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## **Poverty, Inequality, and Democracy**

*Francis Fukuyama ■ Peter Lewis ■ Mitchell A. Orenstein*

*Ethan B. Kapstein & Nathan Converse*

## **Zimbabwe's Long Agony**

*Michael Bratton & Eldred Masunungure*

## **Georgia's Year of Turmoil**

*Miriam Lansky & Giorgi Areshidze*

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*Fabrice Lehoucq on Bolivia*

*Michael Chege on Kenya*

*Thitinan Pongsudhirak on Thailand*

*Marc F. Plattner on Identity*

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## **Pakistan After Musharraf**

*Larry P. Goodson ■ Aqil Shah ■ Sumit Ganguly*

*S. Akbar Zaidi ■ Zafarullah Khan & Brian Joseph*

# BOLIVIA'S CONSTITUTIONAL BREAKDOWN

*Fabrice Lehoucq*

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On 28 February 2008, numerous supporters of the government of President Evo Morales and his Movement to Socialism (MAS) congregated in the central plaza of La Paz, Bolivia, on yet another sunny, windy, and cool day in a city situated at 12,000 feet above sea level. While they encircled the neoclassical legislative palace, the progovernment majority in the lower house of Congress approved bills to submit their party's draft constitution and one of its articles (fixing the maximum size of agricultural estates at 10,000 hectares) to the voters for their approval. While some opposition deputies voted against the bill, other antigovernment legislators either boycotted the session or found themselves deterred by the crowd from entering the building. Several protestors had physically barred two female deputies from going inside, knocking one of them down in a moment captured on film. Under the laws governing the approval of a new constitution, these two referendums could not be held simultaneously, nor could Congress have enacted these bills only hours after receiving them.<sup>1</sup>

The February 28 legislative vote brought to a head several years of often vitriolic and occasionally violent dispute about the future of Bolivia, a conflict that pitted the power of the streets against a duly elected but discredited political class. The February vote, in fact, was the culmination of the MAS leadership's decision to violate the agreement reached with the opposition, whereby two-thirds of delegates elected to a Constituent Assembly needed to approve the draft constitution *as a whole* before submitting it to the voters for final endorsement. In sessions held in early December 2007 from which opposition deputies were

absent, the Assembly illegally promulgated a draft constitution whose final approval will signal whether the MAS has succeeded in consolidating a new political and social order in Bolivia.

These are also events in a narrative stretching back to at least 2000, when social movements mobilized to prevent the privatization of water supplies in the city of Cochabamba and also later in El Alto, a settlement overlooking La Paz that is home to many migrants from rural areas. Two years later, the social movements, including the highly organized coca growers (*cocaleros*) in the Chapare region of the department of Cochabamba, persuaded large num-

bers of their fellow Bolivians to cast ballots for *cocalero* leader Evo Morales. In the presidential election later that year, Morales—a former deputy whom a legislative majority had stripped of his congressional seat earlier in 2002—nearly outpolled first-place finisher Gonzalo Sánchez de Lozada, an ex-president who was running as the candidate of the Revolutionary National Movement (MNR). Three-and-a-half years (and two presidents) later, Morales won 53.7 percent, dispensing with the need to hold a runoff in Congress. Armed with a majority in the lower house and a near-majority in the Senate, Morales swiftly acted upon his mandate to nationalize the country's bountiful natural-gas deposits, reverse market-friendly policies, and convene elections for a Constituent Assembly to "refund" Bolivia.

This radical turn to the left put a definitive end to Bolivia's fifteen-year stint as a "model country" that combined democracy with market-friendly policies. Between 2003 and 2008, the Bolivian political system fell from the 31<sup>st</sup> to the 74<sup>th</sup> slot on the Bertelsmann Management Index, a composite measure of the success of 116 political systems to advance an agreed-upon set of development goals within a stable democratic framework.<sup>2</sup> Morales's election also marked the start of yet another revolutionary experiment in one of South America's poorest countries, and one in

MAP—BOLIVIA'S DEPARTMENTS



which almost two-thirds of adults identify with one of more than thirty indigenous groups and call themselves *mestizos* (“mixed blood” or people sharing or claiming both Native American and European heritage).<sup>3</sup>

The attempt to revolutionize Bolivia has led to the breakdown of constitutional democracy and to the polarization of the country between the poorer, indigenous western highlands and the (slightly) more prosperous, more heavily *mestizo*, and more market-friendly eastern lowlands (a mostly tropical swath that Bolivians call the *media luna* or “half-moon” for the way it curves around the eastern flank of the Andes). The August 2008 victories of both Morales and the elected prefects of four eastern departments—his most vigorous critics—in Bolivia’s first-ever set of recall referendums have only deepened the regional fragmentation of the body politic. The future promises fragile stalemate at best, and at worst, a spiral into violent civil conflict.

### The Years of Stability

Although the history of Bolivia is filled with extraconstitutional seizures of power and military governments, by the mid-1980s it had become a stable country. Political succession had become orderly with the 1985 election of the MNR’s Víctor Paz Estenssoro, an ex-president and one-time leader of the 1952 revolution. Paz’s final presidency not only marked the beginning of fifteen years of stable democracy, but also a dramatic shift in political economy. If the revolution stood for nationalizing the means of production, establishing universal franchise rights, and enacting radical agrarian reform, President Paz’s final term in office initiated a series of changes that would make Bolivia a model country for neoliberal reform.

Macroeconomic stabilization (or “shock therapy”), advised by none other than Jeffrey Sachs, succeeded in eradicating inflation. When Paz became president, the annual inflation rate exceeded 4,000 percent, the government was running a fiscal deficit equal to 23.4 percent of GDP, and the country had given up paying interest on its foreign debt. Economic crisis, along with the inability to forge stable governing coalitions, had forced President Hernán Siles Zuazo of the left-wing Democratic and Popular Unity coalition to cut his term short by a year.

The administrations of Jaime Paz Zamora (1989–93) and Sánchez de Lozada (whose first term ran from 1993 to 1997) implemented wide-ranging structural reforms. Under Paz, the government granted the Central Bank formal independence, reformed public administration, and began the privatization of small state-owned enterprises. In a concession to widespread support for nationalized industries, Sánchez de Lozada’s first administration refrained from privatizing state corporations in petroleum and gas, the railroads, air transport, or any of the other areas that the Bolivian state had come to control. Instead, the administration created an

innovative program under which a private-sector buyer could purchase a 50 percent controlling share of a state company. Private pension funds would then become responsible for the remaining 50 percent of the “capitalized” firm’s stock, which would end up paying dividends in the form of an annual pension (known as the Bonosol) to elderly Bolivians. Sánchez de Lozada also obtained legislative support for ambitious social goals, including schooling in indigenous languages as well as Spanish, the creation of more than 310 municipalities that as a group would receive 20 percent of central-government revenues, and administrative decentralization. Bolivia’s extensive economic reforms came to be touted as a model worthy of emulation because they combined responsible macroeconomic policies with institutional reforms that would lay the basis for sustained and equitable growth.<sup>4</sup>

The transformation of Bolivian politics not only made structural reform possible, but also raised hopes that political instability was a thing of the past. Both left and right in the country’s multiparty system agreed to abide by election results, no matter how unpalatable these might be. In 1989, when a left-right coalition in Congress made left-wing candidate Jaime Paz Zamora president despite his third-place finish in the popular vote, first-place finisher Sánchez de Lozada and his party did not stage street protests or urge military intervention. The depth of the economic crisis and dependence on multilateral financial institutions had led to a convergence on market-friendly policies and liberal-democratic institutions.

Certain features of the political and party system made it possible to stabilize politics and implement structural reforms. Electoral laws reduced temptations to defect from the new policy equilibrium. The 1967 Constitution kept a time-honored provision under which Congress could select the president should no candidate obtain an absolute majority of the popular vote (hence Paz Zamora’s elevation over Sánchez de Lozada in 1989). Equally important was the fused-ballot system, which forced voters to choose their preferred presidential and legislative candidates from the same party. Straight-ticket voting secured seemingly predictable vote shares, yielding an average of 3.92 effective parties between 1985 and 2002. These two features also fueled cooperative executive-legislative relations, because the same congressional coalition that elected a president also obtained seats in his cabinet. Since attacking the new policy consensus meant suffering a lockout from cabinet posts and other spoils, the longstanding patronage concerns of Bolivian parties made them forgo sharp ideological conflict in favor of a focus on obtaining state jobs and public-works contracts for their supporters and donors.<sup>5</sup>

It was none other than a neoliberal electoral reform that helped to undermine the political foundations of the newfound liberal policy consensus.<sup>6</sup> In the mid-1990s, Bolivia went from closed-list proportional representation (PR) to a German-style, mixed-member proportional (MMP)

system that expanded voters' choices and fueled a market for antiestablishment parties. Under the new system, each voter could not only select the congressional representative from his or her single-member plurality district (SMPD)—there were sixty of these—but could also use fused ballots to select another sixty deputies in multimember PR districts. Adopted in 1994 and first used in 1997, the MMP system allowed SMPD candidates to bypass the leaders of existing parties and appeal directly to voters. Morales's first elective office was one of these seats, which he won with the largest majority of any such candidate in the 1997 elections.

By the late 1990s, social movements throughout the country were beginning to revive an antiestablishment discourse. Morales himself began his career as a leader of the Chapare-based coca growers. This powerful network not only levied taxes and provided coca growers' families with basic services, but violently resisted the Bolivian army's U.S.-financed campaign to eradicate nontraditional coca. (Estimates by U.S. authorities suggest that the 30,000 hectares given over to coca cultivation in the Yungas region along the eastern foothills of the Andes are for customary use, while the coca grown in the Chapare goes overwhelmingly to the international drug trade.)

Neighborhood associations in the cities of Cochabamba and El Alto organized to reverse water privatization. Landless peasants mobilized across the country. Radical Aymaras around La Paz, led by Felipe Quispe, demanded tractors and agricultural support for their rural communities. As the MAS began to organize, it built bridges between these diverse interests, using existing organizations to assemble a broader movement with revolutionary ambitions. The MAS and its allies targeted *neoliberalismo*, a catchall term of scorn that blamed the country's ills on the economic and social reforms of the previous fifteen years.

Surveys indicate that Bolivia has a large constituency for radical politics. The Americas Barometer's first nationally representative poll of Bolivians in 1998 revealed that only slightly more than 10 percent of survey respondents were both highly supportive of the political system and highly tolerant of the political rights of individuals who wished to make negative comments about that system. Nearly half those polled expressed low levels of both system support and political tolerance. In the biennial surveys conducted between 1998 and 2006, these percentages barely changed.<sup>7</sup>

Economic facts seemed to have turned many Bolivians against the liberal policy consensus. Unimpressive growth rates did not help the established parties to make their case before a skeptical electorate, even though inflation was low and social indicators were gradually improving (for example, the share of the populace living in poverty fell from more than 80 percent in 1976 to slightly less than 60 percent in 2001). Extensive structural reform had done little to raise the growth rate of per capita GDP above the anemic 0.6 percent that it had averaged between 1952 and 1982. Between 1985 and 2000, the economy's average growth

in per capita terms was only 0.9 percent a year, and actually became negative during the worldwide recession of 1999 to 2001.

Structural reforms, moreover, failed to overcome long-term political weaknesses. A World Bank survey-based study of the institutional roots of Bolivia's "tepid" growth shows that cronyism, corruption, and the general disregard for the rule of law reduced the profitability of companies as well as the transparency and effectiveness of the public sector.<sup>8</sup> While there were pockets of excellence in both the private and public sectors, firms had to be large and politically well connected to benefit from holding formal, tax-paying status. So even if, in the 1990s, inflation was low and the exchange rate was stable, the feeble Bolivian state did little to help lift the country's growth rate. State weakness also lay at the root of the political-legitimacy crisis, one that made—and continues to make—it hard for elected officials to persuade Bolivians to pay taxes, to stop importing and consuming contraband goods (a habit that had cost the state US\$430 million in lost revenues by 1997), and, as we shall see, to refrain from toppling governments.

### **Commodities, Nationalism, and Neoliberalismo**

Changing commodity markets created a golden political opportunity for the social movements to appeal to a national-level audience. As oil and natural-gas prices began to climb with the start of the new millennium, foreign energy companies began to cash in on several years of investments that a liberalized energy policy regime had encouraged. This provided an opening for nationalist complaints, often voiced with a leftist spin, that "foreign capitalists" were "exploiting" Bolivia's natural-gas resources, which in terms of proven reserves are the second-largest in South America (only Venezuela's are larger). Ratcheting up the intensity of nationalist feeling was the realization that landlocked Bolivia's only alternative to depending on the Brazilian and Argentine markets to buy Bolivian gas exports would be transshipment across northern Chile. This was a fraught prospect, since the very land that the gas would have to traverse had been conquered from Bolivia by Chile in the War of the Pacific (1879–83), a continuing source of rancor in Bolivian politics.

Bolivia's antisystem forces were able to use these issues to claim that neoliberals had violated the national interest. Rising commodity prices therefore changed the premises of political debate, as ever-larger numbers of Bolivians came to believe that the terms offered to foreign energy companies (when gas prices were low, a point often forgotten in domestic debates) had been overly generous and had thus deprived Bolivians of their rightful share of rents from such a valuable resource.<sup>9</sup>

Social protest began to escalate by the late 1990s. From a low of an average of 13 protests per month during Sánchez de Lozada's first presidency (1993–97), the social movements organized an average of 28

protests per month during Hugo Banzer's term (1997–2002).<sup>10</sup> For the social movements, marches and road blockades were a way to “speak truth to power” and part of a more general struggle to rid the country of *neoliberalismo*. For the MAS's critics, these tactics exposed the MAS's commitment to democracy as merely instrumental. Many social protesters, in fact, were not simply aiming to pressure the government, but to spark another social revolution.<sup>11</sup> While participating in elections and taking seats in Congress and on municipal councils, the MAS was also using the institutions of democracy not only to contest the government, but to undermine democracy itself.

By September 2003, protest marches demanding the nationalization of gas deposits and the president's resignation had turned violent. At one point, protestors blockaded—and even fired upon—busloads of foreign and domestic tourists who were trying to return to La Paz from the nearby town of Sorata (an armed police escort led by Defense Minister Carlos Sánchez Berzaín eventually rescued the travelers). During the blockade of La Paz that deprived city inhabitants of food and fuel, the military fired upon blockaders, killing at least 27 of them. The government split over how it should react to the crisis. Vice-President Carlos Mesa, a popular author and former television presenter, counseled negotiations while President Sánchez de Lozada and his confidants organized their self-styled defense of democracy. Once the military, the police, and Congress abandoned the president, he resigned his post on 17 October 2003 and left the country for exile in the United States, turning power over to Mesa.<sup>12</sup>

Mesa used his initial high popularity ratings to persuade Congress to back his plans to hold a series of referendums. The first of these, held before the end of 2004, revealed that more than 90 percent of the voters wanted to renegotiate international energy contracts.<sup>13</sup>

Street protestors demanded that energy contracts be nationalized, which led legislators to hike taxes and royalties on gas companies. Despite his efforts to find middle ground, Mesa proved no more capable than his predecessor had been of coping with daily marches and frequent blockades. Protests soared, reaching an average of 49 per month during Mesa's presidency. By early June 2005, Mesa had on several occasions publicly committed himself to resigning before finally turning power over to Eduardo Rodríguez, president of the Supreme Court, even though the constitution mandated that the president of the Senate should assume the presidency.

Morales's 53.7 percent win of the presidency in the early election of 18 December 2005 (the normal election date would have been 2007) marked the definitive end of the consensus-oriented multiparty system. Leftist movements had managed to convert a plethora of local and regionally based sectoral movements into a political project with majority support. The runner-up, former president Jorge Quiroga of the Social Democratic



Power (Podemos) party, obtained just 28.6 percent. The ability of MAS to appeal to nonindigenous as well as indigenous voters from a variety of class backgrounds showed that it had outgrown its origins as a mostly rural social movement. It had become a credible, national-level political force that appealed to an increasingly leftist electorate, one that strongly favored nationalizing the country's recently discovered gas reserves.<sup>14</sup>

### The MAS Bid for Hegemony

There were at least two ways of interpreting the results of the 2005 presidential voting. One noted that (slightly less than) one out of every two voters had not supported the MAS, meaning that the country was evenly divided between MAS supporters and opponents. This perspective counseled action to expand MAS support among centrist voters. Another perspective claimed that the MAS had obtained a mandate from the electorate to revolutionize Bolivian society and politics. The future stability of the country, already frayed by more than five years of vitriolic debate and almost daily street protests, hinged upon how the government would choose to interpret the December 2005 vote.

In his inaugural speech, the new president informed his country—and “especially [his] brother indigenous peoples of the Americas”—that “we will take power for five-hundred years.” When Morales's approval rating shot up to 80 percent in the wake of his nationalization of gas reserves on May Day 2006, his belief that the electorate wanted the MAS to overhaul Bolivian society seemed to have found its confirmation. The MAS's plan to produce a constitution unilaterally was signaled by the party's proposal that all the Constituent Assembly delegates should be chosen by straight-ticket, simple-plurality voting in three-member districts.

The results of the 2 July 2006 Constituent Assembly elections, however, demonstrated that the electorate remained divided. The MAS saw its share of the national vote fall to 50.9 percent. Even with a favorable electoral law (one negotiated with the MAS's opponents) that awarded the party with the largest number of votes, two-thirds of the seats in three-member constituencies, the MAS managed to win only 137 seats (53.7 percent) in the 255-member Assembly.<sup>15</sup> This result fell well short of two-thirds control, even taking into account the dozen or so non-MAS deputies who could be counted on to back the MAS line. Podemos spearheaded the opposition with 60 seats.

A referendum that would have obliged the Assembly to grant more autonomy to the nine departments was held concurrently with the Assembly elections. Morales's administration successfully opposed this referendum, but regional voting patterns confirmed the reality of accelerating geographic polarization. The measure won overwhelmingly in the eastern departments of the “half-moon,” that is, in Pando, Beni, Santa Cruz, and Tarija, where half the country's population lives and

which produce nearly half the GDP. This suggests that—contrary to the MAS’s dismissive claims—the desire for departmental autonomy was more than just the self-serving rallying cry of the large-scale farmers and rich cattlemen in Santa Cruz whom the MAS calls “the oligarchy.” The presence of more than four-fifths of Bolivia’s proven gas reserves in Tarija, which sits along the country’s southern border near Argentina and Paraguay, makes the stakes of the autonomy debate that much higher.<sup>16</sup>

On 6 August 2006, the Constituent Assembly began meeting in Sucre, the *de jure* capital and the seat of the Supreme Court, which is located in the south-central department of Chuquisaca. Before long, a struggle over internal rules of procedure broke out within the Assembly. The wrangling would consume seven months, and its course would lay bare the depth of distrust between the MAS and its critics as well as the MAS’s own inner rifts over whether to compromise. In a midnight session held secretly and with no opposition members present on 29 November 2006, matters reached a low point when the MAS deputies voted to allow a simple rather than a two-thirds majority to approve a draft constitution for submission to the voters. (As noted above, the March 2006 “law of convocation” that Congress had used to call the Assembly had declared that approval of a draft constitution would require a two-thirds vote of all members.) Infuriated by this maneuver, opposition delegates paralyzed Assembly deliberations with a quorum-denying boycott. Opposition parties also organized hunger strikes and boycotted congressional deliberations in La Paz. In negotiations led by Vice-President Alvaro García Linera, the MAS agreed in mid-February 2007 to reinstate the two-thirds requirement.

Originally the Assembly had been meant to sit for only a year, with an August 2007 deadline for producing a new constitution. The intense procedural tussle had hampered substantive work so badly, however, that there was no hope of meeting that target date. While the MAS wanted the Assembly to create a new polity, the opposition simply wanted to amend the existing constitution. Many MAS delegates and supporters began to conclude that the opposition’s procedural objections meant that it was just stalling, especially after mid-2007 brought news that inflation was threatening to exceed 15 percent a year. Disagreement about the substantive ends of constitutional change, the MAS believed, meant that the opposition was little more than a creature of oligarchic interests based in Santa Cruz. For its part, the opposition interpreted the lack of progress as evidence that the MAS wanted to impose—not negotiate—a new constitution.

By early August, convention delegates were asking Congress, as the body that had given birth to the Assembly, to issue a new law granting them a six-month extension. Opposition negotiators agreed that a majority of voters in the nation as a whole (as opposed to a majority composed of majorities from each of the several departments) would be enough to

approve a draft constitution. In return, the MAS consented to holding the constitutional referendum as a two-stage affair. In the first, voters would settle questions that the Assembly itself could not resolve. In the second stage, the electorate would vote yes or no on a constitutional draft that incorporated both the results of the first referendum and the articles agreed upon by the Assembly.

Despite this compromise, other disputes between the MAS and its opponents continued to deepen during the second half of 2007. In the eastern departments, groups critical of the Morales government began to organize strikes and to search for ways to gain greater autonomy from La Paz. Groups that backed Morales, meanwhile, began going to Sucre to pressure the Assembly to finish its work. Legislators began to call for closing the Assembly. Demonstrations in Sucre turned violent (three died and hundreds more were injured) in late November as locals confronted MAS supporters over whether the executive and legislative branches of government should be moved from La Paz, where they had been seated since 1898, back to Sucre.

### Constitutional Clashes

Against this backdrop, the MAS managed to get its draft out of the Constituent Assembly. The MAS did this by turning to a law that allowed the Assembly to go around the two-thirds requirement by handing off controversial matters (defined as any points with regard to which less than two-thirds of the body was in agreement) to Congress, which could in turn put them to a referendum. This procedure was invoked through what MAS delegates later admitted was a ruse meant purely to get their draft promulgated. The MAS made the less-than-credible claim that an Assembly session comprising only MAS supporters could not reach agreement about whether the maximum size of agricultural properties should be 5,000 or 10,000 hectares. The MAS delegates had then used this alleged dispute as a pretext to send Congress a request to authorize a referendum on the property-size issue—along with their constitutional draft.<sup>17</sup> The MAS, in short, had shown that it favored enactment of its own draft over respect for the rule of law.

In a matter of days, the MAS created a constitutional controversy of enormous proportions. Under normal circumstances, the opposition would have appealed to the Constitutional Tribunal, created in 1994, to settle this conflict. In late August 2007, however, the MAS-dominated lower house of Congress had, in a stormy session, voted to start impeachment proceedings against five of the remaining magistrates on the Tribunal because they had, earlier that year, ruled against Morales's use of a unilateral Supreme Decree to fill four Supreme Court vacancies while Congress was in recess. In response, the magistrates resigned and left the Constitutional Tribunal bereft of the quorum necessary to hold

sessions. Although a simple majority of Congress can suspend Tribunal magistrates, only a two-thirds majority can approve their replacements. The impeachment proceedings, in other words, had decapitated the very institution entrusted with the responsibility of adjudicating conflicts among the branches and organs of the state.

The MAS's constitutional draft is an unusual combination of classic majoritarian principles and devices for the protection of the rights of indigenous peoples. It seeks to maximize the power of the single most popular electoral force to pursue ambitious social goals and to intervene in the economy, and it seeks to limit the state's power to impinge upon the rights of indigenous groups. The draft calls for a bicameral legislature, one where members of the lower house are to be elected in 121 single-member plurality districts in order to form a newly named "Multinational Legislative Assembly." When it comes to electing the president, the draft opts for a modified version of Costa Rica's approach: If the top vote-getter wins at least 40 percent of the popular vote and finishes at least 10 points ahead of the second-place vote-getter, then the top vote-getter becomes president. Otherwise, there is to be a popular runoff between the two top finishers from the first round. No person can be consecutively elected to the presidency more than once. The draft also mandates the popular election of high-court judges to a judicial system in which indigenous, customary law will exist upon an equal footing with conventional Bolivian laws. It stipulates the appointment of indigenous representatives or councils to oversee such institutions of horizontal accountability as the National Electoral Court (CNE), the Comptroller, and the Central Bank.

### **The East Drives for Autonomy**

Congress's decision in early December 2007 to reduce the share of the revenues from special energy taxes that each department received only complicated the vice-president's efforts to "dialogue" with departmental prefects between mid-December 2007 and late February 2008. At these meetings, opposition prefects repeated their request that the government show good faith by repealing both this law and the illegal promulgation of the draft constitution. The government, however, refused to reconsider either decision. When February 28 came and went, the government once again used the power of the streets and of its legislative majority to push forward its project for the country.

In response, the opposition-dominated eastern departments organized several illegal autonomy-seeking referendums. Between early April and late June, voters in Santa Cruz, Beni, Pando, and Tarija approved autonomy-seeking statutes that directly contradict the MAS's constitutional project and even the existing 1967 Constitution on several key points. Santa Cruz's autonomy statute, for example, will make its Departmental Legislative Assembly and its governor (as its prefect is now to be called)

responsible for administering national resources, education, citizen security, and tax collection. With the Constitutional Tribunal deactivated and hence unable to arbitrate differences between the national government and the departments (and, by implication, the constitutionality of the MAS's and the opposition's behavior), the way has been opened for the disaffected eastern departments to increase their authority.

Brinkmanship has also begun to split other key national institutions and to widen the gulf between the central government and the eastern departments. In early March 2008, electoral courts in the east refused to comply with the CNE's order to desist from organizing regional referenda, even as the government accepted, amid dissent within the MAS, the CNE's decision to delay the constitutional referendums. In the August 10 recall voting, Morales won a remarkable two-thirds share (with turnout at 80 percent), exceeding his 2005 total by more than 12 percentage points. The president, however, lost in three of the eastern departments (including Santa Cruz), and all four prefects of the "half-moon" won their own recall elections by comfortable margins.

Looking back, it is clear that Bolivia's decade and a half of political and economic stability masked deep problems. Before the mid-1980s, military officers launched 29 coups and organized several dictatorships.<sup>18</sup> The last period of stability comparable to the final fifteen years of the twentieth century had occurred between 1899 and 1920, when five civilian presidents succeeded one another.

The inability of incumbents to transform this or that passing majority into something more permanent is, in fact, a longstanding problem in Bolivian political life. The durability of this pattern suggests that structural factors, and not just the failings of particular politicians, are behind Bolivia's chronic instability. Bolivia remains poor, and neither neoliberalism nor the statism that preceded it from 1952 to 1985 has been able to stimulate much economic growth. Bolivia's dependence on resource rents and mineral exports has often exposed the country to booms as commodity prices rise, followed by disastrous busts (as when tin prices plummeted in the early 1980s) that undermine the profitability of other exports because of exchange-rate appreciation ("the Dutch disease"). Today, higher exchange rates and declining domestic investment are fueling inflation, which is currently expected to exceed 15 percent a year. By distorting markets, the "resource curse" undermines development. The huge prominence of minerals and natural gas also magnifies the importance of holding state power—hence the tradition of incumbents fixated on schemes that they believe will allow them to consolidate some favorable new political and social order. In an impoverished country with an underdeveloped economy, sadly, the costs of political folly and badly designed institutions are likely to be high indeed.<sup>18</sup>

An optimistic (or at least less pessimistic) reading of recent events would begin with the absence of any military coup or even any political

stirrings from the military. Given Bolivia's putsch-ridden history, this is no small thing. Indeed, the soldiers have remained neutral, despite the Morales government's loud worries about the threat of territorial fragmentation.

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***Unless more moderate factions in both camps can fashion an institutional compromise that satisfies each side's hard-liners, violence will settle what is turning out to be a conflict of epic proportions in the central Andes.***

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The armed forces, perhaps fearing splits in their own ranks, have refused to do much more than guard central-government installations in the east. Whatever the ulterior motives of the MAS and its foes may be, each group continues to seek public approval for its actions. The press remains free, and plays a vibrant part in ongoing debates about the political and economic future of the country. Street protests and illegal referendums alike represent efforts to improve bargaining positions prior to the agreements that the MAS and its critics know that they will eventually find themselves forced to make.

Stalemate, goes this interpretation of events, can be an important impetus behind a process of grudging compromise that will gradually, if painfully, stabilize Bolivian democracy.

Another, grimmer forecast predicts that this stalemate will turn ever more violent. The February 2008 congressional vote marks a shift from centripetal to centrifugal political dynamics. The use of referendums, whether at the departmental or national level, resolves little because the hard-liners on either side will remain unmoved: Morales's supporters will accept nothing less than the enactment of a radically new constitution, while many in the east will settle for nothing less than extensive autonomy for their departments. That Morales so decisively won the recall referendum means that the MAS is unlikely to settle for anything less than the full enactment of its constitution. Santa Cruz prefect Rubén Costas, meanwhile, has accelerated his department's autonomy campaign by announcing January 2009 elections for a projected Departmental Legislative Assembly. Unless more moderate factions in both camps can fashion an institutional compromise that satisfies each side's hard-liners, violence will settle what is turning out to be a conflict of epic proportions in the central Andes.

—10 September 2008

## NOTES

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1. "Con un cerco de violencia, el MAS convoca a 2 referendos," *La Razón* (La Paz), 29 February 2008. Space limitations prevent me from registering most of my debts to the Bo-

livian press. I have followed events by interviewing numerous Bolivians and reading *La Prensa*, *La Razón*, and *Pulso Seminario*, either electronically or during one of the almost annual trips that I have made to the country since 1993.

2. Bertelsmann Transformation Index 2008 (Gütersloth, Germany: Bertelsmann Stiftung, 2008).

3. Raúl Madrid, "The Rise of Ethno-Populism in Latin America: The Bolivian Case," *World Politics* 60 (April 2008): 484–86. Madrid's calculations are based on surveys and the 2001 Bolivian population census.

4. Useful overviews include Merilee S. Grindle, "Shadowing the Past? Policy Reform in Bolivia, 1985–2002," in Merilee S. Grindle and Pilar Domingo, eds., *Proclaiming Revolution: Bolivia in Comparative Perspective* (Cambridge and London: DRCLAS, Harvard University and ILAS, University of London, 2003); and Benjamin Kohl and Linda Farthing, *Impasse in Bolivia: Neoliberal Hegemony and Popular Resistance* (London: Zed, 2006).

5. Conversations with politicians revealed how machines use state resources to finance their campaigns. On the role of patronage in politics, see Eduardo A. Gamarra and James M. Malloy, "The Patrimonial Dynamics of Party Politics in Bolivia," in Scott P. Mainwaring and Timothy Scully, eds., *Building Democratic Institutions* (Stanford: Stanford University Press, 1995).

6. Donna Lee Van Cott, "Institutional Change and Ethnic Parties in South America," *Latin American Politics and Society* 45 (Summer 2003): 1–39, argues that institutional reforms fueled the rise of ethnic parties in Bolivia, which Madrid disputes. I simply claim that the 1994 reforms made it easier for new parties to win elections. See also René Antonio Mayorga, "Electoral Reform in Bolivia," in Matthew Soberg Shugart and Martin P. Wattenberg, eds., *Mixed-Member Electoral Systems: The Best of Both Worlds?* (New York: Oxford University Press, 2001), 194–208.

7. Mitchell A. Seligson, *The Political Culture of Democracy in Bolivia: 1998* (unpublished report prepared for the U.S. Agency for International Development, La Paz, 1998), 90. The sample size is 3,000 with a margin of error of plus or minus 1.7 percent. These reports are available at: <http://sitemason.vanderbilt.edu/lapop/BOLIVIABACK>.

8. Daniel Kaufmann, Massimo Mastruzzi, and Diego Zavaleta, "Sustained Macroeconomic Reforms, Tepid Growth: A Governance Puzzle in Bolivia?" in Dani Rodrik, ed., *In Search of Prosperity: Analytic Narratives on Economic Growth* (Princeton: Princeton University Press, 2003), 334–98.

9. Kurt Weyland, "The Rise of Latin America's Two Lefts: Insights From Rentier State Theory," *Comparative Politics*, forthcoming.

10. Roberto Laserna has assembled a remarkable database of protest events in Bolivia since 1970. See his *La Democracia en el Ch'enko* (La Paz: Fundación Milenio, 2004), 43–48. Illness prevented President Banzer from finishing his term.

11. Alvaro García Linera, a former guerrilla and the current vice-president, has written extensively about these movements. See García Linera et al., *Tiempos de rebelión* (La Paz: Muela del Diablo Editores, 2001) and García Linera et al., *Memorias de Octubre* (La Paz: Muela del Diablo Editores, 2004).

12. An insider's account of these months is Carlos D. Mesa Gisbert, *Presidencia Sitiada: Memorias de mi Gobierno* (La Paz: Editorial Plural, 2008), 51–116. A detailed chronology is Ricardo Sanjinés Ávila, *De la UDP al MAS* (La Paz: Hans Seidel Stiftung, 2006), 277–328.

13. Anita Breuer, "The Problematic Relation between Direct Democracy and Accountability in Latin America: Evidence from the Bolivian Case," *Bulletin of Latin American Research* 27 (2008): 1–23.

14. Madrid, "The Rise of Ethno-Populism in Latin America." See also Salvador Romero Ballivián, *El Tablero Reordenado: Análisis de la Elección Presidencial de 2005* (La Paz: CNE, 2006).

15. Voters also cast ballots for an additional 45 seats in 9 departmental constituencies. The plurality winner received the first 2 seats in each 5-member district. The subsequent runners-up would each receive 1 of the remaining 3 seats. See "Ley No 3364 (6 March 2006)," in *Compendio Electoral* (La Paz: CNE, 2007), 285–96.

16. George Gray-Molina, *La economía más allá del gas* (La Paz: PNUD, 2005), 155.

17. "El oficialismo apruebe su CPE y la enviará a 2 referéndums," *La Razón*, 10 December 2007. This article notes that 164 delegates—six fewer than the two-thirds requirement—were present during this session.

18. On the number of coups, see Fabrice Lehoucq, "At the Risk of Being Overthrown: Military Coups in Twentieth Century Latin America," forthcoming.

19. Adam Przeworski, "Self-enforcing Democracy," in Donald Wittman and Barry Weingast, eds., *Oxford Handbook of Political Economy* (New York: Oxford University Press, 2006) makes much the same point.