutions PCV1	0.01931 (2.857)	0.01897 (2.830)	0.01911 (2.819)	0.01878 (2.797)	-0.0002 (-0.233)	-0.0003 (-0.265)	-0.0002 (-0.216)	-0.0003 (-0.292)
Private Sector PCV1	0.00177 (0.213)	0.00132 (0.186)	0.00162 (0.241)	0.0018 (0.211)	-0.0019 (-0.819)	-0.0032 (-1.429)	-0.0025 (-1.131)	-0.0021 (-0.952)
Training & Capacity Building PCV1	0.00993 (1.114)	0.00979 (1.094)	0.00979 (0.405)	0.01226 (0.503)	0.00109 (1.055)	0.00094 (0.909)	0.00016 (0.050)	0.00208 (0.709)
Information Technology PCV1	-0.0142 (-1.393)	-0.0151 (-1.449)	-0.015 (-1.430)	-0.0128 (-1.263)	-0.0004 (-0.303)	-0.0006 (-0.449)	-0.0006 (-0.464)	-0.0001 (-0.074)
Central Gov Auditing PCV1	0.01542 (1.353)	0.01606 (1.450)	0.01602 (1.451)	0.01484 (1.281)	0.0039 (2.029)	0.00398 (2.165)	0.00419 (2.246)	0.00418 (2.125)
Municipal Administration PCV1 (Robust Guidelines)	0.01125 (1.055)	0.01084 (1.023)	0.01087 (1.032)	0.01181 (1.092)	-0.0022 (-1.432)	-0.002 (-1.345)	-0.0019 (-1.290)	-0.0021 (-1.353)
Municipal Administration PCV2 (Strong Municipal Council)	-0.0114 (-1.151)	-0.0112 (-1.192)	-0.0111 (-1.147)	-0.0108 (-1.082)	0.00176 (1.549)	0.00207 (1.817)	0.0019 (1.662)	0.00201 (1.691)
Project Planning PCV1	0.00519 (0.629)	0.00553 (0.638)	0.00529 (0.624)	0.00481 (0.595)	0.00116 (0.892)	0.00084 (0.650)	0.0011 (0.854)	0.00092 (0.687)
% Pop. w/out Sewerage 1	0.00141 (0.298)			0.00164 (0.338)	0.00145 (2.408)			0.00153 (2.480)
% Pop. w/out Sewerage 1, Square of	-4E-06 (-0.110)			-6E-06 (-0.148)	-8E-06 (-1.850)			-8E-06 (-1.920)
% Pop. w/Private Sewerage**		-4E-05 (-0.022)				-0.0004 (-2.888)		
% Pop. w/out Sewerage 2,			0.00025 (0.187)				0.00028 (2.045)	
Public Urinals per capita				1.0385 (0.045)				4.69693 (3.057)
Needs-training interacted			1.3E-06 (0.003)	-3E-05 (-0.088)			1.3E-05 (0.308)	-2E-05 (-0.458)
constant	-0.3197 (-1.758)	-0.2358 (-3.338)	-0.2558 (-2.432)	-0.3246 (-1.783)	-0.0417 (-1.843)	0.02773 (6.270)	-0.0007 (-0.062)	-0.0447 (-1.938)
sigma	0.16295 (4.612)	0.16327 (4.617)	0.16319 (4.585)	0.1628 (4.623)	0.02775 (11.48)	0.02788 (11.58)	0.02799 (11.77)	0.0277 (11.18)
χ^2	51.13	50.76	50.81	49.16	35.97	33.67	31.37	37.95
Prob> χ^2	0.0000	0.0000	0.0000	0.0002	0.0046	0.0060	0.0180	0.0060
N	276	276	276	268	269	269	269	261

* Tobit estimation with robust standard errors

z-stats in parentheses; PCVn = nth principal component variable

** Includes septic tanks, outhouses, etc.

Education
Figure 4

Ind. Var	Model*							
	Central Government				Local Government			
	I	II	III	IV	I	II	III	IV
<i>Demographic & Regional Controls?</i>	YES	YES	YES	YES	YES	YES	YES	YES
Economic PCV1	0.00462 (1.489)	0.00415 (1.360)	0.00484 (1.522)	0.00471 (1.415)	-0.0017 (-1.695)	-0.0016 (-1.652)	-0.0017 (-1.718)	-0.0013 (-1.420)
Economic PCV3	-0.0007 (-0.184)	-0.0002 (-0.054)	-0.0007 (-0.203)	-0.0015 (-0.417)	0.00161 (0.997)	0.00172 (1.086)	0.00173 (1.105)	0.00174 (1.046)
Political Protest Vote PCV1	-0.0185 (-2.198)	-0.0183 (-2.198)	-0.0189 (-2.231)	-0.0167 (-2.171)	-0.0003 (-0.142)	-0.0004 (-0.176)	-0.0004 (-0.193)	-0.0012 (-0.566)
Civil Institutions PCV1	0.00865 (2.459)	0.00885 (2.507)	0.00875 (2.489)	0.00875 (2.520)	0.00338 (1.986)	0.00347 (2.078)	0.00344 (2.033)	0.00307 (1.923)
Private Sector PCV1	0.00024 (0.144)	0.00033 (0.204)	0.00033 (0.206)	0.00116 (0.786)	-0.0054 (-2.012)	-0.0055 (-2.037)	-0.0054 (-1.995)	-0.0065 (-1.883)
Training & Capacity Building PCV1	-0.0004 (-0.061)	0.00213 (0.682)	0.00226 (0.725)	0.00381 (0.483)	0.00161 (0.533)	0.00218 (1.615)	0.00221 (1.639)	0.00185 (0.593)
Information Technology PCV1	-0.0055 (-1.220)	-0.0054 (-1.203)	-0.0055 (-1.206)	-0.0059 (-1.263)	-0.0021 (-1.312)	-0.002 (-1.268)	-0.002 (-1.311)	-0.0014 (-0.896)
Central Gov Auditing PCV1	0.01288 (2.899)	0.01317 (2.912)	0.01235 (2.720)	0.01029 (2.345)	-0.0019 (-0.967)	-0.002 (-1.056)	-0.0021 (-1.076)	-0.0023 (-1.084)
Municipal Administration PCV1 (Robust Guidelines)	-0.0057 (-1.205)	-0.0056 (-1.190)	-0.0059 (-1.250)	-0.0067 (-1.313)	0.00117 (0.819)	0.00127 (0.896)	0.00119 (0.838)	0.00161 (1.092)
Municipal Administration PCV2 (Strong Municipal Council)	0.00679 (1.682)	0.00669 (1.649)	0.00719 (1.750)	0.0064 (1.711)	-0.0008 (-0.532)	-0.0008 (-0.539)	-0.0008 (-0.510)	-0.0004 (-0.308)
Project Planning PCV1	0.00243 (0.568)	0.00241 (0.568)	0.0022 (0.518)	0.00084 (0.181)	-0.0001 (-0.095)	-0.0002 (-0.153)	-0.0003 (-0.184)	0.00021 (0.146)
Illiteracy Rate (Adult)	0.0003 (0.462)				0.00058 (1.958)			
Illiteracy Rate (Over-6s)		1.8E-06 (0.002)				0.00065 (1.822)		
Illiteracy Rate (Over-15s)			0.00059 (0.788)				0.0006 (1.766)	
Educational Attainment, Low (0-3 years)				0.00125 (1.552)				0.00082 (2.476)
Educational Attainment, University				0.00114 (0.537)				0.00252 (1.093)
Local Education Authority	-0.027 (-1.803)	-0.0265 (-1.764)	-0.0268 (-1.785)		0.0089 (1.810)	0.0084 (1.726)	0.00867 (1.777)	
Needs-Training Interacted 1	8.2E-05 (0.409)				1.7E-05 (0.197)			
Needs-Training Interacted 2				-6E-05 (-0.213)				-4E-06 (-0.038)
constant	-0.086 (-2.452)	-0.077 (-2.268)	-0.0954 (-2.483)	-0.1737 (-2.437)	0.02294 (1.978)	0.02377 (2.065)	0.02208 (1.705)	-0.0107 (-0.443)
sigma	0.05658 (4.674)	0.05672 (4.661)	0.05656 (4.716)	0.05782 (4.510)	0.03645 (13.13)	0.03649 (13.08)	0.03647 (13.20)	0.03647 (13.09)
χ^2	32.20	31.94	32.39	30.91	34.74	34.20	34.47	35.08
Prob> χ^2	0.0208	0.0153	0.0134	0.0295	0.0102	0.0079	0.0073	0.0092
N	276	276	276	275	269	269	269	269

* Tobit estimation with robust standard errors

z-stats in parentheses; PCVn = nth principal component variable

Central investment in education showed no discernible relation to need. I use a variety of indicators of literacy and educational attainment, but none is significant.

Interestingly, the presence of a local educational authority caused investment to fall under central government. This implies that the center went out of its way to deprive of resources those districts where sectoral authorities were in operation, a perverse result. As with health and water, investment increased with the strength of local civil institutions, implying that the grass roots were able to lobby the center successfully for investment in education. I discount the central auditing, municipal administration and protest vote coefficients as spurious correlations. Note that unlike health, the private sector PCV is not significant anywhere.

Decentralized investment patterns, once again, are very different. Investment rises with indicators of need across all models, including various measures of illiteracy and educational attainment. The presence of local health authorities is also significant here, but now positive as we would expect. It is also notable that investment rises as wealth and income fall, making local education investment economically progressive. As in health, investment rises in all three sectors where civil institutions are stronger, and falls in measures of the private sector. This signals the existence of a healthy local political economy, where groups lobby for the sorts of investment that interest them most.

Urban Development

Very few municipalities received any investment in urban projects before 1994, with only 24 non-zero observations for central government investment. Hence I reduce the number of explanatory variables in each model by dividing the Z vector into two subvectors, Z^1 and Z^2 ,⁴⁵ and estimate

$$G_m = \zeta S_m + \eta^1 Z_m^1 + \epsilon_m \quad \text{and} \quad (2')$$

$$G_m = \zeta S_m + \eta^2 Z_m^2 + \epsilon_m \quad (2'')$$

separately using the same needs variables, as well as economic, demographic and regional controls in each model.

⁴⁵ Where, using the notation of equation (2), $Z^1 = Z_1 - Z_7$ and $Z^2 = Z_1 - Z_3$ & $Z_8 - Z_{11}$.

Figure 5

Independent Var	Model*					
	Central Government				Local Government	
	I	II	III	IV	I	II
<i>Demographic & Regional Controls?</i>	YES	YES	YES	YES	YES	YES
Economic PCV1	-0.0043 (-0.099)	-0.0232 (-0.361)	-0.0229 (-0.536)	-0.0763 (-1.262)	0.003124 (2.759)	0.003575 (3.061)
Economic PCV3	-0.0954 (-0.965)	0.11492 (0.879)	-0.1006 (-1.117)	0.06418 (0.570)	-0.00477 (-2.777)	-0.00449 (-2.561)
Political Protest Vote PCV1		-0.4303 (-2.114)		-0.3555 (-1.867)	-0.00542 (-2.022)	-0.00575 (-2.319)
Civil Institutions PCV1		0.11442 (1.839)		0.13407 (2.096)	0.002936 (1.000)	0.002915 (0.910)
Private Sector PCV1		-0.0704 (-0.958)		-0.0325 (-0.671)	0.013894 (2.080)	0.013566 (2.011)
Training & Capacity Building PCV1		0.07368 (1.145)		0.0798 (1.201)	-7.2E-05 (-0.050)	0.000118 (0.085)
Information Technology PCV1	0.0923 (1.488)		0.13464 (2.050)		0.000428 (0.294)	0.000988 (0.704)
Central Gov Auditing PCV1	0.15289 (1.481)		0.19215 (1.450)		0.001128 (0.631)	0.000324 (0.168)
Municipal Administration PCV1 (Robust Guidelines)	-0.048 (-0.575)		-0.0737 (-0.706)		0.000886 (0.527)	0.000806 (0.494)
Municipal Administration PCV2 (Strong Municipal Council)	-0.2028 (-2.327)		-0.1886 (-2.230)		0.000206 (0.148)	0.000578 (0.424)
Project Planning PCV1	-0.0056 (-0.059)		0.03371 (0.319)		-0.00033 (-0.239)	-0.00069 (-0.504)
Sports Facilities per capita** (1994)	-1989.9 (-0.841)	-1240.5 (-0.327)			9.555442 (3.473)	
Solid Waste Disposal sites (Landfills) per capita (1994)	-1620.1 (-0.464)	-32251 (-1.744)			135.2504 (2.002)	
Museums per capita (1994)	-376.88 (-0.378)	-2326.5 (-0.705)			40.59828 (1.869)	
Markets per capita (1994)	-41.835 (-1.033)	-647.89 (-1.119)			0.186157 (2.517)	
Commercial & Recreational Infra. (aggregate, per cap 1994)			-3.5377 (-0.804)	-19.14 (-0.919)		0.19468 (1.920)
Needs-training interacted		118.697 (0.074)			17.92777 (2.158)	
constant	-1.6378 (-3.341)	-1.783 (-2.704)	-1.7413 (-3.102)	-1.7514 (-2.571)	0.048671 (9.671)	0.048174 (8.904)
sigma	0.72378 (4.185)	0.65308 (2.802)	0.75333 (4.170)	0.71266 (2.721)	0.034031 (11.265)	0.033904 (11.225)
χ^2	56.89	54.63	51.15	43.76	92.31	83.09
Prob> χ^2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
N	273	257	269	255	245	244

* Tobit estimation with robust standard errors

z-stats in parentheses; PCVn = nth principal component variable

** Defined as other than football fields, multi-use courts and coliseums

Urban development is the only sector where central government seems to have invested progressively in terms of need. Of the five indicators of need employed, one – solid waste disposal (*i.e.* landfills) – is significant in one of the models. Its negative sign implies that the center invested more where such facilities were more scarce, and hence where need was greater. But no other needs indicator is significant, and landfills is

insignificant in model 1. Evidence for progressivity is thus weak. Civil institutions seem to have increased central investment where they are abundant, but the private sector variable, surprisingly, is insignificant.

Investment under decentralization shows a very different pattern. All five variables of need are significant and positive, implying that local government invests more where existing infrastructure is in abundance, and investment is regressive in terms of need. These results are supported by the economic variables, which are significant and strongly regressive; investment rises as wealth and income rise, and falls where poverty is greater. As we would expect, investment rises with the number and dynamism of private sector firms, which I ascribe to firms lobbying for the type of projects (*i.e.* contracts) from which they stand to gain. It is notable that the variable for political disaffection and protest is significant and negative. Given the pattern of local investment we observe, I interpret this as an indication that voters are successful in at least partially reducing resource flows to a sector in which investment is generally regressive and largely benefits firms. This describes a local political economy with a healthy dynamic in which different interests compete for resources, and – crucially – voters and non-business interests can affect policy decisions. Given the number of municipalities that invest in this sector and the scale of resources involved, this is an important result.

Of the remaining coefficients only the interacted need-training variable is significant. Like pure indicators of need above, it is also regressive. Although training seems to have no direct effect on investment, to the extent that it makes local government more aware of need it may make investment more regressive.

Water Management
Figure 6

Ind. Var	Model*						Local Government		
	Central Government								
	I	II	III	IV	V	VI	I	II	III
<i>Demographic & Regional Controls?</i>	YES	YES	YES	YES	YES	YES	YES	YES	YES
Economic PCV1	-0.0161 (-1.366)	-0.0184 (-1.226)	-0.0126 (-0.992)	-0.0094 (-0.622)	1.3E-06	-0.0069 (-0.618)	0.0013 (1.956)	0.00114 (1.405)	0.00078 (1.259)
Economic PCV3	-0.0167 (-1.130)	-0.0385 (-2.684)	-0.0175 (-0.995)	-0.0569 (-2.529)	-0.0423 (-2.167)	-0.0427 (-2.436)	-0.0029 (-3.050)	-0.003 (-2.762)	-0.0019 (-2.174)
Political Protest Vote PCV1		-0.0784 (-1.752)		-0.1176 (-2.161)		-0.0808 (-1.822)	-0.0023 (-1.855)	-0.0021 (-1.675)	-0.0024 (-1.887)
Civil Institutions PCV1		-0.0094 (-0.913)		-0.0199 (-1.238)		-0.0087 (-0.661)	0.0012 (1.732)	0.00088 (1.352)	0.00149 (1.868)
Private Sector PCV1		0.00553 (0.867)		-0.0113 (-0.251)		0.00671 (0.825)	0.0004 (0.517)	0.00538 (1.395)	-0.0002 (-0.276)
Training & Capacity Building PCV1		-0.1254 (-1.962)		-0.1075 (-1.381)		0.00046 (0.020)	0.00237 (0.964)	0.00499 (1.593)	0.0004 (0.505)
Information Technology PCV1	0.01334 (0.769)		0.01093 (0.565)		0.01512 (0.772)		-0.0004 (-0.448)	-0.0007 (-0.799)	-0.0006 (-0.640)
Central Gov Auditing PCV1	0.00603 (0.305)		0.0116 (0.510)		8.9E-05 (0.005)		-0.0016 (-1.596)	-0.0011 (-1.157)	-0.0009 (-0.981)
Municipal Administration PCV1 (Robust Guidelines)	-0.0233 (-1.375)		-0.0315 (-1.843)		-0.0224 (-1.391)		0.00079 (0.911)	0.00116 (1.306)	0.00106 (1.264)
Municipal Administration PCV2 (Strong Municipal Council)	0.04589 (1.904)		0.04313 (1.725)		0.03772 (1.691)		0.00072 (0.853)	0.00105 (1.146)	0.00105 (1.244)
Project Planning PCV1	0.00562 (0.260)		-0.0028 (-0.132)		-0.0045 (-0.219)		-0.0003 (-0.387)	-0.0007 (-0.718)	-0.0008 (-0.790)
Local Health Authority	0.63796 (3.313)	0.85599 (2.776)	0.65894 (3.111)	1.10805 (2.916)	0.68496 (3.235)	0.89958 (2.863)	0.00297 (0.470)	0.00503 (0.707)	0.0019 (0.287)
% Pop. w/out Sewerage 1	-0.0179 (-2.739)	-0.0055 (-0.828)	-0.0057 (-1.492)	-0.0049 (-1.281)			0.00178 (3.106)	0.00026 (1.753)	
% Pop. w/out Sewerage 1, Square of	0.0001 (2.658)	1.5E-05 (0.243)					-1E-05 (-2.816)		
% Pop. w/out Sewerage 2					-0.0047 (-1.486)	-0.0039 (-1.324)			0.00023 (2.045)
% Pop. w/out Water 1			0.00316 (0.645)	0.01223 (1.197)				0.00188 (4.215)	
% Pop. w/out Water 1, Square of			-3E-05 (-0.798)	-9E-05 (-1.085)				-1E-05 (-4.068)	
% Pop. w/out Water 2	0.001 (0.799)	0.00088 (0.773)					-0.0001 (-1.468)		
% Pop. w/Water (Internal Plumbing)					-0.0029 (-0.965)	-0.0034 (-1.043)			4.9E-07 (0.003)
% Pop. w/Private Standpipe					0.00026 (0.153)	-0.0005 (-0.275)			0.00032 (1.639)
% Pop. w/Public Standpipe					-0.0148 (-2.676)	-0.01 (-1.773)			0.00042 (2.114)
Storm Drainage per capita (1994)			-298.46 (-1.049)	-297.96 (-0.563)				-16.668 (-0.857)	
Needs-Training Interacted 1		0.00182 (1.834)					-3E-05 (-0.849)		
Needs-Training Interacted 2				0.00152 (1.335)				-6E-05 (-1.440)	

How Do Central and Local Governments Differ?

Ind. Var	Model*						Local Government		
	I	II	III	IV	V	VI	I	II	III
constant	-0.2879 (-1.633)	-0.9658 (-2.189)	-0.6264 (-2.743)	-1.5882 (-2.674)	-0.5857 (-3.408)	-0.8976 (-3.194)	-0.0669 (-2.832)	-0.084 (-3.680)	-0.0321 (-2.234)
sigma	0.16573 (2.978)	0.17072 (2.809)	0.17567 (3.096)	0.19856 (3.015)	0.16219 (2.936)	0.17232 (2.762)	0.0173 (6.649)	0.01738 (6.793)	0.01751 (6.936)
χ^2	30.85	29.83	25.51	21.32	32.36	27.53	79.86	84.40	72.99
Prob> χ^2	0.0092	0.0125	0.0613	0.1664	0.0090	0.0247	0.0000	0.0000	0.0000
N	300	282	294	275	300	282	269	263	269

* Tobit estimation with robust standard errors

z-stats in parentheses; PCVn = nth principal component variable

The water management sector is related to water & sanitation, but is broader in scope. It includes such projects as reservoirs and wastewater treatment lagoons, which are components of municipal (potable) water systems, as well as levees and storm drainage works, which are not. In general the degree of overlap between the two sectors is high, and I use similar indicators of need for both. As for urban projects, central government invested in water management in very few municipalities prior to 1994, and so again I estimate equations (2') and (2'').

The striking result in models I-VI is that those needs variables that are significant are negative, and hence regressive in terms of need. As more people had no water in their homes (*i.e.* rely on public standpipes) and as the proportion of people without sewerage grew, central government invested less in water. This trend is marked, with three indicators significant at the 1% level and one more at the 10% level. This finding is confirmed by the second economic indicator, which shows that investment fell as measures of poverty increased. Interestingly, the presence of a local health authority served to increase investment in all six models. The fact that this term is insignificant in the decentralization models implies that local health authority lines of communication and influence are sectoral more than geographic. That is, they were better able to lobby central government – presumably through their ministerial representatives in the capital – than their own, local representatives. The fact that local health authorities are generally composed of chief physicians and hospital managers who are often devolved ministerial staff, and hence “foreign” to the locality, may explain this pattern. Indicators of municipal government, training and capacity building, and the political protest vote are also significant, but I dismiss these as spurious correlations.

Once again, the results for decentralized government are completely different. Local government invested greater sums in municipalities where people lacked running

water and sewerage. The models are robust to the several measures of water and sewerage provision used. A series of indicators in increasing quality of service (model III) reveals a progressive pattern of investment that increases where households receive water from public or private standpipes and then falls to zero where the proportion of households with internal plumbing is high. But significant squared terms of population without water and sewerage point to a poverty trap for the neediest localities.⁴⁶ I interpret these results to indicate a virtuous cycle where knowledge of the benefits of water and sanitation spreads through a population via a demonstration effect. But where existing infrastructure is below some critical threshold, voters remain ignorant and do not pressure their local government for investment.

This interpretation is supported by the coefficients for civil institutions, which imply that strong local organizations succeed in pressing local government to invest more in water projects. As we found for urban projects, the indicator of electoral protest is negative and significant, implying that local governments without a strong electoral base are unable to undertake the expensive and complicated projects of the water sector. No other institutional or procedural variables are significant.

Agriculture

The models of central investment in agriculture are significant at the 10% and 30% levels respectively, and hence I discount the second and interpret the results of the first with extra care. The evidence is that central government invested regressively in terms of need, with female malnutrition negative and just significant, and male malnutrition approaching significance. The data thus weakly suggests that central government invested less where levels of malnutrition were higher. On the other hand, civil institutions were able to increase investment where they are abundant and well organized. Unsurprisingly the indicator of the private sector, which excludes private farming of all types, is not significant, nor are economic variables.

⁴⁶ Implied inflection points are around 65% of the population without access to water and 80% without access to sewerage.

By contrast, local government invests more where more males are malnourished,⁴⁷ where there are fewer municipal slaughterhouses, and where municipal nurseries are scarce. Local investment is thus progressive in terms of need. These results are weakly supported by the first economic variable, which suggests in one of the two models that investment falls as wealth and income increase. Investment falls with measures of private sector activity in both models, which is not surprising as explained above, and points to a healthy local political economy where competing interests lobby for the types of investments they most prefer.

2.3 Results – Summary

Detailed econometric models of investment across ten sectors show how public investment decisions changed with

decentralization, and provide insight into the social and institutional mechanisms by which these changes took place. Decentralization changed the policy regime from one where central government invested less where need was greater to one where local government invests more. Whereas the center invested regressively in terms of need in

Independent Var	Model*			
	Central Gvt.		Local Gvt.	
	I	II	I	II
<i>Demographic & Regional Controls?</i>	YES	YES	YES	YES
Economic PCV1	0.00983 (0.773)	0.0080 (0.611)	-0.0007 (-1.690)	-0.0005 (-0.919)
Economic PCV3	-0.0048 (-0.190)	-0.0112 (-0.457)	0.00015 (0.286)	-0.0009 (-0.752)
Political Protest Vote PCV1	-0.0091 (-0.270)	-0.0262 (-0.847)	-0.0001 (-0.156)	-0.0026 (-1.139)
Civil Institutions PCV1	0.02137 (1.703)	0.02504 (1.942)	0.00023 (0.528)	0.00043 (0.818)
Private Sector PCV1	0.00973 (0.922)	0.0072 (0.664)	-0.0012 (-1.896)	-0.0016 (-1.748)
Training & Capacity Building PCV1	0.11584 (2.238)	0.02446 (1.208)	-0.0007 (-0.311)	0.00076 (1.093)
Information Technology PCV1	-0.0243 (-1.053)	-0.0304 (-1.234)	0.00083 (1.219)	0.00081 (0.919)
Central Gov Auditing PCV1	0.03112 (1.291)	0.03264 (1.313)	4.2E-06 (0.007)	0.0002 (0.247)
Municipal Administration PCV1 (Robust Guidelines)	-0.0029 (-0.160)	-0.0003 (-0.017)	0.00042 (0.756)	-0.0007 (-0.720)
Municipal Administration PCV2 (Strong Municipal Council)	-0.0095 (-0.399)	-0.0085 (-0.362)	1E-05 (0.021)	-0.0006 (-0.693)
Project Planning PCV1	0.01359 (0.720)	0.0104 (0.504)	0.00036 (0.723)	-4E-05 (-0.061)
Malnutrition Rate, Males	-0.0092 (-1.410)		0.00034 (1.963)	
Malnutrition Rate, Females	-0.0084 (-1.639)		-9E-05 (-0.776)	
Slaughterhouses per capita (1994)	-60.953 (-1.120)	-63.316 (-1.055)	-1.4784 (-2.047)	-2.2122 (-2.014)
Municipal Nurseries per capita (i.e. Plants - 1994)		-391.03 (-1.007)		-25.21 (-1.978)
Needs-training interacted	-0.0039 (-1.677)		4.2E-05 (0.407)	
constant	0.05426 (0.420)	-0.3183 (-4.189)	0.00129 (0.313)	0.00589 (1.779)
sigma	0.34342 (6.301)	0.36165 (6.520)	0.01203 (6.564)	0.01848 (4.911)
χ^2	27.78	19.61	36.06	31.79
Prob> χ^2	0.0878	0.2946	0.0104	0.0160
N	263	274	257	267

* Tobit estimation with robust standard errors

z-stats in parentheses

PCVn = nth principal component variable

three of the six main sectors of interest: health, water management and agriculture, local government invests progressively in terms of need in five of these six: health, water & sanitation, education, water management and agriculture. Indeed, local investment is regressive only for urban development. The fact that local investment was *economically* progressive in health, education and agriculture increases confidence in these findings.

So far the results mirror those of Chapter 2, albeit in greater detail. But the models also allow us to probe much more deeply into the decision-making processes which led to this change, giving us insight into the political and institutional dynamics of local government and their effects on policy. Variables for civil institutions and the private sector are significant across a number of sectors and imply that each is successful in pressing local government to increase investment in those areas of greatest interest to it. Thus, local firms successfully lobby for lower investment in health, education and agriculture in districts with a vigorous private sector in order that more resources may be devoted to urban development, a sector which offers them many more lucrative contracts than training farmers or refurbishing schools.⁴⁸ And civil organizations, representing civil society via neighborhood organizations, rural syndicates and other grass roots groups, succeed in getting local government to increase investment in health, education and water, their areas of highest priority.⁴⁹ The fact that the variable for political disaffection and protest enters negatively in our model of urban development, where investment is strongly regressive both economically and in terms of need, suggests a healthy picture of local democracy in which voters are able to influence local government through both their civil institutions and the electoral mechanism. Where local government works well, even the poorest citizens have voice and may participate in the policy debate, providing an effective counterweight to the power of private firms and government's own politico-bureaucratic interests.

It is thus not surprising that local government is sensitive to local need. The competitive interplay of local political forces ensures that the local administration will be

⁴⁷ Interestingly, female malnourishment seems to have no significant effect.

⁴⁸ It may at first glance seem perverse that local business would be associated with decreasing levels of educational investment, implying a less skilled workforce. But the time inconsistency between local firms facing a high failure rate (in Bolivia as elsewhere), and social projects whose full benefits may lag by a generation or more, leads firms to prefer investment in urban development, where the benefits are large and immediate. Businessmen may rationally prefer useless urban projects that ensure them a few years', or even months', survival over projects with a much higher social return but where the contracts are less generous.

well informed about voters' preferences. And binding mechanisms exist to ensure accountability. Chapters 5 and 6 explore in great detail the question of how a consensus on local preferences is established and then represented before local authorities by interest groups and various mediating organizations.

The type of municipal administration, though less important than the interplay of political forces, does seem to affect local investment in interesting ways. A strong, activist municipal council is associated with increasing investment in health and water, two sectors where investment is progressive in terms of need and which civil organizations favor. This combination of results suggests that a strong council serves the governance process by effectively transmitting demand from the grass-roots up to the level of decision-making, resulting in investment more closely aligned with people's preferences. This argues against the common claim that robust oversight mechanisms obstruct government action, whereas a strong executive promotes agile government. Indeed the first municipal administration PCV, representing a strong executive and clear operating procedures, is not significant in any of the main sectors of interest. I examine this issue more deeply in Part II.

The results for IT, training and capacity building, project planning, and central government auditing are mostly insignificant, with the few coefficients that are significant and not self-contradictory scattered unsystematically amongst the various sectors.⁵⁰ This is interesting precisely because it is counter-intuitive – indeed, I expected the opposite. In the case of IT, it could be that the types of investments undertaken by the majority of Bolivian municipalities are insufficiently complex to take full advantage of the technology, and thus it will take some time for its full potential to be realized. Given high rates of obsolescence, the necessary implication is that a significant part of the investment undertaken in IT systems to date was premature, and much of it wasted. In the case of training and capacity-building, I have at my disposal 29 indicators of training programs undertaken and requested. If the models have failed to detect a significant effect in any sector, it is likely that there is none to be detected, at least with current data. The same is true for project planning techniques.

⁴⁹ This interpretation agrees with evidence presented in Part II, which cites extensive interviews with voters and the leaders of grass-roots organizations that reveal strong local preferences for investment in education, health, water and productive projects (usually agriculture).

⁵⁰ Project planning is not significant in any of the main sectors of interest, training approaches significance in one, IT achieves it only in health, and central auditing seems to increase investment in water but decrease it in health.

Lastly I return to my models of central government, where civil institutions increased investment in health, water, education, urban development and agriculture, and the private sector decreased investment in health. I interpret this as evidence that a political-economy dynamic was also at work there, with municipal forces competing for influence over central government resources. But the fact that central investment was regressive both economically and in terms of need, as well as concentrated in a minority of municipalities (as we saw in Chapter 2), indicates that the center was much less sensitive to local political forces and local priorities than decentralized government. Although a local political dynamic did operate under the former, and managed to influence policy, it did so with much lower efficacy and a correspondingly smaller effect on government outputs. But this begs the question of decentralization: If the center attempts to take account of local politics in its provision of public services but does so ineffectively, then why not decentralize? Why run a system where government's response to local priorities is muted by distance, incentives, and (geographically) extraneous political considerations?

3. Theory: A Problem of Agency and Control Rights

Section two leaves us with four facts about central government that require explanation. Not only was centralized investment (1) concentrated across space, ignoring one-half of Bolivia's districts, and (2) dominated by economic infrastructure projects while ignoring social and human capital investment; it was also (3) economically regressive and (4) regressive in terms of need. We saw evidence above that a form of political economy mechanism was at work under central government which somehow involved private and civic actors in the policy-making process. But this was evidently insufficient to link investment to the needs of the districts that received it, or distribute it more widely. Why is this when the opposite of each of the four facts is true for local government? What factors account for such behavior? The data can take us no further, and the question in any event does not appear susceptible to marginal analysis. I turn instead to structural factors, and to theory.

Chapter 2 showed that a given district j will be better off under central government when the center's cost advantage dominates its inaccuracy in ascertaining local preferences, $\alpha < p$. This assumes that resource allocation is essentially a function of external parameters, and the differences between central and local government do not have to do with the structure of government and the processes by which decisions are

taken. Given $\alpha < p$, welfare will be maximized under central government as it disinterestedly distributes a bigger pie amongst districts according to its objective function, without regard to external considerations. But the data in Chapter 2 implies that a more sophisticated approach is needed to explain the Bolivian experience. The fact that half of all Bolivian municipalities received no investment at all in the years before decentralization, even in sectors such as energy and transport where *a priori* we expect the center to have a cost advantage, suggests that policy is the product of a competition amongst interest groups and not just objective parameters, and that more complex institutional factors are at work than those proposed in Chapter 2.

This model builds on the previous one, adding a mechanism of political bargaining that provides a more refined portrayal of the ways in which central and local governments interact and simplifies our results. It assumes the same political-geographic context as Chapter 2, but diverges from it in the way it conceptualizes central government's problem. Unlike Chapter 2, central and local government are not mutually exclusive, but rather coexist, and the choice between centralization and decentralization concerns the way each interacts with the other. Specifically, under decentralization there is no cooperation between center and periphery, while under centralization mutually beneficial cooperation is possible but not assured. Municipalities' allocation of public goods under centralization is the result of bargaining in a national legislature in which a district's representatives negotiate with central government officials, representing all other districts, in a zero-sum game⁵¹ centered on the public purse. This mimics real-world political horse-trading, where central government politicians bargain with local leaders for political support in exchange for commitments of public expenditure, locally-favorable policies, or other political rewards in the center's gift.

3.1 The Model

Following Chapter 2, a country is made up of T districts, each with population n_j where subscript j denotes district. Local welfare is defined as median utility, $U_{mj} = x_{mj} + \theta_{mj}b(g_j)$, where θ_{mj} denotes local median preference for the public good g in district j , and x_{mj} is the median consumption of private good x in district j . The function of government is to provide public goods, which it finances with a local head tax. Central government has a cost advantage in the provision of public goods, such that the head tax

⁵¹ The allocation of resources within central government is zero-sum, while the shift from local to central government is not.

needed to finance a given level of provision under central government is $\alpha g_j/n_j$ with $0 < \alpha \leq 1$, whereas the tax under local government is g_j/n_j . This cost advantage can derive from various sources, such as central government's superior technical knowledge, or an organizational advantage which lowers the cost of complex public goods, or traditional economies of scale.⁵² Hence central government's unit price is lower than local government's for a given quality of output. Under central government each district has weight λ_j in the national parliament where policy is made,⁵³ where $\lambda_j \geq 0$ and $\sum \lambda_j = T$.⁵⁴ Local government ascertains θ_{mj} accurately, whereas central government ascertains θ_{mj} with probability p and θ_{-mj} with probability $(1-p)$. Probability varies as $p \in [0,1]$, and θ_{-mj} is defined as an unrestricted value of θ other than θ_{mj} .

Each district j has a local government which coexists with central government, itself located in a particular district c . Under decentralization all local public goods are produced by local government, and the central government dedicates itself to other pursuits. These other pursuits may be thought of as "national public goods", as in national defense, but they are extraneous to the model and not of concern here. Under decentralization, local government's problem in district j is

$$\max_g \left[\theta_m b(g) - \frac{g}{n} \right] \quad (3)$$

where for simplicity I drop all subscripts j . Taking first-order conditions and rearranging yields

$$b'(g) = \frac{1}{n \theta_m} \quad (4)$$

The level of public good provided by local government is thus an implicit function of θ_m , the median preference for the public good, and of the population n . Citizens receive the level of public good that they prefer, which they pay for fully.

Under centralization, government takes on a cooperative form where the job of local government is to relay information on local needs to the center, while central government, with its cost advantage, produces public goods cheaply. Central

⁵² Certain types of public health interventions, for example, require specialized technical knowledge which central government may be able to obtain more cheaply than local government.

⁵³ In this framework policy is understood to mean the level of public good provided.

⁵⁴ Thus if central government gives a particular district, such as the capital, a large weighting, average $\lambda < 1$ for all the remaining districts in the country.

government then allocates public goods across districts.⁵⁵ I assume that central government's cost advantage is an increasing function of the number of municipalities that cooperate with it, $\alpha=\alpha(t)$, $\alpha'>0$. This follows from the characterization of cost advantage α , which will tend to increase in t whether we think of it as an economy of scale, technical knowledge or organizational ability.

Under centralization, districts' locally-elected representatives bargain in a national legislature over the allocation of public goods. Central government's problem is represented by the Nash Maximand

$$\text{Max} \left(V_j - \underline{V}_j \right)^{\lambda_j} \left(V^* - \underline{V}^* \right)^{\lambda^*} \quad (5)$$

where V_j represents median utility in district j under central government's equilibrium allocation of g , and \underline{V}_j represents the district's outside option. The negotiation takes place between a given district, j , and central government representing the rest of the country.⁵⁶ The outside option is simply district j 's median utility under the decentralized equilibrium allocation of g , V_j^D , minus the cost of transition, k_j , from a centralized to a decentralized regime. V^* is the sum of median utilities in the $T-1$ districts which comprise the rest of the country under centralization, and \underline{V}^* represents the sum of $T-1$ districts' outside options. λ^* is the sum of $T-1$ districts' political weights. That is to say,

$$V_j = \left(p\theta_{mj} + (1-p)\theta_{-mj} \right) b(g_j) - \alpha(t) \frac{g_j}{n_j}$$

$$\underline{V}_j = V_j^D - k_j$$

$$V^* = \sum_1^{T-1} V_j, \quad \underline{V}^* = \sum_1^{T-1} \underline{V}_j, \quad \lambda^* = \sum_1^{T-1} \lambda_j \quad \text{and so on.}$$

Transition cost k can be thought of as the cost incurred in returning to local production of public goods, including attracting outside technical experts, training local officials, setting up the infrastructure and organizations necessary to provide and administer local services, and the like. I assume k is observable by both center and periphery. Central government's problem can thus be interpreted as a negotiation over how to divide the productive surplus from moving from local production to lower-cost

⁵⁵ This model is generally similar to Ostrom, *et. al.*'s (1993) polycentric model of government, where different public functions are allocated across hierarchical levels of government.

⁵⁶ In practical terms, central and local government can be thought to negotiate over the head tax h_j which central government charges the residents of district j for the public goods it provides, where $\alpha g_j/n_j \leq h_j \leq g_j/n_j$. The center keeps the difference $(h_j - \alpha g_j/n_j)$ for itself.

central production of public goods. Note that the preference structure of Chapter 2 is retained, folded into a bargaining structure.

Taking first-order conditions and re-arranging yields

$$\frac{(V_j - \underline{V}_j)}{(V^* - \underline{V}^*)} = \frac{\lambda_j}{\lambda^*} \frac{\partial V_j / \partial g_j}{\partial V^* / \partial g^*} \quad (6)$$

and

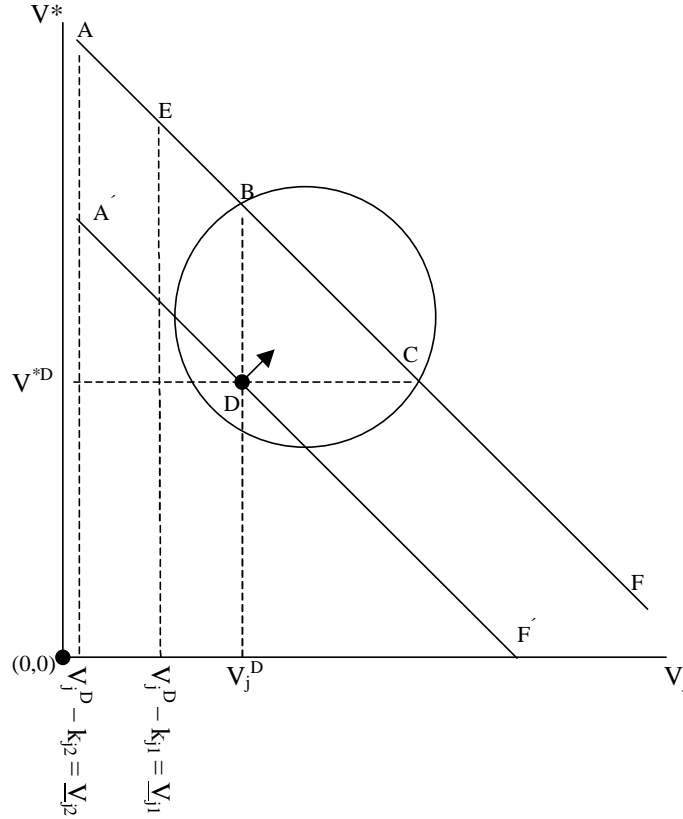
$$\frac{\partial V_j / \partial p}{\partial V^* / \partial p} = - \frac{\lambda^*}{\lambda_j} \frac{(V_j - \underline{V}_j)}{(V^* - \underline{V}^*)} \quad (7)$$

Equation (6) shows that district j and the rest of the country divide the surplus in proportion to their respective political weights and the marginal utility of the public good in each. Equation (7) states that the ratio of marginal utilities in district j and the rest of the country from increasing probability p is negative. Hence a unit increase in the probability that θ_{nj} is assessed correctly, which by definition must improve welfare in district j , must decrease welfare in the rest of the country – including district c where central government resides. We can interpret this as an implicit cost of coordination which the center must incur to liaise with district j and use information on j 's preferences accurately. Doing so reduces the size of the surplus, providing the center with an incentive to mis-assess local preferences. Note that this is not an explicit assumption, but emerges from the structure of the model. Thus in the aggregate, taking account of multiple negotiations, the center will tend to provide a policy mix different to that preferred by the T districts. At this point the model can already explain the second general result of decentralization – the shift in the sectoral composition of investment.

Figure 8 illustrates equilibrium allocations under both centralized and decentralized regimes. For convenience I assume $\lambda_j = T/2$ and draw the welfare frontier as a straight line.⁵⁷

⁵⁷ If λ_j is allowed to vary, then lines AF' and AF become curves.

Figure 8: Centralized and Decentralized Equilibria (for $\lambda_j = T/2$)



Under decentralization, the equilibrium solution for district j and the rest of the country is located at point $D (V_j^D, V^{*D})$. The move from local to central provision generates a productive gain which shifts the welfare frontier (in terms of aggregate utility) out from $A'F'$ to AF . Note that the size of the welfare gain ($A'F' \rightarrow AF$) increases with central government's cost advantage and decreases with the cost of coordination. Triangle BCD northeast of point D contains all combinations of V_j and V^* that are Pareto-superior to (V_j^D, V^{*D}) . The two parties will negotiate over points in this triangle. Line segment BC represents feasible allocation sets that Pareto-dominate all other sets in BCD , including the decentralized optimum D . BC thus describes all of the solutions that can occur in equilibrium. As the graph illustrates, the number of admissible solutions is infinite. This is a product of the unstructured form that negotiation has taken thus far. Adding a simple structure along the lines of a Nash bargaining game permits the reduction of an infinite set to an equilibrium that is unique.

A Nash Bargaining Game

Representing central government's problem as a Nash bargaining game permits the incorporation of a participation constraint for district j , which provides the key to

solving the model. The game is structured so that the negotiation over dividing up the centralization surplus involves central government offering district j enough incentive to cooperate. Three facets of the model are salient. First, the fact that central government is located in a given district c implies that its employees live in c and benefit from the public goods available there. Second, centralized production implies that the residents of c appropriate any part of the productive surplus not allocated to other districts in the country. Locating central government in a particular district thus ensures it is selfish. Third, the fact that $\alpha = \alpha(t)$ gives central government an incentive to induce as many districts as possible to cooperate. District j , meanwhile, seeks to improve upon its decentralized allocation V_j^D . This combination of incentives generates a game in which the center offers districts the minimum allocation necessary to ensure the cooperation of the largest number, thereby maximizing its own allocation of public goods.

Bargaining takes the form of a repeated four-period, single-offer game. Negotiations between central government and all districts j occur simultaneously. In a negotiation with any given district j , central government represents all $T-1$ remaining districts. The four periods simulate a typical electoral cycle. Centralizing agreements take effect with a lag of one period. Defection from central to local government, however, can take place within a single period.⁵⁸ Districts know the number of periods between elections, and form their expectations about the next period's allocation based on current and past allocations. The structure of the game is as follows:

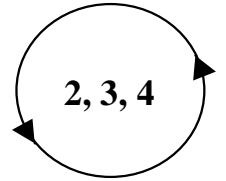
⁵⁸ Negotiation and coordination amongst numerous districts is assumed to take longer than a unilateral decision to return to local production of public goods. This has the effect of increasing district j 's bargaining power compared to central government.

steps **Origination**

0. The game originates.
1. Central government invites all decentralized districts j to join the “club” of centralized provision of public goods, and offers to allocate g_j . The offer will only take effect in the following period.
2. Decentralized districts j accept or reject the offer.

Periods 1 to 4

3. Central government allocates g to all cooperating districts. Local government allocates g to all non-cooperating districts. All districts under both regimes observe their allocations and all V_j 's are realized.
4. Districts under central government choose to remain or defect to local government based on their centralized allocation of public good g . In districts under local government the decentralized equilibrium persists.
5. Steps (3) and (4) repeat during periods 2, 3, and 4.
6. The game repeats from step (1).



The first three periods consist of decisions over allocation and cooperation/defection, with central government making new offers at the end of period four. As the game is symmetric for all districts j , if one district chooses cooperation then all do, and if one district chooses decentralized provision then all do. The fact that central government makes the offer gives it a structural advantage which appears to be realistic and in keeping with stylized facts from around the world (see discussion below). But it is important to note that district j has a significant advantage too – its ability to break agreement unilaterally at any time. Between these two aspects of the model the latter would seem to be less realistic, making the model biased somewhat in favor of the periphery.

With Credible Commitment

I initially assume that central government can credibly commit to g_j from the outset of the game. The solution to this problem is a standard result in game theory.

Proposition 1: *If $k_j = 0$, $V_j = V_j^D = \underline{V}_j$. The center appropriates the entire efficiency gain from centralization.*

This is easily proven: District j has no incentive to accept a lower allocation than it receives under decentralization, and thus its payoff space has lower bound V_j^D .⁵⁹ Central government has no incentive to offer more than the $V_j^D + \varepsilon$ necessary to obtain j 's agreement. Equilibrium thus occurs at point B in figure 8.

Allowing k_j to take on nonzero values increases central government's bargaining power at the expense of j . At cost k_{j1} , the default allocation set $(\underline{V}_j, \underline{V}^*)$ shifts leftwards, suggesting an equilibrium at E. With high cost k_{j2} , $k_{j2} > k_{j1}$, the implied equilibrium shifts back to A, with j 's welfare close to the origin. But j will not accept offers at A and E, as both are below V_j^D . Central government must offer a level of g_j such that $V_j \geq V_j^D$ in order to secure the agreement of j , and we return to point B on figure 8.⁶⁰ The result implies that district j can never improve on its decentralized optimum, V_j^D , despite the center's cost advantage in service provision, credible commitment, and the possibility of accurate preference assessment by the center. Only district c can improve its welfare under central government. The presence of credible commitment, however, does keep j 's welfare from falling below V_j^D despite non-zero transition costs.

With Limited Commitment

Suspending the assumption of credible commitment changes the problem significantly. If commitment is completely absent and all parties know this *ex ante*, cooperation will be impossible as individual districts' expected allocation will be less under self-interested central government than under decentralization. Local government will prevail. Under different types of limited commitment, however, central government is possible.

The concept of limited commitment is problematic, however, as different limitations may inherently conflict with the very concept of a commitment that is credible. Commitment with uncertainty, where the center commits to an agreed allocation of public goods which it can provide only with a given probability, is one such example.⁶¹ More generally, any form of limited commitment where the object of the commitment – in this case a level of g_j – cannot be fully specified in advance should not be regarded as a commitment in the formal sense. I focus instead on commitment that is

⁵⁹ For ease of expression, I refer hereafter to g and V interchangeably as the *allocation* received under central or local government, although in strict terms g refers to the allocation and V to the resulting welfare.

⁶⁰ Note that this may entail a lower level of g_j than under decentralization, as the unit cost of g may now be lower.

⁶¹ Following the earlier example, we can give this the form $(\pi g_j + (1-\pi)g_{-j})$, where g_{-j} is some level of g other than g_j and π is a probability, $\pi \in [0,1]$.

limited in time rather than in kind. For the sake of simplicity I examine commitment limited to one period in a multi-period game. Such commitment is both credible and specifiable, but limited in that parties may only make promises about outcomes one period in advance. This has practical relevance to the extent that it mimics negotiation in an uncertain political climate with shifting alliances. Other, more sophisticated forms of limiting commitment are possible, but for the sake of brevity I do not consider them here.

Proposition 2: *The equilibrium solution to the repeated Nash game with limited*

commitment is for central government to offer district j an allocation such that

$V_j = V_j^D + 1/6 k_j$ in period one, $V_j = V_j^D - 1/3 k_j$ in period two, $V_j = V_j^D - 1/2 k_j$ in period three, and $V_j = V_j^D - k_j$ in period four.

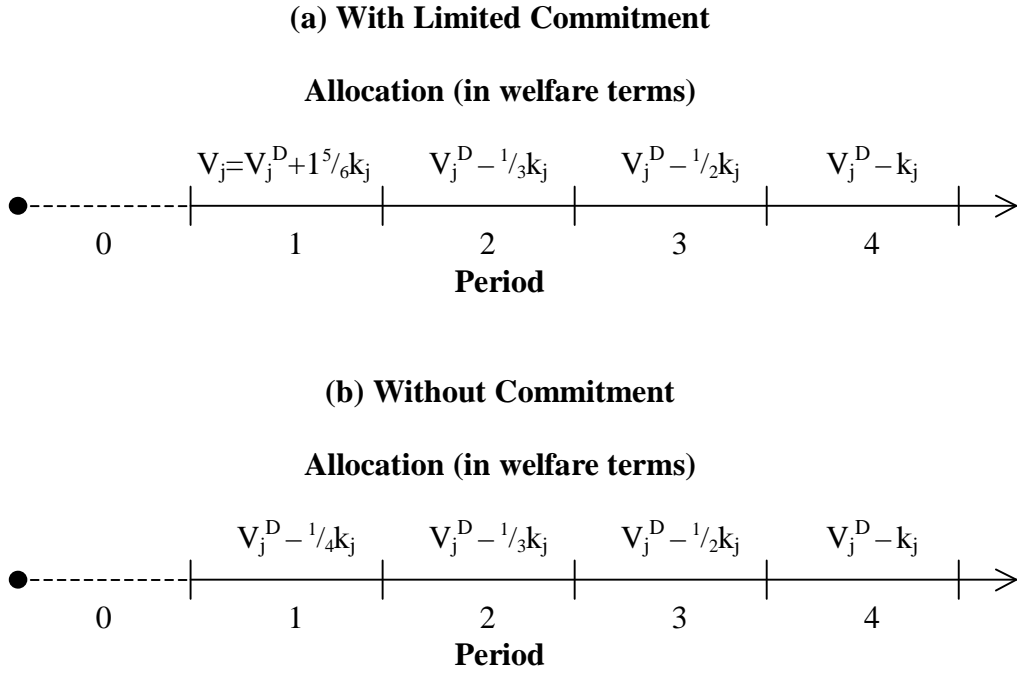
The proof is as follows, and is illustrated in figure 9a below. The game occurs over four-period cycles where agreement is implemented in period one, and negotiations are conducted over the following cycle in period four.⁶² Periods one to four thus represent the continuing sequence of plays where a stable equilibrium may be found. Analyze the sequence of plays in reverse, beginning with period four, for a repeated-game equilibrium. Once central government is implemented, j will defect if $V_j < \underline{V}_j$, as by defecting it can achieve \underline{V}_j immediately and V_j^D thereafter. Hence central government will offer $\underline{V}_j = V_j^D - k_j$ in period four. In period three, however, the center must offer $V_j > \underline{V}_j$, as an allocation of \underline{V}_j in period three implies the same in period four and j is better off defecting. Its decision to cooperate or defect can be characterized as $2V_j = 2V_j^D - k_j$, and the center must offer at least $V_j = V_j^D - 1/2 k_j$ for j to cooperate. The offers for periods two and one are derived by the same logic.⁶³

Limiting commitment in this way thus alters the stream of allocations that district j obtains from central government from an even pattern to one where public goods are front-loaded in the first period and then decrease steadily through the cycle. Aggregate welfare over the cycle is equal to that under local government, as well as that under central government with credible commitment. But the temporal distribution changes significantly. The experience of Bolivian municipalities under centralization, most of which saw investment levels vary wildly from large sums down to nothing, supports this result. Once again, district j cannot improve on its decentralized optimum despite the center's cost advantage and the ability to elicit accurate information on preferences, and

⁶² I consider this feature realistic, but the results are not sensitive to it.

only district c gains from centralization. But the presence of limited commitment once again keeps j 's welfare from falling below $4V_j^D$ over the cycle. Note that V_j rises with the cost of transition, leaving less for central government to appropriate for itself. Note also that the solution's parameters depend on the periodicity of the game, and that extending or compressing its temporal structure will increase or decrease equilibrium allocations accordingly.

Figure 9



When the Center Can Renege

In many countries the question of central government submitting itself to an enforceable commitment, even a limited one, may be quite unrealistic. By definition, the transition from local to central government involves not just a change in fiscal regime but a fundamental change in the allocation of political power. Whereas before centralization the residents of j administered their own affairs, afterwards it is the central government that holds political power and administers resources on their behalf. They are the government, they make decisions, they uphold rules as they see fit. In countries where the legal and constitutional instruments for enforcing the center's commitment are not available to counterbalance the pure political power of the center, making an *ex ante* commitment on allocation bundles which central government is bound to honor may not be possible. Where checks and balances are weak, central government will have every

⁶³ This is easily derived by equating $4V_j^D$ to the stream of centralized allocations.

incentive and complete liberty *ex post* to renege on its promise and increase its own allocation, and will face no sanction for doing so.

Proposition 3: *Where central government can renege on its commitment, district j's allocation over the four-period cycle will be such that $\Sigma V_j = 4V_j^D - 2^{1/2}k_j$. Districts will be worse off under centralization than under decentralization.*

The proof is straightforward. Once district j has joined central government in such a setting, we can expect the allocation in period one to fall to $V_j = V_j^D - 1/4k_j$, with allocations in periods two to four remaining the same as before (see figure 9b). Under the logic explained above, district j will have no incentive to defect from centralization in any given period, but the center can renege on any offers of front-loaded benefits. Hence in a context of a strong central government and weak countervailing powers brought about by a weak legal and institutional framework, self-interested central government will systematically under-invest in public goods in non-central districts by an amount that depends on transition cost k.

But this outcome depends on the center essentially fooling district j, convincing it to join central government and incur potential cost k in the absence of guarantees that the agreed V_j will be provided. Why would localities agree to such a game? I note first that district j will not agree to such a game if accurately characterized *ex ante*. That it finds itself in such a situation is a product of the center changing the rules in mid-game, or its own ignorance or mistake. But whatever the cause, assume path dependency obtains and in a given period district j finds itself in the midst of an inherited, welfare-inferior centralization scheme. The question then becomes: why does the equilibrium persist? With the payoff structure of figure 9b, j has no incentive in a given period to return to decentralization as its welfare will immediately fall in that period. Over several periods, of course, a short-term loss will lead to a long-term gain, and j should defect. But timing may be crucial. Elected officials in j – those responsible for the decision to defect – face a short time horizon given by the electoral cycle, and may have too high a discount rate to incur the cost of a transition which will mainly benefit future politicians. If their electoral cycle does not coincide with that of central government, they might prefer to wait for a general election in the hope of faring better under new leadership. Or they may take time to settle into office and comprehend their situation – and as the payoff to defection declines over time, they may not be ready to make such a decision until it is no longer worthwhile. External factors may also intervene. Defection may be

perceived as less prestigious than remaining in central government, and might leave elected officials open to charges of political weakness, poor negotiation skills, etc. Lastly, the center may offer local leaders opportunities for graft, future allocations of public goods, or other benefits if they cooperate. These possibilities are all beyond the confines of the model, and some violate its assumption of rationality. I will not pursue them further except to indicate that when surveying countries' fiscal arrangements, a number of complex factors may help explain the persistence of low centralized equilibria when districts would be better off decentralizing.

The model shows that in a framework of legislative bargaining, where central government can provide public services more cheaply than local government and has access to accurate information on local preferences, districts on the periphery can never improve upon their decentralized allocations even when credible commitment is possible. And without commitment districts are worse off under centralization as the center hoards the resource pool. By modeling central government as an independent actor analytically distinct from local governments, with a privileged constituency and its own incentives and bureaucratic interests, the model can explain the two principal results of decentralization noted above: (1) central government invested very unequally across space and entirely ignored one-half of Bolivia's municipalities because it preferred to accumulate resources in the center and a few other districts with significant political weight; and (2) the sectoral composition of investment changed significantly because the center has different preferences from the periphery, and can increase its own welfare by failing to ascertain the sorts of investment that the periphery prefers.

This second point comes out of the structure of the model, and can be interpreted as the straightforward result of differing preferences across space. If large construction companies and oil & gas firms are based in the capital, for example, the center will naturally prefer transport and energy projects to health and education, regardless of where the latter are physically located. Widespread economic and need regressiveness logically follow.⁶⁴ The assertion that local government does invest according to local need rests on the results of the previous chapter. Part II of the dissertation turns to the how and why of that question in detail.

⁶⁴ This is obviously a simplification of how central government works. A more nuanced view would begin recognizing that it is not the residents of the capital *per se*, but those interests able to organize and place representatives in the capital that benefit disproportionately. Chapter seven provides a more sophisticated model which incorporates this observation.

How Do Central and Local Governments Differ?

The model's results hinge upon the question of credible commitment. Across countries, the mechanisms used and the degrees of commitment achieved appear to vary greatly. In countries without a strong and independent judiciary, where the constitution does not protect districts, and/or where institutions are too weak to oppose the political will of the executive, the model would predict resource accumulation in the capital, with considerably less accruing to the periphery. Nigeria, Mexico, Egypt, Thailand, and until recently Bolivia would seem to be a few examples. Elsewhere, however, the mechanisms of government seem designed to produce a different outcome. In Europe for example, regional aid and structural funds are explicitly designed to favor poorer countries and regions, which on the whole receive more EU funds than they pay in. Indeed, the fact that European integration is advancing slowly, within the framework of institutions where national interests are finely balanced and an elaborate set of side agreements and opt-outs exist, suggests that nations are aware of the danger of central confiscation and are keen to avert it. Similar claims can be made for the distribution of federal funds among US states and German *länder*, where the rights and privileges of states and *länder* are enshrined in law and safeguarded by the constitution. The fact that all three of these examples are federations of strong regions with comparatively weak centers, and the previous examples are the opposite, suggests that a robust legal and institutional framework can help to protect the power of the periphery against central encroachment. The unification of Germany and attendant relocation of the capital to Berlin could be seen in this context as a social experiment, a tug-of-war between an entrenched framework favoring the regions and a "new" capital in ascendancy which unites the economic, cultural and social elite of the nation. Lastly, a number of past and present wars may be understood in this light. The North and South American wars of independence, wars of decolonization, the US Civil War, and the recent wars of Yugoslav disintegration, may be viewed to varying degrees as violent attempts by regions to throw off the yoke of central governments that expropriate their resources.

5. Conclusions

This chapter differs from the standard literature on decentralization in two important respects: (i) the way in which it conceptualizes the role of central government, and (ii) its use of empirical models of investment to peer into the black box of local government decision-making and unpack its institutional dynamic. I consider each in turn.

The economic literature on decentralization typically treats central government either as an enlightened social planner (Oates, 1972), or as a neutral forum in which the representatives of different localities vote (Pande, 1999) or bargain (Besley and Coate, 1999) over policy choices. This chapter treats central government as an independent political actor in its own right, analytically distinct from local governments, and with its own constituency, bureaucratic interests and policy goals. Such an approach is common in the political science and public choice literatures on bureaucratic (budgetary) maximization (see especially Niskanen (1971) and Tullock (1965)), but has been ignored in the literature on decentralization. By incorporating this idea into a framework in which the center bargains with the periphery over policy outcomes, I am able to show that districts can never be better off under central government than they are under local government. Among the model's conclusions, its prediction that investment flows will vary predictably with the electoral cycle mirrors the political business cycle literature (*e.g.* Alesina and Roubini (1992)), although derived from a different starting point.

This permits me to contradict another of the standard tenets of the literature, which holds that rising inequality is one of the dangers of decentralization, as richer districts invest in more public goods and so increase their advantage over poorer districts. In this view, central government can ameliorate the problem through various systems of matching and bloc grants (see Rubinfeld (1987) for a good general exposition). But the data demonstrate exactly the opposite phenomenon in Bolivia – central government increased already considerable disparities amongst municipalities by concentrating investment in the richest ones and those where need was lowest, and it is local government that has invested more equitably and worked to decrease such disparities. My model explains this apparent anomaly by locating central government in the richest and most developed municipality in the country and acknowledging that it has a vested interest in perpetuating this state of affairs.

Another curious feature of the decentralization literature is that most of the theoretical effort goes into modeling central government through different techniques of preference aggregation and various decision-making mechanisms. But very little attention is given to how local government operates, with most papers assuming some variant of average local preference maximization. Although the model above is similar in this respect, the empirical work is not. Through six sectoral models of local government investment I seek to shed light on the social forces that compete for power locally, the political dynamic to which this competition gives rise, and the characteristics of the institutions through which these forces shape policy-making at the local level. I seek to provide systematic and generalizable evidence of the micro-political foundations of local government decision-making. These themes are explored in much more detail in the chapters that follow.

What conclusions can we draw from the results? Decentralization in Bolivia was largely a process in which the center empowered municipal governments, which it then could not control. Given the center's performance during the years leading up to decentralization, it is not surprising that the reform worked best in the smaller, poorer, more distant communities, as these are precisely those where the central state was most weakly represented, when it existed at all. As smaller districts are the ones which disproportionately drive the changes documented above, understanding local government dynamics there is equivalent to understanding why decentralization works. My results provide a good point of entry. Strong civil institutions cause municipalities to raise investment in the social sectors, whereas strong private sector firms decrease investment in the social sectors and increase it in urban development. Far from contradictory, this should be taken as a sign that the local political economy is developing along healthy lines in Bolivia's towns, with interests groups competing to obtain the outcomes each prefers. A local administrative regime characterized by a strong, activist municipal council working with a relatively weak mayor is also associated with more investment in social projects. And political disaffection and protest decreases investment in sectors where projects are very expensive and where investment tends to be regressive. These results paint a picture of a robust local political economy in which accountability operates through both the electoral mechanism and interest group lobbies. And the free interplay of these political forces in a context of strong local institutions, especially a representative council transmitting grass-roots demands, is at the heart of successful local government.

How Do Central and Local Governments Differ?

It is instructive to contrast the importance of civil institutions and the private sector with the irrelevance of IT, training and capacity building, project planning, and central government auditing. The technocratic approach to institution building and good governance is often to deploy systems and procedural “software” in the place of building the institutions and the legal-political “hardware” necessary to the functioning of a democratic system. This tendency is at least partly due to the difficulty of the latter, and the fact that the former fits well with many donors’ project orientation. We see here direct evidence of the irrelevance of this approach, and of the importance of the interplay between civil and economic forces in the local political regime. This points to a way in which aid priorities can be reordered. Instead of spending on IT, training, and government processes more generally, resources could be invested in measures to secure the foundations of an open political system. This would include improving transparency and strengthening the legal and institutional framework to the point where it can successfully contain the societal pressures which clash therein, and is not torn apart by them. In the absence of such elements, installing information systems and training local officials is unlikely to succeed, and may actually hinder good governance by empowering self-interested agents in a dysfunctional system with inadequate barriers to rent-seeking.

Such an interpretation is intuitively appealing, and coincides with much of the political science literature on the importance of an open, fair and competitive political system. It describes an institutional and legal arrangement, however, which is as available to large, rich districts as it is to those which are small and poor. In order to push our understanding of decentralization further, we must examine the advantages that smaller districts evidently have in its implementation. One likely advantage is transparency. The econometric results point to the role of accountability in policy-making, and transparency is an important component of accountability. In large districts the mayor and councilmen are separated from voters by layers of bureaucracy and by the sheer size and complexity of the city over which they preside. Local politicians can counter the oversight mechanisms designed to keep watch over them with bureaucratic allies of their own. And they can take refuge in a range of municipal activities so great in number and variety that voters cannot reasonably hope to be informed about all of them. Citizens will thus rationally come to expect that public funds “disappear” in a work program which they neither understand nor expect to see the results of. In small, rural districts, by contrast, the mayor is never far from voters. Her neighbors greet her

each morning as she crosses the square. They see her clothes and her manner; they observe her level of effort. They know if she has suddenly become rich. The scale of municipal operations is a much more human one, readily comprehensible by voters, greatly facilitating accountability.

Similarly, and closely related, civil society is likely to be more homogeneous and coherent in small districts than in large ones. Partly this is due to issues of scale and complexity noted above. And partly it is a result of the manner in which people associate in large urban areas versus small towns. In the former, social bonds often form more strongly around occupations, leisure activities, and other geographically non-specific criteria. Accountants know their clients and they know other accountants, and their prosperity depends largely on both groups and not on where they live. In villages and rural areas, by contrast, the environment plays a much larger role in people's lives, and the axis around which social activity revolves is accordingly geographic. Neighbors make common cause because their fate is tied to the same factors, such as the weather or the change in a river's course. Where civil society is more unified and willing to work together to achieve consensual goals, accountability will tend to improve as local oversight becomes easier and its cost falls. This point is both subtle and complex, and I only mention it here; it is treated much more extensively in Part II.

All of this points to the fundamental difference between centralized and decentralized government – incentives. Whether *ex ante*, via the electoral process, or *ex post*, via the oversight and accountability mechanisms outlined above, decentralization fundamentally alters the incentives facing public servants, and thus their performance. Under centralization local investment is carried out by central agents whose interests are firmly aligned with those of their ministerial superiors and their constituency in the center, and not the beneficiaries of the investments for which they are responsible. Under decentralization, by contrast, the beneficiaries of public projects themselves hold the reins of local power, and determine the future of those they depend on to serve their needs. The incentives of local politicians are thus clearly aligned with those of their voters, and the effect of this is strong enough to appear in national investment trends. Greater transparency and the lower cost of civic action explains why this phenomenon is stronger in smaller districts. In larger districts, issues of size, urban complexity, and the patterns of social relations may conspire to obstruct transparency, and hinder the accountability necessary for effective local government.

How Do Central and Local Governments Differ?

There are other explanations for the discrepancy between the performance of small and large municipalities, of course. It is possible that the social structure of smaller, poorer districts is less hierarchical than that of larger districts, and thus less open to domination by a narrow elite. Alternatively, interests of groups on either side of social cleavages such as wealth and race might naturally be more closely aligned in smaller localities, due perhaps to a lower degree of social stratification or a narrower economic base than in large urban areas. The patterns of social relations and social organization would thus affect governance not only through oversight mechanisms, as per above, but via the very preferences which different groups articulate. In either case, arriving at a consensus on how to invest public funds would be easier, and the consensus itself more robust, facilitating local government and contributing to its success. This issue is potentially a very large one, and one that crosses the boundaries of political economy into sociology. Unfortunately it is beyond the scope of this chapter. I raise it here as a provocative possibility, and topic for future research.

Part II

The Local Governance System

4

Introduction to Part II

Part II of this dissertation follows the analysis of decentralization developed in Part I by seeking to unlock the black box of local government decision-making, first in two districts at the extremes of municipal performance, and then in a larger and more diverse group. In Chapter 2 I showed that decentralization changed public investment patterns significantly in terms of both the sectoral uses of funds and their spatial distribution, and that changes were driven by local needs. Moreover, these changes were a product of the decisions and priorities of Bolivia's newly-created (largely rural and poor) local governments, and did not merely coincide with decentralization. Chapter 3 extended this work by exploring why local and central governments behave so differently. I first examined the institutional and socio-political determinants of central versus local government investment. I found that local decisions are largely determined by a competitive interest group dynamic which provides poorer citizens, as well as private sector firms and civic institutions, with political voice, and which ensures that accountability is binding for elected officials. The data highlights the importance of the legal-political structures of an open and transparent local political system, and institutions strong enough to contain the political pressures that inevitably arise. Central government, by contrast, invested where need was lowest, and concentrated resources in a minority of Bolivia's municipalities. This is consistent with a bargaining model of government that locates the center in a particular district, with its own constituency, preferences, and utility-maximizing incentives.

This second part of the dissertation builds on these insights by exploring in great depth and detail how local government's decision-making process works, and why it produces the outcomes that it does. The theoretical methodology of the previous chapters treated local government as a unitary actor that seeks to maximize median social welfare. Although useful for exploring the incentives and informational constraints that local governments may face, this broad-brush approach misses important institutional and political features which, far from mere details, may determine the

quality of local government that a district receives. Similarly the empirical methodology used there, though benefiting from a powerful generality – the results it produces apply to the universe of Bolivian municipalities – can suggest only correlations between variables, not causality. And the measures used of such complex factors as municipal decision-making processes, institutional capacity, the strength of social organizations and ethnicity are necessarily imperfect approximations. If we wish to gain deeper insight into the nature of local government decision-making and establish causality amongst relevant factors, we must look further into the institutional and political processes that comprise it.

Accordingly, Chapter 5 examines the processes, actors and institutions of local governance, the economic and political interests that compete for power locally, and the characteristics of civil society in one of the worst-run municipalities in Bolivia, Viacha. Chapter 6 does the same for one of the best, Charagua. I focus on the extremes in order to more easily identify the key factors that lead to good or bad government. The approach is very detailed, often allowing key protagonists to tell the story in their own words, in order to establish the fundamental facts and relationships that underlie government in each district. Chapter 7 abstracts away from the particulars of actors and institutions to offer a theoretical explanation of why each government worked as it did, using the conceptual tools of political theory and the new institutional economics. A contrast of the respective logics inspires an analytical model of local government which can explain the experiences of Viacha and Charagua. This model is then made empirically tractable, and tested and refined in Chapter 8 through the analysis of government effectiveness in seven additional municipalities. Chapter 9 concludes.

Chapter 1 noted the essentially ahistorical nature of Bolivia's decentralization reform. Similar questions of interest concern the politics of redistribution. Decentralization inevitably deprives some groups of resources and bestows them on others. Bolivia, as we saw in Part I, was no exception. What effects did redistribution have on Bolivia's (tenuous) national unity and integration? Why was reform not opposed more tenaciously by urban constituencies accustomed to the center's largesse who stood to lose most from it? Why did interest groups not distort it, seeking to control or curtail municipalities' actions? Such issues, and the basic question of how central government managed to pass and implement the LPP with few modifications, are both interesting and important, but ultimately tangential to my research agenda. The unchallenged fact is that by mid-1994 the center had deprived itself of resources in favor

of the periphery, where municipal authorities were largely free to pursue local priorities.⁶⁵ The local decisions that ensued can accordingly be analyzed as local phenomena, the product of local conditions, substantively independent of the politics of the center.⁶⁶

The data used in Part II, and the empirical methods employed to obtain them, are quite different from those of Part I. I rely here on qualitative information gathered during six months of field work in Bolivia, in nine municipalities selected to control for size, region, economic base, rural vs. urban setting, and cultural and ethnic characteristics. In each of these I conducted extensive semi-structured and unstructured interviews of local government and community leaders, key informants, and citizens at the grass-roots level. I spoke to over 300 people in more than 200 interviews, following a systematic program in which I put standard questionnaires to

- the mayor
- other government leaders
- government and opposition local councilmen
- president of the oversight committee
- heads of several grass-roots organizations
- principal local health authorities
- principal local education authorities
- heads of major businesses and economic interests
- union leaders
- parish priest or other religious leader(s)
- commander of the local military garrison
- important local NGOs
- chief municipal technical officer
- chief municipal financial officer
- leaders of grass-roots organizations
- members of grass-roots organizations

To this standard list were added informants of particular local import in each municipality. Interviews were carried out in the main city/town and throughout the rural catchment area in each district. I also collected each district's Annual Operating Plan (OAP) – its investment budget – and a detailed map of the communities that comprise it. In each district I was careful to visit a significant number of rural communities. The research was conducted in two rounds, March-May and September-November, 1997, on either side of a general (but not municipal) election. During the intervening period I analyzed initial results and designed the second round of interviews and questionnaires

⁶⁵ The extent to which municipalities were free of external constraints was discussed in Chapter 3.

⁶⁶ Instances to the contrary – in Viacha and Baures – are exceptions, and duly noted.

to pursue promising lines of inquiry and test early theories. The length of the above list notwithstanding, the majority of the interviews by number (and duration) were with members and spokesmen of grass-roots organizations.

Before attempting to analyze real municipalities in Bolivia, it is useful to quickly review the political science literature on local government. The intellectual case for decentralization originates in the most basic rationale for democratic government and the effective representation of citizens' interests. Political philosophers such as Rousseau (1978), Mill (1993), de Tocqueville (1969), Montesquieu (1989), and Madison, Hamilton and Jay (1961) distrusted autocratic central government and held that small, democratic units could, like ancient Athens, preserve the liberties of free men. In several of the Federalist Papers, Madison theorized about the prevention of tyranny via a balance of powers not only among the branches of central government, but between central and regional and local governments as well.

The modern argument is well represented in Musgrave's (1959) familiar tripartite division of the functions of the public sector. *Macroeconomic Stabilization*, or the exercise of countercyclical policy, and *Income Redistribution and Equality* in the name of social justice are both primary responsibilities of central government; it has both policy tools and the scale appropriate to such functions, which local government largely lacks. The *Provision of Public Goods and Services*, on the other hand, provides the primary argument for the existence of local government. Many public services are of mainly local concern (*e.g.* fire protection, law enforcement, trash collection), but, as de Tocqueville noted, centralization tends to result in a uniformity of policy outputs which often ignores the diversity of local tastes and conditions. Placing control of such services in local hands can provide scope for setting levels and qualities of outputs according to the circumstances of individual jurisdictions.

Wolman (1990) develops the theme further, arguing that decentralization can enhance efficiency, and hence social welfare. When tastes vary within the population, the divergence between individual preferences for public goods and those government supplies can be decreased when provision is by local governments operating in relatively homogeneous districts. This operates

by placing government closer to the people, foster[ing] greater responsiveness of policy-makers to the will of the citizenry and, it is argued, result[ing] in a closer congruence between public preferences and public policy. This is not only because decision-makers in decentralized units are likely to be more knowledgeable about and attuned to the needs of their area than are centralized national-government decision-

makers, but also because decentralization permits these decision-makers to be held directly accountable to the local citizenry through local elections.⁶⁷

This comprises the core of the political case for local government.⁶⁸ But how precisely can we account for the superior responsiveness of local government to local tastes and conditions? Beyond unspecified notions of proximity – to which a surprising number of authors appeal – this generally accepted idea is ultimately founded on the principle of accountability through the electoral system. But when we examine its micro-political foundations carefully, it is not clear how – or indeed if – it can function. As Verba, *et. al.* (1993) point out, elections are a poor mechanism for accountability because “the vote differs from many kinds of activity in being a rather blunt instrument for the communication of information about the needs and preferences of citizens.”⁶⁹ Voting suffers from the well-known dimensionality problem,⁷⁰ which makes it unsuitable for relaying complex information about citizen preferences to political leaders (this point is developed further in Chapter 7). The majority of political science’s claims about the superior responsiveness of local government are thus only moderately more sophisticated than those of Tiebout, Oates and Chapters 2 and 3 above, which in essence assume such responsiveness but provide no convincing social mechanism to justify it. On the other hand, the results from Bolivia show that local government was indeed much more responsive to local conditions than central government had been. How did this come about? By what means did local society enforce its will on local government? Answering these questions is the subject of the rest of this dissertation. But before turning to it, we must first consider a seminal work which attacks the problem directly, and then develop some necessary conceptual tools.

Undoubtedly the most important recent contribution to the field is Robert Putnam’s *Making Democracy Work: Civic Traditions in Modern Italy*, which poses the question “What are the conditions for creating strong, responsive, effective representative institutions?”⁷¹ His setting is Italy after the creation of fifteen new regional governments in 1970. Despite essentially identical institutional structures and mandates, Putnam shows that institutional performance and policy outputs vary strongly

⁶⁷ Wolman (1990), p.32.

⁶⁸ Additional political arguments in favor of decentralization are largely systemic, concerned with such issues as the value of participation, national diversity, or subnational governments as an arena of policy experimentation, all of which are beyond the scope of this study.

⁶⁹ p.304.

⁷⁰ The vote is a unidimensional political instrument, and therefore cannot provide signals about voters’ multi-dimensional preferences unless circumstances are highly, and conveniently, constrained.

⁷¹ p.6.

and systematically between northern and southern regions. He sets out to explain why governments in the North are so much more efficient, effective and responsive than their counterparts in the South. Quickly he establishes that this is not simply an issue of resources, as large transfers have flowed for decades from North to South in a bid to help the South catch up. Putnam carefully considers and discards a number of competing explanations, settling on the concept of social capital as the principal explanatory variable. His central idea concerns the differences between horizontal and vertical social linkages, the ability of each to foster trust and cooperation in society, and through these affect the performance of public institutions and ultimately a society's wealth and standard of living. This historical approach reaches back through the mists of time to the year 1100, locating the causes of contemporary patterns of social relations in the autocratic regimes of southern Italy, and the free city-states of the North. He summarizes his argument as follows:

In all societies... dilemmas of collective action hamper attempts to cooperate for mutual benefit, whether in politics or economics. Third party enforcement is an inadequate solution to the problem. Voluntary cooperation (like rotating credit associations) depends on social capital. Norms of generalized reciprocity and networks of civic engagement encourage social trust and cooperation because they reduce incentives to defect, reduce uncertainty, and provide models for future cooperation. Trust itself is an emergent property of the social system, as much as a personal attribute. Individuals are able to be trusting (and not merely gullible) because of the social norms and networks within which their actions are embedded.⁷²

Like conventional physical capital, social capital is cumulative and positively associated with outputs; unlike physical capital it tends to be self-reinforcing, strengthening with use and deteriorating with disuse. Putnam argues that the differing efficacies of governments in North and South respond to two distinct social equilibria: high and low social capital. Society can be held together by reciprocity, trust and cooperation, or force, dependence and exploitation. Once in either situation, rational individuals have strong incentives to act consistently with its rules. Equilibria thus persist for centuries. But they occur at very different levels of efficiency and institutional performance. This, ultimately, is why the Italian North is so much wealthier and better governed than the South. "History determines which of these two stable outcomes characterizes any given society."⁷³

The chapters that follow lead me to agree with the first half of Putnam's thesis: the civic characteristics and cooperative potential of society are fundamental to

⁷² p.177.
⁷³ p.179.

government performance. But the second half, that these characteristics are exogenously determined over long historical intervals, is contradicted by the Bolivian experience. The case of Charagua shows most clearly that social capital can evolve over relatively short periods with powerful consequences for the quality of governance a district can achieve. A millenium is not required; less than a generation can suffice. I then build on Putnam's work by providing an explicit model of local government that includes civic groups directly in the policy-making process, providing structure to the notion that social capital affects policy. My approach is consistent with Tarrow's (1996) critique, that Putnam looked into history with a model in mind that conceived of civic capacity as given and state structures as endogenous, when in fact patterns of state-building and state strategy shape civic capacity in important ways.

The New Institutional Economics

We turn for helpful theoretical tools to the new institutional economics, which according to Clague (1997a)

represents a kind of "expanded economics". Like standard economics, it focuses on the choices people make in their lives. But it enriches the simple rational choice model by allowing for the pervasiveness of information problems and human limitations on processing information, the evolution of norms, and the willingness of people to form bonds of trust. The NIE seeks to explain not only individuals' choices with a given set of institutions but, more important, the way that individuals' beliefs and choices affect the evolution of the institutions themselves.⁷⁴

I follow Clague (1997a) and Olson and Kahkonen (2000) in construing the NIE broadly to include the economics of transaction costs, institutional innovation and efficiency, property rights, collective action, and the evolution of cooperation and norms.⁷⁵ Note that some of the foremost exponents of some of these subjects might well disagree with so broad a definition (see North (1990) and Williamson (1995a)). My purpose here is not to give a comprehensive account of the NIE, but rather to highlight useful concepts in a framework which can be employed to analyze local government.

According to Williamson (1995a), the NIE insists on realistic, commonly verifiable instead of analytically convenient, behavioral assumptions: (i) opportunism, and (ii) bounded rationality. *Opportunism* does not assume that all people are always dishonest, but rather that "some individuals are opportunistic some of the time and that it

⁷⁴ p.16.

⁷⁵ See Clague (1997), pp.17-23 for a discussion of these components. Good alternative definitions include Bardhan (2000), Moe (1995), Williamson (1995a), and Williamson (2000).

is costly to ascertain differential trustworthiness *ex ante*.”⁷⁶ Opportunism thus prompts agents to seek credible commitments before executing transactions. The concept of *bounded rationality* was proposed by Simon (1957) as behavior that is “intendedly rational, but only limitedly so”.⁷⁷ It arises because people are limited in the information they possess and in the computational skills they bring to bear in making choices. “The capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world.”⁷⁸ Bounded rationality makes the mind itself a scarce resource.

Closely related to bounded rationality is what North (1990) calls *imperfect subjective mental models*. This relates to the implicit behavioral assumption of the rational choice and neoclassical economics schools that

actors possess cognitive systems that provide true models of the worlds about which they make choices or, at the very least, that the actors receive information that leads to convergence of divergent initial models. This is patently wrong for most of the interesting problems with which we are concerned. Individuals make choices based on subjectively derived models that diverge among individuals and the information the actors receive is so incomplete that in most cases these divergent subjective models show no tendency to converge.⁷⁹

Imperfect mental models interact with and reinforce the bounded nature of human rationality to create significant obstacles to efficiency in transactions.

Bounded rationality and imperfect mental models, combined with uncertainty, imply that “*all complex contracts are unavoidably incomplete*”.⁸⁰ Modern complex contracts are both multidimensional and extend over time. Agents’ limited mental abilities imply that parties to a contract will be unable to specify all possible future contingencies. Parties will thus deliberately leave possible unknowns unspecified, rendering contracts incomplete. Instead they delegate the resolution of disputes which may arise to some third party, which accounts for the rise of certain institutions, to which we turn presently.

A fifth idea central to the NIE is *costly transactions*, pioneered among others by Coase (1937). North expands on this theme:

The costliness of information is the key to the costs of transacting, which consists of the costs of measuring the valuable attributes of what is being exchanged and the costs

⁷⁶ p.190.

⁷⁷ Simon (1957) in Williamson (1995a), p.178.

⁷⁸ *ibid.*, p.179.

⁷⁹ p.17.

⁸⁰ Williamson (1995a), p.179, original emphasis.

of protecting rights and policing and enforcing agreements. [...] Commodities, services, and the performance of agents have numerous attributes and their levels vary from one specimen or agent to another.⁸¹

Ascertaining the level of these attributes, protecting rights, and policing and enforcing agreements makes transactions costly.

With these tools in hand, we can now turn to the structural characteristics of society. Consider first *organizations* and *institutions*. North defines organizations as “purposive entities designed by their creators to maximize... [some] objective defined by the opportunities afforded by the institutional structure of society.”⁸² They are groups of individuals united by a common purpose and shared objectives. Firms are specific cases of organizations, as are political parties, churches, clubs, and the houses of a congress. And so like firms, their justification – and many of their structural characteristics – lie in the limits of human decision-making. Institutions, on the other hand, “are the humanly devised constraints that shape human interaction.”⁸³ They compensate for human limitations in computing information by limiting actors’ choice sets, thus providing structure for political, social and economic interaction. In doing so they reduce uncertainty in everyday life. The distinction between institutions and organizations is crucial, and analogous to that between rules and players in sport. Institutions are the written and unwritten rules of the game, while organizations are the teams who employ skills, strategy and coordination to win. “Institutions, together with the standard constraints of economic theory, determine the opportunities in a society. Organizations are created to take advantage of those opportunities, and, as the organizations evolve, they alter the institutions.”⁸⁴

The importance of institutions goes deep to the heart of socio-economic activity. Without institutional constraints, for example, complex exchange would likely cease because of uncertainty about whether self-interested parties would abide by their agreements. As Olson (2000a) points out, the failure of institutions can thus explain the historical persistence of underdevelopment in most of the world, locking societies into patterns of comparatively low-value, self-enforcing economic activity. Institutions are also central to property rights. “Property rights are the rights individuals appropriate over their own labor and the goods and services they possess. Appropriation is a function of legal rules, organizational forms, enforcement, and norms of behavior – that

⁸¹ North (1990), p.27-29.

⁸² *ibid.*, p.73.

⁸³ *ibid.*, p.3.

is, the institutional framework.”⁸⁵ Without the existence of such institutions, property rights would not exist.

The NIE conceives of organizational – and hence institutional – change as occurring through a quasi-evolutionary mechanism in which the environment selects fitter, but not necessarily the fittest, forms. The mechanism is transaction-cost economizing, as bounded rationality and imperfect mental models strictly prevent organizations from optimizing. Williamson (1995a) calls this *weak-form selection*. Alchian (1950, in Moe, (1984)) provides a stronger account of the idea, in which uncertainty negates the possibility of rationality and hence of profit maximization. Under these conditions, firms survive because they make a positive profit, regardless of how far from optimality they are. The economic environment de-selects loss-making firms, and over time innovation generates new forms for selection. But innovation will tend to serve groups with strong bargaining power at a given juncture, and not any social consensus on efficient forms. As environmental selection can only choose from amongst those organizational forms that are tried, surviving organizations are unlikely to be efficient, and the resulting population is unlikely to be optimal.

The last concept central to the NIE is what Williamson (2000) calls *remediableness*. This corresponds to his concern with “making a place for and being respectful of politics.”⁸⁶ Remediableness pertains to the probability of changing an institution or policy given real constraints. Hence a policy that is inefficient when compared to a theoretical construct can be efficient in practice because economic or political conditions render it unremediable. Williamson suggests a two-stage test of remediableness. The first, economic question is: Can a superior form of organization that is feasible be described? The second, political question is: Does the proposed alternative have the necessary political support to be implemented? Employing this test will help to avoid lapses into ideal but operationally irrelevant reasoning patterns and policy advice. The principle of remediableness is very important and has significant implications for understanding economic development and reform. As Williamson points out, “many practices that are regarded as reprehensible when viewed through the

⁸⁴ *ibid.*, p.7.

⁸⁵ *ibid.*, p.33.

⁸⁶ p.105. See also Williamson (1995b).

lens of price theory/applied welfare economics actually serve efficiency purposes and/or are not remediable when examined through the lens of transaction cost economics.”⁸⁷

These, then, are the concepts that Part II of this dissertation will employ to analyze local government in nine Bolivian municipalities. Although the ideas remain latent in the next two chapters, we do well to keep them in mind as they comprise the intellectual tools with which the extremes of municipal performance are analyzed. The framework becomes explicit in Chapter 7, which describes an analytical model of local government that abstracts from previous evidence in terms of the ideas discussed above. The conceptualization of local government with which I approach the following two chapters, though very general, arises in part from the results of Chapter 3. It holds that local government occurs in an institutional context defined by (a) the legal framework of local government, and (b) norms and codes of behavior that govern political activity, which in turn give rise directly and indirectly to (c) governmental and political organizations (*e.g.* municipal council, local parties) which actually produce policy. Social and economic interests compete for influence over governmental and political organizations. The legal-institutional framework of local government may be strong enough to contain the pressures that these interests create or it may not be, in which case policy can become deformed, creating tensions in local society.

Before commencing the analysis, it is useful to review quickly the institutional framework of local government in Bolivia. The Law of Popular Participation (LPP) stipulates that municipal councilmen be elected from party lists in single-constituency elections. The council then elects the mayor indirectly from amongst those of them who garnered the most votes. Bolivia’s European-style, fragmented political culture, grafted onto an American-style presidential system, ensures that most municipal (and national) governments are coalitions. Hereafter, this chapter uses “mayor” to refer to the mayor and executive branch of local government, including all appointed administrative and technical officials – by far the largest and most important of the three. The third institution of local government is the oversight committee (OC), which is composed of the representatives of grass-root organizations within each municipality. A municipality will typically be divided into four or more regions, each of which nominates one member to the OC from amongst its local grass-roots leaders. OC members elect from amongst themselves a president, whose legal status is comparable to the mayor’s. The

⁸⁷ p.118.

OC's power lies in its natural moral authority, as well as the ability to suspend disbursements from central to local government if it judges that funds are being misused. Oversight committees thus comprise a parallel, corporatist form of social representation similar to an upper house of parliament, enforcing accountability on the mayor and municipal council.⁸⁸

Lastly, two purely stylistic notes. Throughout the second part of the dissertation I adhere to the NIE definitions of the terms "organization" and "institution" as given above, with the exception of references to (local) government institutions, where I revert to the everyday usage of an establishment devoted to the public cause such as the mayoralty, municipal council, and oversight committee. This is mainly to distinguish them from civic and other organizations, which arise spontaneously from society and are not formally part of the government structure. Secondly, when referring to village-level testimony I will often use the construction "Village X said" to mean "the leaders of Village X said" in order to avoid repetition.

⁸⁸ I am indebted to Dr. Teddy Brett for this apt analogy.

5

Local Government at the Extremes

Viacha

1. Introduction

Wilting under the afternoon sun, Viacha squats on the altiplano like a dusty *cholita* at market, tired after a long day selling pantyhose and cigarettes smuggled across the border. Approaching along the old southern road from La Paz, you notice the outer edges of El Alto lapping like wavelets at Viacha, the two cities bridged by a progression of nameless eateries and roadside mechanics that never quite peter out. One may be forgiven for considering Viacha a medium-sized urban offshoot of the La Paz-El Alto conurbation. Urban *viacheños* would take exception. They clearly think of their home as a city, and their surrounding countryside – when they think of it at all – as a catchment area of little importance. But to believe this is a mistake, as Viacha is in fact a large rural municipality with a medium-sized city in one corner. Of the seven districts that comprise it, four are rural. Of its 54,761 inhabitants, two-thirds are dispersed amongst 300 rural communities that reach all the way to the border with Peru, with the remaining third living in the city.⁸⁹

By Bolivian standards Viacha is a wealthy industrial town. It is home to the main cement plant of the *Sociedad Boliviana de Cementos* (SOBOCE), Bolivia's largest cement company, as well as a large bottling plant belonging to the *Cervecería Boliviana Nacional* (CBN), Bolivia's largest brewery. Both companies contribute directly and significantly to Viacha's municipal coffers through property tax, business licenses, electricity bills, and – in the case of the CBN – generous in-kind lending of trucks and other heavy machinery, and large donations of beer, all placed at the mayor's disposal. Strung along the main road out of Viacha are numerous medium-sized and small textile, brick and tile, and other construction-related businesses, all of which contribute to local incomes and tax receipts. Municipal income includes receipts from property and vehicle taxes, licenses and place-rents for businesses and street commerce, planning and zoning

approval fees, and a number of other items – more than most other cities in Bolivia. But the city is curiously free of the signs of wealth, and hence of inequality, with neighborhoods ranging in appearance from poor peri-urban to middle class, but no higher. This is probably because the most successful Viachans take up residence in La Paz, underlining the city's status as a dormitory town. Viacha's index of Unsatisfied Basic Needs⁹⁰ (0.852 on a scale where 0 is best and 1 worst) places it in the best-off 25% of Bolivian municipalities; its proximity to the cities of La Paz and El Alto ensures a higher level of economic activity than in other cities of comparable size.

Yet by the middle of 1997 Viacha was a troubled town. After three consecutive electoral victories, the populist *Unión Cívica de Solidaridad* (UCS) party had lost its sheen in a hail of corruption accusations, and was increasingly seen as ineffective. Two million bolivianos of investment funds went unspent from the 1996 budget despite the mayor's pleas that he lacked the resources to satisfy communities' project requests. A rival oversight committee (OC2) was established demanding the mayor's resignation and disbandment of the official oversight committee (OC1 – sanctioned by the municipal government). With two competing OCs (and two sets of neighborhood councils), the participative planning process broke down as the city became polarized between groups supporting the mayor and those demanding his resignation. In the midst of this poisonous political and social climate, thieves broke into the municipal garage, killed the elderly guard and stole two vehicles. This gave rise to numerous accusations and counter-accusations. "There are cars parked on the street all over La Paz and El Alto," the president of OC1 said, explaining that one of the stolen vehicles had been located in El Alto. "If you want to steal a car, why would you come to Viacha and steal it from a guarded garage?"⁹¹ In his opinion, the crime was the work of the opposition seeking to sully the mayor's reputation. Others saw the hand of the mayor himself, ordering a robbery to blame on the opposition in order to reap a vote of sympathy in the upcoming elections. In interviews in March of that year, however, municipal councilmen seemed not to appreciate the severity of their problems, telling me "not everything is going

⁸⁹ Instituto Nacional de Estadística. 1992. *Censo Nacional de Población y Vivienda*. La Paz: INE. Viacha is the fourteenth most populous municipality in Bolivia

⁹⁰ This is a Bolivian government index calculated from a variety of demographic and poverty indicators from the 1992 census.

⁹¹ Remigio Quispe Mendoza, Walter Patzi Paty and Nemesio Mamani Fernández, oversight committee (1) president, federation of neighborhood councils (1) president and federation officer respectively, interview, Viacha, 18 March 1997.

badly, nor is all well – we have our imperfections,”⁹² and then blaming the crisis on the opposition’s “exaggerations”.

The eruptions of Viachan politics occur within a broader tide of urban migration which flows around and through the city, giving Viacha its character. Perched on the edge of the La Paz-El Alto metropolis, Viacha is the first stop for many peasants fleeing the hardships of subsistence agriculture on the altiplano. Some move directly on to El Alto, but others stay and complete the transition to urban life in Viacha. They fill the streets with their Aymara dress, speech and rural customs, and are the objects of ridicule by city-folk who wear shoes and use electricity to cook.⁹³ Supporting themselves at first through menial labor or selling in the markets, and then through better-paid jobs in La Paz-El Alto to which they make the daily hour-long commute, they build the adobe neighborhoods of the city further and further outwards. They take little pride in the history of a city which has traditionally defined itself in opposition to the countryside; they stay, having found jobs in the metropolis, because the living is cheap.⁹⁴ The battle against prejudice to improve their livelihoods gives many Viachans a disconcerting blend of aggressive opportunism and rural tastes. “*Viacheños* are the New Yorkers of the region – they have vices that others don’t. There’s too much alcohol about and everyone shows off their money drinking,”⁹⁵ according to Carlos Núñez, financial director of SOBOCE. The city’s northward expansion along the road to La Paz is in effect fusing it with El Alto⁹⁶, leading to numerous problems of delimitation, land registration and taxation, which the two municipalities struggle to resolve.

⁹² Huber Quintela and Esteban Ticona, municipal councilmen (MNR & Condepa respectively), interview, Viacha, 18 March 1997.

⁹³ Dr Reynaldo Aguilar, district director of health, interview, Viacha, 10 October 1997.

⁹⁴ Luis González, departmental director, Social Investment Fund, interview, Viacha, 17 March 1997.

⁹⁵ Interview, Viacha, 19 March 1997.

⁹⁶ El Alto, itself a former suburb of La Paz, is largely the result of rural-urban migration on a much larger scale.

Figure 1

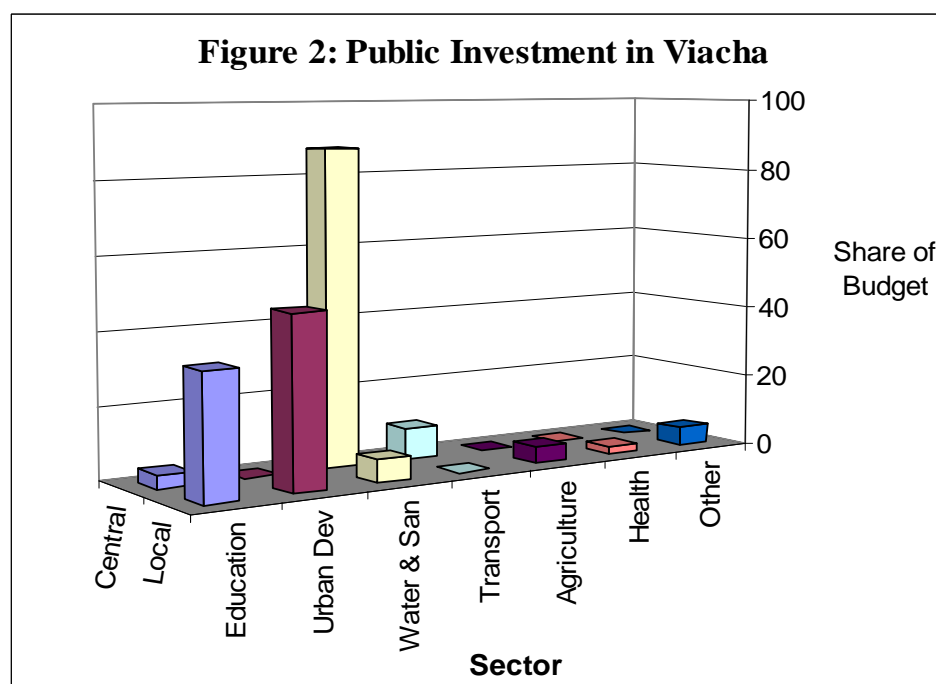
VIACHA		Electoral		Social Indicators	
		Governing Coalition**	UCS-MNR	% of Population Speaks:	
General				Spanish	14%
Total Pop.	54,761	% Vote 1995	48.4%	Native Tongue	19%
Urban Pop.	19,036	Main Opposition	Condepa	Spanish & Native	65%
Urban Share	35%	% Vote 1995	24.5%	Literacy Rate	77%
Rural Communities	300	Electoral Absenteeism	39.4%	No Ed. Attainment	20%
Indigenous Comms.	0	% Blank Votes	3.1%	# Schools (Bldgs)	163
Unsatisfied Basic Needs	0.852	% Null Votes	4.4%	Total Students	18,860
Urban UBN	0.598	Municipal Employees		Students/Teacher	16.4
Rural UBN	0.974			Uses Formal Health Care System	43%
Oversight Committee		1997	150	# Health Facilities	18
		1993	70	Malnutrition Rates:	
Total Members*	7	Increase	114%	Low	19%
Village Members	5	per 1000 pop	2.7	Moderate	6%
President is from?	Urban	Top Salary+	Bs 1,560	Severe	1%
		Qualifs. Req'd?	Yes (?)		

sources: 1992 census, 1997 municipal census, National Electoral Court, National Institute of Statistics, author's interviews

* Refers to the officially recognized oversight committee (OC1)

** In order of importance, 1995-99; the MNR continued to cooperate with the UCS after the 1995 elections, although its support was no longer necessary

+ Highest-paid non-elected official



2. Local Government Institutions

2.1 The Mayor and the Local Executive Branch

The mayor of Viacha in early 1997 was Edwin Callisaya, from the Aymara community of Tilata-Santa Trinidad in rural Viacha. Before entering politics Callisaya had taken courses in business administration at university, and then gone to work as a public sector employee in La Paz. He was first elected to local government as a councilman for the UCS in 1993, and became mayor shortly thereafter when the re-elected mayor resigned to become a substitute MP for the UCS. He governed in coalition with the MNR through the 1995 election, which the UCS won easily with a large electoral surge attributed by many observers to the death of its leader, Max Fernandez, in a tragic airplane crash.⁹⁷ From 1995-99 the UCS governed Viacha alone.⁹⁸

As a son of the poor countryside, Callisaya set out to ensure that resources reached rural villages. “He argues that the rural areas never received anything, and so he must invest there,” said Oscar Magnani Meyta, the District Director of Education in Viacha.⁹⁹ Callisaya visited rural communities more often than the previous mayor and met with their inhabitants, the concerns and desires of whom he was well-placed to understand. He invited rural leaders to Viacha and hosted them at municipal events, including a prominent one where the yearly investment plan was agreed and co-signed by 56 local community leaders.¹⁰⁰

Callisaya also expressed the desire to make Viacha a “model municipality”, with a modern, rational administration that was transparent and a beacon to Viacha’s less fortunate neighbors.¹⁰¹ To this end he sought to use resources from the World Bank, the Social Investment Fund (FIS), and others – who he claimed recognized Viacha’s natural importance – to increase both the size and quality of the municipal workforce. The municipal payroll rose accordingly from 70 to 150 during his mayoralty, and in the second year of his term he called a public competition to fill the posts of Chief Financial

⁹⁷ Councilman Esteban Ticona and Lt.Col. Adolfo Dávila Chacón, commander of the local military garrison, are two of the many people who recounted this commonly held view to me. In Dávila’s words, “The death of Max Fernández was a big boon to the UCS. Condepa was stronger than the UCS in Viacha, but Max’s death brought out the sympathy vote and the UCS won easily.” (Interview, 19 March 1997)

⁹⁸ The structural reforms of 1993-94 extended the local electoral cycle from two to four years.

⁹⁹ Interview, Viacha, 21 March 1997.

¹⁰⁰ Alejandro Yujra, Rony Morales and Hipólito Tovar, vice-president of the Federation of Neighborhood Councils (Juntas) of Viacha (2), secretary of the neighborhood council of San José, and member and spokesman for OC2, interview, Viacha, 19 March 1997.

¹⁰¹ Interview, Viacha, 18 March 1997.

and Technical Officers. Seventy applicants with professional qualifications applied for the two positions, marking the first important step in the technification of Viachan government. Despite this, Viacha's government still seemed lost on fairly basic issues. The newly-hired Chief Financial Officer admitted to me that "SOBOCE and the CBN are our great problems – we don't know what taxes we are allowed to charge them, nor for what amount. And it's worse if they obtain legal advice. We don't know which way north is."¹⁰²

From the outside, Callisaya's administration was seen as somewhat successful in some quarters. In an interview after the 1997 elections, the District Director of Education (DDE) reported that the municipality complied with minimum legal requirements by providing funds for maintenance (*e.g.* desks, paper, classroom supplies) as well as investment (*e.g.* building classrooms, fixing buildings, equipping schools).¹⁰³ But even this praise was balanced by complaints that the municipal government refused to coordinate with the DDE, planning, designing and building educational infrastructure with no DDE input. Because the municipality has more resources than the DDE, communities solicit projects directly from them. The DDE is thus excluded at every stage of the project cycle, and as a result "municipal projects do not abide by the standards of the education sector," including especially those set out by the Education Reform Program that Bolivia is currently undertaking.^{104, 105} This problem is compounded by the municipality's "constructionist" mentality, which prefers building infrastructure to running programs and providing services. "The municipality thinks the money should be used for urban development projects anyway," said the DDE, complaining that what educational investment it does carry out is almost entirely restricted to building and refurbishing simple schoolhouses dotted across the countryside. "And were it not for the PASE (a central government matching-grants schemes for school refurbishment) they would not do even that."¹⁰⁶

Even this investment is unequally allocated across Viacha, with a small community like Titik'ana Takaka receiving three classrooms in addition to its existing three while many others receive nothing. The DDE estimated that some 40% of Viachan

¹⁰² Jorge Rada, chief financial officer, interview, Viacha, 15 October 1997.

¹⁰³ María Luisa Lucuy (who had recently assumed the position of DDE), interview, Viacha, 15 October 1997.

¹⁰⁴ Magnani, *op.cit.*

¹⁰⁵ For example, the Education Reform Program calls for hexagonal primary school classrooms, but all of those built in Viacha in the previous few years were traditional "square boxes".

¹⁰⁶ Magnani, *op.cit.*

villages are forgotten by the municipal government. He attributed this to an ad-hoc planning system which depends fundamentally on pressure politics and makes no effort to objectively assess local needs, or equitably allocate investment resources. Thus, in his words, “the communities which demand the most get the most,” implying a bias in favor of villages that lie closer to the city, or those with the resources to fund travel and lodging for grass-roots leaders who lobby the mayor’s office on the community’s behalf. The mayor effectively agreed with this analysis, admitting that communities whose leaders were most “political” were most successful at getting their projects approved and obtaining municipal funds.¹⁰⁷ And the Chief Financial Officer conceded that he did not know how many projects the municipality had financed, nor how the Annual Operating Plan (AOP) had been drawn up, though he understood that the criteria used were not technical.¹⁰⁸

That the municipality ran such a “system” instead of making a serious attempt at investment programming was at least partly due to the poor quality of municipal personnel, “who are mostly UCS hacks instead of professionals.”¹⁰⁹ “The cultural level of the local authorities isn’t optimal,” agrees Mr Núñez of SOBOCE. “The first things the municipal government bought when Popular Participation funds arrived were cars, TVs, and so on,” he added with disdain.¹¹⁰ Even some municipal councilmen agreed with this view, arguing that the increase in the municipal payroll was “all numbers and no quality, or even with decreasing quality”.¹¹¹ The head of Incerpaz, the largest of Viacha’s brick and tile firms, extended this judgment to the municipal council itself, asserting that “the main problem this municipality faces is a lack of qualifications and ability on the part of the municipal council and administration,” and noting that qualified people tend to migrate to La Paz. “This municipality isn’t sufficiently technical to devise a master plan of development for the municipality – something that the private sector in Viacha has directly requested.”¹¹²

On the other side of Viacha, the DDE’s colleague Dr Reynaldo Aguilar, District Director of Health (DDH), agreed with his diagnosis, while reporting a situation that was significantly worse. “The municipal government refuses to pay its share of the Maternal

¹⁰⁷ Callisaya, *op.cit.*

¹⁰⁸ Rada, *op.cit.*

¹⁰⁹ Lucuy, *op.cit.*

¹¹⁰ Núñez, *op.cit.*

¹¹¹ Quintela and Ticona, *op.cit.*

¹¹² Luis Paz, CEO Incerpaz, interview, Viacha, 15 October 1997.

& Infant Health Insurance, as the law demands”¹¹³ he said, explaining that the municipality seized on incomplete documentation to declare the DDH’s payment requests invalid and refuse disbursement. “In health the municipality is hypocritical,” he sighed. “They talk a lot but invest nothing.” Like the DDE, Dr Aguilar was never invited to review Viacha’s Annual Operating Plan despite requests for coordination. He detailed how the DDH lost the only hospital in the city and all of the equipment that they and others had bought for it, due to a mixture of incompetence, bad luck and sheer lack of interest on the part of the municipality. “The mayor is terribly bad,” he concluded, a sentiment shared by Sub-Prefect Gladys Lozano, the local representative of the departmental government.¹¹⁴ It is notable that the mayor managed to alienate the representatives of the ministries of Education and Health and the Prefect, arguably the three most important agents of central government in the city, during a relatively short period of time.¹¹⁵ In the case of Lozano the distrust became active and angry opposition.

Among Viacha’s private firms, the most important politically is the CBN bottling plant. The man who formed the CBN was an unschooled laborer, Max Fernández, whose fabled ascent began at the wheel of a delivery truck and ended with him buying several breweries and dominating the industry. Turning his populist and paternalistic attentions to politics, he founded the UCS party and integrated it tightly into his beer empire, distributing pamphlets out of CBN delivery trucks and selling beer at political rallies. Thus, to interview a spokesman for the CBN is to speak to the largest employer in the region; but it is also to see the other face of the Fernández family enterprise. The opinion of the mayor offered by José Luis Claros, production supervisor at the CBN bottling plant, is accordingly benign: “Our relations with the HAM are obviously good because we’re from the same party,” he said, explaining how the CBN provides the municipality with “trucks, machinery, beer – *everything*. And all free of charge. We give them beer in small quantities, say twenty cases at a time, for their meetings, events, celebrations. We support them too much,” and his smile implied a professional impatience with this open drain on his accounts.¹¹⁶ “All the same, the municipality doesn’t prioritize us with any of its expenditures – it only takes.”

¹¹³ Aguilar, *op.cit.*

¹¹⁴ Gladys Lozano, sub-prefect for Ingavi province (MNR), interview, Viacha, 17 March 1997.

¹¹⁵ Bolivian prefects are appointed directly by the president. Sub-prefects are thus broadly viewed as representatives of the central government.

¹¹⁶ Interview, Viacha, 21 March 1997.

At SOBOCE, Claros' counterpart, Núñez, was less generous in his assessment, arguing that the municipality is largely dedicated to a symbolic equality, wasting its resources on cosmetic and essentially pointless investments like "government houses" and plazas in rural areas that make locals feel they are not ignored, but do little to improve the quality of life in these villages – a point which the local priest echoes.¹¹⁷ "There's no civil leader here who gives guidance on good, significant projects" that respond to local needs, he said.¹¹⁸ Luis González of the FIS agreed, adding, "Many *viacheños* want to rid themselves of Callisaya...but he's proven good at managing relations with the brewery, and manipulating [public opinion] through the parties and local festivals they sponsor."¹¹⁹

In addition to a showman the mayor was a shrewd tactician as well, conspiring to neutralize the opposition and short-circuit municipal accountability mechanisms. "The original oversight committee used to cut his financing and give him all sorts of trouble," according to Lt.Col. Dávila, "but he wanted to be the 'little king' and considered them the enemy. When the OC was being renewed, he divided the nominating congress of grass-roots leaders – divided and conquered them."¹²⁰ With no effective oversight, Callisaya was able to do as he pleased and impose his will freely. In everything from the petty to the scandalous, the executive branch was not held to account. "He buys the peasants off with stupidities, and other times he sends them away, telling them 'Come back tomorrow'."¹²¹ The community leaders of Santa Ana de Machaqa, to name just one example, provided details:

The mayor comes along brightly to ask us what projects we want, but then does nothing about it... The municipality isn't like the *Plan Internacional* [an NGO active in the area], which does come through for us. [...] We spend money making trips to Viacha to make formal requests for projects but nothing comes of it.¹²²

The municipality did build a schoolhouse and public urinals in Santa Ana, but local residents were not consulted about the project design and were not told the value of the counterpart contribution that they were expected to make. The community's request to change the urinals to an additional classroom was rejected. Then they were overcharged for their lime supplies, and discovered that the wood the municipality had

¹¹⁷ Fr Justino Limachi, parish priest, interview, Viacha, 16 October 1997.

¹¹⁸ Núñez, *op.cit.*

¹¹⁹ González, *op.cit.*

¹²⁰ Dávila, *op.cit.*

¹²¹ *ibid.*

¹²² José Quezo Cusi, community leader, Lorenzo Julián, teacher and electoral notary, and Olga Cusi de Julián, *Plan Internacional* liaison, interview, Santa Ana de Machaqa, 23 March 1997.

provided was rotten.¹²³ But the mayor's high-handed rule proved even worse in Sombrapata. According to Sub-Prefect Lozano, this community was excluded entirely from the municipal participative planning exercise because of the UCS' low vote tally.¹²⁴ Project quality suffered as well. "The sewerage extension was badly done with pipes that were too small," explained Dávila. "They exploded and inundated the city with waste. [...] Even today water and sewerage service does not extend beyond four blocks from the main square," leaving his military base unattended.¹²⁵ The mayor himself admits that municipal performance has been "bad" in health, garbage collection, sewerage, roads and irrigation.¹²⁶

The picture that emerges is of a municipal executive which makes some effort to spread resources throughout the municipality, but which lacks the personnel, technical criteria, quality control, beneficiary participation, budgetary controls and ultimately the leadership to articulate a clear investment strategy and use resources effectively. With a municipal staff awash in people but lacking skills, and an institutional structure undermined and incapable of carrying out oversight, the mayor's impulses to modernization and equality were drowned in a sea of mismanagement and demagoguery. Political imperatives were allowed to override all others, and the municipality ignored community needs and the requirements of the education and health networks in a crude attempt to maximize votes.

Such a situation would seem destined to lead to corruption, and in Viacha it did. Paz asserts that municipal employees stole municipal property as a matter of course.¹²⁷ According to Lozano, the mayor authorized the purchase of cement at twice the market price in a transparent kick-back scheme.¹²⁸ According to Dávila the mayor bought a large piece of land alongside the main road to La Paz in a clear conflict of interest. SOBOCE's Núñez places corruption in the larger context of the municipality's overall performance.

The municipality plans roads and related works badly. First they tear up the roads to lay down sewerage, and then a few months later they tear them up again for water works. Our cement trucks take the blame for poor state of roads, but it's also the municipality's fault with their poor-quality repairs. We have serious suspicions of corruption in all of this. It seems to be all about payments to certain firms for

¹²³ *ibid.*

¹²⁴ Lozano, *op.cit.*

¹²⁵ Dávila, *op.cit.*

¹²⁶ Callisaya, *op.cit.*

¹²⁷ Paz, *op.cit.*

¹²⁸ Lozano, *op.cit.*

construction and equipment rental. Imagine – they’re paying more for pavement here than in La Paz!¹²⁹

Even councilman Ticona stated simply, “Edwin Callisaya is corrupt,” referring to the regular over-pricing of projects during his tenure. “One cemetery was budgeted at Bs.50,000 but then built for only Bs.28,000. But the municipality poured Bs.50,000 or more into it anyway. Callisaya and his officers conspired to do this.”¹³⁰ But the most impressive evidence of the effects of the mayor’s near-impunity concerns the checks and computer records of community counterpart contributions for the sewerage projects mentioned above.

The account, earmarked for the purchase and laying of pipes, reached Bs.6 million, but nothing happened. When the neighborhood committees began asking what was going on, the computer was stolen along with the checks. Shortly afterwards, the checks reappeared, having been cashed in Argentina.¹³¹

Both Dávila and Lozano claimed that the mayor and Edgar Robles, then-president of the municipal council, were involved, and Lozano went so far as to accuse the two of going on a vacation-cum-spending spree in Argentina with the sewerage funds.

It is not surprising, then, that by the end of his tenure Callisaya was deeply unpopular. The national auditing agency informed the municipality that it had found evidence of administrative charges against him.¹³² Newspaper articles appeared documenting allegations of corruption, and the rival OC2 called repeatedly and loudly for his resignation. “The mayor acts in a ‘verticalist’ way like a dictator,” the president of OC2 declaimed. “He is a peasant who wouldn’t know how to speak to a donkey.”¹³³ “The CBN gives the city equipment, money and beer. But they don’t give them brains, or at least not the mayor,” added Dávila.¹³⁴ As *viacheños* seemed to awaken out of their torpor and political tensions mounted, the impression dawned in Viacha that the municipality was actually worse off than before the Law of Popular Participation. Local government was now larger, inefficient, and more corrupt. Voters were demoralized by the municipality’s ineffectiveness in the countryside, and scandalized by its corruption in the city.

¹²⁹ Núñez, *op.cit.*

¹³⁰ Esteban Ticona, municipal councilman, interview, Viacha, 9 October 1997.

¹³¹ Dávila, *op.cit.*

¹³² Rada, *op.cit.*

¹³³ Hipólito Tovar, OC2 president, interview, Viacha 19 March 1997.

¹³⁴ Dávila, *op.cit.*

2.2 Municipal Council

The UCS' electoral surge of 15% in Viacha's 1995 municipal election had the net effect of wresting one council seat away from Condepa. Hence the balance of councilmen in early 1997 was UCS four, Condepa two, and MNR one. Although the UCS now held a majority of seats on its own, in practice the MNR continued to cooperate with it, mirroring the parties' coalition at the national level. The president of the municipal council was Edgar Robles, a former schoolteacher from Sucre and Potosí whose family lived in La Paz. Despite having no family or community ties to Viacha, he had been elected to public office three times there – as mayor in 1991 and again in 1993 (succeeded by Callisaya when Robles became a substitute MP in La Paz), and as a councilman in 1995. Robles' fellow party-members on the council were farmers and local leaders from the Aymara communities of the Machaqas region towards Peru. Unskilled in the practice of urban politics, both they and the city seemed slightly stunned by their presence in city hall as late as 1997. The two Condepa councilmen were both city *viacheños* and former employees of public enterprises, one of them in La Paz, who entered politics by becoming party activists. And the lone MNR representative, also from Viacha, was the recently-elected head of his party *comando* and a public employee who worked for the central government in La Paz.

When asked about Popular Participation, councilmen universally opined that it was a very good law and beneficial to their constituency. But they also seemed somewhat intimidated by the process, and worried about the expectations it was generating in rural communities.¹³⁵ Unfortunately their worries did not necessarily spur them to action. They admitted to ignorance about the 1994 Municipal Development Plan, which maps local needs and preferences for public investment throughout Viacha,¹³⁶ implying that they were not using it as part of the budgeting and investment planning process in the municipality. And while noting that Viacha's needs in health and waste disposal were considerable, they acknowledged that the municipality's performance in these areas so far was poor, and that in electricity, roads, irrigation and water little or nothing had been achieved.¹³⁷

¹³⁵ Quintela and Ticona, *op.cit.*

¹³⁶ PDMs were developed through an elaborate series of participative planning seminars held in each of about 100 Bolivian municipalities in 1994. Delegates were invited from a broad spectrum of society to workshops where needs were identified and projects ranked based on individual communities' priorities. PDMs were meant to be multi-year plans, and the basis for drawing up Annual Operating Plans.

¹³⁷ Quintela and Ticona, *op.cit.*

This peculiar combination of concern with inaction may be partly explained by the municipal council's view of its role in local government, which is that of a tail wagged by the executive (i.e. mayoral) dog. "We have one secretary and one adviser," the councilmen complained, "how are we supposed to cope? They [the executive] have 140 people there."¹³⁸ When asked about the organization of the local administration, salary levels, and hiring criteria, they responded that they had made same queries formally to the mayor, but had received no response. "We do not have access to that information," they pleaded.¹³⁹ They went on to float a proposal for more training of municipal staff, and more resources generally to improve the municipal administration. They seemed not to appreciate the irony that it is the municipal council that approves the local budget, and it is thus within their power to increase funding for any item that they choose.

Regarding its external role in the municipality, the council claimed to set policy and priorities according to their voters' wishes. But on this point they were directly contradicted by the voters themselves. Community leaders in Santa Ana de Machaqa testified that "councilmen obey their parties – they're elected as representatives of the local people here, but then they go to Viacha and get absorbed by the political parties there and forget their home."¹⁴⁰ In Titik'ana Takaka, the leaders said that "councilmen respond mainly to the parties and the municipal government's own interests, not ours."¹⁴¹ Judgments were virtually identical in the communities of District Five, District Six, Chama, and the city of Viacha.¹⁴² Even the mayor testified that councilmen ignore their voters, explaining "there is a party discipline that has to be obeyed."¹⁴³ As if to underline the point, Quintela and Ticona admitted to knowing nothing about how a large and controversial project to re-build a school in Viacha was designed and tendered. "The Social Investment Fund did it all – we weren't involved."¹⁴⁴

¹³⁸ *ibid.*

¹³⁹ *ibid.*

¹⁴⁰ Quezo, Julián and Cusi, *op.cit.*

¹⁴¹ Genaro Mamani Chiri, Gumerindo Vito Guarachi, Saturnino Tola Mamani, and Doroteo Callisaya Mamani, community leader, district official, representative to the Federation of Ayllus and Indigenous Communities of Ingavi Province (FACOPI), and community official respectively, interview, Titik'ana Takaka, 20 March 1997.

¹⁴² Gerónimo Colque, community deputy leader (District Six), Severo Guarachi, community leader (Chama), Simon Canavi, community leader (Viacha), and Alicia Rodríguez, women's leader (District Five), interviews, Viacha, 17 March 1997.

¹⁴³ Callisaya, *op.cit.*

¹⁴⁴ Quintela and Ticona, *op.cit.*

Not surprisingly given this panorama, outsider's views of the municipal council were unflattering. "The one who thinks on the municipal council is Edgar Robles," said Lt.Col. Dávila. "The mayor is also clever. The rest are a brotherhood of imbeciles." Luis Paz agreed, calling the member of the council "ignorant and imperceptive".¹⁴⁵ Some, including the Sub-Prefect and the local leader of Condepa, singled out the UCS rural councilmen for scorn as unsophisticated and easily manipulatable. "They're ignorant peasants – they don't know where they're standing," elaborated the latter.¹⁴⁶ I had the good fortune to travel with two of these UCS rural councilmen for a long day across the Viachan hinterland to the border with Peru and back. Both men were very kind and helpful, and kept high spirits throughout a tiring ride in a crowded jeep. But neither showed much interest in the opinions and priorities of the communities which we visited, all of which lay in their constituencies. I spent hours that day speaking to local leaders about their concerns and needs for municipal investment, but the two men were largely absent. Unfortunately, the criticism went deeper still. Ms Lozano also accused some councilmen of corruption and political treachery. "The *Condepistas* used to complain and give the mayor trouble. But then the UCS found them jobs and now they're silent."¹⁴⁷ The District Director of Health asserted that the problem was more widespread – "The [entire] municipal council has been bought off – bought off by the UCS."¹⁴⁸

All of the evidence points to a municipal council in Viacha which failed to operate as an independent deliberative and policy-setting body, and thus as a counterweight to the significant power of the mayor and local executive branch. Council members were of poor quality, untrained in the legal and procedural details of the post to which they had been elected and uninterested in learning the same. This was compounded by their perception of themselves as the residual in the local political equation, systematically uninformed about municipal business and powerless to affect the mayor's decisions; powerless, in fact, to learn what these decisions were until well after they had been taken. This is difficult to understand given the broad authority granted to the council by Bolivia's constitutional and legal framework, as well as the system of countervailing approvals and oversight specified in the Law of Popular Participation. Indeed, Bolivian mayors emanate from municipal councils through

¹⁴⁵ Paz, *op.cit.*

¹⁴⁶ Tomás Palacios Rodríguez, Condepa local leader, interview, Viacha, 15 October 1997.

¹⁴⁷ Lozano, *op.cit.*

indirect elections, and council members then have the prerogative to oust the mayor after his first, trial year via a “constructive vote of censure”.¹⁴⁹ This option was exercised in over 100 municipalities in 1995-96 by councils that refused to tolerate the mayors they had elected. But in Viacha, councilmen sat idly by, complaining occasionally, while their municipality sank into a pit of waste and corruption.

The question we must ask is why Viachan councilmen behaved in this way, when the formal legal and institutional context within which they operated was identical to that in scores and scores of other municipalities where the governing

Box 1: The Cure

Esteban Ticona wheezes and sneezes his way through our second interview. His nose is bright red and his gaze floats towards me through a sea of misery. As we finish, his secretary arrives with a dark potion she has just bought in the market outside. Elated, Ticona leaps into the Council chamber and drops his pants. She jabs him with a huge syringe and decants the murky liquid into his bottom. “Guaranteed to cure a sore throat,” she says, gleaming. Ticona emerges shortly, smiling, wincing, and clutching his rear.

dynamic was altogether different. A key piece of evidence is that the man chosen to be president of the municipal council was Edgar Robles, previous mayor and close associate of Callisaya who handed power over to him when the party elevated him to Congress. Combine him with three rural representatives who, though initially popular, were thoroughly unprepared and uninterested in exercising their responsibilities, and we have a council majority which serves as the right arm of the mayor, rubber-stamping his decisions and helping to obscure his dishonesty. Such a majority is completely unsuited for municipal oversight and control, and most unlikely to engage in it. Eventually opposition councilmen did cause trouble for the mayor, attempting to scrutinize his accounts and call him to order. When this happened, the opposition was simply bought off by the UCS wielding the huge economic power of the *Cervecería Boliviana Nacional*.

The trail leads directly to the door of the CBN/UCS, which would appear to have constructed a strategy of neutralizing the municipal council by choosing candidates, structuring authority within the council, and buying off the opposition so as to ensure the council’s docility. Under this theory, rural UCS candidates were picked with the twin aims of maximizing the rural vote and minimizing their functional independence once elected, and not because of any personal qualities they might bring to the office. The ultimate institutional effect was to short-circuit the governance process and free the

¹⁴⁸ Aguilar, *op.cit.*

mayor's hand in his conduct of official business, allowing him to do whatever he chose. The evidence suggests that he seized the opportunity. The larger question of how the CBN was able to achieve this and why must await completion of our survey.

2.3 Oversight Committee(s)

Viacha is divided into five rural and two urban districts. Within each of these, communities are represented by *mallkus*, *ayllus*, peasants' unions, neighborhood councils, or any other natural form which civil society chooses to express itself. The organizations within each district elect a *junta*, which represents communities' interests at the district level. The president of each junta is a member of the municipal oversight committee, which elects its own president from amongst its seven members.

Of the nine municipalities studied here, Viacha is distinguished by having two oversight committees. But far from leading to a greater level of scrutiny, this situation undermined the oversight that municipal business received. As reported above, Mayor Callisaya was the enemy of the OC he inherited, which opposed his policies and caused fiscal flows from central government to Viacha to be suspended.¹⁵⁰ At a congress called by the Federation of Juntas to renew the OC, and attended by grass-roots organizations from throughout the municipality, the mayor saw his chance. Accounts of the precise events at this conference differ in the details, but agree on the following facts. The congress elected Hipólito Tovar and Teddy Montalvo, both known to be opponents of the mayor, as representatives to the OC for the two urban districts. As Tovar was also chairing the assembly, a dispute broke out during his confirmation over conflict of interest and his eligibility to stand. The assembly divided on this point and the situation became quite tense. Then the congress was invaded by "UCS activists, many of them employees of the municipalities, who had been drinking and were drunk. They caused disturbances and broke up the congress. They also used ladies from ADRA [a food-for-work scheme active in the area] armed with clubs," who threatened the delegates and barred their exit from the meeting hall.¹⁵¹ The congress recessed early before exhausting its agenda.

One month later, the part of the congress supporting Tovar and Montalvo reconvened and finalized its nominations. Its action was recognized by the Federation of Juntas of La Paz, which validated the election of the two men. But during the interim,

¹⁴⁹ This is only one, albeit the most radical, of the municipal council's countervailing powers.

¹⁵⁰ Dávila, *op.cit.*

¹⁵¹ Max Mercado, president of the Viachan Federation of Juntas, interview, 11 October 1997.

another “assembly of the people” was called, in which Remigio Quispe and Walter Patzi were named representatives to the OC and the Viachan Federation of Juntas respectively. The OC formed by the five previously elected rural representatives – about whom there was no controversy – and the two new urban ones duly elected Remigio Quispe as their president; a meeting of the juntas did likewise to Walter Patzi. The municipality recognized this result and installed both Quispe and Patzi in offices in city hall. Tovar and Montalvo were thereby excluded from the acting OC. During my time in Viacha Teddy Montalvo had faded into the background, and Hipólito Tovar had assumed the role of spokesman for the rival oversight committee and for community organizations opposed to the mayor’s rule.

Remigio Quispe, representative for the first (urban) district and an ex-cooperative miner from the southern mining region of Bolivia recently arrived in Viacha, reported that the previous OC had done “nothing during the past two years – there’s no documentation, nothing. Now *we’re* going to comply with the law and scrutinize the municipality.”¹⁵² But there was little sign of this in his actions at the time. When asked about specific investment projects that Viacha was undertaking in the city, Quispe admitted ignorance. He knew none of the financial details of a large school project a few blocks from his office, and surmised that they must have been worked out in private between municipal technicians and those of the FIS. He knew nothing of the projects completed before his tenure. Amongst more general issues, he did not know how many people worked in the municipality nor what their salary levels were; he did not know what IT and accounting systems had been implemented in the municipality since 1994; and he didn’t know the voting details of the last election. He nonetheless claimed that Viacha had done comparatively well after decentralization, and called it a “model municipality”. He attributed this in part to a mayor who responded more to the people than his party. “Here in Viacha things aren’t so polarized,” he added, numb to the public mood. He conceded that the OC did not receive requests for projects directly from communities, as in other municipalities, and that politics played a role in the allocation of funds, with UCS representatives leveraging resources out of the municipality more successfully than others. And yet his opinion of local government’s performance in

¹⁵² Remigio Quispe, president, oversight committee, interview, Viacha, 18 March 1997.

Viacha was higher than that of the mayor and municipal council, with higher performance ratings across five sectors.¹⁵³

Not surprisingly, Hipólito Tovar and his associates from the (opposition) district junta disagreed with this assessment of municipal success. Tovar, a retired railway mechanic and long-time resident of Viacha, was categorical – and even emotional – in denouncing the mayor as a corrupt demagogue, and his administration as little short of a disaster for the city. His associates, Alejandro Yujra¹⁵⁴ and Rony Morales,¹⁵⁵ vice-president of the opposition Viachan Federation of Juntas and secretary of the San José neighborhood council respectively, agreed with the substance of his position, though at times taking exception to his florid language. Accusing the municipality of consulting no one in the planning of its investment, the three qualified all of the municipality's projects as “very bad” and accused it of ignoring garbage disposal and irrigation entirely. “The municipality has drawn up several Annual Operating Plans in any given year – they keep changing their mind,” Morales said, explaining how the mayor manipulates the planning process to obfuscate municipal goals and the uses of funds, so subverting effective oversight. In this confusion, “the municipal architect set up his own construction firm and built the [Evaristo Valle] school” with 100% cost over-runs. He was also the construction supervisor for the project, incurring an obvious conflict of interest.¹⁵⁶

As one might expect, these three men who sought to oversee and control local expenditures found themselves frozen out of all municipal business, with no access to records, investment plans, local resolutions, or any of the other information they requested. They nevertheless toured me around a number of recent or ongoing investment projects in Viacha to substantiate their many claims. At the Evaristo Valle school they pointed out obvious cases of poor construction, including a new wall that was cracked, sinking foundations and a sunken roof, among others. The Ballivián school showed similar problems, with cracked walls and a new section built with bricks standing instead of lying flat.¹⁵⁷ Montes Avenue near the central square was in a terrible state, with large sunken sections where the ground had subsided and new holes opening at one end despite being repaired five times. The “Toboggan”, a long, high slide located

¹⁵³ Of five sectors rated from “very good” to “very bad”, Quispe rated only one sector “bad”. Both the mayor and the municipal council rated two sectors as “bad”.

¹⁵⁴ A mathematics schoolteacher and resident of Viacha.

¹⁵⁵ An engineering student and also resident of Viacha.

¹⁵⁶ Yujra, Morales and Tovar, *op.cit.*

in a children's playground which seems to have particularly captured the mayor's attention, had fallen apart after only a few months, with a large central section missing. The M. Pinilla Avenue was literally an unusable ruin despite three re-constructions, occasioned in part by the exploding sewerage project described above. But of these and other projects we saw in various states of decomposition, nothing compares to the Park of the Americas. This was a large, overgrown area cordoned off by a low wire fence, with a high rubbish dump in the middle and a sewage-contaminated lake¹⁵⁸ off to one side. According to Morales, Viacha had invested Bs.200,000 in this park the previous year.¹⁵⁹

Outside of the city no one I spoke to knew of the existence of rival OCs. Because there had been no controversy surrounding the nomination of rural OC members, rural leaders referred to OC1 as "the" OC. Disappointment with its performance was widespread. Local leaders from Santa Ana de Machaca accused the OC of doing no work with them and ignoring them completely.¹⁶⁰ Leaders from Titik'ana Takaka asserted that the OC did not work well, but that they knew few details and were seeking information in order to sanction or overturn it. Even in the city, people as prominent as the CEO of Incerpaz knew nothing of the Viachan OC nor if it operated,¹⁶¹ indicating that he had never come across it in his dealings with the municipality.

All of the evidence points to an official OC1 which was beholden to the mayor, completely uninformed and operationally inert, not only failing to provide any sort of counterbalance to his power but actively endorsing his demagogic manipulations. Thus we have the approval of the 1997 Annual Operating Plan, in which the mayor summoned community leaders to a "planning seminar" in the city. Having paid and fed them, he invited them all to endorse a plan which his technicians had drawn up earlier. "The communities didn't propose a single project in that plan. Each of the 56 leaders who signed was given a can of beer," said Tovar. "And Remigio Quispe approved it all" in the name of the OC. That night they celebrated at the health post with a big party. Things got out of control and the guard was killed and the two vehicles stolen.¹⁶² Quispe

¹⁵⁷ Building in this manner saves on bricks but results in a weaker structure.

¹⁵⁸ According to Morales and Tovar.

¹⁵⁹ Rony Morales and Hipólito Tovar, secretary of the neighborhood council of San José, and member and spokesman for OC2 respectively, interview and site visits, Viacha, 21 March 1997.

¹⁶⁰ Quezo, Julián and Cusi, *op.cit.*

¹⁶¹ Paz, *op.cit.*

¹⁶² Yujra, Morales and Tovar, *op.cit.*

and the mayor both publicly blamed the opposition. So extreme was the situation that even councilman Ticona admitted that the OC did not function in Viacha, and that Quispe received a municipal salary in direct violation of the law.¹⁶³

The opposition OC2, in the meantime, was considerably more active, better informed, and intent on providing active oversight of municipal policies. But having been effectively sidelined by the mayor, it was excluded from local governance and unrecognized by the state, and thus powerless to oppose his actions. When representatives of OC2 and the opposition Viachan Federation of Juntas approached the departmental secretary of popular participation to request that municipal funds be frozen due to corruption, he ignored their pleas. Already liberated by his party from the political oversight of a functioning municipal council, the mayor was also able to block social oversight of his activities by dividing civil society against itself, neutralizing its mechanism for accountability, and hiring his own. And the ensuing circus of accusation and counter-accusation between OC1 and OC2 served, if anything, to divert popular attention and shield him further from public scrutiny. The result was the squandering of capital and opportunity described above.

2.4 National and Departmental Government

Departmental governments are not elected in Bolivia – rather the president directly names prefects, who in turn name their sub-prefects and other departmental officials. Thus departmental and national government are regarded here as a continuum, as they are by most Bolivians. The highest departmental representative in Viacha is the Sub-Prefect, an honor accorded the city on account of its status as the first municipality of the Ingavi province.¹⁶⁴ The holder of this post in 1997 was Gladys Lozano, a local resident and former nurse who holds a university degree – probably the only person active in local politics at the time so qualified. With almost no budget nor staff and few operational responsibilities, she threw herself wholeheartedly into the political battle against the mayor, whom she despised. She clearly regarded her job as primarily, or even exclusively, political, and in a day-long journey through the countryside did not hesitate to point out the many party slogans that she had proudly painted herself on hillsides, boulders and cliffs. But her power was limited to exhortation and public complaint. She had neither the resources nor the authority to challenge the mayor.

¹⁶³ Ticona, *op.cit.*

¹⁶⁴ Municipalities are ranked administratively within each province, 1st, 2nd, 3rd, etc. The 1st municipality in each province is the capital, and residents thereof seem to take pride in this fact.

Despite an avowed and burning desire to oust him, she was able to do little more than conspire with the local opposition and urge them on.

The two other important central government authorities in Viacha are the district directors of education and of health, already encountered above. Each reports to his respective departmental secretary, who in turn report to sectoral ministries in La Paz. As we saw above, neither the DDE nor the DDH, despite strong criticisms of the mayor's policies, was able to affect local policy in significant ways. In both education and health, the municipality ignored or actively flouted sectoral policies without fear of reprisal from local authorities or their superiors in La Paz.

The mayor and municipal councilmen confirmed their own supremacy locally. "The prefecture doesn't get in the way of the municipal council," reported Ticona, adding that "the change of government has had no effect on Viacha so far – the National Fund for Regional Development [an executive agency] treats us the same as before,"¹⁶⁵ two sentiments with which Quintela agreed.¹⁶⁶ The mayor confirmed on several occasions that central and departmental government officials cooperated with the municipality, or at least kept out of their way, and that he was fully satisfied with his relationship with the authorities in La Paz.¹⁶⁷ Local leaders from the communities of Villa Santiago de Chacoma, Rosapata, Názacara, and the city of Viacha confirmed independently that little or nothing had changed when the national government changed hands in 1997, and that central government thus appeared to have little leverage over local policies. Both OCs supported this view. Perhaps the main reason for this was provided by Quintela, who pointed out that "the mayor's and municipal council's authority emanate from popular elections, whereas the prefect is designated. Hence in any conflict between the two the municipal authorities must prevail" because of their democratic legitimacy.¹⁶⁸

The evidence from Viacha thus supports the argument made in Chapter 3 that central government regulations on local government behavior did not constitute a binding constraint on the latter. This was not, it is important to note, for lack of wanting or even trying. The DDE and DDH were strongly opposed to different aspects of municipal policy in their respective sectors, and the sub-prefect on several occasions declared her heartfelt intent to topple the mayor. But central government authorities in

¹⁶⁵ Ticona, *op.cit.*

¹⁶⁶ Huber Quintela (a), municipal councilman (MNR), interview, Viacha, 10 October 1997.

¹⁶⁷ Callisaya, *op.cit.*

Viacha proved too weak institutionally, and too lacking in resources and democratic legitimacy, to mount a serious challenge to the ruling administration. Once the mayor had cleared local obstacles along the path to his own impunity, he was able to travel in comfort, secure in the knowledge that his authority would not be contradicted by the government in La Paz.

3. Local Civil Society

3.1 Private Sector

Of the large private firms in Viacha, the most typical of local industry is *Industrias de Cerámica Paz*, or Incerpaz. The most successful of the tile and brick firms that line the highway between Viacha and El Alto, Incerpaz has factories in several departments and sales throughout the country. Its CEO in 1997 was Luis Paz, an engineer by training and descendant of the company's founder. He boasted of excellent, though limited, relations with the municipality. Despite the firm's size, Incerpaz paid only some US\$2000¹⁶⁹ per year in property tax to Viacha, and the remainder of his tax bill to the city of La Paz, where the company is legally registered. Paz asserted that that sum would rise to \$13,000 to \$15,000 per year if he were to change Incerpaz's legal domicile to Viacha. Sitting in his factory office from which he runs the firm, he professed a willingness to do this. He cited the case of Warnes, a similar satellite city just outside Bolivia's second city of Santa Cruz, which tempted companies to relocate there with a five-year tax holiday. "If the municipality offered to improve the main road, street lighting, and other local installations, this property would rise in value and I could borrow more," he explained. "Then it would be worthwhile for me to register in Viacha. But they don't propose anything," he added with exasperation.¹⁷⁰

Incerpaz had essentially no other dealings with the municipality, with neither approaching the other, and Paz was content to watch municipal affairs from the sidelines. He reported that "the principal mechanism of power" in Viacha was money, and that the CBN bought power through its financial support of municipal activities. "They support all folkloric activity here," he said, in order to support the mayor and simultaneously increase beer sales. In his opinion, corruption was rampant in Viacha.

¹⁶⁸ Huber Quintela (b), municipal councilman (MNR), interview, Viacha, 16 October 1997.

¹⁶⁹ The "\$" sign hereafter refers to US dollars, the most common unit of account for large transactions in Bolivia.

¹⁷⁰ Paz, *op.cit.*

“But the money from the CBN washes away corruption, and the people vote for them anyway.”¹⁷¹

Paz explained the high degree of social conflict in Viacha as an endemic problem based on *viacheño* culture and even geography.

The altiplano is very poor, with only one crop per year. In Cochabamba and Santa Cruz nature is abundant and no one lacks food. But not here – on the altiplano they’re on a knife’s edge of hunger and poverty. Here when they find a vein of gold they never ever let go because it’s the only one they’ll ever get. This is typical of the altiplano. In the valleys and tropics people are more generous. Here people work longer hours and are more productive but still they have less. We have factories in La Paz, Oruro, Cochabamba, and Santa Cruz. Our best personnel are here – much harder working. In Santa Cruz they won’t work more than eight hours. Here they put in fourteen hours and charge overtime down to the penny. And they know – Bs.125.25, and they charge you the 25 cents. In Santa Cruz they don’t worry about pennies.¹⁷²

According to this interpretation, the deprivation of the Viachan region leads people to fight over resources in a way that is more desperate and raw than elsewhere. And the presence of a few large sources of patronage leads society to polarize around competing political-industrial poles of influence. In Paz’s view, traditional forms of community government, where elected leaders are expected to serve as advocates for local interests before municipal and regional government, only exacerbate this. “The moment someone declares himself a social representative, he starts demanding donations and favors” to pay for his activities. Thus people fight over these positions and create even more social divisions at the grass-roots level. Community representatives from the villages of District Five, District Six and Chama as well as from the city agreed with Paz about the presence of industrial patronage, and were not afraid to name the interests involved. “Beer and cement call the shots in Viacha.”¹⁷³

With its huge factory on the dusty outer edge of the city, SOBOCE’s physical presence in Viacha is certainly large. The plant generated \$30 million/year in sales and \$2,340,000/year in VAT, which was paid in La Paz where the firm was legally based. Owned by the prominent politician and ex-Minister of Planning from the *Movimiento de la Izquierda Revolucionaria* (MIR), Samuel Doria Medina, the company had in recent years given up its previously activist stance in local politics. “We don’t want to be too involved in local politics,” Núñez said. “We have no intention of installing a MIR

¹⁷¹ Paz was evidently referring to votes for the UCS (party), and not the CBN (brewery). The failure to distinguish between them is common throughout the region.

¹⁷² *ibid.*

¹⁷³ Colque, *op.cit.*; Guarachi, *op.cit.*; Canavi, *op.cit.*; and Rodríguez, *op.cit.*

mayor.”¹⁷⁴ The company provided regular support for the municipality’s sporting and cultural events, but otherwise kept its distance from local politics. This stemmed at least in part from the political beating SOBOCE had suffered four years earlier. Núñez explained that a decade before the plant had been highly inefficient, operating at a fraction of its capacity. Then a new management team took over and increased output considerably, with a resulting increase in pollution. The local population protested vociferously, spurred on by environmental groups from La Paz. After at first holding firm, SOBOCE eventually capitulated and installed filters when it was made clear that the plant was losing potential revenue up the chimney. The fight was intense according to those who opposed the firm. “I’m the one who pushed and pushed for them to get filters,” said Robles, who was mayor at the time. “So they tried to oust me.”¹⁷⁵ In 1993 SOBOCE invested \$3 million in electric filters which dramatically reduced pollution, and thereafter maintained a low public profile in Viacha.

This did not imply, however, that the plant’s managers approved of their municipal administration. Claros and Núñez reported that local government had not involved SOBOCE in its participative planning exercises, nor informed it of its municipal development plan. The mayor and municipal council had repeatedly condemned SOBOCE for tearing up local roads with its large cement trucks. Yet when the firm offered to build a ring road specially for the factory, the proposal became bogged down in the municipal council and no decision was ever taken. But it was SOBOCE’s electricity payments that seemed to gall the two men most. “We pay the municipality \$15,000 per month for our electricity supply,” Núñez said, explaining that this was set by official municipal resolution and not metered in any way. “It must be enough to light up the whole town.” The plant’s management had in fact offered to light the entire municipality free of charge, but local government rejected the offer. So where did the money go? “It goes directly into the municipal coffers.”¹⁷⁶ It was thus not surprising that local officials were completely unprepared for the plant’s planned growth. “We are going to invest \$45 million in this place, expanding the factory and machinery to make Viacha definitively the national center of cement production,” Núñez explained. The plant’s local taxes and user fees would double, but so would the strain it imposed on

¹⁷⁴ Núñez, *op.cit.*

¹⁷⁵ Robles, *op.cit.*

¹⁷⁶ Núñez, *op.cit.*

local services. “Even so the municipal government ignores this – they have no position at all regarding this.”

With regard to broader issues of local society, Núñez seemed to agree with Paz, complaining that relations with local organizations and institutions were not very productive. “The altiplano mentality is too closed, too difficult,” he said. Like Incerpaz, SOBOCE also had a plant in Santa Cruz, where Núñez found the atmosphere completely different. “There it’s easy to reach agreement – agree compromises that make the city grow.” If SOBOCE’s relations with the municipality were problematic, that was not the case for the *Cervecería Boliviana Nacional*. Both Núñez and Claros pointed to the dominant role of the bottling plant in Viachan local affairs. “[The plant’s director] Blanco owns this town,” testified the former, adding that relations between the two companies had been difficult in the past but were now quite friendly. In Núñez’s view the CBN did not recognize a distinction between business and politics. These opinions were not exceptional, and were widely shared amongst observers of Viachan affairs. “Blanco runs the show here,” declared Dávila. “He lifts an eyebrow and heads roll. He plays politics from the CBN.”¹⁷⁷ Luis Paz and the OC2 agreed, with the former calling Blanco “the *éminence grise* behind the curtain”.¹⁷⁸

After determined lobbying, I met Blanco in his office at the CBN bottling plant; despite high expectations, he did not disappoint. At well over six feet Juan Carlos Blanco is a bear of a man, with larger-than-life expressions and a booming voice that spews a stream of obscenities. When I met him he was director of the bottling plant, leader of the local UCS and a prominent figure in the national party, director of Integration Radio and host of his own radio show, and a director of the National Fund for Regional Development. He told me he worked very hard, and made \$8000/month.¹⁷⁹ He defended himself against the accusations noted above. “The councilmen say ‘Juan Carlos Blanco said so’ to shield themselves, but I don’t know what’s happening!” he insisted, with an enormous smile. “It’s true that I have influence, but I don’t use it.”¹⁸⁰ When the interview turned to Viacha’s many problems, especially accusations of official corruption, his tone changed. “There are 50 or 60 people here who bitch about the party and the municipality in order to be bought off,” he explained. “We bought off Rafael

¹⁷⁷ Dávila, *op.cit.* “But SOBOCE doesn’t get involved,” he added, “they’re too pragmatic.”

¹⁷⁸ Paz, *op.cit.*

¹⁷⁹ An enormous sum in Bolivia.

¹⁸⁰ Juan Carlos Blanco, CBN bottling plant director, interview, Viacha, 16 October 1997.

Rodríguez by hiring him, and he shut up.” Still, local complaints about the UCS administration had only grown, and this annoyed him.

“My problem is that I have to manage rural councilmen,” he explained, referring to three of the four UCS representatives.

The pie is too small and the necessities are very large. And the people think it’s all a rush of money.... The town wants all of the money for itself, and then Jesús de Machaca¹⁸¹ brings 1000 peasants marching on Viacha demanding money and projects. But I’m lacking projects!

he bellowed in frustration. The Popular Participation Law had raised local expectations significantly, and the municipality had proven unequal to the task. “The municipality’s

employees are bad – they can’t distinguish between good and bad materials.” As a result his party’s popularity had decreased dramatically. “I lost the elections horribly here,” he moaned, referring to the recent national poll. “The UCS used to own this town because of the money Max¹⁸² spent. But the opposition was very agile here. Now they’re making me throw out this corrupt guy,” he said, referring to the recently resigned Callisaya. And with that Blanco admitted that Viacha’s problems went deeper than implementational weakness. “There is corruption in my municipality. Everything involves a percentage, everything is cooked.” Local government was corrupt from the mayor down, and municipal employees had grown used to abusing their positions for personal gain. The graft and venality extended into civil society as well. “The peasant congresses run on money. He who pays out the most money reaps the most representatives.” Blanco explained that the CBN had sent beer and cash to the previous congress and won significant support amongst rural leaders.

Box 2: Who’s the boss?

“They say I’m the boss in Viacha?” Blanco mocks my question and his roar echoes round the large office. “Call him,” he barks at an aide. “Call him! I want him now!” A few minutes later Callisaya wanders meekly into the meeting. Dressed in blue jeans and tired cowboy boots, this CBN worker is a shadow of the proud, besuited mayor I’d met that autumn. “Sit down,” Blanco commands. Callisaya gazes around in confusion. “There, next to him.” And he takes the empty seat at my side. Blanco is leaning back in his office chair now, almost horizontal. The altiplano sun blazes in through the large window behind him, enveloping him in tones of gold. “They’ve told him that I’m the boss in Viacha. What do you think? Am I the boss?” Callisaya’s eyes are wide open, a slight tremor in one hand. He is nervous and deeply confused. “No,” he says, swallowing. He looks first at me and then at Blanco. “No, he isn’t the boss.”

¹⁸¹ An important rural community.

¹⁸² Max Fernández, founder of both the UCS and CBN. See above.

The irony, in Blanco's view, was that decentralization had made his job not easier but more difficult. "Before Popular Participation the municipalities were nothing. Max gave Viacha everything," he said nostalgically. The party's authority was unquestioned. But the devolution of large sums of money to local governments had raised local expectations and increased opportunities for graft, both problematic issues for someone in Blanco's position. Worse still, the price of the electorate's gratitude had risen significantly. The projects with which the UCS was previously able to win over the city were now lost in a sea of public investment. Unable to buy the UCS' electoral share with his traditional ease, Blanco turned to more explicitly political action, sponsoring cultural and sporting events and providing beer for public occasions of all varieties. This strategy gradually lost effectiveness, however, as Viachans – newly empowered – grew dissatisfied with the politics of gesture. And UCS/CBN largesse became tainted by association with the officials who dispensed it, and entwined in the public's mind with the scandal of public drunkenness and violence that led to murder at the municipal garage.

3.2 Political Parties and Elections

The advent of decentralization in Bolivia brought a new political dynamic to Viacha, as elections which had previously been fought only in the city now extended through a large rural area. Seeing their opportunity, rural leaders from the Machaca region took the initiative in the run-up to these elections and chose two respected local men with a history of service to their communities as their candidates to the municipal council. As the LPP recognizes only candidates from legally registered parties, rural leaders needed to come to agreement with the political establishment in order to include their candidates on the ballot, and decided that the UCS offered them the best chance. The mayor, who co-managed the campaign with Blanco, agreed to include the names on the UCS electoral list in exchange for the massive UCS vote that the Machaca leaders promised in their region. In doing so he opened his party to the countryside for the first time. He also effectively co-opted forms of social organization and representation which were deeply rooted in the community structure of the Machaca region, with all of their attendant legitimacy and capacity to mobilize public opinion. But then the mayor betrayed them. During the campaign he attempted to renege on his promise by changing the list to favor his own political allies, causing great consternation amongst *machaqueños*. In the end the original names were included, but lower down the list than

had been promised. The UCS vote was sufficient to elect both to the council anyway,¹⁸³ but the goodwill Callisaya had begun to build with rural voters was tainted by his scheming and the cavalier way he treated their representatives.

Such a lack of political commitment on the part of the UCS should not be surprising. The previous section documents that where the Viachan UCS was concerned, the party was the business and the business was the party. The two concepts were intimately conflated in their means and their ends. The party availed itself of the brewery's delivery trucks, sales agents and retailers to disseminate political literature and mobilize supporters. And political campaigns served as traveling beer rallies and brand-building exercises, the ubiquitous logo emblazoned behind every podium, campaign workers clad in blue CBN uniforms, and the famous froth gracing the lips of candidates as they communed with their voters. A number of times, as the sun set behind the mountains, I found uniformed workers from the brewery enthusiastically unloading UCS materials from their delivery trucks, working to capture the vote and earning valuable overtime. With impeccable entrepreneurial logic, the twin imperatives "drink *Paceña*" and "vote UCS" were seductively paired in a seamless operation which never really shut down, a sort of permanent campaign enjoining consumers to enjoy life but also do their civic duty. Once the UCS was firmly in control of the city hall, the concept of boundary-less enterprise was extended to include municipal business as well. "The UCS inaugurates projects, donates materials and gives away beer as if it all came from the party, and not from the municipality's popular participation funds," Sub-Prefect Lozano complained.

In the heated political atmosphere of Viacha, only the fellow-populists of Condepa were able to challenge the UCS' dominance. The party was founded by a charismatic radio and television host who specialized in airing the grievances of La Paz's recent indigenous and mestizo migrants from the countryside. Condepa was adept at manipulating the symbols of race and oppression into an emotionally charged discourse of liberation which at times strayed towards vengeance. Without the economic power of the largest private business in Bolivia behind it, Condepa relied on its media outlets to generate a politics of identity that mobilized voters and nourished its constituency. Its position was illustrated by councilman Ticona's response when questioned about the support he received from the national party. "The party's support depends on me getting

¹⁸³ Esteban Ticona Alejo and Xavier Albó, *Jesús de Machaca: La Marka Rebelde 3, La Lucha Por el*

the *condepistas* jobs.¹⁸⁴ But I can't because we're a minority in Viacha, and so the support of the national party has ebbed away."¹⁸⁵ With few links to the local business community, the party was dependent upon placing its activists in municipal jobs in order to sustain itself. The leader of the local party was an ex-railway worker named Tomás Palacios. He claimed that the party's electoral lists were set by an assembly of all local Condepa members from short lists drawn up by the party leadership. "But in effect urban members decide because rural members don't want to come to Viacha to participate."¹⁸⁶ The pragmatic Ticona, himself a product of this selection system, contradicted him.

Candidate lists are mostly set in La Paz by party or departmental leaders. Local people don't participate. This is true of all the parties except for the UCS, which is run out of the bottling plant. When someone ambitious isn't popular locally, he goes to La Paz to lobby [the party leadership], and often the order comes down to name him candidate.¹⁸⁷

The third most important party in Viacha was the MNR, architect of the 1952-53 "nationalist revolution" in which the traditional *criollo*¹⁸⁸ land-owning and mining upper class was overthrown in favor of an ascendant, educated middle class which nationalized the mines and redistributed land to dispossessed peasant farmers. Although the MNR was traditionally strong amongst rural voters, during the previous decade it had lost supporters throughout the altiplano to the potent appeal of Condepa and the UCS; between the 1993 and 1995 elections its vote tally had fallen by half. The local MNR leader in 1997 was councilman Quintela, who worked as a public employee in La Paz. He had been elected leader during the internal democratization of the party which had occurred a short time previously. "The MNR is the most democratic party in Bolivia," he averred. In electoral terms, this amounted to a strategy for winning over the educated professional and middle classes more concerned about good governance than government patronage – a group largely absent in Viacha. But this democratization, he then added "only goes so far. For the *uninominal* [a local congressional seat] the local party preferred one person, but the big men in La Paz preferred another, and the other was chosen. The MNR has party discipline, and I lost."¹⁸⁹ Unlike the UCS, the MNR had few business links locally and resorted to selling seals and letters of approval to

Poder Comunal, CIPCA/CEDOIN, La Paz:1997, pp. 295-6.

¹⁸⁴ *i.e.* Jobs for the boys.

¹⁸⁵ Ticona, *op.cit.*

¹⁸⁶ Palacios, *op.cit.*

¹⁸⁷ Ticona, *op.cit.*

¹⁸⁸ Literally "Creole", meaning locally-born descendants of European immigrants.

people looking for jobs in local, regional or national government in order to finance itself. The MNR in Viacha was clearly a party in decline, unused to being marginalized and unsure how to stem the rapid erosion in its base of support.

The last party of any importance in Viacha, more by association than its electoral weight, was the MIR. Despite its association with SOBOCE and its owner, the prominent politician and vice-presidential candidate Samuel Doria Medina, the MIR's fortunes were at a low ebb in 1997. Its vote had fallen by more than one-half in the last election, an abrupt recent change in party leadership had left much confusion locally, and some prominent observers doubted whether the Viachan MIR even continued to exist. Quintela, for one, could not name its leader. He was Antonio Soto, an unemployed former railway worker elected in April of that year. Soto explained that Doria Medina has thrown out the former leadership due to personal dislike, following a struggle for power amongst them. In previous years, he said, party leaders had nominated electoral lists amongst themselves and their wives, and had manipulated party assemblies to maintain themselves in power. Now all this had changed. "Now we're ordered by Jaime Paz or Oscar Eid [the MIR's national leaders] to keep the current leadership or reorganize it. And I'm happy to let Jaime Paz decide these things."¹⁹⁰ The national party required nothing of him, and Soto – who had only joined the MIR a few months earlier after many invisible years in the MNR – remained obediently quiet.

The deeper dynamic in Viachan politics was a long-term shift away from the traditional parties arrayed left to right along a fairly typical policy spectrum, in favor of the politics of identity, race and redress in the form of two new, populist and highly personalized parties: Condepa and the UCS. These two competed for the support of a common electoral group with two distinct elements: (1) a large and growing constituency of rural migrants to peri-urban areas – largely uneducated people uprooted from their tight communities who were thrust into the confusion and anonymity of a precarious existence in the La Paz-El Alto-Viacha conurbation, and (2) the relatives they left behind in rural villages who were as a result increasingly connected to the urban economy. Popular opinion held that truckers and other transport workers were in the camp of the UCS, while small merchants voted Condepa. The larger truth was that amongst urbanizing indigenous and mestizo groups political identity was weak, and the fortunes of the two parties competing for their votes ebbed and flowed unpredictably.

¹⁸⁹ Quintela (b), *op.cit.*

Condepa's Palacios admitted as much when he ascribed his party's victory in the previous election to having captured all of its target voter groups, "peasants, factory workers, small businessmen, and railroad workers".¹⁹¹ In recent years each party had seen its vote surge in waves of sympathy following the untimely deaths of their respective leaders; the UCS' vote surged in Viacha by two-fifths in 1995, only to be reversed in favor of Condepa in 1997. With similar populist and charismatic appeals aimed at voters immersed in a rapidly growing and changing local economy, neither party could count on a stable electoral base.

To voters outside the city of Viacha, however, politics looked very different. Spokesmen from Villa Santiago de Chacoma, Rosapata and Názacara reported that no local people had been put forward as candidates in the previous elections. All were "foreigners" to them, cityfolk they suspected. With no knowledge of how candidate lists were set, all three communities viewed political parties as "vehicles of business and rich people's interests."¹⁹² And the elections they competed in were a dirty affair. Representatives of Chama, District Five and District Six complained that fraud, though less common than before, continued to mar elections. The ultimate result of such behavior was both widespread throughout the municipality and unsurprising. "People are voting less and losing interest in elections," said Santa Ana de Machaqa, "as they lose faith in politicians."¹⁹³

3.3 Community and Grass-Roots Organizations

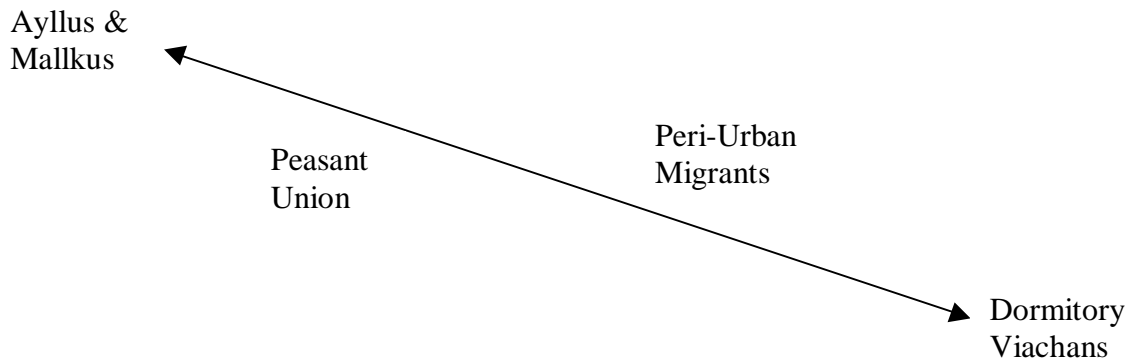
With a huge area that extends from the urban factories of Viacha-El Alto to the cold, empty highlands adjoining Peru, Viacha has an economically and socially diverse population which embraces a wide variety of cultural and organizational patterns. It is possible to array Viacha's communities along a scale of increasing "urbaness" where rural communities which have retained their traditional *ayllu* and *mallku* authorities define the rural extreme, and Viachans who live in the city but work in La Paz occupy the urban extreme. On this scale, rural communities that organize themselves as peasant unions, and rural-dwelling day migrants who find work in the informal economy of the city, would lie somewhere in between as in figure 3 below.

¹⁹⁰ Antonio Soto, MIR local leader, interview, Viacha, 10 October 1997.

¹⁹¹ Palacios, *op.cit.*

¹⁹² Villa Santiago de Chacoma, Rosapata and Názacara, interviews, 11, 14 and 14 October 1997.

¹⁹³ Cusi, Julián and Cusi, *op.cit.*

Figure 3: Rural-Urban Communities in Viacha

This schematization along a continuum should not obscure the fact that the major divides in Viachan society are first between city and countryside, and second, within rural Viacha, between the Machaqas region and the remainder. These differences are a product of communities' economic activity, environment, history, and to a lesser extent language and culture. They resulted in the adoption of organizational forms for neighborhood and community self-governance that differed widely by area. Not surprisingly, the demand for public services also varied significantly over such a diverse region, as did political views and affiliations.

The superiority that Viacha's city-folk felt towards their rural neighbors, with whom they had never felt any affinity and who had only very recently been made part of their district, is documented above. The insulting views that many in the city had of their mayor and councilmen are only the most blatant examples of the low regard in which *viacheños* held villagers and rural migrants generally. The resulting tensions in social relations, and unwillingness or inability of urban whites to cooperate with peri-urban migrants and rural villagers, were evident in everyday city life and became a barrier to the smooth operation of the institutions of government. When OC2 denounced corruption on the part of the mayor, for example, they were widely and instinctively dismissed as the rantings of racially prejudiced cityfolk; not even the documentation they produced to substantiate their claims was enough to convince many. The contempt with which insular urbanites viewed the villages and their problems was tempered only by their determination to ignore them altogether in favor of the city.

Rural Viacha contained its own fault-lines as well. As a number of community spokesmen pointed out to me, all of Viacha is Aymara, but the rural area is divided into

two sectors, the Machaqas and the rest. The Machaqas, a large area in the western part of the district around Jesús de Machaqa and San Andrés de Machaqa, is a distinct region with a strong identity and long history of rural uprisings against both the Spanish colonialists and the *criollo* republic that followed. The *machaqueños* supported numerous uprisings against successive regimes throughout the 18th, 19th and 20th centuries, culminating in the fatal rebellion of 1921 in which a new Republican government – which had acceded to power pledging to defend indigenous communities – instead turned on them and slaughtered them in the massacre of Jesús de Machaqa in March of that year.¹⁹⁴ Whereas in the rest of rural Viacha communities are organized around the general secretariats of the peasants' union movement, modernizing and “rational” forms of social organization which spread throughout Bolivia after the revolution of 1952-3 and were meant to break the social relations of the past, in the Machaqas the traditional *ayllus* and *mallkus* predominate. The former think of themselves as one of the progressive forces which ended the oppression of the indigenous majority by a small, white elite fifty years earlier; the latter base their legitimacy in ethnic pride and traditions which predate the arrival of the Spanish in South America. Aymará is by far the prevalent language in the Machaqas, whereas elsewhere a mixture of Spanish and Aymará is spoken. And the ferocity remains. “The Machaqas are rebellious and conflict-prone,” one observer told me. “They still have ‘whipping-justice’ there.”¹⁹⁵

Community life in the city was organized around neighborhood councils. These organizations were riven by the conflicts that divided and paralyzed the oversight committees, as described above. Hence Viacha had two rival sets of neighborhood councils, and rival representatives to the federation of neighborhood councils at the departmental level.¹⁹⁶ While these conflicts were partly due to hostilities particular to Viacha's urban population, they were also due in part to the ethnic cleavages that divided the city. As a result, when the mayor appointed a migrant from Potosí to head his own OC, the peri-urban population of Viacha did not voice disapproval. And the “authentic” *viacheños* determined to oust both mayor and OC1 visibly failed to carry this large and growing population. Despite their relative wealth, high living standards, and the

¹⁹⁴ Ticona and Albó, *op.cit.*

¹⁹⁵ Armando Godínez, anthropologist, numerous conversations, La Paz, February - May and September - November 1997.

¹⁹⁶ Quispe, Patzi and Mamani, *op.cit.*; Tovar, Yujra and Morales, *op.cit.*

facilities of living in a city, the residents of Viacha were unable to form community organizations that adequately represented their interests before local government.

The reality in rural areas, by contrast, was very different. The leaders of the communities of Chama, District Five and District Six reported successful participative planning exercises, where the community met to discuss and prioritize their requests for public investments. The three representatives appeared to take their jobs very seriously, and were familiar with the financial and technical details of projects being carried out in their communities. They had convened popular assemblies to approve project designs, and had participated in the various legal steps involved in launching the projects.¹⁹⁷ Santa Ana de Machaca, among many other communities, boasted a democratically elected work committee to manage projects and mobilize community contributions. In this village projects were chosen via communal assembly, which prioritized them democratically and informed city hall.¹⁹⁸ And the practice of community contributions to projects worked well throughout rural Viacha. “There’s a big difference between how projects are implemented in the city and how it’s done in the countryside,” said Titik’ana Takaka. “In the city people don’t lift a finger for their projects, whereas in the country we build everything ourselves” with materials purchased by the municipality.¹⁹⁹ The leaders of Názacara were also concerned with the needs of their people, and in particular with those who migrated to Viacha and El Alto in search of work. “In the city people suffer,” they told me. “What people want is a job here.... This region has great potential.”²⁰⁰ They proposed that the university establish an institute locally to bring them new crops and improved agricultural techniques. And rural communities were able to cooperate amongst themselves to at least some extent, something impossible in the city. Titik’ana Takaka explained that the jurisdiction of Jesús de Machaca owned a truck which communities within the jurisdiction shared to transport materials and people. It was not clear whether cooperation extended to non-*machaqueños*, however. Despite poor language skills in some areas, and low levels of human capital in others, rural communities in Viacha shared a social legitimacy and capacity to mobilize that were utterly lacking in the city.

¹⁹⁷ Colque, *op.cit.*; Guarachi, *op.cit.*; and Rodríguez, *op.cit.*

¹⁹⁸ Francisco Juliano Paz, Santa Ana de Machaca community officer, interview, Viacha, 18 March 1997.

¹⁹⁹ Mamani, Vito, Tola and Callisaya, *op.cit.*

²⁰⁰ Juan Laurel Hinojosa, Dona Francisca Plata de Maldonado, Julio Choque Huanca and Jaime Gómez, community coordinator, community leader, education officer and school director, interview, Názacara, 14 October 1997.

But strong village structures were insufficient to make government work effectively where government had little interest in villages. Even where communities were well organized and levels of participation and cooperation were high, the requests that communities made to local government were ignored, and local needs were not taken into account in municipal policy decisions. Hence in Villa Santiago de Chacoma, where leaders gathered the entire community to discuss its needs in a meeting open to all, and decisions were taken by acclamation, requests for local investment were rejected by the municipality without explanation.²⁰¹ Santa Ana de Machaqa's petition for a schoolhouse was rejected in favor of public urinals made of surplus materials from an urban construction site.²⁰² And in Titik'ana Takaka, the municipality decided to build schoolhouses with a large community contribution without consulting the community, and despite the fact that three good schoolhouses were already in operation there.²⁰³ Even when government did fund projects that satisfied locals, villagers had to negotiate a labyrinth of corruption involving extra-official payments to municipal engineers, architects, workmen and drivers in order to persuade them to take measurements, provide technical drawings, and deliver materials.²⁰⁴ Not surprisingly, public opinion was unenthusiastic about decentralization throughout the Viachan countryside. Districts Five, Six and Chama said the LPP had improved things "to a tiny degree" only, and complained that too many popular participation resources remained in Viacha.²⁰⁵ Titik'ana Takaka broadly agreed. In the view of Názacara, "Popular Participation has mainly benefited the wealthy – doctors, lawyers, not people like us,"²⁰⁶ while Santa Ana accused municipal employees of being the principal beneficiaries of the LPP.²⁰⁷

The many failings of Viachan local government also had two unintended and interesting social consequences. The first was a vocal demand among the communities of Jesús de Machaqa for training their grass-roots leaders in the processes and norms of modern government: budgeting, the legal and regulatory framework, etc. They also requested that local government post municipal officials in their jurisdiction, "in order to be closer to the people".²⁰⁸ Far from disillusioned with decentralization, the residents of

²⁰¹ Eulogio Choque and Valentín Atahuichi Callisaya, cantonal officer and community construction officer, interview, Villa Santiago de Chacoma, 11 October 1997.

²⁰² Cusi, Julián and Cusi, *op.cit.*

²⁰³ Mamani, Vito, Tola and Callisaya, *op.cit.*

²⁰⁴ Laurel, Plata, Choque and Gómez, *op.cit.*

²⁰⁵ Colque, *op.cit.*; Guarachi, *op.cit.*; and Rodríguez, *op.cit.*

²⁰⁶ Laurel, Plata, Choque and Gómez, *op.cit.*

²⁰⁷ Cusi, Julián and Cusi, *op.cit.*

²⁰⁸ Mamani, Vito, Tola and Callisaya, *op.cit.*

Jesús de Machaca reacted to its shortcomings by demanding that it be deepened. This culminated in a movement within the jurisdiction to secede from Viacha and form the fifth municipality of Ingavi Province. Given the history and strong local identity of Jesús de Machaca, this was in retrospect a natural response to the indifference of government in Viacha.

The second consequence of decentralization was much less predictable, and involved the autonomous reorganization of society at the village level. Titik'ana Takaka was a case in point. The community had been part of an *ayllu* which was divided into three affiliates of the peasants' union by the syndicalist movement of the 1950s. But these *sub-centrales* began re-grouping with decentralization, and by 1997 were returning to their traditional forms of authority and representation. The residents of Titik'ana Takaka hoped to increase their political weight by banding together with nearby communities, and so improve their ability to capture resources and tend to local needs.²⁰⁹ In doing so they rejected the social forms of the 20th century in favor of those of five centuries earlier.

Another, deeper motive was that decentralization changed the logic of social organization in Bolivia. A lasting legacy of the revolution was that between 1952-1994 the means for sharing out public resources were national negotiations, strikes and lobbying conducted in La Paz between representatives of government, business and labor, each organized in its own "peak association".²¹⁰ Economic identity was thus much more important to rural dwellers than where they lived. After 1994, by contrast, bargaining over resources was largely conducted at the municipal level amongst community representatives. Whether citizens fished, farmed or drove a truck no longer mattered. Where they lived, and how well the leaders they elected negotiated the division of resources across municipal space, became paramount. The effects of this change reached deep down into village life, and made the way in which communities were organized much more important.

3.4 Other Local Actors – The Military and the Church

In the past the armed forces and the Catholic Church had figured large in Viachan life, but their shared history of association with an oppressive white minority

²⁰⁹ *ibid.*

²¹⁰ The peasants' union was, along with miners and public employees, an important component of the Confederation of Bolivian Labor, the leadership of which for many years wielded great power in the capital.

under both colony and republic conspired to make them insignificant forces in the local democratic context of 1997. Of the two, the military's role in oppression was by far the more direct. For centuries the army was the state's instrument of domination for the benefit of a landowning and mining *criollo* elite. The government in the capital legislated, regulated and taxed the countryside so as to push Aymara communities off their traditional territories, allowing latifundistas to purchase the land at convenient prices. It also enforced the *mit'a*, a distortion of the ancient practice of communal labor by which young men were extracted from peasant communities throughout the altiplano and forced to work in the silver and tin mines of Potosí.²¹¹ When the peasants revolted, the army was sent to put them down, which they did with a ferocity made easy by superior armor. These events were seared into the memory of the *campesinos*, and became important touchstones in their ethnic history and identity. Even today the residents of Jesús de Machaca take pride in their rebellious past and continue to celebrate their doomed uprising which led to the 1921 massacre.

By 1997 the military found itself in quite a different position in Viacha. The revolution of 1952-3 had largely ended the systematic military repression of the peasantry, and the restoration of an open, democratic regime in the 1980s had returned them to their garrisons. Years of curtailed military spending had reduced the army unit based in Viacha to a distressed state, with outdated equipment and insufficient resources for training. Its commander was Lt.Col. Adolfo Dávila, a native of Viacha, who led the 2000 soldiers of the army's 1st Division GADA 231 unit, based only a few blocks from the city's central square. A confident, well-spoken man, he was a keen observer of local affairs and well-versed in the workings of local government. Unusually for Bolivia, he and the mayor had found no way in which to cooperate, and if his relations with local government were cordial they were also largely empty. The commander complained about the government's inefficiency and described the schemes by which senior officials misappropriated public funds, but in the end his power to affect local events was very small.²¹²

The Viachan Catholic Church stands silently at one corner of the central plaza, itself the very symbol of a "civilized" urban society which defined itself in opposition to the indigenous countryside.²¹³ On both sides of the ethnic divide the church was

²¹¹ See Dunkerley (1984), Klein (1993), Albó, *et.al.* (1990), Ticona and Albó (1997), among others.

²¹² Dávila, *op.cit.*

²¹³ Ticona and Albó, *op.cit.*, pp.29-43.

traditionally and strongly associated with the dominant white and mestizo classes. Throughout the colony and the republic local authorities allied themselves repeatedly with the church, and used this alliance to amass rural landholdings for the church and themselves.²¹⁴ The church was thus regarded by *campesinos* as a foreign institution, and in the uprising of Tupa Katari in 1781 rebels killed the local priest. Despite this, the evangelical efforts of the church over 500 years were not in vain, and the church was also an integral part of daily rural life, with “the sacred role to bless, celebrate baptisms, festivals, and many other rites that, from as early as the 18th century, were already part of Aymara daily life.”²¹⁵ Aymará and Quechua speakers throughout the altiplano internalized many of the doctrines and symbols of Catholicism in a *sui generis* religious form which intertwined them with elements from traditional indigenous spiritual beliefs.²¹⁶ Thus, for example, the Virgin Mary was viewed by many as a manifestation of the *Pachamama*,²¹⁷ and the lightning which made stones sacred and revealed the identity of *yatiris*²¹⁸ was thought to come from the apostle Santiago.²¹⁹

Beginning in the late 1960s, the Aymara Church movement sought a more explicit reconciliation with its indigenous flock, introducing the Aymará language and music into liturgical celebrations. The parish priest of Jesús de Machaca was one of the founders and principle exponents of this movement. This represented a significant change from the historical pattern of relations between the church and the rural masses, and an important attempt at outreach. Unlike comparable developments elsewhere in Bolivia, it was more a religious than a social or political movement. It was, indeed, a product of the withdrawal of the church from political life to concentrate on the spiritual and evangelical. Fr. Justino Limachi, the Viachan parish priest, confirmed that the Church had little interaction with Viacha’s government. “We don’t work with the municipality. There was talk of church involvement early on, but people go into local government to steal, so the church didn’t participate.”²²⁰ In his view municipal events were driven by politics, and this was an area that the church no longer engaged.

²¹⁴ *ibid.*, p.40.

²¹⁵ *ibid.*, p.137. Author’s translation.

²¹⁶ *ibid.*, pp.137-139.

²¹⁷ The mother earth “goddess”.

²¹⁸ Andean holy men or “priests”.

²¹⁹ Xavier Albó, Armando Godínez, Kitula Libermann and Francisco Pifarré, *Para Comprender Las Culturas Rurales en Bolivia*, MEC/CIPCA/UNICEF, La Paz:1990, pp.125-135.

²²⁰ Limachi, *op.cit.*

4. Summary: How Government Works in Viacha

The evidence strongly indicates that local government in Viacha was of very poor quality. The institutions of government varied between merely ineffective and fully corrupt, and the interplay amongst them produced service and policy outputs which were insensitive to local needs and unsatisfying to local voters. There is substantial evidence that Mayor Callisaya was inadequate as a manager: he expanded his payroll by over 100% without significantly increasing the administrative ability or technical skills of the local executive branch; and he squandered huge sums of money on pet urban development projects, like a municipal coliseum, the toboggan, and municipal sewerage, which suffered significant cost overruns and were badly conceived and badly executed. These white elephants stood unfinished or broken, in ugly testimony to his administration's penchant for gesture over judgment. Unfortunately, the charges against Callisaya did not end there. Numerous sources, including public officials, municipal councilmen, and even the mayor's political boss at the CBN, testified to Callisaya's corruption, and a national audit of municipal accounts charged him with malfeasance. And the example the mayor set spread throughout his administration, until it formed a chain of corruption in which everyone from municipal truck drivers to experienced technicians demanded paybacks before they would unload supplies, draw up technical studies, and otherwise provide the services funded by city hall.

Across the hall from the mayor's office, the municipal council were a good-natured and ineffective bunch. The councilmen themselves readily admitted that they had little knowledge of the workings of their municipality, and displayed no interest in informing themselves. Regardless of party, councilmen were oblivious to the powers and privileges inherent in their post as municipal legislators, and were content to react to the requests they received from time to time from the mayor's office, or occasionally from a community organization. Authoritative observers in Viacha called the municipal council "ignorant and imperceptive", unsophisticated and easily manipulatable. One could only expect uninformed councilmen who showed so little initiative to be uncritical agents of the parties that got them elected. Respondents from both the city and countryside testified that the council was indeed insensitive to local needs, unresponsive to community requests and beholden to their parties. And increasingly their loyalties belonged to just one party. When opposition representatives began to question municipal policy, the CBN/UCS hired them and members of their family, and the

councilmen were thereafter quiet. The Viachan municipal council was thus the residual in the local political equation, unable to act as an independent deliberative and policy-setting body. It offered no institutional or political counterweight to the power of the mayor, and effectively short-circuited the first layer of checks and balances designed to protect local government against executive abuses of power.

The next layer of checks and balances was based on the oversight committee, and its interactions with the mayor and municipal council. But in Viacha this tier was broken, and Viacha suffered from two OCs. OC1, the “official” OC recognized by both city hall and national government, was completely uninformed and operationally inert. Its president was unaware of the financial details of the projects initiated during his tenure, and professed no knowledge of such basic information as how many people the municipality employed, what their salary levels were, and whether or not any information or accounting systems had been implemented recently. An ex-miner recently arrived in Viacha, he did not even know the results of the previous elections. Rural community leaders testified that OC1 was ignorant of their needs and ignored their requests, and prominent urban observers did not even know of its existence. Uninterested in municipal affairs and insensitive to public opinion, he not only failed to counterbalance the mayor’s power, but actively endorsed his demagogic manipulations, including notably the beer-soaked planning exercise that led to theft and manslaughter. In this way he earned the illegal salary that the mayor paid him. The opposition OC, by contrast, was considerably more active, intent on providing local oversight. And despite the mayor’s attempts to sideline them, they were surprisingly well-informed, brandishing the municipal budget and readily quoting project details. Unrecognized by the national and local state, however, and thus excluded from the processes of local government, OC2 was ultimately powerless to intervene in the formulation of municipal policy.

The institutional mechanism for the production of local government in Viacha was thus doubly short-circuited. Having freed himself from political oversight, the mayor was able to block social oversight of his activities by dividing civil society against itself, neutralizing its mechanism for accountability, and hiring his own. The stress placed on Callisaya’s role is intentional. These events were neither coincidental nor casual but rather engineered deliberately by a canny political strategist in order to free his hand. The corruption of the entire municipal apparatus subsequently, and naturally, ensued. And the policies and investments that local government carried out in Viacha

were grossly inefficient, largely ineffective, and more importantly bore little relation to public need.

This story begs the deeper question of how such a situation came about. What incentives were there for such behavior? What social and economic factors sustained a municipal government which should have collapsed under the weight of its own ineptitude and corruption? The dominant actors in Viachan society were potent industrial-political groups which had stormed into the vacuum left by the withdrawal of the church and military from public life. The most powerful of these were the CBN-UCS and SOBOCE-MIR complexes. In order to understand their role it is important to consider first how Viacha fit into the larger context of Bolivian national politics. Viacha's proximity and ease of travel to La Paz, and the increasing migration of the owners of its factories and businesses to that city, made its politics the by-product of the political strategies and dynamics of the capital. Viachan local parties were mere franchises of their national organizations. They were not mechanisms for aggregating individual preferences and transmitting them to the institutions of local government, nor did they champion local causes. They were, rather, the tools by which the consequences of national struggles for power and influence were played out locally. Local party leaderships were made and unmade on the whim of national and departmental leaders based on loyalty, electoral success, and subservience. The MIR, for example, was not permitted to hold a meeting without explicit approval from La Paz. The only exception was the UCS, which was run out of the CBN bottling plant.

National party bosses expected their local operatives to conduct electoral campaigns while doing nothing to constrain the party's strategies in La Paz. They were uninterested in the problems of government in Viacha, and provided local leaders with minimal resources with which to do their jobs. Of the two imperatives, the latter was by far the more important – silent electoral ineptitude was preferable to winning elections and causing a stir. The leaders of the MIR, for example, essentially closed down the local party after losing a heated political battle against a UCS mayor, among others, over the cement factory's pollution. The battle had been politically costly for a leftist party with environmentalist pretensions, and the owner of SOBOCE wanted no surprises to upset his vice-presidential ambitions.²²¹ The retirement from politics of the only force capable of acting as a counterweight to the CBN-UCS freed it to pursue its interests

²²¹ Samuel Doria Medina was the MIR's vice-presidential candidate in the 1997 general election.

without external constraint. In Viacha the party's interests were identical to those of Juan Carlos Blanco, its paramount leader. His goal was to improve his standing within the party by delivering large majorities in Viacha,²²² and he exploited the considerable resources of the bottling plant, as well as the municipality, to win over voters. And in the CBN Blanco had a business, with its large labor force, its wide distribution network, and the enticement of beer, that was particularly suited to proselytism. With such a narrow objective and a time horizon never more than an election away, the UCS proved as uninterested in Viacha's collective welfare as it was in its long-range development needs. That local government proved a disaster is thus not surprising.

By 1997 Viachan civil society seemed absent from the government process, cowed by the tight grip of party, government and brewery on local affairs. Callisaya had skillfully manipulated the hostilities between city and countryside and set them fighting against each other, and there was, it seemed, no remedy to UCS misrule. Then, to the surprise of many, the grass roots flexed their muscle and proved that they were not powerless after all. Rural communities might be too distant and poor to confront their government, but urban society was not. Following a series of town meetings that aired their grievances, the people of Viacha rose up against their mayor on the 22nd of March and marched on city hall demanding his resignation.²²³ A crowd of several hundred people²²⁴ paraded through town and then massed in the central square opposite Callisaya's office loudly and angrily demanding his departure. A few days later he announced that he was stepping down to run for a congressional seat. And then, in the June general election, Viacha recorded a huge swing from the UCS to Condepa. It added insult to injury and, coming after an expensive and frenetic electoral season, was a slap in the face to a party which had, literally, given away so much. The experience suggested that in the new context of local government in Bolivia no local government, no matter how rich or powerful the interests that supported it, could govern against its people for long. The UCS had taken voters for fools, and the voters had had their revenge.

²²² Blanco, *op.cit.*

²²³ *Presencia*. "Los vecinos viacheños marchan hoy para que se vaya su Alcalde". 22 March 1997.

²²⁴ Estimates of crowd size vary from 150-200 according to UCS spokesmen, to 500 according to OC2.

6

Local Government at the Extremes

Charagua

1. Introduction

The road to Charagua is an orange ribbon of earth that carries travelers away from the exuberance of Santa Cruz's tropical flowers and swaying palms, deep into the Chaco. The bouncing and banging of your jeep along the dusty road is interrupted by slippery silences as you slide softly into mud. The sun's relentless glare melts the lush green surrounding the city into the scrubgrass and low twisted bushes of the arid plain. The journey takes five hours in the dry season, and becomes impossible during the rains.

Located in the southeastern corner of the country, Charagua is the second municipal district of the Cordillera province and shares a long border with Paraguay. It was overrun by the Paraguayan army during the Chaco War of 1932-35, and the memory of violence lives on in the stories of village elders and the statues in the central square. It boasts the biggest municipal area in Bolivia – its 60,000 km² make it larger than Holland, Costa Rica or Denmark, and about twice the size of Belgium. Only 13% of its 18,769 inhabitants live in the town of Charagua, with the rest scattered across 80 indigenous and rural communities, a handful of newer Mennonite communities, and the smaller town of Charagua Station. The economy is accordingly rural, with agriculture, cattle-ranching, education in the form of a teacher-training college, and commerce the main sources of income. Of these only cattle-ranching achieves a respectable scale, with a few families raising thousands of heads of cattle on tens of thousands of hectares. By contrast Charagua's agricultural sector is planted firmly in antiquity, with Guaraní peasants farming communal lands without the benefit of the plow, let alone tractors or irrigation, relying on their traditional stick method to break the earth.

The population of Charagua is overwhelmingly Guaraní, with Ava-Guaraníes in the northern foothills and Tupi-Guaraníes in the South, especially the Izozo region. Although official business is conducted mostly in Spanish, the principal language of the region is Guaraní. Quechua, a distant third, is heard primarily in the urban market, where recent migrants from the altiplano ply their trades, and in the few rural

communities where they have settled. The town of Charagua lacks industry and has little commercial activity. Its importance comes rather from the fact that it is the seat of power of the landowning cattle families who traditionally dominated the region and its inhabitants. Charaguan townsfolk think of themselves as either white or mestizo, in strict opposition to the Guaraní hinterlands, a division which is clear in the minds of townspeople and Guaraníes alike.

Despite the huge landholdings of some Charaguans, the town itself retains a curiously classless, colorless air, its low one and two-story buildings fronted by shaded porches often in need of a coat of paint. There are no conspicuous displays of wealth, and no abject poverty is visible. This is probably due to the fact that its richest inhabitants maintain only secondary homes in town, and spend most of their time and attention on their farms, where their *estancias* are. But it is also indicative of the crisis affecting the rural economy, with low commodity and land prices and an exodus of the ranchers' most talented children to the city. This crisis, which has been going on for over a decade, is likely to deepen in coming years, and we return to it below. Despite its unprepossessing appearance, however, the town benefits from a significantly higher level of public service provision than do its surrounding communities. Charagua town's index of Unsatisfied Basic Needs is 0.453, tenth best for Bolivia as a whole and very similar to the scores of Bolivia's three main cities. By contrast, the value for rural areas is 0.926, ranking Charagua 100th amongst Bolivia's 311 municipalities.

A principal problem of landowning wealth is illiquidity, and this is to a great extent Charagua's problem too. With few businesses in the entire district, the opportunities for charging license fees are very limited. And the small quantities of land that change hands in any given year make reaching realistic property tax assessments difficult. Up until 1997 this was compounded by cattle ranchers' practice of paying property taxes via their regional association, headquartered in Santa Cruz. Hence all such revenues accrued to the departmental government, with none returned to the areas where it was generated. As a result, Charagua's own resources amounted to only Bs.49,000 in 1996, out of a budget of Bs.2,328,060, or a tiny 2% of the total. And given the subsistence economy of Guaraní agriculture, essentially all of these revenues came from the town. "The Guaraníes don't pay taxes," the mayor declared with a twinkle in his eye, "they just procreate."²²⁵

²²⁵ Luis Saucedo Tapia, mayor of Charagua, interview, Santa Cruz, 31 March, 1997.

Despite this lack of resources, by the middle of 1997 Charagua had acquired a reputation within the department of Santa Cruz, and increasingly nationally, of being well run by a competent and enthusiastic mayor. The mayor came out top in a ranking of all of the mayors in the department. “He is a very good administrator,” said the departmental head of the Social Investment Fund, “and a very active person. [...] He has a very good image – even people from rival parties recognize this.”²²⁶ Decentralization had increased municipal resources by some 6500% year-on-year, and yet the funds appeared to be well-spent. Local government had resisted the temptation to inflate and had managed to keep operating costs to just 4% of total budget. A series of municipal audits carried out by the national government on medium-sized municipalities supported this view, finding no deficiencies in Charagua’s operational programming, administrative organization, budgeting, personnel administration, administration of goods and services, treasury management, accounting, and internal auditing and control.²²⁷

The foundation of good local government in Charagua was a strong social consensus which upheld a political coalition between the center-left *Movimiento Bolivia Libre* (MBL) party and the center-right *Acción Democrática Nacionalista* (ADN) party. This consensus consisted of two closely-related components: (i) a political covenant between the MBL and the Guaraní People’s Association (APG), whereby the former allowed the latter to choose candidates for its local electoral list in exchange for Guaraní votes in municipal elections; and (ii) the animosity felt by rural inhabitants of Charagua towards the MNR party and its previous mayor, who was widely accused by Guaraníes of racism and brutality towards rural villagers.²²⁸ To this second point was added a more general, if less acute, rejection of the local MNR by townspeople who associated it with an increasingly unpopular national government. The nature of this social and political consensus is central to understanding the success of local government in Charagua, and we examine its components in detail below. Its immediate results were to allow the MBL, which had never done well in Charagua, to win almost as many votes as the first-place MNR, and then to propel the ADN and MBL into coalition government behind an MBL mayor, thus excluding the MNR from power. In a municipality where Guaraníes

²²⁶ Dr. Fernando Muñoz Franco, interview, Santa Cruz, 31 March, 1997.

²²⁷ Secretaría Nacional de Participación Popular. 1997. *Matriz Resumen de las Auditorías SAYCO Practicadas en Gobiernos Municipales Categoría "C" (Pob. Mayor a 15,000 y Menor a 50,000 Hab.): Informe SCAE/IEA.*

²²⁸ Eulogio Núñez, CIPCA director (NGO) and municipal adviser, interview, Charagua, 2 April 1997.

did not vote and the MNR traditionally beat the ADN into second place in town, this was a shocking turn of events for many.

The ADN-MBL coalition proved surprisingly robust in practice, and provided the mayor with a strong political base for his administration. By his own account this was very fortuitous. “Never before have so many distant communities received so much” in public services and investment, he said, explaining a planning and budgeting system built around the principle that each community in the district must receive an equitable share²²⁹ of the municipal budget over a multi-year cycle.²³⁰ But the effort needed to run a planning system in which communities discuss their needs and prioritized their own projects, in a municipality as big as Charagua, was immense. “It took two months just to meet all 67 indigenous communities and agree their needs,” he explained. “The workload is very heavy for many municipalities that weren’t used to so much responsibility. [...] Every year we have to re-structure ourselves better.” It is doubtful that the municipality would have achieved the results it did without the unwavering support that the municipal council provided the mayor.

Box 1: The Slavery of Captive Communities

Councilman Solano explained that some of the migrants to Charagua were from Ivo, Boyuibe and Huacareta. “They come without land or money, and the locals here tend to the needs of brother Guaraníes.” The source of these desperate arrivals are the “captive communities” deep in the Chaco, where modern slavery flourishes. The CIPCA’s Núñez explained how it works. There are towns

where the rich families run everything and occupy all the important posts. [...] They have between 10 and 30 Guaraní families living on large properties where they are kept as slaves on the land and aren’t paid for their work. [...] The *patrón* keeps them in debt. They can’t leave before paying or they’re put in jail.

The debt is passed down from father to son, and Guaraní families are allowed neither education nor contact with the outside world. “These families have radio communications amongst themselves,” Núñez continued. “They set up roadblocks and radio warnings to each other when an outsider appears. Then they send the Guaraníes up into the hills with the cattle, and the outsiders are told no one lives there.” The *patrones* even had the gall to register themselves as a rural community so they would not have to pay taxes. “Now these rich families have formed a GRO and are able to demand public money for wells, roads, etc. on their private property. And they put Guaraní families on their lists of GRO members.” CIPCA has purchased the freedom of some captive Guaraníes at a price of around Bs.1000 each. The APG has proposed the wholesale liberation of these slaves, but successive governments have been afraid to tackle the issue.

The deeper background to Charagua’s municipal dynamics is a Guaraní cultural renaissance which began in the early 1980s and gathered pace in the 1990s. The

²²⁹ *i.e.* Based on population.

²³⁰ Saucedo (a), *op.cit.*

Guaraníes, who as a people had managed to survive Spanish colonialism successfully for over three centuries, succumbed throughout the 19th century to the *criollo* republic's potent mix of Christian conversion, government territorial annexations, and cattle ranchers' land purchases and confiscations, all backed by repression of the Bolivian army.²³¹ With their spears and arrows the Guaraníes were no match for the firearms of the state, and at Kurujuky in 1892 an indigenous uprising led to a massacre which almost destroyed the Guaraní culture.²³² Coming as it did after a long string of setbacks, the massacre of Kurujuky cast the Guaraníes onto the margins of society, where they survived as the perpetually indebted slaves of large landowners or as subsistence farmers in isolated rural communities. The Guaraníes spent the better part of a hundred years in material and spiritual deprivation, a proud and bellicose people beaten into docility, lost in a sort of collective amnesia triggered by their defeat.²³³

After the chaos of successive *coups d'état* and hyperinflation, the 1980s witnessed a re-birth of Guaraní consciousness and Guaraní pride, as is discussed in detail below. The *Asamblea del Pueblo Guaraní* (APG) was formed in 1986-7 to coordinate Guaraní affairs, foment cooperation amongst communities, and articulate Guaraní interests. The moment was evidently ripe for such an organization, and the APG flourished and very quickly established a central role throughout the Guaraní world from the most mundane community tasks to the international arena via its representation of Guaraníes across Bolivia and Paraguay. Thus when the MBL sought to mount an electoral coup in Charagua by capturing the hitherto ignored Guaraní vote, it found in the APG an interlocutor which not only spoke with authority but possessed the legitimacy and organization to mobilize a highly dispersed population. When the Guaraníes voted for the MBL, they also voted for the Guaraní candidates that the APG had chosen. The party's vote increased by over 360% in the 1995 local election.²³⁴ Rural voters and community leaders that I spoke to reported satisfaction with their electoral success and the subsequent government's performance. With the presence of Guaraníes on the municipal council for the first time, they felt not only that their voices were heard but

²³¹ Xavier Albó, *Los Guaraní-Chiriguano: La Comunidad de Hoy*, CIPCA:La Paz, 1990, pp.19-22. Albó is acknowledged to be one of the premier authorities on Guaraní culture in Bolivia.

²³² Fr. Gabriel Sequier (Tianou Pirou), parish priest, interview, Izozo, 3 April 1997. Sequier is another Spanish priest who has dedicated his life to understanding and working with the Guaraní people.

²³³ Javier Medina (Ed.), *Arakuarenda: Un Centro Intercultural de Capacitación Para el Desarrollo Guaraní*, Arakuarenda/FIS:La Paz, 1994, pp.19-30.

²³⁴ Corte Nacional Electoral (Dirección de Informática), *Estadística de Votación Absoluta, Elecciones Municipales de 1993 y 1995*. [Database]

that they had assumed control of the municipality. “Councilmen are sent to represent *us*. They pay attention to us and not to the parties – they do what *we* want.”²³⁵ Quietly, tenuously, but with evident pride, the Guaraníes were emerging from obscurity to take their rightful place at the center of Charagua’s political life.

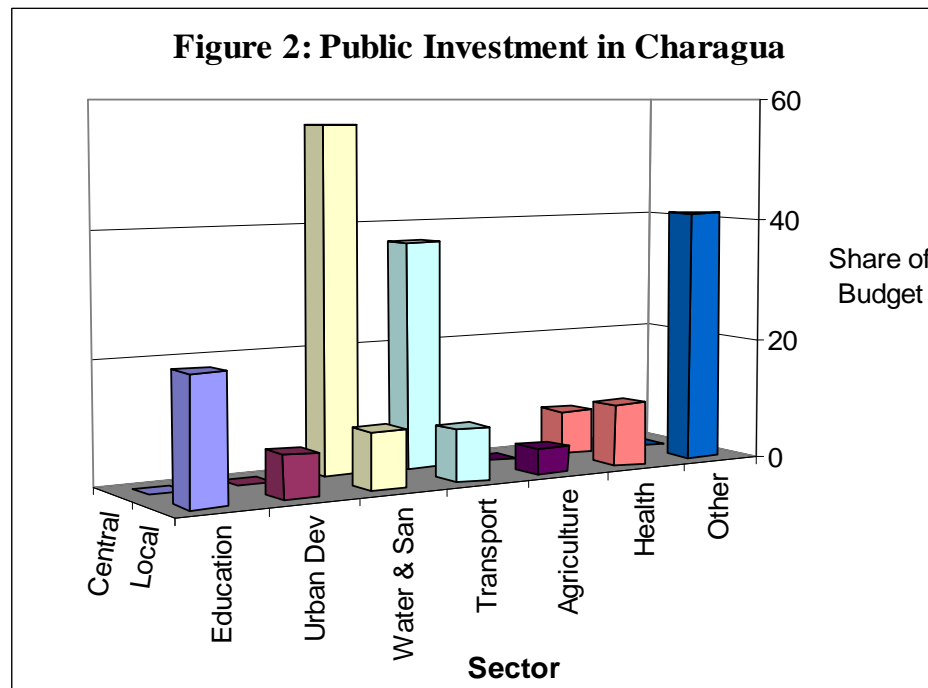
Figure 1

CHARAGUA		<i>Electoral</i>		<i>Social Indicators</i>	
		Governing Coalition*	MBL-ADN	% of Population Speaks:	
<i>General</i>				Spanish	34%
Total Pop.	18,769	% Vote 1995	44.0%	Native Tongue	14%
Urban Pop.	2,486	Main Opposition	MNR	Spanish & Native	46%
Urban Share	13%	% Vote 1995	37.6%	Literacy Rate	80%
Rural Communities	37	Electoral Absenteeism	39.5%	No Ed. Attainment	17%
Indigenous Comms.	51	% Blank Votes	2.1%	# Schools (Bldgs)	46
Unsatisfied Basic Needs	0.873	% Null Votes	1.4%	Total Students	4,316
Urban UBN	0.453			Students/Teacher	17.5
Rural UBN	0.926	<i>Municipal Employees</i>		Uses Formal Health	87%
		1997	9	Care System	
<i>Oversight Committee</i>		1993	4	# Health Facilities	18
Total Members	8	Increase	125%	Malnutrition Rates:	
Village Members	7	per 1000 pop	0.5	Low	24%
President is from?	Rural	Top Salary**	Bs 1,700	Moderate	9%
		Qualifs. Req'd?	Yes (?)	Severe	2%

sources: 1992 census, 1997 municipal census, National Electoral Court, National Institute of Statistics, author's interviews

* In order of importance, 1995-99

** Highest-paid non-elected official



²³⁵ Pablo Diego Vaca and David Segundo, community leader and adviser, interview, Yapiroa, 3 April 1997. Local leaders held similar views in rural communities throughout Charagua, including Kapiwasuti,

2. Local Government Institutions

2.1 The Mayor and the Local Executive Branch

Prof. Luis Saucedo Tapia is a retired schoolteacher originally from Villamontes, on the southeastern edge of the Chaco in Tarija. He has lived in Charagua since 1967, working for most of that time in the town's large educational establishment. A sympathizer of the center-left MBL party and its brand of politics emphasizing human rights, rural development, and periodic anti-corruption drives, he became mayor when the APG nominated him to the top position of the MBL's electoral list. "The Guaraníes borrowed a *karai*²³⁶ as candidate for mayor" in order not to scare Charaguan townspeople, explained the president of the oversight committee. All of the other names on the list were Guaraní, and the APG made an implicit bargain with the town to control Charagua through one of them in exchange for the support, or at least restrained hostility, of the white elite.²³⁷ Saucedo agreed with this, explaining that "the town demanded that the ADN give me their vote in the municipal council. Now they've turned against me because they say I give all the money to indigenous people."²³⁸ But the countryside continued to support him, he added.

Saucedo was relaxed and patient during various lengthy interviews that spanned several months. With a thorough grasp of the administration over which he presided, he easily rattled off population and investment figures, project names and budgets, and much other municipal information in detail without reference to notes. "Our plan is to attend to the basic needs of all of the communities first," he explained, "and *then* to invest in productive projects that raise future income."²³⁹ To this effect the municipality's 1997 budget prioritized the following areas, in order of importance: (i) Education – fourteen schools throughout the district; (ii) Health – the Mother and Child Health Insurance scheme and an anti-chagas program; (iii) Water & Sanitation – a number of new wells in rural areas; and (iv) several tourism projects and heavy road maintenance. Saucedo noted that Charagua was investing some 50% of its municipal budget in human development, compared to the 30% that central government guidelines recommend. He reported municipal investments in all eight of the sectors about which

Taputamí, Acae and El Espino, among others.

²³⁶ Guaraní for white man.

²³⁷ Florencio Antuni Sánchez, oversight committee president, interview, Charagua, 1 April 1997.

²³⁸ Luis Saucedo Tapia, mayor, interview, Charagua, 1 April 1997.

²³⁹ *ibid.*

he was questioned, and judged the results obtained so far as good in six of these and bad in two.

Saucedo was most emphatic about the distribution of resources in his municipality. “This has undeniably improved since the Popular Participation Law – there’s no comparison.” He described a planning system which breaks the municipality into four zones and allocates resources to each strictly by population. Thus Charagua Norte received Bs.500,000, Charagua Sur Bs.350,000, the Izozo Bs.650,000, and the town and surrounding Guaraní and Mennonite communities received Bs.900,000. He then recited the population of each region to prove his point. Within these limits, specific projects and policy interventions are decided by local meetings in each community. These agree on local priorities and send a list of each community’s preferences to the oversight committee and the mayor. The mayor and OC pre-select which of these projects they will undertake. The municipality then hosts general meetings in each of the four zones to discuss projects requested, make the final selection, and establish an investment plan for each. From these meetings the municipal Annual Operating Plan emerges. This AOP cannot be modified by the municipal council or mayor alone, and requires a written resolution from community leaders or the OC before changes can be considered.²⁴⁰

Other local authorities confirmed Saucedo’s outline of the planning system, and all stressed the high degree of grass-roots participation which made it successful. “Each zone demands a share of the budget proportional to its population,” the mayor explained. But it did not end there. “Even after the AOP is finished, some groups want to benefit always. They send written requests for more projects and stage demonstrations” to voice their demands. These are analyzed by the mayor, municipal council and OC; they may lead to reformulations of the entire AOP. Grass-roots leaders are also instrumental in setting the level and type of community contribution that financing agencies like the FIS, the World Bank, and others demand, according to the president of the OC. And once the project is going, “they press for the FIS, the municipality and the contractor to deliver on their obligations as well.”²⁴¹

MNR councilman Julián Segundo Chipipi described an atmosphere of cooperation and accommodation in zonal meetings. “The money of communities that

²⁴⁰ Crispín Solano Menacho, municipal councilman (MBL) and ex-oversight committee president, interview, Charagua, 28 October 1997.

²⁴¹ Antuni (a), *op.cit.*

have already satisfied their needs goes to other communities. They understand this and are in agreement.”²⁴² “Peasants today aren’t like they used to be,” added the (ADN) president of the municipal council. “Now they’re learned, able, awake and agile,” and can easily handle complex negotiations amongst distant communities.²⁴³ Despite the mayor’s protests that this planning system was still new, its results – the municipality’s AOP – satisfied all of the rural communities that I interviewed in Charagua. Only civic leaders from the town itself complained that the 1997 AOP represented the municipality’s wishes and not communities’ greatest needs.²⁴⁴ But this was probably due to resentment of the shift in resources and priorities away from the town that Popular Participation had brought about. “It’s the Guaraníes who are most successful in extracting resources from the municipality,” admitted Saucedo.

The mayor was obviously pleased with his success in Charagua, declaring merrily, “this system of programming funds is good! It’s right to do things this way.”²⁴⁵ But he also worried that managing the process was stretching his municipal government to the breaking point. Even though it had increased in size from four to nine employees, the administration was still too understaffed to provide effective local government to an area twice the size of Belgium. The mayor had three executive, four operational and two support staff working for him, plus a few occasional employees hired for specific projects. The highest qualification required – for the executives – was a high school diploma, and salary levels were too low to attract technically trained staff from the city. And to make matters worse, they were building institutional capacity on a non-existent base. “Before Popular Participation,” said Saucedo, “there were no educational requirements for hiring people. Any cripple who limped past was given a job.” The mayor earned a derisory Bs.250/month, and the others less. With no salary, no staff and no budget to work with, those who served in Charagua’s government were motivated by a sense of civic duty, not by hopes of what they might achieve.

After decentralization, various central agencies attempted to strengthen the municipality by installing the SICOPRE and SICOM information systems and training staff in their use. But the mayor did not hold out much hope for these. “In the end no one understood the SICOPRE,” he admitted. “And they’re implementing SICOM now,”

²⁴² Julián Segundo Chipipi, municipal councilman (MNR), interview, Charagua, 2 April 1997.

²⁴³ Abelardo Vargas Portales, municipal council president (ADN), interview, Charagua, 1 April 1997.

²⁴⁴ Walter García Juárez and Jorge Cortez Romero, community association president and community member, interview, Charagua, 3 April 1997.

²⁴⁵ Saucedo (b), *op.cit.*

he added, shrugging. Instead Saucedo opted to hire an NGO called CIPCA (Center for the Investigation and Promotion of the Peasantry) for institutional development and technical advice. CIPCA is a left-of-center group formed by politically active university graduates who had settled in Charagua some years earlier, established their NGO, and took over the ailing branch of the MBL.²⁴⁶ CIPCA signed a covenant with the mayor to provide technical support for the formulation of the AOP, advice on relations with rural communities, and help with administrative development. In practice CIPCA quickly became involved in most aspects of daily business, helping the government to design and find financing for projects, formulate its five-year Municipal Development Plan, and assist in relations with the various national development funds (e.g. FIS). Some local observers, such as the parish priest Fr. Luis Roma, lauded CIPCA's role, saying "The good shape the municipality is in is due to CIPCA. The mayor blindly does what CIPCA tells him to do." But others, especially in town, complained that CIPCA's influence was too strong, and that it had become a parallel government. The president of the OC, the man perhaps in the best position to know, countered this, explaining that CIPCA supported the local planning procedure only, and was not involved in the decision-making stage.²⁴⁷

But not even Charagua's careful planning system, nor the widespread goodwill that it engendered among civic and political leaders, could guarantee success. In order to multiply his investment budget, the mayor had obtained co-financing for school construction projects from the FIS. But a number of these suffered delays in late 1996, and by mid-1997 construction had stopped at ten of them as the FIS sued the contractor for damages. The mayor, municipal councilmen, and many of the community leaders interviewed attributed these suspensions primarily to the particularly heavy rains that had affected the region that year, washing out roads and paralyzing even the trains. The mayor also cited the contractor's weak cashflow, which made it unable to operate ten construction sites simultaneously and led it to demand larger community contributions than had been initially agreed. In both cases the mayor lay blame squarely at the FIS' door. He argued that the FIS worked backwards – using the dry season to complete project paperwork and initiating construction at the onset of the rains; and he complained that the FIS should never have awarded ten projects to a single firm in the first place,

²⁴⁶ Núñez, *op.cit.*

²⁴⁷ Antuni (a), *op.cit.*

especially one only recently formed and with little experience building schools to FIS specifications.²⁴⁸

Saucedo was quick to point out that the rest of his investment program had gone well and was largely completed. But these schools represented one-half of Charagua's yearly investment budget, and their interruption froze Saucedo's budget and crippled his government. Large swathes of rural Charagua had agreed to expect nothing more from local government than a school. The projects' suspension broke local government's credibility in the areas affected, and undermined its claim to be focusing resources on rural problems more generally. Although local authorities such as the District Director of Education and the president of the OC defended the municipality and accused the FIS and the contractor of poor planning,²⁴⁹ their view was not shared by all of the grass-roots leaders I spoke to. At the community level people seemed disillusioned by the turn of events, and unsure whom to blame for services they'd been promised that were not being delivered. As time passed and no solution was found the public began to lose patience with the mayor and his municipal council, and in some quarters opinion turned hostile.

The fact that the Charaguan government retained significant credibility amongst most of its voters despite these setbacks, and that many civic leaders seemed prepared to suspend judgment for a time, is probably due to the stark contrast between the MBL administration and the MNR regime which preceded it. According to Mr Núñez of CIPCA, "The previous government was absolutely urban – rural communities weren't represented.... Its AOPs were drawn up for it by the Office of Municipal Strengthening in the Prefecture in Santa Cruz. The communities complained that their needs weren't in it."²⁵⁰ Saucedo paints a much more dire picture of the state of affairs.

The previous government was taking Charagua to the brink of disaster. The FIS could find nothing in Charagua to finance in 1994 and 1995. Finally the municipality began sending money directly to the communities because projects would not materialize. Some spent well, others badly.... This distorted the local idea of what revenue-sharing means.²⁵¹

But more important perhaps were the purely political elements of government. "Rolando Gutiérrez [the previous MNR mayor] had serious problems with the Guaraníes. He had been a policeman here. He was one of those who went to Guaraní

²⁴⁸ Saucedo (a), *op.cit.*

²⁴⁹ Antuni (a), *op.cit.*; Oscar Hugo Aramayo Caballero, district director of education, interview, Charagua, 4 April 1997.

²⁵⁰ Núñez, *op.cit.*

²⁵¹ Saucedo (b), *op.cit.*

villages to demand labor, and if they didn't comply he beat them and put them in jail."²⁵² It is thus not surprising that Guaraníes voted overwhelmingly against the MNR, and were happy to see the party vacate power. I attempted to interview Mr Gutiérrez about these allegations but he refused to speak.

In the rural communities where most Charaguans live people displayed a lively pragmatism, judging the mayor and his administration on their performance and little else. When asked about the legal provision which allowed the municipal council to overturn the mayor after his first year in office, the common view was that this was positive and should be freely used if the mayor did not satisfy expectations. According to the leadership of La Brecha, "This measure is necessary. Municipal projects must benefit everyone. The municipality either works or it doesn't work."²⁵³ Respondents in the community of Yapiroa made the point that "We know how much we're due from the Law of Popular Participation – it's according to our population. If this isn't disbursed, then we must get rid of the mayor."²⁵⁴ Civic leaders in Kapiwasuti, Taputamí and Acae echoed these sentiments, stressing that the decisive criterion for such decisions must be municipal performance at the community level, and official responsiveness to community needs.

And the general view from the communities was that municipal performance had been at least satisfactory, and for the most part good. Representatives from Kapiwasuti reported projects in four of the eight sectors queried, and judged all of them good. "Popular Participation has increased the distribution of money in this municipality.... And the municipality is investing well. They're not wasting money. These aren't bad investments."²⁵⁵ Leaders from Taputamí held a similar view, reporting investments in two sectors, both good. The villages of Yapiroa, Acae and El Espino all suffered from the school suspension debacle, and did not hesitate to express their disappointment. But despite this, all reported satisfaction with a local government that listened to their needs and at least attempted to respond to them. The response of El Espino's leader was typical, reporting projects in four sectors: three good and one mediocre. But despite the

²⁵² Núñez, *op.cit.*

²⁵³ Francisco Chávez Flores, Delcio Moreno Candia, Mario Arreaga, Andrés Chávez Flores, Vicente Moreno, and Licelio Cuéllar Martínez, community leader, aid to the *capitanía*, hospital administrator, nursing assistant, school association president and Alto Izozo district deputy, interview, La Brecha, 3 April 1997.

²⁵⁴ Vaca and Segundo, *op.cit.*

²⁵⁵ Demetrio Caurey and Florencio Altamirano, president of the community irrigation committee and infrastructure officer, interview, Kapiwasuti, 2 April 1997.

travails of the school, he praised the municipality for responding to a genuine need. “We chose the school in a community meeting,” he explained, “according to greatest need. Because there are many students here, and the nearest schools are far away.”²⁵⁶

But perhaps the most surprising response came from the community of La Brecha. As of mid-1997, this community, the traditional capital of the Izozo region, had received nothing from its municipal government. And yet local spokesmen lauded the law and their local government for the schools it had built and the road it had improved elsewhere in the Izozo. Referring to one school in particular, they said “all of the Izozo benefits because that school is a nucleus.”²⁵⁷ And the road runs the full length of the Izozo. [...] These projects are necessities that emerge from the community itself, which has prioritized their greatest needs. They’re discussed and analyzed in a community meeting.”²⁵⁸ They went on to describe how the needs of the entire Izozo were discussed in a meeting of the region’s civic leaders. Largely because of this consensual process, the projects that were approved were seen as belonging to the entire region. The local concept of “community” had expanded to include villages hours away by jeep. “Things that were never seen before have been seen now,” they enthused. The strong Guaraní identity, and the social bonds that link Izozeño communities, allowed even a village that had seen no municipal investment to appreciate local government’s work elsewhere.

By contrast, this attitude was missing amongst the Charaguan townspeople. Of the five sectors in which they had received municipal investment, they judged one good, three mediocre, and one bad. Local leaders approved grudgingly of the main public investments there, a new motor for the electricity generator and the renovation of the town square, but complained that other urban priorities were being ignored in favor of investment in rural areas. “Sewerage, domestic gas, street paving, storm drainage, waste recovery and treatment – they’re all expensive projects and there’s not enough money,” they groused.²⁵⁹ The fact that their existing public services were far superior to those of any rural community in Charagua did not prevent them from resenting the investments the latter received. And when queried about neighborhood construction officers and the arrangements they’d made for the plaza’s upkeep, they admitted that there was no civic oversight of project finances, quality, etc., and that maintenance of the plaza would be the exclusive responsibility of the municipal government. Unlike in the rural

²⁵⁶ Pablo Carrillo and Marcial Arumbari, community leader and officer, interview, El Espino, 4 April 1997.

²⁵⁷ *i.e.* A “magnet” school accepting students from a large rural area.

²⁵⁸ Chávez, Moreno, Arreaga, Chávez, Moreno, and Cuéllar, *op.cit.*

communities, townspeople clearly felt that the municipality belonged to them, its resources theirs to exploit to their own ends. They did not conceive of local government as something external with which they had to reach accommodation.

Grass-roots perceptions of larger questions of the effectiveness and equity of municipal government seemed to proceed directly from communities' appraisals of its performance at home. In most communities people noted that decentralization had brought about improvements in the effectiveness of government that ranged from modest to large. Community leaders in Copere Brecha, Yapiroa, Acae, Kapiwasuti, El Espino and La Brecha all reported that municipal government had improved significantly with the Popular Participation program. The commentary from El Espino was typical:

Things are much better with Popular Participation, because now we know how much money arrives each year. Before they said 'There are royalties' but there was no way to find out [how much] and we never received anything. Now the mayor is closer [to us].²⁶⁰

"Before the money was all for the people in the local administration itself – not even for the town," added Israel Romero Macuendí and Florencio Altamirano of Acae. "Now we have people who know the laws [and can prevent this]. The communities choose the most important projects."²⁶¹ Interestingly, the leaders of El Espino and La Brecha attributed this wholesale change to the presence of three Guaraníes on the municipal council. "They control things here. Hence things aren't done so badly."²⁶² Other communities attributed increased municipal effectiveness to procedural changes that improved responsiveness to local needs. "The municipal government improved a lot after Popular Participation – now the municipality comes *here* to meet with the people and budget resources with them."²⁶³ Spokesmen for other communities agreed, citing direct contact with and listening to voters as crucial attributes of an ideal mayor.

Of the eleven communities I visited in Charagua, most were fairly or very satisfied with the quality of their local government generally. Only one – Rancho Nuevo – complained government was unsatisfactory, saying, "The municipality spends its

²⁵⁹ García and Cortez, *op.cit.*

²⁶⁰ Carrillo and Arumbari, *op.cit.*

²⁶¹ Israel Romero Macuendí and Florencio Altamirano, community leader and community member, interview, Acae, 2 April 1997.

²⁶² Carrillo and Arumbari, *op.cit.*

²⁶³ Vaca and Segundo, *op.cit.*

money elsewhere – not here. What it promises remains on paper only.”²⁶⁴ Two communities, Charagua town and Isiporenda, reported little change in the quality of government since decentralization. Two communities, Taputamí and La Brecha, were fairly satisfied with the quality of government. And the remaining six communities were very happy with municipal government, reporting significant changes since 1994. Remarks in El Espino were typical: “There are paralyzed schools here – but this is *not* the fault of municipal government.... Most people are quite satisfied with the municipality because they see the works that are being carried out.”²⁶⁵ It is interesting to note that this summary reflects the deterioration in local perceptions between the first and second halves of 1997, due mostly to the paralyzed FIS schools. Chávez and the others in La Brecha, where satisfaction had dropped from high to moderate, summed up the feelings of many when he said “Up to a year ago things really looked good. But now we see things differently because the money never arrives. The AOP – which itself is good – isn’t being executed.”²⁶⁶

From the outside, the mayor and the local executive branch were regarded quite positively by prominent local observers. Civic and private sector leaders alike praised the mayor for his honesty, and his hard working and transparent administration. Juan Carlos Gutiérrez, president of the local branch of the Cattle Ranchers Association of the Cordillera province, professed satisfaction with the municipality. “Local government works well as far as we’re concerned. We call the municipality and they respond. The municipal council and the mayor work well together.”²⁶⁷ Given the very large share of the local wealth that cattlemen represented, this was an important vote of confidence. The District Director of Education was even more enthusiastic:

We receive everything that local government can give us. [...] In 1995 we got almost nothing from them. In 1996 we got Bs.4 million and this year Bs.3 million more.... This mayor is good because he invests in human capital, including teacher training. He has a great will to do good.²⁶⁸

Fr. Gabriel Sequier, who has worked for decades with poor Guaraní communities in the region, put it more bluntly still. “The municipality is working here like never before. It deserves our applause.... The Law of Popular Participation is a blessing from God.”²⁶⁹

²⁶⁴ Luis García and Hipólito Sirari Ena, community founder/adviser to the *capitanía*, and community leader, interview, Rancho Nuevo, 28 October 1997.

²⁶⁵ Carrillo and Arunbari, *op.cit.*

²⁶⁶ Chávez, Moreno, Arreaga, Chávez, Moreno, and Cuéllar, *op.cit.*

²⁶⁷ Juan Carlos Gutiérrez, interview, Charagua, 1 April, 1997.

²⁶⁸ Aramayo, *op.cit.*

²⁶⁹ Sequier, *op.cit.*

The other institutions of local government concurred. Florencio Antuni, the president of the oversight committee, was enthusiastic about the quality of the local executive. “Almost everything is being done now. Before 1994 nothing was being done – the municipality had no money. Now, with a little money from the LPP law, they can go in search of co-financing from external sources. They can consult communities and do what the local people want.”²⁷⁰ In a relatively short period of time the mayor and his staff had proceeded from an initial shock of managing unprecedented resources to the strategic ability to leverage them in order to obtain central government and external financing which multiplied the local budget. But Antuni’s praise did not end there. “The opinions and necessities of the grass-roots are being taken into account here. And for the Guaraní people this is very important,” a point with which the Izozeño councilman Julián Segundo Chipipi agreed.²⁷¹ Both men joined municipal council President Vargas in declaring that the distribution of resources had improved notoriously under the present government, using words that echoed the most enthusiastic community leaders cited above. Regarding specific investment projects, Segundo judged them good in three sectors and mediocre in two, Antuni good in five sectors and Vargas very good in five sectors. But Vargas pointed out that institutional weakness was still a significant problem. “A team of advisers financed externally should come for at least a year and provide technical and legal advice.... And the municipality needs to pay better salaries to attract better people – especially technicians and functionaries. They need money ... to hire financial and administrative officers to run the local administration.”²⁷² He recommended a sort of apolitical municipal civil service which would maintain local service standards through local and national changes of government.

The mayor himself was sanguine, and even modest, about his role in the transformation that his municipality had undergone over the previous three years. “In the beginning *no one* understood what Popular Participation was – including the municipality. Now we’re beginning to reap the fruits of the LPP.”²⁷³ But he did not underestimate its importance. He thought decentralization had visibly and “undeniably” improved municipal government in Charagua. “We see better civil works; the necessities of the people are being attended to.” Of the 88 communities in the district, over 50 had received new investment since 1994, and the rest had benefited in other

²⁷⁰ Antuni (a), *op.cit.*

²⁷¹ Julián Segundo Chipipi, municipal councilman (MNR), interview, Charagua, 2 April 1997.

²⁷² A. Vargas, *op.cit.*

ways, via building repairs, road improvements and the cleaning of public areas. But more important than the projects were the changes to the process of governance itself:

Now the people that run the show are the common, rural people. Classist principles are being abolished here. Marginalized people are entering the political realm. Before the cattlemen ruled here. Now it's the indigenous villages and marginalized people who reap most of the benefits of Popular Participation.²⁷⁴

This shift in power relations had permitted a change in the relationship between government and its citizen-beneficiaries. No longer were rural communities cast in the role of supplicants, making formal requests to local representatives of a state which might never deign to answer, for public services which in the best circumstances would be bestowed *deus ex machina* upon a grateful populace. Responsive local government responded to the people by working with them. "The municipality has to help people with the greatest needs. But we must not be paternalistic. We give but we make demands as well – that those who benefit work, produce, etc. There must be counterparts. Nothing should be given freely."²⁷⁵ And the concept of counterparts was much broader than community contributions in building materials and projects costs. "If we build them a school then they must educate themselves."²⁷⁶ But the mayor kept the process in perspective, his gaze clearly fixed on his ultimate goal. Charagua had for decades suffered high levels of poverty and deprivation, with a highly dispersed rural population mired in a trap of ignorance, endemic diseases such as Chagas and tuberculosis, and the low productivity of a subsistence economy. His goal was to increase the human capital of his poorest voters and then invest in public infrastructure to increase their incomes. "All of these productive projects serve to keep the Guaraníes from having to beg," he explained. After much municipal investment, for example, "Charagua Norte is now producing large quantities of corn." Change was possible, he believed. "It all depends on how you invest the money."

2.2 Municipal Council

Voting patterns in the town of Charagua remained largely stable in the 1995 municipal elections, with the MNR and the ADN vying for first place amongst urban preferences. But the inclusion of a large rural area into the Charaguan district space changed municipal voting patterns significantly, increasing the total vote by 140%. The MBL captured more than half of these new voters, with an especially dramatic surge in

²⁷³ Saucedo (a), *op.cit.*

²⁷⁴ *ibid.*

²⁷⁵ *ibid.*

the Guaraní communities of Charagua Norte and Charagua Sur. This was the motor which propelled that party from under 10% to over a third of the vote district-wide and a close 2nd place behind the MNR, increasing its representation on the municipal council from none to two. Also notable was the MNR's success in capturing votes in the Alto and Bajo Izozo regions, which partly compensated for its slump in town on the heels of a highly unpopular outgoing mayor and a less unpopular national government. Concerned that the MBL-APG electoral pact would cost it votes in rural Charagua, the MNR had reached a similar agreement with the *Capitanía del Alto y Bajo Izozo* (Cabi), the traditional Guaraní authority for the Izozo region,²⁷⁷ which allowed Cabi to name the second candidate on the MNR's electoral list in exchange for official Cabi support. All of this left the local legislature with two MNR and two MBL councilmen, and one from the ADN. The latter three easily reached agreement whereby the ADN councilman supported the MBL candidate for mayor in exchange for the presidency of the municipal council and the job of Chief Municipal Officer for his son. According to one local observer, "Vargas behaved well – he was offered money, a farm, and more if he gave his vote to the MNR for mayor. But he said 'If I vote for the MNR the town will kill me.'"²⁷⁸

Abelardo Vargas Portales, the president of the municipal council, was born and raised in Charagua town. Ex-principle of the rural teacher training school, he has the gray hairs and serious air of a man who thinks before speaking. Vargas praised the civic attitude and will to work of his fellow councilmen. "Councilmen don't wear their party's colors," he said. "They don't speak of politics. They all want the development of the community."²⁷⁹ Councilman Abilio Vaca agreed and developed the point further.

We don't have sectarian politics here. We work together for the municipality. We take advantage of the parties to move the wheels of government in Santa Cruz if things get stuck there. But there's no party politics here. It's all work, progress, and solutions to problems. [...] Parties don't get involved in local affairs. I'm here for the APG, not the MBL.

Vargas extended his praise to the opposition MNR councilmen as well. "There's no real opposition on the council – the MNR doesn't actively oppose us. Outside they do campaign against other parties, but in the council they work [with us]." This last

²⁷⁶ *ibid.*

²⁷⁷ Cabi forms part of the APG, though with somewhat older traditions than most of the rest of the APG, as is explained in greater detail below.

²⁷⁸ Fr. Luis Roma, parish priest, interview, Charagua, 29 October 1997.

²⁷⁹ Abelardo Vargas Portales and Abilio Vaca, municipal council president and councilman (ADN and MBL) respectively, interview, Charagua, 28 October 1997.

point was quite easy to corroborate. Councilman Julián Segundo Chipipi freely admitted “I was named to this post by the Cabi. I’m not here representing any party.”²⁸⁰ And Rolando Gutiérrez, the ex-mayor much hated in his own town, had virtually disappeared from sight and ceased to play an active role in local politics.

Segundo, a Guaraní farmer and civil registrar from the town of Yapiroa, had never been active in politics until the 1995 election. He explained the dynamic within the municipal council. “The three Guaraní councilors respond more to their grass roots [than their respective parties]. They are the ones who demand that the municipality perform.”²⁸¹ Behind the closed doors of the council these three cooperated, oblivious to their party and government-opposition divides, to promote service provision and investment in Guaraní villages. Councilman Crispín Solano, from the Guaraní village of Masaki, concurred, citing his own political freedom from the MBL and the absence of national party-politics in Charagua. “The municipality seeks instead to work with the APG,” eschewing political intrigue in favor of community development.²⁸²

The oft-heard phrase “responding to the grass roots” appeared to be more than a slogan in Charagua. Segundo and Vargas set out what this signified. “The peasants are very direct. If they send me a note [containing their demands] and I don’t comply they’ll kick me out of my job,” said the former.²⁸³ But most grass-roots demands were channeled through the Cabi/APG, which played an important role coordinating requests and following them up.

There is a good understanding on the part of the *Capitanía*. They come to see how the projects are going. They send requests [for modifications or new projects] to the municipal council. The council investigates the possibility of approving. [And at the end,] I write a letter of information directly to the *capitán*.²⁸⁴

Segundo testified that the council listened to such requests carefully and took them seriously. Vargas agreed, noting that whether civic pressures took the form of official letters or demonstrations, the council always viewed them as legitimate expressions of the popular will. The APG (including the Cabi) also coordinated community requests and pressure of national institutions, including the FIS.

The councilmen’s accounts of their own work were corroborated by community leaders throughout Charagua. Of the eleven communities questioned, only three

²⁸⁰ Segundo, *op.cit.*

²⁸¹ *ibid.*

²⁸² Solano, *op.cit.*

²⁸³ Segundo, *op.cit.*

²⁸⁴ *ibid.*

reported that the council did not respond to their needs. The other eight expressed satisfaction with a local legislature which in their opinion listened to and worked for them. Spokesmen for Kapiwasuti said simply, “councilors respond to the people who voted for them,”²⁸⁵ and those from Yapiroa, “councilmen are sent to represent *us*. They pay attention to us and not to the parties. They do what *we* want.”²⁸⁶ El Espino attributed this to the way in which candidates for the council were selected, indicating that information on the electoral deals that had been struck – and the resulting political dynamic – had penetrated to the village level in Charagua. Community leaders were well aware of where they stood vis-à-vis local government, and were eager to exploit their advantage. “Politicians have opened their eyes and seen that they have to work,” noted La Brecha. “Their behavior has improved.”²⁸⁷ And in Isiporenda, “The municipal council’s job is to approve everything that is formally requested by the communities. The *capitanes* direct only just requests to the council.”²⁸⁸

Only Isiporenda, Rancho Nuevo and Charagua town expressed dissatisfaction with the council. “Currently councilmen obey the commands of an NGO and not their parties nor the people,” García and Cortez from Charagua explained, referring to CIPCA. They qualified the work of the municipal council as no better than mediocre “on account of the inexperience of the three Guaraní representatives, not because of bad will or negligence.”²⁸⁹ Even enthusiastic communities admitted that the councilmen required assistance. “The council needs to be well advised because the Guaraníes aren’t well educated and need advice in order not to go backwards,”²⁹⁰ said El Espino. Charagua town recommended training in planning, legal matters and parliamentary procedure in order to foster a non-political atmosphere in the council. Other communities agreed.

Outside government, local authorities also rated the municipal council highly. Gutiérrez of the cattle ranchers declared that the council worked well and that he was pleased with it. “One of the councilors is an ex-leader of the cattle ranchers. He clarifies things for us when necessary,” thus facilitating trust and a smooth flow of

²⁸⁵ Caurey and Altamirano, *op.cit.*

²⁸⁶ Vaca and Segundo, *op.cit.*

²⁸⁷ Chávez, Moreno, Arreaga, Chávez, Moreno, and Cuéllar, *op.cit.*

²⁸⁸ Hilda Ibáñez vda. de Castro and Vidal Durán Sala, community leader and adviser, interview, Isiporenda, 29 October 1997.

²⁸⁹ García and Cortez, *op.cit.*

²⁹⁰ Carrillo and Arumbari, *op.cit.*

information.²⁹¹ Some esteemed the municipal council more highly than the mayor. “The council is better than the mayor – it is more equitable because of the Guaraníes and the presence of Vargas, who is an honest and dependable man,” said the parish priest of Charagua.²⁹² The mayor and the president of the oversight committee agreed that the presence of the Guaraní councilors was the key to the council’s effectiveness. Saucedo echoed the councilors’ thoughts about the absence of party politics in the council, explaining that the councilmen had made a joint commitment to resign if they campaigned actively in national elections. “Councilmen respond to the interests of the region. It’s the ethnic factors that unite them in this way. There are no political fanaticisms, no frontal fights. This is a stable municipality despite the diversity of its composition.”²⁹³

The dynamic described by prominent local observers, community leaders and councilmen alike was of a well-organized civil society expressed through representative and legitimate institutions working closely with the municipal council to detect and prioritize local needs throughout a large municipal area. This close cooperation, once established, allowed a process of feedback to develop in which municipal plans could be constantly reviewed and altered to respond better to changing community conditions. The policy outputs of this system, in the form of municipal investments, commanded the respect and enthusiasm of voters even in far-flung communities as citizens felt that their concerns were being addressed. And where projects were delayed or suspended, the grass-roots pressure on the municipal council was intense. The obvious question which presents itself is whether it was necessary for an APG-like institution to virtually take over local government in order for these favorable dynamics to emerge. We return to this issue in detail below.

2.3 Oversight Committee

Charagua’s oversight committee was the preserve of the Guaraníes, with seven of its eight members from rural villages and only one *karai*, the secretary – an orthodontist from the town. The president of the OC was Florencio Antuni Sánchez, a peasant farmer from Acae and member of the MBL. Although he has only a fourth-grade education, Antuni is an impressive man – rapid, with intelligent eyes and a speaking style which is direct and succinct. I met him the day after he stepped down as

²⁹¹ J.C. Gutiérrez, *op.cit.*

²⁹² Roma, *op.cit.*

²⁹³ Saucedo (b), *op.cit.*

president of the APG. He sat sideways in his chair, tilting against the wall and swinging his legs, and the confidence born of experience was evident in his relaxed and cheerful air. Unlike other municipalities in Bolivia, where OC presidents often had little relevant experience, Antuni entered the job with an extensive preparation in leadership, administration, and politics.

Is the oversight committee active here? “Oh yes – I’m very good,” Antuni said smiling, and then more seriously, “Up to now there hasn’t been even one letter of complaint against me. Never – because we work well there aren’t any conflicts.”²⁹⁴ He went on to describe how the OC met regularly with the full municipal council to discuss and solve problems that cropped up throughout the municipality. But he also stressed that there was much room for improvement in the OC’s operation.

The oversight committee has no money, no means for moving about the municipality, etc. Oversight committees should be supported. Most members are peasants who are forced to return to their homes because there’s no money for the OC to carry out its activities.

He explained that the work of the OC requires it to travel throughout the municipality in order to plan investments, review ongoing projects, and respond to local concerns. In a municipality the size of Charagua, this implies significant expense just to reach far-flung communities. But the OC had no budget, its representatives received no salaries, and there was no vehicle at its disposal. The mayor lent the OC his official car on occasion, but it was old and unreliable, constantly in use, and lacked the four-wheel drive necessary to travel around the district during the rainy season. Antuni stressed that the provision of operating funds for the OC was a key way in which to improve the quality of local government in Bolivia. His plea found an echo at the grass-roots level. “The president of the OC is a hidden mayor. He’s given a bigger responsibility than that of the mayor, but he doesn’t have Bs.1 to do it with,” said Charagua town. “What is he supposed to eat? He has to leave his work in order to do that job.”²⁹⁵ Interestingly the central government also agreed, and in mid-1997 decreed that 1% of all devolved funds should be earmarked for the operating costs of oversight committees.²⁹⁶

The division of the responsibilities of local governance between mayor, municipal council and oversight committee seemed very clear to Antuni, as was the power that lay in his hands. “If there’s corruption... then we must get rid of the mayor.

²⁹⁴ Antuni (a), *op.cit.*

²⁹⁵ Omar Quiroga Antelo, neighborhood council president, interview, Charagua, 30 October 1997.

²⁹⁶ This measure took effect after the research for the present study was completed.

[...] In the house of the people you cannot take possession of what isn't yours."²⁹⁷ He was not shy about the possibility of confronting the mayor in a direct battle for local power, if necessary, and confident that he would prevail. This was based on the strength of his mandate, which in turn depended upon the high degree of legitimacy and representation of the APG system which selected him. In any local fight for resources or power Antuni could rely on an organization that reached down into the smallest community, for support that in principle was comprehensive, unambiguous and untainted by the horse-trading and compromises of party politics (see below). Antuni stressed this last point. "Politics screws everything up. The MNR pushed and pressed town hall about the [restoration of the] plaza. They held loud street demonstrations about it demanding action." But nothing came of it. Local people showed little interest, spurning public meetings called by the party, and the MNR's claims to voice local anger were shown to be nothing more than *politiquería*.²⁹⁸ In Antuni's opinion, the apolitical nature of the OC system of representation was one of the keys to its success, at least in Charagua.

At the grass-roots level Charaguans testified to the importance of the work of the oversight committee for effective local government, and vouched for the quality of the previous OC leadership, but were divided in their judgment of the current OC. Taputamí and Isiporenda were most positive. "The OC *does* work here – it *does* oversee municipal funds. Requests from the community to change projects are taken up by the OC and reviewed with the mayor. Then they meet with the municipal council to make a decision."²⁹⁹ Other communities, while lauding the work of the previous OC, noted that the current leadership had not yet made its weight felt. "The OC has stumbled this year – it doesn't report on municipal expenditures like an OC should," complained the leaders of Antuni's village of Acae.³⁰⁰ El Espino concurred but refused to condemn the OC, noting that "the current OC is still new – only two months old," and it was still too early to judge.³⁰¹ Kapiwasuti, Yapiroa and Charagua Station agreed that the current OC had not yet reached the standard set by the previous one. But the leaders of El Espino put this issue in perspective. "Before 1995 there was no OC – and the municipality paid no attention to us then." Even if the current OC was not yet fully satisfactory, its very

²⁹⁷ Antuni (a), *op.cit.*

²⁹⁸ "Playing politics" in Spanish.

²⁹⁹ Josué Aidue and Florencio Aidue, community leaders, interview, Taputamí, 2 April 1997.

³⁰⁰ Romero and Altamirano, *op.cit.*

³⁰¹ Carrillo and Arumbari, *op.cit.*

existence gave rural communities additional weight in the competition for public resources.

At the other end of the spectrum, Charagua town and La Brecha agreed that the previous OC had been effective but condemned the inaction of the current one. “It *does not work*,” said Charagua.³⁰² La Brecha saw evidence of a sinister dynamic behind the OC’s declining effectiveness. Alleging that the OC president was a member of the ADN, and its vice-president a member of the MBL, they accused the OC of conspiring with the mayor and municipal council to ignore community requests and cover up local complaints. Instead of representing rural communities during the last round of participative planning to draw up the AOP, “the OC became a supporting agency for the mayor’s office.... The parties have become so powerful that they have been able to co-opt civil society,” they explained. “The APG is being undermined here by politicization.”³⁰³ Such a development would be serious, with the potential to undermine accountability in local government. But this accusation was not voiced by any other respondents that I interviewed in Charagua. And indeed, with Guaraníes appointed by the APG and Cabi in majority on the municipal council,³⁰⁴ it is difficult to conceive of political parties conspiring to co-opt the OC in order to have it collaborate with municipal government against the interests of Guaraní villages. In Charagua, the co-opting would seem to have worked in the opposite direction.

Other local authorities had a favorable opinion of Antuni and the work of his OC. Mayor Saucedo weighed in without reservation:

The OC is working well, without problems. It’s structuring itself better in order to meet more often. And its members are receiving training.... They have many criticisms [of investment projects] and demand modifications. But they don’t have the money to comply with their obligations – especially to mobilize themselves.... The bureaucracy thinks they’re peons whose time is free.³⁰⁵

Gutiérrez affirmed that the cattle ranchers worked well with the OC, a sentiment which Antuni reciprocated. Councilman Vargas described the OC as an effective body. “They’re Guaraní –” he explained meaningfully, “they’re vigilant and they watch over things.”³⁰⁶ He noted that the OC had not fought with the municipal council yet, and ascribed this to the presence on the council of three Guaraníes, whose strong cultural

³⁰² García and Cortez, *op.cit.*

³⁰³ Francisco Chávez, Alberto Rodríguez and Ignacio Álvarez, community leader, adviser to the *capitanía grande*, and community member, interview, La Brecha, 28 October 1997.

³⁰⁴ And Guaraníes who were so openly disdainful of their party affiliations.

³⁰⁵ Saucedo (b), *op.cit.*

³⁰⁶ A. Vargas, *op.cit.*

tendency was to reach consensus at any cost in order to avoid open conflict (see below). Saucedo was eager to promote the institutions he judged necessary for good government, but unsure how to approach the problem of the OC. “If you don’t give them money they’re against you,” he pointed out, “but if you do they’re beholden to you.”³⁰⁷

Other observers mentioned the deterioration in OC performance noted above. “The OC is not so active lately,” said councilman Segundo. “Their presence hasn’t been in evidence.”³⁰⁸ Chief Municipal Officer Vargas agreed with this assessment, and noted a quiet shift in the institutional dynamic of the town. “The Guaraníes are in the majority here, and named a Guaraní directorate of the OC. But they’re uneducated peasants and hence timid and unchallenging before the municipal government.”³⁰⁹ Concerned that their interests were being ignored by the OC, and seeking a voice of their own with which to address the municipality, the nine neighborhood councils of Charagua and Charagua Station joined to form the Community Association. This was a new institutional interlocutor with no standing in law, but one which nonetheless proved adept at representing urban Charagua’s concerns. “The Community Association is more active in meeting with the mayor and asking what’s going on,” said the Chief Officer. “The OC has allowed its functions to be usurped by the Community Association. [...] The town is dominating the participatory element of the Law of Popular Participation.” This Association thus afforded Charaguans a tool with which to redress the rural bias that they felt themselves subjected to. It is interesting to note that the system of local government established by Bolivian decentralization was sufficiently flexible to allow for the emergence of new institutional forms to fill the vacuums of representation and voice that might occur from time to time.

Interestingly, the role of the oversight committee in the institutional dynamic of Charagua’s local government can be summarized by two semi-contradictory facts. The first is that in the OC, as opposed to the municipal council, Guaraní leaders did not feel the need to disguise their preponderance behind a white figurehead in order to comfort the urban elite. They regarded the OC, built on a foundation of grass-roots organizations, as their natural habitat and simply took it over. They felt no need to compromise on its administration or the form that social representation took. This was not true of the mayoralty nor the municipal council, with their urban seats, political

³⁰⁷ Saucedo (b), *op.cit.*

³⁰⁸ Segundo, *op.cit.*

³⁰⁹ Roberto Vargas, chief financial officer, interview, Charagua, 30 October 1997.

parties, and electoral campaigns, which were claimed by the town and seemed alien to many Guaraníes. This view was repeatedly confirmed to me by rural leaders, independent urban observers and other local authorities, who acknowledged the OC as “theirs” and saw the three indigenous councilors as a natural bridge between “them” and the council. It was also confirmed by the complete absence of Mennonite participation in OC activities, elections, etc, and by the urban neighborhoods’ decision to break away from the OC and form a separate body. Indeed, the identification of the OC with Guaraní interests explains why non-Guaraní spokesmen in Charagua had so little to say about it, and sought separate, parallel channels of influence over local policy-making.

The second, more striking, fact is that the need for an OC dominated by rural Guaraní-dwellers was low in a municipality like Charagua. The presence of three Guaraníes amongst the five councilmen, and a mayor selected by the Guaraní People’s Association, ensured that the interests of the indigenous rural majority would be well represented in local government even without the participation of the OC. In an institutional framework built around checks and balances,³¹⁰ the role of the OC was essentially oppositional, based on the power to hobble municipal finances if the OC disagreed with local government decisions. As a representational vehicle it was structurally different from the mayor and municipal council, and intended to give voice to groups under-represented therein. But there was little scope for such opposition in a municipality in which the OC and municipal council were both rooted in the social network of the APG. This eliminated many of the key functions of the OC, rendering it in these respects redundant. The conspiracy theory voiced above by residents of La Brecha is probably due to this phenomenon, and not to any political party’s success in manipulating the organs of local government. In this respect the efficacy of the OC in Charagua, while interesting in the abstract, was at best a second-order concern.

2.4 National and Departmental Government

Unlike Viacha, Charagua’s status as the second municipality in the Cordillera province did not merit a sub-prefect, nor other direct representative of the departmental government.³¹¹ The highest central government representatives resident in town were the district directors of education and health. Satisfied with local government’s focus on

³¹⁰ James Madison, Alexander Hamilton and John Jay, *The Federalist Papers*, NY: New American Library, 1961. See especially no.10.

³¹¹ Departmental prefects, named directly by the president, are essentially central government authorities (see above).

investment in primary health and education, both authorities professed good relations with the municipality individually and throughout their respective sectors. “The municipality...supports us paying salaries, supplying personnel, and helping with the costs of the hospital,” said Dr. Wilfredo Anzoátegui Vaca.³¹² No conflicts between local and departmental or national government were evident in either sector. Local community leaders supported this view and went further. When questioned about the change in national (and departmental) governments after the 1997 election, spokesmen from throughout the district replied that there had been no effect on the day-to-day operations of local government. “We have seen no difference since the change of government,” affirmed La Brecha, reflecting the near-universal view that the national politics simply did not matter for local affairs. Of the eleven communities visited, only Rancho Nuevo dissented, saying “It’s politics as usual – we’d like to change to an ADN mayor so things work better than with the MBL one we have now.”³¹³ But his omission of any specific failures of coordination implied that this was a general impression based on expectations or even political bias, and not a complaint founded in experience.³¹⁴

Amongst local government authorities – those in the best position to know – the view that little had changed prevailed. Councilmen Vaca, Vargas and Solano all asserted that “things are the same after the change of government. Popular Participation is working the same.”³¹⁵ It is telling that these three represented both the incoming (nationally) ADN and outgoing MBL parties. Vaca and Vargas went further, accusing the prefecture of ignoring Charagua, a charge echoed by Edgar Gutiérrez, leader of the local ADN, who testified that his local work was quite unsupported by the ADN prefect in Santa Cruz.³¹⁶ The mayor provided a more nuanced view of the state of affairs, explaining

There have been few concrete changes, but relations with the prefecture have improved [since the change of government]. Before the MNR waged war on us because of our alliance with the ADN.³¹⁷ But the new ADN prefect has pledged not to treat us as opposition despite being MBL.³¹⁸

³¹² Dr. Wilfredo Anzoátegui Vaca, hospital director, interview, Charagua, 30 October 1997.

³¹³ García and Sirari, *op.cit.*

³¹⁴ The speaker admitted to campaigning in the past for the ADN and being a *banzerista* (a supporter of the ADN then-president).

³¹⁵ Vargas and Vaca, *op.cit.*

³¹⁶ Edgar Gutiérrez Hurtado (a), ADN chief, interview, Charagua, 28 October 1997.

³¹⁷ Bolivian politics traditionally divides into two groups centered on the MNR on one hand, and the ADN on the other. The two parties can fairly be said to despise each other.

³¹⁸ Luis Saucedo Tapia (c), mayor, interview, Charagua, 27 October 1997.

“The *ADNistas* made a lot of noise after the national election and turned up wanting to govern,” added Antuni. “But they were told that for that they have to win *local* elections, and from then on they were quiet.”³¹⁹

These political (non-)dynamics took place in a deeper context of the relative power and legitimacy of local and regional governments respectively. And on this point Charaguan opinion was unanimous. “Municipal government is autonomous and free of the prefecture,” explained Solano. “The prefecture is not a departmental government because it’s not elected, unlike local government.”³²⁰ Vaca and Vargas agreed. “The municipality is autonomous – no outside authority can impose itself on it. It’s never happened.”³²¹ Opinion in the villages was both informed and in agreement. “The municipality is stronger,” was the response of Isiporenda, typical of the eleven communities, “it’s based on elections.”³²²

3. Local Civil Society

3.1 Private Sector

With nothing else to sustain the local economy but teacher-training schools and small-scale commerce, cattle-ranching and the private sector are synonymous in Charagua. The Cattle Ranchers Association of the Cordillera province (AGACOR) represents the ranchers of Charagua and neighboring districts. AGACOR has 200-250 members, each with an average of 2500 hectares; collectively AGACOR claims some 50,000 head of cattle, and controls over a half-million hectares of land. In addition to a voice for ranchers’ interests locally and regionally, AGACOR is a self-help group dedicated to providing *ganaderos* with technical assistance and disseminating best practice amongst them. One of its most important programs in 1997 was a campaign to eradicate hoof-and-mouth disease. Juan Carlos Gutiérrez, president of the local branch, assured me that the Cordillera would be the first region in Bolivia to accomplish this, and to this end AGACOR was working with local ranchers whether they were members of the organization or not. He went on to explain that the region’s cattle were grass-fed and hormone-free. “Our meat is ecological,” he said, with evident pride.³²³ But there were also dark clouds on the ranchers’ horizon, as Pedro Ribera of AGACOR’s

³¹⁹ Florencio Antuni Sánchez, oversight committee president, interview, Charagua, 30 October 1997.

³²⁰ Solano, *op.cit.*

³²¹ Vargas and Vaca, *op.cit.*

³²² Ibáñez and Durán, *op.cit.*

³²³ J.C. Gutiérrez, *op.cit.*

directorate explained. “With MERCOSUR the meat market will open up, and we will face competition from better quality and cheaper meat. And we face high interest rates and a high cost of transport here.”³²⁴ Business was set to become considerably more difficult for the cattlemen.

Although it was generally agreed that the cattle ranchers were predominantly *ADNistas*, they were known for supporting all of the main political parties, donating cows during electoral campaigns for candidates to serve up at political bar-b-que rallies. “Even the MBL gets cattlemen’s support for their *churrascos*,” said Antuni.³²⁵ In the same catholic spirit, Gutiérrez declared his support for distributing municipal resources evenly throughout the district. “All of Charagua benefits from rural schools and roads – the town should not get everything.” But he hinted that the authorities were not taking advantage of their resources as they could. “They need to learn how to leverage their funds, to turn twenty into 100. We need strategic associates for community development.”³²⁶

Under Gutiérrez’s leadership, AGACOR sought to be one such partner, contracting to drill wells in rural areas for the municipality for significantly less than commercial drillers charged. “In 1996 we hired a private company to drill and lay pipes for us,” the mayor reported, “for about Bs.100,000 [per well]. This year the cattle ranchers are doing the same for Bs.35,000 each.”³²⁷ “We’ve had success recently drilling wells at 60-120 meters in a region where the experts said there was no water above 300 meters,” Gutiérrez smiled, explaining that they developed this expertise providing technical aid for AGACOR members. “This ‘Dry Chaco’ is a myth.”^{328, 329} But Gutiérrez’s vocation stretched beyond the mayor’s finances. “One way we help indigenous people is by drilling wells for them. I told the mayor to ask for anything and we’ll give it to them.” Gutiérrez’s offer was certainly generous. But it also denoted the “gift” logic of public action that the *ganaderos* espoused, which was born in and reinforced the traditional relationship of dependency between ranchers and Guaraníes.

³²⁴ Prof. Pedro Fidel Ribera Caballero, member of the directorate of AGACOR, interview, Charagua, 30 October 1997.

³²⁵ Antuni (b), *op.cit.*

³²⁶ J.C. Gutiérrez, *op.cit.*

³²⁷ Saucedo (b), *op.cit.*

³²⁸ J.C. Gutiérrez, *op.cit.*

³²⁹ The region denoted as the “Dry Chaco” is accepted widely throughout Bolivia.

Commenting on their continuing political power, Ribera hinted that this relationship was not yet dead. “We have ways of making ourselves felt,” he assured me.³³⁰

One of the instruments of AGACOR’s local power was its control of the flow of tax revenues. Ranchers traditionally paid their taxes to AGACOR, which in turn transferred them to the Eastern Agricultural Congress (CAO), the peak association for Santa Cruz’s farmers and ranchers. The CAO was headquartered in the city of Santa Cruz, and all revenues it collected were paid to the departmental government there. But the agricultural reform law which followed Popular Participation obliged ranchers to pay tax locally instead. Though still unimplemented in mid-1997, the effect of this measure would be to increase local tax revenues significantly at the expense of the prefecture. Gutiérrez made the case that AGACOR should be named payments agency, collecting taxes on behalf of the municipality. In addition to showing his willingness to work with the municipality, his offer reflected ranchers’ desire to remain in control of their affairs in a changing institutional and legal environment. This was especially true on an issue widely viewed as the thin edge of a wedge which might ultimately deprive them of their land holdings, and hence their base of power.

If the *ganaderos*’ future allowed for some uncertainty, their past was unambiguous. Community leaders, municipal authorities and local observers voiced a consensus notable for its unanimity on the dominance of the ranchers in the past. “Landowners used to run the show. They imposed their will. One of them arrived with two revolvers and he was the boss,” explained La Brecha.³³¹ Councilman Segundo described a power that was both economic and political.

Before the cattlemen and whites ran the show. They had the right to make Guaraní men and women work without pay, and they didn’t allow them to go to school to get educated. [...] Before the *karais* beat peasants [who voted the wrong way]. Even today old people refuse to vote because they think this will happen again.³³²

The white elite in town used legal requirements on voter registration and identity papers to their advantage, keeping Guaraníes away from the ballot box and out of public office. But they were not alone in this project. “Ranchers ran to the army to fix their problems with their employees and servants,” said Núñez.³³³ The district director of education agreed, arguing that under the Banzer dictatorship, “ranchers and the army

³³⁰ Ribera, *op.cit.*

³³¹ Chávez, Rodríguez and Álvarez, *op.cit.*

³³² Segundo, *op.cit.*

³³³ Núñez, *op.cit.*

divided up [public] lands between them according to their taste and pleasure.”³³⁴ And they availed themselves of the local institutions as well. “Local power was in the hands of three or four families that occupied all of the ‘spaces of power’ locally – the electricity and water cooperatives, the television station, and AGACOR.”³³⁵ Through their control of resources, political power and local institutions, the landowning elite acquired a stature that tended to legitimize and perpetuate their position.³³⁶ “The people saw them as [natural] leaders too.”³³⁷

But the twin forces of economics and the socio-political emergence of the Guaraníes from what Albó describes as a sort of spiritual exile³³⁸ conspired to change the Charaguan panorama. Roma explained that the ranchers continued to exercise power,

but much less aggressively than before. It’s less visible here than in the Beni, for example. This is because the profitability of their farms is much lower. Farming is only feasible on a large scale now. So the sons of the *ganaderos* go to the city [instead of staying on the farm].... The triangle of power – jobs, power, money – has been broken.³³⁹

The ranchers’ decline is mirrored in that of their traditional political vehicle as well. “The MNR used to dominate also, but as it has lost power so has that old class.”³⁴⁰ Though Roma argues that these changes began well before the LPP, the law contributed to them and earned the landowners’ enmity. Respondents from the villages agreed that the ranchers’ dominance was over. “Here anyone who wants to order others around is chased out,” announced La Brecha triumphantly, “Huasca!”³⁴¹ But respondents differed on the origins of their decline. Many, such as Kapiwasuti and La Brecha, dated it to the Chaco war, which opened the door of a closed society and its ways to a huge influx of people from distant parts of Bolivia. Others, such as El Espino, thought the change happened later. “Very recently this has finished – because of people in the communities organizing themselves. Now the people don’t go out to the ranches to work anymore.”³⁴² But there was widespread agreement that both the landowning elite no

³³⁴ Aramayo, *op.cit.*

³³⁵ Núñez, *op.cit.*

³³⁶ Albó, *op.cit.*, pp.19-31 and 332-338. See also Kevin Healey, *Caciques y Patrones: Una Experiencia de Desarrollo Rural en el Sud de Bolivia*, Cochabamba:CERES, 1982, and Francisco Pifarré, *Los Guaraní-Chiriguano: Historia de un Pueblo*, La Paz:CIPCA, 1989.

³³⁷ Núñez, *op.cit.*

³³⁸ Albó, *op.cit.*

³³⁹ Roma, *op.cit.*

³⁴⁰ *ibid.*

³⁴¹ Chávez, Rodríguez and Álvarez, *op.cit.*

³⁴² Paul Carrillo, Ricardo Melgar and Marcial Arumbari, community leader, community member, and community officer, interview, El Espino, 31 October 1997.

longer held the town in its grip, and the interests of the Guaraníes were now effectively safeguarded by the APG and its representatives in local government. The Law of Popular Participation had contributed to and accelerated this dynamic, but the fundamental change in the power structure was underway from well before 1994.

Antuni summed things up with three illustrative facts.

(i) It would be difficult for someone to force you to chop wood for him these days. Before you had to chop five meters of wood in exchange for a piece of bread and an ounce of coca leaf. [...] (ii) People no-one thought would *ever* enter town hall now sit on the municipal council. [...] (iii) Cuéllar, Gutiérrez, Pantoja and García [the most prominent cattlemen] no longer rule the roost. Now they're my friends – or at least I don't have problems with them.³⁴³

The new Charagua incorporated all of its inhabitants, rich and poor, into its political life, and the various actors treated each other with civility and even respect. The private sector appeared eager to work with local government on projects for the common good, and publicly elected and accountable officials, not ranchers, were the final arbiters of local policy and the use of resources. The list of practices and abuses that were commonly accepted before and had now disappeared was a long one, but perhaps the most telling change in Charagua was in the general climate of relations between townspeople and villagers. This change was both difficult to characterize and obvious and pervasive even to the unaccustomed eye. “The *ganaderos* lead on initiatives because they have money – for any initiative the town knocks on their door. But they don't impose themselves on Charagua,” assured Lt.Col. Villaroel, commander of the local garrison. “Town hall runs things now.”³⁴⁴ And Gutiérrez added,

We've had a few problems with the APG over land rights. When the land reform law came into force there was confusion on both sides. But problems were resolved through talk, through negotiation.... Keeping the peace here is priceless.³⁴⁵

“Here there are many *ganaderos* who are Guaraníes or mixed,” he continued, explaining that AGACOR and the APG had good reason to get along well. And for good measure, “It's as if everyone was a millionaire here – you can drink a beer and a humble person sits down next to you and speaks to you, just like that.”

3.2 Political Parties and Elections

The political topography of Charagua before decentralization was relatively well-defined, according to local political leaders. The MNR was “the party of the old guard –

³⁴³ Antuni (b), *op.cit.*

³⁴⁴ Lt.Col. Fair Eduardo Villaroel, army garrison commander, interview, Charagua, 2 April 1997.

³⁴⁵ J.C. Gutiérrez, *op.cit.*

old professors, old cattlemen. Some Guaraníes are grateful for 1952³⁴⁶ and still vote MNR in the communities.”³⁴⁷ The party was highly centralized, with local candidates named directly by departmental leaders in Santa Cruz. Cattle ranchers dominated the ADN, electing local leaders from amongst their senior figures. Some rural communities were allowed to name candidates directly (*a dedo*) onto the lower parts of the list.³⁴⁸ The MBL, the insurgent which upset the ruling duopoly, was a traditional also-ran in Charagua, depending for its support on the goodwill generated by rural NGOs associated with it. It was able to advance beyond the third rank of local politics when a new generation of MBL leaders arrived from Santa Cruz to displace an entrenched and ineffective cupola.³⁴⁹ They revitalized the party by holding meetings with representatives of Guaraní areas, and inviting them to name from amongst themselves the top candidates to the MBL electoral list (see above).³⁵⁰ Thus a movement that began in dialogue ended taking over local government. The other national and regional parties, including Condepa, MIR and the UCS, commanded little support locally, and were not serious contenders for power.

Although the MNR consistently won three of five seats on the local council, it traditionally eschewed internal elections, leaving little room for local activists or the development of local leadership. The head of the local branch of the MNR in mid-1997 was Nelson Eguez Gutiérrez, a native of the town who was unemployed at the time.

Santa Cruz always wants to order us around. I proposed that the local *commando* designate candidates directly, but Santa Cruz named the ex-mayor [Rolando Gutiérrez] instead. I tried to get rid of him but couldn't – that's why we lost so many votes.... People don't like the MNR candidate.³⁵¹

Cattle ranchers and businessmen were also kept at arm's length. Some donated money or lent vehicles for campaigns, but there was no consultation with private interests for the selection of MNR candidates. Eguez blamed this political arrogance for the party's disastrous performance throughout the province in the last elections. What the party lost in this way it then tried to recoup through bribery, offering the ADN an alleged \$30,000 for supporting the MNR candidate in the municipal council. But the local ADN leader

³⁴⁶ The 1952-53 revolution and subsequent agrarian reform.

³⁴⁷ Quiroga, *op.cit.*

³⁴⁸ *ibid.*

³⁴⁹ Núñez, *op.cit.*

³⁵⁰ Quiroga, *op.cit.*

³⁵¹ Nelson Eguez Gutiérrez, local leader of the MNR *comando*, interview, Charagua, 30 October 1997.

had received an order to support any party other than the MNR, and the ADN's vote went to Saucedo.³⁵²

Unlike MNR *comandos* in the altiplano and valleys, where the powerful legacy of the agrarian reform filled party rosters with indigenous and mestizo names, Guaraní communities played almost no part in party affairs before 1995. In that year's local campaign, the MNR realized that the MBL was on the verge of capturing a large share of the Guaraní vote and negotiated a defensive agreement with the Cabi, which resulted in the election of Julián Segundo to the municipal council (see above). The residents of La Brecha and Isiporenda confirmed that this strategy was at least partly successful. "There was a general assembly to select candidates for the MNR and MBL, to see who best represents the peasants.... The MNR and MBL had peasant candidates – not the others.... Peasants voted for them to vote for their own people."³⁵³ The MNR's lack of a strong rural base can be explained by the failure of land reform to make significant inroads in the Cordillera province (see box 3). "Agrarian reform changed things very much in the altiplano and Cochabamba. But here the big landowners appropriated the revolution of 1952 by becoming *MNRistas*. And in that way they were able to protect themselves" and their *estancias* from the state confiscations promulgated throughout most of the rest of the country.³⁵⁴ Thus, while the party's political history bequeathed it a large peasant following in the rest of the country, the elite's appropriation of the revolution in the Chaco made the MNR into a different sort of vehicle there.

Edgar Gutiérrez, the local ADN chief in mid-1997, is a jovial man with a large walrus moustache known as "Chipi". A native *charagueño* and restaurant-hotel owner, he had worked in the regional development corporation in Santa Cruz for fourteen years until the MNR returned to power in 1993 and threw him out. "The ADN is organized in all 67 communities in Charagua. We have a political committee in each ranch,"³⁵⁵ he explained, revealing his party's lack of organization in Guaraní communities, and its status as the preserve of the land-owning elite. As elections draw near, "the departmental order comes to draw up electoral lists. Two or three candidates present

³⁵² E. Gutiérrez, *op.cit.*

³⁵³ Ibáñez and Durán, *op.cit.*

³⁵⁴ Núñez, *op.cit.* Cecilia Buhlen explains in *Arakuarenda* (Medina (ed.). 1994) that the social structure of the Guaraní people was decimated by the 1950s. In the altiplano and valleys regions of Bolivia the Aymara and Quechua peoples were able to present landowners with a united front in the form of peasant unions and traditional community organizations, and so demand land during the revolution of 1952-53. But in the *Cordillera* landowners were able to exploit land reform to actually extend their holdings and capture Guaraní communities.

³⁵⁵ E. Gutiérrez, *op.cit.*

themselves and party members vote.... About twenty people go to meetings to elect candidates,” he explained, describing the cozy atmosphere in the local party. “There’s not much rivalry within the ADN – not much competition.”

But Gutiérrez also complained of a complete lack of support at the departmental level. “Santa Cruz sent no money [for internal elections]. I had to finance it all myself.” And as if to rub in his lack of resources, “then our second candidate switched to the MNR for \$300 plus a job at ENFE [the national railroad corporation].” The regional party’s neglect of its Charaguan branch stretched well beyond the setting of electoral lists. “There’s little contact between them and us. We have to go to Santa Cruz to inform ourselves of what’s going on.” The problem continued even into elections. “They sent us \$600 for national elections. But you need at least \$3000 for good results.” Other parties sent considerably more. Gutiérrez was very disappointed that the Santa Cruz leadership did not get involved with the local party or the municipality, and did not manage to pay him a “decent” salary for his efforts. “Now I’ll be *corregidor*³⁵⁶ and will earn Bs.1300/month. I have a daughter studying in Santa Cruz and another who leaves next year,” he said plaintively, explaining why he could not afford to retain his political independence.

It was perhaps Gutiérrez’s disappointment that led him to a surprising conclusion. “The MNR knows how to govern. We do not. Look now! Nothing’s happening,” he said, referring to the newly elected ADN president. “The government hasn’t changed anyone yet in the local institutions. I’ve traveled to Santa Cruz to speak to the prefect and leave lists [of names] with him, but all the same people are still working in health, education, etc.” So the smiling “Chipi” revealed his conception of politics as a naked game of power and patronage, where political tribes compete to gain control of government in order to share out its resources amongst themselves. And his tribe was a white tribe, and the game was tinged with racism. He freely referred to his party’s electorate as “we the white people”.³⁵⁷ And he complained that

CIPCA teaches the peasants not to deal with whites – to fight the whites. There’s going to be a conflict here. Money comes to the MBL from outside. No one controls this. The priests are also MBL to the death. The professors are almost all MBL. That’s why we *must* change the people in local institutions!

³⁵⁶ Literally chief magistrate, usually a departmental official. The *corregidor* in Charagua is a municipal employee.

³⁵⁷ “*Nosotros los blancos.*”

In this sense councilman Vargas, perhaps because he is a former professor, represented a different wing of the local party – one which conceived of the municipal interest more broadly and was willing to work alongside Guaraní leaders. But the danger remained that the party's core constituency would eventually depart from his path.

The leader of the Charaguan MBL, and the man who oversaw the opening of its electoral lists to the APG, was Eulogio Núñez of CIPCA, a young man who dressed casually and carried the air of an intellectual in the wilderness. He described the ease with which he was able to negotiate the MBL's accord with the APG, and how it caused a chain reaction in the local political establishment. "The MBL opened its list completely to the Guaraníes, and other parties that had closed their lists grew afraid and included Guaraníes in theirs – the MNR in the second slot and the ADN at number five."³⁵⁸ The entry of Guaraníes onto the municipal council provoked another negotiation, however, this time with the elite in town. "Crispín Solano was the first president of the municipal council. But the cattle ranchers couldn't accept that a former servant of theirs now led the meetings." So Vargas took over the presidency and Solano became vice-president of the council. The cattlemen's distrust was in part prompted by the Guaraní representatives themselves, who behaved in council as an ethnic group and not as members of political parties. "They don't pay the 10% to their parties," explained Núñez. "And they speak in Guaraní so the others [on the council] can't understand." As cattle ranchers had always molded local policy to their liking, and continued to lead the two principle parties in town, this flouting of political convention by Guaraní councilmen threatened them with a loss of control over local affairs. Crispín Solano cheerily confirmed their fears. "I came in via an electoral accord with the APG. I report to the APG," he declared, and not to any party.³⁵⁹

Despite not being Guaraní himself, Saucedo echoed these sentiments at the mayoral level. "We don't pay any attention to the parties," he said. "I support the MBL through my way of being mayor."³⁶⁰ But unlike how other parties might have reacted, the MBL provided Charagua with its full support, providing volunteers to convoke meetings and mobilize people for planning exercises. Otherwise, "I have my hands free to run the municipality as I want. It's always the people first – the party doesn't interfere." The explanation for this attitude lay largely in the MBL's symbiotic

³⁵⁸ Núñez, *op.cit*

³⁵⁹ Solano, *op.cit*.

³⁶⁰ Saucedo (a), *op.cit*.

relationship with rural NGOs, many of which were active in the region. The party had split away from the larger Movement of the Revolutionary Left during the 1980s, and had taken with it its left-leaning anthropologists, agronomists, and rural development practitioners. After years of working with MBL-affiliated NGOs, communities throughout Bolivia's foothills and eastern regions had come to trust the party and identify with its values, and provided it with a natural constituency. For its part, taking over local government was for the MBL a natural scaling-up of the rural development activities carried out by its affiliated NGOs. As the NGOs were an important component not only of the party's ideology but also of its electoral success, it was happy to give its elected officials a relatively free reign to invest municipal resources in community development. The experience of CIPCA, whose officers also led the local MBL, provides a good illustration of this dynamic. Having negotiated with communities that knew them well to elect their candidate mayor, CIPCA then provided technical assistance to the mayor's office, focusing on a planning and investment strategy that was firmly focused on rural areas.

Charaguans were also happy with the more general changes that had occurred recently in their local political system. Respondents from Taputamí, Yapiroa, El Espino, Acae, La Brecha, and Charagua town agreed that the most recent elections had been clean – a welcome change from how things used to be. “Before they hit the peasants and obliged them to vote for the party of the rich man by removing all of the ballots naming the parties favored by the poor. Then they showed the *campesinos* the door. That no longer happens.”³⁶¹ And where the voting was fair, “results from here never made it to the capital. Ballots were thrown away and replaced with others.”³⁶² “But now they can't do that,” explained El Espino. “The votes are counted here and the radio and press are present, observing.”³⁶³ Recent electoral reforms allowing more voting stations to be located in rural areas also pleased Charaguans, and had increased turnout. “Now we vote here,” said Acae with satisfaction. “Before we had to go to Charagua 8km away.”³⁶⁴ Related reforms aimed at providing rural citizens with the identity papers had also helped. Since women formed the majority of undocumented Bolivians, this had had a disproportionate effect on women's voting, as had rural literacy campaigns, where much the same was true. The aggregate effect on voter turnout was dramatic in some

³⁶¹ Romero and Altamirano, *op.cit.*

³⁶² García and Cortez, *op.cit.*

³⁶³ Carrillo and Arumbari, *op.cit.*

areas, increasing from one-quarter of eligible voters in La Brecha to about three-quarters in the previous election.³⁶⁵ Overall these changes generated a virtuous circle in which voting became feasible or significantly easier for rural Charaguans, who then took an increased interest in local politics. Local politicians accordingly took an increased interest in them, and for the first time municipal policy and life in the villages began to interact.

But the deep-seated suspicion that rural dwellers harbored for things political did not disappear. “Here in the community there are no politicians,” said El Espino, and the sentiment was echoed in La Brecha. “Where there are politicians people fight a lot.”³⁶⁶ Mennonite communities continued to shun politics in all its forms. Even the residents of Charagua Station argued for “a pure representation of the people. Parties get in the way. We should get rid of the parties and allow communities to nominate councilmen directly. This would better represent the interests of the people.”³⁶⁷ Such an attitude was surprising in a community that regarded itself as an urban satellite of Charagua town, where the parties were embraced as their own.

3.3 Community and Grass-Roots Organizations

The maximum expression of Guaraní social organization in Charagua, and indeed throughout the Chaco, is the APG, which acts as the voice of Guaraní interests. But to understand how it works and the legitimacy it has locally, it is important to consider its roots in the organization of rural communities. Guaraní communities benefit from a traditional system of self-government. Leadership is rotational, and indigenous communities change their leaders every year. Communities nominate individuals, according to ability and interest, as community officers responsible for priority tasks. “Of 100 [villagers], there’s always one who loves a particular type of work,” explained Antuni. “So the community names an education officer, for example. He has the keys to the schoolhouse and decides how it’s to be used and keeps it in good repair. He lends it out for meetings.”³⁶⁸ Each community has its own statutes setting out the responsibilities of community officials, how they are selected, and how it is governed. “They operate via assemblies,” explained Muñoz of the FIS, “everything is consensual.

³⁶⁴ Romero and Altamirano, *op.cit.*

³⁶⁵ Chávez, Moreno, Arreaga, Chávez, Moreno, and Cuéllar, *op.cit.*

³⁶⁶ Carrillo and Arumbari, *op.cit.*

³⁶⁷ Abelino Sánchez Ramírez, neighborhood council vice-president, interview, Charagua Station, 30 October 1997.

³⁶⁸ Antuni (a), *op.cit.*

There's no majority voting, nothing like that. They spend days and days talking in order to reach a decision. But once they do agree, that decision is very strong – no one can later say 'I did not want it so.'"^{369, 370}

Until the 1980s, Guaraní communities labored in isolation and with an acute lack of resources. But beginning in 1983, a diagnosis of Guaraní poverty and exclusion carried out by the Santa Cruz Regional Development Corporation, CIPCA and others resulted in the adoption by Guaraní leaders of PISET as the guiding principle for their local development efforts.³⁷¹ The concept of PISET, the Spanish acronym for production, infrastructure, health, education, and land/territory, comprises a system of work that defines how the community should progress. "They have a directorate at the regional level that directs PISET efforts. They work PISET at each level from the community up to the department and beyond."³⁷² Sequier placed great emphasis on the emergence of this consensus. "PISET marks the opening of a new historical process here...a re-birth of Guaraní culture" after the Battle of Kurujuky.³⁷³

The Guaraníes' success in integrating local PISET efforts into a regional development strategy inspired the creation of the APG in 1986-87. From its very inception, the APG built its organization on the pre-existing social structure of Guaraní communities; it benefited from the deeply ingrained legitimacy of autochthonous village institutions founded in consensual decision-making. According to both Muñoz and Antuni, the APG was energetic and achieved a great deal in its first years of existence.

Box 2: Building Consensus in Guaraní

I arrive on a golden late afternoon to speak to the leaders of Taputamí. We shake hands and retire to a badly-kept classroom to conduct the interview. Numerous onlookers and passers-by squeeze into the little room with us, sitting in desks meant for 8-year-olds and crouching on the floor. I count 13 inside, and perhaps 10 more peering in at both windows and the door. They are badly dressed and look poor. Their curiosity blocks the light and I find it difficult to see what I am writing. Later night falls and someone brings a flashlight. I continue to scribble in its pallid beam, and they sit still in the darkness. Many of my questions trigger long discussions in Guaraní. The strange, lyrical tones linger in the night air, and when they have finally reached agreement one or two explain the answer to me in Spanish, which they all seem to speak.

The scene is similar in La Brecha. Deliberations are invariably followed by a broad smile as the one sitting nearest turns to me and begins "Well, I think...". The rest listen to the collective verdict with approving nods – the Guaraní system of consensus.

³⁶⁹ Muñoz, *op.cit.*

³⁷⁰ Albó, *op.cit.*, pp.240-250.

³⁷¹ *ibid.* pp.302-317. Albó describes the long Guaraní process of social organization.

³⁷² Muñoz, *op.cit.*

³⁷³ Sequier, *op.cit.*

“In less than two years the Guaraníes produced 500 high school graduates,” Antuni cites an example. “We’d thought that would take us until the year 2000.”³⁷⁴ And by serving as a credible voice for Guaraní interests, it was for the first time able to mobilize external resources, including notably those of the FIS, in favor of Guaraní needs. New schools and health posts appeared in the Charaguan countryside alongside irrigation and other productive projects. The APG’s initial attainments combined with the weakening of landowners and modest economic growth during this period to produce gradual but steady improvements in the lives of Guaraní peasants. Whereas before most Guaraní men had been forced to leave their homes for the sugar cane harvest, for example, now few did. “Before Guaraníes were employed as servants. Now there are very few Guaraní domestic employees. The rich bring them from elsewhere.”³⁷⁵ The APG’s structure, which reached deep down into the smallest Guaraní communities and was based upon spontaneous forms of self-government, was largely responsible for what it achieved. “The Guaraníes’ incredible unity is the source of their success,” the FIS’ Muñoz declared.³⁷⁶

Both the degree of social organization and its effects were on display in villages throughout Charagua. Unlike Viacha, communities here were well informed about the costs, schedules, and counterpart contributions of projects being implemented locally. In Kapiwasuti, for example, the entire community discussed and agreed plans for an irrigation project for local farmers, and then approved the design that CIPCA had drawn up.³⁷⁷ And villagers were able to overcome the free rider problem by mobilizing themselves to provide services for the common good. Thus Acae boasted three production teams called “work communities”³⁷⁸ which planned, organized and worked communal lands for the benefit of all.³⁷⁹ And this was not limited to more prosperous areas. Even the poorest communities such as El Espino and Taputamí, where respondents wore no shirts and scarcity was evident, had village presidents, work communities and PISET officers. These institutions permitted villages to coordinate relatively large and complex projects, and so attain a considerable degree of self-reliance. Thus Taputamí was able to design and build a 100 meter bridge over a local stream entirely on its own. The strength of indigenous institutions was demonstrated in

³⁷⁴ Antuni (a), *op.cit.*

³⁷⁵ *ibid.*

³⁷⁶ Muñoz, *op.cit.*

³⁷⁷ Caurey and Altamirano, *op.cit.*

³⁷⁸ *Comunidades de trabajo* in Spanish.

Kapiwasuti shortly after decentralization, when villagers set about organizing a “grass-roots organization” as the law stipulated. But Kapiwasuti already had a community president, and he retained the people’s support. “The GRO³⁸⁰ shriveled and the community president took over as *de facto* GRO,” the villagers said, explaining how they preferred their own institutional forms to the foreign ones of the Bolivian state.³⁸¹

The organizational capacity of Guaraní communities was largely based on feelings of solidarity amongst villagers. And these feelings extended far and wide through the ethnically homogeneous Guaraní countryside. Thus many villages reported working with neighboring villages on joint projects. “The people from neighboring communities are the same as us – they have the same customs,” reported Isiporenda.³⁸² Copere Brecha agreed, adding that they participated in meetings of the huge upper and lower Izozo to coordinate activities and plan joint projects.³⁸³ Yapiroa went further, affirming its willingness to forgo further municipal investments for the benefit of other communities. “There’s a lack of money in the municipality, and other communities have needs too.”³⁸⁴ This solidarity persisted despite the historical and cultural differences between the Ava-Guaraníes of the northern Charaguan *Serranía Aguarague* and the Tupi-Guaraníes of the Izozo farther south.

To the outsider these differences are difficult to perceive. The Guaraníes themselves refer to each other as cousins very similar in appearance, discernible only by the “echo” in their speech.³⁸⁵ A more telling distinction lies in the organization of their communities. Tupi-Guaraníes retain the traditional *capitanías* of their forebears, while Ava-Guaraníes’ local authorities are called local mayors, *corregidores*, etc. Village *capitanías* are subordinate to the authority of the *Capitanía del Alto y Bajo Izozo* (Cabi) – headed by the *Capitán Grande* – while local Ava-Guaraní authorities are integrated directly into the APG. The Cabi is also formally part of the APG, but maintains its distance and prefers to think of itself as a separate entity. The differences between the two surpass the semantic and the symbolic. “The Cabi has an autocratic structure, while

³⁷⁹ Romero and Altamirano, *op.cit.*

³⁸⁰ Grass-roots organization.

³⁸¹ Caurey and Altamirano, *op.cit.* This, of course, was the original intent of the law.

³⁸² Ibáñez and Durán, *op.cit.*

³⁸³ Leoncio Pabaroa and Javier Yupico, interim community leader and ex-leader, interview, Copere Brecha, 29 October 1997.

³⁸⁴ Vaca and Segundo, *op.cit.*

³⁸⁵ Tupi-Guaraní more closely resembles the Guaraní spoken in Paraguay.

the APG is more democratic,” the mayor explained to me. “With the *capitanes*, all that they get³⁸⁶ is for themselves and the people go hungry.”³⁸⁷ Antuni was more explicit.

Boni [the *Capitán Grande*] takes the men out to work in the sugar harvest in Santa Cruz. He charges Bs.10/head, supposedly for the benefit of the *capitanía*. But it’s all for him. You’d think they’d have at least one building after thirty years of this. [...] And the *Capitán Grande* has a woman in each community.³⁸⁸

Avas saw themselves as more modern while Tupis thought themselves more authentically Guaraní. But the solidarity amongst them overcame this divide. Village spokesmen throughout the countryside reported good relations and numerous joint projects with nearby rural communities. Tupi and Ava families alike identified with the larger Guaraní cause.³⁸⁹ There was neither visible resentment nor a struggle for resources between the two groups. But even amongst rural peoples, solidarity ended at the racial barrier. “We have good relations with other communities,” said La Brecha, “but few relations with the Mennonites.”³⁹⁰ All of the villages I spoke to with Mennonite neighbors agreed. Some complained about the Mennonites’ farming methods, and others seemed worried that they were buying up land. But none reported more than minimal, strictly commercial relations with them.

Civic activity in town, on the other hand, took on a very different character. Communities were organized into neighborhood councils and focused their attention on infrastructure and urban development – much narrower concerns than in rural communities, where authorities’ concerns extended to residents’ livelihoods and cultural identity. They operated not as community governments but as interest-group lobbies competing for municipal funds. Indeed, according to the MNR’s Eguez, neighborhood councils did not exist before 1994. “All of them were formed specially for the LPP.”³⁹¹ The councils’ formation of the Community Association (described above) as a means of increasing their political weight and wresting the initiative from the Guaraní-dominated OC is a telling sign of their underlying concerns. They were not motivated by social solidarity, but rather by the refinement of political antagonism as a tool for controlling the public purse. It is ironic that the town, in creating new representative institutions, was following the example of the Guaraníes in form even as it betrayed it in substance. The responses of both neighborhood councils and rural communities to general questions

³⁸⁶ Saucedo here referred to both locally and externally raised resources.

³⁸⁷ Saucedo (c), *op.cit.*

³⁸⁸ Antuni (b), *op.cit.*

³⁸⁹ Isiporenda, La Brecha, Yapiroa and Copere Brecha, among others, testified to this effect.

³⁹⁰ Chávez, Rodríguez and Álvarez, *op.cit.*

of governance support this view. To the question of how to improve local government, townspeople proposed granting official functions to the civic committee – a sort of local chamber of commerce – as well as urban social and educational organizations. “The OC is being politicized..., and we must involve other organizations in local administration. [...] White people are better at leading ... because we can’t be influenced as readily,” they affirmed.³⁹² Their intent was essentially to exclude the OC, and hence the peasant majority, from government.

In answer to the same question, by contrast, spokesmen for El Espino innocently proposed organizing the APG in the town itself. “It still doesn’t work there – they need officers in charge of education, infrastructure, etc.”³⁹³ Though naïve, this idea was based on a concept of community organization that springs from the grass roots upwards, and which is deeply rooted in the Guaraní mentality.³⁹⁴ Respondents throughout the Charaguan countryside invoked it responding to a variety of questions about governance and identity. When asked what caused a community organization to be bad, for example, Copere Brecha replied “A grass-roots organization is *always* good. It is able to work for the community.”³⁹⁵ They did not admit the possibility of a bad GRO. For them a GRO is the institutional expression of the community and all of its inhabitants. A GRO could not be bad any more than a community could be bad, though it might prove more or less effective over time. This essentialist view of community organization as an expression of the collective will contrasted sharply with the townspeople’s view of GROs as interest group lobbies immersed in pork-barrel politics. This idea was in turn founded in a deeper, Hegelian notion of historical progression.³⁹⁶ “We always wanted education,” pleaded Yapiroa. “We want to advance as a people. The older generations eliminated slavery. Now we want to continue to move forward.”³⁹⁷

3.4 Other Local Actors – The Military and the Church

The last two actors of any significance on the Charaguan political scene are the military and the church. The local army garrison traces its history to the soldiers who bravely fought back the invading forces during the Chaco War and re-took Charagua from the Paraguayans. But the years of small military budgets left their installations in

³⁹¹ Eguez, *op.cit.*

³⁹² García and Cortez, *op.cit.*

³⁹³ Carrillo and Arumbari, *op.cit.*

³⁹⁴ Albó, *op.cit.*

³⁹⁵ Pabaroa and Yupico, *op.cit.*

³⁹⁶ Hegel, GWF, *Philosophy of Right*, trans. SW Dyde, Amherst, N.Y.: Prometheus Books, 1996.

poor condition, with no funds for equipment and inadequate resources for training. The garrison commander, Lt.Col. Fair Villaroel, boasted of good relations with the municipal government, with numerous projects on which the two had cooperated. For example, the garrison provided a large part of the labor for the plaza renovation and park projects. “They provide the cement and we provide the rest,” Villaroel said.³⁹⁸ The army had also helped to clean the cemetery and the streets of the town, and had provided manpower for several health campaigns.

Villaroel had in effect taken advantage of an ambitious municipal government to substitute the combat training he could not afford with civic exercises, the running costs of which the municipality paid. This work broke the tedium of barracks life, and afforded his officers the chance to develop their organizational skills and instill discipline in the rank and file. The commander’s only complaint was of too few such opportunities. “We’d like to do more,” he declared, “but the mayor is a little disorganized.” The garrison’s civic spirit also extended into the Guaraní hinterland. “We have very good relations with the Guaraníes and the APG,” said Villaroel, explaining that he sent a doctor and dentist to the Guaraníes’ medical center regularly, and that “any community that requests help gets it”. Mindful of the army’s historical role in the repression of the Guaraní people, Villaroel sent officers to village festivals and ceremonies, and tried to ensure that his soldiers would not disrupt Guaraní life. Local observers were not in disagreement with the picture Villaroel presented, observing that after many years the army had returned to the barracks and now played a benign role in the affairs of the municipality.³⁹⁹

The leader of the Catholic Church in Charagua in mid-1997 was Fr. Luis Roma, a Spanish priest who had worked for 40 years in Bolivia, three of them in Charagua. In addition to overseeing the parish, Roma was responsible for the school run by *Fe y Alegría*, a Catholic NGO dedicated to education. Roma professed good relations with the municipal government, the army, rural villages and the townspeople, an impression that was shared by each of these in turn. But the Church’s role had not always been impartial, nor benign. “Before 1955 local power was held by the landowners and the Church, plus the politicians in power at the time,” explained AGACOR’s Ribera, himself

³⁹⁷ Vaca and Segundo, *op.cit.*

³⁹⁸ Villaroel, *op.cit.*

³⁹⁹ Núñez and Aramayo, among others, concurred on this point.

a landowner. “But after the revolution the Church changed and took up popular causes and began working with marginal populations.”⁴⁰⁰

The Church had previously formed part of the *criollo* establishment, sanctioning the violence of the state against the non-Christian Guaraní people. But then it changed, and its new attitude was exemplified by such men as Albó, Sequier and Roma – foreign-born, activist priests who had crossed the globe to work with the rural poor and the dispossessed. They employed a new, highly involved form of outreach which addressed not just the spiritual needs of Guaraníes, but their physical and cultural concerns as well. Their instruments were traditional church-centered community activities, parish programs in the villages, and a range of church-supported NGOs dedicated to education, health and rural development. *Fe y Alegría* and CIPCA were two prominent examples; a third was *Teko-Guaraní*, led by Jesuits and dedicated to bilingual education for Guaraníes as a form of cultural assertion. No longer seated at the right hand of temporal authorities in town, the Church’s profile was much reduced, its power greatly diffused compared to a half-century earlier. But it remained an important and influential actor in Charaguan daily life.

4. Summary: How Government Works in Charagua

The evidence points overwhelmingly to the conclusion that local government in Charagua was of high quality. Through dozens of hours of interviews with authorities and citizens from all walks of Charaguan life not a single accusation of official corruption surfaced. This is surprising given the state of public disaffection with elected authorities in Bolivia, as well as Charagua’s inexperience managing large financial flows. Respondents from communities scattered throughout the municipal area reported satisfaction with their local government, and felt that their concerns were being addressed by municipal policy. The mayor, working in concert with the oversight committee, had implemented an investment planning system which the authorities and grass-roots alike agreed was transparent, equitable, and highly participative. The projects which resulted from this process pleased citizens both because they responded to real needs, and because of the importance given to local opinions in their conception and design. Informed observers with a variety of political and organizational affiliations agreed that municipal authorities were well-meaning and effective, and that the quality of the investments and services they provided was correspondingly high.

⁴⁰⁰ Ribera, *op.cit.*

Good government resulted from the interplay of the institutions of local government – the mayor, municipal council and oversight committee – operating in a political context dominated by the principle actors in Charaguan society – cattle-ranchers and the APG. The mayor's office, the executive branch of local government, was institutionally weak in Charagua, suffering, as Saucedo admitted, from poor human resources and relatively low administrative capacity. This was largely compensated by the virtues of the mayor himself, who was widely admired as energetic, honest, and ambitious for his municipality. The strength of his electoral mandate was an additional advantage. Hand-picked by the APG leadership, Saucedo was the white face of Guaraní political power in Charagua. His nomination by an organization which embraced the majority of the population and reached deep down into its community structure conferred upon his office immense legitimacy. At the lowest, grass-roots level, the people trusted their mayor. This proved instrumental in eliciting the ideas and preferences for municipal investment of communities more used to the violence of the state; their subsequent cooperation during project implementation was similarly forthcoming. And so the mayor was able to integrate the demand from dozens of rural communities into an investment strategy that reflected their needs: human development, productive projects, and road maintenance. And he was also able to make demands of them – to donate labor and materials, but more importantly to exploit public investment to their benefit. If a school would be built, they had to get educated. The fact that the municipality now spoke with the voice of the poor illustrates the degree to which power had shifted in Charagua. Town hall was no longer the domain of the *ganaderos*.

Like the mayor, the council worked closely with community leaders and listened carefully to grass-roots demand. Like the mayor, councilmen were held in high esteem in their constituencies as hard-working, honest and able. Villagers judged them effective, and were pleased with the outcome of their work. But in institutional terms the municipal council was perhaps more remarkable than the mayor, as the APG's influence crossed party boundaries and overcame well-established political and ideological rivalries. The two MBL and one MNR Guaraní councilmen essentially ignored their parties once elected, admitting enthusiastically that they reported to their superiors in the APG and to no one else. They formed a majority on the council of five and worked, along with the ADN representative, to advance the interests of their rural communities. The presence of the Guaraníes, and the way in which they operated, was clearly the key to the municipal council's effectiveness. Once again, the foundation of its electoral

mandate in the APG, and the legitimacy that this bestowed upon its efforts, allowed it to work closely with village authorities to detect and prioritize needs throughout a large municipal area. This led to a process of feedback in which municipal plans were constantly reviewed and revised to better respond to changing community conditions.

If the Guaraníes controlled the municipal council, they completely dominated the oversight committee. With seven Guaraníes out of eight members, the OC was essentially an arm of the APG cast in the guise of a municipal institution. Its authorities were APG authorities, and its president, Florencio Antuni, spent the first part of his term as president of the APG as well. Whereas the mayor and municipal council represented the APG's positions in local government, the oversight committee essentially was the APG. Whereas Guaraní interests were able to transcend party politics in the municipal council, the OC was overtly apolitical. The grass-roots perceived the OC as they did the APG – representative, honest and as practically an extension of their own will. Antuni could exploit the APG's organization directly to ascertain village opinion, and to mobilize Guaraníes from the grass-roots upwards. This placed him in a strong position vis-à-vis the mayor and municipal council, and he knew it.

But ironically, the electoral underpinnings of power in Charagua were such that the OC did not find it necessary to assert itself. Bolivian local government is designed around checks and balances, where the different institutions of government represent competing interests. The role of the OC is as a veto-wielding upper house of parliament where rural populations are over-represented; it is able to paralyze municipal business if government proves corrupt or insensitive to its constituents' needs. But in a municipality where both municipal council and mayor sprang out of the APG, the interests of the rural majority were already well represented. There was little role left for an OC which also spoke for the countryside. Its mere existence probably gave rural communities greater weight in the competition for public resources. But its efficacy was ultimately of second-order importance to the question of government effectiveness. With their complementary roles in policy planning and execution, it was the mayor and municipal council that jointly determined local government's success in Charagua. Of these the mayor, the protagonist who helped to plan investment and then carried it out, was probably more important. To the extent that the council provided oversight for a mayor already watched over by the APG, it was somewhat redundant. But the common political roots of the two institutions render such distinctions both difficult and ultimately futile. The strength of the mayor was based on the social consensus represented by the

governing majority in the municipal council. Both institutions were ultimately founded in the social network of the APG.

The Guaraní assault on local politics began only in 1995. Their history over the previous hundred years was a long, sad tale of official oppression and abandonment. What changed? What underlying economic and social conditions allowed the Guaraní people to successfully occupy the central spaces of local power? The story most obviously begins with the foundation of the APG, discussed in detail above. Built on the pre-existing social structure of Guaraní communities, the APG quickly gained a legitimacy and organizational strength which belied its youth. The consensual basis of its decision-making, along with the natural level of solidarity amongst Guaraníes, greatly facilitated the APG's ability to coordinate their aspirations and actions over a sparsely inhabited area larger than some European countries.

But this is clearly insufficient as an explanation of political change. The urban elite in Charagua town had dominated local life for decades, through wars and revolution, and the rise of a network of rural communities did not represent a serious challenge to their supremacy. In previous times AGACOR might have squashed the APG, or easily excluded it from power. That it made no such attempts in 1995 is indicative of the depths that the cattle economy, and cattlemen's morale, had plumbed. Once the rulers of the southern plains, with vast landholdings and herds that numbered in the tens of thousands, Charagua's *ganaderos* were by 1995 the dispirited victims of years of agricultural crisis that had slashed food prices, incomes, property prices, and borrowing ability. As economic power passed from the countryside to the cities, the children of the ranchers left the farm in search of education and careers in the city. The ancient certainty of rich farms and perpetual prosperity passed from father to son was broken; no longer would land be the sustenance of generations of rancher families stretching into the indefinite future. For many, farming would become a hobby. As the value drained from the land, the *ganaderos* found that they had much less invested in their farms, and thus much less interest in controlling local politics. And thus when a conciliatory APG emerged to claim the municipality for itself, they found that they had no strong reason to oppose it.

AGACOR retained its importance as an institution, with control over a large budget and good technical and human resources. But as a political protagonist and defender of interests it was lost in the new Bolivia. One sensed that even the ranchers regarded themselves as a dying breed. Whereas AGACOR's will once echoed in the

town hall, it now found no place for itself in the new institutional context. One interpretation of the townspeople's formation of the Community Association is as an attempt to find an organizational form that might fit into the new scheme. But even this was not so much a strategy as a response to the APG's success, a sign of their ambivalence, and a groping attempt to regroup. In an era when history and ideology had stripped the ranchers of their traditional allies, the armed forces and the church, and they found themselves lost in a sea of change, the APG was able to stroll into town and simply assume power.

Theorizing Local Government

1. Introduction

Chapters 5 and 6 examined in great detail how local government functions in two very different municipalities. We focused on extremes of municipal performance in order to highlight how different institutional characteristics and political dynamics affect the quality of government. The districts operated in a common constitutional and legal framework, under the same institutions of the central state. And yet in Viacha government was deplorable during the period in question, with an ineffective council, a corrupt mayor, and competing oversight committees, while in Charagua an energetic and competent mayor, hard-working council and strong oversight committee governed well. How can we explain these differences? The previous two chapters employed a close analysis of the dominant social forces in each municipality to argue that the quality of their government institutions, and hence of the policy outputs they provide, is a product of deeper economic and political factors that characterize each district. This chapter probes further by focusing on emergence – the political mechanism by which the institutions of local government are engendered, and how competition amongst social interests to control them limits or enhances their capabilities.

In order to comprehend decentralization we must understand how local government works. We must be able to explain why some municipalities are good and others terrible. But the economic and political theories explored thus far are of limited help. They largely assume that local government will be more sensitive to local needs, and fail to ground this in convincing micro-political foundations. As a result, these theories cannot adequately explain why some local governments are more responsive or effective than others. Empirical analyses based on such ideas are often left clutching at the straws of staff quality, resources available, and other idiosyncratic explanations (see Chapter 1). This chapter approaches the problem in reverse. It first contrasts the empirical attributes and experiences of our two extreme cases of municipal performance as a means of generalizing about the deeper social and institutional dynamics that

underpin local government. From these observations it induces an analytical model of government that accounts for both responsiveness and accountability through simple electoral and social behavior. These insights will in turn serve to explain the results of Chapters 2 and 3 – why decentralized government is systematically more responsive to local needs than centralized government.

The rest of this chapter is organized as follows. Section two contrasts the social and institutional characteristics of Viacha and Charagua under three headings – the local economy, local politics, and civil society – in a search for underlying patterns that explain municipal performance. Section three reviews existing models of public choice focusing on the difficulties they have in explaining responsiveness and accountability, especially as manifested (or not) in Charagua and Viacha. Section four proposes a simple two-stage model which does this. Section five operationalizes the model in preparation for testing it in the following chapter using qualitative evidence from seven additional municipalities. Section six concludes.

2. Society and Governance

2.1 The Local Economy

The economic differences between Viacha and Charagua are huge. The former district is dominated by an industrial city, home to two of Bolivia's largest businesses and with a well developed and vibrant private sector. The latter is a rural district dominated by cattle ranching and subsistence farming, centered on a town of 2500 inhabitants with little commerce and no industry. With respect to local government, the fundamental difference between the two is in the economic interest that dominates each and its role in the local political system. The vast majority of Charagua's wealth is held by the large landowning cattle-ranchers who traditionally ran the region. But by 1997, after years of economic hardship, the *ganaderos* were dispirited, increasingly impoverished, and felt that the tide of history had turned against them. Their power was at a nadir and both they and the Guaraníes knew it. Viacha, by contrast, had in the CBN a firm which was in clear economic and political ascendancy, which dominated the city's political life like few others in Bolivia.

Even though the brewery's assets and income were a considerably smaller share of the local economy than those of the cattle-ranchers in Charagua, its single-minded exploitation of its human and financial resources, combined with skillful political tactics,

allowed it a degree of influence over local politics and government far in excess of what Charagua's ranchers managed. Unlike the CBN, the latter were not, after all, a firm, but rather a collection of independent businessmen who did not face identical business conditions, and accordingly did not act politically or commercially with a single will. Although most AGACOR members sympathized with either the ADN or MNR, at least a few could be found in all of Charagua's political parties. In addition, ranchers were willing to support parties' electoral campaigns regardless of their personal sympathies, in order to remain on good terms with all of the principal parties. In business also, AGACOR helped Guaraní farming communities to drill rural wells and gave non-members technical and veterinary assistance. In Viacha, by contrast, the CBN behaved with fiercely partisan aggression, and went to great lengths to undermine or discredit opposition political parties, including bribing their councilmen and – in the case of the MIR – mounting a campaign against the SOBOCE factory. The bottling plant made no pretense of working evenhandedly with rival political or business groups. All of its public actions formed part of a simple strategy designed to capture votes and promote the UCS-CBN brand.

The withdrawal of SOBOCE from local politics left the CBN in a dominant position, as the near-monopsonistic provider of political funds to the local party system. The brewery was only too happy to exploit this role to hobble the opposition in the interests of the political dominance of the UCS. Thus what was in political terms an economic monoculture became, at least for a time, a political monopoly as well, as the CBN-UCS stifled competition and steadily raised the price of opposition and dissent. Charagua's ranchers behaved in a very different way, eschewing monolithic political action in favor of a gentler and more diverse approach better suited to a pluralistic group of businessmen. By supporting a variety of parties, they contributed to opening the political regime in Charagua and encouraging competition amongst parties. And when their rivals won power, far from attempting to undermine them the ranchers of AGACOR found an accommodation and were able to work with the new municipal authorities.

This analysis suggests a political analogue of the neoclassical argument in favor of the efficient allocation of resources via open and competitive markets. Parties – especially those in opposition – are not self-financing entities, and require resources in order to mount campaigns and generally carry out party functions. Where a municipality's economic landscape is dominated by an economic hegemon, that

hegemon will tend to reduce political competition by financing a favored party, and may well abuse its position in other ways in order to hinder its political rivals. Thus monopsony in the provision of political funds will tend to lead to monopoly in the party system. Such a reduction in political competition will reduce the level of oversight that local government institutions are subjected to as a by-product of political competition, and may well leave sectors of the population unrepresented and effectively disenfranchised. An open and competitive local economy, by contrast, promotes competition in politics, leading to an increased diversity of ideas and policy proposals that compete for public favor, as well as improved public accountability for government officials. Where an economic hegemon and a dominant political party actively collude, the effects can be multiplicative – together they can distort the local party system, capture the institutions of government, and deform the governance process to their own ends, as happened in Viacha in the mid-1990s. Charagua was also run on such a basis for much of the twentieth century, with comparably deleterious effects on local policy-making, until long-term economic changes paired with political reforms to end the cattlemen's dominance.

2.2 Local Politics

The analysis of local politics can be usefully divided into systemic issues and the party system *per se*. The former refer to the ground rules of electoral competition, and its fairness and openness to both parties and voters, while the latter refers to the nature of local party organizations and how they compete. The systemic reforms noted in Charagua correspond to nationwide changes which affected municipalities throughout Bolivia. These included reforms to electoral laws to increase transparency in the vote count, ensure voting secrecy, provide for independent oversight of the voting process, and increase the number of polling stations in rural areas. But they also included non-electoral reforms, such as a new, efficient citizen registration process (which in turn permitted voter registration), and the extension of rural literacy programs (especially amongst women). Their collective effects were a broad increase in voter registration and improved voter participation. But the secret to the success of these reforms lay in large part with the design of the decentralization program itself. The LPP brought rural areas into the municipal system, and then devolved significant authority and political responsibility to them. Whereas before rural dwellers voted, if at all, for cantonal officials who had neither resources nor political power, now fully-fledged municipal

governments with real resources and legislative authority were at stake. The prospect of gaining control over these drove political parties into the countryside in search of rural votes. The prospect of benefiting from them pushed villagers and farmers into municipal politics and into the voting booth. In this way the concerns and opinions of the rural 50% of Bolivians were brought into the political mainstream as electoral politics penetrated deeper and deeper into the hinterland.

Charagua provides a case study of this process. Registered voters increased by 72% between the 1993 and 1995 elections, the great majority of whom participated, with an increase in suffrage of 139% and absenteeism falling by one-third.⁴⁰¹ The reforms which opened politics to a new electorate simultaneously established the conditions for fair and open competition. The old methods of bribery and intimidation no longer worked in Charagua; the MNR's attempt to bribe Councilman Vargas failed because, given electoral transparency, the transaction would have been apparent and would have exposed Vargas to the voters' wrath.⁴⁰² And so the Guaraní majority was able to overturn the cozy duopoly which had run the town for so long. In this political aperture, the parties that underwent comparable openings benefited most, and those which attempted to carry on as before suffered. Thus the MBL, previously irrelevant in Charagua, struck a deal with the APG and captured the majority of new votes, while the MNR lost its local pre-eminence and was thrown out of government. But the MBL was more than tactically clever – it had deep roots in rural life through its affiliated NGOs, which had earned the trust of Guaraníes after years of patient work. The presence of such a party not only facilitated the alliance between the APG and the political establishment, but was instrumental in raising the quality of government after the election. NGOs like CIPCA and *Teko-Guaraní* specialized in planning and carrying out rural projects. The skills they had developed, and their relationships with rural communities, were instrumental to the transformation of Charagua into an effective municipality that served its rural majority.

Decentralization, by contrast, contributed to a very different process in Viacha. Although voter registration did increase, Viacha's gain of 22% was an order of magnitude lower than Charagua's, while absenteeism remained roughly static.⁴⁰³ This reflected the fact that Viacha's politics remained a closed affair, inured to the concerns

⁴⁰¹ Corte Nacional Electoral, *op.cit.*

⁴⁰² Vargas, *op.cit.* See Chapter 6, section 2.2.

⁴⁰³ Corte Nacional Electoral, *op.cit.*

and priorities of the rural majority. This, in turn, was largely due to Viacha's status as a comparatively small city dominated politically by the imperatives and dynamics of the La Paz-El Alto conurbation. Viacha was sufficiently close to the capital, and transport links sufficiently good, that national political leaders could intervene in local affairs at relatively low cost. Because it offered a fairly easy way to score political points without the public scrutiny that they were subjected to at home, party leaders essentially ran their Viachan affiliates from La Paz. They allowed their subordinates in Viacha very little room for initiative, reducing them to spokesmen and messengers. And with cavalier disregard for the popular will, their directives were based on strategies that responded to events in the capital or nationwide, and not on the needs and circumstances of Viacha. In this way, more powerful actors invaded the local political stage, trampling on local concerns in the thrust and parry of a drama that was as threatening as it was foreign.

A particularly lamentable consequence of this intervention was that the legal-electoral reforms detailed above were insufficient to counter the CBN-UCS' capture of local government. The party exploited the resources of the CBN to suborn and intimidate the opposition until it achieved near-monopolistic power in the local political context. With its hand thus freed, it indulged in the corruption and misrule documented above. Under normal conditions, political competition and openness could be expected to catalyze a cleansing of the political system. But a substantive political choice is required for this mechanism to operate. And in Viacha the choices on offer were wan simulacra of political options, marionettes whose strings jerked across the horizon. The fact that the Viachan party system was dominated from beyond implied that local party leaders did not innovate in search of new voters. They did not have the operational independence to strike a deal along the lines of the MBL's in Charagua, and any such agreement that might occur was likely to be rejected by a national leadership more concerned with avoiding embarrassment than policy experimentation. The generally poor quality of Viachan political leaders – another by-product of political dependence – made the leadership even less likely to tolerate local originality. Thus, while decentralization created many opportunities to make political gains and win votes in Viacha by reaching out to newly incorporated communities and addressing their concerns, the local establishment's efforts were limited to mundane extensions of campaign rallies and sloganeering to the countryside. Voters offered a false choice between options devoid of local content eschewed politics altogether and dropped out of

the system. And so Callisaya was able to perpetuate his misrule until popular revulsion spilled into the streets and forced him from power.

This suggests that effective local governance requires a vigorous local politics in which competition spurs political entrepreneurship and policy innovation as parties vie to win new voters. The analysis above indicates two conditions necessary for such a local politics to obtain: (i) an open and transparent electoral system, which both promotes and is (indirectly) sustained by (ii) a competitive party regime. These combine naturally to produce a third, endogenous requirement of good local politics, especially important for the case of Viacha: a substantive focus on local issues and local people. Systemic electoral reforms which increase the transparency and ease of voting serve to increase participation by making voting both feasible and fair. Voters who are able to reach a polling center and cast a vote will be more likely to do so the less likely it is that results will be misrepresented or distorted by local interests. Reforms which promote all of these things encourage citizens to express their political preferences freely, both inside and outside the voting booth. This in turn raises the electoral return to parties which actively canvass local opinions and propose policies that respond to changing voter needs. Policy innovation of this sort can be termed political entrepreneurship.

But a competitive party system must be in place if the full beneficial effects of systemic opening are to occur. Political entrepreneurship which attempts to offer dissatisfied voters a political alternative will be thwarted by a party regime which is monopolized by one actor. Viacha provides a compelling example of how competition in a political environment which is formally open can be subverted through the systematic use of bribery and intimidation by a dominant faction to undermine substantive opposition. In a way which is, again, closely analogous to the working of competitive markets, a competitive political environment will encourage policy entrepreneurs to innovate in the hopes of capturing electoral share from their rivals. Party systems characterized by multiple participants and free entry, featuring political agents who succeed or fail based on their ability to attract votes, will tend to serve the welfare of their constituents better than those dominated by a single actor, and hence a narrower range of policy options. And a competitive local economy, as discussed above, will tend to promote a competitive political system.

If the first two conditions refer to complementary aspects of competition in the local political economy, the third consideration can be characterized as a deepening of the logic of decentralization from the administrative to the political realm. This is the

seemingly obvious point that a district's local political dynamic must be driven by local concerns and local incentives if it is to benefit local inhabitants. A policy discourse which is carried out in terms natural to a different city or larger political unit will result in a political debate essentially foreign to the priorities of local people. When carried out on a small scale, this will work to the detriment of offending parties, as the MNR discovered when it attempted to micromanage its Charaguan affiliate from Santa Cruz after decentralization. But where such behavior is widespread in a municipality's political establishment the damage can be considerably larger. As Viacha vividly illustrates, the beneficial effects of systemic opening can be undermined as local politics becomes a sterile and corrupting battle-by-proxy. In such circumstances, the process described above by which competitive politics leads to effective and responsive local government will be short-circuited, as politicians ignore the voters and voters lose faith in their leaders. Moreover, such a predicament may constitute a stable equilibrium, as parties oblivious to local discontent fail to capitalize on the electoral opportunity it represents. The question is why parties would err in such an obvious way in the first place. A compelling answer lies in their own organizations and internal power structures. Political parties are by nature national organizations, and the devolution of authority required for municipal politics to take on its own, self-sustaining dynamic requires an internal decentralization which many party leaders will resist as an unacceptable erosion of their power. But this is, of course, precisely the point, and confirms a much larger truth about decentralization: in order to work it requires people who hold resources and power to let go, and they will always have strong reasons not to.

A final consideration is the common counterclaim that the fundamental variable explaining government performance is the quality of local political leadership. This line of reasoning focuses primarily on the character of the individuals concerned. Hence, the principal difference between Viacha and Charagua is that the former suffered a corrupt mayor whereas the latter benefited from an honest and able one. A simple exchange of mayors (and other institutions of government) between the two would thus have restored probity to Viachan public life and plunged Charagua into the abyss. This study rejects such a position as simplistic and short-sighted, and prefers to treat political leadership as an endogenous variable determined by the economic, political and social processes analyzed above. In this view, politicians can be regarded as mobile agents who are exogenously determined as "good" or "bad". The question then becomes, what are the characteristics of municipalities where bad politicians gain control of public institutions?

and where and why do good politicians prevail? In addition to being more interesting, this question permits a deeper, multidimensional analysis of local government which exploits the empirical insights developed in the preceding chapters. Building on the previous analysis, the answer can be stated simply: corrupt political agents will have far more opportunities to enrich themselves in municipalities where government oversight and accountability are crippled by economic monopoly, distorted political competition or deep-set social antagonisms (see below). In districts where competition and transparency naturally lead politicians to concentrate on satisfying voters' needs, bad political agents will dedicate themselves to other pursuits or leave. We return to this point below.

2.3 Civil Society

The conspicuous economic and political differences between Viacha and Charagua are matched by the disparate characteristics of local society in each. In Charagua the Guaraní majority formed a territorially vast network of rural villages with similar social characteristics and similar self-governing community structures. These villages had autonomously organized themselves in the 1980s into the APG, an independent civic organization which acted as ethnic advocate and regional self-government. The APG's roots in the spontaneous village traditions of the Guaraníes gave it both tremendous legitimacy and a high capacity for mobilizing the opinions and efforts of its constituents, qualities which were to prove invaluable after decentralization. Townspeople formed the other important local group, with their own organizational structures based on neighborhood councils. They were less uniform socially than the Guaraníes, and less united in their goals and policy preferences. But they proved pragmatic in the end, willing to work with the new majority when the Guaraníes took over local government.

Viachan civil society, by contrast, is a heterogeneous mix, including two groups with strong and divergent identities and a long history of mutual antagonism marked by episodic outbreaks of civil violence. The city of Viacha is dominated by an urban elite which defines itself in opposition to the indigenous countryside, and which suddenly found itself miscegenated with a large rural hinterland which greatly outnumbered it. Like Charagua, urban organization is centered on neighborhood councils, which are quick to confirm their legitimacy in national federations headquartered in La Paz. Rural Viacha is itself divided between the Machaqas in the west and the remainder, closer to

the city. The former is a distinct region where the Aymará language predominates and communities are organized into traditional, pre-Columbian *Ayllus* and *Mallkus*. The latter see themselves as more modern, speak a mixture of Spanish and Aymará, and base their social organization on the peasant union's general secretariats. Of these three, the Machaqas region – the furthest from the city – is the most homogeneous and boasts the most robust social organization. The other two regions are strongly affected by the status of Viacha as an urban transition zone, an important threshold in the slow urbanization process that characterized Bolivia during the latter half of the twentieth century. The difficult journey from rural *campesino* on the altiplano to urban *vecino* in La Paz-El Alto can take several generations, and for many thousands their path takes them through Viacha. The two worlds collide in the city's markets and peri-urban areas, and in adjacent rural communities, and the resulting frictions lead inevitably to social tensions.

That these differences proved crucial to the quality of governance achieved in the two municipalities should not be surprising. Even without a theory of how society relates to government, the Law of Popular Participation marked the formal incorporation of civil society into the governance process as a governing institution, via the oversight committee. The OC is charged with overseeing all municipal activities on behalf of grass-roots organizations, and can effectively paralyze the administration if it objects. But the law did not specify the norms or procedures by which the social groups which give rise to the OC should operate, preferring to trust in their autonomous dynamics. The innate characteristics and internal workings of civil society are thus vital to the quality of government that municipalities can achieve, as both Viacha and Charagua illustrate.

In order for civil society to provide useful oversight and a feedback mechanism for the governing process, it must be able to accomplish a limited but important set of tasks. First, it must be able to identify a specific failing of local policy at the community level. It must then formulate a coherent demand or complaint and transmit it upwards through, typically,⁴⁰⁴ two or three of its own hierarchical levels. Finally, local civic leaders must be able to take up this complaint and communicate it convincingly to the mayor or municipal council. Such abilities are not culturally or organizationally specific, and thus a wide variety of societies are likely to have them. But they will all share four

⁴⁰⁴ Typically for Bolivia.

general traits that facilitate these tasks. The first is simply the ability to communicate, often across large areas and diverse ethnic groups – a significant challenge in many areas of Bolivia. The second is norms of trust and responsibility, both within communities and across them (including leaders in the seat of government), as well as across time. Where community leaders do not comply with their duties of leadership and advocacy, government will not reap the information it needs to right policy mistakes. Communities must then trust leaders farther up the hierarchy to accurately represent their interests before government, and leaders must trust that their information is correct. And civic leaders at the municipal level must then actively pursue communities' demands if government is to be held socially accountable for its policies at the community level.

The third trait is a minimum level of human capital amongst civic leaders such that those at the municipal level are able to interact productively with local government. This involves both cooperating with elected officials to advance policy goals, and opposing their decisions in such a way as to modify their actions. The last trait, and often the most difficult in Bolivia, is a minimum level of resources required to carry out these activities. Even if civic officials are unpaid, there remain unavoidable and non-trivial transaction costs associated with their activities. Communities in Bolivia have for the most part long-standing traditions of reciprocal generosity which cover the transactions costs of community self-government.⁴⁰⁵ But the extension of these social institutions to the municipal level has in many places strained such finances beyond the breaking-point, making it impossible for OC presidents in districts as diverse as Viacha, Porongo, Baures and Atocha to operate effectively.⁴⁰⁶

In these terms it is easy to see why civil society was a significant benefit to local government in Charagua, and a significant liability in Viacha. Charagua benefited from a highly structured and coherent civil organization dating from before decentralization, in which communication was fluid and norms of trust and responsibility were strong. Through it, civic and municipal authorities found it easy to stay in touch with local demand at the village level, as well as mobilize support for collective efforts. By promoting local authorities up through its hierarchy, the APG developed its own leaders internally; and the covenants it signed with NGOs provided it with the modest resources necessary to conduct its activities. In Viacha, however, civil society was functionally

⁴⁰⁵ See Albó (1990), Chapters 3 and 8, and Albó, *et.al.* (1990), Part I, Chapters 2 and 3, and Part III, Chapter 4.

⁴⁰⁶ Chapter 8 provides details for Porongo, Baures and Atocha.

broken. Its constituent parts did not trust each other, and in many cases could not even speak to each other. Government travesties in the countryside went unreported in the city, where civil authorities of all extractions ignored village requests. Civic leaders with proven effectiveness at the village level were overwhelmed by the pressures and scale of municipal government. With no budget of their own and depending on official generosity for their sustenance in the city, they were easily neutralized as independent actors by government authorities. In Charagua, a civil society which functioned organically essentially took over local government and made it work. In Viacha society was a bubbling cauldron of resentment and discontent, composed of people so mutually suspicious of each other as to make social oversight virtually impossible. Callisaya's installation of his own OC only added insult to a deep injury. Viachan society's inability to resist such a ludicrous ploy confirms that its internal divisions left it unable to act in even its most basic defense.

It is instructive to remember that Charagua, while in some ways more homogeneous than Viacha, is itself a heterogeneous society, with its minority *criollo*, Mennonite, Quechua and Aymara populations. Even with a well-functioning APG, it would have been feasible for Guaraní politicians to assume authority and ignore or exploit rival ethnic groups. That they did not must in part be due to enlightened leadership. But it is also due to the value of fairness in such a district. The fact that Guaraníes are not only the largest population group but form a majority of the population implies that the question of how to allocate public investment is essentially a problem of how to share out municipal resources amongst themselves. An arbitrary investment scheme such as Viacha's that produced unequal distributions would lead to strife amongst the Guaraníes, an outcome which Guaraní government would seek to avoid. Allocations that were fair amongst Guaraní communities but systematically lower for minority groups might be feasible, if administratively problematic, but would come up against a different barrier. Most of the wealth in Charagua is held by the *criollo* townspeople. Policies which discriminated systematically against them would alienate them from local government, thus depriving the latter of the technical expertise and financial resources they controlled. In addition, the moral case made by Guaraníes for decades was for an end to discrimination and fair treatment at the hands of the Bolivian state. The fact that they identified themselves for years with a given moral position (fairness) gave them a strong incentive once in power to defend it. And, coincidentally, the party which carried the APG to power – the MBL – preached fairness and

transparency during the years that it was effectively shut out of power. Taken together, these considerations provided Guaraní-dominated government with strong incentives to fairness in government, and to the transparency with which that fairness might be announced to the electorate.

In Olson's terms, there existed in Charagua an "encompassing interest" – i.e. one whose incentives were consistent with the growth of the collectivity.⁴⁰⁷ Viacha, on the other hand, had no encompassing interest, only narrow interests which sought to exploit power for the short-term gain of narrowly-defined groups. This explains why the role of history varies so much between the two districts. For centuries both had suffered from state oppression, extremes of inequality, and periodic outbursts of civil violence. But Charagua's history was if anything more repressive and more cruel than Viacha's, leaving a potentially deeper reservoir of resentment. And yet it is in Charagua that the victims of oppression were able to overcome their past sufficiently to reach an accommodation with the urban elite, whereas in Viacha lingering social tensions contributed to government breakdown. In Charagua the group that stood to benefit most from government formed the majority, and therefore had an encompassing interest in its success. In Viacha, groups that lacked such interest fought for and abused municipal power to the point of disaster.

An alternative, and tempting, view is to infer from a comparison of the two municipalities' demographics that social homogeneity is an important determinant of the quality of local government. Casual empiricism suggests that homogeneity is positively associated with communication, trust and social responsibility in a society. Sameness may also make it easier for civil institutions to elicit contributions for projects of collective benefit, although its effect on the formation of human capital is difficult to predict *a priori*. But the immigrant nations of North America and Australia provide a clear counterexample of the possibility of organizing heterogeneous civil societies that function cohesively. They also suggest that the more subtle, multi-dimensional concept of encompassing interest provides a fuller explanation than simple homogeneity of why some societies are more cohesive and equitable than others. The topic is addressed in more detail in the chapter that follows. But for now this study asserts that while homogeneity may be helpful through its association with social characteristics that lead to good government, it is not a necessary factor.

⁴⁰⁷ Olson (2000), Chapter 1.

3. Information and Accountability

The political and economic interactions between diverse actors in society were evidently important to the quality of government in Viacha and Charagua. But how can we think about them more systematically? In order to understand events in the two districts we must be able to distinguish cause from effect and describe a structure within which protagonists in each district operated. If we are to use these experiences to inform a more general theory of local government, we need a model.

The political economy and public choice literature has no shortage of these, including models of voting, lobbying, bureaucratic decision-making, and much more. This section reviews those most relevant to determine how useful they are in explaining the divergent quality of government in our two districts. The previous analysis showed the importance of three factors to effective local government: (i) a competitive local economy, (ii) openness and competition in local politics, and (iii) well-functioning civic organizations that represent society's grass-roots. These factors contributed to responsive local government in Charagua by conveying information on local needs and preferences to government officials through the APG's extensive rural network, and enforcing accountability on them via electoral competition and the oversight committee. In Viacha, by contrast, their absence led to crippled mechanisms of accountability and breakdown in the channels by which information on local needs might be communicated; the result was a deep insensitivity of elected officials to voters' needs. Indeed, the effects of economics, politics and society on local government can, at the limit, be reduced to information and accountability. I define these terms as follows:

- i. Information.* A mechanism exists by which citizens' policy preferences are revealed to government officials. This typically occurs either through the selection of politicians with majority-preferred platforms, or the communication of the majority's preferences to elected officials.
- ii. Accountability.* A mechanism exists by which elected officials are held responsible to voters for acting upon this information. By placing power over officials in the hands of voters, the former are given incentives to act in the interests of the latter.

The following uses these concepts as a lens through which to review the literature, focusing specifically on how information can be used to make government accountable to voters. I examine how existing models provide for each, and discuss whether the mechanisms involved are consistent with the major features of the previous two chapters.

3.1 The Literature

Tiebout (1956) offers no such mechanism. His is a world in which district governments offer different public good-tax bundles, and individuals allocate themselves costlessly across districts according to their preferences for the same. A competitive equilibrium in locational decisions ensues. Local government is not responsive to “voters”, rather voters are responsive to local governments. Voting-with-your-feet models generally share this characteristic, making them inappropriate for the analysis of information and accountability as described above.⁴⁰⁸

The more general question is how the demand for public services⁴⁰⁹ is joined with supply. Tiebout-type models posit individual mobility as the mechanism, whereas other authors (see below) rely on voting. Which is more useful? Consider the reasonably common occurrence where more than half a district’s population opposes its local government. Does the majority vote to change the government, or does it move to another district? It seems self-evident that the costs of the latter are significantly larger than those of the former – at either the individual or aggregate level – and hence that moving is an unrealistic remedy for poor government. Seen in this light, the many empirical studies of voting with your feet⁴¹⁰ would seem to estimate marginal Tiebout-type effects operating in larger decision frames. That is, within a broader decision to move, a household’s decision of *where* to move to is likely to be affected by the quality of public services, level of local taxes, etc. But the basic decision *whether* to move – a costly and highly disruptive event⁴¹¹ – is likely to be based on a larger set of considerations. I argue that citizens dissatisfied with local government will turn first to voting and other political instruments to effect change, and only much later to moving from the district. Accordingly, our primary focus should be on the local political system.

Subsequent models of decentralization, such as Besley and Coate (1999) and Bardhan and Mookherjee (1998 and 1999) among others, place voting in a more central role. To varying degrees they rely upon Downs’ (1957) median voter result to select/inform politicians with regard to voter preferences, and hold them accountable for the policies they subsequently implement. These models have the virtue of realism,

⁴⁰⁸ Rubinfeld (1987) has observed that Tiebout’s model, used for decades to analyze decentralization, is not actually a model of decentralization.

⁴⁰⁹ Unless specified, public “policy” and “services” are used broadly interchangeably here.

⁴¹⁰ See Cebula (1979), and Cebula and Kafoglis (1986) for reviews of this literature.

⁴¹¹ Psychological studies consistently rank moving house amongst the most stressful of life events, alongside death in the family and divorce.

invoking a dynamic which would seem to predominate in decentralized, democratic countries.

But voting carries with it problems of its own as a mechanism for both accountability and preference revelation. Most obviously, it offers only weak constraints on the actions of elected officials between elections, via calculations of the effects of policy decisions on officials' future chances of re-election. In a context of preference aggregation this implies that accountability may well not operate over issues that are small, or affect isolated populations within an electoral district. Additionally, voting a government out of power may be too blunt an instrument for effective accountability where complex or nuanced policy questions are concerned.

More subtly if government exists primarily to provide public goods, then at least some component of voter satisfaction with their provision must relate to the "publicness" of these goods. Relevant characteristics of public education and health, for example, may well include not only their quality and cost, but their extension and accessibility throughout the population. In other words, voters may endogenize the private utility of other individuals from public services. But the simple median-voter model presumes rational individual voters who lack obvious horizontal connections for the transmission of such information. Such a criticism is at best implicit, as there is nothing in these models to prevent such horizontal linkages from occurring. But if they are indeed important to voter's appreciation of public goods, and hence to electoral outcomes, they should be made explicit in our models of local government.

But the fundamental objection to voting is the well-known difficulty of finding an equilibrium. The possibility that voting in a multi-dimensional space will lead to cycling was recognized over two hundred years ago by Condorcet (1785). If a voting equilibrium cannot be shown to occur, then elections are an indeterminate method of social choice. For our purposes the problem can be divided in two:

- (a) *Existence* – the existence of a stable equilibrium in multi-dimensional space; and
- (b) *Instrument* – voting as a means for bringing about such an equilibrium.

We take each in turn.

Black (1948), building on Hotelling (1929), showed that the majority voting rule can bring about equilibrium in single-dimensional space given single-peaked preferences. But both uni-dimensionality and "single-peakedness" are implausible if votes are to transmit information. Local government provides services in many different areas, each of which constitutes a policy – and hence informational – dimension. Indeed

even individual policy initiatives can be multi-dimensional when voters care about more than one aspect (*e.g.* the cost, quality and location of a school). To assume that elections operate in just one dimension is thus highly restrictive. And given multi-dimensional concerns, single-peaked preferences on individual votes are improbable. Davis, DeGroot and Hinich (1972) provided a way forward by showing that under majority rule, equilibrium can obtain in multi-dimensional space as well, but at the cost of four restrictive assumptions about preferences: (i) reflexivity, (ii) completeness, (iii) transitivity and (iv) the extremal restriction. Taken together, these restrictions specify the form that individuals' preferences must take when they are non-identical. This, as Kramer (1973) illustrates, is highly unlikely to arise naturally.⁴¹²

If the existence of an equilibrium is problematic, the literature on voting does not offer an obvious solution. Approaches to voting can be broadly divided into deterministic and probabilistic models. Where voting is deterministic, difficulties concerning the existence of majority-rule equilibria map directly into electoral results, as the problem of finding a multi-dimensional candidate or platform that defeats all others is equivalent to finding an issue in multi-dimensional space that is majority-preferred. Researchers have found one way around this through the claim that all (multi-dimensional) political issues can be collapsed into a single left-right dimension.⁴¹³ Piketty and Spector (1995) generalize this claim by modeling a process in which rational communication causes beliefs to converge toward a one-dimensional axis. A number of empirical studies that test the median-voter hypothesis claim support for this position.⁴¹⁴ If true, the instrumentality of voting and debate would serve to transform multi-dimensional preferences into a theoretically tractable uni-dimensional decision space, thereby solving the existence problem. But voting of such a nature would not satisfy the condition of information, and by extension accountability, set out above. Complex information on the nature and intensity of voters' preferences for different types of government services, and accompanying taxation, would be collapsed – and thereby lost – into a single left-right instrument of (dis-) approval. If individuals' preferences are to be revealed across a range of policy issues, the exercise must be resolved in multi-dimensional space.

⁴¹² In simulation exercises “when no special restrictions are placed on the types of preference orderings individuals may have, the probability of a cycle is high, and approaches one as the number of alternatives increases.” – Mueller (1989), p.81. Mueller recommends Niemi (1969) and Riker and Ordeshook (1973) for reviews of this literature.

⁴¹³ See, for example, Poole and Romer (1985).

A more sophisticated solution to the problem of existence comes through probabilistic voting, which assumes that voters vote for a candidate according to a probabilistic function of the candidate's position.⁴¹⁵ By smoothing out the discontinuity inherent in a deterministic voting function, this approach cuts through the thicket of cycling results to permit voting equilibria in multi-dimensional space. But it does so at the significant cost of introducing uncertainty on the part of voters regarding candidates' positions, or of candidates regarding voters' preferences, or both. If candidates and voters cannot know where each other stand, the informational content of elections will be weak. In a way comparable to the dimensionality collapse described above, the probabilistic approach neutralizes the ability of the vote to convey information.

More recent work has departed from the strictures of the median-voter approach in a number of interesting ways. Besley and Coate (1995) model a political process featuring citizen-candidates and no restrictions on the number or type of policy issues to be decided. Individuals vote over the preferences and competence of candidates, about which they have complete information, and candidates who win implement their preferred policies. Policy outcomes are efficient. Their model solves the problem of existence without directly addressing that of information. In a multi-dimensional policy world, elected officials have no way to distinguish which of their own policy preferences are majority-preferred and which are not. As a result, they simply act on their own priorities, making them a sort of elected dictator. Such an approach resembles politics in Viacha, not Charagua, and is unlikely to capture the key differences between the two. Piketty (1995) explores the extent to which voting can be used to communicate preferences through a model in which individuals are intermediate between strategic and sincere voters. He finds that two-round electoral systems permit more efficient communication than one-round systems. While this model is more nuanced than many previous attempts, the mechanism is too simple to permit the transmission of detailed information on multi-dimensional policy preferences, and hence does not satisfy the initial criteria set out above.

This leaves us with a significant dilemma: models of voting in a multi-dimensional world cannot be solved while maintaining the integrity of information on voters' complex preferences over fundamental issues of public policy. And if elections cannot transmit information, how does effective accountability come about? Officials

⁴¹⁴ Inman (1979) surveys this literature. Mueller (1989) disputes the strength of these results.

may be ejected from office, but what lessons will their successors learn about which policies the majority prefers?

The “rational ignorance” strand of the literature provides bleak answers to these questions. It builds on Downs’ idea that individuals have a negligible probability of affecting electoral outcomes, and hence rational voters will not expend time or energy informing themselves about candidates. The voter is carried to the polls by social conditioning, but lacks the information required to make a discriminating choice. Such rational ignorance about candidates and issues drains the vote of meaningful information, and with it the power of elections to enforce accountability. Quite apart from the technical characteristics of the instrument, people are unwilling to use it. Brennan and Buchanan (1984) take this further, describing voting as an expressive act, like cheering at a stadium. The inconsequential nature of a single vote frees the individual to allow “non-substantive” factors to sway his decision – slogans, advertisements, peers. The likelihood that such random factors determine electoral outcomes implies that the vote is empty.

While it is important to recognize the limited ability of our theory to explain policy outcomes, we must guard against being overly critical. Many of its shortcomings are due to features which are realistic. Most real-world elections evidently do occur in one-dimensional space, for example. Despite complex policy preferences we cast a simple vote in favor of a single candidate or party. Hence it is not necessarily our models of voting that are limited, but rather our real voting systems. Or, more interestingly, the way we model government. It is possible to go beyond simple electoral mechanisms to consider a comprehensive government regime that captures the complex reality of political competition in multi-issue, multiple-priority space.

Consider the evidence from Charagua and Viacha. The Charaguan municipality had considerable information on local needs available to it, but this did not come through the vote. Rather it came through civil society – specifically through the explicit incorporation of civic organizations into the municipal planning process, directly and via the OC. In Viacha this channel was blocked, the OC disabled and civic organizations weak, and government remained largely uninformed about what its voters wanted. But in both elections were held regularly according to the minimum standards specified by law. Information did not obtain in the way voting models define, and these models

⁴¹⁵ Mueller (1989) reviews and summarizes this literature.

cannot explain how it was in fact revealed (in Charagua). So too with accountability. In Charagua accountability was enforced through the combination of a well-functioning electoral system featuring substantive competition, and active civic organizations which mediated policy-relevant information between communities and town hall. This provided voters with the necessary inputs to judge the performance of their local government, as well as the means to enforce their will. Accountability was binding, and local officials responsive. In Viacha by contrast, town hall and the hegemonic political party joined forces to undermine civic organizations and corrupt the electoral mechanism through endless shenanigans and political machinations. Accountability was crippled and corruption and mismanagement flourished.

The insertion of civil society into the local government process was thus key to information and accountability in both districts. Charagua provides clear examples of this. There some villages were happy with a school the municipality built, while others delighted in the repairs their road received. Still other villages were satisfied despite obtaining no investment from their local government. But how did local government know where to site specific projects? How did it avoid giving a hospital to the village that preferred a school? And how did it know which communities it could leave unattended? The leaders of these villages were in no doubt that the information was not electoral, but came, rather, through their direct participation in the governing process. They informed officials about local needs and explained to communities receiving nothing that their turn would come. The public choice models reviewed above contemplate no civic mechanism, and hence provide little insight into why government in these two districts was so very different. Hence we need a new model.

What follows is an attempt to provide one derived inductively from the results of Chapters 5 and 6. It adheres to the maxim that in order to analyze local government decision-making we must first describe how local government works. Our departure is the simple observation that the voting models discussed above do not represent the familiar local government systems common in most Western democracies. In addition to voters, politicians and elections, we observe civic groups, producer and consumer lobbies, newspapers and diverse media, and other actors who lobby, advocate, oversee and otherwise participate in the policy-making process, with important effects on policy outputs. Our task is to incorporate such actors into the local government system, and describe their channels of influence over policy-making.

4. A Two-Stage Model of Local Government

This section describes a two-stage model of local government which incorporates realistic features of observable local political systems, and handles multi-dimensional policy space through a simple, sequential structure. I follow Williamson's (1995b) injunction regarding commonly verifiable assumptions and the primacy of discrete structural over marginal effects; the framework incorporates important features of local government identified in the field. The model is described, but not formalized here.

Assume a two-stage local government game. In the first stage, politicians compete in elections for control rights over public institutions, public resources and the right to make local policy. The second stage consists of a number of single issue sub-games in which civic and private actors lobby elected officials for policies that favor them. There are as many sub-games as there are distinct policy questions. The overall model is simple, analytically tractable, and incorporates realistic elements of electoral and lobbying behavior. It handles multi-dimensional policy space in a straightforward way through an institutional structure which separates the allocation of power to political agents from substantive policy decisions. In so doing, it provides a natural way to incorporate non-voting actors (*e.g.* civic groups, firms) into the policy-making process.

In the first stage, control over the institutions of government is allocated to a particular set of individuals via elections, which serve an establishing/legitimizing function. These elections occur in a single dimension, which I identify not as "left/right" but rather "trust" or "confidence". The resolution of complex concerns about candidate ability and priorities into a single dimension of trust is an idiosyncratic, unobservable, voter-specific process. Since the results of such calculations are externalized through the vote, the underlying process need not be modeled explicitly.⁴¹⁶ Moreover, the structure of the model implies that individual policy outcomes are not determined by prior electoral equilibria; that is, we may take the identity of elected officials as given. The winners of elections enter into implicit contracts with voters, which can be renewed or terminated at the following election. These contracts are necessarily incomplete on account of the intrinsically unforeseeable, and hence unspecifiable, nature of political contingency, and on account of voters' bounded rationality. Voters can no more know candidates' future policy actions than they can predict future policy surprises; indeed, they cannot even appreciate the full (*i.e.* general equilibrium) consequences of

⁴¹⁶ In this respect my framework follows the spirit, if not the form, of Besley and Coate (1995).

candidates' stated platforms due to their humanly limited computational skills. The indeterminacy of voting in multi-dimensional space is thus rendered irrelevant. Given the incompleteness of political contracts, candidates' platforms do not represent legislative agendas, and voters do not seek to anticipate candidates' policy decisions once elected.⁴¹⁷ Platforms are instead instruments that signal candidates' political values, broad policy priorities, and ability to govern. Voters vote for the candidate they trust most, not least to cope with unforeseen future problems. They vote over single-dimensional personalities (i.e. "trust"), and not multi-dimensional issues. The vote allocates power, it does not bear information. This interpretation reconciles appealing features of both the rational ignorance and median voter approaches. Like the former, voters do not expend energy learning about candidates' policy proposals. But this is because of bounded rationality and incomplete political contracts, and not because voters do not seek to influence political outcomes. Indeed, like the latter approach they seek to determine elections that take place in a single dimension – candidate "trustworthiness". Such factors, which the rational ignorance view considers "non-substantive" personality issues, are in fact the only thing that matter.

In the second stage political competition is in some sense replayed, but with different rules and different players in discrete settings which treat the various dimensions of local policy one-by-one. Here the local government process devolves into issue-specific sub-games in which the institutions of local government (*e.g.* mayor, local council) are lobbied by private sector and civic organizations (*e.g.* firms, producer lobbies, traditional tribal structures, neighborhood associations, issue-specific interest groups, NGOs) over specific policy decisions. The precise characteristics of these sub-games – and the equilibria that may result – depend upon the characteristics of the question at hand; this allows us to deal with such factors as history, ideology, and the organizational structure of local society. But all share a simple over-arching structure. Each stage two decision process can be described as a simple *n*-player game, where players include interested civic and private organizations who compete to lobby a local government decision-maker. The object of each sub-game is a decision regarding a particular policy question (*e.g.* build a school, issue a bond). Hence each sub-game occurs in uni-dimensional policy space. Through their lobbying, players reveal the payoffs they will provide the decision-maker if the policy is implemented in terms of

cash and expected votes at the next election. Cash payoffs must be non-negative, whereas vote payoffs can take positive as well as negative values. Players' ability to provide cash and votes will vary. Once all vote-cash pairs have been revealed, the government official's decision consists of a simple constrained maximization in which she maximizes her payoff subject to sufficient votes to be re-elected in the following period.⁴¹⁸

Stage two is thus where preference revelation occurs. Sub-games are preference-revelation incentive compatible as the events that trigger them – whether planned to a regular schedule (*e.g.* the public budgeting process, the public works program) or not (*e.g.* an external shock) – naturally call forth the lobbying efforts, testimony, demands, and expressions of interest of diverse parties. Voters and organizations that are indifferent remain on the sidelines. All of this information enters the political arena, and based on it a decision is taken. This part of the model relies on the pressure group politics literature of scholars such as Bentley (1967), Finer (1997) and Truman (1951), which claims that “real” democratic decision-making is a function of the interaction of such groups with government officials.

If stage two is where specific policy outcomes are determined, the quality of elected officials is set in stage one. The trust over which individuals vote will be based on their impressions of candidate ability. Where candidates have experience in government, their records will tend to weigh heavily in this calculation.⁴¹⁹ In an open, competitive political system where information flows freely, corrupt agents will be associated with low trust and will have difficulty being re-elected. Crooked candidates will have to deform the political system to win elections consistently. The fairness and transparency of the electoral mechanism is thus essential to the proper operation of the local government model. This is consistent with the discussion of good and bad political agents in section 2.2 above, and is supported by the experiences of Viacha and Charagua.

A key assumption of the model is that preference revelation involves the mediation of intervening organizations. Voters do not reveal their preferences

⁴¹⁷ This is similar to Austen-Smith and Banks (1989), who find no necessary structural relationship between post-electoral policy outcomes and candidates' announced electoral platforms.

⁴¹⁸ A stochastic term can be added to a policy outcome function, or equivalently to a voter turnout function, to prevent politicians being able to ensure re-election through the policies they enact.

⁴¹⁹ This constitutes a feedback mechanism from stage two outcomes to stage one elections.

individually, as per median-voter models.⁴²⁰ Rather an initial round of preference aggregation is carried out by the spontaneously occurring organizations of civil society and the private sector. Thus an intermediate stage ensues in which partially aggregated preferences are revealed for public consideration in advance of the policy making stage. These actors then represent group-collective preferences to policy makers in the second stage of the governing process. Hence much will depend on the quality of these organizations and the rules and norms that govern their interaction. Questions of interest include: Is the sub-game dynamically transparent? Is it open to participation by all? Do organizations, and the interplay amongst them, elicit a broadly representative range of opinion from interested parties such that no players are privileged/dominant? Where these questions can be answered affirmatively, the resulting equilibria should entail political accountability in the strict sense that policies implemented are majority-preferred.

Another approach to these questions is to ask how the civic organizations that represent the poor or marginalized interact with other actors in the sub-game context. Private sector firms and associations will tend to have relatively strong cash endowments, and relatively weak vote endowments with which to engage in sub-game strategies. By contrast the civic organizations of the poor will tend to be relatively well-endowed in votes and badly endowed in cash. Middle class civic organizations will lie between these extremes. Because cash is easier and cheaper to administer and offers policy-makers the prospect of immediate gratification, the poor enter a sub-game dynamic at a disadvantage. But in a developing country such as Bolivia where the poor are in majority, their countervailing electoral advantage may compensate. Much depends on the skills such groups display in eliciting members' needs and opinions. Much also depends on their ability to mobilize the vote. Both sets of activities rely on civic groups' ability to communicate information credibly: upwards in the case of preference revelation – from individuals to elected officials; and downwards in order to mobilize the vote – informing citizens about candidate quality and policy commitments in a way which coordinates voting behavior and achieves favorable electoral outcomes.

Section 2.3 above discusses the characteristics of civic organizations that are politically effective. Where these traits obtain amongst the poor, their civic organizations can comprise a resilient social network capable of mobilizing the

⁴²⁰ Indeed, the only way voters can know what aggregate preferences are in these models is by observing

information, social support and votes necessary to counterbalance the advantages natural to other interest groups. Such organizations are well-armed to compete effectively for power and resources in the political arena. But policy outcomes depend on the characteristics of the political system as well. Section 2.2 discusses the traits of the vigorous, competitive political system associated with good government. Such a system will spur the political entrepreneurship and policy innovation necessary for political exclusion to be arbitrated away, leading – as in Charagua – to a broadly representative local politics. Distortions can come from civic or economic actors, in both stages one and two. In Viacha, for example, the brewery damaged the integrity of electoral politics by actively undermining opposition parties through bribery and intimidation; they used similar tactics to cow civic organizations and rival private groups, and quell grass-roots dissent. In both stages of the game, the CBN-UCS managed to effectively clear the field of other players, leaving it a free hand to do as it pleased. From these experiences arise the observations in section 2.1 about the importance of openness and competition in the local economy.

In addition to incomplete contracts and bounded rationality, the model presented here relies on the ideas of costly transactions and hierarchy from the new institutional economics. Why do individuals organize into civic groups in the first place? Because of the transaction costs of attempting to sway policy in stage-two sub-games. Collective action through civic hierarchies – whether preference revelation or vote mobilization – is more effective⁴²¹ and cheaper than attempting to coordinate individual actions through the market. Another implicit NIE concept is weak-form selection. Civic and private organizational forms that are less successful in stage two should be de-selected over time in an open, competitive governance system, as losers mimic winners and organizations experiment with structure. Indeed, one of the most important consequences of Viacha's closed politics was the crippling of this mechanism. Weak civic organizations were sustained and even propagated by a governance regime that was impaired so as to prevent effective political competition in the second stage. In Charagua, by contrast, the mechanism's effectiveness was evident in the institutional changes it wreaked, as the MBL and MNR vied to attract votes by adopting Guaraní candidates and political positions.

electoral outcomes

⁴²¹ Especially where public goods are concerned.

5. A Testable Conceptual Framework

Our task is not only to explain the processes that comprise local government theoretically, but also to operationalize these ideas in such a way that they can be tested empirically through the type of qualitative, interview-based research used in Chapters 5 and 6. Fortunately this is not difficult to do. Begin by dropping the staging of the previous model, which – if important for the theory – is not important for empirical work. This is because individual voting decisions are not observable, but overall voting outcomes are. Hence I can take electoral results as given and focus attention on the social and political dynamics of stage two (including examining political feedbacks into the unobserved electoral process of stage one), to which qualitative data are in any event better suited. To be useful, the new framework must relate to real, observed outcomes. I define these as the policy outputs determined by the institutions of government. Hence I collapse the model into an atemporal conceptual framework focusing on the institutions of local government: mayor, municipal council and oversight committee, and the decisions they make. I proceed by delving into qualitative attributes of the previous model's key relationships more carefully. These are characterized in such a way as to render them directly comparable as social actors or political agents that compete for influence or control over public institutions. Although I cannot observe the vote-cash pairs that private organizations offer elected officials, through my interviews I do indirectly observe their attempts to lobby government. And I observe what they obtain first-hand via policy outcomes. This suffices to allow deep, multi-faceted insight into how the system of governance operates in the districts I examine, as we shall see below.

5.1 The Framework

Local government is a hybrid. Its function is to produce local services and policies at the intersection of two market relationships and one organizational dynamic. Hence local government occurs at the confluence of two distinct forms of social interaction. Political parties and politicians are at the center of both market relationships. The first of these occurs between parties and individual voters. This can be thought of as the primary, or retail, political market in which parties exchange ideas and declarations of principle for votes;⁴²² parties compete with promises and ideas to attract voters, who vote for the party or candidate that inspires the most confidence. The second market connects parties to private firms, producer associations, and other economic and issue-

⁴²² Schlesinger (1984) describes a political market which is similar but not identical.

oriented interest groups.⁴²³ This can be thought of as a secondary, or wholesale, political market in which specific policies or entire policy bundles, as well as broader influence over legislators and the policy-making process, are sold to interest groups in exchange for money.^{424,425} For simplicity, I assume from here onwards that civic organizations do not engage in this market; the assumption is supported by evidence from all nine case studies. The first of these relationships is intrinsic to the process of representative democracy. The second is derivative but compelling, arising from political parties' need to fund election campaigns and sustain party operations.

It is important to emphasize the distinction between politicians/parties and government institutions: it is politicians and not governments who compete for votes in elections; likewise, it is not governments who sell influence in exchange for campaign and political funds, but the parties and politicians who control them. I follow Downs in defining party as "a team seeking to control the governing apparatus by gaining office in a duly constituted election."⁴²⁶ This raises a wealth of complex ethical issues concerning the mechanics of political finance and the limits of official responsibility. For purposes of the analysis that follows, I sidestep these issues by assuming that elected politicians engage in this secondary market *as politicians*, and not as governing officials, observing the organizational and behavioral constraints necessary to ensure this is so. The fact that such constraints are regularly violated in practice does not contradict the logic of the argument, nor its generality.

The second form of social interaction in local government involves civil society conceived as a collectivity or set of collectivities – as opposed to atomized individuals – and their relationship with the institutions of government. Where governance is concerned local civil society operates like a complex of organizations, aggregating preferences and representing communities' needs, mediating community participation in the production of certain services, facilitating social expression and the assertion of local identity, and enforcing political accountability on the institutions of government. It is not useful to conceive of it as a quasi-market, either internally or in its dealings with government, as its dynamics are not founded on buying and selling. It is rather a set of

⁴²³ Interest groups form around specific issues as well, although this is more common in richer countries.

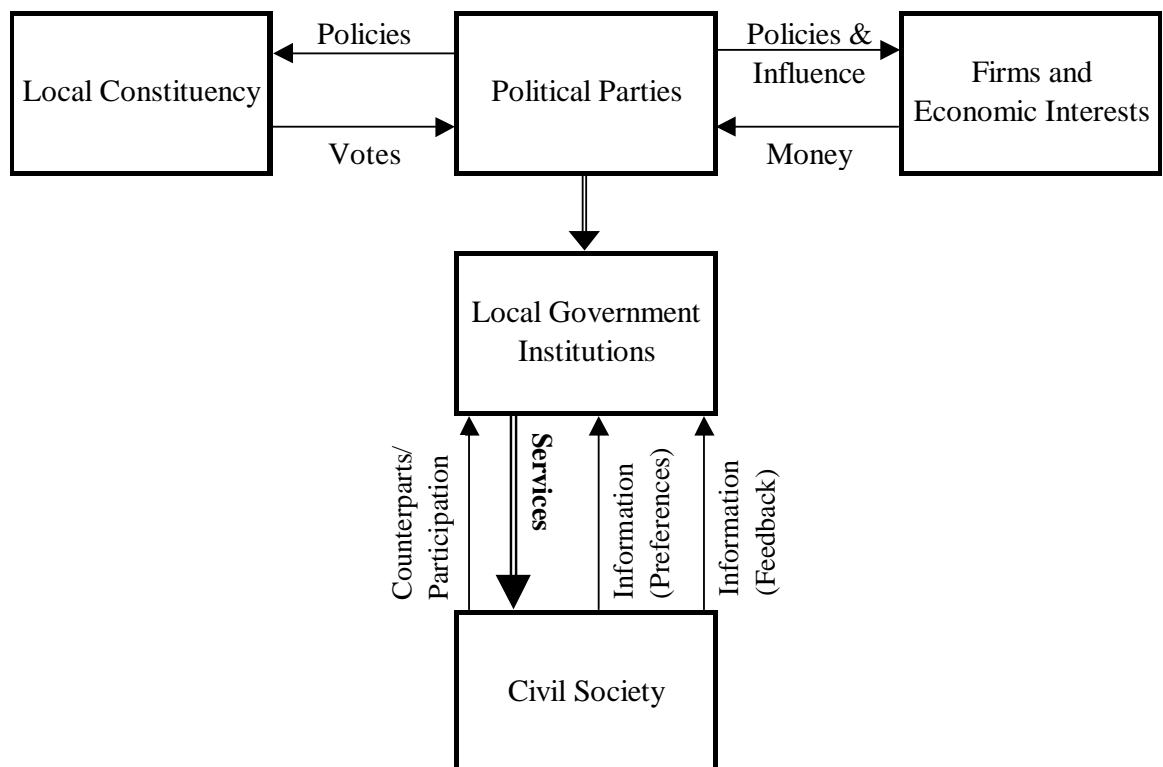
⁴²⁴ Schlesinger explicitly rejects the possibility of such a market, on apparently moral grounds. I assert that the party system does operate in this fashion, as even casual observation of US politics illustrates.

⁴²⁵ The relationship between campaign contributions and policy-making has been tested empirically, with positive results, by Ben-Zion and Eytan (1974), Palda and Palda (1985), and Poole and Romer (1985), amongst many others.

⁴²⁶ *op.cit.*, p.25.

social organizations that develop their own norms of behavior and responsibility organically, and over time may develop stores of trust and credibility that enhance capacity, or may not. Local government depends on the relationships that collectively comprise civil society to elicit information necessary to the policy-making process, judge the efficacy of previous interventions, and plan for the future. Politicians also depend on these relationships to gauge public satisfaction with their performance between elections.⁴²⁷ The organizational dynamic of civil society is thus intrinsic to the process of local governance. Figure 1 illustrates how civil society combines with the political markets described above to give rise to local government. In this diagram, the political parties which are most successful in competing for votes and resources win control of government institutions. These institutions then enter into a separate, more complex interaction with civic organizations that features varying degrees of feedback and social participation.

Figure 1: A Model of Local Government



In order for local government to be effective it is important that the market relationships and logic of social representation described above counterbalance each

⁴²⁷ Bardhan (1996) makes the similar point that for decentralization to work, local government must be sensitive to the need for drawing on localities' local trust relationships.

other, and none dominate the others. A stable tension between the three elements creates a self-limiting dynamic in which the impulses and imperatives of interest groups can be contained within the bounds of political competition, and do not spill into the machinery of government nor erupt as civil strife. This is equivalent to allowing the economic, political and civic conditions outlined in the model above to obtain. Breaking this tension, on the other hand, can hobble government. Where the market for votes is weak or missing, government will tend to be undemocratic; where the economic market for political influence is weak, government may be insensitive to economic conditions; and where society's civic organizations are weak government will be lacking in information, oversight and accountability. In the interplay between these, the market for influence has the advantage of being a continuous process of exchange in which the priorities of economic interests are constantly brought to policy-makers' attention. By contrast, the electoral dynamic is binding on local governors only intermittently at elections. This lower periodicity is balanced however by the severity of the potential consequences – the ejection of politicians from power. These imperatives are therefore roughly balanced.

Under usual circumstances, as discussed above, civil society is at a comparative disadvantage. Despite having the most pervasive network of the three, the instruments which civic leaders can deploy to influence policy define the extremes of costs and consequences. They carry in one hand the relatively inexpensive lever of public complaint and admonishment, including encouraging the grass-roots to vote in a particular way. But experience indicates that this tool is weak against well-financed politicians with strong incentives to continue along a particular course. In its other hand society carries the threat of demonstrations and civil disobedience, culminating in civil revolt. This instrument is powerful indeed, but also very costly to deploy, and is only an effective threat when levels of social discontent have passed a given, relatively high threshold. The genius of Bolivian decentralization was to include civil society directly in the local governance process via oversight committees, thus making accountability an explicit and continuous process. Bolivian society now has a third instrument at its disposal: the ability to freeze all central disbursements to municipalities – and thus effectively cripple the vast majority of the country's districts – if it is dissatisfied with local policy. This, along with the direct insertion of the OC into the policy-making process, gives it a permanent voice and continuous participation in how it is governed. It allows public problems to be identified at an incipient stage, before discontent rises

dangerously.⁴²⁸ It also levels the playing field between the competing logics of market and representation that are intrinsic to local government.⁴²⁹ But in doing so it increases the premium on social trust and responsibility and the coherence of social organizations, which enable civil organizations to effectively represent their interests before government.

6. Conclusions

Thus we see how careful consideration of a wealth of information from a very good and a very bad municipality yields a theory of local government which can untangle the conceptual knot of multi-dimensional policy space by incorporating realistic institutional features observed in the field. This theory is in turn resolved into a conceptual framework that can be tested with qualitative, interview-based information. Chapter 4 noted that while the fundamental argument in favor of decentralization is based on accountability and responsiveness, how these attributes come about is not elucidated. Theories lacking a convincing micro-political foundation for presumed mechanisms of accountability ultimately fail to explain why decentralized government should be more responsive than the centralized variety. We know *how* decentralization should work, but we do not know *why* it should. This failing is mainly due to the lack of a theory of local government. Failure to understand how local government works implies ignorance of how it differs from central government.

This chapter provides a theory of local government. The key difference between local and central government, and the key to why decentralization works, is contained in the second stage of the local government game. There is nothing comparable in central government to the incentive-compatible social dynamic of sub-games focused on specific policy issues. Indeed nothing in central government can be comparable. Unelected agents will lack clear incentives to obtain necessary local information. And civic and private organizations will lack the means to affect policy. Under central government the first element of vote-cash pairs will not operate with local specificity; and the second half – in the absence of elections and hence the need to finance them – will constitute bribery. Local interest groups will thus be limited to voting in national elections and contributing to national campaigns, and accountability for local policy

⁴²⁸ The counter-example of Viacha, with its neutralized OC, highlights this point.

⁴²⁹ Indeed, the timing of events in Charagua suggest this. The APG existed from the mid-1980s, but it was not until the first election after decentralization that everything changed.

decisions will not obtain. Hence our model of local government can explain not only the phenomena observed in Viacha and Charagua, but also the results of Chapters 2 and 3. By creating 198 municipalities and initiating second-stage dynamics throughout Bolivia, decentralization made government more responsive to local needs. It granted both political voice and real power to civic groups and the poor, as well as private-sector interests, and made policy makers accountable to the citizens they represent. Public investment became progressive in terms of wealth and need.

The separation of political selection from policy decision in our model reflects Breton and Galeotti's (1985) distinction between the two principle views of the role of elections in democracy. In the first of these, elections serve primarily to choose a government, which governs so long as it retains the confidence of parliament. In the second, elections are primarily to signal public preferences to government, which seeks to satisfy them. The ideal of the first view is a sort of elected Hobbesian sovereign, while the ideal of the second is Athenian democracy. The distinction is all the more important because it is ignored by the median-voter model.⁴³⁰ This paradigm conflates the two ideas, and the confusion is central to understanding its basic weakness. In the Athenian ideal, individuals present their own views directly by debating and voting on discrete legislative proposals. The problems of revealing and transmitting information are solved when citizens vote directly in assembly. In representative government, on the other hand, individuals vote for people to debate and decide legislative issues for them. Representatives are not many-stringed puppets who on any issue merely voice the views of their constituents. They are professionals whose job it is to inform themselves about policy options and act in their district's best interests. Voters, having delegated this responsibility, are thus free to get on with their lives. By positing elections as a mechanism not only for candidate selection but also preference revelation, the median-voter model simultaneously invokes two conflicting views of representation, and creates an insoluble problem. The model proposed here solves the problem by separating the functions into two distinct stages of the government process.

The chapter that follows will test the ideas developed here against evidence from seven additional Bolivian municipalities. But before doing so, it is instructive to do the same quickly for Viacha and Charagua. In Charagua the rural Guaraní population was strongest in the market for votes, which they distributed between two parties, while

⁴³⁰ As well as by much of the literature on representative government.

economic power was overwhelmingly concentrated in the hands of its cattle-ranchers. But Charagua's civic organizations were also in essence run by Guaraníes through the APG, an organization as structured and disciplined as it is legitimate in the eyes of most residents. There was thus a tension between competing sources of power in Charagua which resulted in balanced government with substantial social participation. In Viacha the panorama was utterly different. There, both the market for influence and that for votes were dominated by the brewery and its political offshoot, the UCS. And civil society was divided along ethnic and historical lines, riven with hostilities and mistrust, which rendered its organizations incapable of cooperation and unable to work with government institutions in any substantive way. Local government was thus completely unbalanced. Having mastered the market dynamics out of which government arises, the UCS was able to perpetuate its corrupt and ineffective rule in the absence of any countervailing economic, political or social forces which might have moderated it or demanded accountability. The framework thus appears to explain the quality of local government in the two districts adequately. The next chapter examines seven more municipalities in order to test its insights and extend its generality.

8

Testing the Theory: The Micro-Political Foundations of Government in Seven Bolivian Municipalities

1. Introduction

So far Part II has examined the determinants of effective local government in two extreme cases of good vs. bad municipal performance by delving deeply into the social relations and economic and political dynamics which underlie governing institutions in each. I developed a model of local government which (i) describes how government works, and (ii) identifies key relationships between voters, firms, interest groups and civil society on the one hand, and elected politicians and the institutions of local government on the other. I showed how imbalances amongst these relationships can cripple accountability and distort the policy-making process, and located the fundamental causes of good and bad government in the economic structure of a district as it relates to the political party system, and in the cohesiveness and institutional capacity of its civil society. This chapter extends the analysis by applying the model to a further seven municipalities with diverse characteristics, in order to test its insights and generality and thereby refine its structure.

The municipalities in question were studied at the same time and in the same way as Viacha and Charagua, through a systematic program of extensive semi-structured and unstructured interviews of local government and community leaders, key informants, and citizens at the grass-roots level. Detailed financial, administrative and geographic information was collected in each district.⁴³¹ As in Viacha and Charagua, the field work was largely focused on recording the opinions of people at the neighborhood and village level on the quality of public services and local government they received, and then determining how these outcomes came about. The municipalities were chosen to include Bolivia's main regions, ethnicities and cultures, and to mirror the country in terms of size, population, degree of urbanization, and economic base. The group thus "represents" Bolivia in the weak sense of representing each of its essential characteristics

⁴³¹ This is explained in more detail in Chapter 4.

in one or more of its number, and not in the strong sense of a representative sample used in the econometric work of Chapters 2 and 3. The absence of opportunities for statistical inference is hopefully more than compensated, however, by the depth of the analysis that this approach makes possible.

Of the seven municipalities, two are on the altiplano: Desaguadero, perched on the edge of lake Titicaca by the Peruvian border, and Atocha, in the heart of Bolivia's southern mining country in Potosí. Two are in the valleys region of Bolivia between the altiplano and the eastern plain: Sucre, the historic seat of the Spanish *audiencia* and the country's constitutional capital, and Sipe Sipe, just east of Cochabamba, itself known as the "capital of the valleys". And three municipalities are in Bolivia's vast eastern region: Guayaramerín, a frontier town on the river Mamoré which forms Bolivia's northern border with Brazil; Baures, further south and east and also in the department of the Beni; and Porongo, just off the main road twenty minutes southwest from Bolivia's second city of Santa Cruz. The seven are mixed in terms of population as well, ranging from the tiny Desaguadero and Baures, with 4,000 and 5,000 inhabitants respectively, through Porongo and Atocha, all small by Bolivian standards, to Sipe Sipe, Guayaramerín and Sucre, whose populations varying between 20,000 and 153,000 make them large for Bolivia. In terms of the rural/urban divide the group generally mirrors the country, with five rural municipalities ranging in urban share of the population from 0-43%: Desaguadero, Baures, Porongo, Sipe Sipe and Atocha; and two highly urban municipalities, Sucre and Guayaramerín, both with 86% of their populations in the city. Their physical sizes also vary, from Desaguadero and Porongo, small towns with modest catchment areas, to huge Baures which covers an empty swathe of land, rivers and marshes stretching from the main town to the mining communities on the river Iténez, on the border with Brazil.

In economic and social terms the group is quite varied as well. Desaguadero and Sipe Sipe, in the more settled Andean region of Bolivia, have relatively stable mestizo and indigenous populations who speak a mixture of Spanish with Aymará or Quechua respectively, with Spanish preferred in town and the indigenous tongue in the countryside. Both are essentially farming areas, although Desaguadero combines an agricultural hinterland with a classic border-town economy based on transport and trade. Most migration is of the young departing for the cities of La Paz or Cochabamba, or the fertile lands of the east, and hence the populations of both are relatively ethnically homogeneous. On the far side of the country Baures shares some of these

characteristics, although its agriculture is more cattle-based and its *mestizaje* is of white Spanish-speakers with indigenous speakers of the Baures dialect. Its location in the Bolivian north and the lack of a passable land route have kept Baures isolated from the rest of the country, blocking in-migration. Hence its population is a stable mix of a small white minority with a mestizo-indigenous majority.

Atocha, Porongo and Guayaramerín, on the other hand, are essentially immigrant societies, with a majority of their inhabitants born elsewhere and a dissonant mix of languages, religions and ethnic groups. Their populations have changed dramatically over the past two decades, to the point where in the latter two many people from eastern and western Bolivia are virtually unable to communicate with each other. Other than their heterogeneity and demographic instability, however, the three municipalities have little in common. Atocha is a mining economy bolted onto a subsistence-level agricultural hinterland, and its migration is mostly of western Bolivians from the departments of Potosí, Oruro and La Paz. Demographic movements are highly sensitive to mineral prices, and flows of people in and out in recent years first slashed the district's population and then doubled it. In Porongo and Guayaramerín, on the other hand, there is abundant evidence of the long-term Bolivian pattern of migration from the agriculturally poor western highlands to the fertile lowlands of the east. In both, migrants from other parts of Santa Cruz and the Beni mingle with ex-miners and farmers from the highlands, and the remaining locals struggle to recall what their hometown was once like. In economic terms Porongo is closer to Sipe Sipe, an agricultural district close to a large city, while Guayaramerín is more like Desaguadero, with its border-town economy and a hinterland of poor farming villages.

The seventh municipality, Sucre, stands apart as by far the largest of the group and sixth-largest in Bolivia, with a service-oriented economy based on government and the university, and well-established small industries. Sucre also has a fairly large hinterland extending several hours' drive to the north and west, where rural communities practice subsistence farming. Home to the self-styled bluest-blood descendants of Spanish colonizers, Sucre's mix of white, mestizo and indigenous has become even more heterogeneous in recent years as it has been joined by tens of thousands of ex-miners and farmers from Potosí and Oruro, along with smaller numbers from the Bolivian east. These Aymará and Quechua-speakers have brought their native languages into a Spanish-speaking city which traditionally shunned the Quechua countryside, so adding another layer onto Sucre's traditional rural-urban divide. The divide is apparent

in Sucre's index of Unsatisfied Basic Needs⁴³² (UBN), where the value for the city, 0.388, is far superior to the rural value, 0.971. This difference is especially striking as Sucre has the second-best urban UBN value in the country; indeed, the difference between Sucre's urban and rural UBN values, and by implication the disparity between urban and rural provision of basic services, is the largest in Bolivia. This gap is reflected, albeit less dramatically, amongst the other six municipalities, with urban Guayaramerín and near-urban Atocha registering significantly lower UBN values than rural Desaguadero, Baures, Porongo and Sipe Sipe. Figures 1-7 present a broad array of descriptive statistics for the seven municipalities.

Lastly, the political complexion of municipal government in our districts is quite telling. Only three of the seven respected the political alliances which dominated national politics at the time: Sucre, where the mayor was sustained by a political coalition which reflected the 1993-97 national government, and Sipe Sipe and Baures, run by parties of the opposition (which assumed power in 1997). Each of the other four municipalities was run by coalitions which in one way or another spanned the national government-opposition divide. This suggests that local politics in these municipalities was not subordinate to national political strategies, but rather responded individually to local conditions and local imperatives. I return to this point in greater detail below.

This chapter will not employ the high level of descriptive detail used in the previous one, preferring a more conceptual and analytic approach. The remainder of the chapter is organized as follows. Section two reviews how municipal government has changed in the seven districts since decentralization, both administratively and in terms of policy outputs, and considers how successful these changes have been. Section three examines the social, economic and political factors which underlie local governance, focusing on their most salient features. Section four examines how these factors combine to produce the institutions of local government, and hence the quality of the local governance system. Section five summarizes the analysis, highlighting notable comparisons and drawing lessons from the outliers. Section six modifies the model in light of the analysis and concludes.

⁴³² This index represents the gap between a municipality's basic needs and available public services, and is calculated from census data. A value of one represents maximum deprivation.

Testing the Theory in Seven Municipalities

Figure 1

BAURES		<i>Electoral</i>		<i>Social Indicators</i>
		Governing Coalition**	ADN-MIR	% of Population Speaks:
<i>General</i>				Spanish 93%
Total Pop.	5,133	% Vote 1995	53%	Native Tongue 0%
Urban Pop. @	0	Main Opposition	MNR	Spanish & Native 5%
Urban Share	0%	% Vote 1995	41%	Literacy Rate 87%
Rural Communities	5	Electoral Absenteeism	24%	No Ed. Attainment 11%
Indigenous Comms.	0	% Blank Votes	1%	# Schools (Bldgs) 14
Unsatisfied Basic Needs	0.913	% Null Votes	2%	Total Students 1,733
Urban UBN	-----			Students/Teacher 20.2
Rural UBN	0.913	<i>Municipal Employees</i>		Uses Formal Health 91%
		1997	7	Care System
<i>Oversight Committee</i>		1993	4	# Health Facilities 3
Total Members	4	Increase	75%	Malnutrition Rates:
Village Members	3	per 1000 pop	1.4	Low 20%
President is from?	Rural	Top Salary*	Bs 1,500	Moderate 8%
		Qualifs. Req'd?	No	Severe 1%

Figure 2

PORONGO		<i>Electoral</i>		<i>Social Indicators</i>
		Governing Coalition**	MNR-ADN-MIR	% of Population Speaks:
<i>General</i>				Spanish 82%
Total Pop.	8,272	% Vote 1995	79%	Native Tongue 2%
Urban Pop. @	0	Main Opposition	- None -	Spanish & Native 15%
Urban Share	0%	% Vote 1995	-----	Literacy Rate 84%
Rural Communities	29	Electoral Absenteeism	28%	No Ed. Attainment 13%
Indigenous Comms.	0	% Blank Votes	2%	# Schools (Bldgs) 31
Unsatisfied Basic Needs	0.928	% Null Votes	3%	Total Students 2,209
Urban UBN	-----			Students/Teacher 21.9
Rural UBN	0.928	<i>Municipal Employees</i>		Uses Formal Health 83%
		1997	12	Care System
<i>Oversight Committee</i>		1993	1	# Health Facilities 8
Total Members	4	Increase	1100%	Malnutrition Rates:
Village Members	3	per 1000 pop	1.5	Low 16%
President is from?	Rural	Top Salary*	Bs 1,300	Moderate 5%
		Qualifs. Req'd?	No	Severe 2%

Figure 3

SUCRE		<i>Electoral</i>		<i>Social Indicators</i>
		Governing Coalition**	MNR-MBL-UCS-IU	% of Population Speaks:
<i>General</i>				Spanish 32%
Total Pop.	153,153	% Vote 1995	69%	Native Tongue 11%
Urban Pop.	131,769	Main Opposition	MIR	Spanish & Native 52%
Urban Share	86%	% Vote 1995	8%	Literacy Rate 49%
Rural Communities	103	Electoral Absenteeism	29%	No Ed. Attainment 41%
Indigenous Comms.	1	% Blank Votes	2%	# Schools (Bldgs) 74
Unsatisfied Basic Needs	0.467	% Null Votes	3%	Total Students 47,211
Urban UBN	0.388			Students/Teacher 15.2
Rural UBN	0.971	<i>Municipal Employees</i>		Uses Formal Health 81%
		1997	361	Care System
<i>Oversight Committee</i>		1993	520	# Health Facilities 126
[Sucre has separate		Decrease	-31%	Malnutrition Rates:
urban and rural		per 1000 pop	2.4	Low 18%
OCs.]		Top Salary*	Bs 4,891	Moderate 5%
		Qualifs. Req'd?	No	Severe 1%

Testing the Theory in Seven Municipalities

Figure 4

ATOCHA		Electoral		Social Indicators
		Governing Coalition**	MNR-UCS-ADN	% of Population Speaks:
General				Spanish 29%
Total Pop.	12,216	% Vote 1995	74%	Native Tongue 4%
Urban Pop.	5,275	Main Opposition	- None -	Spanish & Native 64%
Urban Share	43%	% Vote 1995	-----	Literacy Rate 85%
Rural Communities	0	Electoral Absenteeism	55%	No Ed. Attainment 14%
Indigenous Comms.	0	% Blank Votes	4%	# Schools (Bldgs) 20
Unsatisfied Basic Needs	0.555	% Null Votes	5%	Total Students 3,552
Urban UBN	0.499			Students/Teacher 18.6
Rural UBN	0.605	Municipal Employees		Uses Formal Health 74%
		1997	9	Care System
Oversight Committee		1993	5	# Health Facilities 13
Total Members	6	Increase	80%	Malnutrition Rates:
Village Members	4	per 1000 pop	0.7	Low 30%
President is from?	Rural	Top Salary*	Bs 800	Moderate 13%
		Qualifs. Req'd?	No	Severe 3%

Figure 5

DESAGUADERO		Electoral		Social Indicators
		Governing Coalition**	UCS-Condepa	% of Population Speaks:
General				Spanish 6%
Total Pop.	4,337	% Vote 1995	45%	Native Tongue 20%
Urban Pop.@	0	Main Opposition	MNR	Spanish & Native 72%
Urban Share	0%	% Vote 1995	26%	Literacy Rate 68%
Rural Communities	32	Electoral Absenteeism	34%	No Ed. Attainment 27%
Indigenous Comms.	0	% Blank Votes	1%	# Schools (Bldgs) 13
Unsatisfied Basic Needs	0.927	% Null Votes	2%	Total Students 1,123
Urban UBN	-----			Students/Teacher 14.4
Rural UBN	0.927	Municipal Employees		Uses Formal Health 28%
		1997 (full-time)	18	Care System
Oversight Committee		1993 (full-time)	14	# Health Facilities 1
Total Members	4	Increase	29%	Malnutrition Rates:
Village Members	2	per 1000 pop	4.2	Low 18%
President is from?	Town	Top Salary*	Bs 700	Moderate 5%
		Qualifs. Req'd?	No	Severe 1%

Figure 6

GUAYARAMERIN		Electoral		Social Indicators
		Governing Coalition**	MNR-ADN	% of Population Speaks:
General				Spanish 85%
Total Pop.	32,273	% Vote 1995	70%	Native Tongue 0%
Urban Pop.	27,706	Main Opposition	MBL	Spanish & Native 5%
Urban Share	86%	% Vote 1995	10%	Literacy Rate 92%
Rural Communities	23	Electoral Absenteeism	48%	No Ed. Attainment 8%
Indigenous Comms.	0	% Blank Votes	1%	# Schools (Bldgs) 80
Unsatisfied Basic Needs	0.659	% Null Votes	1%	Total Students 16,910
Urban UBN	0.627			Students/Teacher 30.5
Rural UBN	0.978	Municipal Employees		Uses Formal Health 86%
		1997	50	Care System
Oversight Committee		1993	30	# Health Facilities 7
Total Members	10	Increase	67%	Malnutrition Rates:
Village Members	8	per 1000 pop	1.5	Low 21%
President is from?	City	Top Salary*	Bs 4,360	Moderate 7%
		Qualifs. Req'd?	No	Severe 2%

Figure 7

SIPE SIPE		<i>Electoral</i>		<i>Social Indicators</i>	
		Governing Coalition**	Condepa-MIR	% of Population Speaks:	
<i>General</i>				Spanish	7%
Total Pop.	19,132	% Vote 1995	42%	Native Tongue	21%
Urban Pop.	2,033	Main Opposition	MNR	Spanish & Native	69%
Urban Share	11%	% Vote 1995	19%	Literacy Rate	73%
Rural Communities	7	Electoral Absenteeism	36%	No Ed. Attainment	24%
Indigenous Comms.	0	% Blank Votes	3%	# Schools (Bldgs)	25
Unsatisfied Basic Needs	0.815	% Null Votes	4%	Total Students	3,685
Urban UBN	0.659			Students/Teacher	16.0
Rural UBN	0.834	<i>Municipal Employees</i>		Uses Formal Health	74%
		1997	21	Care System	
		1993	13	# Health Facilities	8
<i>Oversight Committee</i>				Malnutrition Rates:	
Total Members+	4	Increase	62%	Low	22%
Village Members	2	per 1000 pop	1.1	Moderate	9%
President is from?	Town	Top Salary*	Bs 1,000	Severe	3%
		Qualifs. Req'd?	No		

sources: 1992 census, 1997 municipal census, National Electoral Court, National Institute of Statistics, author's interviews

* Highest-paid non-elected official

** In order of importance, 1995-99

@ Town's population is below the urban threshold

+ OC then in transition

2. Local Government After Decentralization

Decentralization brought about significant changes in the finances, administrations and policy priorities of our seven districts. But these changes were not uniform across the group. The municipal budgets and staffing of the smaller, less established districts grew spectacularly after 1994, while the older and more settled ones saw smaller gains. The Law of Popular Participation (LPP) increased central-local devolutions for all municipalities in Bolivia⁴³³, and hence all municipalities saw their budgets rise. But in smaller districts with fewer sources of revenue these increases were enormous. Thus Baures' budget grew ten times, Atocha's and Porongo's grew 23 and 24 times respectively, and Sipe Sipe's growth was technically infinite.⁴³⁴ Districts with sources of own revenues before decentralization, on the other hand, saw increases which – while significant – were more modest: 470% in Guayaramerín, 138% in Desaguadero, and 40% in Sucre.⁴³⁵ Municipal staffing levels show a similar pattern before and after 1994. The poorer, more tenuous districts saw increases in personnel that ranged from 62% in Sipe Sipe to 80% in Atocha and an impressive 1100% in Porongo, which before

⁴³³ The main articles of the LPP are summarized in Chapter 1.

⁴³⁴ From nothing to Bs. 2.7 million.

⁴³⁵ See figures 8-14 for sectoral breakdowns. Sources: municipal interviews and Ministry of Finance database.

decentralization “had only one municipal employee, the chief municipal officer, who did everything.”⁴³⁶ Desaguadero’s payroll, by contrast, rose just 29%, and Sucre’s actually fell by one-third. Lastly, the salaries municipalities paid their employees reflected this divide as well, staying roughly constant in Desaguadero and Sucre, doubling in Guayaramerín, and rising by considerably more in the rest.⁴³⁷

It is reasonable that the group would divide on these criteria between places where functioning municipal institutions pre-date the LPP, and places where they only sprang into being in 1994. In the former, “old” municipalities, local taxes had long permitted governing institutions to operate and provide public services, and hence the changes decentralization catalyzed, while not unimportant, were incremental.⁴³⁸ The “new” municipalities, by contrast, essentially lacked local government before decentralization, and hence the reform marked a revolution in their local affairs.⁴³⁹ It is interesting to note that the one municipality that did not exist at all before decentralization – Baures, previously an agency of the municipality of Magdalena – did not register the largest budgetary and payroll increases. That honor was taken by Porongo, followed by Atocha. This is an indication of just how desperate the state of many of Bolivia’s small, rural municipalities was. Although these districts existed in theory, many of them – like Baures – may as well not have existed at all.

It is particularly interesting to consider the municipalities’ hiring practices and the technical competence of their staff in this light. That new municipalities did not enforce qualifications requirements for their personnel is not surprising. Their history was of struggling to find individuals to act as mayor or chief municipal officer with no administrative support and a salary which – in the best of circumstances – was risible. When the opportunity to hire a full complement of staff at realistic salaries arose, the local labor force was generally too small and unskilled to allow a careful selection of employees according to strict technical criteria. Hence mayors hired as opportunities arose, and there was a strong component across all four of “doing their best” under heavy constraints.⁴⁴⁰ The old municipalities, on the other hand, already benefited from established bureaucracies, relatively high staffing levels, and a local pool of qualified labor. With new resources at their disposal, and given the extra responsibilities

⁴³⁶ Silvio Rojas Aguilera, mayor, interview, Porongo, 7 April 1997.

⁴³⁷ Interviews with the mayors and key municipal staff of all seven municipalities. See interview list for details.

⁴³⁸ Interviews with the mayors and key municipal staff of Desaguadero, Guayaramerín and Sucre.

⁴³⁹ Interviews with the mayors and key municipal staff of Atocha, Baures, Porongo and Sipe Sipe.

decentralization imposed, one might expect them to have implemented a more rigorous policy of hiring by qualifications. But none of the three did so. In fact their personnel policies were worse than neutral in this respect, as all three operated quotas systems whereby staff were chosen by ruling political parties according to their electoral strength.⁴⁴¹

The results, not surprisingly, were poor. Whereas local observers and grass-roots leaders in the new municipalities reported improvements in the quality of municipal employees since 1994, their similars in Sucre and Guayaramerín did not. “The municipality is more a political than a technical institution,” said Sucre’s General Secretary. “There are no educational requirements and lots of political pressure. Lots of [our] people are unprepared... it’s a disaster.”⁴⁴² Respondents in Desaguadero went further still, testifying that the municipal administration had actually worsened during this period. In the words of the mayor, municipal employees “were more capable and better paid before”.⁴⁴³ This begs the question of how political quotas arose in these districts. Quotas may have been the coincidental result of idiosyncrasies in each of these three municipalities, or they might be related systematically to their “oldness”, some formalization of political bargaining arising out of repeated interactions.

Decentralization also brought about significant changes in public investment in the seven municipalities. Consider figures 8-14, which compare public investment under central government during the last three years before decentralization with that of local government during the first three years after. Most striking is that central government invested nothing at all in three of the municipalities – Atocha, Desaguadero and Sipe Sipe – and in Baures invested only in transport. After decentralization, by contrast, the four carried out a varied menu of investment projects, in concert with the other three. Also compelling is the shift away from economic and urban infrastructure, which dominated investment pre-decentralization, in favor of human capital investment. Indeed, before 1994 energy, transport and urban development accounted for 78-100% of investment in three of the four municipalities that received any. After 1994, local governments’ investments in education, water and health accounted for 70% or more of public investment in four districts, and between 41-51% in two others. Only in Sucre, curiously, did human capital investment remain low.

⁴⁴⁰ *ibid.*

⁴⁴¹ Desaguadero, Guayaramerín and Sucre, *op.cit.*

⁴⁴² Raimundo Candia, municipal general secretary (i.e. chief officer), interview, Sucre, 15 April 1997.

But variations in priorities are also evident amongst the decentralized governments. Focusing on investment after 1994, we see systematic differences between large and small municipalities' use of public resources. The large districts⁴⁴⁴ in the group, Sucre, Guayaramerín and Sipe Sipe, invest much less in human capital: only 35% of their portfolio on average vs. 71% for small districts. Conversely, large municipalities invest three times as much as small ones on urban development: 49% vs. 16%. Among those that received no investment before decentralization, investment after is also concentrated in human capital in the range of 51-74% of their portfolios vs.

Figure 8: Public Investment in Baures

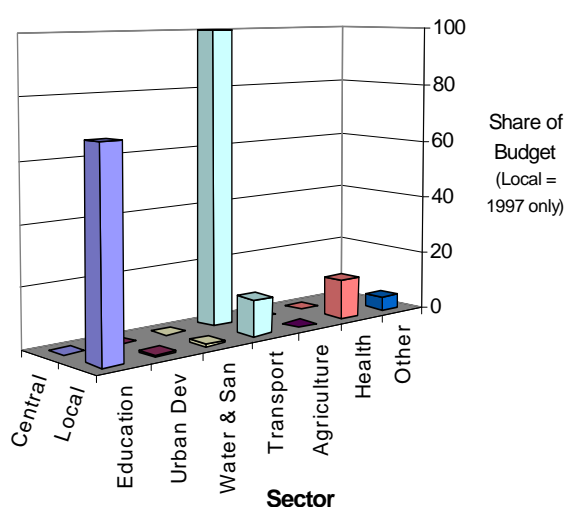


Figure 9: Public Inv. in Porongo

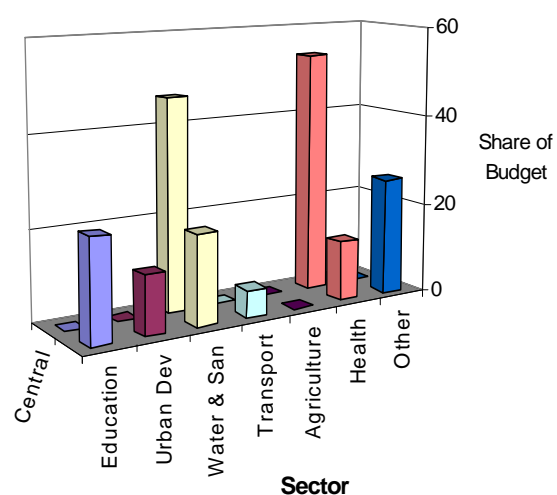


Figure 10: Public Investment in Sucre

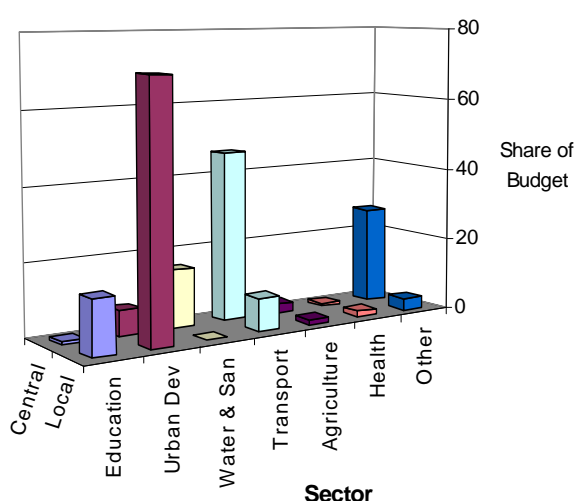
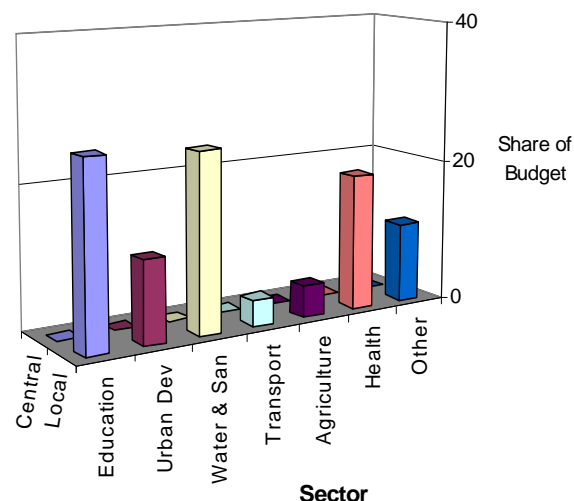
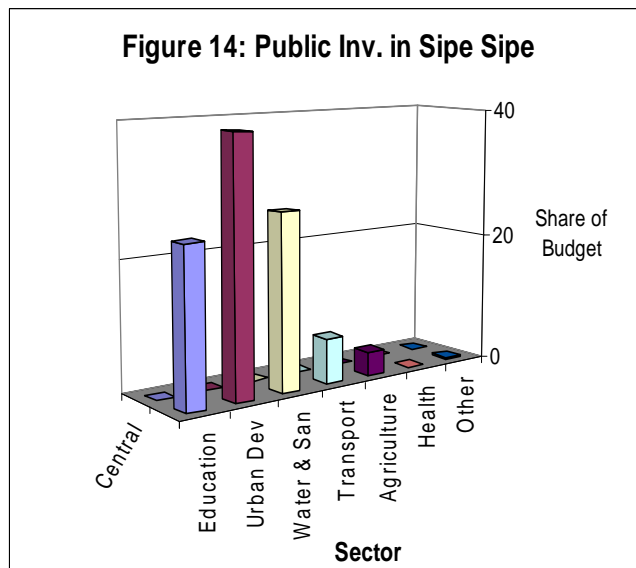
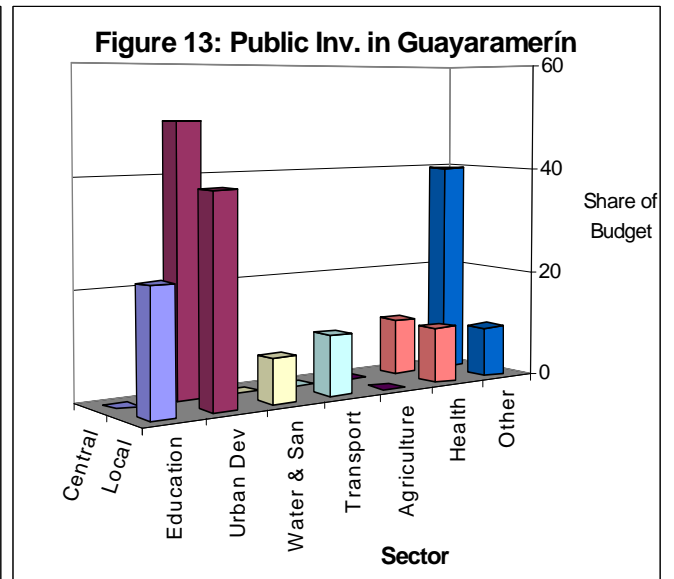
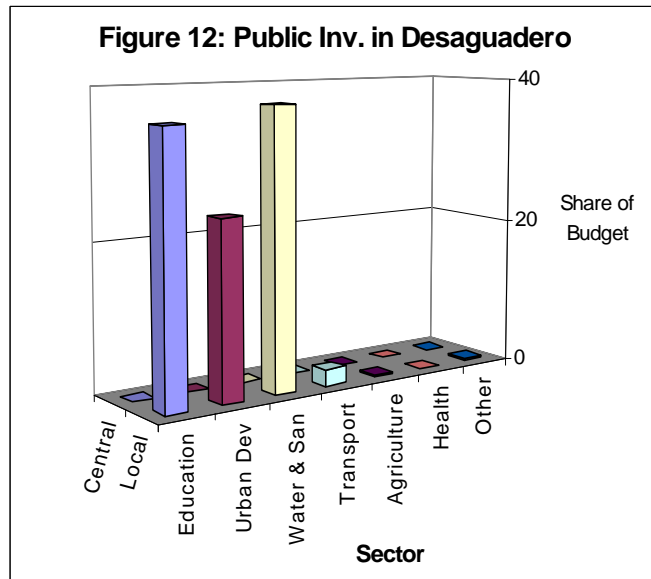


Figure 11: Public Investment in Atocha



⁴⁴³ Rosendo Mamani Quispe, mayor, interview, Desaguadero, 25 March 1997.

⁴⁴⁴ I define "large" as those in the upper quintile of municipalities by population.



12-39% in urban projects and less for economic infrastructure. These magnitudes imply that human capital was the top priority of the worst-off municipalities in Bolivia – the smallest, poorest and most rural that were traditionally ignored by the state. This is consistent with the findings of Chapter 2, which concluded that it was the policy priorities of precisely these districts that drove national changes in investment

patterns after decentralization. By contrast central government, which faced no external restrictions on its choice of investments, chose to focus instead on infrastructure projects in the cities.

Given such large differences amongst the seven municipalities' administrations and policy decisions, it is important to ask how satisfied were the inhabitants of each? Were local governments open to their opinions and participation? What did they think of the public services they received, and in what regard did they hold town hall? The information from six months of fieldwork is abundant in this respect, and revealing. Top marks amongst civic leaders, grass-roots respondents, business, union and religious authorities, and other local notables clearly go to the youngest municipal government of the bunch, Baures. The quality of its investment projects and the public services it

provides was judged “good” or “very good” by all of the respondents I spoke to, a standard which none of the others approached.⁴⁴⁵ Its investment planning system was based on village-level assemblies which discussed and approved project requests, on which local government then based its Annual Operating Plan (AOP). These meetings were reported to be extremely open and participatory – “even animals can attend,” in the words of one respondent⁴⁴⁶ – and won the broad approval of the local population. And the mayor and municipal council were deemed of high quality and eager to serve their jurisdiction. “Here they work well and the people are content with them,” the leader of Jasiakiri said of the council. “They’re with the people.”⁴⁴⁷ Several respondents from both town and countryside testified approvingly that town hall had so far favored rural farmers, “as they have the greatest needs and are in the majority here,”⁴⁴⁸ and not cattle-ranchers nor miners, whose needs were less pressing. *Baureños*’ contentment with their municipal government stood in stark contrast to their denunciation of the previous one, based in Magdalena, of which they were then a part. There was a broad consensus in Baures that Magdalena had ignored their needs and given them nothing, and had run an untransparent administration that was possibly corrupt. Self-government, they testified, had solved these problems.

Second place in terms of popular satisfaction goes jointly to Porongo and Sucre. Most of their investment projects were described by respondents as “good” or “regular”, with the balance of opinion favoring “good”. It is notable, however, that rural communities’ appraisals in Sucre were significantly lower than those of urban communities. The planning processes of both districts were described as reasonably open in principle, but in practice susceptible to personal influences or the capriciousness of municipal officers. For example, Sucre uses a well-designed participative planning system in which project ideas rise from neighborhood/community level through multiple stages of discussion and approval to city hall, where they are screened by technicians for feasibility, cost, and overall consistency. The resulting draft AOP then goes back down to the local level in its entirety to repeat the process of discussion and modification. But despite this exhaustively participative protocol, local government used its technical oversight to alter or ignore some communities’ requests, telling Chuqui-Chuquí,

⁴⁴⁵ All respondents were asked to rate public investment projects and the quality of local public services on the following scale: Very Bad – Bad – Regular – Good – Very Good.

⁴⁴⁶ Oscar Durán, neighborhood council president, interview, Baures, 2 May 1997.

⁴⁴⁷ Juan Jahnsen, Jasiakiri community leader, interview, El Cairo, 3 May 1997.

nonsensically, “not to request a dike or water project because those were not in the AOP.”⁴⁴⁹ And in Porongo, the president of the oversight committee (OC) reported that several farming communities had changed their project requests during preparation of the 1996 AOP, in order to conform to an official list of “acceptable projects”.⁴⁵⁰

Both municipalities had mixed, but ultimately positive opinions of their municipal executive, and poor opinions of their municipal councils. Porongo’s mayor was praised for his effort and good intentions in travelling throughout the district to meet the people. But many opined that his technical staff were of poor quality. And they singled out the municipal council for censure as highly politicized individuals most of whom lived in Santa Cruz, making them unresponsive to local needs. By contrast Sucre’s urban majority seemed reasonably content with the quality of government they received, though they similarly reproached the municipal council as place-holders who obeyed their parties and ignored voters. But rural *sucrenses* denounced city hall for betraying them, declaring their condition to be the same or worse than before decentralization. “Up to now we’ve had *nothing* from popular participation,” said Chuqui-Chuquí.⁴⁵¹ “It doesn’t respond to need locally. First one comes [from city hall] and says there’s money for us, then another comes and reduces the amount, and in the end there’s nothing.”⁴⁵²

Atocha occupies third place alone, with highly dispersed opinions of its investments and public services. Most opinions were clustered between “good” and “bad”, but collectively covered the entire range. There seems to be no pattern to respondents’ judgements between town and countryside, or farming vs. mining communities. Atocha’s planning regime was quite open and participative, and in fact seemed to reflect local inputs more faithfully than Sucre’s or Porongo’s, although the mayor did push to secure the approval of a fairly large pet project in defiance of local demands in 1997.⁴⁵³ Regarding the performance of the local executive branch, *atocheños* were reticent, referring more generally to the changes decentralization had

⁴⁴⁸ Hugo Melgar Barbary and Erland Ayllón Parada, municipal council president (MIR) and member (independent, ex-MNR), interview, Baures, 2 May 1997.

⁴⁴⁹ Claudio Torres, community leader, interview, Chuqui-Chuquí, 18 April 1997.

⁴⁵⁰ Benedicto Bonilla Rojas, oversight committee president, interview, Porongo, 7 April 1997.

⁴⁵¹ As in Chapters 5 and 6, when referring to village-level testimony I often use the construction “Village X said” to mean “the leaders of Village X said”, in the interest of parsimony; footnotes also receive this treatment in the interest of accuracy.

⁴⁵² Chuqui-Chuquí, *op.cit.*

⁴⁵³ Raúl Mamani Villca, oversight committee president, interview, Siete Suyos, 22 April 1997. The project in question is a cameloid (*i.e.* llamas, alpacas and vicuñas) development project.

wrought. But the general perception seemed to be that town hall, while better than before, was still not good enough, especially as it ignored some rural communities entirely. “We’ve seen little change here,” reported Chorolque, “but it was worse before.” Although the mayor was regarded as well-meaning and reasonably competent, his municipal council was judged ignorant, uninterested, and ineffectual. Its president, one observer mentioned with contempt, did not know how to read.⁴⁵⁴ Surprisingly, a number of respondents testified that the council had been even more politicized in previous years, and was forced to improve by the OC.

Desaguadero, Guayaramerín and Sipe Sipe collectively bring up the rear. Like Atocha, popular verdicts on their investments and public services were dispersed over the entire range of possibilities, though most vary from “bad” to merely “regular”. It is striking that planning procedures in all three cases were largely closed to popular input, dominated by municipal staff. While some projects did originate in community ideas, others did not, and communities had little or no say in project planning or execution, and no recourse for altering official plans. One technical officer in the municipality of Guayaramerín told me, “We reformulate the AOP as we see fit. We don’t consult grass-roots organizations because they bitch too much. We know we should, but we don’t.”⁴⁵⁵ In Sipe Sipe the community of Siquisiquía wanted a well, but had to settle for a school when government refused to fund the former.⁴⁵⁶ Not surprisingly, popular assessment of the institutions of local government was poor in all three districts. It was worst in Sipe Sipe, where the previous mayor, under pressure to resign, switched jobs with the president of the municipal council. But popular opinion was not satisfied, and grass-roots organizations forged a consensus to rescind their recognition of the oversight committee, which was seen as partial to the mayor, in order to appoint a new OC to investigate the new mayor. The leader of Mallco Rancho explained that their intention was to cause the suspension of central-government transfers in order to force him from power.⁴⁵⁷

⁴⁵⁴ Fr. José Dessart, parish priest, interview, Atocha, 25 April 1997.

⁴⁵⁵ Alberto Albert, municipal technical advisor and ex-municipal council president, interview, Guayaramerín, 20 October 1997.

⁴⁵⁶ Eduardo Ala, Celso Cuba and Andrés Cuba, community leader, spokesman and officer, interview, Siquisiquía, 29 May 1997.

⁴⁵⁷ Guillermo Saavedra Crespo, César Árnez Mondragón, Eduardo Céspedes and Fernando Montán Árnez, community president, vice-president, officer, and oversight committee vice-president, interview, Mallco Rancho, 28 May 1997.

Opinions in Guayaramerín were mixed. In the city, in the wake of a previous mayor widely considered corrupt and ineffective, people suspended judgement as they waited to see what the current one might accomplish. In the countryside, however, community leaders attacked the mayor for grossly favoring the city at their expense. But it was Desaguadero that had the most curious assessment. There urban opinion was that the municipality was marginally acceptable because it invested large sums in the countryside. But rural communities accused the mayor of depriving them of all resources and denying them political voice. Lastly, the municipal councils of all three districts were widely held in very low esteem as politicized, unresponsive institutions. And the councilmen of Sipe Sipe and Guayaramerín, in particular, were generally considered corrupt. "The municipal council," observed the director of the Guayaramerín Hospital, "is worthless."⁴⁵⁸ Figure 15 summarizes popular perceptions of municipal performance.

Figure 15

The Perceived Quality of Local Government					
Rank	Municipality	Investment Project		Local Government Performance++	
		Ratings*	Planning**	Rural	Urban/Town
1	Baures	Good-Very Good	Very Open	Good - Much Improved	
2	Porongo	Good	Fairly Open	Good Mayor, Poor Council	
	Sucre	Good	Open but Arbitrary	Bad	Mediocre
3	Atocha	Good-Bad	Open but Distorted	Mediocre - Not Good Enough	
4	Desaguadero	Regular-Bad	Closed	Bad	Mediocre
	Guayaramerín	Regular-Bad	Closed	Bad	Mediocre
	Sipe Sipe	Regular-Bad	LG-Dominated+	Bad	

Sources: Author's interviews, observation and other fieldwork

* Most common ratings as given by communities and grass-roots leaders

** Degree of openness to local ideas, needs and participation

+ LG = Local Government

++ As rated by communities and grass-roots leaders; urban/rural differences noted where relevant

3. Economics, Politics, Society

What patterns can we glean from the successes and failures of our seven municipalities? How can such large differences in local government effectiveness be accounted for? I maintain that an explanation based on the quality of local government institutions focuses only on apparent reasons. More fundamental causes, as argued in

⁴⁵⁸ Gabriel Sosa Salvatierra, hospital director, interview, Guayaramerín, 22 October 1997.

Chapters 5, 6 and 7, lie deep in the interactions of the local economy, political dynamics and social structure of each municipality. We take each in turn.

3.1 The Local Economy

Chapter 7 found that economic hegemony, or monopsony in the supply of money to the local political system, tends to reduce competition amongst political parties, and therefore political oversight of the institutions of local government. An open and competitive local economy, on the other hand, foments competition in politics, thereby increasing the diversity of ideas and policies that compete for public favor. This section examines the local economic structure of our seven municipalities.

Our seven cases include a wide variety of economic activities. Baures, Porongo and Sipe Sipe are all farming communities. The mainstay of the inhabitants of Sipe Sipe is subsistence or near-subsistence agriculture on family plots, with no large landowners surviving the agrarian reform. “The hacienda was bought out in 1953,” the leader of Parotani, Sipe Sipe, explained.⁴⁵⁹ Porongo is also a district of small farmers, but with higher levels of production that allow them to sell food to the city. Baures adds a cattle economy of 35,000 head to a similar agricultural base. The few large farms in the district belong to ranchers based in La Paz, Santa Cruz and Trinidad, and Baures’ remaining ranchers are medium-sized to small, making it similar to the other two.^{460,461} Baures, too, once had large land-owners whose farm workers were virtual slaves.⁴⁶² But they entered decline in the 1970s and eventually died out. Partly as a result, land is not a source of social conflict. In a sparsely populated district, land is in abundance, easily available, and there is little competition for it.⁴⁶³ In all three districts the towns primarily support the farming economy through commerce and agricultural services, and are essentially devoid of all other industry.

Porongo stands out, however, due to its proximity to Bolivia’s second city and its most dynamic, fastest-growing business center, Santa Cruz. The long-term agricultural decline that operated in Charagua affected Porongo as well, where falling food prices and the development of the urban economy reduced the appeal of inheriting the farm as it increased the luster of an urban, professional life. But because of its location, the

⁴⁵⁹ Demetrio Orellana, community leader, interview, Parotani, 27 May 1997.

⁴⁶⁰ Hugo Ayllón Parada, Cattlemen’s Association president, interview, Baures, 2 May 1997.

⁴⁶¹ Grover Martínez Franco, mayor, interview, Baures, 2 May 1997. I adhere to local definitions, where large is more than 1,000 head of cattle, medium is 300-600, and small is less than 300.

⁴⁶² El Cairo, *op.cit.* See Chapter 4, Box 3: The Slavery of Captive Communities, for a description of the general phenomenon.

outcome in Porongo was diametrically opposed to that of Charagua. Here the sons of wealthy landowners, who migrated to the city for educations and then careers, stayed close enough to maintain weekend houses in the town and a strong interest in its affairs. Through their wealth and social position they were able to dominate local politics despite their urban residences and occupations. Hence a district that comprises a single, rural economy with few differences between town and countryside, where a commonality of economic interest should have prevailed, was captured by a wealthy enclave which served as a vector to import the concerns and priorities of the city into its midst. This had, as we shall see below, decisive effects on its politics and government.

Sucre, Guayaramerín and Desaguadero present a different case of more complex economies, where an agricultural hinterland coexists with an industrial/commercial hub. Despite being at opposite extremes of the size distribution, Sucre and Desaguadero share the characteristic of combining a modern, urban market economy with a rural sector of subsistence agriculture. In Desaguadero the urban economy is dominated by transport and trade with neighboring Peru, with some 300 vehicles per day passing through the town, most of them high-capacity trucks.⁴⁶⁴ This traffic generates significant revenues for the municipality, and control of local government is lucrative. The small town's economy revolves around truck owners, truck drivers, and the businesses that serve them. Economic actors are mainly small, and there are no large owners. Desaguadero's farmers, on the other hand, work small plots and do not grow for export. The town's economic links are therefore stronger with the La Paz-El Alto conurbation than with the villages that stretch outward to the south and east. The fact that trade depends on the relative fortunes of Bolivia and Peru – two very volatile economies in recent years – serves to strengthen the town's focus across the border, away from its hinterland.

In Sucre, the city is largely a service economy, dominated by the institutions of national and departmental government, and the large, very old and prestigious *Universidad Mayor y Pontificia San Francisco Xavier*. Its biggest industrial concern, the cement company Fancesa, is a public firm co-owned by the university, the prefecture and the municipality. After these, Sucre's most important economic institutions are its chocolatiers, hat makers and tanneries, none of them large. "Sucre was founded for bureaucratic reasons, not economic ones," the Chamber of Commerce's directors

⁴⁶³ H. Ayllón, *op.cit.*

⁴⁶⁴ Alfredo Bravo Mujica and Mario Cerda Escalante, municipal councilmen (MNR and ADN respectively), interview, Desaguadero, 24 March 1997.

elaborated, “because the wives of the Spanish died giving birth in Potosí.”⁴⁶⁵ It was once run by a mining and landowning oligarchy, according to the District Director of Education, but the revolution of 1952-53 ended that, and there have been no dominant economic interests since.⁴⁶⁶ Today the countryside is made up of poor family farms that grow potatoes, wheat and corn in the dry hills of Chuquisaca. With little surplus production, the cash economy is fragile and trade with the city is small. In both municipalities the two economies, rural and urban, are internally homogeneous, characterized by small-to-medium-sized actors and no dominant (private) interests. But there is little to connect them, and they coexist side-by-side, barely interacting.

Guayaramerín consists of a highly urbanized municipality with an extensive rural hinterland which, alone amongst our group, comprises a single agribusiness economy. Like Desaguadero, it has the transport and trade-based economy of a frontier town. But unlike it, Guayaramerín also benefits from large agricultural enterprises, including almond, Brazil nut, and heart-of-palm packagers/exporters, cattle ranchers, loggers and timber merchants, and a significant retail sector that exploits exchange-rate movements between the *Boliviano* and *Real*. This last spans the barrier of legality, running to drugs and contraband. The nature of these businesses implies that the urban and rural economies are intertwined: wealthy businessmen have large rural landholdings and employ many villagers, and the economic conditions that large and small actors face – given by weather, disease and infrastructure among others – are often the same. Unlike Sucre and Desaguadero, however, Guayaramerín’s economy is dominated by a small group of powerful businessmen who collectively own much of the local economy and all of its large businesses. Some of the strongest among them are timber merchants and cattle ranchers, who also control the local political parties and through them local government, treated in more detail below. The most important two businessmen, “Cacho” and “Gigi”, were locked in a battle for influence that is typical of the dominance of the business elite to which they belong. Hernán “Cacho” Vargas Rivera is the most powerful businessman in Guayaramerín, with Brazil nut, heart-of-palm, and river and land transport companies, two television stations, and 140,000 hectares of land in Pando.⁴⁶⁷ His rival, Adrián “Gigi” Rivera, is a hotel-owner, president of the local

⁴⁶⁵ Alfredo Yáñez and Juan Carlos Sobut, directors of the Chamber of Commerce, interview, Sucre, 16 April 1997. Sucre is located 1500m lower than the mining center of Potosí and has a dry, mild climate.

⁴⁶⁶ Samuel Montellano Aparicio, district director of education, interview, Sucre, 14 April 1997.

⁴⁶⁷ Hernán Vargas Rivera, agro-industrialist, TV station owner and ADN chief, interview, Guayaramerín, 21 October 1997.

electricity cooperative, and money-lender at rates of 5-7% per month.⁴⁶⁸ Their names came up often in my interviews throughout the district when respondents were asked “who runs the show”.⁴⁶⁹ While Cacho attempted to gain control of municipal policy via the local Acción Democrática Nacionalista (ADN) party, which he leads, Gigi refused to lend the electricity cooperative \$37,000 unless the municipality agreed to assume the debt, thus ensnaring it in his web. Though Cacho raged against this “scandal”, he also admitted that, in his view, “the municipality has become an instrument” of powerful interests in Guayaramerín.⁴⁷⁰

Last of all is Atocha, where the economy is cleanly divided into two more or less equal parts: mining and subsistence agriculture. The former is centered on a number of mining communities⁴⁷¹ made up of rows of small huts with few or no basic services, a level of deprivation which resembles Atocha’s rural villages. At each one the miners are organized in a loose cooperative, and work individually or in teams in narrow, often dangerous stretches of tunnel. “The cooperative no longer has the solidarity it once did,” the parish priest lamented. “Before everyone earned the same wage, but now each miner is left to his fortune.”⁴⁷² By 1997 miners had fallen a long way since the heyday of Comibol⁴⁷³ and the COB,⁴⁷⁴ when the two organizations in essence ran Atocha. No large miners were left, and the district’s leading figures were the rich townsfolk, many of them alcohol and coca salesmen, and its politicians, often the same individuals. These changes notwithstanding, miners retained a higher capacity to mobilize than any other group in Atocha. With their tradition of militancy and a strong organization, they were quick to march on the town to defend their interests if necessary, as the mayor had discovered more than once.⁴⁷⁵ The other, agricultural economy was organized around the small, low-yielding family farms typical of the altiplano; as elsewhere, large landowners had not survived agrarian reform. This economy did not grow so much as persist in the high altitude of Atocha, weakly linked to the mining and urban sectors and

⁴⁶⁸ Adrián Rivera, electricity cooperative president, money-lender and hotel owner, interview, Guayaramerín, 21 October 1997. The only bank in Guayaramerín is a branch of BIDESSA, which dispenses local salaries but does not lend.

⁴⁶⁹ *Quién manda?* in Spanish.

⁴⁷⁰ Vargas R., *op.cit.*

⁴⁷¹ Chorolque, Animas, and Siete Suyos are the main ones.

⁴⁷² Dessart, *op.cit.* Fr. Dessart worked in Atocha for more than three decades.

⁴⁷³ The state mining enterprise, formed in the 1952 revolution.

⁴⁷⁴ The Bolivian Confederation of Labor, of which miners were traditionally the backbone. Between the 1950s and the 1980s the COB deliberated economic policy directly with the employers’ federation and the government of the day.

⁴⁷⁵ Pablo Victorio Ayala, mayor, interview, Ánimas, 22 April 1997.

largely ignored by the town. Atocha itself was the commercial center where mineral traders and other mining services, as well as more general commerce, were based. Its fortunes were largely dependent on the mines, and it looked naturally to them in search of its future.

Although the seven municipalities present a broad range of economic interests and structures, summarized in figure 16, it is evident that economic structure alone is insufficient to explain their divergence in local government performance. We turn now to the local political system.

Figure 16

The Local Economy			
Rank	Municipality	Principal Sectors*	Size of Leading Actors
1	Baures	Cattle, Agriculture	Medium/Small
2	Porongo	Agriculture, City	Medium
	Sucre (<i>rural</i>)	Agriculture	Small
	(<i>urban</i>)	Services, Small Industry	Medium/Small
3	Atocha	Mining, Agriculture	Small
4	Desaguadero	Transport, Trade & Agriculture	Medium/Small
	Guayaramerín	Transport, Trade, Industry, Commerce, Agriculture & Timber	Large
	Sipe Sipe	Agriculture	Small

Sources: Author's interviews, observation and other fieldwork

* In rough order of importance

3.2 The Local Political System

Chapter 7 found that a vigorous and competitive local politics, marked by political entrepreneurship and policy innovation, was necessary for effective local government. It listed three conditions for this to obtain: (i) an open and transparent political system, (ii) a competitive party regime, and (iii) a substantive focus on local issues and local people. Of these, the first would seem to be present in the seven cases. Complaints were common in all of our municipalities about the vituperative nature of political discourse: “We’re *worse* off than before,” reported Mojotoro, Sucre. “Before there was no politics here. Now they have campaigns and fight for power.”⁴⁷⁶ But there was a broad consensus everywhere, with the possible exception of Porongo (see below), that electoral chicanery and intimidation were ills of the past, and elections were now

⁴⁷⁶ Juan Velabaruta, Esteban Copa, Felipe Sapana and Sabanio Fernández Alanoca, community leader, community, ex-leader, and officer, interview, Mojotoro, 18 April 1997.

free and fair. “The elections were clean here,” said Sucre’s district director of education, in a typical response. “Before they stuffed ballot boxes – there were many irregularities.”⁴⁷⁷

The only district with a fully competitive party regime was Baures, where clearly delineated governing and opposition alliances existed which mirrored at least in form the national pattern of politics. Local government was in the hands of an ADN-MIR coalition, and the MNR was in opposition. Indeed although politics in such a small population had an undeniably cozy air, and politicians knew each other and their families personally and well, politics was quite competitive in Baures, with rival blocs vying to unseat each other in local elections. “There’s a lot of politics in this town,” said one observer, referring to how party loyalties ran deep in local society. “Yesterday the people [at the village festival] were absolutely divided by political party, each off to one side.”⁴⁷⁸ Not surprisingly, Baures had the lowest rate of electoral absenteeism amongst the seven, at 24%. Perhaps as a result, politics was not dominated by powerful economic or other interests, but was open to all and represented a broad range of views. Indeed, in the previous election the MNR had coopted the indigenous vote Charagua-style by naming a *Baureño* to its party list.⁴⁷⁹ And unlike other municipalities, as we shall see below, municipal councilmen did not cover up each other’s transgressions; thus two MNR councilmen from the 1995 election had not yet been recognized, pending allegations against them from the previous government. But despite political competition that was often sharp, politicians managed to work relatively smoothly together, and it is telling that Baures’ worst political conflict during this period came from the outside. This happened when the (MNR) prefect unilaterally donated a generator belonging to the town of Baures to nearby El Cairo when the latter’s, used to pump water, broke down. The municipal council and oversight committee intervened at the scene of a public commotion and prevented him from doing so.⁴⁸⁰ Their action was widely applauded throughout the district, even in the village of El Cairo.⁴⁸¹

In Sucre, Porongo and Atocha, by contrast, competition in the local political system was essentially absent. So disinterested were Sucre’s politicians in political rivalry that MNR councilmen, upon winning the 1995 local election, voted to return the

⁴⁷⁷ Montellano A., *op.cit.*

⁴⁷⁸ Sisters Pilar and Teresa and Prof. Oscar Velázquez, CETHA, interview, Baures, 4 May 1997. CETHA is a church-supported institution specializing in adult education.

⁴⁷⁹ Juan Oni Antelo, municipal councilman (MNR), interview, Baures, 2 May 1997.

⁴⁸⁰ Melgar and Ayllón, *op.cit.*

Socialist Vanguard Germán Gutiérrez to the mayor's office, while they, the MBL and their other electoral allies quietly split municipal patronage amongst themselves. Gutiérrez was known as a competent and honest politician, and the MNR was happy to support such a front-man in order to avoid political strife over municipal power. Politics in Sucre was not, therefore, a real clash of ideas or opportunity to effect change, but rather the means by which the political class shared out the spoils of power amongst itself. In Atocha politics was less fractious, with three parties holding 74% of the vote, led by the MNR. These three held all five council seats between them, and were all allied in a governing coalition. The MNR, a party which brought together the miners, peasant smallholders, and a number of the town's rich men, considered itself the natural party of government in this region. And no one was willing to oppose it. Porongo was more like Sucre, but for quite different reasons. Here a small clique of urbanites – sons of the town who had left it for the city (see above) – captured control of local government and used it to further their own, foreign priorities. As in Atocha, they represented the rich of the town, except that they did not live in the town.⁴⁸² This small group of friends referred to themselves curiously as *los residentes*, or more ominously *la fraternidad*, and were distributed amongst all the main political parties in what was in effect, if not by design, a group strategy for political domination. Once in power they showed no party discipline and no desire to compete; the MNR mayor governed in coalition with the ADN and MIR and there was no political opposition. The terms of the local political debate accordingly reflected not the problems and interests of most *porongueños*, but rather those of the few amongst them who lived in Santa Cruz.

The three municipalities also shared the problem of electoral absenteeism in rural areas. In Atocha this was largely due to a lack of identification documents amongst would-be voters in rural areas, compounded by identification and voter registration drives in the city and environs that never reached most of the district's villages.⁴⁸³ Hence Atocha's urban and surrounding voters had a disproportionate say in its politics at the expense of the countryside. Sucre's absenteeism was fairly low in the city, but rose as distance from the center increased. Peri-urban dwellers often lacked documents, or were not registered to vote locally; rural villagers also lacked identification and – with no electoral tradition and a city hall closed to their needs – were uninterested in politics and

⁴⁸¹ El Cairo, *op.cit.*

⁴⁸² "Rich" here is a relative term specific to the local context of each case.

politicians.⁴⁸⁴ Thus the rural-urban gulf that divided Sucre revealed itself in politics as well. Absenteeism took on a different form in Porongo. There, a number of rural communities found themselves closer to polling centers in Santa Cruz than any of Porongo's three,⁴⁸⁵ and accordingly registered and voted in the former. Other residents, more typically, lacked the interest or identification to vote, and did not bother to register. Thus while Porongo's rate of absenteeism appears low at 28%, its "true" absenteeism was much higher, estimated by different observers at between 60% and 75%.⁴⁸⁶

The effect of high rates of absenteeism was to facilitate the manipulation of electoral results by means which, while perhaps not strictly illegal, were ethically dubious. Thus in Porongo the mayor cheerfully asked me, "Do you know how I won the election? I had more trucks than my opponent!"⁴⁸⁷ And he burst out laughing. To the extent that he simply provided local voters with free transport, he was guilty only of a partisan effort to get out the vote in a district lacking transport. But several observers accused him and others of trucking in paid "voters" from other municipalities, in violation of election laws.⁴⁸⁸ It is not clear that this in fact occurred, although the Mayor's boast provides cause for alarm. If it did, then Porongo stands out as the exception in our group to increasing electoral transparency. More generally, "residents" were resented for bringing their families from Santa Cruz to vote in Porongo, in an attempt to tip electoral results.⁴⁸⁹ In such a setting, the ultimate effect of Porongo's quasi-absentee voters was to facilitate the success of such strategies by reducing the overall vote tally, thus abetting outsiders' attempts to distort the local political system.⁴⁹⁰

As a result of these factors, all three municipalities suffered from weak political accountability.⁴⁹¹ In Atocha and Porongo, high absenteeism sapped the power of elections to elicit information or constrain government's policy decisions; strategic bargaining by councilmen in the indirect election of Sucre's mayor produced a similar

⁴⁸³ Victorio A., *op.cit.*; Severo García Cándia, neighborhood council ex-president, interview, Atocha, 23 April 1997.

⁴⁸⁴ Mojotero, *op.cit.*; Walter Encinas, community leader, interview, Potolo, 19 April 1997.

⁴⁸⁵ In an area of 110,000 ha.

⁴⁸⁶ Bonilla R., *op.cit.*; Hernán Gutiérrez Viveros and Rómulo Oyola Morales, chief administrative officer and ex-mayor, and technical officer, interview, Porongo, 8 April 1997.

⁴⁸⁷ Rojas A., *op.cit.*

⁴⁸⁸ Bonilla R., *op.cit.*; Roberto Suárez, district doctor, interview, Porongo, 9 April 1997.

⁴⁸⁹ Cecilia Bonilla, school association president, interview, Villa Guadalupe, 8 April 1997.

⁴⁹⁰ The probability that an incremental voter (brought in from outside) will be electorally decisive is a decreasing function of the number of voters in the district. See Seabright (1996).

⁴⁹¹ I refer here to the internal accountability of the local political system. For purposes of analysis, this is distinguished from the institutional accountability that the OC brings to bear within the local institutional framework

result there. All three municipalities lacked the disciplining effect of an active opposition on government decisions, with negative consequences for policy-making in each. Indeed, the only real opposition government faced in Porongo was beyond party politics, from the (real) residents of Porongo. This was voiced by the OC, which opposed certain investment projects considered of little benefit to most rural *porongueños*. Atocha displayed a similar dynamic, in which an urban political game for control of the municipal apparatus was interrupted episodically by a more raw interaction of miners and municipal authorities in which the former marched, demonstrated and even took hostages in support of their demands.⁴⁹² This was how decisions of local importance were taken in Atocha, punctuating periods of personal and political harvest for elected officials. Porongo's OC, starved of funds, personnel, and bargaining power, was altogether less successful. To try to overcome this problem, its president proposed a new "micro-regional" party to contest local elections on behalf of rural farmers. The MBL, as it had done in Charagua, accepted.⁴⁹³ But in Sucre neither form of "external" opposition was present, and politics as a result remained strangely disconnected from local society. Perhaps because its urban population was so much in flux, parties did not have strong socio-economic identities.⁴⁹⁴ Politics thus occurred in a sort of gap, an empty space between society and government where politicians hid, dealing quietly amongst themselves, with little incentive to seek change.

Lastly come Desaguadero, Guayaramerín and Sipe Sipe, the three worst-performers of our group. All three had medium-to-high rates of absenteeism, between one-third and one-half of the electorate. Guayaramerín, with the highest rate, suffered what in terms of the model of Chapter 7 can be called a weak relationship in the primary political market for votes. The people there, a heterogeneous mix resulting from a migratory boom that lasted two decades, had little tradition of political participation, and hence a weak voting spirit. I return to this point below. In Desaguadero and Sipe Sipe, two more demographically settled districts, absenteeism was lower but still significant. This was due in large part to such factors as distance and lack of identification, especially in rural areas, discussed above.

⁴⁹² Victorio A., *op.cit.*; Albino García Choque, Juan Bonifacio Onofre, Esteban Marcha Cachambre and Ivan Marca, miners' cooperative welfare officer, oversight officer, oversight officer and member, interview, Chorolque, 23 April 1997.

⁴⁹³ Bonilla R., *op.cit.* It remained to be seen if this initiative would succeed.

⁴⁹⁴ *i.e.* labor, landowners, owners of capital, etc.

Perhaps not surprisingly given low voting participation, interest-group capture afflicted both Guayaramerín and Desaguadero, though not Sipe Sipe. In the former, money politics was a very strong phenomenon. Prominent businessmen – the spiritual descendants of the cattle barons of the past – were firmly in control of the major political parties, and through them local government, using their resources to fight elections and expedite their political strategies. And once in power, officials and their businesses profited from the contracts, contacts and policy-making powers that local government afforded to further their business interests. Thus when the MNR sought to prevent the re-election of Guayaramerín's long-time ADN mayor, who had won the popular vote,⁴⁹⁵ it offered the MBL councilman \$30,000 for his vote. This councilman, an ex-priest of modest means, used the money to buy a local television station, and so became one of Guayaramerín's media magnates.⁴⁹⁶ His vote elevated a prominent logging and timber merchant to the mayoralty of a district that contained large tropical forests. But it is notable that these political dealings occurred amongst individuals much more than amongst parties. Political alliances were much the same. Indeed, during my stay the mayor and senior ADN councilman inaugurated a new coalition between their respective parties with a *karaoke* duet in a local nightclub. This broke up the previous MNR-MBL pact. But the local ADN chief was unconvinced. "Ivan [the ADN councilman] and Tico [the mayor] don't seem to belong to any party anymore. They're just looking to accommodate themselves."⁴⁹⁷ Political competition in Guayaramerín was the province of narrow interests – *i.e.* individual businessmen – vying for control over the machinery of government and its policy-making. It was not a broader contest of ideas or ideologies, and in it broad collective interests were essentially unrepresented. Once elected, Guayaramerín's politicians were content to find an accommodation, and did little to oversee or discipline each other's activity. The fact that they were friends and members of the same restricted social set greatly facilitated this process. The fate of the previous mayor, widely accused of embezzlement but never investigated by the municipal council on which he still sat, was illustrative.⁴⁹⁸

Desaguadero, by contrast, was politically two separate municipalities – an urban one where politics happened, and a rural one where it did not. In a way similar in type, though smaller in scale, to Guayaramerín, urban politics in Desaguadero took the form

⁴⁹⁵ Guido Roca

⁴⁹⁶ Vargas R., *op.cit.* Cacho owned Guayaramerín's two other TV stations.

⁴⁹⁷ *ibid.*

of a contest amongst a business elite to occupy power and control municipal resources. Once elections were over, the spoils were divided amongst the victors and public life resumed its cozy, quiet pace. But the fact that the assets of Desaguadero's biggest businessmen were literally on wheels – they could get into their trucks and drive away – made them essentially opportunists and not entrenched interests in the sense of factory or land owners. Partly as a result of this, Desaguadero's politics was a less ruthless, less deliberate affair than Guayaramerín's, largely free of ideology or broader (national) strategies. With a substantive focus on patronage, and a mobile, changing elite, the district lacked political competition because in many ways it lacked substantive politics. Sipe Sipe went further still along this continuum. Like Desaguadero it had no entrenched interests, but unlike it no powerful businessmen either, and hence no money politics. Despite this the district hosted fairly strong political rivalries, with a MIR-Condepa coalition ensconced in town hall, strong MBL sympathies amongst community groups, and constant frictions between the two.⁴⁹⁹ But somehow this did not translate into substantive competition in the political realm. The job switch between the mayor and president of the municipal council showed that local politicians were willing to act demagogically to undermine such mechanisms of accountability. Politicians' desire to avoid political competition did not entirely stifle it, however, but rather re-located it outside the municipal council, in the hands of grass-roots organizations (GROs). Thus the discipline that competing parties might normally have injected into the political arena was instead provided outside it when Sipe Sipe's GROs mobilized to challenge the mayor.

This combination of voter absenteeism and a lack of political competition led to weak accountability in all three districts, as it had in Atocha, Porongo and Sucre, facilitating the self-perpetuation of prominent politicians and amplifying their discretion once in government. In Desaguadero and Guayaramerín citizens had yet to learn how to use the political system to enforce accountability on government officials. Sipe Sipe, by contrast, was in the middle of an experiment in which civic activism attempted to remedy the problem by challenging its root cause – the political dominance and manipulations of the Condepa-MIR coalition. By substituting for political parties, GROs sought to loosen the grip of a small coterie of politicians on their municipal government,

⁴⁹⁸ *ibid.* "Tilly" Rodríguez was widely denounced by people throughout Guayaramerín.

⁴⁹⁹ Demetrio Orellana, community leader, interview, Parotani, 27 May 1997.

and so regain control of local affairs. Unfortunately this research ended before it was clear whether the experiment would succeed or fail.

It is interesting that there was no evidence of political capture in three of the six municipalities where political accountability failed. None of these – Atocha, Sipe Sipe and Sucre – had interest groups sufficiently powerful to dictate to local government. This implies that the dual failure of political opposition and electoral participation is sufficient to undercut accountability in the local political system even in districts that lack dominant interests, thus leaving municipalities prey to the volition of their leaders. Not surprisingly, respondents in three of these districts, Sucre, Porongo and Guayaramerín, and to a lesser extent Desaguadero as well, reported a loss of faith in governments which did not answer for their actions, and a loss of interest in politics. In Sucre the re-election of Gutiérrez, who came in second, had caused many voters throughout the district to despair “because one wins the election but another winds up in power.”⁵⁰⁰ “The people here feel that their vote has no value,” added an observer in Guayaramerín. “It’s all cooked between them [politicians], so why vote?”⁵⁰¹ This worsened the problem of absenteeism, which in turn made it easier for elites to perpetuate themselves and decreased their accountability – a vicious cycle that was potentially difficult to break. Figure 17 summarizes our districts’ political characteristics.

Figure 17

The Local Political System				
		Interest Group	Electoral	Open, Competitive
Rank	Municipality	Capture?	Absenteeism	Political System?
1	Baures	No	Low	Yes
2	Porongo	Yes	High*	No
	Sucre	No	Low/Medium	No
3	Atocha	No	High	No
4	Desaguadero	Yes	Medium	No
	Guayaramerín	Yes	High	No
	Sipe Sipe	No	Medium	Yes, outside MC+

Sources: Author's interviews, observation and other fieldwork

* Many adults are unregistered or registered elsewhere: see text

+ Competitive politics occurs outside the municipal council and largely outside the party-political system: see text

⁵⁰⁰ Juan José Bonifaz, general advisor to the prefect, interview, Sucre, 15 April 1997.

3.3 Civil Society

Chapter 7 conceptualized the role of civil society in local governance as an institution that aggregates preferences and represents community needs, mediates community participation in the production of public services, facilitates social expression and the assertion of local identity, and enforces political accountability on the institutions of government. Whatever organizational form civil society takes – and in Bolivia the distance from mining cooperatives to pre-conquest *ayllus* is great – its institutional coherence and ability to mobilize grass-roots participation around a particular goal are fundamental to its ability to participate in the local governance process. These qualities are in turn dependent upon people's ability to communicate effectively with each other, the degree to which they share interests and priorities, and ultimately the trust which they invest in their leaders and in each other. Unfortunately such characteristics are subjective social traits, and thus difficult to measure reliably. Hence this section examines communities' ethnic and organizational heterogeneity, and the (objective) existence of an encompassing socio-economic interest,⁵⁰² as proxies for ease of communication and similarity of social priorities.⁵⁰³ It also uses interview responses as evidence for the existence of trust. Taken together, these attributes point to levels of institutional ability and coherence which vary significantly amongst our seven civil societies.

With five rural and three urban GROs, Baures comprised a compact society where whites lived largely in town, indigenous people in the countryside, and mestizos in both. The district had some 720 indigenous residents,⁵⁰⁴ and people of mixed race made up the majority. But the social implications of this ethnic diversity were less than elsewhere in Bolivia due to the greater degree of assimilation by *Baureño* natives and mestizos. In linguistic terms, for example, 93% of Baures' people spoke only Spanish, 5% Spanish plus a native tongue, and 0.1% a native tongue only; this compares starkly with Bolivian averages of 32%, 19% and 43% respectively.⁵⁰⁵ *Baureños'* dress was essentially Western dress, largely free of distinguishing features such as the multi-layered skirts and bowler hats of the altiplano, and mixed *Baureño*-Spanish surnames abounded, indicating a high rate of intermarriage. Consistent with this, observers

⁵⁰¹ Sr. Ana López, NGO director, interview, Guayaramerín, 22 October 1997.

⁵⁰² Olson (2000). My use of this concept is explained in Chapter 7.

⁵⁰³ Respectively and jointly. Heterogeneity points to both characteristics, whereas encompassing interest refers mainly to the latter.

⁵⁰⁴ Self-identified.

reported smooth social relations among these groups, and described Baures as “pacific”. “Here everyone gets along well,” said the nuns from CETHA. “All participate equally in each others’ feast days.”⁵⁰⁶ Indeed, the controversy surrounding the generator and the prefect “was the first time since 1704 that there was a commotion in the town,” the head of one GRO reported.⁵⁰⁷

Good social relations can partly be explained by the similar economic interests of its citizens, whether indigenous, mestizo or white. As explained above, Baures comprised a single agricultural and cattle economy devoid of industry, lacking in trade, where small and medium-sized landowners prevailed. Town and countryside faced similar economic incentives, and when the countryside prospered the town did too. There was, thus, an encompassing interest in Baures, and one that expressed itself in a context of social harmony using a common language, Spanish. This bred a similarity of outlook that transcended politics and reached down into the social realm; as their goals were similar, the social organizations they employed to advance them were similar too. Rural and urban communities alike described their communities as “grass-roots organizations”,⁵⁰⁸ using the language of the 1994 LPP reform, so eschewing the opposition between “indigenous/original communities” and urban “neighborhood councils” common in the rest of Bolivia. We might expect trust to flourish in such a context, and in Baures it did. “The distribution of money is much better now,” said the head of Jasiakiri’s GRO, explaining that his community was willing to forego investments in one year so that resources might flow to other communities. “Now communities take turns to receive investment. It’s good this way.”⁵⁰⁹ This leader valued cooperation as such, illustrating an attitude that was common throughout the district.

With high levels of trust, a clear encompassing interest, and social relations that were close and smooth, Baures’ civil society boasted a high level of institutional coherence and the ability to involve the people in their local government. Its geography may well help to explain these characteristics. Isolated by large plains that flooded half the year, its only reliable link to the rest of Bolivia was by air. With only 5,133 inhabitants, and outside Bolivia’s main west-east migratory flows, it comprised a micro-society with its own rules, traditions and social patterns of interaction. It was a stable

⁵⁰⁵ 1992 census.

⁵⁰⁶ Sisters Pilar and Teresa and Prof. Oscar Velázquez, *op.cit.*

⁵⁰⁷ Oscar Durán, president of the Nicolás Carageorge neighborhood council, interview, Baures, 2 May 1997.

⁵⁰⁸ *Organizaciones Territoriales de Base* in Spanish, or OTBs.

population that changed little from year to year, and its inhabitants knew that conflicts with their neighbors would not go unnoticed, nor become much diluted. With only the most limited of outside recourse, *Baureños* got along because they had to.

In Atocha, Porongo and Sucre, by contrast, deep-seated ethnic and cultural differences had significant implications for the social dynamics and organizational abilities of civil society. In Sucre the major difference was between rural and urban sectors. The former was a large but fairly uniform area of 103 rural communities populated by peasant farmers who spoke Quechua before Spanish, and worked their own land using mainly pre-modern methods. The latter was a highly urbanized, Spanish-speaking, industrial and service economy where migration over the past fifteen years from the western highlands, the eastern lowlands, and a large stream of students from Brazil had relentlessly pushed the city's boundaries outwards, and profoundly changed its ethnic composition. This was reflected in the city's linguistic makeup, where only 32% speak Spanish exclusively, 11% a native language, and 52% Spanish plus a native language. Unlike other Bolivian cities, Sucre lacked strongly marked social strata; the city was abundant in the middle and working classes, and had almost no rich inhabitants.⁵¹⁰ But the differences between urban and rural Sucre were dramatic nonetheless, and the district was essentially two municipalities – one agricultural and socially homogeneous, the other (post-)industrial and socially mixed.

Like Sucre, Porongo had also seen large influxes of migrants during the past two decades, in this case from Chuquisaca, the valleys of Santa Cruz, and the western highlands. Although the district was older than the city of Santa Cruz, most of its rural communities were formed recently by migrants from the west, and social heterogeneity was high. Entire villages of recently arrived *chuquisaqueños* alternated on Porongo's map with villages of *orureños*, and others where provenance was mixed. Many recent arrivals spoke Spanish quite poorly, and often had significant trouble communicating with each other when their native languages differed. Language barriers were compounded by differences of attire, diet, and religion, to the point where *porongueños* commonly regarded each other as foreign and mutual suspicion impeded collective action. This was especially true of the "residentes", whose antipathy towards *colla*⁵¹¹ migrants exceeded that of the town's native inhabitants. Atocha suffered public

⁵⁰⁹ Jasiakiri, *op.cit.*

⁵¹⁰ Yáñez and Sobut, *op.cit.*; Jaime Gallo Garabinto, municipal councilman (MIR), interview, Sucre, 15 April 1997. There was general agreement on this point.

divisions of comparable magnitude, though of a very different character. Local society was divided between cooperativist mining communities, subsistence farming communities, and a market town that served both. Each had its own traditions and history, and its own forms of organization. The population of rural villages was fairly stable: Quechua-phones who spoke some Spanish, with little in-migration and a small but steady outflow. Miners were almost entirely recent migrants from throughout western Bolivia who preferred Spanish to their native tongues and were ethnically mixed. And the town, which also preferred Spanish, contained a significant floating population of traders and salesmen that waxed and waned as mineral prices rose and fell.⁵¹² While town-dwellers organized themselves into long-standing neighborhood councils, and mining communities mobilized around the officials of their elected cooperative, rural farmers had only weakly adopted the local institutions of the peasants' union, and a number of villages had no representative institutions at all.⁵¹³

The constituent groups in all three districts faced divergent economic incentives and priorities; in none was there an encompassing interest around which society could rally. Atocha's miners depended fundamentally on the price of minerals for their prosperity, while its farmers operated in a separate economy with little surplus production and little trade with the mines or town. The town sold the miners supplies and bought their product, and hence shared their interests while largely ignoring the countryside. The situation was similar in Sucre, where the city's scale and sophistication isolated it even more from its rural hinterland. If Atocha turned its back on the countryside, Sucre was hardly aware that it existed. "The villages – they're screwed," Fancesa's general manager asserted, "because of their own characteristics."⁵¹⁴ Only in Porongo were the interests of town and countryside broadly aligned, despite having the most comprehensively mixed population, across both town and villages, of the three. Here town and country alike comprised single, agricultural economy, richer and more fertile than the other two, which sold its surplus to the nearby city. The town served the agricultural hinterland, and what was good for the latter was good for the former. It was thus all the more striking that this latent encompassing interest did not assert itself, but

⁵¹¹ A Bolivian term for highlanders.

⁵¹² García C., *op.cit.*

⁵¹³ Villa Solano, for example, reported that its first attempt to form a GRO had failed when the elected leader disappeared from Atocha.

⁵¹⁴ Fernando Beltrán, FANCESA (cement company) general manager, interview, Sucre, 18 April 1997.

was undermined by interloping “residents” with fundamentally different priorities who nevertheless managed to dominate local government.

Unsurprisingly, trust was at a low ebb in all three districts. In Porongo social differences were simply too great, and the population too unsettled, for trust to have developed amongst divergent communities. And in Sucre the lack of contact between contiguous populations prevented trust from being born. Urban leaders were largely unaware of the concerns of the villages, and rural leaders complained that municipal officials refused to see them when they visited the city.⁵¹⁵ But Atocha was the most extreme case, where a lack of trust between villages and town became active distrust where mining communities were concerned. At Chorolque, for example, miners took project evaluators from the Social Investment Fund hostage for two days, demanding that a delayed water project be approved for construction.⁵¹⁶ With a history of militancy and direct political action, Atocha’s miners did not believe the assurances of their local and national authorities, and possessed the means to take matters into their own hands.

With low trust, a subverted encompassing interest, and levels of heterogeneity so high that many of its people could not speak to each other, Porongo’s civil society suffered from institutional weakness and little ability to mobilize around a goal. Although some of its civic leaders were determined and knowledgeable, the social body had too many cleavages to coalesce, and as a result lay dormant before local authorities, unable to initiate policy discussions or defend its interests. In Atocha, the miners stood alone in their coherence and organization, much more involved in the selection, design and execution of public investment projects than farming or urban communities. Amongst these three there was little interaction, low levels of trust, and no encompassing interest. Hence civic mobilizations were of and for miners, and Atochan society as a whole was dysfunctional. In a broadly similar pattern, Sucre functioned for all intents and purposes as two independent societies, each in its own way internally consistent. Urban society was able to overcome significant heterogeneity to organize itself reasonably effectively around neighborhood priorities. Rural society, by contrast, had far fewer social differences and much stronger institutions. But with low levels of trust between the two and little in common beyond the municipal budget, their interaction – such as it existed – took the form of a zero-sum contest for public investment which

⁵¹⁵ Potolo, *op.cit.*

⁵¹⁶ Chorolque, *op.cit.*

urban groups were strongly placed to win. Sucre's society, as a collective, was dysfunctional.

Desaguadero and Guayaramerín offer social panoramas similar to the previous three, while Sipe Sipe stands out for its relative homogeneity. Located in the fertile valleys of Cochabamba, Sipe Sipe was an agricultural municipality centered on a market town. Its population spoke Quechua and Spanish throughout the district, with no apparent ethnic or cultural divides between town and countryside beyond a tendency to favor Spanish in the former. Interestingly, the communities of Sipe Sipe assumed similar organizational forms regardless of whether they were urban or rural. Although local respondents referred to *comités cívicos* or *juntas vecinales* in urban areas and the peasant's union in the countryside, their underlying structures were very similar, with *secretarios generales* for leaders, and officers elected according to a rotating system throughout. In Desaguadero, however, the difference between urban and rural communities was significant. The district was composed of eleven rural communities⁵¹⁷ where Aymará and (some) Spanish were spoken, and two urban associations where Spanish prevailed. Rural communities were organized into either traditional *mallkus originarios* or local branches of the peasant's union, as is common in the region. These institutions, in the words of Albó, *et.al.*,

- 4 “are a form of social expression and a process of collective decision-making that surprise the outsider with their degree of participation and democratic respect... They operate more by consensus than by majority vote...[and have a] highly evolved system of jobs and authorities that organize the internal life of the community... and assure its articulation with society at large.”⁵¹⁸

The two organizational forms are functionally very similar, as to a great extent union authorities took on the duties of the pre-existing indigenous authorities during the revolution of 1952-53; name changes were largely semantic, and at the community level the underlying participative social structures remained.⁵¹⁹ Desaguadero's urban associations, by contrast, featured leaders elected by majority vote and the hierarchical structures typical of modern representative democracy. But the difference did not end there. The town, unusually, was split between two different organizational forms: a neighborhood council, and the *Comunidad San Pedro*, each comprising roughly half its

⁵¹⁷ Interview evidence is at variance with official statistics on this point. I assume interview subjects' figure of eleven is correct, and ascribe discrepancy with the official number to two causes: (i) several communities joining to form a single GRO, and (ii) the high dispersion/low spatial density of many of Desaguadero's communities.

⁵¹⁸ Xavier Albó, Armando Godínez, Kitula Libermann and Francisco Pifarré, *Para Comprender Las Culturales Rurales en Bolivia*, MEC/CIPCA/UNICEF:La Paz, 1990, pp.48-56.

2,000 inhabitants.⁵²⁰ These structural differences were reflected in Desaguadero's social dynamics. Though they professed to work well together, distrust was evident between the two communities of the town. And the subsistence farmers and fishermen of Desaguadero's rural villagers reported no contact with their urban peers, and no participation in larger municipal affairs beyond "their" school or water project.⁵²¹ Meanwhile, urban GROs – heavily involved in municipal business alongside their local government institutions – were indifferent to the needs of the villages.⁵²²

Guayaramerín was made up of eight rural and two urban GROs, and though 85% of its population claimed Spanish as their language, many also understood Portuguese. Like Desaguadero, it had the highly mixed population of a thriving border town. But unlike it, Guayaramerín was the product of a migratory boom that multiplied its population thirteen times during the previous half-century.⁵²³ As a result it was a relatively new town, the sum of many cultures and ethnic groups, with relatively little unity amongst its diverse population. "There is mutual tolerance here," said Sr. Ana of *Caritas*, "but the people don't relate much amongst themselves. Each group celebrates its own feast day."⁵²⁴ It was also a "very complex society", where enormous wealth rubbed shoulders with abject poverty⁵²⁵ and drugs, prostitution and alcoholism abounded.⁵²⁶ New social organizations were slow to form in a context of high demographic flux, which provided local politicians with a valuable opportunity. When community groups finally did organize, it was at the instigation of local government. But rather than catalyze the sort of social self-organization that has been the rule throughout Bolivia, the government of Guayaramerín provided a channel for political parties to penetrate a weak and easily divisible civil society during GRO formation, and so colonize civic institutions for political ends.⁵²⁷ According to the secretary of the Chamber of Commerce,

⁵¹⁹ *ibid.*

⁵²⁰ Respondents insisted that the two forms were different, though they seemed unable to articulate the difference clearly.

⁵²¹ Juan Nina Quispe, oversight committee vice-president and neighborhood council president, interview, Desaguadero, 25 March 1997.

⁵²² Urban respondents' approval of the LPP based on supposed large investments in the countryside, which were denied by rural respondents, is evidence of this. See the end of section 2, above.

⁵²³ Sosa S., *op.cit.* According to him, the city's population rose from 3,000 to 38,000 over 54 years.

⁵²⁴ Sr. Ana Lopez, Director of *Caritas* (NGO), *op.cit.*

⁵²⁵ *ibid.*

⁵²⁶ Fr. Julio Corredor, parish priest, interview, Guayaramerín, 19 October 1997

⁵²⁷ Manlio Roca, port (customs) manager, ex-mayor and ex-MP, interview, Guayaramerín, 21 October 1997.

- 5 “The GROs are terrible here...they’re totally politicized. They make midnight deals in search of payoffs.... GROs don’t consult their members before making decisions – rather the leaders meet with the parties, receive money, and then commit their misdeeds.”⁵²⁸

By falling under the sway of the parties, GROs became complicit in the endemic corruption of Guayaramerín’s local government. Such collusion was both a symptom of, and contributing factor to, the lack of social mobilization in Guayaramerín. Had organized civil society preceded politics, it might not have been coopted so easily, nor so thoroughly, by the parties. Instead GROs became political franchises that stifled civic participation in government. “The people are like children here,” the 1^o de Mayo community explained. “They receive a misery [from local government] and are happy with that.”⁵²⁹ Lacking an autochthonous organization and excluded by their civic leaders, the people of Guayaramerín lay dormant before the government they had elected.

Both Guayaramerín and Sipe Sipe benefited from an encompassing interest. Agriculture provided this interest in Sipe Sipe, and bound the farming countryside to its agricultural market town. Good years for the farmers were good years for the townspeople too, and all tended to benefit from the same policies. The situation was similar in Guayaramerín, where urban and rural sectors were intertwined in a modern agribusiness economy, as is explained in detail above. This gave city and countryside similar interests, and facilitated collective action for the progress of the municipality. “The development of this town has been through the money of its own citizens,” reported the parish priest. “They pooled their efforts to form their own water, telephone, and other cooperatives” in order to provide basic services and improve the local standard of living.⁵³⁰ These efforts were spearheaded by the city’s well-organized business elite, which formed a powerful, all-party, pro-Guayaramerín lobby. They benefited from growth throughout the district, and hence favored a comprehensive local development. If public services were better in richer than poorer areas, this was due as much to the financial constraints of cooperatives in a context of rapid population growth as to discrimination by the governing class. By contrast Desaguadero, with a much smaller and less developed urban center, consisted of two distinct economies, and hence two

⁵²⁸ Elío Simoni Casangeli, Chamber of Industry and Commerce secretary, interview, Guayaramerín, 21 October 1997.

⁵²⁹ Dionisia Cuéllar Pérez, Emilse Choquere and Santiago Méndez, community officers, interview, 1^o de Mayo, 23 October 1997.

⁵³⁰ J. Corredor, *op.cit.*

separate sets of interests. The town was dominated by transport and related businesses that serviced the large volume of trade that daily coursed through it; the countryside hosted subsistence agriculture which sold little to, or through, the town. Hence while the villages were turned inwards, the town looked out to Peru and La Paz, and there was no encompassing interest for the two to share.

In questions of trust, Guayaramerín was similar to Porongo while Desaguadero was similar to Sucre. Guayaramerín's migrant peoples were simply too diverse and too unaccustomed to each other for trust to blossom amongst them. And the politicization of its civic institutions served to replace the logic of cooperation that operates at their core with a logic of (political) competition. Thus, on the few occasions when the practice of local government brought Guayaramerín's social groups into contact, it was not so much to organize collective action as to do battle on behalf of their political patrons. A process which might otherwise have promoted trust served instead to undermine it further. And in Desaguadero, social and economic diversity was magnified by isolation. Although they lived next to each other, its town and village populations had so little contact of any sort that trust was practically impossible. In Sipe Sipe, on the other hand, the situation was very different. With a culturally homogeneous and stable population, and a similar model of social organization throughout the district, the conditions were well-established for trust to develop. And the fact that Sipe Sipe's GROs were able to coordinate their efforts outside the ambit of formal politics with the aim of overturning a politicized and unpopular mayor indicates that it did.

High heterogeneity and low levels of trust left society institutionally crippled in Desaguadero and Guayaramerín. In the latter case, a latent and potentially powerful encompassing interest was counteracted through the active subversion of society's organizational structure by political parties intent on widening the sphere of political competition. In the former, civic institutions with relatively high ability and legitimacy in the countryside, and medium ability in town, had almost no interactions with each other, and – devoid of mutual trust – were, like Sucre's, collectively dysfunctional. Of the three districts, only Sipe Sipe boasted the conditions necessary for a coherent and active civil society to emerge. Its younger GROs dated from the 1950s agrarian reform period, while the older ones trace their history back to the pre-conquest villages of the Inca and Tiawanacota civilizations. With a homogeneous population, widespread civic trust, a clear encompassing interest, and strong civic traditions of participation in community government, Sipe Sipe's GROs enjoyed high levels of popular legitimacy

and an ability to mobilize residents for collective action. Given this, its rank amongst the lowest tier of municipalities is surprising. As we shall see below, this can be explained in part as a transition dynamic: GROs were still learning to use the (new) system of municipal government to their advantage, and once they did the persistence of unresponsive local governments would become very much more difficult. Figure 18 summarizes the districts' social characteristics.

Figure 18

Civil Society					
Rank	Municipality	Social Heterogeneity	Encompassing Interest	Trust	Institutional Coherence & Ability (ICA)
1	Baures	Low	Yes	High	High
2	Porongo	High	Yes*	Low	Low
	Sucre	High	No	Low	Low**
3	Atocha	Medium	No	Low	Low+
4	Desaguadero	High	No	Low	Low**
	Guayaramerín	High	Yes	Low	Low
	Sipe Sipe	Low	Yes	High	High

Sources: Author's interviews, observation and other fieldwork

* Latent encompassing interest

** Rural high + urban medium = collectively low

+ Rural low + urban medium + mining communities high = collectively low

4. The Local Governance System

This section turns to the question of how the economic, political and social factors identified above interact within the confines of the legal-political framework to determine the quality of local governance. Although these factors account for the deep logic of local government, they operate through the proximate causes of governing institutions. Hence this section will also trace how economics, politics and society jointly determine the quality and character of the municipal council, oversight committee, and the local executive branch (mayor) in each of our seven municipalities.

4.1 Baures

Baures was a small, ethnically and culturally homogeneous municipality where both town and countryside were bound together in a single agricultural and cattle economy. Small to medium-sized farms predominated, and there were no conspicuously powerful economic interests. Such a small, isolated district provided its residents with

strong incentives to get along, and life in Baures had a familial, cozy air. Civil society was well-organized into urban and rural community associations that had high organizational ability and benefited from broad popular legitimacy. As a result, these associations were able to both involve the people in the governance process and engage with official institutions in town on an equal footing. Politics was quite competitive and party identity was strong, perhaps in part because of a previous administration widely reviled as corrupt and ineffective. All of these factors combined to produce a high-quality local governance system that was focused on voters and responsive to their needs. In terms of the model of Chapter 7, there was balance between the political markets for votes and influence and the logic of social representation as mediated by Baures' civic associations (see figure 19 below). The inherent tension between these three elements created a self-limiting dynamic in which the pressures of local interest groups were contained within the bounds of political competition, and did not spill into the machinery of local government nor erupt as civil strife. This served to create responsive institutions of local government.

Thus the municipal council was responsive and highly attuned to local needs. Respondents affirmed that the council met with them regularly, and commented approvingly of its work with the mayor to solve local problems and respond to their demands.⁵³¹ "The councilmen respond mostly to the people," said the leader of El Cairo, echoing the general sentiment. "They don't take account of who voted for them and who didn't, but rather of the needs of everyone."⁵³² The mayor, too, was held in high esteem throughout the district. First elected in 1996, he had been confirmed in his post the following year and was judged far superior to his predecessor. Like the council, the mayor was credited with planning projects well and distributing municipal resources equitably, including for the first time the district's small villages.⁵³³ Lastly, the oversight committee was described as well-intentioned and moderately active, but lacking the funds to perform its role properly. "It's a job that demands a lot, but they aren't paid anything," explained councilman Oni Antelo.⁵³⁴ Nonetheless the OC was credited with successfully mediating local demands during the yearly budget planning exercise, and more generally with consulting townspeople and villagers before acting. Perhaps because of the legitimacy it so generated, the only time it opposed municipal policy it

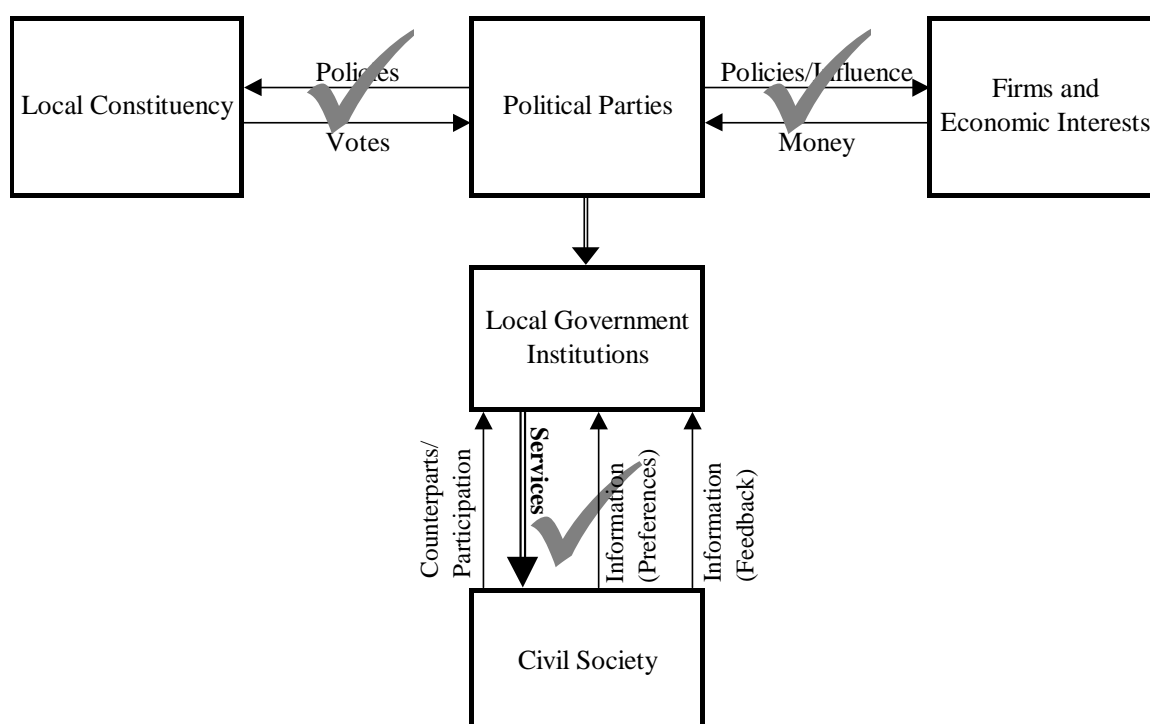
⁵³¹ Hugo Ayllón Parada, Cattlemen's Association president, interview, Baures, 2 May 1997.

⁵³² El Cairo, *op.cit.*

⁵³³ El Cairo, *op.cit.*; Jasiakiri, *op.cit.*; Srs. Pilar and Teresa, and Velázquez, *op.cit.*

won.⁵³⁵ Together, these three institutions produced good-quality local government in Baures that was accountable to voters and focused, instead of politics, on their needs. The generator incident exemplified this. It is not surprising that *baureños* were satisfied with the quality of government they received and rated public investment projects highly.

Figure 19: The Local Governance System in Baures



4.2 Sucre

Sucre, in comparison a huge, diverse, and highly urbanized district, was in some ways also a sleepy municipality. Its two major social divisions were: (i) city vs. countryside, and (ii) native-born *sucrenses* vs. recent (urban) immigrants. Civil society in the countryside was well organized by village associations, keepers of the traditions and identity of Sucre's peasant farmers; city society was organized by neighborhood councils and other civic associations which, though many were still in the process of formation, enjoyed reasonable levels of legitimacy amongst their members. But between the two there was essentially no contact and very little in common, social, economic or

⁵³⁴ Oni Antelo, *op.cit.*

⁵³⁵ The OC was able to have a fence, originally planned for a sports field, re-assigned to the local cemetery in order to keep out stray dogs.

otherwise. As an institutional whole, civil society in Sucre did not work. The local economy was similarly divided between a hinterland of subsistence agriculture and an urban economy of services and small-to-medium sized industry, with little integration between the two. Surprisingly given its size, the city lacked large firms or other dominant private interests. To a large extent this was reflected in Sucre's politics, which was uncompetitive to the point of being inert. Parties did not represent societal interests or sectors. Rather than compete on ideas in the foreground of municipal life, they preferred to remain in the background, carving up official patronage amongst themselves in a broad cohabitation, behind the façade of a popular mayor from a minor party. With political debate stifled, politics became a cozy enclave from which politicians had little incentive to emerge.

In terms of the model, the cash market for influence between parties and private interests was very weak, while the market for votes was comprehensively subverted by a non-competitive party regime. The division and weakness of civil society completed local government's isolation from local needs, and from incentives to meet them. Figure 20 illustrates Sucre's local governance system. I leave similar illustrations for the remaining districts to the reader. Together, these factors produced a curious mix of competence and detachment in city hall. On the one hand, the institutions of government were isolated by an anti-dynamic in which no one fought to control them. But on the other hand, a capable, and even sophisticated, municipal administration toiled at the center of this vacuum to ensure that local services never fell below minimally acceptable levels. Perhaps because of its history as a center of government under both the Spanish and the republic, Sucre had developed a tradition of competent municipal administration, with well-trained operational officials, some of the best budgeting and IT systems in Bolivia, and an unusually high rate of local tax collection. Local government in Sucre was thus a well-maintained but rudderless ship, drifting without direction.

The municipal council certainly did not provide leadership. Independent observers, unenthusiastic about their government, reserved their greatest scorn for Sucre's councilmen, who were judged almost universally to obey their parties and ignore voters. "They are unprofessional and incoherent," reported the manager of FANCESA. "They're interested in other things, not the city nor municipal government."⁵³⁶ Communities urban and rural alike asserted that councilmen were poor-quality and did

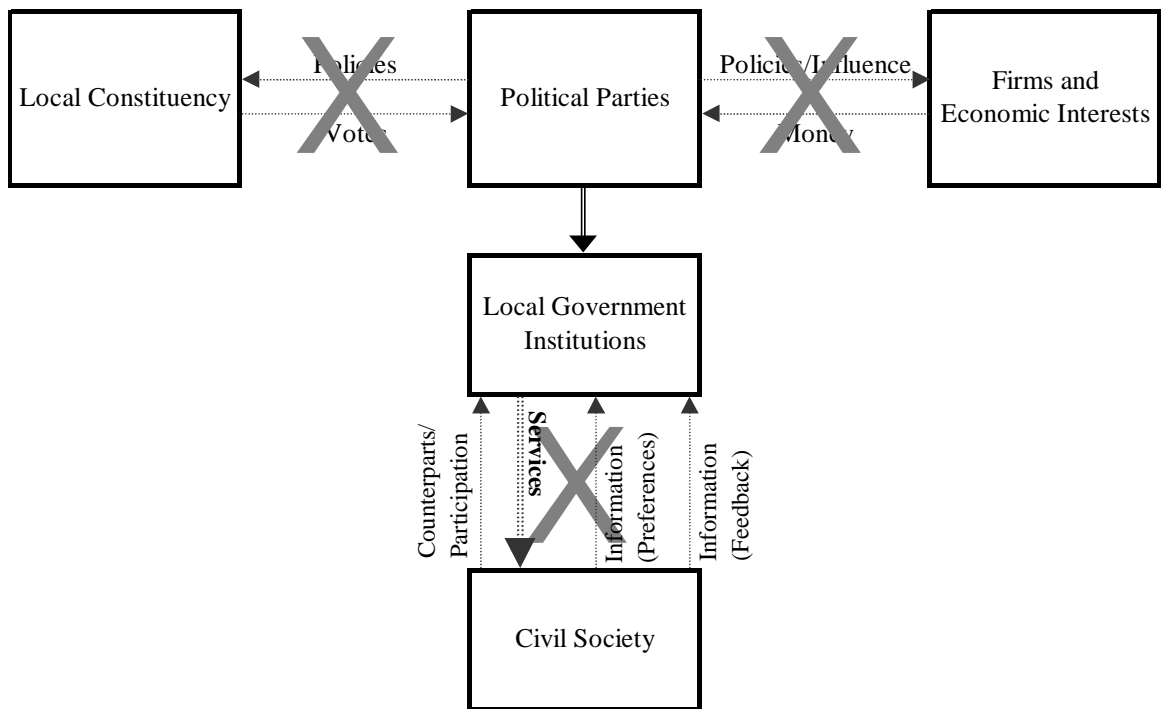
⁵³⁶ Beltran, *op.cit.*

not represent them or their aspirations. *Sucrenses* had a higher opinion of their mayor, though opinion was divided between city and countryside. Urban dwellers appeared to be reasonably content with their local executive, while rural villagers reported that municipal resources never arrived; they judged their condition as bad as before decentralization or worse, to the point where some wanted to secede from the district.⁵³⁷ While the mayor pursued important investment projects in the city, he was criticized for offering the villages “little patches that distract them but don’t satisfy their needs”.⁵³⁸ The weakness of civil society meant that most rural (and many urban) communities did not have the capacity to draw up project plans, or lobby government to answer their most pressing needs. This, along with Sucre’s political vacuum, meant that the mayor faced few binding external incentives, and hence responded to public needs largely on account of his own preferences.

Instead of seeking to overcome the urban/rural divide, government institutionalized it by establishing an independent oversight committee for each. While this might at first appear to be a reasonable response to heterogeneity, its effect in practice was to weaken civil society still further before institutions of government which had not, after all, themselves divided. In the event, both OCs were poor. The urban consensus held that its OC was ineffective, repeatedly failing to provide project oversight, with only its vice president complying with his duties. The performance of the rural OC was more variable, suffering from its own weakness and the hostility of some mid-level municipal authorities; the few good reports it merited from village leaders stood out amongst a mass of negative opinion. Thus a surprisingly sophisticated and effective administrative apparatus coexisted alongside an ineffective municipal council, a weakly accountable mayor, and a divided OC. It is not surprising that public investment responded only tepidly to popular demand, and that satisfaction with local government was only lukewarm. Sucre’s investment planning system was symptomatic of its local government: the municipality employed a well-designed, comprehensive, iterative planning procedure that carefully incorporated participation throughout. But it also took advantage of its influence and technical competence to distort some communities’ requests arbitrarily. Unusually for Bolivia, Sucre’s municipal government was the largest local actor. It had significant power over civil society, not the other way around, and this showed in the way the district was governed.

⁵³⁷ Potolo, *op.cit.*

Figure 20: The Local Governance System in Sucre



4.3 Porongo

Small, rural and poor, Porongo was in some ways similar to Baures, with an economy dominated by small family farms, no industry, and no powerful interests in residence. But its population was much more mixed by years of migration, to the point where most *porongueños* were recently arrived Quechua-speakers who did not share the local diet, religion or other traditions. Nonetheless conflict was rare amongst these diverse groups, who shared very similar economic interests. What might have been a quiet, consensual public life amongst Porongo's residents was instead riven and distorted by its *residentes*, a powerful and relatively wealthy group of *ex-porongueños* who lived in the industrial economy of nearby Santa Cruz and ran the municipality from their urban enclave. They used their money and status to dominate local politics, which accordingly turned on their particular concerns. By and large these were the children of the leading lights of the town, who left to study and work in Santa Cruz. They assuaged feelings of rootlessness or disorientation in the city by conjecturing a happy, bucolic past consisting largely of games and traditional crafts set in a rural idyll. This they then sought to recreate and impose on the actual residents of Porongo. Hence the Civic Committee for

⁵³⁸ J. Bonifaz, *op.cit.*

Women, composed of “residents”, hoped soon to offer local women courses in “dress-making, pastry-making, knitting and traditional artisanery,” its president reported.⁵³⁹ “There’s no inventory of the town’s cultural patrimony,” she added worriedly, explaining her proposal for a museum of local culture. In effect, the “residents” sought to turn a dynamic community in the midst of significant economic and demographic change into a museum of their imagined past, a sort of zoo filled with the traditions and symbols they themselves had left behind. Not surprisingly, this was resisted by a population that never knew such a past, and who did not want it as their future. The real interests and problems of rural Porongo were unable to penetrate this evocative haze, and in this way the *residentes*’ fixation with the town’s *plaza central* displaced the agricultural priorities of a rural economy.

The urban elite was able to get away with this because of the fragmented nature of Porongo’s civil society, and because they completely dominated its politics. The district’s many and diverse migrant groups distrusted each other and, often too weak to organize amongst themselves, were unable to establish broad civic associations that spanned the district’s villages and ethnicities. Thus splintered, civil society could neither effectively represent grass-roots demand to local government, nor mobilize popular support against the ruling elite. Meanwhile local politics – completely uncompetitive – offered no recourse. Local parties were all colonized by “residents”, and all allied together in the municipal council. With no political opposition, party dynamics in Porongo comprised a sharing out of power amongst the “residents”, something facilitated by high voter absenteeism in the countryside. In terms of the model, the cash market for influence between parties and private interests was very strong, and in turn undermined the market for votes and policies; the entire political system, in effect, represented a single narrow interest group. At the same time, the logic of social representation was interrupted by civil society’s institutional weakness. It is thus not surprising that local government in Porongo was neither representative of nor responsive to the people.

Thus municipal councilmen, four of five of whom lived in Santa Cruz, were widely judged untransparent, oblivious to local needs, and primarily concerned with their own or their parties’ interests.⁵⁴⁰ They held more council sessions in Santa Cruz

⁵³⁹ Marta Oyola Morales, president of the Civic Committee for Women, interview, Porongo, 7 April 1997. Oyola lived in Santa Cruz but came to Porongo “every weekend”.

⁵⁴⁰ The order of priorities is telling.

than Porongo, and were accused by many of conspiring to exclude *porongueños* – including the OC – from municipal business by keeping the times and places of their meetings secret. The mayor, on the other hand, was an attractive and expansive ex-footballer from Santa Cruz whose populist instincts took him deep into the countryside regularly. Public opinion credited him with good intentions but criticized his officers as poor and unaccountable, and reproached his administration more generally for operating in a desultory, capricious manner. Much of this was blamed on politicians' residence in the city, which complicated coordination with officials in town and helped obscure responsibility. But it is notable that neither was subject to external political or economic constraints which might otherwise have modified their behavior. Lastly, respondents agreed that the oversight committee was lucky to have a president who was honest and hard-working. But the mayor and municipal council worked equally hard to obstruct him and exclude the OC from official decision-making, denying him the office to which he was entitled and refusing to provide transport. Given no resources and civic organizations too weak to either support him or oppose the municipality actively, the ability of this modest farmer to hold government to account was minimal. In the words of one community leader "they've left him all alone."⁵⁴¹ As a result, and despite a healthy moral authority, the OC in Porongo was weak.

With a weak OC, a terminally unresponsive municipal council, and a mayor with more will than ability to satisfy voters, it is not surprising that the quality of government was mediocre, but rather that it was not worse. This can largely be attributed to the mayor's desire for popularity, which led him to make investments which – community leaders agreed – satisfied some of their needs, and led to modest improvements in public services. Such is the value of leadership in a governing system which otherwise would, in all likelihood, have performed even worse. Porongo's bridge project exemplified the system out of which it came. This, the star investment in the municipal portfolio, was set to connect an uninhabited point fifteen kilometers east of the town with the exclusive neighborhood of Equipetrol in Santa Cruz. But local farmers sold their produce in a different part of the city, for which this bridge was not useful. And with no extant road connecting the town to the bridge site, it was not difficult to judge the bridge either a prestige project or a piece of land speculation, designed to urbanize the near bank of the

⁵⁴¹ Villa Guadalupe, *op.cit.*

river and multiply property prices. In either case, those who stood to benefit were the “residents” and not Porongo’s rural population.

4.4 Atocha

Atocha sits alone on the third rung of municipal quality, with an economy diversified to the point of disjointedness. Local economic actors were almost entirely small-scale, and divided cleanly between cooperative mining and subsistence family farms, with little to connect the two. As the town’s economy was built around mining services and trade in minerals, urban interests were more receptive to miners’ demands than those of rural farmers. This bias was compounded by high electoral absenteeism in the countryside, which gave villagers little voice inside local government. The political system as a whole was uncompetitive, with a three-party governing coalition holding three-quarters of the vote and no active opposition. It was also primarily an urban phenomenon, focused on control of the apparatus of local government, and thus intrinsically sterile. Real political interaction, in the sense of genuinely opposed interests competing over resources, occurred sporadically outside formal politics, in Atocha’s streets and plazas, when the miners mobilized and marched on city hall in defense of their interests. Civil society was also clearly divided in Atocha, between highly organized immigrant miners with a large capacity for mobilization, poor and poorly organized native farmers in the countryside, and the merchants and employees in town who were relatively well-off and well-placed to lobby local government.

The irony of Atochan politics was that the two groups with significant power to influence policy and capture resources – miners and merchants – were precisely the groups most dependent on the highly cyclical mining industry, and hence the most willing to abandon the district when the industry slumped. Recent history had illustrated this dramatically, with Atocha’s mines abandoned wholesale in the late 1980s, followed by an upswing a decade later which more than doubled the district’s population. Hence those who were most adept at securing public investment were also those with the least incentive to invest in their communities themselves. Meanwhile those who combined the worst level of public services with the clearest long-term interest in the prosperity of their communities – Atocha’s peasant farmers – suffered the weakest ability to mobilize to press local government with their needs. With sterile politics and a civil society that was divided and incoherent, it is not surprising that Atocha’s government performed poorly. Local public opinion reflected this. In terms of the model, the cash market for

policies and influence operated normally, while the primary political market for votes was in large part strangled by electoral absenteeism and an uncompetitive party system. The divided and institutionally crippled nature of civil society completed a governance system which was unbalanced and inequitable. Hence public resources and attention in Atocha were skewed towards areas where they were least needed – the town – and least sustainable over time – the mines – while ignoring those areas – rural villages – where need was greatest and investments most likely to prove sustainable. The municipality went so far as to allocate resources to miners from adjacent districts before its own villagers.

The failure of Atochan politics was seen most clearly in its municipal council. The least impressive of Atocha's institutions of local government, it was largely inactive and headed by an illiterate president. Councilmen seemed rarely to leave the town, and a strong public consensus held that they responded primarily to their parties "due to their own ignorance".⁵⁴² With little incentive to tend to villagers' needs, the council focused on urban issues and the simplistic politics of municipal patronage. In the words of the OC president, "Initiatives aren't followed up from year to year. There's little coordination amongst parties and between governing periods. This is bad for projects and for municipal work."⁵⁴³ The mayor, on the other hand, was regarded as well-meaning and honest, but lacked administrative ability and leadership. Although he made special efforts to reach out to rural villages, the combination of his own background and the highly partial political environment in which he operated led him also to favor the town and miners. In institutional terms, the oversight committee stood between the mayor and municipal council, divided like the society it represented. Of its six members, three worked conscientiously to represent civic opinion in public debate, but two members were inactive and a third – the vice president – had escaped to Potosí. A lack of resources and the presence of only one member, the secretary, in the town further hampered the OC's effectiveness. Nevertheless, community leaders agreed that the OC was effective in overseeing and modifying government policy, especially in the town and main mining centers. But transport to farming villages was more difficult, and there its effect was scarcely felt. Thus government in Atocha consisted of a reasonably competent mayor working with an ignorant and ineffective municipal council, and an oversight committee that was fairly capable but faced severe institutional limitations.

⁵⁴² Victorio A., *op.cit.*

The result was mediocre policy-making which skewed investment towards those with the loudest political voice, and ignored those with greatest need. Like Porongo, this case highlights the importance of leadership: with a compromised system of local governance and weak public institutions, Atocha was pregnant with the possibility of even worse government. That it was merely mediocre is testament in large part to the mayor's good will and the OC president's leadership.

4.5 Desaguadero

Desaguadero heads the trio of worst-performers in our group. A rich border town with abundant own-revenues, its government was lucrative to hold and local businessmen vied to run it. But despite a large and valuable trade with neighboring Peru, Desaguadero's main economic interests – transport firms and related businesses that serviced cross-border trade – were small and medium sized, with no dominant actors. The fact that the most important businesses were mobile implied that these interests, by and large, were not entrenched, and hence more sensitive to the costs of political involvement than elsewhere. Socially Desaguadero was really two municipalities, with two economies and two civil societies quite disconnected. Rural Desaguadero, though well-organized at the village level, was too poor to mobilize itself at the district level, and hence remained splintered and weak in the face of urban society. The town's GROs, by contrast, were better-financed and – living on the municipality's doorstep – found it much easier to catch government's attention. They were able to dominate civic discourse to the exclusion of rural concerns and interests, but were themselves divided between two organizational forms, which sapped their institutional strength. Lastly politics, in the sense of ideology or national party dynamics, barely mattered in Desaguadero. Local politics was about occupying power, and although a formal opposition existed politics was not competitive. Rather it was an accommodative pursuit free of substantive political discourse, where the sharing out of spoils was punctuated by periodic elections in which a changing business elite sought to gain control of the instruments of power. With no political accountability, limited social oversight from urban areas, and none from the countryside, local government was free to be manipulated at will by the interest groups that captured it, responding grudgingly to urban demands and ignoring those of the villages. Local governance was worse in rural areas than in town, and overall quality was poor. In terms of the model, the cash market

⁵⁴³ Mamani V., *op.cit.*

for policy influence was healthy and dominated the political market for votes, itself undermined by an uncompetitive party system. Meanwhile civil society, twice divided, was too ill-informed and too weak to hold politicians to account. It is thus not surprising that disappointment with local government was rife at the grass-roots level.

The municipal council exemplified local government's failings. A broad consensus held that it was thoroughly politicized, attuned to the needs of the parties and insensitive to its voters. "It's all politics," said the leaders of Titijumi and Huancollo, describing the council's work.⁵⁴⁴ Tellingly, not even townspeople could explain how it functioned, though some evidence suggested the council was cowed and manipulated by the mayor. The mayor himself, and his staff, received poor reviews from his constituents, though a number attributed this to his short time in office. Subject to little social or political oversight, he could do as he pleased, as the town's 70% share of the investment budget – twice its share of population – indicated. But so far he had done little. Lastly, the oversight committee reflected the lay of the district. Its presidency alternated between the two urban GROs, never going to any rural member, and hence the OC – like the municipal council – remained in the grip of the town. This, however, was less significant that it might have been, as the OC was convincingly ineffective. Some residents accused them of ignoring their duties and others of taking bribes to do so. When I arranged to interview its president he did not arrive – I later found him with his (OC) officers on a street corner, literally falling down drunk.⁵⁴⁵ The vice president, to whom I did speak, professed ignorance about one of the town's largest investment projects. "I demand to know which are our most important objectives," he thundered at me, "as soon as possible!"⁵⁴⁶ With the institutions responsible for oversight and accountability either politicized or suborned or both, leaving the municipal executive free of external discipline, local government was no better than mediocre and possibly corrupt, and largely ignored its residents' needs.

4.6 Guayaramerín

Guayaramerín was a complex combination of extremes of wealth and power in a context of high social diversity, which produced a very particular political dynamic. The city had been transformed by the migratory boom of the post-war period, which

⁵⁴⁴ Justo José Apaza, community leader, interview, Desaguadero, 25 March 1997; Constantino Aruquipa and unnamed, school association president and member, interview, Desaguadero, 25 March 1997.

⁵⁴⁵ The following day he was still too ill to see me.

⁵⁴⁶ Nina Q., *op.cit.*

multiplied its size and filled it with people and cultures from throughout Bolivia. With different languages and traditions, Guayaramerín's many ethnicities jostled each other in the streets and markets of the city, but found it difficult to trust each other or even, in some cases, to communicate. This impeded cooperation at the neighborhood level, and civic organizations were slow to form. When they finally did, it was under the tutelage of local government. This effectively allowed Guayaramerín's political parties to intervene in community formation for the sake of partisan advantage. Civil society was thus party-politicized, making GRO leaders beholden to political masters and neutralizing community groups as an independent source of authority in the district. In Putnam's terms, the horizontal linkages of civic organizations were instigated by political parties for explicitly partisan ends, rendering them unable to conduct effective oversight of politicians, and unlikely to promote their constituents' interests in the political process. Politics, meanwhile, was the preserve of local power-brokers, defined by the agreements they reached, and not the domain of collective action nor action on behalf of the collectivity. There was little ideology and little adherence to national strategies; this was not a politics of ideas, but rather of power and of influence. In part no doubt because society was fractured, the people of Guayaramerín had a weak tradition of political participation. The elitist conduct of policy sapped the legitimacy of politics and people's belief in the possibility of voice. Electoral absenteeism was high. Like Atocha, this in turn facilitated the efforts of a business and political elite to keep themselves in power through a variety of means.

But the defining feature of Guayaramerín was its economy – rich, diverse, and thoroughly dominated by a small coterie of powerful businessmen who also ran the city's important public and private institutions. Hence the president of the municipal council was also head of the telephone cooperative, the mayor was a prominent timber merchant, and the head of the local ADN owned two of the district's three television stations, along with several agribusiness and transport concerns. Guayaramerín was thus run by a pro-business, of-the-business alliance primarily interested in the growth of the local economy, as well as in distributing municipal business amongst themselves. They admitted little public debate before key municipal decisions, and kept official accounts, investment plans (including the OAP), and other records very much out of the public eye. Once in power they left political divisions aside and behaved as a clan, providing no restraint on each others' actions and ignoring each others transgressions. They adhered to a trickle-down philosophy, and were more interested in accumulation than in

actively oppressing any group in particular. But because their cause was pro-growth and their interests encompassed essentially the entire local economy, private accumulation had historically led to public accumulation too.

This business elite proved adept at developing Guayaramerín during the decades when it was a forgotten provincial town with few public resources because it was able to marshal private resources for the collective good when the question at hand was also a business priority. Thus electricity and telephone service were both brought to the city through cooperatives led by prominent local businessmen; and much street paving and the decoration of the central plaza were made possible through private contributions. But this model of “governance”, which relied on informal contacts and private agreements, proved deficient at running a more complex municipal government that presided over a large rural hinterland. The advent of decentralization brought the district significant public resources, the administration of which demanded transparency and extensive consultation. And the business elite was not good at this. In terms of the model, the primary market for votes and policies was weak on account of an elite-dominated, uncompetitive party system. The cash market for policies and influence, on the other hand, was very strong indeed. And the logic of social representation was comprehensively undermined by the political capture of community organizations. Thus Guayaramerín’s local governance system was severely unbalanced, and it is no surprise that the municipality proved biased towards the city and insensitive to local needs.

Guayaramerín’s municipal council was in some ways the institutionalization of its ruling elite, populated as it was by prominent locals. But whatever their abilities as businessmen, as councilmen they rated very poorly. “The priest,” said one observer, referring to the MBL councilman,” is a demagogue.... The rest of the council is useless.”⁵⁴⁷ Popular opinion held that they responded to their own interests and to those of their parties, and even the council president conceded that their parties told them what to do.⁵⁴⁸ The leader of the 1^o de Mayo community described the effects of such politicization: “When we go to see them [councilmen] in Guayaramerín to request something or discuss some concern, they ask us what party we belong to. If we answer their own party, then we’re attended very well.”⁵⁴⁹ The mayor appeared to be somewhat more effective and less aggressively political, although he benefited from the

⁵⁴⁷ Simoni, *op.cit.*

⁵⁴⁸ Nincevic, *op.cit.*

⁵⁴⁹ 1^o de Mayo, *op.cit.*

comparison with a detested predecessor. The popular consensus held that he had brought about some improvements in the city, but had had little or no effect in the countryside. A number of observers accused him of promoting conspicuous infrastructure projects while ignoring the more important needs of the populace.⁵⁵⁰ “There are big problems here, and the municipality is dedicated to small things,” said the parish priest.⁵⁵¹ Many others reproached him for refusing to meet with GRO representatives, and obstructing participation generally.⁵⁵² To the extent that the mayor cultivated an image of effectiveness, this was largely a façade, a shield behind which the ruling elite could strike the serious deals implicit in running a large municipality.

Guayaramerín’s oversight committee, lastly, was different in its overt politicization from those of our six other municipalities. Political parties largely determined its composition through their manipulation of GROs; OC candidates ran political-style campaigns, and its president promptly identified himself as an ADN man. But most importantly of all, city hall held the power to change the OC leadership if it chose, and had wielded it in the past.⁵⁵³ Thus compromised by the parties, the OC was neutralized as an independent authority and had little say in official decisions. With a politicized and unresponsive municipal council, a posturing mayor who obstructed popular participation, and an oversight committee infiltrated and neutralized by political parties, popular dissatisfaction with local government was virtually assured, and was forthcoming. But city hall seemed oblivious to such considerations. The mayor shifted municipal alliances with ease after the ADN took power in La Paz, and the business of governing continued undisrupted.

4.7 Sipe Sipe

Our last municipality, Sipe Sipe, was different from the other worst-performing districts in several important ways. Unlike Desaguadero and Guayaramerín, it comprised a homogeneous agricultural economy in which the town provided markets and agricultural services for farmers in the villages. And with no *haciendas* remaining after 1953, the district lacked dominant – or even large – economic actors. But common economic interests did not lead to a government responsive to people’s needs, and this was in part the fault of politics. Sipe Sipe’s party system was uncompetitive, afflicted by

⁵⁵⁰ Catalayud, *op.cit.*

⁵⁵¹ Herrera, *op.cit.*

⁵⁵² Catalayud, *op.cit.*

⁵⁵³ 1º de Mayo, *op.cit.*

demagoguery and an insider dynamic that allowed the mayor, when forced to resign under a cloud of suspicion, to swap jobs with the president of the municipal council and continue in government. Fairly low electoral participation rates facilitated such manipulations by the political elite to remain in power. In this way the political system was rendered unresponsive to popular concerns, and real, substantive political competition occurred instead outside formal politics, spearheaded by GROs and the oversight committee. Sipe Sipe's civil society was well suited to this role, with strong institutional characteristics arising from a high degree of ethnic and cultural homogeneity that allowed it to mobilize around common goals effectively. Its civic associations were well-established, some from before the Spanish conquest and others from the 1950s, with strong traditions of self-government and popular mobilization. But a local government both politicized and involuted failed to exploit its potential, and community groups had little participation in the planning or execution of municipal projects. This helps to explain popular discontent with Sipe Sipe's government, criticized throughout the district as unresponsive to local needs. It also explains why civil society was plotting to seize the reins of power and overthrow the mayor. Old, organized, and largely excluded from the local governance system, civic organizations had both the means to fight local authorities and the will to do so. In terms of the model, the secondary market for policies and influence, given feeble economic actors, operated weakly, while the market for votes and policies was disrupted by an untransparent, anti-competitive party system. And the logic of social representation, which should have flourished in a context of social coherence, was artificially disrupted by authorities who connived to stifle it.

The municipal council exemplified many of the flaws of government in Sipe Sipe. A highly politicized body, it was a forum for political intrigue and widely believed to be corrupt. Popular consensus held that councilmen obeyed first their own pockets and then their parties, before considering the needs of the voters. The mayor and municipal executive displayed similar characteristics, dictating which investment projects a number of communities received and excluding popular participation from the government process generally. "The municipality thinks the AOP is a sacred document," reported the leaders of Mallco Rancho.⁵⁵⁴ Popular consensus held that government and public services had improved little or not at all since decentralization

⁵⁵⁴ Montán, *et.al.*, *op.cit.*

“because politicians cheat us [and] the municipality spends money according to its own convenience.”⁵⁵⁵ Lastly, the oversight committee failed to oversee municipal business adequately on account of its own ignorance and inactivity. When asked about a major water project almost on his doorstep, the OC president proved utterly uninformed. GRO leaders agreed that the OC did little to fulfill its official duties, accusing its leader of partiality to the mayor. With a mayor and municipal council that were politicized, unresponsive and corrupt, and an oversight committee ignorant and complicit with the authorities it was bound to oversee, local government did not perform well. And the people of Sipe Sipe, naturally, were discontent. But the striking fact about the system of local governance in Sipe Sipe was the ability and willingness of its civic organizations to confront the problem directly. The decentralization law strengthened their hand by granting them control of the OC, which in turn gave them the means to challenge the mayor and a chance to overthrow him.

Figure 21

The Local Governance System Summarized					
		(1)	(2)	(3)	(4)
		Open and	Civil		Responsiveness and
Rank	Municipality	Competitive +	Society +	Competitive ==>	Accountability of
		Economy	ICA*	Politics	Governance System
1	Charagua	4	5	5	5
	Baures	4	5	5	5
2	Porongo	2	2	1	2
	Sucre	3	3	3	3
3	Atocha	4	2	2	2
4	Desaguadero	4	2	2	1
	Guayaramerín	1	1	1	1
	Sipe Sipe	5	4	2	3
	Viacha	1	2	1	1

Sources: Author's interviews, observation and other fieldwork

* Institutional Coherence and Accountability

Columns 1, 2 and 3 summarize the information in figures 16, 18 and 17.

Values: 1 = lowest, worst; 5 = highest, best

Viacha and Charagua added for purposes of comparison.

4.8 Summary and Comparisons

The table in figure 21 summarizes the main factors used in the above analysis. It does this by mapping the information in figures 16, 18 and 17 into three columns respectively, which correspond to the following concepts: (i) openness and

⁵⁵⁵ Siquisiquía, *op.cit.*

competitiveness in the local economy (vs. hegemony or dominance by a few firms/actors); (ii) civil society's institutional coherence and ability; and (iii) an open, competitive political system marked by political entrepreneurship and policy innovation. As is argued in section three and demonstrated in section four above, these variables are key to explaining the quality of a district's governing institutions, and hence the quality of governance received. Mapping is done by assigning each municipality a value between one and five, where one is lowest (worst) and five is highest (best). While the value for each district is primarily based on that of the relevant column in figures 16-18, it also attempts to summarize the information in each table more generally. The schematization implicit in such notional values is a necessary compromise in order to present a large and diverse amount of information succinctly.

Together, these economic, social and political factors determine the fourth column, the overall responsiveness and accountability of the local governance system. In simple terms, this captures the extent to which citizens are able to make local government do things for them, where government is construed to include the mayor, municipal council, and oversight committee. The column summarizes citizen's responses to a variety of questions put to them in my extended interviews. As argued in the previous section, the responsiveness of a district's governing institutions maps directly into people's perceptions of government quality, as given by their satisfaction with the public services and policy they receive. The ranking of municipalities in figure 21 demonstrates this – rank is according to popular perceptions, and closely tracks the values of column four. A comparison with figure 15 provides further corroboration.

The obvious exception to this analysis is Sipe Sipe, where a mediocre level of government responsiveness and accountability is associated with performance that is significantly worse. In other words, the model predicts a higher quality of government than respondents reported. This is because the district possessed two of the three conditions necessary for good local government: a competitive economy, and a high level of social coherence; but the third – a competitive local politics – was actively stymied by machinations of the mayor and municipal council. But Sipe Sipe's civil society, mobilized around a common goal, was taking the necessary steps to overturn the mayor. This implies that the local governance system, if temporarily diverted by the strategies of its officials, was in the longer term responsive to the demands of the people. Hence Sipe Sipe's low rank must be judged a transitory phenomenon – the district was likely to perform closer to the model's prediction soon.

A less obvious exception is Porongo, ranked by its respondents in the second tier of districts but with economic, social and political scores that are significantly worse. Its combination of economic dominance by a small group of friends, a fractured civil society lacking trust, and an almost comically uncompetitive political regime should have secured it a place at the bottom of the table. That it did not is largely attributable to the populist instincts of its mayor. This illustrates the difference leadership can make, and the power of personality in a municipal system as systematically undermined as Porongo's. But it is instructive to remember the lesson of Chapter 7: leadership is not entirely exogenous. The comparison with Sipe Sipe permits further refinement – leadership is likely to be exogenous only in the short term, but determined endogenously by municipal characteristics in the longer term. Unscrupulous political agents will tend to operate in municipalities where government oversight and accountability are crippled by economic monopoly, distorted political competition or deep-set social antagonisms. Whereas in Sipe Sipe a responsive political system prepared to eject bad politicians who sought to pervert it, Porongo's dormant civil society if anything attracted them. Over time the quality of government in Porongo was likely to fall more easily than rise, dependent as it was on the quality of its leadership. Hence both cases comprise exceptions that prove the rule, confirming the value of the model.

Another telling comparison is between the Atochan communities of Chorolque and Villa Solano, or for that matter any of a number of unformed communities in Porongo and elsewhere. In the former, a pre-existing social unit organized around a very strong economic incentive – the miners' cooperative – took on GRO responsibilities quickly and effectively, and was highly involved in project selection, supervision and execution. Civil society in Villa Solano, meanwhile, was still asleep, relatively unorganized and uninvolved in its own governance. This highlights the role of social organization *per se*, as distinct from demographic characteristics. It implies that a community can take advantage of existing social organizations established for different purposes to mobilize collective efforts in the interests of local government. The fact that the people of Chorolque were migrants from across the altiplano and no community had operated there a only few years earlier, whereas Villa Solano was stable and homogeneous, underscores the point. But Chorolque also illustrates how the operational characteristics of the underlying organization can spill over into local governance, not always with salutary effects. In this case, the miners' strong tradition of political

activism led them to take FIS officials hostage in order to demand further investments. The long-term effects of this action on local investment were unlikely to be positive.

Guayaramerín is notable as the only case where political competition preceded the organization of civil society. Politicians' success in colonizing community organizations there suggests that civic institutions must precede political parties if they are to act as checks and balances on their exercise of power. The logic of social organization must be different from the narrow logic of factionalism, patronage and electioneering. Where parties literally precede civil society, they place themselves in a prime position to capture social groups as they are formed, and manipulate them for partisan – and not civic – ends. The comparison of Guayaramerín, where citizens made no attempt to change municipal policy, with Sipe Sipe, where they organized to overthrow the mayor, makes this clear.

With respect to the oversight committee, the comparison between Baures and Sipe Sipe is similar to that between Charagua and Viacha, and hence supports the interpretation in Chapter 7: where the mayor and municipal council represent their voters and respond effectively to popular demand, the function of the oversight committee is greatly diminished. It only becomes a binding constraint when one or both institutions malfunction. And if the OC itself is neutralized as a decision-making body, civil society must rely on its own devices. But as the experiences of both Viacha and Sipe Sipe vividly demonstrate, when society is coherent and well-organized it is more than capable of defending its interests.

The final, small but compelling, observation concerns Baures and its separation from the municipality of Magdalena two years into the decentralization process. While it was subordinate to Magdalena, Baures was comprehensively ignored by town hall. There was no local governance system in operation, as the sub-district received few resources, and few GROs were organized. But after separation, local government flourished in Baures. Neighborhood and community groups sprang up to participate in policy decisions, and public resources were invested equitably according to communities' greatest needs. Public services improved considerably, and the people applauded their local government. This transition from stasis to governance is an illustration of the potential of decentralization. The exemplary experience of such a tiny population suggests that decentralization in Bolivia can be taken further, driving democracy even deeper into the roots of society.

5. Conclusions: Refining the Model

As fine-tuned above, the model of the local governance system can explain the quality of government in all nine municipalities, including Viacha and Charagua as well as the two outliers. More importantly, it is sufficiently sensitive to distinguish between cases that alternative theories would expect to be similar, but which in fact show very different levels of performance. A common claim, for example, is that performance is a positive function of municipal size or wealth, as smaller/poorer municipalities lack the human and financial resources to confront the problems of government. But such a theory can not explain the position of Guayaramerín, one of the largest and wealthiest districts, at the bottom of the list, nor that of tiny Baures at the top. Another argument, found frequently in the political science literature, is that the presence of dominant interests leads to interest-group capture, and hence unresponsive government. But this only explains performance in one of our worst-performing group – Guayaramerín – and not the other two. Lastly, my own results in Chapters 2 and 3 imply that small, rural municipalities are more sensitive to local needs than their larger, urban cousins. But the two smallest districts in our group – Baures and Desaguadero – sit at opposite extremes, while the largest and most urban – Sucre – lies near the top. The model developed above can explain all of these apparent contradictions. It can also explain why the underlying quality of governance in Sipe Sipe was better than it appeared, and why government could be expected to improve suddenly there.

The greater amount of information available from adding seven cases to our original two permits a rough sort of “sensitivity analysis” of the different elements of the model in order to gauge their relative importance. Consider the positions of Baures and Sipe Sipe in figure 21. This suggest that all three determinants must rate highly in order for government to perform well. Having two good factors is not enough, nor indeed is one. But closer examination reveals that economic structure is least well correlated with the fourth column. Politics and civil society track overall responsiveness and accountability better, suggesting that they jointly determine government quality. But at this point it is instructive to ask: which of these factors is exogenous and which is endogenous? It is easy to see that the local economy is essentially given. It is part of the superstructure within which politics and civic organizations operate, and – short of revolution or expropriation – changes too slowly to be determined in any useful sense by the other factors in the model. The institutional capacity of civil society is also

exogenous. Although it will develop and change over time, internalizing the incentives generated by its environment more rapidly than economic structure can, it is ultimately dependent on characteristics such as culture, language, encompassing interest and trust – characteristics which should remain exogenous in a political economy model of government.

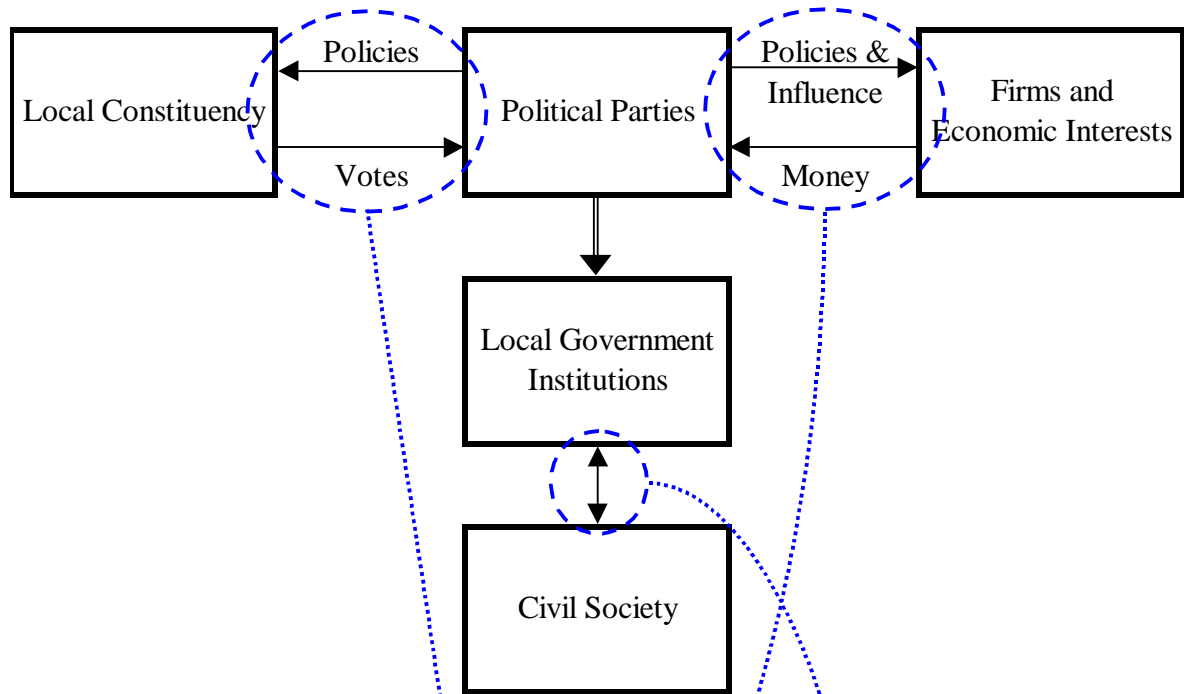
A competitive political system, on the other hand, is different – dependent as it is upon the constellation of economic and other interests at the local level, as well as on political participation by citizens and turnout at elections. According to their strength and their behavior, a district's private interests can monopolize its politics or contribute to openness and competition; and voters can make their demands known and hold politicians to account, or not, by the extent to which they vote and participate in policy discussions. Thus assuming a legal and institutional framework that guarantees a secret ballot, fair vote count, and free entry of political agents – essential assumptions for any democratic system – competitive politics is determined endogenously. Poor or corrupt leaders can emerge spontaneously, of course, but over time the character not only of political leadership, but of the entire political system, will be given by the interactions of civil society and economic structure. This is borne out by the preceding analysis, which shows this process in action in our seven municipalities. Figure 22 presents these relationships graphically, and shows how they relate to the previous model of local governance. In essence this model is a restatement of the previous one. But whereas the first model is structural, representing the main actors involved in the local government process, this one is dynamic, focusing on the interactions between these actors, and the chain of causality that leads to government responsiveness and accountability.

Lastly a question: what sorts of interventions can improve the quality of local government? Very generally, and assuming that legal guarantees of free and fair voting are in place, figure 22 suggests that civil society should be the key object of such policies. If economic structure is exogenous and changes slowly, then efforts to increase the responsiveness and accountability of government institutions can usefully focus on strengthening civic organizations, increasing their participation in the policy debate and their influence on the local political system. Such efforts should take account of how civic groups enter the local governing process and which are the key inputs they provide, as discussed above. Principal amongst these is continuous feedback on grass-roots needs and the effectiveness of government action. This can serve to complement a voting mechanism which is intermittent and un-graduated, and thus unsuited for prompting

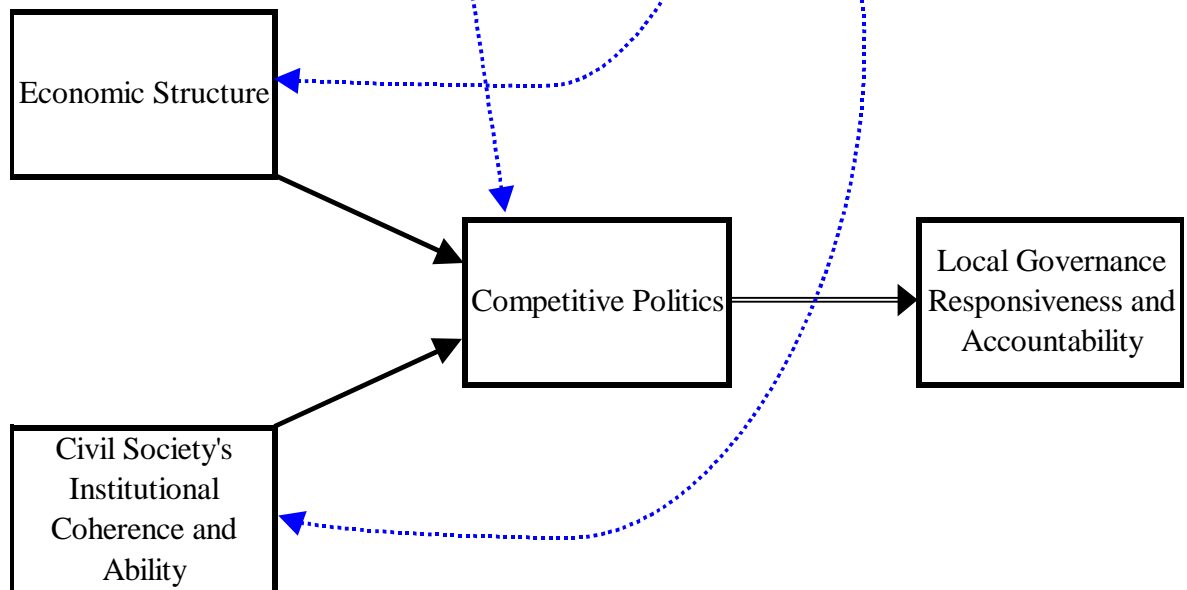
incremental policy changes. In so doing, it can help to counterbalance the influence of private interests on politicians, which tends to be both continuous and compelling, and to lead in the long term to patronage and insularity in the local political system. But national authorities and development practitioners alike should be very wary when planning such strengthening activities. The fundamental point of decentralization is that decisions are made locally, according to local priorities. Outsiders must take care not to disrupt this process. Hence their policy interventions must be discrete and highly targeted, and focused above all on enhancing the insertion of civil society into the local governance system.

Figure 22: Two Models of Local Government

(i) Structural Model



(ii) Dynamic Model



9

Conclusion

After long and detailed analysis of decentralization and the quality of local government in Bolivia, it is time to weave together the strands of our various conclusions and consider what we have learned.

Bolivia's 1994 decentralization reform changed not only the allocation of public monies amongst the country's 311 municipalities, but more importantly national patterns of investment. Chapter 2 demonstrated that investment changed significantly in the social sectors (education, water & sanitation, water management, and possibly health), agriculture and urban development. Econometric results further showed that changes in the social sectors and agriculture are positively related to objective indicators of local need – for example, investment in education and water & sanitation rose after 1994 where illiteracy rates were higher and water and sewerage connection rates lower, respectively. Decentralization thus made government more responsive in Bolivia by re-directing investment in public services to areas of greatest need. It is an impressive fact that large shifts in national investment aggregates were driven by Bolivia's smallest, poorest municipalities investing newly-devolved resources in their highest-priority projects. But how precisely did decentralization achieve such effects? What social or political mechanisms link needs to policy? As discussed in Chapter 1, many contributions to the literature invoke the idea that local government is "closer" to demand, and responsiveness follows in some unspecified way. This account, though not unattractive, is insufficient as an explanation of broad behavioral change as it simply re-locates the question: Why does closeness matter? How does it operate? Why does local government behave so differently?

Chapter 3 explored these questions, examining how central and local government decisions are made by modeling the policy decisions of each econometrically. Local government invested progressively in terms of need in agriculture and the social sectors – five of the six sectors studied; central government invested progressively nowhere, and regressively in terms of need in health, agriculture, and water & sanitation. So far this

confirms the pattern of Chapter 2. More interestingly, under both regimes private sector lobbies were associated with investment reductions in some sectors, notably health, while the presence of civic organizations led to investment increases in others, notably education and water. At the simplest level this points to the existence of political economy mechanisms under both central and local government through which private sector and civic groups influenced policy outcomes. But the stark differences between the two regimes noted above imply that such mechanisms function in quite different ways.

Most importantly, civic lobbies and private interest groups have a much greater effect on policy-making under local government than central government. While the data do show that the center “listened” to local demands, it did so in only the 50% of municipalities in which it chose to invest before decentralization. These were Bolivia’s bigger, wealthier municipalities where service provision and the existing stock of infrastructure were greater. Local governments, by contrast, listened essentially everywhere. The resulting investment patterns reflect this. Whereas local investment was economically progressive and responsive to local needs, the center invested where need was lower, wealth higher, and ignored scores of small districts entirely. Taken together, the results suggest a nuanced explanation of this behavior. The competitive interplay of local political forces combines with the discipline of local elections under decentralization to ensure that public officials are well-informed about voters’ preferences, and held accountable for the policies they pursue. Decision-makers’ incentives are more closely aligned to citizens’, and the effect is strong enough to appear in national trends. In such a system of governance even poor citizens have voice and may participate in the policy debate. By contrast, central government’s response to local priorities is muted by distance, incentives and extraneous (*e.g.* political) considerations. In terms of processing local signals the center is simply less efficient than the periphery, and the resulting policies reflect this.

This explanation is consistent with a simple model of public investment in which local government is more sensitive to local preferences, but central government has a technical or organizational advantage in the provision of public goods. Thus the periphery knows better what local citizens want, but the center can produce services of a given quality more cheaply. By varying the parameters of this tradeoff I can show that decentralization will lead to increased investment and better targeting in some sectors, and decreased investment in others. A simple extension of this model that embeds the

objective functions of both regimes in a negotiations framework goes further. By locating central government in a “national capital”, with its own particular interests and policy goals, and making policy outcomes the result of bargains between center and periphery, such a model can explain the two central facts of decentralization in Bolivia: (1) the sharp fall in the geographic concentration of investment, and (2) the sea-change in the uses of investment away from infrastructure towards the social sectors.

Provocative as they are, these approaches raise a number of deeper questions about local government which must be answered if we are to fully understand decentralization and the effects it brings about. Why should local government be more sensitive to local information? Why is it more accessible to different social groups? Amongst decentralized municipalities, why are some more responsive or effective than others? The quantitative approach of the first part of this dissertation has several strengths, not least the generality of the insights it provides: the trends I identify in the data hold across all of Bolivia’s 310 municipalities, and my conclusions are thus national in scope. But both its data and its estimation techniques are too blunt to allow us to push our conclusions further. Contrast, for example, the insignificance of indicators of civic and private lobbies in Chapter 2 with their overriding importance in Chapters 5 to 8. Raw qualitative evidence establishes clearly that these actors mattered to the quality of decentralized government, yet numerous econometric estimations failed to detect this. Answering the questions above requires us to understand the tangle of social and economic forces which underlie the institutions of local government. We must characterize in qualitative terms the actors that compete for power in a political environment, and understand the complex relationships between them.

Hence part two, where extensive qualitative analysis based on hundreds of hours of interviews and observation built up detailed case studies of nine municipalities after decentralization. Chapters 5 and 6 tackled these questions by examining local government very closely in the best and worst of these in order to determine how government works in each, and which factors explain their differences. In Viacha government was unresponsive, violent and corrupt. This was largely due to the mayor’s successful efforts to short-circuit public accountability by sabotaging the institutions of government, leaving them unable to carry out their role in the governance system, and him free to deform local policy in his own and his party’s interests. In Charagua, by contrast, governance was participative and responsive, led by strong institutions of government which produced high-quality policy outputs. Careful consideration of how

policy is made, from the perspectives of all the major and intermediate players in each district, showed that the performance of public institutions was firmly grounded in the local economy, political system, civil society, and the interactions amongst them. Chapter 7 pushed the analysis further, showing that a vigorous local politics marked by competition is conducive to effective government; the policy innovation and political entrepreneurship thus enabled tend to arbitrage away distortions in political representation and voice. And an open, competitive local economy is in turn conducive to competitive politics, to the extent that it increases the diversity of ideas and policy proposals that compete for public favor, as well as intensifying the enforcement of accountability over local officials. Lastly, where civic organizations are resilient they can aggregate preferences, represent community needs, enforce political accountability, and otherwise facilitate the participation of civic groups – including the poor – in a governance process which might otherwise be easily dominated by firms and business interests.

Although compelling in light of the facts, this explanation of government in Viacha and Charagua is still too loose to be fully satisfying. Chapter 7 accordingly moved towards a more explicit model by identifying information and accountability as the key conditions necessary for high-quality, responsive government. Where economics, politics and society interact favorably as described above, information and accountability will obtain in the local government process; where they do not, one or both will be absent. I then derived a simple, two-stage model of local government inductively from the experiences of the two districts. In the first stage, control rights over public institutions and resources are allocated to particular politicians via elections. The second stage consists of a number of single issue sub-games in which civic and private actors lobby elected officials to implement the policies they prefer. Through this two-stage structure, the model provides an elementary solution to the problem of preference revelation in multi-dimensional policy space that has bedeviled public choice theory for decades. More prosaically, it also explains the policy outputs described in Chapters 5 and 6.

But in this form the model is not empirically tractable given the type of qualitative data available. Hence I operationalized it by collapsing the structure into an atemporal, single-stage framework focused on the real institutions of government: the mayor, local council and oversight committee, and their interactions with the major economic, political and social actors in a given district. This approach construes local

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government as a nexus of two political markets and one organizational dynamic. In the primary (retail) market, political parties offer policy-related ideas and values in exchange for votes. This corresponds to stage one above. In the secondary (wholesale) market, policy bundles and influence over the policy-making process are sold to interest groups in exchange for money, corresponding to stage two. Meanwhile, civil society inserts itself into the local government process through its own organizational dynamic, transmitting local preferences and political opinions/complaints upwards to elected authorities, and information on government proposals and policy conditions downwards to the grass roots. This element is essential, as local government depends on the relationships that collectively comprise civil society to elicit detailed information for use in policy-making, judge the efficacy of past interventions, and plan for the future.

In order for local government to be effective, these three relationships must counterbalance each other and none dominate the other. Such a stable tension leads to a self-limiting dynamic where pressures from various interest groups are contained within the bounds of political competition. Breaking this tension can hobble government, leaving it undemocratic when the primary political market is impaired, insensitive to economic conditions when the secondary political market is distorted, and unaccountable and uninformed when the insertion of civil society is blocked. Because of the organizational heterogeneity of civic groups, and because the currency of their influence is often hard to measure – unlike the votes or money of other actors – this last element is the most complex and difficult to observe of the three. But it lies at the heart of the stage-two process described above, playing an important role in the transmission of information and enforcement of accountability.

Chapter 8 refined the conceptual framework further by using it to analyze evidence from seven additional municipalities, testing its generality and resilience against new data. The model explained the quality of government in this diverse group of districts well, and was sufficiently sensitive to distinguish between cases that alternative theories would expect to be similar, but which in fact performed quite differently. Specifically, its combination of economic, political and social arguments permits greater analytical precision than any one independently could achieve. This was illustrated pointedly in the case of the outlying municipality, Sipe Sipe, which according to the analysis should have enjoyed moderately good government, but instead languished at the bottom of the scale. After my research was complete, Sipe Sipe's citizens – supported by strong civic organizations and an open, competitive economy – challenged

their wayward authorities and were able to secure a change in local leadership. The improvement in the quality of government they ultimately achieved returned the district to a level of performance more in line with the model's prediction.

Chapter 8 further confirmed that information and accountability are at the core of a good policy-making process, and by extension that the insertion of civil society into the local governance system is an important component of responsive government. This is not to say that economic structure and the political system are not important – they are. But these fields have been plowed extensively in the past, and their effects are well understood. The role of civic organizations in the governing process, by contrast, is less well understood. How is successful insertion achieved? In a competitive political dynamic, private interests offering cash – and thereby immediate and even continuous gratification – to elected officials enjoy an advantage over civic groups. The latter's comparative advantage lies in potential votes, a more distant, less constant enticement. Facing such a challenge, the organizational cohesion, norms of behavior, and stores of trust and credibility that civic groups develop can crucially level the field of political competition. And a level playing field essentially defines the conditions for successful insertion of civil society into a governing regime. Where such conditions obtain, evidence from Bolivia shows that accountability is likely to become an explicit and continuous element of local government. The grass roots gain a permanent voice, and substantive participation in how they are governed. And the quality of government improves.

As this synopsis demonstrates, the addition of a detailed qualitative approach to an econometric methodology allowed me to combine generality and consistency with empirical depth and richness. Useful on its own, this also facilitated the identification of social mechanisms amongst the many actors and variables in question. By interpreting quantitative results in light of qualitative findings I was able to engage in theory selection, using case studies to rule out alternatives that correlations permitted but direct observation did not. The ultimate goal of my mixed methodology was to establish patterns of causality that explained the broad results of part one, and answered the deeper questions posed in part two. This was largely achieved.

Finally, put method aside and consider in a nutshell what decentralization did to Bolivia. Decentralization led to major changes in national policy by making government more responsive to real local needs. It did so via the creation of hundreds of local governments throughout the country. These proved more sensitive to local conditions,

and more accessible to lobbying and grass-roots pressure, than a central administration that simply abandoned large expanses of territory as convenience dictated. The superior responsiveness of local government is a product of the structure of local governance, which I model as a two-stage game. Indeed, the effectiveness of decentralization as policy reform is largely the result of enabling second-stage sub-game dynamics throughout the country, where previously no policy-making took place. In so doing, decentralization engaged thousands of neighborhood councils, peasant communities, *ayllus* and *mallkus* that pre-date the Spanish conquest, as well as interest groups and business associations which previously had no voice in how their communities were run. By locating real resources and political power in municipal institutions it reached out to rich and poor strata alike offering them the means to improve their lives, and thus a concrete incentive to participate.

This changed not only the form of government in Bolivia, but also its substance. The relatively few central officials stationed beyond national and regional capitals before 1994 had almost no incentive to concern themselves with local demands. Career success was determined by ministerial fiat unrelated to local outcomes in distant districts. Second-stage games did not exist in the provinces, and officials – who could afford to ignore local interest groups – fixed their gaze firmly on La Paz. In a sparsely populated country twice the size of France with a per-capita income of \$2/day, poor groups beyond the main few cities could realistically expect to wield no influence on central government policy, especially on such issues as schools, and street lighting. Business interests and the rich might eventually hope to gain some favors from the center, but throughout most of the country ordinary citizens' ordinary concerns were effectively shut out. Decentralization changed this by creating local authorities beholden to local voters. Throughout the national territory it put real power over public resources in the hands of ordinary citizens. And it changed the way the country is run.

This dissertation has ultimately been about the possibility of change, and its message is hopeful. The reform of institutions and their associated incentives can bring about significant, nationwide changes in social and political behavior in the space of a few years. The Bolivian experiment argues against Putnam's assertion that policy performance is determined by thousand-year historical conditioning. When reform creates the opportunity to establish social organizations that improve group welfare, people can rise to the challenge and succeed. This includes the very poor and oppressed. The conditions necessary for reform to prosper are a complex of economic, political and

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social characteristics, and may well be lacking as often as they are present. But under the right circumstances, decentralizing resources and political authority can generate real accountability where none existed before and improve the quality of government a society achieves.

Appendix 1: Chapter 2 Data and Methodology

A1.1: Summary of Principal Component Variables, PCV Constituents, and Needs

Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Principal Component Variables					
Pvt Sector	302	-3.2400E-09	1.5298	-0.3015	18.0787
eereg_cm	306	202.7255	1229.8060	0	14117
eereg_ea	306	0.5556	2.0973	0	30
eereg_fi	310	2.6097	26.7243	0	454
Pr Planning	310	2.3600E-09	1.5915	-2.7175	2.2313
catastur	310	0.1581	0.3654	0	1
dpacoocor	310	0.8548	0.9991	0	4
dpocaotro	310	0.6968	1.1790	0	4
epoaham	310	0.8355	0.3713	0	1
evalres	310	0.8226	0.3826	0	1
idenalc	310	0.7968	0.4030	0	1
idencons	310	0.4129	0.4932	0	1
idencv	310	0.7323	0.4435	0	1
idenpdm	310	0.3742	0.4847	0	1
info_ed	310	0.5581	0.4974	0	1
info_sa	310	0.5839	0.4937	0	1
pdm94	310	0.3032	0.4604	0	1
plan_sye	310	0.5839	0.4937	0	1
reconu_a	310	0.6839	0.4657	0	1
Civil Insts	303	2.4000E-09	2.2150	-2.1130	14.5313
cv	310	0.6419	0.4802	0	1
indig2	310	0.6290	3.5208	0	51
jvec2	310	8.9548	26.2524	0	247
otbregi	308	34.25	41.3093	0	299
otbregi2	310	46.9226	49.6351	0	339
otbs_e	307	50.2280	59.0375	0	520
otbs_pj	305	43.8557	52.5067	0	416
otbsoli	308	40	43.9176	0	323

Variable	Obs	Mean	Std. Dev.	Min	Max
Training	310	-5.4000E-09	1.6762	-2.8227	4.2889
capadpe	310	0.2516	0.4346	0	1
capci1	310	0.2	0.4006	0	1
capci2	310	0.5710	0.4957	0	1
capdis	310	0.4871	0.5006	0	1
caplemu	310	0.3452	0.4762	0	1
caporad	310	0.3	0.4590	0	1
capprin	310	0.3613	0.4812	0	1
capprop	310	0.3903	0.4886	0	1
temaorad	310	0.5065	0.5008	0	1
temaprop	310	0.4290	0.4957	0	1
temadis	310	0.3161	0.4657	0	1
temacz	310	0.5194	0.5004	0	1
IT	310	1.64E-08	1.523458	-1.5591	5.08641
sitotal	310	0.4355	0.4966	0	1
siotro	310	0.2226	0.4167	0	1
sisin_ad	310	0.1548	0.3623	0	1
sisin_ai	310	0.6968	0.4604	0	1
sisinidp	310	0.3258	0.4694	0	1
sicom	310	0.2806	0.4500	0	1
impresor	310	0.2903	0.8737	0	10
Need Variables (See Database Key)					
sa_minsa	310	32.0264	20.0876	0	85.5147
sa_otro	310	4.3985	7.4206	0	65.2706
desmod	294	8.2202	4.4993	0	26.2548
dilos	310	0.9161	0.2776	0	1
analf	310	30.4638	15.8231	5.5	78.7
ed_alfa	310	69.0462	15.9098	21.2128	94.5433
edana6	310	26.5292	13.1925	6.3780	69.7183
dile	310	0.5032	0.5008	0	1
sin_alca	310	76.1424	21.8893	14.6586	100
sin_agua	310	74.3487	21.1723	17.9204	100
merca4pc	304	0.0014	0.0108	0	0.1517
infot4pc	286	6.0100E-05	0.0006	0	0.0095
deslevh	294	23.0698	7.2684	0	57.1429
sin_luz	310	76.0124	25.4209	5.9936	100
agua_nr	310	67.6176	23.3971	10.4521	100
alca_sin	310	76.2768	21.8418	14.6586	100
alca_otr	310	16.1283	16.3147	0	64.1026
agua_dv	310	8.9680	10.3644	0	56.4501
agua_fv	310	16.7037	13.7505	0	65.9341
agua_ft	310	6.7107	7.1615	0	48.2235
teatr4pc	304	2.8300E-05	8.3400E-05	0	0.0007

Principal Component Variables

Interpretation

Civil Institutions: This is an indicator of the number organizations and institutions of local civil society. It rises in all the variables, especially in the more general measures. We interpret it as a proxy for the strength of local civil institutions.

Private Sector: This PCV rises in the number of private businesses registered locally. We construe it as an indicator of the dynamism of the local private sector.

Training: This variable rises in categories of training (i.e. institutional strengthening) received by the municipality and falls in those requested but not yet received. Hence we interpret it as a measure of the intensity of capacity-building efforts undertaken by/for local government.

Information Technology: This PCV rises in the IT systems - hardware and software (especially software) - at the disposal of each municipality.

Project Planning: This PCV loads positively where municipalities use information on education and health when planning projects, where sectoral regulations are followed in water & sanitation, where a Municipal Development Plan exists, and where councilmen and oversight committees identify investment projects using the MDP and urban cadaster. It loads negatively where the mayor is the one who identifies investment projects, and where problems arise with the Annual Operating Plan. This is thus a straightforward indicator of informed project planning which follows consensual and open procedures.

Eigenvectors

For the eigenvectors that follow, factor loadings on the raw variables can be read vertically down each column.

A1.2

CIVIL INSTITUTIONS

Eigenvectors

Variable	1
cv	0.09745
indig2	0.01988
jvec2	0.29229
otbregi	0.4194
otbregi2	0.43286
otbs_e	0.42137
otbs_pj	0.42934
otbsoli	0.42372

PROJECT PLANNING

Eigenvectors

Variable	1
catastur	0.04701
dpoacoor	-0.00839
dpoaotro	-0.07581
epoaham	0.00306
evalres	0.07426
idenalc	-0.00973
idencons	0.0145
idencv	0.09214
idenpdm	0.14818
info_ed	0.53349
info_sa	0.51649
pdm94	0.14019
plan_sye	0.56911
reconu_a	0.24654

TRAINING

Eigenvectors

Variable	1
capadpe	0.28556
capci1	0.30671
capci2	0.2612
capdis	0.2793
caplemu	0.34451
caporad	0.38803
capprin	0.37869
capprop	0.34559
temacz	-0.14204
temadis	-0.20036
temaorad	-0.22559
temaprop	-0.18667

INFORMATION TECH.

Eigenvectors

Variable	1
sitotal	0.51744
siotro	0.36119
sisin_ad	0.42748
sisin_ai	-0.27289
sisinidp	0.28173
sicom	0.38812
impresor	0.3385

PRIVATE SECTOR

Eigenvectors

Variable	1
eereg_cm	0.61675
eereg_ea	0.56212
eereg_fi	0.55103

Appendix 2: Chapter 3 Data and Methodology

A1.1: Summary of Principal Component Variables, PCV Constituents, and Needs Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Principal Component Variables					
Economic 1	309	-7.58E-09	3.379288	-5.5154	10.761
Economic 3	309	6.60E-10	1.950959	-6.8422	4.3846
catvi_10	310	12.98603	22.74078	0	91.93
catvi_11	310	9.743513	11.40623	0	76.923
catvi_hi	310	21.45342	20.4527	0	85.893
catvi_lo	310	53.01626	28.3189	0.1603	98.041
catvi_me	310	2.800774	6.003828	0	58.654
cocina	310	63.18565	14.03657	15.138	90.726
comb_hi	309	18.05282	21.35939	0	89.7
comb_lo	309	80.73161	21.95467	2.4997	100
comb_me	309	1.044559	1.860857	0	14.339
comb_otr	309	0.1710101	0.3831445	0	4.1667
cuarto1	310	33.29116	11.54638	10.569	76.514
cuarto2	310	34.75675	8.07081	16.239	76.613
cuarto2f	310	68.04791	11.18261	37.435	95.505
cuarto3	310	17.61446	5.533153	2.7523	31.902
cuarto4	310	8.462401	3.735846	0.4032	18.883
cuarto4m	310	14.33763	6.984188	1.7431	34.756
cuarto5	310	5.875234	3.778269	0	18.358
dorms1	310	75.54401	11.86857	38.859	98.396
dorms2	310	18.96714	7.565	1.6043	38.425
dorms2f	310	94.51115	5.055565	74.934	100
dorms3	310	4.07507	3.498517	0	16.578
dorms4	310	1.014941	1.16489	0	6.1956
dorms4m	310	1.41378	1.66395	0	8.917
dorms5	310	0.3988394	0.5531117	0	4.3393
ecact	310	55.97236	10.76106	15.233	80.622
ecactm	310	38.5921	10.1737	8.1356	60.096
ecdsm	310	18.08835	15.75617	0	100
ecina	310	43.51541	10.89542	19.257	84.767
ecinam	310	62.55553	6.075064	40.87	84.848
ecocum	310	38.8383	10.20898	7.8571	60.507
hogar_ta	310	4.258899	0.7635836	2.04	6.32
partbru	310	43.52524	8.523663	11.61	63.05
ppdorm2	310	37.45356	10.59514	14.793	75.956
ppdorm4	310	33.72842	4.095746	16.279	43.478
ppdorm5	310	28.81803	8.967728	5.3763	58.871
Demogr 1	308	1.22E-09	1.507338	-1.8943	7.413
Demogr 2	308	-2.61E-09	1.260633	-2.7652	5.0168
pobpc.u	308	16.45709	27.28928	0	100
pobpc.r	308	89.4978	110.0184	0	1947.4
rel_cato	310	78.60554	11.02218	26.85	94.858
rel_evan	310	11.92324	8.643937	0.6503	62.183
rel_ning	310	2.507558	1.987785	0	13.657
id_sine	310	0.4922058	0.8702676	0	7.69
id_trad	310	23.18218	20.93228	0	81.408
inmasc	310	102.4356	15.32378	71.17	232.39
Altiplano	310	0.4741935	0.5001409	0	1
Orient	310	0.2580645	0.4382771	0	1
Politics	295	-2.42E-09	1.226105	-3.1397	4.4445
oficial	295	0.8440678	0.3634075	0	1
margen93	306	15.45389	11.62267	0	60.714
nulo93	306	4.20045	3.433944	0	35.949
ausent93	306	139.8737	83.67695	12.766	628.92
ausent95	310	67.93136	28.09571	0.3436	175.61

Variable	Obs	Mean	Std. Dev.	Min	Max
CG Auditing	308	-4.60E-10	1.504751	-1.341	5.6282
fis	308	0.4448052	0.4977529	0	1
inejpr_a	310	0.5774194	0.4947685	0	1
inejpr_m	310	0.1483871	0.356058	0	1
inejpr_s	310	0.4548387	0.4987614	0	1
sisin_ad	310	0.1548387	0.3623357	0	1
sayco	310	0.3516129	0.4782458	0	1
sayco_a	310	0.2967742	0.4575748	0	1
sayco_o	310	0.2483871	0.88839	0	8
Mun Adm 1	303	-2.58E-09	2.089446	-5.5917	6.6973
Mun Adm 2	303	3.49E-09	1.758446	-4.2158	2.7704
alc_co	310	0.8548387	0.3528329	0	1
alc_de	310	0.8096774	0.3931903	0	1
con_co	310	0.4064516	0.4919649	0	1
con_de	310	0.3290323	0.4706214	0	1
cuenpu_a	310	0.1032258	0.3047455	0	1
cuenpu_c	310	0.583871	0.4937124	0	1
cuenpu_o	310	0.4580645	0.4990439	0	1
evte_co	310	0.283871	0.451604	0	1
evte_de	310	0.2258065	0.4187883	0	1
invdir	310	0.3064516	0.4617649	0	1
invpub	310	0.2129032	0.4100217	0	1
manpro_d	310	0.3483871	0.4772297	0	1
manpro_u	310	0.2741935	0.4468283	0	1
otro_co	310	0.0483871	0.2149298	0	1
otro_de	310	0.0580645	0.2342435	0	1
plieg_ad	310	0.8193548	0.3853459	0	1
plieg_ca	310	0.8451613	0.3623357	0	1
plieg_pu	310	0.8483871	0.3592251	0	1
pliego	310	0.7419355	0.4382771	0	1
progcont	310	0.5774194	0.4947685	0	1
regcon	310	0.4612903	0.4993053	0	1
salar_pc	304	1082.977	1205.953	50	8300
salar_co	304	1042.796	1186.592	20	8300
suped_a	310	0.3709677	0.4838449	0	1
suped_c	310	0.5483871	0.4984578	0	1
supsa_a	310	0.3419355	0.4751251	0	1
supsa_c	310	0.5451613	0.4987614	0	1
supsa_o	310	0.5709677	0.4957382	0	1
usmanfun	310	0.3806452	0.4863305	0	1
Pr Planning	310	2.36E-09	1.591479	-2.7175	2.2313
catastur	310	0.1580645	0.3653913	0	1
dpoacoar	310	0.8548387	0.9991384	0	4
dpoaotro	310	0.6967742	1.178964	0	4
epoaham	310	0.8354839	0.3713427	0	1
evalres	310	0.8225806	0.3826409	0	1
idenalc	310	0.7967742	0.4030498	0	1
idencons	310	0.4129032	0.4931518	0	1
idencv	310	0.7322581	0.4434982	0	1
idenpdm	310	0.3741935	0.4846964	0	1
info_ed	310	0.5580645	0.49742	0	1
info_sa	310	0.583871	0.4937124	0	1
pdm94	310	0.3032258	0.4603951	0	1
plan_sye	310	0.583871	0.4937124	0	1
reconu_a	310	0.683871	0.4657157	0	1

Appendix 2: Chapter 3 Data and Methodology

Variable	Obs	Mean	Std. Dev.	Min	Max
Civil Insts	303	2.40E-09	2.214992	-2.113	14.531
cv	310	0.6419355	0.4802064	0	1
indig2	310	0.6290323	3.520784	0	51
jvec2	310	8.954839	26.25241	0	247
otbregi	308	34.25	41.30934	0	299
otbregi2	310	46.92258	49.63505	0	339
otbs_e	307	50.22801	59.03749	0	520
otbs_pj	305	43.85574	52.50669	0	416
otbsoli	308	40	43.9176	0	323
Pvt Sector	302	-3.24E-09	1.529804	-0.3015	18.079
eereg_cm	306	202.7255	1229.806	0	14117
eereg_ea	306	0.5555556	2.09727	0	30
eereg_fi	310	2.609677	26.72428	0	454
Training	310	-5.40E-09	1.676235	-2.8227	4.2889
capadpe	310	0.2516129	0.4346415	0	1
capci1	310	0.2	0.4006467	0	1
capci2	310	0.5709677	0.4957382	0	1
capdis	310	0.4870968	0.5006416	0	1
caplemu	310	0.3451613	0.4761895	0	1
caporad	310	0.3	0.4589985	0	1
capprin	310	0.3612903	0.4811511	0	1
capprop	310	0.3903226	0.4886113	0	1
temaorad	310	0.5064516	0.5007667	0	1
temaprop	310	0.4290323	0.4957382	0	1
temadis	310	0.316129	0.4657157	0	1
temacz	310	0.5193548	0.5004331	0	1
IT	310	1.64E-08	1.523458	-1.5591	5.0864
sitotal	310	0.4354839	0.4966218	0	1
siotro	310	0.2225806	0.4166515	0	1
sisin_ad	310	0.1548387	0.3623357	0	1
sisin_ai	310	0.6967742	0.4603951	0	1
sisinidp	310	0.3258065	0.4694331	0	1
sicom	310	0.2806452	0.4500409	0	1
impresor	310	0.2903226	0.8736913	0	10

Variable	Obs	Mean	Std. Dev.	Min	Max
Need Variables (See Database Key)					
sa_minsa	310	32.02643	20.08756	0	85.515
sa_caja	310	5.670032	6.809536	0	41.654
sa_noat	310	11.03071	9.780051	0	62.888
deslev	294	22.03739	6.866404	0	50
dilos	310	0.916129	0.2776424	0	1
sandia2	310	-1.928033	24.44059	-143.9	106.09
sandia1	310	5.874423	66.25567	-161	228.34
sa_ong	310	3.192237	5.423862	0	33.078
analf	310	30.46375	15.82312	5.5	78.7
dile	310	0.5032258	0.500798	0	1
edndia1	310	-0.8299529	57.22902	-222.15	254.76
edana6	310	26.52921	13.1925	6.378	69.718
ed_ana15	310	30.17335	15.69695	5.45	76.7
ni_low	309	60.43372	13.94498	24.507	88.391
ni_univ	309	1.210297	2.366874	0	18.984
edndia2	309	-1.046648	46.17628	-173.02	202.3
sin_alca	310	76.14236	21.88933	14.659	100
sin_alc2	310	6275.256	2919.245	214.87	10000
alca_pr	310	20.24793	20.40181	0	80.818
alca_sin	310	76.27676	21.84184	14.659	100
sbndia1	310	-4.155377	129.5403	-279.55	381.73
mingi4pc	298	0.0001408	0.0006317	0	0.0069
infot4pc	286	0.0000601	0.0005954	0	0.0095
desso4pc	306	5.05E-06	0.0000217	0	0.0002
museo4pc	307	0.0000197	0.0000834	0	0.0007
merca4pc	304	0.0014271	0.0108282	0	0.1517
uvndia1	286	-0.0000284	0.0003887	-0.0058	0.0016
infr24pc	276	0.0040978	0.0119325	0	0.1522
deslevh	294	23.06979	7.268409	0	57.143
deslevm	294	21.10056	8.681828	0	92.308
matad4pc	307	0.0002166	0.0008352	0	0.0072
agndia1	294	-0.2505279	39.43929	-87.602	116.49
viver4pc	307	0.0000261	0.0001473	0	0.0019
agua_nr	310	67.61759	23.39711	10.452	100
rhndia1	310	-4.155377	129.5403	-279.55	381.73
sin_agua	310	74.34871	21.17225	17.92	100
sin_agu2	310	5974.549	2824.562	321.14	10000
drena4pc	301	0.0000975	0.0010796	0	0.0176
rhndia2	310	-3.57418	128.9131	-281.48	394.54
agua_dv	310	8.967957	10.36443	0	56.45
agua_fv	310	16.70372	13.75046	0	65.934
agua_ft	310	6.710726	7.161523	0	48.224

Principal Component Variables

Interpretation

Economic: The first PCV loads positively on indicators associated with wealth (i.e. stocks) and higher income (flows), and negatively on those that indicate poverty and lower income. Notice especially the loadings on number of rooms per house, bedrooms per house, and type of cooking fuel. It additionally loads negatively on economically active population and positively on the economically inactive, but these values are much lower than those for wealth. Thus PCV1 is an indicator of wealth and income, rising in both. The third PCV, by contrast, loads negatively on high wealth and positively on low wealth, and – interestingly – consistently negatively on economically active women. Its most important characteristic, though, seems to be that it rises in family size (see household size and people per bedroom), which is broadly consistent with loading positively on measures of poverty. These two PCVs should thus be opposite in sign where both are significant.

Demographic: The first PCV loads positively and strongly on Protestants and rural dwellers, and negatively on Catholics and urban dwellers. Religion is by far its strongest factor. It also decreases in Spanish-speakers and men. PCV2 loads similarly to PCV1, but here the strongest factors surround the urban-rural divide, as well as native-language speakers, in which it is positive.

Political Disaffection/Protest: This PCV increases strongly with absent and null votes – a traditional sign of electoral protest in Bolivia – while loading negatively on *oficialista* mayors (i.e. affiliated with the ruling (national) coalition) as well as the 1993 municipal margin of victory. I interpret this as an indicator of political disaffection and protest.

Civil Institutions: This is an indicator of the number organizations and institutions of local civil society. It rises in all the variables, especially in the more general measures. I interpret it as a proxy for the strength of local civil institutions.

Private Sector: This PCV rises in the number of private businesses registered locally. I construe it as an indicator of the dynamism of the local private sector.

Training and Capacity-Building: This variable rises in categories of training (i.e. institutional strengthening) received by the municipality and falls in those requested but not yet received. Hence I interpret it as a measure of the intensity of capacity-building efforts undertaken by/for local government.

Information Technology: This PCV rises in the IT systems - hardware and software (especially software) - at the disposal of each municipality.

Central Government Auditing: This variable is difficult to characterize succinctly, though its interpretation is fairly clear. It loads positively on those administrative or reporting processes which constitute some form of external lever of central on local government. Thus, central government audits, municipal performance reports upwards, and the involvement of the Social Investment Fund (a central executive agency) all appear positively here, and signify direct and indirect ways in which the central state can exert influence on local government activities.

Municipal Administration: While these variables include many raw indicators, the strongest effects are as follows. The first PCV loads positively on variables related to clear and transparent municipal procedures for purchases and contracting, on mayoral discretion and on councilmen's salaries, and negatively on councilmen's discretion. I interpret this variable as indicative of the character of local governance, rising where a strong local executive administers under clear guidelines and regulations, and is (actively) overseen by a strong (i.e. well-paid) council. The second PCV loads positively on the municipal council's discretion in contracting, and especially strongly on council oversight of education and health services. Thus I interpret this PCV as indicative of an activist council, whose power comes at the expense of the mayor. The second PCV is thus not strictly opposed to PCV1, but rather different from it in thrust, representing an alternative way of organizing municipal affairs.

Project Planning: This PCV loads positively where municipalities use information on education and health when planning projects, where sectoral regulations are followed in water & sanitation, where a Municipal Development Plan exists, and where councilmen and oversight committees identify investment projects using the MDP and urban cadaster. It loads negatively where the mayor is the one who identifies investment projects, and where problems arise with the Annual Operating Plan. This is thus a straightforward indicator of informed project planning which follows consensual and open procedures.

Eigenvectors

For the eigenvectors that follow, factor loadings on the raw variables can be read vertically down each column.

A1.2

ECONOMIC*Eigenvectors*

Variable	1	3
catvi_10	0.01611	0.10921
catvi_11	-0.04421	0.05136
catvi_hi	0.2084	-0.22678
catvi_lo	-0.15851	0.06463
catvi_me	0.06087	-0.04372
cocina	0.06745	0.33713
comb_hi	0.21759	-0.24884
comb_lo	-0.21306	0.26048
comb_me	0.00795	-0.19621
comb_otr	0.03941	-0.10044
cuarto1	-0.06973	-0.36405
cuarto2	-0.11508	0.21652
cuarto2f	-0.15519	-0.22
cuarto3	0.05774	0.30183
cuarto4	0.1403	0.16415
cuarto4m	0.20285	0.11295
cuarto5	0.23616	0.04638
dorms1	-0.26864	-0.1017
dorms2	0.23697	0.16318
dorms2f	-0.27588	0.00522
dorms3	0.2747	0.01897
dorms4	0.26493	-0.04564
dorms4m	0.26059	-0.05572
dorms5	0.22596	-0.07148
ecact	-0.1933	0.10251
ecactm	-0.11158	-0.01077
ecdesm	-0.0263	0.04999
ecina	0.19549	-0.09642
ecinam	0.04078	0.0789
ecocum	-0.10776	-0.01538
hogar_ta	0.15305	0.23915
partbru	-0.19109	0.06026
ppdorm2	-0.03901	-0.25241
ppdorm4	0.1756	0.13713
ppdorm5	-0.0338	0.23506

TRAINING*Eigenvectors*

Variable	1
capadpe	0.28556
capci1	0.30671
capci2	0.2612
capdis	0.2793
caplemu	0.34451
caporad	0.38803
capprin	0.37869
capprop	0.34559
temacz	-0.14204
temadis	-0.20036
temaorad	-0.22559
temaprop	-0.18667

INFORMATION TECH.*Eigenvectors*

Variable	1
sitotal	0.51744
siotro	0.36119
sisin_ad	0.42748
sisin_ai	-0.27289
sisinidp	0.28173
sicom	0.38812
impresor	0.3385

CENTRAL GOVT. AUDITING*Eigenvectors*

Variable	1
fis	0.14973
inejpr_a	-0.03459
inejpr_m	0.22346
inejpr_s	0.04035
sisin_ad	0.29205
sayco	0.59704
sayco_a	0.56841
sayco_o	0.39998

DEMOGRAPHIC

Eigenvectors

Variable	1	2
pobpc.u	-0.16648	-0.51111
pobpc.r	0.1533	0.30239
rel_cato	-0.62433	0.17965
rel_evan	0.58003	-0.13934
rel_ning	0.41205	-0.04415
id_sine	0.21585	0.17824
id_trad	0.0192	0.64723
inmasc	-0.07623	-0.37817

POLITICAL PROTEST

Eigenvectors

Variable	1
oficial	-0.19005
margen93	-0.21741
nulo93	0.35565
ausent93	0.60371
ausent95	0.65243

PROJECT PLANNING

Eigenvectors

Variable	1
catastur	0.04701
dpoacoor	-0.00839
dpoaotro	-0.07581
epoaham	0.00306
evalres	0.07426
idenalc	-0.00973
idencons	0.0145
idencv	0.09214
idenpdm	0.14818
info_ed	0.53349
info_sa	0.51649
pdm94	0.14019
plan_sye	0.56911
reconu_a	0.24654

PRIVATE SECTOR

Eigenvectors

Variable	1
eereg_cm	0.61675
eereg_ea	0.56212
eereg_fi	0.55103

MUNICIPAL ADMINISTRATION

Eigenvectors

Variable	1	2
alc_co	0.14604	0.05317
alc_de	0.11469	0.10791
con_co	-0.17274	0.12842
con_de	-0.14717	0.14487
cuenpu_a	-0.12553	-0.0198
cuenpu_c	0.11299	0.0764
cuenpu_o	0.05624	0.07114
evte_co	0.18976	-0.04196
evte_de	0.18947	0.009
invdir	0.09721	-0.02975
invpub	0.15408	-0.06359
manpro_d	0.18016	0.02777
manpro_u	0.16696	0.04719
otro_co	0.10092	-0.11738
otro_de	0.08356	-0.11557
plieg_ad	0.33515	-0.02376
plieg_ca	0.3401	-0.00287
plieg_pu	0.31971	0.00514
pliego	0.33117	0.01178
progcont	0.15912	0.11538
regcon	0.19798	0.01987
salar_pc	0.27672	-0.08343
salar_co	0.27409	-0.08945
suped_a	-0.01201	-0.43222
suped_c	-0.03946	0.437
supsa_a	-0.07613	-0.42273
supsa_c	0.0346	0.44233
supsa_o	0.05436	0.33874
usmanfun	0.17885	0.05964

CIVIL INSTITUTIONS

Eigenvectors

Variable	1
cv	0.09745
indig2	0.01988
jvec2	0.29229
otbregi	0.4194
otbregi2	0.43286
otbs_e	0.42137
otbs_pj	0.42934
otbsoli	0.42372

Appendix 3: Abbreviations*

ADN	Acción Democrática Nacionalista
AGACOR	Cattle Ranchers' Association of the Cordillera
AOP	Annual Operating Plan
APG	Guaraní People's Association
Cabi	Capitanía del Alto y Bajo Izozo
CAO	Eastern Agricultural Congress
CBN	Cervecería Boliviana Nacional
CIPCA	Center for the Investigation and Promotion of the Peasantry
COB	Bolivian Confederation of Labor
Comibol	Bolivian (State) Mining Company
Condepa	Conciencia de Patria
DDE	District Director of Education
DDH	District Director of Health
FIS	Social Investment Fund
GRO	Grass-Roots Organization
Incerpaz	Industrias de Cerámica Paz (Viacha)
LPP	Law of Popular Participation
MBL	Movimiento Bolivia Libre
MNR	Movimiento Nacionalista Revolucionario
NGO	Non-Governmental Organization
OC	Oversight Committee
OC1	Official OC
OC2	Opposition OC
	} (<i>distinction valid only for Viacha</i>)
PASE	Programa de Apoyo Solidario a las Escuelas
SOBOCE	Sociedad Boliviana de Cementos
UCS	Unión Cívica de Solidaridad

**Norms of abbreviation and capitalization adhere to most common usage in Bolivia.*

Appendix 4: Data Key

EjecProg

Municipal spending by source, across sectors (in thousands of Bs.)

Variable

TotG	General Total, All Sectors (1994-1996)		
TotI	Total, Internal Resources (1994-5)		
TGN	Treasury (1994-5)		
RRPP	Own Resources (1994-5)		
PP	Decentralized Funds (1994-5)		
ACom	Community Contribution (1994-5)		
Otro	Other (1994-5)		
Tran	Transfers (Budgeted 1996 only)		
TotE	Total, External Resources (1994-5)		
Cred	External Credit (1994-5)		
Dona	Donations (1994-5)		

~~_E~~ Expenditures
~~_P~~ Budgeted (1995 only)

[Tran = TGN + ACom]

Municipal spending, sectoral detail

Sectors	Code	Sources	Code
1 Educacion y Cultura	Ed	Total General	TotG
2 Urbanismo y Vivienda	UV	Total Interno	TotI
3 Energia	En	TGN	TGN
4 Saneamiento Basico	SB	Recursos Propios	RRPP
5 Transportes	Tr	Participacion Popular	PP
6 Agropecuario	Ag	Aporte Comunitario	ACom
7 Salud y Seguridad Social	SS	Otros	Otro
8 Multisectorial	Mu	Transferencias	Tran
9 Industria y Turismo	IT	Total Externo	TotE
# Comunicaciones	Co	Credito	Cred
# Hidrocarburos	HC	Donaciones	Dona
# Recursos Hidricos	RH		

~~_E~~ Expenditures
~~_P~~ Budgeted

* DMA No

Municipality Number in Alphabetical Order by Department and then Municipality Name

Base 95

Variable

Definition (CNPV June 3, 1992)

Dept	Department
No	Municipality Number
Name	Municipality Name
No.Dept	Department Number
Pobl	Population
Indig	Number of Indigenous Communities
CCamp	Number of Peasant/Campesino Communities
JVec	Number of (Urban) Neighborhood Councils [Juntas Vecinales]
OTBSoli	Number of GRO's [OTB's] that Applied to Register with the Central Government
OTBRegi	Number of Grass-Roots Organizations [OTB's] Registered
CV	Vigilance Committee Operating [0,1]
EdifEsc	Number of School Buildings
TotAulas	Number of Classrooms
EstEsc	Number of Schools
TotBanco	Number of School Desks
TotMatri	Number of Students Registered
TotDoc	Number of Teachers
* Stprdoc	Student/Teacher ratio [=totmatri/totdoc]
FIS	FIS Project Currently Being Implemented [0,1]
Ed.Alfa	Literacy Rate (%)
Ed.Asis	Attendance Rate
* Ed.Asis2	Square of Att Ra
NI.Nunca	Never Attended
NI.Basic	Basic [Grades 1-5]
NI.Inter	Primary
NI.Medio	Secondary
NI.Tecni	Technical Training
NI.Norma	Teacher Training School
NI.Univ	University
NI.Otro	Other
NI.Igno	Unknown
* NI.More	Above Basic [=NI.Inter -- NI.Otro]
* NI.IM	NI.Inter + NI.Medio
* NI.High	NI.Tecni + Norma + Univ
* NI.High2	Square of NI.High

Education

Educational Attainment Rates

* NI.Low	NI.Nunca + NI.Basic	
* NI.Low2	Square of NI.Low	
Sa.Asis	Attendance	Health Care
* Sa.Asis2	Square of Att Ra	
Agua.DV	Internal Plumbing	Water
Agua.FV	External Plumbing	
* Agua.Dom	Plumbing [=Agua.DV+FV]	
Agua.FT	Public Standpipes	
Agua.NR	None	
Alca.Pub	Public Sewerage	Sewerage
* Alca.Pr	Private Sewerage	
Alca.CS	Septic Tank	
Alca.Otr	Other	
Alca.Sin	None	
NBI	Unsatisfied Basic Needs	

JPFBase

Pob.Urb	Urban Population
Pob.Rur	Rural Population
Hom.Tot	Male Population
Hom.Urb	Urban Male Population
Hom.Rur	Rural Male Population
Muj.Tot	Female Population
Muj.Urb	Urban Female Population
Muj.Rur	Rural Female Population

Pp'95

Nuc.Esc	Schooling Nucleus Present [0,1]
Fort.Pao	Received Institutional Strengthening in Budget Preparation [0,1]
Fort.Ins	Institution that Carried Out Strengthening
Oficial	Mayor's Party Belongs to National Governing Coalition [0,1]
Marg93	Electoral Margin Between Winner and Runner-Up, Mayoral Race (%)
NBI.U	Unsatisfied Basic Needs, Urban Areas
NBI.R	Unsatisfied Basic Needs, Rural Areas

IDH

IDH = Indice de Desarrollo Humano

Saldos

<u>Variable</u>	<u>Definition</u>
Saldo	Total Saldos to December 1996
Saldopct	Saldos as % of yearly PP disbursement
Adjsaldo	Saldos to December 1996 (excluding 1/2 Dec disbursement)
Asaldpct	% (net of 1/2 Dec disbursement)

* Above denotes created variables.

Created

Esfiscal Own Resources as % of Total Budget, **1994-5 only** $[(=rrpp_e/totg_e)*100]$

<u>Sectors</u>	<u>Code</u>	<u>Variable</u>	<u>Definition</u>
1 Educacion y Cultura	Ed	Impl	Implementation rate $[(=XXtotg_e/XXtotg_p)*100]$
2 Urbanismo y Vivienda	UV	pcbd_e	Percent of total expenditures $[(=XXtotg_e/totg_e)*100]$
3 Energia	En	pcbd_p	Percent of total budgeted resources $[(=XXtotg_p/totg_p)*100]$
4 Saneamiento Basico	SB	rppc_e	Percent of own resources spent in sector $[(=XXrrpp_e/rrpp_e)*100]$
5 Transportes	Tr	prcp_e	Per capita expenditures $[(=XXtotg_e/pobl)]$
6 Agropecuario	Ag	prcp_p	Per capita budgeted resources $[(=XXtotg_p/pobl)]$
7 Salud y Seguridad Social	Sa	prcx_e	Per capita (aggregate) expenditures $[(=XXtotg_e/pob94_6)]$
8 Multisectorial	Mu	prcx_p	Per capita (aggregate) budgeted resources $[(=XXtotg_p/pob94_6)]$
9 Industria y Turismo	IT		
# Comunicaciones	Co	posXXpc1/2	Tobit left-censored interval data, post-D (I. data formatted for i
# Hidrocarburos	HC		
# Recursos Hidricos	RH		

prcp_e	Total investment per capita $[(=totg_e/pobl)]$
Edprst_e	Per student education expenditures $[(=Edtotg_e/totmatri)]$ Boliviato only
Edprst_p	Per student budgeted resources $[(=Edtotg_p/totmatri)]$ Boliviato only
Pobpc.u	Urban population (%)
Pobpc.r	Rural population (%)
Edifprst	School buildings per student enrolled $[(=EdifEsc/Totmatri)]$
Stpredif	Students enrolled per school building $[(=Totmatri/EdifEsc)]$
Aulaprst	Classrooms per student enrolled $[(=Totaulas/Totmatri)]$
Stpraula	Students enrolled per classroom $[(=Totmatri/Totaulas)]$
Alfa2	Ed_alfa^2

Nunca2	NI_nunca^2
Medio2	NI_medio^2
Altiplan	Regional dummy
Valley	Regional dummy
Orient	Regional dummy

Second Trip to Bolivia

Electoral Data

ADN93, MNR93, IU95, MIR93	Party voting share as % of Emitidos, 1993 and 1995 municipal elections
Valido93, Blanco93, Nulo93	as % of Emitidos
NValid93	No Validos as % of Emitidos $[(\text{Blancos} + \text{Nulos}) / \text{Emitidos}]$
Ausent93	Ausentes as % of Emitidos (i.e. not % of Inscritos)
cADN, cMNR, cMIR, cTotal	Number of Concejales elected per political party, 1995 municipal election only
cLeft	No. of concejales from MBL, MIR, IU, Eje, MRTKL, MPP, MKN, VR-9 & FRI
cRight	No. of concejales from MNR & ADN
cSwing	No. of concejales from UCS & Condepa
cTechno	No. of concejales from MNR, ADN, MBL & MIR
cMajor	No. of concejales from MNR, ADN, UCS, MIR & condepa
cMinor	No. of concejales from MBL, IU, Eje, MRTKL, MPP, VR9, FRI, MKN

Created

Margen93/5	Electoral margin (%) between 1st and 2nd placed parties, 1993 and 1995 municipal elections
Left93	MBL, MIR, IU, Eje, MRTKL, VR-9, ASD, FRI, 1993 municipal elections
Left95	MBL, MIR, IU, Eje, MRTKL, MPP, VR-9, FRI, MKN, 1995 municipal elections
Right93	MNR, ADN, FSB, 1993 municipal elections
Right95	MNR, ADN, 1995 municipal elections
Swing93/5	UCS, Condepa, 1993 and 1995 municipal elections (Parties with populist political practice and policies, and which recently have provided swing votes in parliament to sustain one or another governing coalition)
Major93/5	MNR, ADN, UCS, MIR, Condepa, 1993 and 1995 municipal elections (Larger parties with significant national presence)
Minor93/5	All other parties, 1993 and 1995 municipal elections (Smaller parties without significant national presence)
Techno93/5	MNR, ADN, MBL, MIR, 1993 and 1995 municipal elections (Parties with qualified technical specialists, and that advocate technocratic policies)




PDMs (Plan de Desarrollo Municipal)

PDM94	Existence of PDM [0,1] (i.e. one of 94 muns. whose PDMs have been compiled & registered)
PDMmTot, PDMpTc	Total of PDM in amount (Bs'000) and no. of projects requested

PDM yearly subtotals across sectors, 1995-2001

		<u>Year Requested</u>		
PDM	X	5	1995	<div><div></div><div></div></div>
		6	1996	
		7	1997	
		8	1998	
		9	1999	
		0	2000	
		(2001 data for Villa Tunari transferred to 1999.)		
			_M	Amount (Bs'000) demanded
			_P	Number of proyectos demanded

PDMs, sectoral detail

<u>Sectors</u>	<u>Code</u>		<u>Year Requested</u>			
1 Educacion y Cultura	Ed		95	1995		
2 Urbanismo y Vivienda	UV		96	1996		
3 Energia	En		97	1997		
4 Saneamiento Basico	SB		98	1998		
5 Transportes	Tr		99	1999		
6 Agropecuario	Ag		0	2000		
7 Salud y Seguridad Social	Sa		(2001 data for Villa Tunari transferred to 1999)			
8 Multisectorial	Mu					
9 Industria y Turismo	IT					
# Comunicaciones	Co					
# Hidrocarburos	HC					
# Recursos Hidricos	RH					
# Minero	Mi					
		PDM				
		PDMpv	Present Value of sectoral demands prioritized by year (i.e. sum of discounted yearly totals)			
		PDMpvc	Per-capita PV of sectoral demands [=PDMpv/pobl]			
		PDMx	Preference index, vs. education [=PDMXXpv/PDMEdpv]			

Ex: pdmedp99 - cross-section data (Bolivia.dta)

pdmedm - cross-sectional, time-series data (Bolxt.dta)



pdmedx - cross-section data (Bolivia.dta)

Created

Year	Year variable for PDM-prioritized spending: 1995-2000	
pdmedmpc	Per capita Education spending prioritized in the PDM, by year [=pdmedm/pobl]	Bolxt.dta
pdmuvmmpc	Per capita Housing and Urban Development spending prioritized in the PDM, by year	
pdmenmpc	Per capita Energy spending prioritized in the PDM, by year	
pdmsbmpc	Per capita Water & Sewerage spending prioritized in the PDM, by year	
pdmtrmpc	Per capita Transport spending prioritized in the PDM, by year	
pdmagmpc	Per capita Agriculture spending prioritized in the PDM, by year	
pdmsampc	Per capita Health spending prioritized in the PDM, by year	
pdmummpc	Per capita Multisectoral spending prioritized in the PDM, by year	
pdmittmpc	Per capita Industry & Tourism spending prioritized in the PDM, by year	
pdmcompc	Per capita Communication spending prioritized in the PDM, by year	
pdmhcmpc	Per capita Hydrocarbons spending prioritized in the PDM, by year	
pdmrhmpc	Per capita Water Management spending prioritized in the PDM, by year	
pdmimpc	Per capita Mining spending prioritized in the PDM, by year	
pdmmpc	Total prioritized investments per capita [=pdmm/pobl]	
pdmuvmpr	Housing & Urban Development spending prioritized in the PDM per urban resident, by year [=pdmuvm/pob_urb] (28 obs./yr)	
pdmagmpr	Agriculture spending prioritized in the PDM per rural resident, by year [=pdmagr/pob_rur]	

PSIB (Public Sector Investment Budget)

Central government (pre-decentralization) investment in each municipality by sector (Bs'000), 1987-1993 **[Bolivia.o]**

Sectors	Code			Years
1 Educacion y Cultura	Ed		PSIB	87 1987-1993
2 Urbanismo y Vivienda	UV			91 1991-1993
3 Energia	En			92 1992-93
4 Saneamiento Basico	SB			
5 Transportes	Tr			
6 Agropecuario	Ag			
7 Salud y Seguridad Social	Sa			
8 Multisectorial	Mu			
9 Industria y Turismo	IT		PSI	pb7/1 Sectoral share as % of total investment (i.e. percent of total investment in sector) [=(PSIBXX87/PSIB87)*100]
# Comunicaciones	Co			pc7/2 Sectoral investment per capita [=PSIBXX92/pobl]
# Hidrocarburos	HC			ps7/1 Sectoral investment per student (only for Education) [=PSIBEd87/totmatri]
# Recursos Hidricos	RH			
# Minero	Mi			

Created

preXXpc1/2 Tobit left-censored interval data, pre-D (l. data formatted)



Ex: PSIBEd87 - Central government education investment by municipality, 1987-93
PSIBSB91 - Central government water & sewerage investment by municipality, 1991-93
PSIBAg92 - Central government agriculture investment by municipality, 1992-93
PSIAgpb7 - Central government agriculture investment as % of total, 1987-93
PSIEdpc1 - Central government per-capita education investment, 1991-93
PSIEdps1 - Central government per-student education investment, 1991-93

Central & Local government investment in each municipality by sector (Bs'000), 1987-1996 **[Boliviast.dta]**

Ex: PSIBEd - Central & Local education investment by municipality, 1987-96
PSIBEdpc - Central & Local per-capita education investment by municipality, 1991-96

Differences in Investment Pre- and Post-Decentralization

Decentralized-Centralized investment, by sector and municipality

Sectors	Code			Years
1 Educacion y Cultura	Ed		DIF	42 1994/6 - 1992/3 [=EdTotg_e - PSIBEd92]
2 Urbanismo y Vivienda	UV			41 1994/6 - 1991/3 [=EdTotg_e - PSIBEd91]
3 Energia	En			47 1994/6 - 1987/93 [=EdTotg_e - PSIBEd87]
4 Saneamiento Basico	SB			
5 Transportes	Tr			
6 Agropecuario	Ag			
7 Salud y Seguridad Social	Sa			
8 Multisectorial	Mu			
9 Industria y Turismo	IT		Created	pc2 per capita, 1994/6 - 1992/3 [difedpc2= difed42/pobl]
# Comunicaciones	Co			
# Hidrocarburos	HC			
# Recursos Hidricos	RH			
# Minero	*			

Ex: DIFEd42 - Difference in educational investment, 1994/6 - 1992/3
DIFEdpc2 - Difference in per capita educational investment, 1994/6 - 1992/3

* No investments in this sector during 1994-96.

SAYCO (Administration & Control Systems)

Carried out through 5 June, 1997 by the Comptroller General (CG)


sayco_a	SAYCO audits (1 or more) carried out by Central Government of Municipal Governments [0,1]
sayco_e	No. of evaluations carried out by CG of municipal implementation of recommendations from pre
sayco_o	No. of other audits carried out by CG, including Income & Expenditure, Public Works, Payment
sayco	Any of the above [0,1]

Indicadores Sociodemográficos y Proyecciones de Población (CD-Rom)

Hogares	No. of Households
<i>Percentage of Households Who Cook With:</i>	
Comb_Len	Wood
Comb_Gua	Guano
Comb_Car	Charcoal
Comb_Ker	Kerosene
Comb_Gas	Natural Gas
Comb_Ele	Electricity
Comb_NoC	None/Doesn't Cook
Comb_Otr	Other
* Comb_Lo	Low-income households by cooking fuel [=Comb_Len + Comb_Gua + Comb_NoC]
* Comb_Me	Medium-income households by cooking fuel [=Comb_Car + Comb_Ker]
* Comb_Hi	High-income households by cooking fuel [=Comb_Gas + Comb_Ele]
<i>Percentage of Households by Type of Health Care & Facilities:</i>	
Sa_MinSa	Ministry of Health Facilities
Sa_Caja	State/Private Insurers
Sa_ONG	NGO/Church
Sa_Priv	Private
Sa_Farm	Pharmacy
Sa_Yati	Traditional Healer
Sa_Otro	Other
Sa_NoAt	Doesn't Receive Health Care
Sa_SinEs	No Answer
<i>Percentage of Households by Religion:</i>	
Rel_Cato	Catholic
Rel_Evan	Evangelical
Rel_Otro	Other
Rel_Ning	None
Rel_SinE	No Answer
<i>Sociodemographic Indicators:</i>	
InMasc	Masculinity Index (Men/100 Women)
Ed_Ana15	Illiteracy Rate (Among Over-15's)
Ed_2Ais	School Attendance Rate
InDepEc	Economic Dependency Index [(0-6 yrs + Ec. Inactive)/Ec. Active * 100]
PartBru	Labor Participation Rate
Hogar-Ta	Average Household Size
<i>Percent of Population Without Access to:</i>	
Sin_Agua	Water
* Sin_Agu2	Square of water
Sin_Luz	Electricity
* Sin_Luz2	Square of electricity
Sin_Alca	Sewerage
* Sin_Alca2	Square of sewerage
<i>Among Over 6's:</i>	
EdAlfa6	Literacy Rate
EdAlfaM6	Literacy Rate, Female (Women as % of all Literates)
EdAna6	Illiteracy Rate
EdAnaM6	Illiteracy Rate, Female (Women as % of all Illiterates)
<i>Among Over 7's:</i>	
EcAct	Economically Active Population (% of Total)
EcActM	Women as % of the Economically Active Population
EcOcu	Employment Rate
EcOcuM	Women as % of the Employed
EcDes	Unemployment Rate
EcDesM	Women as % of the Unemployed
EcIna	Economically Inactive Population (% of Total)
EcInaM	Women as % of the Economically Inactive Population
<i>Percentage of Population that Speaks:</i>	
Id_Cast	Spanish
Id_Que	Quechua

Id_Aym	Aymara
Id_Gua	Guarani
Id_OtrN	Other Native Tongues
Id_Nat	Native Tongue [= any of 4 above]
Id_CyQ	Spanish & Quechua
Id_CyA	Spanish & Aymara
Id_CyG	Spanish & Guarani
Id_CyON	Spanish & Other Native
Id_CyN	Spanish & Native [= any of 4 above]
Id_Otras	Other Combinations
Id_Extr	Foreign Language
Id_SinE	No Answer
* Id_Eur	At least one European language [=Id_Cast + Id_CyN + Id_Extr]
* Id_Trad	Only indigenous language(s) [=Id_Nat + Id_Otras]
<i>Category of Housing by Predominant Construction Materials (% of total):</i>	
CatVi_1	Best: Brick, Cement or Stone Walls & Floors
CatVi_2	
CatVi_3	
CatVi_4	
CatVi_5	
CatVi_6	
CatVi_7	
CatVi_8	
CatVi_9	
CatVi_10	Worst: Cane, Palm or Log Walls & Dirt Floors
CatVi_11	Other Combinations
* CatVi_Lo	Low-income households by housing category [=CatVi_7 + 8 + 9]
* CatVi_Me	Medium-income households by housing category [=CatVi_4 + 5 + 6]
* CatVi_Hi	High-income households by housing category [=CatVi_1 + 2 + 3]
<i>Percentage of Households by Number of Rooms:</i>	
Cuarto1	1
Cuarto2	2
Cuarto3	3
Cuarto4	4
Cuarto5	5 or more
* Cuarto2f	1 or 2 [=Cuarto1+Cuarto2]
* Cuarto4m	4 or more [=Cuarto4+Cuarto5]
<i>Percentage of Households by Number of Bedrooms:</i>	
Dorms1	1
Dorms2	2
Dorms3	3
Dorms4	4
Dorms5	5 or more
* Dorms2f	1 or 2 [=Dorms1+Dorms2]
* Dorms4m	4 or more [=Dorms4+Dorms5]
Cocina	Household Has a Kitchen or Room for Cooking?
<i>Number of People per Bedroom:</i>	
PPDorm2	Less than 2
PPDorm4	2 to 4
PPDorm5	More than 4

New Data - UDAPSO & INE

<i>Population Projections for:</i>			INE
Pob95	1995		
Pob96	1996		
Pob97	1997		
Pob98	1998		
Pob99	1999		
Pob00	2000		
Pob970_4	Population, 0-4 yr. olds, 1997		
* Pob94_6	Aggregate 3-yearly population 1994-6		
Vaccination Rates (per thousand 0-4 year olds)			[=Pobl+Pob95+Pob96]
Vac_Pol	Polio		
Vac_DPT	DPT		
Vac_BCG	BCG		
Vacunas	Total Vaccinations		
<i>Malnutrition Rate Among Children Examined Medically:</i>			
DesLevH	<div style="border: 1px solid black; padding: 2px;">Boys</div>	Low	
DesModH		Moderate	
DesSevH		Severe	

DesLevM	Girls	Low	↓ INE UDAPSO
DesModM		Moderate	
DesSevM		Severe	
DesLev	Total	Low	
DesMod		Moderate	
DesSev		Severe	
* DesMS	Total	Moderate+Severe	
* DesTot		Low+Moderate+Severe	
Analf	Illiteracy Rate		
AnalfH	Male Illiteracy Rate		
AnalfM	Female Illiteracy Rate		
Inasis	School Non-Attendance Rate		
InasisH	Male School Non-Attendance Rate		
InasisM	Female School Non-Attendance Rate		
<i>Type of Health Care:</i>			
Sa_For	Formal		
Sa_Inf	Informal		
Sa_NA	Doesn't Receive Health Care		
<i>No. of Grass-Roots Organizations (OTBs):</i>			
Indig2	Indigenous Communities		
CCamp2	Peasant/Campesino Communities		
JVec2	(Urban) Neighborhood Councils		
OTBregi2	Total Registered GROs [=above 3]		
			↓ UDAPSO

Principal Component Variables

* pcec1	1st PC	Economic: nbi nbi_u nbi_r idh comb* indepec partbru hogar_ta ec* catvi* cuarto* dorms* cocina ppdorm*
* pcec2	2nd PC	
* pcec3	3rd PC	
* pcdem1	1st PC	Demographic: pobpc.u pobpc.r rel* inmasc id_
* pcdem2	2nd PC	
* pcpolx1	1st PC	Political (Broadest): oficial marg93 cadn ccondepa cmbi cmir cmnr cucs ceje cfri ciu cmp p mrtkl cmkn cvr9 ctotad adn* asd* condep* eje* fri9* fsb* iu* mbl* mir* mnr* mrtkl* ucs* vr9* valido* blanco* nulo* nvalid* ausent* margen* mkn* mpp* left* right* major* minor* swing* techno* cleft cright cswing ctechno
* pcpolx2	2nd PC	
* pcci1	1st PC	Civil Institutions: eereg* indig* ccamp* jvec* otb* cv
* pcci2	2nd PC	
* pcci3	3rd PC	
* pctr1	1st PC	Training: fort_pao cap* tema*
* pctr2	2nd PC	
* pcfp1	1st PC	Financial Performance: esfiscal inopto* intntto4 intntto5 intntto6 trectto* copttto*
* pcit1	1st PC	
* pcit2	2nd PC	
* pcit3	3rd PC	Information Technology: sicom siotro sitotal computa impresor
* pcep1	1st PC	
* pcep2	2nd PC	
* pcep3	3rd PC	External Processes: fis inejpr* sisin* sayco*
* pcep4	4th PC	
* pcip1	1st PC	Internal Processes: pdm pdm94 epoa* dpoa* manfun usmanfun salar_pc salar_co alc_co alc_de con_co con_de evte_co evte_de invpub invdir otro_co otro_de info_sa info_ed info_sye plan_sye reconu* manpro* progcont procomme pliego plieg* regcon inventar suped* supsa* cuenpu* iden* pm* catast* estprein preinvan preintir pscf* evalres
* pcip2	2nd PC	
* pcip3	3rd PC	
* pcip4	4th PC	

Interacted Need-Training Variables

* sandia1	sa_minsa*pctr1
* sandia2	sa_noat*pctr1
* edndia1	analf*pctr1
* edndia2	ni_nunca*pctr1
* sbndia1	sin_alca*pctr1
* sbndia2	mingi4pc*pctr1
* uvndia1	infot4pc*pctr1
* uvndia2	infr24pc*pctr1
* agndia1	deslevh*pctr1
* agndia2	matad4pc*pctr1
* enndia1	sin_luz*pctr1
* rhndia1	sin_alca*pctr1
* rhndia2	sin_agua*pctr1
* itndia1	coli4pc*pctr1

Censo Municipal - 1997

Variable	Definition
<i>Population Served (No. People, Heads of Households?) by Basic Services (1997):</i>	
1.2 Agua_c	Potable Water
* Agua_pc	Potable Water, percent of population served by
* Agua_pc2	Square of potable water, percent of population served by
Alca_c	Sewerage
* Alca_pc	Sewerage, percent of population served by
* Alca_pc2	Square of sewerage, percent of population served by
Elec_c	Electricity
* Elec_pc	Electricity, percent of population served by
* Elec_pc2	Square of electricity, percent of population served by
Basura_c	Garbage Disposal
* Basu_pc	Garbage Disposal, percent of population served by
* Basu_pc2	Square of garbage disposal, percent of population served by
Drenaj_c	Storm Drainage
* Dren_pc	Storm Drainage, percent of population served by
* Dren_pc2	Square of storm drainage, percent of population served by
Telef_c	Telephones
* Tele_pc	Telephones, percent of population served by
* Tele_pc2	Square of telephones, percent of population served by
Alumbr_c	Public Lighting
* Alum_pc	Public Lighting, percent of population served by
* Alum_pc2	Square of public lighting, percent of population served by
1.3.1	<i>Existing Infrastructure as of 1994 & 1998, Sporting and Cultural:</i>
Poli4	Multi-use courts
Poli8	before 1994 after 1994
Coli4	Coliseums
Coli8	before 1994 after 1994
Cancha4	Sports Fields
Cancha8	before 1994 after 1994
InfOtro4	Other Sports Facilities
InfOtro8	before 1994 after 1994
Museo4	Museums
Museo8	before 1994 after 1994
Teatro4	Theaters
Teatro8	before 1994 after 1994
Biblio4	Libraries
Biblio8	before 1994 after 1994
Cultura4	Cultural Centers
Cultura8	before 1994 after 1994
* infra1_4	Sporting & Cultural Infra.
* infra1_8	(sum of the above)
* infra1_d	before 1994 after 1994 change 1994-7
<i>Commercial and Recreational Infrastructure:</i>	
1.3.2 Mercado4	Markets
Mercado8	before 1994 after 1994
Matad4	Slaughterhouses
Matad8	before 1994 after 1994
Frigo4	Refrigerators
Frigo8	before 1994 after 1994
Parqueo4	Parking Lots
Parqueo8	before 1994 after 1994
Feria4	Fair Grounds
Feria8	before 1994 after 1994
Parque4	Parks
Parque8	before 1994 after 1994
Zoo4	Zoos
Zoo8	before 1994 after 1994
1.3.3 Vivero4	Municipal Nursery (i.e. Plants)
Vivero8	before 1994 after 1994
Cement4	Cemetery
Cement8	before 1994 after 1994
* infra2_4	Commercial & Recreational Infra. (sum of
* infra2_8	above 9)
* infra2_d	before 1994 after 1994 change 1994-7
Drenaje4	Storm Drainage
Drenaje8	before 1994 after 1994
* Drenajed	change 1994-7

DesSol4	Solid Waste Disposal (Landfills)	before 1994
DesSol8		after 1994
* Dessold	Wastewater Treatment Lagoons	change 1994-7
Laguna4		before 1994
Laguna8	Public Urinals	after 1994
* Lagunad		change 1994-7
Mingi4	Other Hygienic Services	before 1994
Mingi8		after 1994
* Mingid	Combined Water & Sanitation (sum of above 3)	change 1994-7
OtroHig4		before 1994
OtroHig8		after 1994
* Otrohigd		change 1994-7
* Sanbas_4		before 1994
* Sanbas_8		after 1994
* Sanbas_d		change 1994-7
* Poli4pc		
* Coli4pc	Multi-use courts	Per Capita [=X/pobl]
* Canch4pc	Coliseums	
* InfOt4pc	Sports Fields	
* Museo4pc	Other Sports Facilities	
* Teatr4pc	Museums	
* Bibli4pc	Theaters	
* Cultu4pc	Libraries	
* infra4pc	Cultural Centers	
* Merca4pc	Sporting & Cultural Infra. (above 8)	
* Matad4pc	Markets	
* Frigo4pc	Slaughterhouses	
* Parqu4pc	Refrigerators	
* Feria4pc	Parking Lots	
* Parqe4pc	Fair Grounds	
* Zoo4pc	Parks	
* Viver4pc	Zoos	
* Cemen4pc	Municipal Nursery (i.e. Plant Cemetery)	
* infr24pc	Commercial & Recreational Infra. (sum of above 9)	
* Drena4pc	Storm Drainage	
* DesSo4pc	Solid Waste Disposal (Landfills)	
* Lagun4pc	Wastewater Treatment Lagoon	
* Mingi4pc	Public Urinals	
* OtroH4pc	Other Hygienic Services	
* Sanba4pc	Combined Water & San. (sum of above 3)	

1.4.1 *Municipal Educational Services: Early Education*

EscPu_i	No. of Facilities	Public
EscPr_i		Private
EscTot_i		Total
MatPu_i	No. of Students	Public
MatPr_i		Private
MatTot_i		Total
DocPu_i	No. of Teachers	Public
DocPr_i		Private
DocTot_i		Total
EAdPu_i	No. of Administrators	Public
EAdPr_i		Private
EAdTot_i		Total
* StEsPu_i	No. Students/School (Facility	Public
* StDoPu_i	No. Students/Teacher	Public

1.4.2 *Municipal Educational Services: Primary School*

EscPu_1	No. of Facilities	Public
EscPr_1		Private
EscTot_1		Total
MatPu_1	No. of Students	Public
MatPr_1		Private
MatTot_1		Total
DocPu_1	No. of Teachers	Public
DocPr_1		Private
DocTot_1		Total
EAdPu_1	No. of Administrators	Public
EAdPr_1		Private
EAdTot_1		Total

* StEsPu_1	No. Students/School (Facility	Public
* StDoPu_1	No. Students/Teacher	Public
1.4.3 <i>Municipal Educational Services: Secondary School</i>		
EscPu_2	No. of Facilities	Public
EscPr_2		Private
EscTot_2		Total
MatPu_2	No. of Students	Public
MatPr_2		Private
MatTot_2		Total
DocPu_2	No. of Teachers	Public
DocPr_2		Private
DocTot_2		Total
EAdPu_2	No. of Administrators	Public
EAdPr_2		Private
EAdTot_2		Total
* StEsPu_2	No. Students/School (Facility	Public
* StDoPu_2	No. Students/Teacher	Public
* EscPu_12	Total No. of Facilities	Public
* EscPu_i2		Public
* EscPu_1m		Public
1.4.4 <i>Municipal Educational Services: Further Education</i>		
EscPu_3	No. of Facilities	Public
EscPr_3		Private
EscTot_3		Total
MatPu_3	No. of Students	Public
MatPr_3		Private
MatTot_3		Total
DocPu_3	No. of Teachers	Public
DocPr_3		Private
DocTot_3		Total
EAdPu_3	No. of Administrators	Public
EAdPr_3		Private
EAdTot_3		Total
1.4.5 <i>Municipal Educational Services: Multigrade</i>		
EscPu_m	No. of Facilities	Public
EscPr_m		Private
EscTot_m		Total
MatPu_m	No. of Students	Public
MatPr_m		Private
MatTot_m		Total
DocPu_m	No. of Teachers	Public
DocPr_m		Private
DocTot_m		Total
EAdPu_m	No. of Administrators	Public
EAdPr_m		Private
EAdTot_m		Total
1.4.6 <i>Municipal Educational Services: Boarding Schools</i>		
EscPu_n	No. of Facilities	Public
EscPr_n		Private
EscTot_n		Total
MatPu_n	No. of Students	Public
MatPr_n		Private
MatTot_n		Total
DocPu_n	No. of Teachers	Public
DocPr_n		Private
DocTot_n		Total
EAdPu_n	No. of Administrators	Public
EAdPr_n		Private
EAdTot_n		Total
1.4.7 <i>Municipal Educational Services: Alternative Education</i>		
EscPu_a	No. of Facilities	Public
EscPr_a		Private
EscTot_a		Total
MatPu_a	No. of Students	Public
MatPr_a		Private
MatTot_a		Total
DocPu_a	No. of Teachers	Public
DocPr_a		Private
DocTot_a		Total
EAdPu_a	No. of Administrators	Public
EAdPr_a		Private
EAdTot_a		Total

Primary & secondary

Early education through second

Primary, secondary & multigrade

Primary & secondary
Early education through second
Primary, secondary & multigrade

Created (Per Capita Education Indicators)*Early Education*

* espupci	No. of Facilities	Public
* esprpci		Private
* estopci		Total
* mapupci	No. of Students	Public
* maprpci		Private
* matopci		Total
* dopupci	No. of Teachers	Public
* doprpci		Private
* dotopci		Total
* eapupci	No. of Administrators	Public
* eaprpci		Private
* eatopci		Total

Primary School

* espupc1	No. of Facilities	Public
* esprpc1		Private
* estopc1		Total
* mapupc1	No. of Students	Public
* maprpc1		Private
* matopc1		Total
* dopupc1	No. of Teachers	Public
* doprpc1		Private
* dotopc1		Total
* eapupc1	No. of Administrators	Public
* eaprpc1		Private
* eatopc1		Total

Secondary School

* espupc2	No. of Facilities	Public
* esprpc2		Private
* estopc2		Total
* mapupc2	No. of Students	Public
* maprpc2		Private
* matopc2		Total
* dopupc2	No. of Teachers	Public
* doprpc2		Private
* dotopc2		Total
* eapupc2	No. of Administrators	Public
* eaprpc2		Private
* eatopc2		Total
* espupc12	Total No. of Facilities	Public
* espupci2		Public
* espupc1m		Public

Further Education

* espupc3	No. of Facilities	Public
* esprpc3		Private
* estopc3		Total
* mapupc3	No. of Students	Public
* maprpc3		Private
* matopc3		Total
* dopupc3	No. of Teachers	Public
* doprpc3		Private
* dotopc3		Total
* eapupc3	No. of Administrators	Public
* eaprpc3		Private
* eatopc3		Total

Multigrade

* espupcm	No. of Facilities	Public
* esprpcm		Private
* estopcm		Total
* mapupcm	No. of Students	Public
* maprpcm		Private
* matopcm		Total
* dopupcm	No. of Teachers	Public
* doprpcm		Private
* dotopcm		Total
* eapupcm	No. of Administrators	Public
* eaprpcm		Private
* eatopcm		Total

Primary & secondary
Early education through second
Primary, secondary & multigrade

Per Capita

Boarding Schools

* espupcn	No. of Facilities	Public
* esprpcn		Private
* estopcn		Total
* mapupcn	No. of Students	Public
* maprpcn		Private
* matopcn		Total
* dopupcn	No. of Teachers	Public
* doprpcn		Private
* dotopcn		Total
* eapupcn	No. of Administrators	Public
* eaprpcn		Private
* eatopcn		Total

Alternative Education

* espupca	No. of Facilities	Public
* esprpca		Private
* estopca		Total
* mapupca	No. of Students	Public
* maprpca		Private
* matopca		Total
* dopupca	No. of Teachers	Public
* doprpca		Private
* dotopca		Total
* eapupca	No. of Administrators	Public
* eaprpca		Private
* eatopca		Total

1.5.1 *HEALTH - Health Posts:*

EstPu_pu	No. of Facilities	Public Sector
MedPu_pu	No. of Doctors	
AuxPu_pu	No. of Medical Assistants	
SAdPu_pu	No. of Administrators	

1.5.2 *Doctors' Offices:*

EstPu_cm	No. of Facilities	Public Sector
CamPu_cm	No. of Beds	
MedPu_cm	No. of Doctors	
AuxPu_cm	No. of Medical Assistants	
SAdPu_cm	No. of Administrators	

1.5.3 *Health Centers (with limited in-patient facilities): [Centros de Salud]*

EstPu_cs	No. of Facilities	Public Sector
CamPu_cs	No. of Beds	
MedPu_cs	No. of Doctors	
AuxPu_cs	No. of Medical Assistants	
SAdPu_cs	No. of Administrators	

* EstPu_1	No. of Facilities	Public Sector	Primary Level (Health Posts through Health)
* MedPu_1	No. of Doctors		
* AuxPu_1	No. of Medical Assistants		

1.5.4 *Health Clinics: [Policlinicos]*

EstPu_pc	No. of Facilities	Public Sector
CamPu_pc	No. of Beds	
MedPu_pc	No. of Doctors	
AuxPu_pc	No. of Medical Assistants	
SAdPu_pc	No. of Administrators	

1.5.5 *Basic Hospitals:*

EstPu_hb	No. of Facilities	Public Sector
CamPu_hb	No. of Beds	
MedPu_hb	No. of Doctors	
AuxPu_hb	No. of Medical Assistants	
SAdPu_hb	No. of Administrators	

* EstPu_2	No. of Facilities	Public Sector	Secondary Level (Health Clinics and Basic Hospitals)
* CamPu_2	No. of Beds		
* MedPu_2	No. of Doctors		
* AuxPu_2	No. of Medical Assistants		

1.5.6 *General Hospitals:*

EstPu_hg	No. of Facilities	Public
EstPr_hg		Private
EstTo_hg		Total
CamPu_hg	No. of Beds	Public
CamPr_hg		Private
CamTo_hg		Total

MedPu_hg	No. of Doctors	Public
MedPr_hg		Private
MedTo_hg		Total
AuxPu_hg	No. of Medical Assistants	Public
AuxPr_hg		Private
AuxTo_hg		Total
SAdPu_hg	No. of Administrators	Public
SAdPr_hg		Private
SAdTo_hg		Total
1.5.7 Pharmacies:		
FarPu	No. of Facilities	Public
FarPr		Private
FarTot		Total
1.5.8 Other Health Services:		
SOtroPu	No. of Facilities	Public
SOtroPr		Private
SOtroTot		Total
Created (Per Capita Health Indicators)		
* epu.pupc	No. of Facilities	Per Capita
* mpu.pupc	No. of Doctors	
* apu.pupc	No. of Medical Assistants	
* spu.pupc	No. of Administrators	
* epu.cmpc	No. of Facilities	
* cpu.cmpc	No. of Beds	
* mpu.cmpc	No. of Doctors	
* apu.cmpc	No. of Medical Assistants	
* spu.cmpc	No. of Administrators	
* epu.cspc	No. of Facilities	
* cpu.cspc	No. of Beds	
* mpu.cspc	No. of Doctors	
* apu.cspc	No. of Medical Assistants	
* spu.cspc	No. of Administrators	
* epu.1pc	No. of Facilities	
* mpu.1pc	No. of Doctors	
* apu.1pc	No. of Medical Assistants	
* epu.pcpc	No. of Facilities	
* cpu.pcpc	No. of Beds	
* mpu.pcpc	No. of Doctors	
* apu.pcpc	No. of Medical Assistants	
* spu.pcpc	No. of Administrators	
* epu.hbpc	No. of Facilities	
* cpu.hbpc	No. of Beds	
* mpu.hbpc	No. of Doctors	
* apu.hbpc	No. of Medical Assistants	
* spu.hbpc	No. of Administrators	
* epu.2pc	No. of Facilities	
* cpu.2pc	No. of Beds	
* mpu.2pc	No. of Doctors	
* apu.2pc	No. of Medical Assistants	
* epu.hgpc	No. of Facilities	
* cpu.hgpc	No. of Beds	
* mpu.hgpc	No. of Doctors	
* apu.hgpc	No. of Medical Assistants	
* spu.hgpc	No. of Administrators	
* FarPupc	No. of Pharmacies	
* SOtrPupc	No. of Other Health Services	
* segmiMpc	Health Ins., Mothers Benefiting	
* segmiNpc	Health Ins., Children Benefiting	
1.6 Number of Economic Entities Registered, By Sector:		
EEReg_Mi	Mining	
EEReg_In	Industry	
EEReg_EA	Electricity	
EEReg_Cn	Construction	
EEReg_Cm	Commerce	
EEReg_Tr	Transportation & Storage	
EEReg_Fi	Finance	
EEReg_CS	Community, Social & Personal Services	
EEReg_RH	Restaurants	
EEReg_To	Total	

1.7.1 *Municipal Government's Infrastructure & Basic Services:*

HamEd_p	Building/Offices	Owned
HamEd_a		Rented
HamEd_o		Other
HamCa_p	Houses	Owned
HamCa_a		Rented
HamCa_o		Other
HamTe_p	Land/Lots	Owned
HamTe_a		Rented
HamTe_o		Other
HamIoT_p	Other	Owned
HamIoT_a		Rented
HamIoT_o		Other
HamInf_p	Total Infrastructure	Owned
HamInf_a		Rented
HamInf_o		Other
HamLuz	Electricity	
HamAgua	Potable Water	

1.7.4 *Municipal Government's Assets:*

HamVe_to	Vehicles	Total
HamVe_2x		2WD
HamVe_4x		4WD
HamTrac	Tractors	
HamMoto	Motorcycles	
HamBici	Bicycles	
HamMaqui	Other Construction Equipment	
HamMuebl	Furniture	
HamCompu	Computers	
HamImpre	Printers	
HamFotoc	Photocopiers	
HamMEsc	Typewriters	
HamCalc	Calculators	
HamOtAct	Other Assets	
* HamActiv	Total Assets	[=sum of all assets above]

Ojo! - Not the same as SISIN computers

2.A.1 *Training & Capacity Building Received by the Municipal Government:*

* Cap	Any training or capacity building below received [0,1]
* Captot	Sum of training programs received
CapPP	Participative Planning
CapPrOp	Operations Programming
CapPre	Budgeting
CapCZ	Cadaster & Zoning (Surveying/Property Appraisal)
CapDis	Districting
CapFEP	Project Formulation & Appraisal
CapAdPr	Project Administration
CapPrIn	Investment Programming
CapOrAd	Administrative Organization

2.A.2 CapAdPe	Personnel Administration
CapAdBS	Goods & Services Administration
CapCI1	Internal Control

2.A.3 CapCI2	Accounting
CapTCP	Treasury & Credit
CapAdTr	Tax Administration
CapLeMu	Municipal Legislation

2.A.3 *Training & Capacity Building Requested by the Municipal Government:*

* Tema	Any training or capacity building below requested [0,1]
* Tematot	Sum of training programs requested
TemaPP	Participative Planning
TemaPrOp	Operations Programming
TemaPre	Budgeting
TemaCZ	Cadaster & Zoning (Surveying/Property Appraisal)
TemaDis	Districting
TemaFEP	Project Formulation & Appraisal
TemaAdPr	Project Administration
TemaPrIn	Investment Programming
TemaOrAd	Administrative Organization

2.B.1 *Municipal Development Plan (PDM - from the Participative Planning Exercises):*

PDM	Municipality has a PDM [0,1]
-----	------------------------------

2.B.2 *Local Institutions/Actors Who Helped Devise the PDM:*

FPdmOtb	Grass-Roots Organizations
FPdmCV	Vigilance Committee
FPdmDDE	District Education Authorities

FPdmUGS	Health Sector Development Unit	
FPdmDLS	Local Health Authorities	
FPdmDLE	Local Education Authorities	
FPdmFIS	Social Investment Fund	
FPdmFDC	Campesino Development Fund	
FPdmIgle	Church	
FPdmCoop	Cooperatives	
FPdmAsPr	Producers Associations	
FPdmONG	NGO's	
FPdmOtro	Other Private Groups	
2.B.3 <i>Who wrote the PDM?</i>		
EPdmHAM	Municipal Government Authorities	
EPdmONG	NGO's	
EPdmCon	Consultants	
EPdmPrIn	Independent Professionals	
EPdmPref	Prefectural Authorities	
EPdmOtro	Other	
2.C.1 <i>Who wrote the 1997 Annual Operating Plan?</i>		
EPoaHAM	Municipal Government Authorities	
EPoaONG	NGO's	
EPoaCon	Consultants	
EPoaPrIn	Independent Professionals	
EPoaPref	Prefectural Authorities	
EPoaOtro	Other	
<i>What & how many difficulties were encountered during the process of writing it?</i>		
* Dpoa	Any of the difficulties below encountered [0,1]	
* DPoaTot	Sum of difficulties encountered	
DPoaInfo	Informational Problems	
DPoaConc	Consensus Problems	
DPoaCoor	Coordination Problems	
DPoaOtro	Other Problems	
2.D.2 <i>Information Systems Used by Municipal Governments:</i>		
SICOM	SICOM	
SIOTro	Other Standard Packages (SICOPREFOX, SICOPREUNIX, LEXUS, SIEF, OTRI)	
SITotal	Any of the above	
2.D.3 <i>Frequency of Municipal Spending Reports to Higher Levels of Government:</i>		
InEjPr_m	Monthly	
InEjPr_s	Semesterly	
InEjPr_a	Annually	
InEjPr	Any of the above	
2.F.1 <i>Municipal Employees:</i>		
EmplH_To	Total Permanent Employees	Men
EmplM_To		Women
Empl_To		Total
EmplH_Di	Executive Level	Men
EmplM_Di		Women
Empl_Di		Total
EmplH_Te	Technical	Men
EmplM_Te		Women
Empl_Te		Total
EmplH_Ad	Administrative	Men
EmplM_Ad		Women
Empl_Ad		Total
EmplH_Ob	Low Skilled Workers	Men
EmplM_Ob		Women
Empl_Ob		Total
EmplH_Se	Service/Support	Men
EmplM_Se		Women
Empl_Se		Total
EmplH_Ev	Temporary	Men
EmplM_Ev		Women
Empl_Ev		Total
EmplH	All Employees	Men
EmplM		Women
Empl		Total
* Emphtopc	Total Permanent Employees Per Capita	Men
* Empmtopc		Women
* Emptopc		Total
* Emphdipc	Executive Level Per Capita	Men
* Empmdipc		Women
* Empdipc		Total

* EmphTEPC	Technical Per Capita	Men	
* EmpmTEPC		Women	
* EmptEPC		Total	
* EmphADPC	Administrative Per Capita	Men	
* EmpmADPC		Women	
* EmpADPC		Total	
* EmphOBPC	Low Skilled Workers Per Capita	Men	
* EmpmOBPC		Women	
* EmpOBPC		Total	
* EmphSEPC	Service/Support Per Capita	Men	
* EmpmSEPC		Women	
* EmpSEPC		Total	
* EmphEVC	Temporary Per Capita	Men	
* EmpmEVC		Women	
* EmpEVC		Total	
* EmphPC	All Employees Per Capita (1997 Pop. Projections)	Men	
* EmpmPC		Women	
* EmpPC		Total	
2.F.2 <i>Municipal Operational Manual:</i>			
ManFun	Existence Of		
UsManFun	Use Of		
2.F.3 <i>Municipal Councilmen's Salaries:</i>			
Salar_PC	President of the Council		
Salar_Co	Councilman		
2.F.5 <i>Municipal Hiring & Firing Procedures:</i>			
Alc_Co	Mayor's Prerogative	Hiring	
Alc_De		Firing	
Con_Co	Municipal Council's Prerogative	Hiring	
Con_De		Firing	
EvTe_Co	According to Technical Evaluation	Hiring	
EvTe_De		Firing	
InvPub	Public Invitation	Hiring	
InvDir	Direct Contracting	Hiring	
Otro_Co	Other	Hiring	
Otro_De		Firing	
2.G.3 <i>Further Questions About Social Services:</i>			
Info_Sa	Municipal Government Has Information On	Health	
Info_Ed		Education	
Info_SyE		Health or Education	
Plan_SyE	Info. Is Used for Planning?		
ReCoNu_S	Sectoral Regulations Applied To New Constructions In:	Health	
ReCoNu_E		Education	
ReCoNu_A		Water & Sewerage	
ReCoNu		Social Services (i.e. any of the above)	
DesEsc	Mun. Government Provides School Breakfast?		
DILOS	Local Health Authority Operates Here		
DILE	Local Education Authority Operates Here		
2.G.4 <i>Number Who Benefit from the Mothers' & Children's Insurance (1996):</i>			
SeguMI_M	No. of Mothers		
SeguMI_N	No. of Children		
2.G.5 <i>How Many Grass-Roots Organizations Exist in This Municipality?</i>			
OTBs_e	Estimated		
OTBs_pj	Legally Registered		
2.H.1 <i>Taxes & the Tax Base:</i>			
Tributa	Mun. Government Collects Local Taxes?		
ImPBI_N4	Real Estate & Property Taxes	No. of Taxpayers	1994
ImPBI_M4		Amount Collected	
ImPBI_N5		No. of Taxpayers	1995
ImPBI_M5		Amount Collected	
ImPBI_N6		No. of Taxpayers	1996
ImPBI_M6		Amount Collected	
* Impbi_nd	Motor Vehicle Tax	No. of Taxpayers	Change 1994-6
* Impbi_md		Amount Collected	
ImPBI_N		Total No. Registered (1996)	
ImPVA_N4		No. of Taxpayers	1994
ImPVA_M4		Amount Collected	
ImPVA_N5		No. of Taxpayers	1995
ImPVA_M5		Amount Collected	
ImPVA_N6		No. of Taxpayers	1996
ImPVA_M6	Amount Collected		
ImPVA_N	Total No. Registered (1996)		

ImTIV_N4	Real Estate & Vehicle Transaction Tax	No. of Taxpayers	1994
ImTIV_M4		Amount Collected	
ImTIV_N5		No. of Taxpayers	1995
ImTIV_M5		Amount Collected	
ImTIV_N6		No. of Taxpayers	1996
ImTIV_M6	Municipal Licenses & Permits	Amount Collected	
ImTIV_N		Total No. Registered (1996)	
2.H.2 ImPat_N4		No. of Taxpayers	1994
ImPat_M4		Amount Collected	
ImPat_N5		No. of Taxpayers	1995
ImPat_M5	Discretionary Municipal Taxes	Amount Collected	
ImPat_N6		No. of Taxpayers	1996
ImPat_M6		Amount Collected	
ImPat_N		Total No. Registered (1996)	
ImTas_N4		No. of Taxpayers	1994
ImTas_M4	Specific Sales Tax (i.e. on Chicha)	Amount Collected	
ImTas_N5		No. of Taxpayers	1995
ImTas_M5		Amount Collected	
ImTas_N6		No. of Taxpayers	1996
ImTas_M6		Amount Collected	
ImTas_N	Other Taxes & Charges	Total No. Registered (1996)	
ImCE_N4		No. of Taxpayers	1994
ImCE_M4		Amount Collected	
ImCE_N5		No. of Taxpayers	1995
ImCE_M5		Amount Collected	
ImCE_N6	Total Municipal Taxes	No. of Taxpayers	1996
ImCE_M6		Amount Collected	
ImCE_N		Total No. Registered (1996)	
ImOtr_N4		No. of Taxpayers	1994
ImOtr_M4		Amount Collected	
ImOtr_N5	Total Municipal Taxes	No. of Taxpayers	1995
ImOtr_M5		Amount Collected	
ImOtr_N6		No. of Taxpayers	1996
ImOtr_M6		Amount Collected	
ImOtr_N		Total No. Registered (1996)	
* Imtot_n4	Total Municipal Taxes	No. of Taxpayers	1994
* Imtot_m4		Amount Collected	
* Imtot_n5		No. of Taxpayers	1995
* Imtot_m5		Amount Collected	
* Imtot_n6		No. of Taxpayers	1996
* Imtot_m6	Total Municipal Taxes	Amount Collected	
* Imtot_nd		No. of Taxpayers	Change 1994-6
* Imtot_md		Amount Collected	
2.I.1 <i>Municipal Administration:</i>			
ManPro_D	Mun. Administrative Procedures Manual	Exists	
ManPro_U		Is Used	
ProgCont	Mun. Formulates Hiring/Contracting Plans		
ProComMe	Procedures Exist for Small Purchases		
2.J.1 Pliego	Local Gov. Draws Up Bidding Documents for Municipal Purchases?		
Plieg_Pu	Invitations are Published?		
Plieg_Ca	Bids are Assessed?		
Plieg_Ad	Contracts are Adjudicated?		
RegCon	Mun. Government has Regulations for Contracting?		
Inventar	Mun. Government Does Inventories of its Assets?		
SupEd_A	Who Supervises the Performance of Local Education Authorities?	Mayor	
SupEd_C		Municipal Council	
SupEd_O	Who Supervises the Performance of Local Health Authorities?	Grass-Roots Organizations	
SupSa_A		Mayor	
SupSa_C	Who Supervises the Performance of Local Health Authorities?	Municipal Council	
SupSa_O		Grass-Roots Organizations	
CuenPu_A	Gives Public Account of Their Performance?	Mayor	
CuenPu_C		Municipal Council	
CuenPu_O	Gives Public Account of Their Performance?	Grass-Roots Organizations	
3.1 <i>Budgetary Revenues and Expenditures:</i>			
Ingreso4	Revenues	1994	
Gasto4	Expenditures		
Balan4	Budget Surplus (Deficit)		
IngGast4	Revenues/Expenditures	1995	
3.2 Ingreso5	Revenues		
Gasto5	Expenditures		
Balan5	Budget Surplus (Deficit)		
IngGast5	Revenues/Expenditures		

3.3	Ingreso6	Revenues	1996
	Gasto6	Expenditures	
	Balan6	Budget Surplus (Deficit)	Total, 1994-6
	IngGast6	Revenues/Expenditures	
	* Ingreso	Revenues	
	* Gasto	Expenditures	
	* Balan	Budget Surplus (Deficit)	
	* IngGast	Revenues/Expenditures	
3.4	<i>Municipal Revenue Indicators:</i>		1994
	InOpTo4	Operating Revenue/Total Revenue	
	InTNTTo4	Local Tax and Non-Tax Revenue/Total Revenue	
	TrCtTo4	Transfers/Total Revenue	
	CopTrTo4	National Revenue-Sharing/Total Revenue	1995
3.5	InOpTo5	Operating Revenue/Total Revenue	
	InTNTTo5	Local Tax and Non-Tax Revenue/Total Revenue	
	TrCtTo5	Transfers/Total Revenue	
	CopTrTo5	National Revenue-Sharing/Total Revenue	1996
3.6	InOpTo6	Operating Revenue/Total Revenue	
	InTNTTo6	Local Tax and Non-Tax Revenue/Total Revenue	
	TrCtTo6	Transfers/Total Revenue	
	CopTrTo6	National Revenue-Sharing/Total Revenue	
	* IngrTNT	Total Local Tax and Non-Tax Revenues	Total, 1994-1996
	* InTNTTo	Local Tax and Non-Tax Revenue/Total Revenue	
3.7	<i>Municipal Spending Indicators:</i>		1994
	PerGTTo4	Personal Services/Total Expenditure	
	NPerGTTo4	Non-Personal Services/Total Expenditures	
	MySGTo4	Materials & Supplies/Total Expenditure	
	ActGTTo4	Real Assets (i.e. Buildings, Equip.)/Total Exp.	
	GCorGTTo4	Current Expenditures/Total Expenditure	
	PerITo4	Personal Services/Total Revenue	
	NPerITo4	Non-Personal Services/Total Revenue	
	MySITo4	Materials & Supplies/Total Revenue	
	ActITo4	Real Assets (i.e. Buildings, Equip.)/Total Rev.	
	GCorITo4	Current Expenditures/Total Revenue	1995
3.8	PerGTTo5	Personal Services/Total Expenditure	
	NPerGTTo5	Non-Personal Services/Total Expenditures	
	MySGTo5	Materials & Supplies/Total Expenditure	
	ActGTTo5	Real Assets (i.e. Buildings, Equip.)/Total Exp.	
	GCorGTTo5	Current Expenditures/Total Expenditure	
	PerITo5	Personal Services/Total Revenue	
	NPerITo5	Non-Personal Services/Total Revenue	
	MySITo5	Materials & Supplies/Total Revenue	
	ActITo5	Real Assets (i.e. Buildings, Equip.)/Total Rev.	
	GCorITo5	Current Expenditures/Total Revenue	1996
3.9	PerGTTo6	Personal Services/Total Expenditure	
	NPerGTTo6	Non-Personal Services/Total Expenditures	
	MySGTo6	Materials & Supplies/Total Expenditure	
	ActGTTo6	Real Assets (i.e. Buildings, Equip.)/Total Exp.	
	GCorGTTo6	Current Expenditures/Total Expenditure	
	PerITo6	Personal Services/Total Revenue	
	NPerITo6	Non-Personal Services/Total Revenue	
	MySITo6	Materials & Supplies/Total Revenue	
	ActITo6	Real Assets (i.e. Buildings, Equip.)/Total Rev.	
	GCorITo6	Current Expenditures/Total Revenue	Total, 1994-1996
	* SerPer	Total Personal Services	
	* SerNPer	Total Non-Personal Services	
	* PerGTo	Personal Services/Total Expenditure	
	* NPerGTo	Non-Personal Services/Total Expenditures	
	* GastCor	Total Current Expenditures	
	* GCorGTo	Current Expenditures/Total Expenditure	
	* PerITo	Personal Services/Total Revenue	
	* NPerITo	Non-Personal Services/Total Revenue	
	* GCorITo	Current Expenditures/Total Revenue	
4.1.1	<i>Project Selection in the Municipalities:</i>		<div> <div>PDM is used to identify Investment Projects?</div> <div> <div>Who Else Identifies/Initiates Projects?</div> <div> <div>Mayor</div> <div>Municipal Council</div> <div>Councilmen</div> <div>Technical Specialists of the Mun. Government</div> <div>Vigilance Committees</div> <div>Local Population</div> <div>Other</div> </div> </div> </div>
	IdenPdm	PDM is used to identify Investment Projects?	
	IdenAlc		
	IdenCon		
	IdenCons		
	IdenTec		
	IdenCV		
	IdenPob		
	IdenOtro		

4.1.2 *Other Instruments Used to Identify Investment Projects:*

* PMCat	Any of instruments below used to identify projects [0,1]	
* PMCattot	Sum of instruments below used to identify projects	
PMOrdTer	Territorial Ordering Plan	Ordenamiento Territorial
PMUsoSue	Municipal Land Use Plan	
PMArProt	Mun. Protected Areas Plan	
PMArUrb	Mun. Zoning/Urban Areas Plan	
PMSect	Sectoral Master Plans	
CatastUr	Urban Cadaster	
CatastRu	Rural Cadaster	

4.2.1 *Are Project Design Documents/Technical Studies Produced Prior to Investment:*

EstPrein Yes

4.2.1. *Indicators Used to Evaluate Projects:*

PreinVan Net Present Value
PreinTir Internal Rate of Return

4.2.2. *Project Programming & Execution - Physical Supervision and Financial Control (1996):*

PSCFs_Pr	No. of Projects	Physical Supervision
PSCFs_Fu	No. of Personnel	
PSCFn_Pr	No. of Projects	Financial Control
PSCFn_Fu	No. of Personnel	
* Pscfs_ra	Projects per Supervisor	Physical Supervision
* Pscfn_ra	Projects per Supervisor	Financial Control

4.2.3. *Are Project Results Evaluated in the Operational Phase?*

EvalRes Yes

4.3.1 *Forms of Access to the Investment Information System (SISIN):*

SISIN_AD Direct Access
SISIN_AI Indirect Access (via the Prefecture)
SISIN_AN No Access

4.3.2 *IT Equipment Available for Use with SISIN:*

Computa Computers
Impresor Printers

4.3.3 *SISIN Subsystems Used by the Municipal Government:*

SISINidp Project Identification

* Above denotes created variables.

APPENDIX 5: INTERVIEWS

BOLETA DE ENTREVISTA
ALCALDE, CONCEJAL, COMITE DE VIGILANCIA

I DATOS DE CONTROL

1. Entrevistador:_____ 2. Hora:_____ 3. Fecha:_____

4. Persona(s) entrevistada(s), cargo y ocupación anterior:

5. Lugar de entrevista: _____

II ETAPA DE PREPARACIÓN DEL PROYECTO

6. Visité el proyecto **XXX**. Me gustaría que me cuente cómo participó la comunidad en la fase de preparación del proyecto (incluyendo negociaciones con financiadores y preparación técnica)

7. Quién y cómo se decidió quién ejecutaría el proyecto?

III ETAPA DE EJECUCIÓN

8. Cómo participa(ó) la OTB en la ejecución del proyecto, y porqué?

9. Ha habido algún problema durante la ejecución? De qué tipo(s) y si se ha(n) resuelto, cómo?

10. En su opinión se están tomando en cuenta las opiniones (y necesidades) de los usuarios para la ejecución del proyecto?

11. Se sabe quién se hará cargo del servicio cuando que se termine la obra? Cómo se ha decidido?

12. Qué responsabilidad tiene el municipio y qué responsabilidad la (comunidad, localidad, empresa privada u ONG) para el mantenimiento del proyecto (refacción, reposición...)?

IV GOBIERNO MUNICIPAL Y SATISFACCIÓN

13. El sistema municipal de la ley de participación responde mejor que antes a las necesidades o intereses de esta población (está mejor atendida que antes)? Porqué?

14. En la Ley de PP se dice que un alcalde puede ser removido de su puesto. Cree usted que esta disposición es buena? Porqué?

15. A quién obedecen más los concejales - a los partidos o a la gente que votó por ellos? O es lo mismo? Cómo es aquí?

16. En el tiempo que lleva la participación popular, en este municipio se ha trabajado en los siguientes servicios. Cómo calificaría usted el resultado de este trabajo? (MB, B, R, M, MM) {en caso de no haber intervención explicar también porqué}

	check	calif	Porqué
Educación	()	()	_____
Salud	()	()	_____
Agua	()	()	_____
Residuos sólidos	()	()	_____
Eliminación de excrec.	()	()	_____
Riego	()	()	_____
Electricidad	()	()	_____
Camino	()	()	_____

17. Ud. cree que la distribución de los recursos disponibles entre las localidades o barrios de este municipio ha mejorado con la ley de PP? Porqué?

18. Se ha elaborado un PDM para este municipio? Cómo lo está usando?

19. Cómo fue aquí el proceso de elaboración del PAO de 1997? {pausa} Hay alguna institución que les está dando apoyo? En qué?

20. Ud. recibe presiones de la gente local para hacer o no hacer ciertos proyectos? Cómo se expresan estas presiones? Ud. les hace caso? Quién consigue más?

21. El Comité de Vigilancia es activo en este municipio? Cuántas veces se ha opuesto a algún proyecto o gasto de la alcaldía? Cómo se resuelven estos conflictos?

Appendix 5: Interview Questionnaires and Guides

22. Desde la participación popular, este municipio se ha beneficiado más, menos o igual que otros municipios? Porqué?

23. Las últimas elecciones fueron limpias? Igual que antes o mejor?

24. Qué proporción de los adultos votaron en la ultima elección? Porqué no votó más gente?

25. La reforma de la PP está dando poder a los que nunca antes mandaron, o siguen mandando los de siempre? Qué grupos sociales se benefician más?

26. Qué sugerencias tiene usted para mejorar la administración municipal en este caso específico?

27. Que sugerencias tiene para mejorar el control social en este municipio?

V. CAPACIDAD TÉCNICA Y RECURSOS HUMANOS

28. Cuánta gente (NO ELECTA) de planta trabaja en la alcaldía ? Podría hacerme el organigrama general? Cuál es el rango salarial y el tipo de formación por nivel? **{sólo alcalde}**

NIVEL	PERS.-NIVEL	RANGO SALARIAL	FORMACION
DIRECTIVO			
EJECUTIVO			
OPERATIVO			
APOYO			

29. Cuáles eran las características del personal antes de la ley de PP? (cantidad de personal, salarios y nivel de estudios? **{sólo alcalde}**

30. Que sistemas de información y contabilidad se han implementado en el municipio? Cuántos de estos desde 1994? **{sólo alcalde}**

31. Han recibido alguna capacitación técnica o administrativa? Cómo fue? Algún otro tipo de apoyo?

32. Además de las empresas que concursan por proyectos, el municipio contrata alguna parte de *su* trabajo a empresas privadas? **{por ejemplo}** Qué y a qué empresas y por cuáles montos? Como ha cambiado esto desde 1994? **{sólo alcalde}**

VII OBSERVACIONES Y COMENTARIOS

BOLETA DE ENTREVISTA
COMITÉ DE VIGILANCIA - 2da Ronda

I DATOS DE CONTROL

1. Entrevistador:_____ 2. Hora:_____ 3. Fecha:_____

4. Persona(s) entrevistada(s), cargo y ocupación anterior (y partido político):

5. Lugar de entrevista: _____

II HETEROGENEIDAD Y CONFLICTO SOCIAL

6. A qué se dedica la gente por aquí (en su mayoría)?_____

7. Qué idiomas (y dialectos) se utilizan mayormente por aquí?_____

8. Hay mucha migración a o de esta zona? De donde?_____

9. Qué diferentes tipos de instituciones actúan en este municipio?_____

10. La gente de las comunidades en este municipio son similares o hay diferentes grupos (étnicos o culturales)? Como son diferentes? [**etnia, religion, idioma, comida, vestimenta, costumbres, actividad económica**] _____

11. Las varias comunidades de este municipio se llevan bien, o hay conflictos o pugnas entre ellos? _____

12. Han habido desacuerdos (entre las OTB's) dentro del Comité de Vigilancia? _____

III NECESIDADES Y LA PRIORIZACIÓN DE PROYECTOS

13. En que sectores está invirtiendo el municipio principalmente este año?

A. _____

B. _____

C. _____

14. Una vez terminados estos proyectos, la comunidad seguira pidiendo más proyectos de educación/salud/agua y saneamiento, o pedirán ya inversiones en otros sectores? Como qué? (e.g. caminos, riego) Porque?

15. Las OTB's estan usando un criterio de necesidad? Al tener más adultos en esta comunidad con mas educación (o atención en salud, o agua potable y saneamiento básico en sus casas) igualmente hubieron pedido estos proyectos?

A. _____

B. _____

C. _____

16. Se cumplio con el POA del año pasado a cabalidad? Porque no? Que factores intervinieron para que no se ejecutara el POA completo? Existen fallas en el sistema de presupuestacion y ejecucion?

17. Le falto plata al municipio para realizar todos los proyectos del POA? [Si Sí]==> Como decidieron cuales proyectos se ejecutaban y cuales no? En que instancia de tomo esta decision? Hubo consulta con las OTB's? el CV?

IV QUÉ ES UN BUEN GOBIERNO?

18. La gente de este municipio esta contenta con su gobierno municipal? Porqué?

19. Qué hace que un gobierno municipal sea bueno? _____

20. Qué hace que un acalde sea bueno? **[honestidad, actividad, capacidad técnica, apoyo político del gobierno, que escuche, que haga lobbying frente al gobierno, que coopere?]** Su alcalde es bueno?

21. Qué hace que un Consejo Municipal/concejal sea bueno? [**honestidad, actividad, capacidad técnica, apoyo político del gobierno, que escuche, que haga lobbying frente al gobierno, que coopere?**] Su Consejo Municipal es bueno?

22. Qué tendría que hacer el alcalde de este municipio para ser mejor alcalde? El Consejo Municipal? _____

23. Con qué funciones debería cumplir una OTB óptimamente? _____

24. Las OTB's trabajan solamente con el gobierno municipal, o también con los partidos, los empresarios y/o terratenientes? Como y cuando?

25. Que diferencia una buena OTB de una mala OTB? [**funciones, estructura, operacion**] _____

26. Que es más importante para que el gobierno municipal sea bueno, tener buen alcalde, buen consejo municipal, o buen comité de vigilancia? Cual de los tres es más podersoso aquí? Los tres trabajan juntos acá o hay conflictos?

V EL REGIMEN PARTIDARIO LOCAL

27. Quienes son las personas en las listas locales del partido? Qué actividades tienen? (Cuál es su rol en la sociedad local?)

28. Como fueron escogidos ellos? [**Procedimiento: titulares y suplentes**] Hubo consulta popular? o entre las bases del partido? Cuando y como? A qué sector dentro del partido local representan?

29. Qué sector del electorado local se suponía que votaría por ellos? Fue así?_____

30. El jefe local del partido como llegó a serlo? Como ascendió la escalera local del partido? Podría ser derrocado? Como? **[énfasis en desempeño local vs. lo que quiere el partido nacional]**

31. Como es la relación entre los partidos gobernantes y los empresarios/terratenientes/comerciantes/profesionales locales? Ellos aportan mucho dinero a los partidos? Como lo hacen?

VI JERARQUÍA POLÍTICA Y ADMINISTRATIVA E INDEPENDENCIA

32. Ud. tiene el apoyo de su partido local? nacional? Como se expresa este apoyo?
[Campanías - plata, movilizaciones, organización]

33. Ud. tiene la libertad política para manejar el (supervisar al) municipio y tomar las decisiones de la forma que Ud. vea mejor, o se ve limitado desde afuera *por el*

partido? Ocurren conflictos o contradicciones entre lo que es mejor para el municipio y lo que el partido exige?

34. En el caso de conflicto entre el municipio y la prefectura, quién se impone? Ha sucedido esto? Como fué?

35. De qué manera ha impactado el cambio de gobierno en el funcionamiento del municipio? El gobierno municipal tiene más o menos apoyo que antes? De donde?

VII OBSERVACIONES

BOLETA DE ENTREVISTA
ORGANIZACIONES TERRITORIALES DE BASE

I DATOS DE CONTROL

1. Entrevistador:_____ 2. Hora:_____ 3. Fecha:_____

4. Persona(s) entrevistada(s), cargo y ocupación:

5. Lugar de entrevista: _____

II DATOS GENERALES DE LA LOCALIDAD O BARRIO

6. Cuánta gente vive en esta comunidad o barrio: _____

7. A qué se dedica la gente por aquí (en su mayoría): _____

8. Cuénteme un poco cómo es la historia de esta (comunidad, localidad o barrio) **{OJO: poner énfasis en fechas, momentos clave, migraciones}**

9. Qué idiomas (y dialectos) se utilizan mayormente por aquí? _____

10. Qué instituciones de base existen en esta (comunidad, localidad o barrio) y qué funciones cumplen? **{mencionar primero la que es OTB y después el resto}**

11. Qué otras instituciones colaboran con la gente en esta (comunidad, localidad o barrio), en qué y con qué grupos?

III IDENTIFICACION DE PROYECTOS

12. Qué proyectos tienen en ejecución con recursos de la participación popular? Qué institución participa económicamente?

Appendix 5: Interview Questionnaires and Guides

A _____

B _____

C _____

13. Cuánta gente se beneficiará de estos proyectos?

A _____ B _____ C _____

14. Quién es esta gente?

A _____ B _____ C _____

15. Cuándo se inició y cuándo esperan terminar estos proyectos?

A _____ B _____ C _____

IV ETAPA DE PREPARACIÓN

16. Los bienes o servicios que ofrecerán los proyectos, una vez terminados, ya existían o los tendrán por primera vez aquí?

A _____ B _____ C _____

17. En su opinión estos proyectos satisfacen una necesidad real?

A _____ B _____ C _____

18. Cómo surgió la idea de hacer estos proyectos? **{a quién se le ocurrió, cómo llegó a ser de conocimiento público, era algo que quería la mayoría, como se priorizó...}**

19. Qué otras ideas o proyectos tenía esta (comunidad, localidad o barrio) y no se harán por lo menos en este año? Porqué?

20. Qué otras ideas o proyectos tiene esta (comunidad, localidad o barrio) y sí se harán este año?

21. Quién y cómo se completó la documentación para hacer los proyectos? Fueron consultados los beneficiarios sobre detalles técnicos o económicos?

22. Sabe Ud. cuánto cuesta este proyecto y quiénes ponen los recursos (y en qué proporción)?

A _____ B _____ C _____

23. Sabe usted si alguien de la comunidad participó en las negociaciones con los organismos de apoyo financiero?

24. Sabe Ud. quién y cómo se decidió quién ejecutaría los proyectos?

V ETAPA DE EJECUCIÓN

Contratista () Autoconstrucción ()

25. Existe algún responsable del control del dinero, de la calidad, de los plazos y/o de los materiales por parte de la comunidad? Cómo se decidió esa responsabilidad?

26. Ha habido algún problema durante la ejecución? De qué tipo(s) y si se ha(n) resuelto, cómo?

VI ETAPA DE ADMINISTRACIÓN

27. Quién se hará cargo de el servicio una vez que se terminen las obras? Cómo se ha decidido?

28. Qué responsabilidad tiene el municipio y qué responsabilidad la (comunidad, localidad, empresa privada u ONG) para la mantención de los proyectos?

A: _____

B: _____

C: _____

VII GOBIERNO MUNICIPAL Y SATISFACCIÓN

29. El sistema municipal de la ley de participación responde mejor que antes a las necesidades o intereses de esta población (está mejor atendida que antes)?

30. En la Ley de PP se dice que un alcalde puede ser removido de su puesto. Cree usted que esta disposición es buena? Porqué?

31. A quién obedecen más los consejales - a los partidos o a la gente que votó por ellos?
Cómo es aquí?

32. Con cuales de los siguientes servicios cuenta esta comunidad? En cuales se han
hecho proyectos con la PP? Cómo califica usted el resultado de este trabajo? (MB, B, R,
M, MM) {en caso de no haber intervención explicar también porqué}

	check	PP	calif	Características/Porqué
Educación	()	()	()	_____
Salud	()	()	()	_____
Agua	()	()	()	_____
Resids sólidos	()	()	()	_____
Elimin. excr.	()	()	()	_____
Riego	()	()	()	_____
Electricidad	()	()	()	_____
Camino	()	()	()	_____
Otros	()	()	()	(ESPECIFICAR)

33. Ud. cree que la distribución de los recursos disponibles entre las localidades o barrios
de este municipio ha mejorado con la ley de PP? Porqué?

34. Desde la participación popular, este municipio se ha beneficiado más, menos o igual que otros municipios (en la *calidad* de inversion y gasto)? Porqué?

35. Las últimas elecciones fueron limpias? Igual que antes o mejor?

36. Qué proporción de los adultos votaron en la última elección? Porqué no votó más gente?

37. La reforma de la PP está dando poder a los que nunca antes mandaron, o siguen mandando los de siempre? Qué grupos sociales se benefician más?

Appendix 5: Interview Questionnaires and Guides

38. El Comité de Vigilancia es activo en este municipio? Está realmente vigilando los proyectos en esta localidad/barrio? En caso de problemas, cómo se resuelven?

39. Qué sugerencias tiene usted para mejorar la administración municipal en este caso específico?

40. Que sugerencias tiene para mejorar el control social en este barrio/localidad?

VIII OBSERVACIONES Y COMENTARIOS

BOLETA DE ENTREVISTA
ORGANIZACIONES TERRITORIALES DE BASE – 2da Ronda

I DATOS DE CONTROL

1. Entrevistador:_____ 2. Hora:_____ 3. Fecha:_____

4. Persona(s) entrevistada(s), cargo y ocupación:

5. Tipo de OTB entrevistada:_____

6. Lugar de entrevista: _____

II HETEROGENEIDAD Y CONFLICTO SOCIAL

7. A qué se dedica la gente por aquí (en su mayoría)? _____

8. Qué idiomas (y dialectos) se utilizan mayormente por aquí?_____

9. Hay mucha migración a o de esta zona? De donde? _____

10. Además de la suya, qué otros tipos de instituciones dieron origen a OTB's en este municipio? [**Sindicato Campesino, Allyu, Junta Vecinal,etc.**]

11. La gente de otras comunidades en este municipio, es gente similar a Uds. o son diferentes? Como son diferentes? [**etnia, religion, idioma, comida, vestimenta, actividad económica**] _____

12. [**Si Sí**]==> Cuánto contacto tienen con esas otras comunidades? A veces trabajan o cooperan con ellos? Han hecho algún proyecto con una de estas otras comunidades? Como fue?

13. Ha habido alguna pugna o conflicto con alguna de las otras comunidades/OTB's en este municipio?

14. Han habido desacuerdos (entre las OTB's) dentro del Comité de Vigilancia?_____

15. La alcaldía favorece a alguna OTB en particular, o tienen todas las mismas oportunidades y acceso al municipio?

III QUÉ ES UN BUEN GOBIERNO?

16. La gente de esta OTB esta contenta con su gobierno municipal? Porqué?_____

17. Qué hace que un gobierno municipal sea bueno?_____

18. Sienten que su gobierno municipal los representa a Uds. y sus intereses? Porqué?
(De qué manera?)

19. Qué hace que un acalde sea bueno? [**honestidad, actividad, capacidad técnica, apoyo político del gobierno, que escuche, que haga gestiones frente al gobierno, que coopere?**] Su alcalde es bueno (regular o malo)?

20. Qué hace que un Consejo Municipal/concejal sea bueno? [**honestidad, actividad, capacidad técnica, apoyo político del gobierno, que escuche, que haga gestiones frente al gobierno, que coopere?**] Su Consejo Municipal es bueno (regular o malo)?

21. Qué hace que un (Presidente de) Comité de Vigilancia sea bueno? [**honestidad, actividad, capacidad técnica, apoyo político del gobierno, que escuche, que haga gestiones frente al gobierno, que coopere?**] Su Comité de Vigilancia es bueno (regular o malo)?

22. Qué tendría que hacer el alcalde de este municipio para ser mejor alcalde? El Consejo Municipal?

23. Con qué funciones debería cumplir una OTB óptimamente? La OTB trabaja solamente con el gobierno municipal, o también con los partidos, los empresarios y/o terratenientes? Cómo y cuando?

24. Que diferencia una buena OTB de una mala OTB? [**funciones, estructura, operacion**] Cómo podría su OTB funcionar mejor?

25. Cual es mas importante para que el gobierno municipal sea bueno, tener buen alcalde, buen consejo municipal, o buen comité de vigilancia? Cual de los tres es mas podersoso aquí? Los tres trabajan juntos acá o hay conflictos?

26. En el caso de conflicto entre el municipio y la prefectura, quién se impone? Ha sucedido esto? Como fue?

27. De qué manera ha impactado el cambio de gobierno en el funcionamiento del municipio? Ud. tiene más o menos apoyo que antes? De donde?

IV EL REGIMEN PARTIDARIO LOCAL

28. Quienes son las personas en las listas locales del partido? Qué actividades tienen?
(Cuál es su rol en la sociedad local?)

29. Como fueron escogidos ellos? [**Procedimiento: titulares y suplentes**] Hubo
consulta popular? o entre las bases del partido? Cuando y como? A qué sector
dentro del partido local representan?

30. Qué sector del electorado local se suponía que votaría por ellos? Fue así? _____

31. El jefe local del partido como llegó a serlo? Cómo ascendió la escalera local del
partido? [**énfasis en desempeño local vs. lo que quiere el partido nacional**]

32. Cómo es la relación entre los partidos gobernantes y los empresarios/terratenientes/comerciantes/profesionales locales? Estos ultimos aportan mucho dinero a los partidos? A cuales? Como lo hacen?

V. OBSERVACIONES

GUÍA DE ENTREVISTAS

ALCALDE, CONCEJAL Y COMITÉ DE VIGILANCIA

- 4. Concejales**
 - # Concejales
 - de qué partido?
 - de qué localidad?
 - qué profesión/ocupación anterior?
- 5. Lugar y significación de entrevista (1a sección, 2a sección, etc.)**
- 6. Participación de la comunidad**
 - a quién se le ocurrió?
 - cómo se priorizó?
 - cómo se comunicó a la gente?
 - cómo se fijó la contraparte? cuánto es?
- 18. PDM**
 - quién hizo el PDM?
 - cómo se hizo? que metodología?
- 23. Elecciones limpias**
 - "antes" = 20-30 años atrás
- 25. Los que mandan**
 - ejemplo de los madereros del Beni
- 26. Cuántas secretarías hay? Cuántos choferes?**
- 33. Me puede recomendar cuales OTB's, barrios u otros serían especialmente interesantes para visitar y charlar?**

- 34.** Tiene algún estudio, diagnóstico o folleto de información sobre el municipio? Me lo puede mostrar/regalar?

ORGANIZACIONES TERRITORIALES DE BASE

- 8.** Momentos claves (ejs.)

- sublevación indígena
- Reforma Agraria

- 11.** Quién tiene la representación de la OTB?

- 37.** Elecciones limpias

- "antes" = 20-30 años atrás

- 39.** Los que mandan

- ejemplo de los madereros del Beni

**GUÍA DE ENTREVISTA
INFORMANTE CLAVE**

1. Tiene buenas relaciones con la alcaldía? La HAM facilita u obstaculiza su trabajo?
Como apoya la alcaldía a su sector? Que proyectos hay?
2. Cómo se relacionan Uds. con otros organismos e instituciones locales (FF.AA.,
ONG's, OTB's, etc.)?
3. La HAM sirve a todo el municipio de _____, o sólo a una parte/sector?
4. Su organización/empresa tributa aquí en el municipio? Cuanto tributa?
5. Como se podría aumentar los recursos propios del municipio?
6. Quién manda acá? Quién mandaba antes? Mediante qué mecanismos se articula su
poder? Cuando y porqué cambio?
7. Cuales son los conflictos sociales que hay acá?
8. Como califica Ud. el trabajo del alcalde? del Consejo Municipal? Como se podría
mejorar?
9. Qué porcentaje de la gente ha votado en la última elección? Porqué no votó más?
Como compara con elecciones pasadas (20-30 años atrás)?

INFORMANTE CLAVE – 2da Ronda

Oficial Mayor Financiero/Administrativo

1. Han hecho un PDM en este municipio?
2. Como fue el proceso de hacer el POA en este municipio el año pasado?
3. Se cumplio con el POA a cabalidad? Porque no? Que factores intervinieron para que no se ejecutara el POA completo? Existen fallas en el sistema de presupuestacion y ejecucion?
4. Le falto plata al municipio para realizar todos los proyectos del POA? De donde falto plata? [**Coparticipacion, Fondos, TGN, ONG's u otra institucion?**]
5. De no haber suficientes fondos para ejecutar el POA entero, como decidieron cuales proyectos se ejecutaban y cuales no? En que instancia de tomo esta decision? Hubo consulta con las OTB's? el CV?

Empresarios Locales

1. A Ud. le es más facil influenciar a los políticos locales, o a los nacionales mediante la CEPB? Qué tipo de diálogo o presión ejerce Ud. sobre el municipio?

**BOLETA DE ENTREVISTA
JEFE LOCAL DEL PARTDO**

I DATOS DE CONTROL

1. Entrevistador:_____ 2. Hora:_____ 3. Fecha:_____

4. Persona(s) entrevistada(s), cargo y ocupación anterior:

5. Lugar de entrevista: _____

II El Regimen Partidario Local

6. Cómo se eligieron las listas locales del partido? [**Procedimiento: titulares y suplentes**] Hubo consulta popular? entre las bases del partido? Cuando y cómo?

7. Quienes son estas personas? Qué actividad tienen?Cuál es su rol en la sociedad local?

-
-
8. Porqué fueron elegidos ellos? Quién dentro del partido los apoyó? A qué sector dentro del partido local representan? Estan asociados con algun sector nacional en particular?

-
-
-
-
-
-
9. Qué sector del electorado local se suponía que votaría por ellos? Fue así?_____

-
-
10. En caso de perder la elección, estos candidatos fueron cambiados, o entrarán de nuevo en las listas en la próxima elección?

-
-
- 11.Cuál es su actividad económica? su profesión? (su papel en la sociedad local)?____

12. Cómo llegó Ud. a ser jefe local del partido? Cómo ascendió la escalera local del partido? Podría ser derrocado? Cómo? **[énfasis en desempeño local vs. lo que quiere el partido nacional]**

13. Cuán fuerte es la relación entre el partido local y el nacional? Con qué frecuencia se consultan decisiones al partido nacional? Qué tipo de decisiones? Son necesarias estas consultas? Qué pasa si no se hacen?_____

14. Qué otro tipo de control tiene el partido nacional sobre el local? Cómo se ejerce?

15. Cómo es la relación entre su partido y los empresarios/terratenientes/comerciantes/profesionales locales?

16. Los empresarios locales aportan mucho dinero al partido? Como lo hacen?_____

17. El partido consulta a los empresarios locales antes de fijar listas? antes de elegir políticas? A las OTB's? A alguna otra institución?

18. Ud. tiene el apoyo del partido local? nacional? Cómo se expresa este apoyo?_____

III OBSERVACIONES

JEFE DEL PARTIDO NACIONAL

1. Cómo es la estructura orgánica de su partido? Como es que surgen las expresiones locales del partido? Existen oficiales locales, o todo es dirigido desde la prefectura o desde La Paz? **[énfasis en la estructura Local y Deptal. vs. Nacional]**
2. Cómo son compuestas las listas locales de su partido? De donde saca su partido candidatos municipales? Qué tipo de gente es?
3. Qué influencia tiene la estructura central de su partido en la selección de candidatos, y qué influencia tiene la estructura local? Quien pesa más?
4. Que papel juega la plata (contribuciones al partido, personas o grupos pudientes) en este proceso?
5. Cómo son escogidos los lideres locales del partido? De donde vienen? Que tipo de gente son? **[énfasis en desempeño local vs. vínculos con el partido nacional]**
6. El partido central tiene cómo sancionar a candidatos o lideres locales que se desmarcan políticamente o éticamente? Cuales son los mecanismos?
7. El partido tiene líneas fuertes para la administración municipal, o más bien permite que los municipios busquen el éxito de su propia manera? (hay un "paquete" de medidas que todo municipio debe implementar?)
8. Como se resuelven las pugnas políticas locales? El partido nacional o departamental interviene en ellas? Con qué frecuencia se consultan decisiones al partido nacional? Qué tipo de decisiones? Son necesarias estas consultas? Qué le pasa al partido local si no las hace?
9. Existe algún otro tipo de control del partido nacional sobre el local? Cómo se ejerce? **[ideológicos, económicos, burocráticos?]**

Interview List

Atocha

Gladys Armata de Mejía, municipal council president (MNR), interview, Atocha, 23 April 1997.

Roberto Ávila Callo, municipal councilman (UCS), interview, Atocha, 22 April 1997.

Wilfredo Chiri and Fermín Leán, Federation of Cooperativist Miners president and secretary, interview, Atocha, 23 April 1997.

Fr. José Dessart, parish priest, interview, Atocha, 25 April 1997.

Severo García Cándia, oversight committee member, interview, Atocha, 23 April 1997.

Fernando Hernández, Social Investment Fund departmental director, interview and site visits, Atocha, 21-22 April 1997.

Raúl Mamani Villca, oversight committee president, interview, Siete Suyos, 22 April 1997.

Pablo Victorio Ayala, mayor, interview, Ánimas, 22 April 1997.

Community and Grass-Roots Organizations

Atocha: Severo García Cándia, neighborhood council ex-president, interview, Atocha, 23 April 1997.

Chorolque: Albino García Choque, Juan Bonifacio Onofre, Esteban Marcha Cachambre and Ivan Marca, miners' cooperative welfare officer, oversight officer, oversight officer and member, interview, Chorolque, 23 April 1997.

Villa Solano: Gerónimo Ayala Hernández, community officer, interview, Chorolque, 23 April 1997.

Baures

Hugo Ayllón Parada, Cattlemen's Association president, interview, Baures, 2 May 1997.

Conrad Bruckner, cattle rancher, interview, Baures, 4 May 1997.

Elwin Bruckner, prefect, interview, Baures, 1 May 1997.

Grover Martínez Franco, mayor, interview, Baures, 2 May 1997.

Hugo Melgar Barbey and Erland Ayllón Parada, municipal council president (MIR) and member (independent, ex-MNR), interview, Baures, 2 May 1997.

Dimitri Ojopi, oversight committee president, interview, Baures, 2 May 1997.

Juan Oni Antelo, municipal councilman (MNR), interview, Baures, 2 May 1997.

Interview List

Srs. Pilar and Teresa and Oscar Velázquez, CETHA (adult education center officers), interview, Baures, 4 May 1997.

Ginger Yapiz, Social Investment Fund departmental director, interview and site visits, Baures, 1 May 1997.

Community and Grass-Roots Organizations

Baures: Oscar Durán, neighborhood council president, interview, Baures, 2 May 1997.

El Cairo: Manuel Chipeno Valdivieso, community leader, interview, El Cairo, 3 May 1997.

Jasiakiri: Juan Jahnsen, community leader, interview, El Cairo, 3 May 1997.

Tujuré: Gustavo Chonono Churipui, community leader, interview, El Cairo, 3 May 1997.

Charagua

Florencio Antuni Sánchez (a), oversight committee president, interview, Charagua, 1 April 1997.

Florencio Antuni Sánchez (b), oversight committee president, interview, Charagua, 30 October 1997.

Wilfredo Anzoátegui Vaca, hospital director, interview, Charagua, 30 October 1997.

Oscar Hugo Aramayo Caballero, district director of education, interview, Charagua, 4 April 1997.

José Durán, Social Investment Fund finance director, interview, 3 October 1997.

Nelson Egüez Gutiérrez, MNR chief, interview, Charagua, 30 October 1997.

Edgar Gutiérrez Hurtado (a), ADN chief, interview, Charagua, 28 October 1997.

Edgar Gutiérrez Hurtado (b), district officer, interview, Charagua, 28 October 1997.

Juan Carlos Gutiérrez, Cattle Ranchers' Association of the Cordillera president, interview, Charagua, 1 April 1997.

Rolando Gutiérrez, municipal councilman (MNR), interview, Charagua, 2 April 1997.

Dante Hurtado Salse, oversight committee secretary, interview, Charagua, 30 October 1997.

Fernando Muñoz Franco, Social Investment Fund departmental director, interview, Santa Cruz, 31 March 1997.

Eulogio Núñez, CIPCA director (NGO) and municipal adviser, interview, Charagua, 2 April 1997.

Rosario Pantoja de Cuéllar, education center director, interview, Charagua, 4 April 1997.

Interview List

Pedro Fidel Ribera Caballero, member of the directorate of AGACOR, interview, Charagua, 30 October 1997.

Fr. Luis Roma, parish priest, interview, Charagua, 29 October 1997.

Fr. Gabriel Sequier (Tianou Pirou), parish priest, interview, Izozo, 3 April 1997.

Luis Saucedo Tapia (a), mayor, interview, Santa Cruz, 31 March 1997.

Luis Saucedo Tapia (b), mayor, interview, Charagua, 1 April 1997.

Luis Saucedo Tapia (c), mayor, interview, Charagua, 27 October 1997.

Julián Segundo Chipipi, municipal councilman (MNR), interview, Charagua, 2 April 1997.

Crispín Solano Menacho, municipal councilman (MBL) and ex-oversight committee president, interview, Charagua, 28 October 1997.

Abelardo Vargas Portales, municipal council president (ADN), interview, Charagua, 1 April 1997.

Abelardo Vargas Portales and Abilio Vaca, municipal council president and councilman (ADN and MBL) respectively, interview, Charagua, 28 October 1997.

Roberto Vargas, chief financial officer, interview, Charagua, 30 October 1997.

Lt.Col. Fair Eduardo Villaroel, army garrison commander, interview, Charagua, 2 April 1997.

Community and Grass-Roots Organizations

Acae: Israel Romero Macuendí and Florencio Altamirano, community leader and community member, interview, Acae, 2 April 1997.

La Brecha: Francisco Chávez Flores, Delcio Moreno Candia, Mario Arreaga, Andrés Chávez Flores, Vicente Moreno, and Licelio Cuéllar Martínez, community leader, aid to the *capitanía*, hospital administrator, nursing assistant, school association president and Alto Izozo district deputy, interview, La Brecha, 3 April 1997.

La Brecha: Francisco Chávez, Alberto Rodríguez and Ignacio Álvarez, community leader, adviser to the *capitanía grande*, and community member, interview, La Brecha, 28 October 1997.

Charagua: Walter García Juárez and Jorge Cortez Romero, community association president and community member, interview, Charagua, 3 April 1997.

Charagua: Omar Quiroga Antelo, neighborhood council president, interview, Charagua, 30 October 1997.

Interview List

Charagua Station: Abelino Sánchez Ramírez, neighborhood council vice-president, interview, Charagua Station, 30 October 1997.

Copere Brecha: Leoncio Pabaroa and Javier Yupico, interim community leader and ex-leader, interview, Copere Brecha, 29 October 1997.

El Espino: Pablo Carrillo and Marcial Arumbari, community leader and officer, interview, El Espino, 4 April 1997.

El Espino: Paul Carrillo, Ricardo Melgar and Marcial Arumbari, community leader, community member, and community officer, interview, El Espino, 31 October 1997.

Isiporenda: Hilda Ibáñez vda. de Castro and Vidal Durán Sala, community leader and adviser, interview, Isiporenda, 29 October 1997.

Kapiwasuti: Demetrio Caurey and Florencio Altamirano, president of the community irrigation committee and infrastructure officer, interview, Kapiwasuti, 2 April 1997.

Rancho Nuevo: Luis García and Hipólito Sirari Ena, community founder/adviser to the *capitanía*, and community leader, interview, Rancho Nuevo, 28 October 1997.

Taputamí: Josué Aidue and Florencio Aidue, community leaders, interview, Taputamí, 2 April 1997.

Yapiroa: Pablo Diego Vaca and David Segundo, community leader and adviser, interview, Yapiroa, 3 April 1997.

Desaguadero

Luis González, Social Investment Fund departmental director, interview, Desaguadero, 22 March 1997.

Alfredo Bravo Mujica and Mario Cerda Escalante, municipal councilmen (MNR and ADN respectively), interview, Desaguadero, 24 March 1997.

Rosendo Mamani Quispe, mayor, interview, Desaguadero, 25 March 1997.

Juan Nina Quispe, oversight committee vice-president and neighborhood council president, interview, Desaguadero, 25 March 1997.

Unnamed, primary and secondary school directors, and various members of the school association, interview, Desaguadero, 24 March 1997.

Community and Grass-Roots Organizations

Azafranal: Augusto Ibáñez Ayoroc, Lucio Quispe and Leonardo Saiga Torres, school principal, school advisor, and primary school director, interview, Azafranal, 26 March 1997.

Interview List

Azafranal: Dionisio López, unnamed and unnamed, community leader and two officers, interview, Desaguadero, 25 March 1997.

Comunidad San Pedro: Faustino Mamani Chura and Seferino Torres, water committee president and secretary, interview, Desaguadero, 25 March 1997.

Desaguadero (neighborhood council): Pastor Huaywa Nino, water committee vice-president, interview, Desaguadero, 25 March 1997.

Huancollo: Constantino Aruquipa and unnamed, school association president and member, interview, Desaguadero, 25 March 1997.

San Pedro Okorani: Nicolás Condori Laura, Cresóstomo Ticona and Felipe Apaza Callisaya, community leader, general officer and school officer, interview, San Pedro Okorani, 26 March 1997.

Titijumi: Justo José Apaza, community leader, interview, Desaguadero, 25 March 1997.

Vitunkani: Francisco Quispe Huanca, Venturo Quispe, Juan Quispe Fernández and Mario Quispe, community leader, justice officer, education officer, and community member, interview, Vitunkani, 26 March 1997.

Yanal: Pascual Fernández, Eulogio Limachi and unnamed, community leader, school association president and community education officer, interview, Desaguadero, 25 March 1997.

Guayaramerín

Alberto Albert, municipal technical advisor and ex-municipal council president, interview, Guayaramerín, 20 October 1997.

Fr. Fernando Bendoraitis, health NGO director, interview, Guayaramerín, 19 October 1997.

Zacarías Catalayud, oversight committee vice-president, interview, Guayaramerín, 20 October 1997.

Fr. Julio Corredor, parish priest, interview, Guayaramerín, 19 October 1997.

Orlando del Río, oversight committee secretary, interview, Guayaramerín, 5 June 1997. [AG]

Pedro Noel Herrera Delgado, departmental forest inspector, interview, Guayaramerín, 21 October 1997.

Sr. Ana López, NGO director, interview, Guayaramerín, 22 October 1997.

Carlos Luna, chief officer, interview, Guayaramerín, 5 June 1997. [AG]

Elias Mesquita Coimbra, mayor, interview, Guayaramerín, 20 October 1997.

Interview List

Iván Nincevic Landívar, municipal council president (ADN) and telephone cooperative president, interview, Guayaramerín, 20 October 1997.

Carmelo Parada Zarco, chief magistrate, interview, Guayaramerín, 21 October 1997.

Adrián “Gigi” Rivera, electricity cooperative president, money-lender and hotel owner, interview, Guayaramerín, 21 October 1997.

Erasmus Roca, municipal councilman (ADN), interview, Guayaramerín, 6 June 1997.

[AG]

Manlio Roca, port (customs) manager, ex-mayor and ex-MP, interview, Guayaramerín, 21 October 1997.

Ruth Roca, Zacarías Catalayud, Orlando del Río and José Guali, oversight committee president, vice-president, secretary and member, interview, Guayaramerín, 5 June 1997. [AG]

Elío Simoni Casangeli, Chamber of Industry and Commerce secretary, interview, Guayaramerín, 21 October 1997.

Gabriel Sosa Salvatierra, hospital director, interview, Guayaramerín, 22 October 1997.

Hernán “Cacho” Vargas Rivera, agro-industrialist, TV station owner and ADN chief, interview, Guayaramerín, 21 October 1997.

Community and Grass-Roots Organizations

1º de Mayo: Dionisia Cuéllar Pérez, Emilse Choquere and Santiago Méndez, community officers, interview, 1º de Mayo, 23 October 1997.

Cachuela Esperanza: Angélica Méndez de Languideiz, María Doris Soletto de Otubo and Rodolfo Otubo Sánchez, community officer and oversight committee member, community education officer, and community member, interview, Cachuela Esperanza, 6 June 1997. [AG]

Guayaramerín: Rubén Darío Melgar Añez, neighborhood council president, interview, Guayaramerín, 21 October 1997.

Porongo

Benedicto Bonilla Rojas, oversight committee president, interview, Porongo, 7 April 1997.

Felix Domínguez Parada, district director of education, interview, Porongo, 7 April 1997.

Fernando Muñoz Franco, Social Investment Fund departmental director, interview, Santa Cruz, 5 April 1997.

Interview List

Hernán Gutiérrez Viveros and Rómulo Oyola Morales, chief administrative officer and ex-mayor, and technical officer, interview, Porongo, 8 April 1997.

Martha Oyola Morales, Women's Civic Committee president, interview, Porongo, 7 April 1997.

Silvio Rojas Aguilera, Ricardo Larachi and José Mario Bejarano Saucedo, mayor, municipal council president (MIR) and municipal councilman (ADN), interview, Porongo, 7 April 1997.

Roberto Saavedra Gutiérrez, municipal councilman (ADN), interview, Porongo, 10 April 1997.

Roberto Suárez, district doctor, interview, Porongo, 9 April 1997.

Community and Grass-Roots Organizations

Las Cruces: Walter Céspedes Montalván, community leader, interview, Las Cruces, 9 April 1997.

Nueva Palestina: Clemente Cerezo Vargas, community leader, interview, Nueva Palestina, 10 April 1997.

Porongo: Aida Velazco Susano, neighborhood council president, interview, Porongo, 9 April 1997.

San Simón: Agrián Amador, community leader, interview, Terebinto, 10 April 1997.

Terebinto: Vicente Roca Menacho and Alejandro García Gutiérrez, community leader and oversight committee member, and peasant's union leader, interview, Terebinto, 10 April 1997.

Villa Guadalupe: Cecilia Bonilla, school association president, interview, Villa Guadalupe, 8 April 1997.

Sipe Sipe [all AG]

Rogelio Durán, mayor and ex-municipal council president, interview, Sipe Sipe, 27 May 1997.

Justo Mercado Chávez, oversight committee president, interview, Sipe Sipe, 27 May 1997.

Alfredo Taja, municipal councilman and NGO head, interview, Quillacollo, 28 May 1997.

Interview List

Community and Grass-Roots Organizations

Mallco Rancho: Guillermo Saavedra Crespo, César Árnez Mondragón, Eduardo

Céspedes and Fernando Montán Árnez, community president, vice-president, officer, and oversight committee vice-president, interview, Mallco Rancho, 28 May 1997.

Parotani: Demetrio Orellana, community leader, interview, Parotani, 27 May 1997.

Siquisiquía: Eduardo Ala, Celso Cuba and Andrés Cuba, community leader, spokesman and officer, interview, Siquisiquía, 29 May 1997.

Urinsaya: Amadeo Cartajira, community leader, interview, Urinsaya, 29 May 1997.

Sucre

Alejandro Arancibia and Gladys Campos, district director of health and health district manager, interview, Sucre, 15 April 1997.

Fernando Beltrán, FANCESA (cement company) general manager, interview, Sucre, 18 April 1997.

Juan José Bonifaz, general advisor to the prefect, interview, Sucre, 15 April 1997.

David Borda, Social Investment Fund departmental director, interview, Sucre, 14 April 1997.

Raimundo Candia, municipal general secretary (i.e. chief officer), interview, Sucre, 15 April 1997.

Raimundo Candia, municipal general secretary (in lieu of mayor), interview, Sucre, 17 April 1997.

Gregorio Corso, municipal education officer, interview, Sucre, 15 April 1997.

Jaime Gallo Garabinto, municipal councilman (MIR), interview, Sucre, 15 April 1997.

Samuel Montellano Aparicio, district director of education, interview, Sucre, 14 April 1997.

Sixto Rosas Venegas and Carlos Cors, oversight committee president and vice-president, interview, Sucre, 16 April 1997.

Roxana Sarmiento, municipal planning and coordination officer, interview, Sucre, 15 April 1997.

René Subieta, municipal chief technical officer, interview, Sucre, 14 April 1997.

Juan Torrico, NGO director, interview, Sucre, 16 April 1997.

Alfredo Yáñez and Juan Carlos Sobut, Chamber of Commerce directors, interview, Sucre, 16 April 1997.

Interview List

Community and Grass-Roots Organizations

Chuqui-Chuquí: Claudio Torres, community leader, interview, Chuqui-Chuquí, 18 April 1997.

Mojotoro: Juan Velabaruta, Esteban Copa, Felipe Sapana and Sabanio Fernández Alanoca, community leader, community, ex-leader, and officer, interview, Mojotoro, 18 April 1997.

Potolo: Walter Encinas, community leader, interview, Potolo, 19 April 1997.

Sucre: Jorge Chaira Piuca and Marcial Javier Pérez, neighborhood council president and education officer, interview, Sucre, 17 April 1997.

Sucre: Javier Tango Aramayo, neighborhood council president, interview, Sucre, 16 April 1997.

Viacha

Reynaldo Aguilar, district director of health, interview, Viacha, 10 October 1997.

Celestino Arauz, sub-prefecture general secretary (disputed), interview, Viacha, 9 October 1997.

Juan Carlos Blanco, CBN bottling plant director, interview, Viacha, 16 October 1997.

Edwin Callisaya, mayor, interview, Viacha, 18 March 1997.

José Luis Claros, CBN production supervisor, interview, Viacha, 21 March 1997.

Donato Cuéllar Cusi, Agapito Yujra, Manuel Colque and Carmelo Quispe, municipal councilmen (all UCS), interview, Viacha, 15 October 1997.

Lt.Col. Adolfo Dávila Chacón, 1st Division, GADA 231 commander (local army garrison), interview, Viacha, 19 March 1997.

Luis González, Social Investment Fund departmental director, interview and site visits, Viacha, 17 March 1997.

Fr. Justino Limachi, parish priest, interview, Viacha, 16 October 1997.

Gladys Lozano, sub-prefect, interview, Viacha, 17 March 1997.

Maria Luisa Lucuy, district director of education, interview, Viacha, 15 October 1997.

Oscar Alfonso Magnani Meyta and Franklin Carlo Megillanes, district director of education and education technician, interview, Viacha, 21 March 1997.

Rolando Marín Ibáñez, chief financial officer, interview, Viacha, 17 March 1997.

Max Mercado Mozo, federation of neighborhood councils (2) president, interview, Viacha, 11 October 1997.

Interview List

Carlos Núñez, *Sociedad Boliviana de Cementos* (SOBOCE) financial director, interview, Viacha, 19 March 1997.

Tomás Palacios Rodríguez, Condepa chief, interview, Viacha, 15 October 1997.

Luis Paz, Incerpaz CEO, interview, Viacha, 15 October 1997.

Huber Quintela Alarcón (a), municipal council president, interview, Viacha, 10 October 1997.

Huber Quintela Alarcón (b), MNR chief, interview, Viacha, 16 October 1997.

Huber Quintela Alarcón and Esteban Ticona, municipal councilmen (MNR and Condepa), interview, Viacha, 18 March 1997.

Remigio Quispe Mendoza, Walter Patzi Paty and Nemesio Mamani Fernández, oversight committee (1) president, federation of neighborhood councils (1) president and federation officer respectively, interview, Viacha, 18 March 1997.

Jorge Rada, chief financial officer, interview, Viacha, 15 October 1997.

Edgar Robles, mayor, interview, Viacha, 10 October 1997.

Antonio Soto, MIR chief, interview, Viacha, 10 October 1997.

Esteban Ticona, municipal councilman, interview, Viacha, 9 October 1997.

Hipólito Tovar, Alejandro Yujra Laura and Rony Morales Quispe, oversight committee (2) president, vice-president and officer, interview, Viacha, 19 May 1997.

Hipólito Tovar and Rony Morales Quispe, oversight committee (2) president and officer, interview and site visits, Viacha, 21 May 1997.

Community and Grass-Roots Organizations

Canton Chama: Severo Guarachi Ramos, community officer, interview, Viacha, 17 May 1997.

District Five: Alicia Rodríguez, women's leader, interview, Viacha, 17 May 1997.

District Six: Gerónimo Colque Velarde, community officer, interview, Viacha, 17 May 1997.

Názacara: Juan Laurel Hinojosa, Dona Francisca Plata de Maldonado, Julio Choque Huanca and Jaime Gómez, community coordinator, community leader, education officer and school director, interview, Názacara, 14 October 1997.

Rosapata: Marcelino Chuy Quenta, Cecilio Plata Flores, Teodoro Casita Ticona and Daniel Mamani Churra, community leader, community education officer, school teacher and school teacher, interview, Rosapata, 14 October 1997.

Interview List

Santa Ana de Machaca: Francisco Juliano Paz, community officer, interview, Viacha, 18 March 1997.

Santa Ana de Machaca: José Quezo Cusi, Lorenzo Julián and Olga Cusi de Julián, community leader, teacher and electoral notary, and *Plan Internacional* liaison, interview, Santa Ana de Machaca, 23 March 1997.

Titik'ana Tacaca: Genaro Mamani Chiri, Gumercindo Vito Guarachi, Saturnino Tola Mamani, and Doroteo Callisaya Mamani, community leader, district officer, representative to the Federation of Ayllus and indigenous communities of Ingavi Province (FACOPI), and community officer, interview, Titik'ana Takaka, 20 March 1997.

Viacha: Simon Canavi Rojas, community officer, interview, Viacha, 17 May 1997.

Villa Santiago de Chacoma: Eulogio Choque and Valentín Atahuichi Callisaya, cantonal officer and community construction officer, interview, Villa Santiago de Chacoma, 11 October 1997.

National

Gonzalo Aguirre, congressional representative (MBL), interview, La Paz, 30 September 1997.

Joaquín Aramburo, Social Investment Fund regional director, interview, La Paz, 25 February 1997.

Eduardo Araujo, Social Investment Fund director of project implementation, interview, La Paz, 18 February 1997.

Rodolfo Araujo, coordination secretary, Ministry of the Presidency, interview, La Paz, 25 February 1997.

Rubén Ardalla, officer, Democratic Development and Citizen's Participation, interview, La Paz, 21 February 1997.

Percy Bacareza, information officer, National Secretariat of Rural Development, Ministry of Human Development, interview, La Paz, 2 October 1997.

Mauricio Balcázar, director of Encuestas y Estudios (polling company) and ex-minister of communications, interview, La Paz, 13 October 1997.

Amparo Ballivian, World Bank economist, interview, La Paz, 18 February 1997.

Erika Brockmann, senator (MIR), interview, La Paz, 6 October 1997.

Fernando Cajías, ex-prefect (La Paz), interview, La Paz, 25 February 1997.

Ricardo Calla, researcher, interview, La Paz, 7 March 1997.

Interview List

- Juan Carlos Franco, Social Investment Fund regional director, interview, La Paz, 28 February 1997.
- Manuel Contreras, Catholic University Public Policy Program director, interview, La Paz, 5 March 1997.
- Jorge Dockweiler, municipal councilman (La Paz), interview, La Paz, 5 November 1997.
- Luis González, Social Investment Fund departmental director, interview, La Paz, 5 March 1997.
- Armando Godínez, anthropologist, numerous conversations, La Paz, February - May and September – November 1997.
- George Gray-Molina, UDAPSO sub-director, interview, La Paz, 17 February 1997.
- Paulino Guarachi, sub-secretary of rural development, Ministry of Human Development, interview, La Paz, 6 March 1997.
- Enrique Ipiña, ex-minister of human development and ex-secretary of education, interview, La Paz, 26 February 1997.
- Mauricio Lea Plaza, director of participative planning, Ministry of Human Development, interview, La Paz, 29 September 1997.
- Alberto Leytón, director of public investment, Ministry of Economic Development, interview, La Paz, 6 May 1997.
- Alberto Leytón, sub-secretary of public investment, Ministry of Economic Development, interview, La Paz, 23 September 1997.
- Eduardo Mac Lean, municipal adviser (La Paz), interview, La Paz, 21 February 1997.
- Fernando Medina, sub-secretary of popular participation, Ministry of Human Development, interview, La Paz, 5 May 1997.
- Fernando Medina, sub-secretary of popular participation, Ministry of Human Development, interview, La Paz, 25 September 1997.
- Javier Medina, officer, Secretariat of Rural Development, interview, La Paz, 6 March 1997.
- Carlos Hugo Molina, secretary of popular participation, interview, La Paz, 10 March 1997.
- Rodney Pereira, UDAPE researcher and university professor, interview, La Paz, 25 February 1997.
- Javier Reyes, director of public investment, Ministry of Economic Development, interview, La Paz, 5 November 1997.

Interview List

Gonzalo Rojas, director for investment and analysis, Secretariat of Popular Participation, interview, La Paz, 27 February 1997.

Freddy Teodovitch, senator, interview, La Paz, 6 November 1997.

Carlos Toranzo, economist, ILDIS (research foundation), interview, La Paz, 3 March 1997.

Enrique Toro, ADN national chief, interview, La Paz, 16 October 1997.

Javier Torres Goitia, sub-secretary of health, interview, La Paz, 13 October 1997.

David Tuchsneider, World Bank rural development officer, interview, La Paz, 14 February 1997.

David Tuchsneider, World Bank rural development officer, interview, La Paz, 3 May 1997.

Miguel Urioste, congressional representative and MBL party leader, interview, La Paz, 3 October 1997.

Jorge Urquidi, general adviser to the prefect, interview, La Paz, 13 October 1997.

N.B. [AG] denotes interviews conducted by Armando Godínez, anthropologist and assistant researcher.

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