UNIVERSITY OF LONDON
INSTITUTE OF LATIN AMERICAN STUDIES
OCCASIONAL PAPERS No. 23

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The Institute of Latin American Studies publishes as Occasional Papers selected seminar and conference papers and public lectures delivered at the Institute or by scholars associated with the work of the Institute

A preliminary version of this paper was presented on 19 March 1999 at the workshop Reform and Tradition in Bolivia, convened by James Dunkerley, Institute of Latin American Studies (ILAS), University of London, and Miguel Urioste, Visiting Research Fellow at ILAS from 1998–99 and currently director of the Fundación TIERRA, Bolivia. Urioste was also a member of Bolivian Congress from 1989–97.

The author would like to thank Ida Pape, who patiently helped with the translation and correction of this paper.

Occasional Papers, New Series 1992-
ISSN 0953 6825

Bolivia: Reform and Resistance in the Countryside (1982–2000)

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This study considers the design of public policies as well as initiatives which, emerging from civil society, aim to influence the economic development of the country and the distribution of its productive resources. The paper has four parts. The first describes the current situation of Bolivia's peasants and indigenous peoples. The second is an analysis of the main public policies concerning rural development in the last two decades of the twentieth century. The third is a summary of the continued extreme rural poverty and the fourth argues that it is necessary to change some constraints in structural adjustment policies (SAP) and to develop a long-term national strategy for rural development.

The principal characteristics of the Bolivian countryside

Democratic rural development

Rather like the revolutionary Agrarian Reform of 1953, the main transformations in the Bolivian countryside from 1982 until 1999 have taken place within a participatory democratic framework. These developments have occurred in the context of a complex transition from state capitalism to liberal capitalism.

The democratic process that took place during the past two decades made possible a slow change in the nature of the state and the character of social actors. This is especially true of the Popular Participation Act, which aimed at institutionalising citizens' rights at the local level. In Bolivia institutional stability, respect for the rule of law, the discussion of opposing ideas within a democratic setting and the alternating of different governments in power were all new phenomena, emerging within a framework of relative political peace and social tolerance. Compared to other periods in the nation's history, and the current situation in other countries of the region, violent confrontation in Bolivia had become an exception, being mostly limited to the forced elimination of coca leaf crops.

Bolivian democracy has, nonetheless, been built in the face of difficulties, though based on its own raw materials. The traditionally excluded indigenous majority has recently achieved a reform of the Constitution that explicitly recognises the diversity of Bolivian society, its heterogeneity and its plural ethnic identity. Nevertheless, the persistence of extreme rural poverty, which is a permanent form of violence, is still the main threat that conspires against the progress of Bolivian democracy.

The protagonists of the process — peasants, small farmers and indigenous peoples — engaged in extensive debating over the reforms of the 1990s diverged widely. On the one hand they expressed a certain degree of democratic disenchantment because democracy had not solved their main economic problems, but on the other they supported the process because they retained the hope that in democracy they could achieve better living conditions and a genuinely participatory citizenship. A review of their main demands confirms that these are in favour of social inclusion and of the articulation between the rest

of the society and their own institutions.[1] As a result a feeling of democratic national identity more significant than at many times in the past in Bolivian rural society presently prevails. This is one of the most important contributions of the rural social movement, of indigenous people and peasants — of the poorest part of the population — to the democratic national process. Furthermore, it should be stressed that it occurs in a contradictory and paradoxical fashion within a general, but heterodox, neoliberal economic framework.

The material constraints to rural development

Apart from traditional social exclusion and other political limitations, serious physical constraints have opposed Bolivian rural development. Bolivian geographical conditions are among the worst in terms of climatic risks: periodical and continued freezing, floods and droughts and the consequent permanent deterioration of natural resources. To the latter must be added the huge dispersal of the population, isolation from internal and external markets and the lack of basic infrastructure such as roads, irrigation systems and electric power. This is one of the most important reasons behind the persistence of very poor living conditions as well as agricultural yields below the average rate in the region. The productive base is greatly deteriorated and does not provide sufficient means to generate a positive dynamic for rural production, especially in the Andean and Chaco regions. These deteriorated material conditions, moreover, have to be added to the persistence of unequal productive social relations — a heritage from colonial rule and also, in part, of the republican state — that feed the main causes of rural impoverishment.

The illusion of the Agrarian Reform

The combination of severe limitations of the physical and geographical constraints, together with the impossibility of rebuilding past forms of organisation of work and vertical occupation of the territorial space[2] conspire against simplistic strategies of rural development. Now, faced with high population pressure, the majority of rural producers are obliged to pursue strategies based on a very fragile subsistence equilibrium, utilising inadequate chemical fertilisers, lack of soil rotation and cropping on very steep land.

Between 1953 and 1993 the Agrarian Reform established by the Revolution of 1952 distributed 20 million hectares to 550,000 families of the Andean region, in many cases organised in communities and *ayllus*. Between 1967 and 1993 nearly three million hectares were distributed to some 80,000 settler families. Between 1953 and 1993, but especially from 1971 to 1978, the Bolivian government distributed 30 million hectares of publicly-owned land, particularly in the Santa Cruz and Beni departments, to a very reduced number of individuals, consolidating the process of *neolatifundismo*.[3] Thus, the best land and biggest spreads are now concentrated in the eastern regions of the country, where the expansion of modern agriculture is taking place in the hands of a capitalist farming elite (Mennonites and

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[1] Taller de Iniciativas en Estudios Rurales y Reforma Agraria (1997), Fundación TIERRA, Informe de Actividades (La Paz), mimeo.

[2] Murra (1972).

[3] Muñoz and Lavadenz (1997), Urioste (1988).

Japanese colonisers and Brazilian investors). In 1996, after a decade of social mobilisation, almost three million hectares were ceded to the native peoples in the east of the country as indigenous territories, recognised as Tierras Comunitarias de Origen (TCOs — Original Community Lands) by the reformed constitution.

The main objective of the Agrarian Reform of 1953 was to promote capitalist development in the countryside. To achieve this purpose it eliminated the semi-feudal system of the haciendas and distributed lands to thousands of peasants as well as to new large landholders in the lowlands of the eastern region. After four decades of sterile effort to subsist on agricultural activity, many families are confronting huge difficulties in improving their living standards and are emigrating to the main cities or to the regions with larger productive capacities, particularly to the department of Santa Cruz, the tropical area of Cochabamba and the north of La Paz. The landholdings in their original communities are now extremely fragmented and the soil is exhausted because of intensive use and erosion.

For the majority of the indigenous people and peasants, the 1953 Agrarian Reform meant the conquest of freedom from the *hacendados*, access to land and a great promise of wealth, although this was short-lived. The initial process of the 1952 Revolution led by the Movimiento Nacionalista Revolucionario (MNR) was one of social participation for transformation and change, the occupation of haciendas, direct distribution of land and the constitution of new communities. This process was often misused and abused and it was frequently relegated to a second level of priorities by the leaders of the political revolution.[4] The strategy of the MNR government (1952–64) placed agricultural matters and the productive side of the peasant economy at the margins.[5] The main attention at that time was focused on the monetary stabilisation programme and on the generation of hard currency by means of increasing the export of minerals through the public mining enterprise, COMIBOL. Mining-oriented policies were not only an economic issue but also a social and political target. A very important percentage of the mining revenues has been invested in the 'marcha al Oriente' (march to the eastern lowlands) together in a complex process of peasant colonisation and entrepreneurial investment.

After more than 40 years of agrarian reform, the initial impulse of this process has now conclusively ceased to be a cohesive social dynamic. Among the peasants and the indigenous population there is no central idea around which to organise and mobilise, as there was with the fight for the land in the 1950s. Rural socioeconomic differences are now much more expansive and complex. Today there are many more social and economic actors that obey different kinds of rationality, in many cases in contradictory ways.

Not all of them can, nor should, be farmers

If the living conditions in the countryside were more attractive, the process of rural emigration towards the cities would be slower. In other developed societies such a process took place alongside industrialisation and the development of urban services. In many instances agricultural yields were also in constant

[4] Víctor Paz Estenssoro (1996), personal communication.
[5] Dunkerley (1984).

increase. This, though, was not the case in many Latin American countries and especially in contemporary Bolivia. It is certainly not good business to be a small farmer with little land in the context of the severe macroeconomic adjustment policies and trade liberalisation that Bolivia has experienced since 1985.

Only a minority of peasants wish to continue farming in the future, but they do not renounce their Aymara, Quechua or Guaraní identity. The change of ethnic identity accelerates when peasants emigrate to the cities, where they interact with people of different ethnic origin and culture. That process is an integral part of entering the informal economy and labour relationship of the urban sphere.[6]

However, there is not sufficient employment in the cities. Because peasant production continues to be in a wave of recession, registering significant decreases of productive yields, the main causes of extreme rural poverty are still present. Currently, for a very important part of the peasant population, the only real alternative is to abandon the countryside.

In recent years peasant and indigenous families have been very inventive in complementing their incomes with non-agricultural activities. In the highlands and valleys there are only a few peasants who depend on full-time agriculture for a living. This is a very important indicator of the deterioration not only of their conditions of life but also of the impossibility for them to establish sustainable and productive familial or communal units.[7]

In the majority of the communities exclusive dependence on agricultural and seasonal crops on tiny plots of land, and a few head of cattle, is so risky that almost all the indigenous populations have developed diverse familiar forms of non-agricultural work. The question today is whether it will prove at all possible to rebuild sustainable and productive units in those communities and farms. This question has to be considered for each particular case, but always taking into account that the experience of the last three decades has shown that the peasant emigrants and those who have acquired some different labour experience constitute the best qualified and the most innovative labour force of the family. In a very large number of traditional communities only the old people and the children remain, as part of a temporary strategy to take care of the cattle and especially of their main asset: the scarce land.[8]

In my view, this is an irreversible process of rural decapitalisation and transfer of resources from rural to urban areas. The abandonment of the land is taking place at a very fast pace in the poorest rural municipalities of the country. Many of the traditional areas of the countryside in the Andean *altiplano* and valleys cannot support the reproduction of the entire family on the basis of traditional agricultural activities. However, there exist no specific studies as to how to prevent the effects of the emigration process in future prospective regional scenarios, nor are there any public policies addressing this critical topic to be found.

To insist blindly on micro-regional development programmes, NGO experiments or projects of international development aid, on the often implicit understanding

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[6] Although social change has brought about modifications, the reality of being a peasant in Bolivia is still closely tied to the notion of being indigenous. This can be seen in the very close relationship that peasants all over Bolivia still have with their land, in spite of other cultural or economic differences. In this paper I use the terms indigenous and peasant interchangeably.

[7] Urioste (1989).

[8] *Ibid.*

that all peasants have to be agricultural farmers always, and that all of them have to live in traditional communities for the rest of their lives, makes little or no sense. It is more realistic to recognise that a great many present-day farmers, peasants or indigenous and small producers, will not continue living as farmers in the near future. This, though, does not mean that the process of emigration into the insecurity and informality of urban poverty has to be encouraged.

The strategies of micro-regional or rural municipal development must incorporate non-agricultural targets to the same or even greater degree as they do agricultural objectives. Promoting rural employment in activities such as micro-industry and services should be a basic task of the municipalities' annual planning process. It is my personal experience, both in and out of ministerial office, that when such opportunities are available and have originated from legitimate local power, as was the case at the start of the popular participation process, indigenous people are by no means opposed to change.

Table 1: Rates of Demographic Growth according to Space-Contexts and Regions (1976/1992)

	Rates of Growth 1976–92			
Space-contexts	*Altiplano* (Highlands)	*Valles* (Valleys)	*Llanos* (Lowlands)	**TOTAL**
CUM	3.83	4.69	6.81	4.79
CUS	2.42	9.93	9.12	6.26
REST	0.39	0.86	3.07	1.06
URBAN	-0.85	0.65	0.77	0.25
RURAL	1.65	1.95	4.04	2.30

Source: *Desarrollo Humano en Bolivia* (Programa de las Naciones Unidas para el Desarrollo — PNUD, 1998).

CUM: Centros Urbanos Mayores (Major Urban Centres)
CUS. : Centros Urbanos Secundarios (Secondary Urban Centres)

Ethnic identity continues to be a cohesive element in the rural area

During the 1990s an explicit demand for the recognition of ethnic identity on behalf of the indigenous population took place not only in the Andean region of Quechua and Aymara populations but was particularly strong in areas of the lowlands. The 500th anniversary of the Spanish conquest of America provided fertile soil for the reproduction of some of the cultural roots of re-Indianisation in order to strengthen their identity. Those claims are multiple and obey highly diverse rules of logic.

Following the 1952 Revolution, a homogenising idea which promoted an important process of ethnic-cultural mixing or *mestizaje* of Bolivian society was actively promoted. Together with the distribution of land to the indigenous peoples and the establishment of a compulsory monolingual educational system in Spanish, the revolution forged the image of one common national identity for Indians and non-Indians. Nevertheless, monolinguism in indigenous languages still coincides with the worst indicators of poverty. Almost half a century later, Bolivia is still confronting a harsh reality: the ethnicity of extreme rural and urban poverty. In Bolivia, the poorest people are not the white people or the mestizos, but mainly the indigenous peoples. For some white and mestizo populations, to be Indian is synonymous with being poor, rural and anti-market.[9] Although the national revolution of 1952 was a purposefully integrative process, it did not succeed in eliminating existing social relations of exclusion and ethnic segregation. Colonial and republican segregation still persist in a nation where the indigenous population is the majority: 65–70 per cent of the Bolivian population is of indigenous origin, of which only 40 per cent remain living in rural areas.[10]

In the majority of the cases, this strong inheritance of ethnic identity is now being modified as *mestización* — or acculturation — takes place in connection with emigration to the cities. However, this dilution is not necessarily definitive, since it depends on the degree of insertion into the labour market and manifests itself very variably in response to the concrete circumstances of each person, family or community. The combination of urban and traditional rural/indigenous cultural forms is now a general trend.

On the other hand, those who decide to remain in the community, or who have no other option than to continue as subsistence farmers, look to reinforce their indigenous identity in their way of dressing, rituals and celebrations, and in their relationship with nature. Another retentive mechanism is the practising of forms of social organisation and work that uphold values of solidarity. Nevertheless, these values correspond closely to certain levels of homogeneity in their living conditions and their access to natural resources. Otherwise, when economic differences between the members of a community have become significant and some families have overcome the economic constraints of subsistence, those forms of reciprocity tend to disappear.[11]

As a great majority of small farmers are of indigenous origin, many have found the strengthening of their ethnic identity a useful tool to increase social cohesion and their capacity to negotiate with both the rest of society and the state.[12] But they are also ready to revise or abandon such a form of identity, if they are thereby able to go beyond existing fragile forms of subsistence and achieve more secure employment or a stable income.

The experience of the indigenous population of the lowlands in the last decade is very revealing. It is only with very strong and combative demonstrations and marches, asserting their indigenous condition, with their own identity, culture, language and their own voice, that they have obtained the recognition of Bolivian society and the state for property rights to their

[9] Larson and Harris (1995).
[10] Instituto Nacional de Estadística — INE (1998).
[11] Urioste (1992).
[12] Larson and Harris (1995).

territories, under the concept of Original Community Lands. In an approach which is notably different to that of most Andean claims, the indigenous people of the lowlands demanded their territories as communal property within an inclusive national framework.

The recognition of the right to indigenous identity is still an unsettled issue. On the one hand, there is an acknowledged danger of national disintegration if ethnic and cultural differences are continually exacerbated. Yet the recognition of ethnic and cultural differences is a prerequisite to the proposal of any strategy for rural development in Bolivia. The Educational Reform is seeking a solution to this problem in a most timid way, promoting bilingual and intercultural education only for rural and indigenous children at school, and not at all for the white or mestizo populations living in the cities. Hence, the cultural gap will continue.

Coca leaf cultivation damages rural development

Coca leaf production increased until the mid-1990s in response to the predominantly foreign consumption of cocaine. The price of the coca leaf fluctuates not only according to ordinary economic variables but also according to the degree of violence that is used to suppress its cultivation. The yields of this crop — in economic terms — are larger than for any other agricultural product in the Andean region.[13] The vast majority of peasant coca leaf producers own the land that they work, but most of them do not have property right titles that have been officially issued and registered. They employ temporary labour, which comes from the poorest rural regions of the country, particularly the southern highlands. In one or two months of temporary work in coca production these workers can generate more income than in a whole agricultural year in their communities of origin or in urban employment.

The public policies aimed at eradicating the surplus of coca leaf promoted during the last ten years, but especially since 1998, have diminished the extent of coca cultivation substantially but in an environment of sporadic, violent confrontation between the state and the peasants. The Banzer-Quiroga government committed itself early on to the elimination of the entire surplus coca crop not used in a traditional way (for chewing) — more or less some 37,000 hectares — by the year 2002.

It is difficult to establish precisely the quantity of coca leaf production. It is, however, clear that the economic circuit promoted as a result of cultivation, drug transformation and further commercialisation, reaches every corner of Bolivian economy. Over the last two decades, the activity linked with this crop has certainly produced a very important additional source of income, not only for the direct coca leaf producers, but also for those who do not live in the tropical region of Cochabamba.

Their direct or indirect surplus moves out of that region in the form of household incomes and as part of the complex survival strategy in which thousands of poor peasants of the Andean rural areas have become trapped. Many of the coca leaf croppers, who live in this area, are relatives or neighbours of the temporary workers that they employ, the latter coming from the communities from which the former originally emigrated. These social networks

[13] Godoy and de Franco (1992).

also usually include the family members in the cities, so that when the coca leaf surplus is eliminated, it will not only be the direct source of employment of the coca producers that is eliminated; a principal source of income for thousands of subsistence farmers, especially the temporary coca workers who collect and stamp the coca, will also be removed.

Although coca constitutes an important source of revenue for the rural poor, it is also a decisive factor in the disruption of agricultural peasant production. Those peasants who, before the expansion of the coca crop at the end of the 1970s, were dedicated to agricultural tasks in their traditional communities did not have to confront extended and deregulated markets of freely imported agricultural commodities, as has been the case since 1985. Before 1985 peasant production was a major portion of the agricultural GDP, and their products were sold in the national urban markets.[14] At the end of the century the cultivation and commerce of this sector has much reduced because their products cannot compete in price and quality with imported commodities or those (rice, corn, wheat) produced by commercial outlets. These peasants — dislocated from their original activities by the open market system — have found in the coca leaf circuit an economic refuge. As a result, some of the international development agencies — especially the US Agency for International Development (USAID) and some specialised agencies of the United Nations Development Programme (UNDP) — have become primarily oriented towards coca leaf substitution programmes or alternative development projects, most of which are restricted to the Cochabamba tropic area. Instead of investing in the poorest rural communities that expel farmers, almost all USAID resources are concentrated in the tropical area of Chapare, which attracts new peasants and coca workers. A shift in the destination of these resources towards the poorest rural communities of the highlands and valleys is required.

Most of the alternative development programmes in Chapare fail because of their inability to find foreign markets in competitive conditions of price and quality. The settlers, especially those dedicated to coca leaf production, have built up strong organisational networks with high levels of representation and interaction with the government officials. This presents yet another difficulty when attempting to eradicate coca production without their agreement and compliance.

The new national axis: the eastern lowlands

During the nineteenth century, Bolivian agricultural activity was structured around the national economy, which at that time was organised around silver mining and the urban centres of Sucre and Potosí. The passage to the twentieth century was framed by tin production, concentrated in the mines of Llallagua, Uncía and Catavi and the economic activity of the city of La Paz. The twenty-first century opens with the national economy focused towards agricultural trade, gas exports to Brazil, river navigation to the Atlantic, new corridor roads being built to the Brazilian and Argentine borders and the iron of Mutún in the Santa Cruz region. In previous centuries, rural society and peasant agricultural activity was adapted to mining work, cheap labour and food production, with corresponding migratory and trade circuits. At present a sustained process in which the smallholders of the Andean region are

[14] Instituto Interamericano de Ciencias Agrícolas — IICA (1998).

abandoning the highlands and moving towards the eastern lowlands and especially the city of Santa Cruz continues to exist.

Over the last three decades, but especially in the 1990s, the lowlands of Bolivia have become very attractive to the peasants and indigenous people from the highlands. The mineral resources of western Bolivia are exhausted, international prices of minerals have been in constant and deep decline and the public mining enterprise (COMIBOL) has been closed down. The economic activity of the Andean departments of Oruro, Chuquisaca, Potosí and Tarija has been in severe retreat for almost two decades. The deterioration of the productive basis of the majority of the Andean communities, in tandem with free agricultural import trade, have converted the Santa Cruz region, and especially the city of Santa Cruz, into the principal pole of attraction not only for peasant immigrants, but for the entire Bolivian population. Little by little, Aymaras and Quechuas have integrated into the regional economic circuit in multiple activities in the informal urban economy. They work as construction workers, temporary labourers, gardeners or in street trade.

Other immigrants try to work the land, in some cases with legal property rights, in others as tenants, occasionally as squatters. They claim legal property rights and often become involved in conflicts with other claimants to land, generally big landholders. The evictions of small farmers of indigenous origin are frequently supported by armed police action, in direct contravention of the Land Law of 1996, by which only the National Institute of Agrarian Reform (INRA) is authorised to deal with land property issues.

Temporary workers, especially those of Quechua origin, who come from the valleys to work in cotton-picking and the cutting of sugar cane, have been doing so, but without their families, for the past 30 years. More recently they have been exploring the possibilities for long-term settlement. Others become 'permanent temporary' labourers, constantly shifting from one temporary job to another, mainly in rural activities. In theory they are protected by the Labour Act, but in reality they do not have any social rights.

The very rapid expansion of the modern agricultural frontier in the eastern lowlands in the last decade is the most remarkable outcome of the structural adjustment policies, but not in the sense that this programme is a neutral one. On the contrary, advantages in tax structure and foreign trade opportunities, and especially very impressive public investments in basic and productive infrastructure such as roads, have disproportionately benefited the modern agricultural entrepreneurial sectors of the lowlands. Nevertheless, this expansion is highly dependent on international fluctuations of raw material and commodity prices, especially soya, as well as relying on preferential access to the protected markets of the Andean Community. It is still too early to predict if any Bolivian entry into MERCOSUR would increase the modern agriculture in eastern Bolivia. The 1999 devaluation of the currency in Brazil damaged the efforts of the modern agricultural sector, and at the time of writing this paper the Cámara Agropecuaria del Oriente is demanding an extra US$150 million in support from the government, having already obtained de facto abolition of the land tax, against the dispositions of the INRA Act and the postponing of commercial debt.

Just as in the past Andean mining followed the expansion periods of silver and tin, modern agriculture of the lowlands is now responding to incentives and contractions

of demand from the international commodity market. The capacity of Bolivian producers to influence international trade prices is, of course, practically non-existent, whether, as in the 1960s, it was sugar cane, or, as in the 1970s, it was cotton, or, since the late 1980s, it has been soya bean and other oil seeds. Meat production has developed on a slow but sustained basis mostly in relation to national urban markets, but it remains very underdeveloped and there have been only very selective improvements in the genetic composition of the cattle herd.

Bolivian agriculture expanded by half a million hectares over the 1990s on the basis of one single crop, the soya bean. In relative terms, the eastern lowlands now constitutes the region with the fastest agricultural growth of Latin America.[15] However, the financial crisis of February 1999 in Brazil and its immediate impact on the economy of Santa Cruz demonstrated the extreme vulnerability of this export trade model of the modern agricultural sector of the Bolivian economy based on monoculture.

Table 2: Soya-Bean Crop Cultivation

	1990–91		1996–99	
	Agriculture Production (met. ton.)	Agriculture Surface (hectares)	Agriculture Production (met. ton.)	Agriculture Surface (hectares)
Soya-bean crop cultivation	392,523	192,662	940,820	519,454

Source: Instituto Nacional de Estadística — INE (1998).

The export-oriented programmes for sugar cane and cotton, and especially for soya-bean, have increasingly relied on labour-saving modern technology and so have done little to overcome rural poverty or to reduce the gap between the modern and the traditional sectors of Bolivia's agricultural economy. The expansion of soya production has undoubtedly generated important foreign revenue and changed the structure of Bolivian exports in a dramatic way over the last decade, but it has not been beneficial on the whole. Until the Brazilian crisis, the GDP of the Santa Cruz lowlands was growing by approximately ten per cent per annum — almost exclusively limited to providers of agricultural inputs and services and showing no sustained trickle-down effect. On the contrary, the gap between poor immigrants and big landowners is increasing constantly.

The pressure for land in Santa Cruz has grown constantly in this context of expansion of export crops, accompanied by growing foreign investment, especially in terms of Brazilian individuals buying land. The price of land is continuously increasing, the process of re-titling plots, as part of the recently approved INRA Act, shows a clear excess in demand.

[15] Asociación Nacional de Productores de Oleaginosas — ANAPO (1998).

Table 3: Bolivian Exports (millions US dollars)

	1952–59	1960–69	1970–79	1980–85	1986–1996
Total exports	104.6	123.8	515.5	862.1	831.1
Traditional exports (mining and hydrocarburants)	100.6	116.4	453.8	789.3	547.0
Non-traditional (agriculture)	4.0	7.4	61.7	72.8	284.1

Source: United States Agency for International Development —USAID (1992)/ Banco Central de Bolivia —BCB (1997).

Two years after the introduction of the INRA Act, not even one hectare of land has been expropriated to public property. The process of settling lands with new colonisers on publicly owned land was suspended in 1992. In the countryside there are more than 14.5 million hectares classified as protected areas under the administration of the central government.[16] Some of those lands have been occupied illegally by squatters, showing a clear need for new colonisation programmes, not in these same protected areas, but rather in areas that should, according to the new INRA legislation, be expropriated from those landholders who simply speculate in real estate and do not put the land into productive use.

Rural organisations

Since its foundation in 1979 the Confederación Sindical Unica de Trabajadores Campesinos de Bolivia (CSUTCB) has been the main community organisation and trade union of the peasantry. It plays a central role in representing almost all the small farmers, of peasant and indigenous origin, with regard to central and local government and the public institutions of the rural sector. This organisation was born out of a response to the clientelist control of the military that became established during the era of dictatorships. It has always been the object of overtures from the political parties, which seek to extend their influence over the rural area. The leadership of the CSUTCB is firmly opposed to neoliberal policies, but their political claims have become entangled in a complex process of coordination with state policies without changing the structural adjustment policies introduced from 1985. Most of the CSUTCBs political energies are oriented towards issues related to coca leaf production and distribution. As a result, central demands such as citizenship, political power, access to new land, credit and significant public investment for rural development have been sidelined, with the consequence that the union's national authority and legitimacy decreased throughout the 1990s. Many leaders lost contact with their rural origins and the

[16] Superintendencia Agraria — SIA (1998).

physical act of farming. Increasingly ideologically-oriented, the CSUTCB has tried to convert itself into an Indian political party with aspirations to reconstitute an Aymara and Quechua polity and people.

The Central de Indígenas del Oriente Boliviano (CIDOB), an eastern indigenous umbrella organisation, is based on economic class, not indigenous identity. As a result of its demands and social mobilisation the entitlement to almost three million hectares of the TCOs of the eastern lowlands was obtained in 1996. The participation of political parties in CIDOB is less important than in other indigenous organisations due to its preferred focus on cultural and environmental topics. They had a poor first performance in the last national elections in 1997.

The Confederación Sindical de Colonizadores de Bolivia (CSCB) is an important force in the northern part of La Paz department, Santa Cruz and the tropical zone of Cochabamba, having concentrated its activities on coca leaf cultivation. Coca producers have secured political control in a number of municipalities of the tropical region, as well as the election of four national members of Congress. They have a strong political influence and real leadership in the Bolivian peasant movement.

The Cámara Agropecuaria del Oriente (CAO) is a dynamic body representing the great majority of modern agriculture entrepreneurs in the department of Santa Cruz. It provides a variety of technical and financial services to its associates, who include both large and small landowners, the latter mainly of Creole origin. In 1998 a successful attempt was made to extend its representation to other sectors, such as agribusiness, agro-industry and service providers related to the sector. The CAO has important financial and political links, often exercising control over the ministry. Due to its corporate access to decision-making centres, the CAO was highly influential in negotiating its demands when the INRA Act was passed in 1996. The de facto abolition of the land tax it obtained in 1999 effectively annulled the capacity of the Act to prevent the establishment of new *neolatifundia*. Without a real land tax the Act lacks mechanisms with which to improve the productive use of idle land.

NGOs: volunteers or professionals?

The most important Bolivian NGOs emerged in the mid-1970s and were originally inspired by Paulo Freire's ideas on popular education. Some of the bodies which have been working in the rural area since then have become very experienced institutions. Others are new and lack coherent orientation. In some cases they promote programmes between several NGOs according to traditional networks based on gender or microcredit, but the majority of them do not work in the poorest regions of the country. Since 1994 NGOs have been obliged to consult with the municipalities in order to be included in their annual operative plans, although a specific NGO law has been discussed since 1989 without much consensus or any resulting legislation. On the other hand, a number of important ideas and experiences developed by these organisations have been adopted as public policy, including rural credit, micro-irrigation, intercultural and bilingual education programmes, the promotion of productive organisation and even central aspects of popular participation.

Local NGOs are mostly financed by private foreign resources, with US$100 million a year expended among nearly 800 local institutions in the 1990s. A little more than half of the NGOs work in rural areas, employing thousands of middle class

professionals and technicians. Over the recent period, these organisations have often been acting in lieu of public institutions and they have traditionally been the only institutions working to ameliorate the living conditions of the rural poor. The work of NGOs could certainly be of a better quality with a higher degree of professionalism, thematic specialisation and more respect for the autonomy of indigenous and peasant organisations. NGOs are new social actors with a new challenge in the democratic arena they have helped to build.

Public policy

Since 1985, a number of measures have been adopted to control hyperinflation in line with structural adjustment (SA) and the New Economic Policy (NEP). Some were merely formal declarations of good intentions, but the SA-NEP was notably successful in stabilising the economy. Some of those public policies, for example those oriented to the promotion of agricultural exports of non-traditional crops, were rather heterodox and in those cases growth targets have generally been met.

Elimination of policies controlling internal prices of agricultural products

In May 1984, a year before structural adjustment, the first democratic government after a long period of dictatorship (Unidad Democrática y Popular — UDP, 1982–85) implemented the liberalisation of internal prices of agricultural production. Until then, public policy had established maximum prices for agricultural products in order to protect urban consumers, thus shifting the weight of economic crisis to the rural area. The price liberalisation of peasant production probably accelerated the hyperinflation process that took place that year because peasants could now freely increase the prices of their products.

The liberalisation of trade

In 1985, the new Paz Estenssoro government decided to eliminate all constraints on foreign trade. From the beginning this decision had the effect of generating a surplus which saturated the internal market with imported foodstuffs. Thereafter, peasant agricultural production stagnated or declined. Comparing the economic behaviour of peasant or traditional agriculture to entrepreneurial or modern agriculture it is remarkable how, before the mid-1980s, there were no major differences in output between the two sectors. It is only since 1988, as a result of structural adjustment, that modern or commercial agriculture has become more dynamic and come to differ significantly from the agricultural production of the peasants. The proportion of peasant agriculture in the agricultural GDP declined from 85 per cent from 1980–84 to 74 per cent from 1990–94, while entrepreneurial agriculture increased from 14 per cent from 1980–84 to 25 per cent during the period 1990–94 (a rise of 78 per cent).[17]

We can, then, say that the free market policy effectively removed the peasant economy from a national market where peasants had participated since the 1953 Land Reform and forced them into subsistence. Only a very few could survive within niches of export crop circuits, since imported foodstuffs are protected by

[17] IICA (1998).

series of subsidies in their original countries and national entrepreneurial agriculture obtained important subsidies from the Paz Estenssoro government. It has to be emphasised that the success of the 1985 stabilisation programme has been achieved at the cost of a decade and a half of continuous contracting of the peasant and indigenous economy.

Land tax

In 1986, as a part of the fiscal reform, a general land tax was re-established. Land taxes had been levied on the peasantry and indigenous population in one form or another since the foundation of the republic, but had been abolished as part of the Agrarian Reform in 1953. As a result of marches and mobilisations protesting against the re-imposition of these taxes in 1985, they were once again abolished in 1986. The argument for abolition was that peasant incomes were lower than those of urban wage earners, who were already exempt from income tax, but the cost of collecting the land tax was greater than its total revenue, strongly suggesting that reasons of efficiency as well as those of equity lay behind its withdrawal.

The land tax revenue from entrepreneurial organisations for the whole country only averaged US$300,000 a year during the decade 1986–96 — some ten per cent of the target to be collected.[18] Ten years after the land tax was implemented, the 1996 INRA Act reintroduced exemption for peasants and indigenous peoples. In the case of entrepreneurial organisations, the new act introduced the concept of land price self-valuation and the payment of a land tax according to a scheduled figure in order to discourage land speculation. It is still too early to evaluate whether this fiscal mechanism has promoted the productive use of land and discouraged speculation. Nevertheless, following the experience of several Latin American countries, a land tax imposed on the large landowners has not been collected at anything like assessed rates and often is simply not paid at all.[19]

In a 1999 report the World Bank recognised that the current general tax system in Bolivia is distinctly regressive with respect to equity. The system is weakened by special regimes such as the Régimen Agrario Unificado (RAU), which results in low tax collection and inequity by virtue of large taxpayers hiding behind these regimes. The use of the Fixed Property Tax (Impuesto a la Propiedad de los Bienes Inmuebles — IPBI), which includes rural property, instead of the RAU, is in urgent need of revision, while the RAU itself suffers from the fact that presumed income is based on an outdated land valuation. Although the RAU regime was created in 1996, no collection has been yet registered. The current participation of the agricultural sector in the general tax collection effort is only 0.4 per cent of the total.[20]

Fiscal incentives for the modern sector

During the first years of the SAP after 1985, important fiscal incentives to promote the non-traditional agricultural exports were established. These mainly consisted of reducing taxes on sector exports, trade agreements with several countries and the

[18] Renta Interna (1996).
[19] Urioste and Pacheco (1999).
[20] World Bank (1999).

reduction of taxes on imports to five per cent on capital goods and ten per cent on other goods. At the same time, the freight rates of public railroads transporting agricultural exports and the price of petrol for tractors and machinery were reduced.

This has been the context for the acceleration in the growth of agricultural commodities in Santa Cruz during the past decade. At the same time, a comprehensive programme of rural infrastructure in the lowlands financed by the World Bank was improved and focused on the promotion of soya cultivation as part of a policy to shift the structure of agricultural production towards external markets. The impoverishment of peasants was not simply an undesirable side effect of structural adjustment, but a positive political choice in the use of national external debt and public investment oriented to entrepreneurial agriculture.

From the Social Emergency Fund (FSE) to the Social Investment Fund (FIS)

Alongside the implementation of public policies designed to tackle hyperinflation in 1985, a good part of the public financial resources provided by international donors — which at that time were dispersed among several ministries — were brought together in one central institution directly dependent on the presidency of the republic. In 1986 the Social Emergency Fund (FSE) was established with the aim of diminishing the negative effects of unemployment in the public sector and the increased poverty brought about by the crisis, drought and SAP.

The FSE was administered outside the traditional state bureaucracy and provided experience of demand-driven projects that was frequently used in popular participation. Neighbourhood committees, rural communities, churches and other social groups were consulted. The FSE was initially conceived as a transitory programme, but its success — particularly in terms of its budget implementation — and the persistence of poverty and underemployment encouraged and required a second stage: its conversion into the Social Investment Fund (FIS), which was oriented more towards productive infrastructure than services, and with a major allocation of financial resources to rural areas.

Having been brought within the framework of popular participation, since 1994 all the projects that the FIS finances have to be approved by the municipal councils. In all cases the municipality has to contribute with a percentage of its own resources. Nevertheless, the great majority of the financial resources that the FIS administrates derive from international donors, which made this institution unsustainable because is not financed with national resources.[21] The same problem has occurred with the Fondo de Desarrollo Campesino (FDC), the Fondo del Medio Ambiente (FONAMA) and other social funds (SFs). In their present form SFs address neither structural poverty nor its causes and their results are questionable in terms of contributing to substantial changes in people's lives.

The Fondo de Desarrollo Campesino

The state-owned Agricultural Bank was closed in 1985 as part of the NEP. The Bank had been the main source of public funds for all agricultural producers. The Fondo de Desarrollo Campesino (FDC) was promoted by external donors and was set up in 1989 within the Ministry of Peasant Affairs and Agriculture

[21] Cornelissen in Thiesenhusen (1998).

(MACA). However, this key institution has never become a principal source of financing for rural development, as it was supposed to. The FDC is responsible for non-refundable projects oriented towards rural infrastructure such as local roads, small bridges and irrigation systems. Secondly, it oversees credit projects for community and cooperative groups. This line of credit was commonly used for political ends and was beset by corruption. International donors made the continuation of funds conditional upon better supervision of the borrowing process.[22] The Popular Participation Act of 1994 established that all community projects had to be presented to the FDC board of directors through the municipalities following participatory planning. Between 1993 and 1997 the FDC financed some 1,000 small projects with US$24 million in productive non-refundable projects and some US$4 million in credits through specialised institutions to the benefit of 265,000 rural families.[23]

In spite of the particular efforts made by some managers, the misconduct of others (1989–93) has damaged the image of this institution and lost it important credibility and resources. The peasants' demand for credit in order to promote rural development is still far from satisfied. Other private institutions specialised in micro-credit — mainly NGOs — are working successfully, but only on a very small scale.

One fundamental problem of the FDC is the bureaucratic and traditional approach to credit programmes for rural development imposed by the banking superintendency. As a result of this poor small borrowers have to present their land titles as collateral for the grants, but they rarely possess such titles, which cannot be mortgaged according to the Constitution and the INRA Act. A much broader and more flexible system is required, recognising that micro-credit has to allow personal and cross guarantee. Equally, the rate of interest ought not to be higher than that of the commercial system.

Decentralisation, popular participation and participatory planning

During the last two decades of democratic process a number of ideas regarding rural development have been debated and tested. With the Administrative Decentralisation and the Popular Participation Acts of 1994, strong popular demands were confronted. On the one hand, turbulent regional civic committees were claiming that the regional structures of local power should receive full control of public funds, hitherto administered at the departmental level by the Corporaciones Regionales de Desarrollo. On the other hand, socially mobilised peasants and indigenous peoples demanded complete political and administrative local autonomy.

Responding to documents and resolutions from indigenous meetings, as well as to the proposals of some NGOs, the Sánchez de Lozada-Cárdenas administration displayed creativity and a willingness to imagine a different country. The government's basic proposal was to encourage local power through the immediate recognition of legal substance to thousands of small rural communities and their ancestral authorities, the allocation of 20 per cent of tax revenue according to the number of inhabitants and the creation of 311 new municipalities with special surveillance committees. This act was the most important effort to redistribute

[22] Decreto Supremo 22863 (July 1991).
[23] Fondo de Desarrollo Campesino — FDC (1997).

national funds from the public budget to the rural areas since the foundation of the republic in 1825. These funds can be augmented with resources from other bodies and programmes, such as the FIS, FDC and FONAMA.

In 1994 the municipalities had a budget of approximately US$80 million. As a result of decentralisation, some US$240 million of national funds were programmed for the year 1999.[24] Of the 311 municipalities, 280 are rural, while 40 per cent of the Bolivian population lives in the countryside and subsists principally on agricultural activities.

The Sánchez de Lozada government (1993–97) perceived the municipalisation of the country as a central part of the process of administrative decentralisation, assigning additional regional responsibilities to each department and to their authorities. Competition between local and regional government began. The participation and local planning that went into the allocation of public resources was an important tool in each of the municipalities, and thousands of small projects emerged at grassroots level. An extensive social network has developed to encourage citizens in the exercise of local government and the prioritisation of investment to promote rural development.

Between 1995 and 1997, rural municipalities developed more than 10,000 project-proposals with a budget estimated at $655 million. This process included 1,500 planning meetings in which some 56,000 local indigenous leaders and community representatives participated.[25] The main problem was that most of these project-proposals were not connected to regional or national frameworks and only a minority of them achieved the status of final project. From those selected, just a few were approved by the municipal council and eventually financed. There has been a participatory process of learning about how to prioritise local needs and forge links with regional programmes. However, the existence of hundreds of operational municipal programmes does not of itself constitute a rural strategy at either departmental or national level.[26]

The Popular Participation Act represents an attempt to correct an enormous historical bias by providing fiscal equilibrium in the assignment of municipal public funds according to the number of inhabitants. At the same time, it has given important political power to the peasant and indigenous communities, although political parties still have excessive control and a strong urban bias continues to exist. The constitutional obligation for candidates for mayor or counsellor to be supported by a political party is a major barrier that militates against local power, because many candidates are still imposed by urban-oriented political parties and local government loses legitimacy and power.

The systematic rejection of local power structures by the urban, centralised political parties was, until 1994, the principal reason for the chronic downward spiral of rural poverty. These reforms have introduced a new social, political and economic instrument with real potential to break the circuit of poverty, but only so long as the new rules are maintained and strengthened. The recognition of ancestral forms of social organisation, the promotion of administrative capacity, a democratic renovation of the leadership, the recognition of forms of local power in the context of the

[24] Viceministerio de Participación Popular (1999).
[25] Secretaría de Desarrollo Rural (1997).
[26] Urioste and Baldomar (1997a).

administrative decentralisation of the country, together with participatory planning, all militate for innovative rural development.

Nevertheless, this process of growing local citizenship depends vitally upon access to more productive land, improvements in irrigation infrastructure and permanent access to water, rural roads, electricity, access to credit and new technology, together with better public services in education and health. Moreover, even if the process of growing citizenship were taking place and all the policies described here were efficiently applied, rural development would be impossible to achieve if some macroeconomic policies are maintained as they are. The macroeconomic policies of the SAP are not neutral, especially the indiscriminate free import of foodstuffs from abroad. To reverse the extremely difficult situation in rural Bolivia, it is necessary to promote differentiated rural public policies not only at a social level but particularly at the macroeconomic level. Such policies include greater fiscal transfers, public expenditure on infrastructure, progressive taxation of large landowners, promotion of rural microenterprises, reduced transport costs, technical assistance and marketing.[27]

Educational Reform

The Educational Reform was one of the most urgent reforms of recent years, and possibly the only one with very high support and consensus within Bolivian society, with the notable exception of the teachers themselves. Two consecutive governments have failed to improve this process. The Educational Reform Bill was passed in July 1994, but it has yet to be extensively applied and teachers' direct participation has been either low or disruptive. Teachers oppose the reform because they will lose their corporate control of education as well as their union privileges. Their unions are absolutely opposed to what they see as the privatisation of education.

Between 1994 and 1997 a budget of US$35 million was spent on educational reform, the main finance coming in the form of Inter-American Development Bank (IDB) and World Bank credits. Education in rural schools remains particularly poor. One of the reform's main purposes, bilingual and intercultural education, sometimes encounters unexpected enemies. For example, the relatives of the students of indigenous origin are often not interested that their children learn their original language because they need to learn Spanish in order to be recognised as equal citizens. At the same time, not all rural teachers manage the native languages well or confidently. The ethnic and cultural diversity of Bolivian society is still highly significant. The persistent lack of adequate education, adapted in its content to the rural environment and its diversity, is one of the main obstacles to rural development. The situation will be worse still if educational reform remains disconnected from other recent reforms.

Agricultural and other technical skills are insufficiently represented in the new curriculum. Bolivian education is still urban and westernised. Education is seen by many peasants as the means by which their children can escape from rural poverty by going to the cities. The fragmented way in which educational reform has been designed means that it does not take into account the role of the new municipalities, the need for technical institutes for rural development or the

[27] Gordillo (1999).

development of new productive capacities for modern agriculture. The exclusive focus on cultural and linguistic topics has diminished its potential.

Agricultural research and the extension of new technology

Agricultural research and technical education has not existed in practice for the last six years. The institution formerly in charge of this area, the Instituto Boliviano de Tecnología Agropecuaria (IBTA), is still in the process of dissolution and no alternative has yet been established. Since 1993 a project supposedly converting the IBTA into a private institution, which would manage local and concessional funds, has been under permanent discussion. Of all the countries of the region, Bolivia is the one that allocates least financial and human resources to agricultural research and extension.[28] This is certainly one of the principal explanations for the very low levels of agricultural yields and productivity, probably the lowest in Latin America. The only exception to this sorry picture is the Centro de Investigación Agrícola Tropical (CIAT), which has achieved high levels of efficiency in the lowlands of Santa Cruz, with mixed public-private participation and the support of British aid. One key technological problem in Bolivian agriculture is that the traditional technologies of indigenous society have not been integrated with modern science. On one hand, modern technology packages generally do not recognise the existence of efficient ancient forms of cultivation and processing, on the other, modern technology is expensive and frequently not appropriate for the Bolivian environment. It is urgently necessary to define the role and function of a new public institution, with social participation, as in CIAT Santa Cruz.

Alternative development

Policies for the substitution of coca leaf production, mainly promoted by the US government and UNDP, generally come under the heading of alternative development, especially in the tropical area of Cochabamba. While coca leaf cultivation is an obstacle to rural development, the alternative programme is itself a major distraction in the allocation of investment funds and resources to rural development. Over the past decade, alternative agricultural development has concentrated approximately US$200 million in an ecologically fragile area, where soils are of a rainforest character and not suitable for agricultural purposes. This allocation of funds is, furthermore, not in line with national rural development plans, being concentrated in a geographical region that is not in the extreme poverty category compared to the rest of the Bolivian *campesinado.*

The institutions in charge of alternative development (mostly USAID) manage greater funds than those aimed at rural development in areas with high levels of poverty and peasant emigration. Paradoxically, the payment of US$2,500 to each producer per hectare of coca leaf eradicated, plus the public investments in roads, bridges and electric power, constituted encouragement to continue cropping coca and themselves promoted Andean peasant emigration to the tropics as well as reducing funds for rural development in other areas. The Banzer administration (1997–) has suspended the private monetary compensation to each coca producer. Now a

[28] Godoy and de Franco (1992).

communal investment has to be provided by central government in exchange for the eliminated coca.

Environmental policies

Over recent years the state has promoted several environmental policies, such as protected areas, territorial ordering and plans for the use of the soil. These bills have encountered difficulties because consultation over the social and economic aspects has been weak. In many cases new laws have increased the production costs for farmers, cattle breeders and timber factories. In Bolivia, as in many countries of the Latin American region, there is only the slightest public concern about environmental issues and the Ministry of Sustainable Development and Environment, created in 1993, has not succeeded in decentralising its functions to the departmental prefectures. Municipalities have neither the institutional capacity nor the legal framework for assuming such responsibilities.

Natural resources policies

More than 45 years after the first reform took place, the issue of peasant and indigenous access to, and ownership of, land remains unsolved. That is why in 1984 the CSUTCB presented a new bill — the Ley Agraria Fundamental (LAF) — which demanded an entirely new reform enshrining the principle of 'the land to the tiller' but with the critical caveat 'who works it in person'. This proposal opened a new period of debate and comprehensive peasant and indigenous mobilisations over access to, use and tenancy of the land. These demands were only partially fulfilled when the INRA Act was passed in 1996.

At the same time as peasants and indigenous promoted their claims, the large landowners presented another bill promoting a free market and absolute property rights to the land, under the aegis of SA. They demanded changes to the constitution and, thus, the elimination of the formalised socioeconomic function of the land. Yet, the INRA Act of 1996 differs from other Latin American land acts because it does not have a 'free land market' at its core.[29] Instead, it seeks to regulate a segmented land market.[30] That is probably the reason the World Bank does not include the INRA Act among the structural adjustment policies analysed in the last public expenditure review.[31]

The INRA Act revoked the absolute public power of the old Consejo Nacional de Reforma Agraria, which was corrupt and operated in an arbitrary manner. The INRA Act maintains the principle of the social function of communal lands, indigenous peoples and smallholders, whose lands cannot be reverted or expropriated. On the other hand, the Act establishes that the state can revert or expropriate the lands of the large landholders only in cases in which entrepreneurial units do not effectively recognise the socioeconomic function of the land, i.e. when it remains idle. The use of land has to be proved by the payment of land tax. The state cannot donate free land to the large landholders, but only to the communities and indigenous peoples who wish to own the land

[29] Plant (1998).
[30] Urioste and Pacheco (1999).
[31] World Bank (1999).

exclusively in a communal way. The INRA Act is remarkable because it is the first time in Bolivian history that indigenous people are being given the titles to large territories, under the concept of Original Communal Lands, established within the framework of the reformed constitution. In 1997 the titles to some three million hectares were granted and another 11 million hectares of idle land were reserved for indigenous people of the lowlands. Unfortunately, the act does not endow municipalities with the authority to manage lands, but only to collect land taxes from the entrepreneurial properties. Within the framework of the act, a formally comprehensive process of entitlement has been taking place. To secure property rights for all the owners, a legal review has to determine which land distributed by the Land Reform of 1953 has to be secured. The aim of the law is to recover uncultivated lands in the hands of speculators from the lowlands. In reality, however, due to the lack of political will on the part of the Banzer administration, the INRA Act is being used as an instrument to consolidate *latifundios*. Not one hectare of land has been reverted from speculators since the approval of the act in 1996, nor has one hectare of land been given to the landless.

Three years after the approval of the INRA Act, the core of the new system of agricultural justice, the Agricultural Court created by law had not yet been nominated. The new legislation encountered strong resistance from some groups of large landowners in the department of Santa Cruz who refused to pay land taxes according to their own valuation of the land. In April 1999 they obtained a moratorium for the payment of the land taxes until 2001. Receipts from this tax were already down at the beginning of the current government and the 1999 World Bank Report states that the agricultural tax regime (RAU) is problematic because it is based on outdated property values. The cadastral register needs to be updated and the RAU combined with the existing property tax (IPBI — Impuesto a la Propiedad de los Bienes Inmuebles).[32]

The Rain Forest Law, also approved in 1996 after a long process of consultation, has had important effects, recovering as state property more than 20 million hectares of rain forest, which were under the temporary concessional regime in the hands of timber enterprises. The Forestry Superintendency has demonstrated that there are at least some public institutions that are efficient, honest and transparent, gaining recognition from indigenous, entrepreneurial and international agency sectors. One important outcome of this law is the administrative decentralisation of forestry resources through territorial ordering plans within each municipality with the objective of putting a brake on the accelerated erosion of the forest which has taken place during the last three decades.[33] The classification of the lands according to capacity of use allows the basic ordering of the territory that is needed under any strategy of rural development.

Gender and rural development

Indigenous customary rights mixed with Creole *machista* attitudes have reinforced social rules excluding women. Indeed, when studying poverty indicators, it is clear that women, and especially rural women, are poorer and less educated and have the highest mortality rate. At the same time, their contribution to familial income is

[32] World Bank (1999).
[33] Pacheco (1998).

generally greater than that of the men. When the father emigrates in search of seasonal work, the wife characteristically remains in charge of the family, cattle and the land. Women, though, are rarely permitted to participate in political activities; when there is a communal meeting, women generally have to sit at the back of the room on the floor. They have the right to listen but not to speak in public. Despite extensive new regulations included in the current democratic process of reform, social practice is still a long way from the theory.

Article 3 of the INRA Act determines equal property rights of land ownership for women and men, regardless of their civil condition. The regulation of this article is also clear, but in reality there are no women who own land except for widows. The Popular Participation Act does not include positive discrimination in favour of female participation in the Surveillance Committees, on which few women sit. In June 1999, on the other hand, the Political Parties Act included a quota of at least 30 per cent of women's participation in all political representation at local or national level.

Ethnic and cultural policies

The reform of the constitution initiated during the Paz Zamora administration (1989–93) concluded with the incorporation of an article that defines Boliva as a multi-ethnic and pluri-lingual country. This modification prepared the ground for further series of initiatives from the curricula of the Educational Reform passing through the administration of the *ayllus* and the TCOs and inter-municipal indigenous networks, which have raised social expectations.

Yet the reform of the judiciary did not include the ethnic perspective that had been conceived in some of the bills. With the exception of the ombudsman, no part of the reformed judiciary system has a specifically rural presence or mandate and it remains inaccessible to the peasants and indigenous people, not only because of the difficulty in travelling to the cities from the countryside, but also because of Spanish monolingual procedure and lack of interpreters (68 per cent of the provincial judiciary courts and 49 per cent of local judiciary tribunals are located in urban areas). The judicial system remains bureaucratic and slow, the majority of the cases prey to corruption. Thus, the majority of indigenous people and peasants resolve their legal problems in an informal way according to their customary law.[34]

The Strategy for Agricultural Productive Transformation (ETPA)

Towards the end of the Sánchez de Lozada-Cárdenas administration (1993–97) international aid agencies such as the IDB and the United Nations Food and Agriculture Organisation (FAO), together with local officials, promoted a public initiative for a long-term strategy of rural development as a precondition for the continued support of rural development programmes. The consulting group that met in Paris in 1996 discussed the Programa de Inversión Pública para la Estrategia de Transformación Productiva del Agro (ETPA), the main aim of which was to provide a long-term approach, inspired by the participatory process that was taking place in Bolivia at that time.

The ETPA programme, which was the first long-term strategy for rural development in Bolivia to be agreed with international donors, had a budget of

[34] Van Cott (1998).

US$2,300 million for the years 1996–2000, of which US$54 million was the share of the central government,while US$1,000 million were the funds of the rural municipalities and US$1,264 million the support of the international donors. In accordance with the budget of the Sánchez de Lozada ETPA, the Banzer Government was supposed to invest some US$250 million during 1998, but in the event the sum allocated was only US$17 million.[35]

Rural poverty remains widespread

After almost two decades of tentative and weak public policies and private initiatives for rural development, rural poverty has not decreased to any significant degree, even though financial stability and sustained economic development have been achieved at a national level. This is mainly due to poor human resource endowments and a lack of productive infrastructure.[36]

According to several studies,[37] poverty in rural areas has increased in some cases and in others remains constant. According to Vos et al., SAP has led to a widening rather than a narrowing of income disparities between urban and rural areas. The 1998 Human Development Report[38] demonstrates that a positive evolution in human development indicators at the national level in Bolivia has taken place over the past 30 years. However, when taking into account urban-rural differences, as well as differences among regions, it becomes evident that this development has been highly uneven and that these differences remain constant or are increasing. This is also true for differences between women and men as well as indigenous and non-indigenous people. Poverty is more widespread in non-Spanish speaking monolingual rural areas and among women both in the cities and the countryside. The rural poverty map shows alarming indicators not only because the levels of life expectancy, nutrition, literacy and other main social indicators are still extremely low, but also because these indicators are persistently low over long periods of time. For example, piped water supply coverage in urban areas is 93 per cent compared with 37 per cent in rural areas.[39]

Of the rural population of some 3.5 million people, 70 per cent live in extreme poverty, nearly 20 per cent are moderately poor and only ten per cent are not poor.[40] This distribution of poverty is the direct result of unequal access to, and distribution of, natural resources, the distance to the consumption centres and service markets, lack of connection with trade lines, the impossibility of creating added value to the basic products, reduced access to information and technology and a lack of permanent electric power. According to the 1998 National Demographic and Health Survey, the percentage of children under three that are considered chronically malnourished is 24.2 per cent — down slightly from the 1994 figure of 28.3 per cent. The same 1998 survey conducted blood tests and found a prevalence of anaemia in children that was extremely high at 67 per cent.[41]

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[35] Crespo (1998).
[36] Vos, Lee and Mejia in Thiesenhusen (1998).
[37] UNDP (1998), National Census (1992), UDAPSO (1995).
[38] UNDP (1998).
[39] World Bank (1999).
[40] UNDP (1998).
[41] World Bank (1999).

Conclusions and policy recommendations

1. It is necessary to guarantee the continuity of major public policies. Nevertheless, some of the features of the SAP that have been considered sacrosanct since their approval in 1985 should be reviewed, in particular the liberalisation of food imports, the low rate of exchange of the Bolivian currency, the high rate of interest of the national financial system and the lack of credit to the rural areas. These do not help to generate a safe national food system and promote the polarisation of Bolivian society and extreme rural poverty.

2. The current productive structure and investment programmes, which reflect land tenure in Bolivia, are not compatible with rural development. The inclusion of the peasants in the process of modernisation of the agricultural sector must be an integral part of any rural development programme. As Chiriboga points out, while peasants and indigenous people continue to be marginalised as potential productive farmers, the process of rural impoverishment will continue inexorably.[42] Structural adjustment policies do not consider peasants to be part of the productive sector. They are considered and treated only as a burden to the rest of society, which has to provide humanitarian aid programmes. All rural development programmes in Bolivia are totally financed by external aid with the remarkable exception of Popular Participation, which assigns 20 per cent of income taxes to all municipalities regardless of their urban or rural condition. In fact, a Bolivian public budget specifically for rural development, financed with its own local sources, simply does not exist. This must change. Bolivian society has to invest in rural development.

3. The current leadership and institutional framework of rural organisations, especially those of peasants and colonisers, has to be improved through democratic process. A better organisation and representation of agricultural producers is essential to ensure the capacity for negotiating and lobbying, with both the state and international donors.

4. Since 1985, the benefits of the modern sector of the agricultural economy have not been extended to the peasant and indigenous sector. The problem is that the peasant economy has fallen back on traditional crops, internal consumption and local markets. The peasant population does not have the capacity to compete, by itself, in a national market and still less in an open international market. Local markets have to be encouraged and protected.

5. Some specific crops and commodities produced by small farmers have found temporary niches in international markets, but this strategy is not sustainable without differentiated public policies. Peasant-oriented public policies could, for example, encourage the exports of coffee, cocoa and citrus fruits. Taxes on imports of machinery and equipment for agricultural production, including the peasant small producers, could be eliminated for a short-term period. Significant public investment in roads should be undertaken beyond the interests of the modern sector. Investment in rural roads could be re-addressed towards regions of high demographic density.

6. The ETPA was expected to achieve a technological leap, to increase investment in rural education and public health, modernising land administration and other natural resources and prioritising investments in roads and irrigation to expand internal

[42] Chiriboga (1992).

markets, decrease risks and increase yields. Further policies should give real continuity to the latter. Because each government in Bolivia wants to be different from the previous one, rural development policies lack the required continuity. In spite of the Sánchez de Lozada ETPA and the four pillars of Banzer's administration, there is still no long-term national strategy for rural development in Bolivia.

7. NGOs are largely absent from areas of extreme rural poverty. Due to their assistance during the past two decades, some peasants and indigenous peoples do now have access to credit, technology and productive organisation, consolidating niches in local markets. They have escaped extreme poverty because they have achieved some surplus, but they cannot accumulate, invest or improve their basis of production. Most of these peasants are permanently linked to urban markets. The next stage for NGOs is to work with the poorest and weakest rural communities that are far from the cities. NGOs have to transfer their activities to the poorest municipalities of the countryside and co-ordinate their services according to the demand of the municipal Planes Operativos Anuales (POAs).

8. An institutionalised culture of conflict prevention does not exist in Bolivia. Nor does a permanent stage on which to promote concerted public policies. As we have seen in this paper, during the last two decades of stable democracy, but particularly since 1993, civil society and government have promoted several public policies with generally positive effects. But the poorest rural municipalities, in spite of enormous potential and the correct use of their *co-participación tributaria*, are not able to achieve real and sustainable development by themselves. A broader participatory process for rural development could be agreed only within the framework of a national pact, which affords equal representation for urban and rural communities.

9. In spite of the current dispositions of the INRA and Tributary Acts, land tax is not being collected from large landowners. As a result, there is no stimulus for using the land in a productive way. In fact, the INRA Act is being used as a tool for the protection of *latifundia*. There is an urgent need to apply the INRA Act and change the current system of land ownership still present in the rural Bolivian economy, that is, to stop speculation in land, especially in the lowlands. It is important that current land ownership and cadastral programmes continue to strengthen security of all land property rights.

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