

Participatory Democracy and Social Welfare in
Bolivia: A Challenge to the Good Left?

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Abstract

There is much variation in social spending amongst the Latin American countries and it is important to know why it exists. A significant portion of this variance is explained through political factors. The most often cited are partisan power and executive organization (popularly based or not). Such scholarship is a supply side analysis and in this paper the demand side analysis of social welfare is investigated. With growing informal sectors in most of these countries it is important to understand the motives behind spending patterns and social policies. There is a prevalent sentiment that the populist left in Latin America is more rhetoric than substance and that the reformed radical left secures the best internal social policies as a result of their focus on economic growth. In Bolivia, however, Evo Morales' populism is a model that strengthens participatory democracy. It challenges the supposed relationship between political factors and social welfare. Does the participatory nature of the MAS government in Bolivia position them to enhance social welfare through government expenditure better than the reformed radical leftist governments that do not use a participatory model of governance?

Introduction:

“Latin American countries must seek to rebuild state capacity in order to invest in human resources and thus promote employment and higher skill, higher wage production. Higher levels of employment and skill in turn would facilitate the organization of subordinate classes and could set in motion a virtuous cycle of political mobilization in support of reformist political movements, strengthened formal democracy, and social democratic policies that would enable ever larger sectors of the population to make effective use of their political, civil, and social rights.”

- Evelyne Huber, Dietrich Rueschemeyer, and John D. Stephens. *“The paradoxes of Contemporary Democracy: Formal, participatory, and social dimensions”*

While Latin American populations have witnessed swift economic reforms that have fostered growth, they have also suffered the trends of increasing poverty and inequality within and between societies. The determinants of social welfare spending have been thoroughly researched for advanced industrial countries, but much work remains to be done for the low development countries in Latin America. The determinants of social spending have historically been divided into two broad categories by welfare state theorists, political and economic. The focus of this paper is the political factors that influence social spending. Some of the often cited political factors that influence social spending are the political orientation and style of government. In much of Latin America, leftist governments have been known to redistribute wealth through increases in social spending. Often times, this spending has been a good thing in the short run, but has affected balances of accounts negatively in the long run. There has been significant variation in social resource distribution patterns between the leftist governments, especially after the neo-liberal reform period; Bolivia and Chile are two such cases. Are participatory democracies such as Bolivia, more likely to see improvements in social welfare distribution and the size of welfare transfers per inhabitant, or are the reformed-radical leftist governments more capable of producing better social welfare results using elite governance models?

Scholarship on the determinants of social welfare spending focuses on political determinants. Political influence is centered on formal political processes that do not account fully for the

influence of civil society. I argue that higher participation can influence social welfare and that in participatory democracies there will be greater improvements in social welfare distribution as a result of the strengthening of the democratic relationship between the leadership and the citizens.¹ How does the participatory model of governance in Bolivia translate to social welfare reform? How does the elite-governance model in Chile translate to social welfare policy? These questions are the focus of this paper.

How do the trends in politics that he has helped to build translate to social spending? How do they influence targeted social welfare programs/projects? This paper will focus primarily on answering these questions. I expect that in Bolivia health and education spending per capita as a percentage of GDP will be increased to a greater degree than Chile, social security will be increased to a much lesser extent or not at all, and there will be more successful targeted social programs in Bolivia than in Chile.

I am comparing the participatory democratic model to the Chilean governance model because following the defeat of Pinochet in the 1988 plebiscite, Chile as a nation pursued macro-economic policy and pact-making processes that avoided opposition from business elites and in doing so slowed the process of the deepening of democracy (Haagh 2002).² The bad left is not going anywhere in the near future, on the contrary, it appears to be getting stronger as Chavez, Morales, Corrella, Lula, and others gain more and more internal political support and strengthen their existing regional ties. The ability of these states to secure minimum welfare for its citizens needs to be investigated, especially as international economic pressures mount against them.

Political Determinants of Social Expenditures

Economically, the factors influencing social spending in Latin America are primarily fiscal constraint determinants and trade and capital openness determinants. This helps to explain the reason for the ousting of neo-liberal and conservative leaders in Bolivia throughout the last decade as social spending did not significantly improve the quality of life for the majority of Bolivians. It is important to keep in mind the economic constraints to social spending as we assess the other factors that may constrain or encourage social spending and general welfare reform. Political-institutional determinants, though complicated, are crucial in this study because, the role of participatory democracy in welfare enhancement is best assessed through its political power. In this paper the political components of social welfare distribution will be the assessed while keeping in mind the greater economic context in which they exist.

The political determinants of social spending in Latin America are important in terms of partisanship. In a pooled time-series analysis of 22 Latin American countries, Huber, Mustillo, and Stevens found that the political factor that explains the most variation in social spending is partisan seat share (Huber, Mustillo, and Stephens 2004). They find that seat share of left and center-left parties in congress has either no effect or a depressing effect on social security, but a positive effect on human capital expenditures. Traditionally in Latin America, social security has primarily been an initiative of the political right. “Most social security programs are regressive” and “higher levels of social security spending are associated with higher levels of inequality.”³ Public expenditures on health and education, however, are progressive. In countries with high social spending there is greater inequality and wealth and education spending in fact decrease inequality. Successfully mobilizing popular support for leftists, provided that they get elected, should result in higher social spending priority levels when it comes to government expenditure. One of the things that distinguishes this study is that they use only central

government spending and not local expenditure. They classify the different parties as left, center-left, center, center-right, and right. They then sum up the share of seats held by each party and add the secular/religious classification. They find that veto points and strength of democracy are important before the introduction of the different parties. Overall, the significance of the political factors were not as strong as the significance of political variables in the advanced industrial nations.

The Political orientation of the executive has a significant effect on human capital expenditures. Specifically, they find that a populist leader is associated with increases in social security spending and a decrease in human capital expenditures. They don't, however account for the right/center/left differentiation, they measure the influence of the executive dichotomously – popularly based or non-popularly based. Huber, Mustillo, and Stephens find that upon including the left/centrist/right distinction there is no significant relationship between popularly based presidents and changes in social expenditures. They attribute this to the fact that most social spending policies are complex initiatives that are formed and implemented by legislatures and that supersede presidential orders.⁴ Therefore, the question is in what ways does the legislature and other organized entities interact with the executive in implementing social welfare reform? In what way does Evo Morales fit into the traditional populist leader model? If he does fit the traditional model, then it can be assumed that his influence on social expenditures is limited. However, I believe that he represents a new form of populism and as such the current research is not congruent with his influence on social welfare policy. The advent of neo-populism is a separate cause of Social Spending in addition to the political factors cited above.

A strong criticism of populism comes from Jorge Castaneda. He argues, citing Morales specifically, that the populist left in Latin America is using the conditions of their poor

constituencies as a means of striking back against modernization (Castaneda, 2006). Democracy is not in their interest and it is important in so far as it keeps them in power. He argues that the Populist left “has been traditionally disastrous for Latin America” because of the tendency to “concentrate power and take control of media and the legislative and judicial branches of government” (Castaneda, 2006).⁵ Most importantly he argues that Morales will be constrained in what he can accomplish by the fact that Bolivia is the poorest country in South America. He states that Chile on the other hand, with its Concertacion alliance, is a “true model” for the region.⁶ This is supported by strong economic growth, reductions in inequality, and improvements in education, housing, and infrastructure (See figure 1.2) . This analysis assumes that Evo Morales’ populism is not instrumental in formulating policy, but rather that it is an electoral tool.

In the last decade and a half there has been a transformation of the populist left in Latin America (Roberts, 1995). Kenneth Roberts challenges the idea that populist leftist leadership always opposes neo-liberal growth policies. He looks for congruence in populist rhetoric and policy. He finds that often times while populist rhetoric may be anti neo-liberal, when it comes to policy, populism and neo-liberalism are not mutually exclusive concepts. The MAS came into power during a time of economic turmoil, social fragmentation, and political de-institutionalization and according to Roberts, “the personalist mobilization of lower-class support is not necessarily contingent upon statist or redistributive macroeconomic policies.”⁷ While Roberts provides some support for the ability of neo-populist leadership to pursue a strong macro-economic growth policy he introduces some challenges to the Bolivian case.

This introduces a challenge to the hypothesis that Evo Morales’ popular mobilization style of leadership leads to better social welfare enhancing policy. Applied to the MAS platform,

this theory reduces their political model to an exploitative “disillusionment” of the popular base that allocates resources to “create local bases of clientelist support” (Roberts, 1995). Roberts predicts that if the leading party reflects these tendencies, then after the “initial political dividends” have been dispersed to the supporting groups of the party and other superficial measures have been taken, the informal sector workers that initially supported the party who may not see significant increases in employment opportunities will doubt and protest against the regime. This is relevant to the Bolivian case since a primary constituency for MAS is the informal sector laborers that have faced a decade of low and volatile employment opportunities. While Roberts provides some support for the ability of neo-populist leadership to pursue a strong macro-economic growth policy he introduces some challenges to the Bolivian case.

Participatory Democracy

Scholarship on the effect of democracy on livelihoods does not address the relationship between the state and civil society. Most literature is focused on the effect of state structure and state actors on the welfare state. Participatory democracy is a state of relations in which the state acknowledges the of

The concern in this paper with participatory democracy is in its tangible effects on the process of creating and implementing social welfare reform. Although it is true that there are differing degrees of participation across the different classes, the levels of participation influence one another. The low participation of lower socio-economic groups is a consequence of the high participation of elites. Huber, Rueschmeyer and Stevens characterize the role of participation in society quite well- “Our View of participatory democracy is instrumentalist, or processual. We claim that it is valuable, not because of its psychological effects on the participating citizenry

(though it may be), but rather because it prevents rule by privileged minorities and promotes equal representation of interests and redistributive economic and social policies” (Huber, Rueschemeyer, Dietrich and Stephens, 1997:340).

There are three factors that influence the deepening of democracy – the balance of class power, the structure of the state and state society relations, and international power structures. The balance of class power is important in that it reduces the differences in the degree of organization between lower socioeconomic groups and higher. High levels of organization amongst lower classes is necessary for the articulation of lower class interests for redistribution of resources and their continued participation is necessary in making sure the interests are reflected in policies.

What is unique about participatory publics is that they consist of organized citizens who collaborate to assert their political rights and work for inclusion in political deliberation and more accountability from institutions. Leonardo Avritzer and Brian Wampler (2004) introduce a framework that includes three stages to explain how “citizen participation, policy-making, and the creation of new institutions interact to contest the political practices of clientelism and patronage...” in Latin America.⁸ The first stage is the proliferation of new voluntary associations. During this stage the controversial issues are brought into the public arena and debated amongst the public. “Face to face deliberation is a process through which social actors move issues from the private to the public level to raise new themes, express new identities, and promote new values”⁹ In the second stage new practices are introduced. At this stage the results of public deliberation manifest in the growth of new traditions and alternative approaches to compromising and solving divisive issues. Avritzer and Wampler argue that the existing forms of political organization like mass political parties do not exhaust all possible forms of political

organization. The Porto Alegre Participatory budgeting project in Brazil is a strong example of the venues created by activists in their demands for direct participation once voluntary associations became tradition (Gret and Sintomer,2005).¹⁰ The third stage is the one in which new policy making institutions emerge. The fruits of the deliberative space created in the first two stages are formalized through contractual agreements in the new institutions established. This stage “emphasizes the need for civil society organizations and citizens to propose political designs in conjunction with elected municipal administrations.”¹¹

Methodology

In order to assess whether the popularly based leftist leadership is better positioned to successfully implement social welfare policy than other leftist governments I will provide a qualitative comparison of Bolivia and Chile. While they are both leftist governments, Chile represents a different left in which the leadership embraces many neo-liberal policies, but maintains its leftist orientation and rhetoric. Most social spending is divided between social security expenditures and health and education spending. In assessing Chilean state action the focus will be on education and health expenditures over a period of five years including Michelle Bachelet’s first year in office. I will compare the changes in social welfare distribution in Chile to the outcomes of the water wars and urban miners movements in Bolivia. The focus is on the effect of participation on the outcomes of the Bolivian case and the effect of pact-making on social welfare in general in Chile.

I will assess the relationship between state and citizenry using the models of participatory democracy and elite consensus. I will investigate the types and successes of social welfare policy implemented by the Concertacion and the MAS. The goal is to see how Morales’ increase

of popular action in social and labor areas and the participation of excluded sectors in these areas influences social welfare policy. In each category the subsequent changes in livelihoods will provide the basis for comparison. Based on the premise that participatory democracy leads to social policies that reflect the interests of the underrepresented majorities, I expect that greater participation will affect livelihoods of citizens by bridging the gap between the desires of the public and the consequences of policy.

Bolivian Politics

Evo Morales' presidency poses a challenge to current theories on the relationship between political factors and social spending. Morales – being of the indigenous community is not a traditional populist leader. He comes from a party with a strong history of cooperation with the indigenous Indian populations. He has worked with the informal sectors in the popular social movements and through this mobilized group he gained the presidency (Larson, Madrid, Mayorga, and Varat, 2008). Throughout his political career he has sought to create a political space for the indigenous and poorest communities. Political Support for his party MAS (Movimiento al Socialismo) is relatively stable because it was founded on specific ties to identity that are not as susceptible to the traditional fickleness seen in public support for parties during the election cycle. The stability of this base, though not guaranteed is important in that it provides Morales more freedom in general policy formulation and more specifically, social policy reform as this was one of the key promises of the party. Through MAS, Evo Morales has affected the politics of the country in several ways. The party has increased voter turnout of the indigenous population significantly, reduced party fragmentation, and there has been a decrease

in electoral volatility since the MAS party leadership began in 2005 (Larson, Madrid, Mayorga, and Varat, 2008).

Evo Morales is the first popular movement president to come to power and to sustain itself in power, popular movements brought presidents down in Bolivia. His two predecessors, Sanchez de Losado and Carlos Mesa were removed from office due to mass mobilization and it has made a difference in changing the political leadership in Bolivia and also the social distribution of resources. One potential indicator of Evo's ability to have more successful welfare programs is his motivation, he seeks to provide the informal and indigenous populations political space and the same economic rights of the middle-classes. His motivation is different from that of the Concertacion. A counter argument is that he simply seeks power. One potential response to this counter argument is that his populist rhetoric is not *just* rhetoric, but an honest promise based on his personal background. To support this I look for indications of tactfulness in his policy that does not betray his rhetoric. If the policies that he has implemented contradict his revolutionary rhetoric then the counter argument holds weight. But, if his policies support his rhetoric than its not simply rhetoric, but instead an honest position supported by policy measures. Now he has been a president for about 3 years. In the context of Bolivian politics it is short. However, in the context of a presidential term that is 75% of his time in office, a sufficient time frame for evaluating his policy.

What is it about his participatory governance model that makes for better social welfare reform? The starting point for assessing the social policies of the state is its influence on democracy since democratic rule has proven to be an important factor in public health and education expenditures.¹² As Bolivia has become more democratic we see a general increase in social expenditures (Table 1 and Table 2). The effect on social spending is truly a reflection of

the ways in which Morales and the MAS have deepened democracy. Specifically, the length of democratic governance in a nation allows for the quicker, more efficient, and more extensive organization of actors that promote equality for the less privileged which would increase their influence on policy. It is necessary though, to investigate the effect of the *type* of democracy in a nation. In the Bolivian case, since the democratic institutions are still rather weak, the changes ushered in by the MAS will be the grounds for assessing their social welfare policy.

Among other things, the MAS has significantly expanded the electorate. So, we measure the effect of the party in terms of deepening democracy. They are extending democracy in Bolivia, by creating a political space for the previously excluded. “Broad-based mobilization allows those who stand to benefit from social programs to take advantage of a richer repertoire of political participation choices. This can take a variety of forms beyond the act of voting itself” (Segura, 2007).¹³ With a social-democratic government we see in Bolivia, not only increases in health care and education spending, but also elderly care programs and labor market training programs (Vegas 2007).¹⁴ In 2006, MAS called for a constituent assembly to “re-found the republic.”¹⁵

The challenge facing MAS, as the social movement has become a political party, is the growing gap between the constituent base and the leaders of the party. One of Evo’s challenges is the growing differentiation between MAS as a social movement and MAS as a political party. Rene Mayorga (Larson, Madrid, Mayorga, and Varat, 2008) argues that power has been concentrated in Morales’ presidency and as a result the close ties between him and the social movement are weakening. The positions being appointed in government are not representative of the indigenous poor, rather they are urban and middle-class aristocrats. This trend threatens

the participatory framework of the initial movement and thus compromises the democratizing effect of the grassroots mobilization.

Ethnic, Political, and regional cleavages in Bolivia

The history of governance in Bolivia is a story of regional war, national revolution, rural peasant unionization and militarization, military coups, a return to democracy, and sudden neo-liberal reforms. From 1989 to 1993 Jaime Paz Zamora of the MIR party was elected president. Although his party was historically leftist he honored the neo liberal agenda of free trade and foreign investment. From 1993 to 1997 Gonzalo Sanchez de Lozada of the Nationalist Revolutionary Movement was president and also supported free trade. General Hugo Banzer was his successor and he also sought to sustain the economic reforms as the economy began to fail. The MAS came to power following one of the most politically contentious periods in Bolivian history.

Participation and Livelihoods in Bolivia

The Bolivian state consists of a national government, a regional government, and municipalities (Cruz 2008). The municipalities are actually more like counties than cities and are predominantly rural. Of the 314 municipalities, 31% have populations under 5,000 (Kohl 2002). In Bolivia, the roots of participatory democracy can be found in the establishment of Law of Popular Participation in 1994, a project of Gonzalo Sánchez de Lozada, which shifted a small, but significant portion of responsibility for public investment from the central government to municipal governments along with 20% of national revenues to support localized control (Kohl 2002).¹⁶

Since the year 2000, the Bolivian government has increased social expenditure to Municipalities by 7.8 percent (Kohl 2002). Historically in Latin America the challenge has been sustaining the involvement of lower classes after the successes of social movements because “their ephemeral organizational structure, most of these movements were not capable of sustaining the intense political involvement of subordinate classes. In most of Latin America political parties have failed to establish ties to subordinate classes.” (Huber, Rueschemeyer, Dietrich and Stephens, 1997:333).

The next large scale mobilization effort occurred in February of 2003 and this one was much more violent. When President Goni introduced a new tax that would have been devastating to the poorer populations, riots began in Paz. Thousand of protesters took to the streets and many members of the police launched an attack on the presidential palace. In those attacks 31 people died. Goni ordered the military to stop fighting the police. Many policy making headquarters were attacked. Only half a year after this incident, there were more protest contesting the decision to sell natural gas through Chile. Government opposition groups began encouraging revolt amongst already revolting civilians. In El Alto when the military shot at several protesters, the revolt escalated beyond the governments control and the result was the cancellation of the gas deal and the removal of Goni from office. Although, the responses of civil society to the repressive political tradition in recent Bolivian history seems to indicate a triumph of the people, it really represents one of the greatest obstacle to deepening democracy – an unstable political environment.

The temporary accommodations that result from social movements and riots do not necessarily mean that a participatory democracy is in effect. For a process to be considered participatory it must be continuous and lead to institutionalization of practices. In the 1990’s

there were several policies introduced by the government in efforts to reduce poverty in response to re-emerging internal pressures. These policies were most important in that they were intended to create a political space for traditionally marginalized sectors. One such law is the Law of Popular Participation. The government introduced changes in the way *local* policy and decision making processes occurred (McNeish, 2006). The two most important changes were the Laws of Popular Participation of 1995 and the Administrative Decentralization of 1996. Also crucial was the Agrarian Reform Law introduced by Sanchez de Losada's administration.

An emblematic example of a participatory process in Bolivia is the uprising called the Water War in Cochabamba in April of 2000. The protests began when the President sold the city's water supply to a private foreign company. Immediately following the sale, water prices increased. The citizens protested in the streets and President Banzer broke the contract. This is one example of successful indigenous mobilization in the procurement of resources for welfare. However, it was not simply the protests that resulted in the changes.

Chile

The ruling party in Chile is an alliance of left-wing parties and the Christian Democrats. The policies of Ricardo Lagos and current president Michelle Bachelet will be used to gage the efficacy of social policy in Chile. The changes made in Chile by these leaders are significant. In the midst of ridding the nation of Pinochet's legacy, they have strengthened education programs, reduced inequality marginally, and engaged in a free trade agreement with the United States to stimulate growth (Quiroga 2008).

The Concertacion is known for their moderate position on economic issues and fiscal responsibility. Bachelet has an economic boom, because of the copper industry, but faces

skeptical constituencies demanding that revenues be filtered down to the citizenship. Her response to protests demanding that revenues be invested in social services has been that in order to carry out sustainable social spending over time, government expenditures in these areas must be carefully administered. The MAS, on the other hand, has high revenues from the Gas sector, but faces strong opposition from formal sector unions and banking elites about issues of fiscal restraint.

Transition to Democracy

Kenneth Roberts (1998) argues that while the grass roots efforts in the historical alliances in Chile have been instrumental in the transition to democracy, there has been a general sentiment of frustration amongst these groups because of the difficulty of making the necessary step from popular mobilization to the formal national arena of policy making. There have been few legitimate challenges to the “structural foundations of social and political domination.”

There is a discontinuity between the individual political agency needed for the establishment of participatory democracy and the institutional environment in Chile. Facing social fragmentation as a result of the failures of state-led economic growth models and free market reforms, the decentralization project has “not been able to generate a stable electoral majority” (Roberts, 1998).¹⁷ According to Roberts, the question that should be asked here, is what are “the structural and sociological factors that have shaped and constrained the lefts political project?”¹⁸

In Chile, the efforts to establish a participatory democracy were significantly limited by structural forces. These refer to the narrowing of flexibility of space for political actors and the increases in the risk that there may be political backlash. “To what extent can the objectives of

social reform and democratic consolidation be balanced or harmonized (Roberts, 1998). This is the important question that encompasses the Chilean approach to social welfare reform. If the Chilean governments of the 1990's encouraged mobilization of large constituencies with the hopes of creating political pressure to support change then it would result in the creation of polarization between the classes. Instead of pursuing this strategy, they decided to compromise with most competing interests to ensure a stability in the democratic foundation of the society. This is important in highlighting the different approaches between the MAS and the Concertacion in terms of policy making.

One factor that affects the Chilean model of governance is the Binomial system. This system is a legacy of authoritarianism. Because of this system almost all districts have one representative from the Concertacion and one from the Alliance for Chile. Elites accommodate one another in both coalitions. This electoral system is a remnant of the military regime that supported Pinochet in the 1988 plebiscite .

Livelihoods in Chile

The Concertacion coalition is a collaboration of center-left parties. This alliance has been integral to the sustained economic growth and political stability of the country for the last 17 years. Peter Siavelis (2007) argues that while it is often the neoliberal free market policies that are given the credit for the nation's economic success and export boom, the state's significant intervention in the market was "essential"¹⁹ The state's maturation into an export intensive economy had much to do with the research and development on the part of the state to cultivate infant industries. The state did this by offering tax breaks and reduced tariffs to the developing industries. "On the fiscal and credit side, the government offered tax breaks, tariff drawbacks and

guaranteed loans to aid developing infant industries. Even though it has cultivated infant industries by supporting the private owners, the copper exporter is in the hands of the state.²⁰

There is a tension between the promises of more popular participation made by Bachelet and her Socialist Party during elections and the political reality. The success of Concertacion as a governing body is due in part to the democratic model of making deals amongst elites to ensure stability. This is known as “democracia de los acuerdos” or democracy by agreement.²¹ This model was necessary and useful during the transition years of the 1990’s. The concentration of power amongst the political elites kept the divisions in class power fairly wide (Siavelis 2007).

There is little involvement of the voter in selecting party candidates, it is taken care of in house. The other effect of the democracy by agreement is that it divides power between the two largest coalitions. In contrast to the trends in Bolivia, voter turnout has suffered a negative trend as fewer people participate in electoral processes. This can be explained by the idea that people become disillusioned with politics once they realize their limited role in formal institutions. Siavellis (2004) argues that the electoral and political dynamics of Pinochet’s constitution are reinforced by the Concertacion’s political model; the Concertacion model is strong and useful for the transition phase to democracy, but it compromises democratic deepening. The question now becomes, how is it that this “democracy by agreement” model limits social welfare reform? What is it that is lost from social welfare policy when we, for example, find a decrease in voter turnout?

One of the results of low participation in social policy formation in Chile is that there are low levels of confidence in democratic institutions (Quiroga 2008). However, when there is an analysis of how people identify with the Concertacion there is a tendency to be satisfied with the institutions.

Conclusion

I have argued that the participatory democratic model allows for citizens to participate in the policy formulation and implementation processes for the distribution of social services. In the case of the MAS in Bolivia, there are complications. In the end, the participatory model does allow for social welfare policies that reflect the interests of the most impoverished to be reflected because it allows for formal deliberation of the lower socio-economic classes with the state. Bolivia is in a difficult situation. While the MAS has increased voter turnout and popular participation significantly during its rise to power, it is facing a differentiation between the Social Movement base and the political leaders. While the over-whelming majority of indigenous populations still continue to support Morales, there is a pattern of dissent emerging. The urban labor movements, social movements, and mines have growing groups of individuals expressing discontent. Examples of this are the urban clashes in Cochabamba in early 2007, the Bolivian Workers Central (COB) attempts to establish their own political outlets as a way to demand that MAS take a stronger stance against the right wing parties that are gaining political momentum (Webber, 2007).

In Chile even though there is a significant tendency to engage in pact-making alliances, the trends in social expenditures seem to be consistent. It is important to acknowledge that the new Concértacion coalition under Bachelet introduced no changes in social expenditures in the areas of health and education. In fact they decreased steadily. This indicates that although there is more democratization, the exclusion of lay people from the policy making and implementation process is resulting in a distribution of resources that is unbalanced in favor of the elites.

However, Chile is still ranked significantly higher than Bolivia in the reduction of extreme poverty (UNDP 2007).

The participatory democracy model presents a strong set of challenges to carrying out social welfare policy that reflects the interests of the poorest and largest communities, especially in a country with a tremulous political history and economic misfortune like Bolivia. The reaction of the formal sector workers, the banking community, and the conservative elements in government to the strength of the left and the mobilized populations stagnates policy and weakens democratic institutions. It creates instability in the political realm.

Appendix

Table 1

Public Expenditure on Health as a percentage of GDP

Years	1970	1980	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007
Bolivia	0.9	1.7	0.4	1.3	1.3	1.3	1.5	1.6	1.4
Chile	1.7	2.1	2.0	2.4	2.8	3.0	3.0	3.0	2.8	2.8	2.8	...

Source: UNESCO Institute for Statistics

Table 2

Public Expenditure on Education as a Percentage of GDP

Years	1970	1980	1995	1996	1999	2000	2001	2002	2003	2004	2005	2006	2007
Bolivia	3.3	4.4	5.9	4.9	5.8	5.6	6.1	6.4	6.6
Chile	5.1	4.6	3.1	3.4	4.0	4.1	...	4.4	4.3	3.9	3.6	3.6	...

Source: UNESCO Institute for Statistics

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Data Set: Segura-Kaufman dataset on globalization, domestic politics, and social spending in Latin America. <http://www.nd.edu/~apsacp/data.html>

Notes:

¹ Although, there is research that suggest that the strengthening of the relationship between the executive and the citizenry makes local institutions weak and thus compromises the strength of Democracy, I believe that when it comes to social expenditure it is necessary to ensure that the interests of the citizenry are accurately represented.

² Haagh uses the responses of the Concertatcion coalition in the 1990's to labor reform to show their effects on citizenship. He finds that the social aspect of citizenship is limited due to the desire for political and macro-economic stability.

³ Although there are some regressive components in higher education and privately provided healthcare, they do not outweigh the progressive components.

⁴ In assessing the influence of the executive we will use the Segura-Kaufmann model, since the personal left/center/right view of the executive is important only in so far as the decisions of the executive are constrained by the constituent bases, and for Evo Morales it is not entirely clear that the constituent base truly constrains his policy preferences. It is worth mentioning, however, that the formal sector workers might have a constraining effect on his policies.

⁵ Castaneda, 2006: 9

⁶ Castaneda, 2006:5

⁷ Roberts, 1995:114. He argues that personalist leaders have found ways to bring together "populist and anti-establishment" messages with programs of economic austerity during periods of institutional failure."

⁸ Avritzer, Leonardo and Wampler, Brian. 2004:309

⁹ Avritzer, Leonardo and Wampler, Brian. 2004:295

¹⁰ Participatory budgeting is a deliberative format in which citizens are involved in yearlong processes in which they negotiate the distribution and accessibility of public goods. It is a formalized process in which citizens can vote.

¹¹ Avritzer, Leonardo and Wampler, Brian. 2004:298

¹² Huber, Mustillo, and Stephens:2004:10

¹³ Segura, 2007: 111

¹⁴ Vegas, Emiliana. 2007. "Teacher Labor Markets in Developing Countries" *Future of Children* 17. No.1 (Spring:219-232)

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¹⁶ Kohl, Benjamin. 2002. "Stabilizing Neo-liberalism in Bolivia: Popular Participation and Privatization" *Political Geography* 21. 449-472.

¹⁷ Roberts, 1998: 5

¹⁸ Ibid, 5

¹⁹ Siavelis, Peter. 2007:74

²⁰ Siavelis, Peter. 2007: 72

²¹ Ibid. 75.