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Introduction

Bolivia is frequently cited as an example of a Latin American backlash against the neoliberal reforms of the 1980s and 1990s. The election of Evo Morales in the wake of popular mobilization around issues of privatization, gas and indigenous rights has widely been seen as a radical break from neoliberalism and a return to a radical agenda. Morales' announcement of nationalization in 2006 was highly symbolic of this, taking place on the international day of labor May 1st, with the presence of military troops at the foreign-owned gas fields, and the issuance of a decree that emphasized historical links to nationalizations in 1937 and 1969. In the narrative of a current backlash, events like these and popular mobilization in general are seen as effects of the negative consequences of neoliberal reforms. Neoliberalism tends to be understood as a destructive force centered on privatization, causing unemployment and inequality, and often provoking backlashes in the form of popular mobilization.

This paper aims to reconsider the backlash narrative by presenting an alternative narrative of the relationship between neoliberal reform and popular mobilization in Bolivia. At one level, it could be argued that the current agenda is not as radical as it is often presented. At the announcement of Bolivian gas nationalization, military troops were withdrawn as soon as journalists' cameras had left.[1] The current government continues to seek foreign direct investment (FDI) and cooperation with foreign companies. But the argument that we are pursuing is rather that the backlash narrative should be reconsidered because there are important continuities and mutual constraints between popular mobilization and neoliberal policy. Popular mobilization in Bolivia is in important ways interlinked with new political spaces opened up by neoliberal reforms, while neoliberal policy discourses have been constrained by concerns for political stability. The identity based recognition that was implemented through neoliberal discourses had been demanded through growing indigenous mobilization. These reforms sought to achieve social and political integration on the basis of cultural identities in order to replace corporatist modes of social and political integration of entire sectors on the basis of class. Understood in this

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[1] The Democracy Center, 'Interpreting Bolivia's Political Transformation' (Cochabamba, Bolivia, 2007), pp. 185-6.

context, political mobilization in Bolivia is in significant ways interrelated with the neoliberal project of politicizing cultural identity. In the contemporary period, there are mutual constraints between popular mobilization and neoliberal policymaking.

In pursuing this argument we contribute to a growing body of literature on what we have here called "constructive" neoliberalism, which focuses on neoliberal reforms of citizenship, decentralization and governance. It has been pointed out that the character of neoliberalism has shifted towards "purposeful construction and consolidation".[2] There is an increasing recognition of the aspects of neoliberal reforms that concern the social infrastructure underpinning economic markets. New regimes of citizenship, multicultural identity and decentralization can in this perspective be understood as attempts to create the conditions for political stability necessary to foster a proper climate for FDI. Postero has advanced a particularly convincing analysis of how neoliberal decentralization and citizenship reforms in Bolivia sought to create economically rational subjects and responsible behavior at the local level.[3]

However, there is a need to further explore how "constructive" neoliberalism has shaped, and been shaped by, the political landscape of Bolivia. Rather than understanding the relation between neoliberal policy and popular mobilization as a radical rupture, we seek to emphasize how popular mobilization has been shaped by the political spaces of neoliberal reform, and how popular mobilization has constrained neoliberal policy. After a brief discussion of two currents of writing that we call "reductive" and "constructive" neoliberalism, and the neoliberal rationale behind social integration based on cultural identity, we outline our narrative that stresses continuities between neoliberal reforms and popular mobilization in Bolivia. This part of the paper is divided into three sections. First we outline the integration regime of the revolution era, which politicized class subject and largely maintained the marginalization of indigenous identities. Second, by focusing primarily on decentralization and popular participation reforms, we look at how this regime was replaced by a "constructive" neoliberal project of integration politicizing cultural identity. Third, we show how neoliberal policymaking and popular mobilization have been mutually influenced and constrained in the era after the 2003 political instability.

The empirical data for this paper draws on repeated field work in Bolivia since 1998, most recently until February 2007. The authors have individually

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[2]   Jamie Peck and Adam Tickell, 'Neoliberalizing Space', in Brenner and Theodore (eds.), *Spaces of Neoliberalism* (Malden, 2003).

[3]   Nancy Grey Postero, *Now We Are Citizens: Indigenous Politics in Postmulticultural Bolivia* (Stanford, 2007).

collected data on reforms, implementation and policy discourse that in various ways pertain to the broader argument. The empirics on gradual integration of indigenous groups at the local level were collected through a longer field work period in a municipality of the Potosí department. The primary method of field work in Potosí was participant observation during meetings in the municipal government and at meetings in the communities, and interviews conducted at all levels in the municipality and the communities. We also draw briefly on interviews with labor union leaders, social movement activists and public officials conduced as part of a field work period in La Paz, Cochabamba and Santa Cruz in 2006 and 2007. Data on the IMF policy discourse were collected at the IMF Archives in Washington, DC. The documents that were investigated cover the period from the start of structural adjustment in 1985 to 2006, and include all documents relating to Bolivia that have been made accessible through the Archive in October 2006. These were analyzed by focusing on the construction of the role of FDI in economic development, as part of a broader effort to understand the shifting phases of the investment climate discourse. The varied sources of data are in the present context analyzed to shed light upon the way in which decentralization and popular participation reforms and the investment climate discourse create spaces for political mobilization. They enable us to be attentive, we would argue, to localized processes of political inclusion on one hand, and the institutional discourses of the IMF on the other.

"Reductive" and "constructive" neoliberalism
The term neoliberalism has been applied for a broad range of policy reforms that promote the role of economic rationality and the market in the governance of society.[4] We will outline what we see as two main currents of theorizing, which we will call "reductive" and "constructive". Within the "reductive" current, neoliberalism is generally understood as an all-encompassing macroeconomic and state transformation that causes social and economic hardships, sparking reactions in the form of "cycles of resistance".[5] These analyses of neoliberal reforms have typically pointed to the gap between economic liberalization and social concerns, such as lack of individual access to political influence, education, health care and basic necessities. These accounts emphasize how economic reforms are imposed through lopsided institutional and economic power relations, how the reforms create polarized structures of distribution, and how popular mobilization comes as a reaction to the dispossession brought by

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[4]   Benjamin Kohl and Linda Farthing, *Impasse in Bolivia. Neoliberal hegemony and popular resistance* (London, 2006).

[5]   Duncan Green, *Silent Revolution: The Rise and Crisis of Market Economics in Latin America* (New York, 2003); José Seoane, 'Movimientos Sociales y Recursos Naturales en América Latina: resistencias al neoliberalismo, configuración de alternativas', *Sociedade e Estado,* vol. 21, no.1 (2006), pp. 85-107.

neoliberal reform. Keeling argues that neoliberal reforms have not addressed social concerns because "policy priorities have been macroeconomic in nature and not geared toward addressing poverty, inequality, or the redistribution of access to skills, capital and global opportunities".[6] These critiques stress pronounced inequality, low growth, volatility and unequal development resulting from neoliberal reform.[7] We call this approach "reductive" because writings tend to focus on how structural adjustment *reduces* the ability of the state to implement social and redistributive policies. [8]

On Bolivia, many accounts have centered on the role of IMF in imposing socially disastrous structural adjustments, consequences of neoliberal reform on small level agricultural production, regional differences in embracing or opposing a neoliberal economy, and how recent social upheaval has "dealt an inspiring blow […] to the neoliberal order".[9] With regard to social movements, indigenous peoples' fight for rights and poor people's livelihoods in Latin American countries, the politics of neoliberalism is often seen as enemy number one.[10] Within the framework of "reductive" neoliberalism, the dominant policy orientation is seen to be in line with the interests of multinational corporations, foreign investors, national elites, or the subordination of local development to the national integration in the global economy. It often follows, within this framework, that expulsion of multinational corporations represents a strategy for the empowerment of locally based development and identities. It is this

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[6]   David Keeling, 'Latin American Development and the Globalization Imperative: New Directions, Familiar Crises', *Journal of Latin American Geography,* vol. 3, no.1 (2004), pp. 1-21.

[7]   Richard L. Harris, 'The Global Context of Contemporary Latin American Affairs', in Halebsky and Harris (eds.), *Capital, Power and Inequality in Latin America* (Boulder, 1995); Kurt Weyland, 'Assessing Latin American Neoliberalism: Introduction to a debate', *Latin American Research Review,* vol. 39, no.3 (2004), pp. 143-9.

[8]   We do not intend to attach normative evaluations to the terms "reductive" and "constructive".

[9]   Carlos Arze and Tom Kruse, 'The Consequences of Neoliberal Reform', *NACLA Report on the Americas,* vol. 38, no.3 (2004), pp. 23-30; NACLA, 'Bolivia Fights Back' (New York, 2004); June Nash, 'Interpreting Social Movements: Bolivian Resistance to Economic Conditions Imposed by the International Monetary Fund', *American Ethnologist,* vol. 19, no.2 (1992), pp. 275-93; Kathleen Schroeder, 'Economic Globalization and Bolivia's Regional Divide', *Journal of Latin American Geography,* vol. 6, no.2 (2007), pp. 99-120.

[10]   Thomas Perreault, 'From the Guerra del Agua to the Guerra del Gas: Resource Governance, Neoliberalism and Popular Protest in Bolivia', *Antipode,* vol. 38, no.1 (2006), pp. 150-72; James Petras and Henry Veltmeyer, *Dynamics of Social Change in Latin America* (New York, 2003); Jim Shultz, 'Promises to Keep: Using Public Budgets as a Tool to Advance Economic, Social and Cultural Rights' (Cuernavaca, 2002); Jim Shultz, 'The Politics of Water in Bolivia', *The Nation* (28 January 2005).

understanding of contemporary Bolivia as in a state of uproar against neoliberalism we call the backlash narrative.

Parallel to this current, a body of literature has emerged arguing that neoliberal reforms should not primarily be conceived as structural adjustment, but a broader project which aims at creating particular types institutions and a social infrastructure that facilitates integration into markets. Analyses of these policies have been particularly concerned with constructions of identities, citizenship and local governance. It has been noted that neoliberal reform sometimes overlaps with the (ostensibly very different) principles of sustainable development, including democratic empowerment, environmental conservation and social justice.[11] To Perreault and Martin, "the environment, culture, and identity have emerged as key neoliberal frontiers."[12] Peck and Tickell argue that the character of neoliberalism has changed towards a focus on "the purposeful construction and consolidation of neoliberal state forms."[13] Laurie and Bonnett argue that an element within neoliberalism fosters new forms of social engineering that can facilitate the creation of an efficient and harmonious capitalist society.[14] In other words, neoliberalism is increasingly understood in relation to the social infrastructural underpinning of well functioning markets and efficient economic activity. We call this current "constructive" neoliberalism because it primarily focuses on the strengthening of the ability of state institutions to make markets function efficiently.

Several accounts of neoliberal reform in Bolivia apply this broader notion of neoliberalism in analyses of the programs and policies of the 1990s. Andolina, Radcliffe and Laurie argued that the Bolivian state redefined its national identity as a "multicultural state" to comply with a neoliberal citizenship regime, which provided specific subject categories within which indigenous people were to be represented.[15] McNeish labels this a "reinvention of the Andean tradition", in a case study of how a highland Bolivian community became locked into negotiation concerning their identity and development aspirations with the

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[11] Mike Raco, 'Sustainable Development, Rolled-out Neoliberalism and Sustainable Communities', *Antipode,* vol. 37, no.2 (2005), pp. 324-47.

[12] Thomas Perrault and Patricia Martin, 'Geographies of Neoliberalism in Latin America', *Environment and Planning A,* vol. 37, no.2 (2005), pp. 191-201.

[13] Jamie Peck and Adam Tickell, 'Neoliberalizing Space', in Brenner and Theodore (eds.), *Spaces of Neoliberalism* (Malden, 2003), pp. 37.

[14] Nina Laurie and Alastair Bonnett, 'Adjusting to Equity: The Contradictions of Neoliberalism and the Search for Racial Equity in Peru', *Antipode,* vol. 34, no.1 (2002), pp. 28-53.

[15] Robert Andolina, Sarah Radcliffe and Nina Laurie, 'Development and culture: Transnational identity making in Bolivia', *Political Geography,* vol. 24, (2005), pp. 678-702.

national state and international financial institutions.[16] It has also been argued that decentralization policies serve to establish new regimes of control that seek to create the political stability necessary for attracting foreign investment.[17] Drawing on Foucault's notion of governmentality, Postero sees Bolivian decentralization reforms as part of a neoliberal regime of indigenous citizenship that "interpellated indigenous people as citizens" and aimed to foster responsible subjects for a neoliberal economy.[18] The decentralization reforms opened spaces for political participation, but in practice, participation within these spaces is dependent on a certain kind of rational behavior. She shows how NGOs funded, trained and reinforced certain capabilities among the indigenous people, to assist them in conforming to notions of "good" citizenship in neoliberal multiculturalism.

In a reading of contemporary Bolivian society it is certainly possible to find some support for a narrative of "reductive" neoliberal policies and a contemporary backlash against them. The New Economic Policy implemented in 1985 made, by some accounts, more than 30,000 workers redundant. State enterprises were privatized during the 1990s in compliance with demands of the World Bank and the IMF. Later Bolivia has experienced a resurgence of a revolutionary, anti-neoliberal rhetoric, a left-wing president and government with focus on "taking back rights" from the parties and the established elite. Formal relations with the IMF have been scaled back significantly and Bolivia is no longer subject to its conditionalities.

However, seen against the backdrop of a project of "constructive" neoliberalism, it is possible to construct a viable and more accurate narrative of the relationship between neoliberal reform and the current mobilization of indigenous groups. Recent reforms and policy discourses in Bolivia can be thought of as a "constructive" neoliberal project that politicizes cultural identity in the process of creating a social infrastructure for private economic activity. Popular mobilization can be understood, not just as a reaction to dispossession (see for example Seoane), but in the context of new political spaces that were created in order to integrate citizens on the basis of cultural identity.[19] These spaces for popular mobilization emerged alongside attempts to foster the type of

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[16]   John McNeish, 'Globalization and the Reinvention of Andean Tradition: The Politics of Community and Ethnicity in Highland Bolivia ', *Journal of Peasant Studies,* vol. 29, no.3-4 (2002), pp. 228-69.

[17]   Benjamin Kohl, 'Stabilizing neoliberalism in Bolivia: popular participation and privatization', *Political Geography,* vol. 21, (2002), pp. 449-72.

[18]   Nancy Grey Postero, *Now We Are Citizens: Indigenous Politics in Postmulticultural Bolivia* (Stanford, 2007).

[19]   José Seoane, 'Movimientos Sociales y Recursos Naturales en América Latina: resistencias al neoliberalismo, configuración de alternativas', *Sociedade e Estado,* vol. 21, no.1 (2006), pp. 85-107.

economically rational and politically stable society necessary for a proper investment climate. But also, the "constructive" neoliberal concern for a politically stable investment climate commits policy implementation to a consensus building that can at times require giving concessions to social movements.

Politization of identity and the neoliberal rationale
The "constructive" neoliberal rationale of creating the political stability needed for a proper investment climate has shifted policy away from structural adjustment and towards projects of socio-economic integration. There seems to be an increasing recognition in neoliberal development discourses that economic development is dependent on socially and politically integrated citizens. According to the World Bank, the investment climate perspective puts firms, the actors making investment decisions, at the heart of the development process.[20] But it is the role of governments to foster a skilled workforce and human capital, encourage stability and security, build local government capacities, and establish credibility, public trust and legitimacy. To Craig and Porter, governments and agencies of various stripes are now "focusing on optimizing economic, juridical and social governance in order to create ideal conditions for international finance and investment."[21]

This policy discourse rests on constructions of what constitutes a healthy economy, and seeks to integrate citizens and develop their capacities to participate economically. But it entails a particular type of integration and capacity building, one that replaces the class based integration of past corporatist, import substitution industrialization regimes.[22] It seeks to establish a framework for social integration that is more conducive to an efficient, private sector-based and internationally oriented economy. While corporatist models sought to encourage social stability by collectively organizing society to neutralize potentially contradictory class interests, social stability is now sought by allowing political articulations based on cultural identity.[23] Identity based

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[20]   World Bank, 'World Development Report 2005' (New York, 2005).
[21]   David Craig and Doug Porter, 'Poverty Reduction Strategy Papers: A New Convergence', *World Development,* vol. 31, no.1 (2003), pp. 53-69, 54.
[22]   Philip Oxhorn, 'Is the Century of Corporatism Over? Neoliberalism and the Rise of Neopopulism', in Oxhorn and Ducatenzeiler (eds.), *What Kind of Democracy? What Kind of Market? Latin America in the Age of Neoliberalism* (Pennsylvania, 1998); Deborah J. Yashar, 'Democracy, Indigenous Movements, and the Postliberal Challenge in Latin America', *World Politics,* vol. 52, no.1 (1999), pp. 76-104.
[23]   Philip Oxhorn, 'Is the Century of Corporatism Over? Neoliberalism and the Rise of Neopopulism', in Oxhorn and Ducatenzeiler (eds.), *What Kind of Democracy? What Kind of Market? Latin America in the Age of Neoliberalism* (Pennsylvania, 1998).

integration, in turn, can be considered a way of achieving social integration and encouraging stability without simultaneously strengthening organized labor.

These reforms have been seen as attempts to govern and control indigenous subjects, by integrating them in governance structures and creating incentives for them to agitate within these structures.[24] The recognition of cultural identity is a way of "civilizing the popular", in the words of Mederios.[25] She sees democratization reforms in Bolivia in the context of hegemonic processes which have aimed at incorporating Andean peasants into the Bolivian state. To Laurie and Bonnett, neoliberal educational strategies focused on racial equity have been designed to facilitate the harmonious coexistence of multiracial populations.[26] Postero argued that decentralization reforms encouraged the indigenous to mobilize their indigenous identities, but only in "authorized" ways that "reflect the logic of neoliberalism – transparency, efficiency, and rational participation."[27]

Understood in this context, the strengthening of cultural identity based social movements in Bolivia reflects the attempt to create the social infrastructure and political stability needed for a proper investment climate. However, there is a need to investigate how the concern for a politically stable investment climate also constrains an institution such as the IMF. Popular mobilization can threaten investment climates by creating political instability, necessitating divergence from planned policy reforms and concessions to social movements. On the basis of these assumptions, it is possible to sustain a narrative that is sensitive to the continuities in the relationship between popular mobilization and neoliberal reform in Bolivia. This must begin with the social integration project that neoliberal reforms aimed to replace; the class based politization in the national revolutionary discourse.

Revolution and the politization of class subjects

Until the start of the first neoliberal reforms, popular mobilization in Bolivia was mainly articulated through a class based discourse. The 1952 revolution in Bolivia brought the party Movimiento Nacionalista Revolucionario (MNR) to

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[24] Benjamin Kohl, 'Stabilizing neoliberalism in Bolivia: popular participation and privatization', *Political Geography,* vol. 21, (2002), pp. 449-72.

[25] Carmen Mederios, 'Civilizing the Popular? The Law of Popular Participation and the Design of a New Civil Society in 1990s Bolivia', *Critique of Anthropology,* vol. 21, no.4 (2001), pp. 401-25.

[26] Nina Laurie and Alastair Bonnett, 'Adjusting to Equity: The Contradictions of Neoliberalism and the Search for Racial Equity in Peru', *Antipode,* vol. 34, no.1 (2002), pp. 28-53.

[27] Nancy Grey Postero, *Now We Are Citizens: Indigenous Politics in Postmulticultural Bolivia* (Stanford, 2007), pp. 185-6.

power. The country was predominantly rural, with the majority of the population only marginally integrated into the national economy. The privileged subjects in political discourse of the revolution were the growing proletariat, the salaried workers in the primary industries.[28] The MNR promoted a class-based political discourse by which it sought the inclusion of the rural indigenous, the majority of the population. This was achieved by forming workers and peasant unions and thereby linking citizenship to the state through a class-based "revolutionary nationalist" ideology.[29] The Central Labour Federation (COB, Central Obrera Boliviana) was formed and given extraordinary powers, including powers to appoint ministers directly and veto over government decisions. The COB was controlled by the urban and industrial proletariat, particularly miners, and campesinos were de facto excluded from the executive committee.[30] Throughout the post-revolutionary period, campesinos were by urban people and rural elites regarded as primitive and backwards.[31] They were in effect not seen as part of the modern Bolivian state, but rather an obstacle to modernization.

Under the land reform program, land was expropriated from the haciendas and redistributed according to campesino unions, in which campesinos had to be members in order to receive land.[32] At the same time an education reform enhanced Spanish as common language, undermining indigenous languages. This linked inclusion, citizenship and ownership to land together through the category of class. In turn, the revolutionary discourse politicized class identities through the exclusion of indigenous identities. The cultural exclusion of indigenous identities is not a purely Bolivian phenomenon, as many Latin American countries have had the mono-cultural nation-state as a model for the modernization process.

In many ways, the revolutionary form of politization only reinscribed discrimination of the indigenous. The revolution offered universal suffrage and

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[28]   Gustavo Rodríguez and Carlos Bõhrt, *Crisis del sindicalismo en Bolivia* (La Paz, 1987).

[29]   Winston Moore Casanovas, 'Capital Accumulation and Revolutionary Nationalism in Bolivia, 1952-85', in Anglade and Fortin (eds.), *The State and Capital Accumulation in Latin America* (Pittsburgh, 1985); Jimena Costa Benavides, 'La "Guerra del Gas" en Bolivia. Representaciones sobre neoliberalismo y el rol del Estado en la defensa de los recursos naturales en la crisis de octobre de 2003', in Mato (ed.) *Políticas de economia, ambiente y sociedad en tiempos de globalización* (Caracas, 2005).

[30]   Guillermo Lora, *A History of the Bolivian Labour Movement, 1848-1971* (Cambridge, 1977).

[31]   Riviera Silva Cusicanqui, 'Liberal Democracy and Ayllu Democracy in Bolivia: The Case of Northern Potosí', *Journal of Development Studies,* vol. 26, no.4 (1990), pp. 97-121; Stuart Alexander Rockefeller, 'Political Institutions and the Evanescence of Power: Making History in Highland Bolivia', *Ethnology,* vol. 37, no.2 (1998), pp. 187-207; Luis Ergueta Antezana, *Bolivia: De la Reforma a la Contra Reforma Agraria* (La Paz, 1992).

[32]   James Petras and Henry Veltmeyer, *Social Movements and State Power* (London, 2005).

gave the indigenous the right to vote, but in effect, the indigenous were offered citizenship only if they abandoned their Indian identities and incorporated themselves into "modern" society on the basis of the cultural norms of the urban mestizo class.[33] Even with the formal right to vote, until recently it was not possible for many in the rural areas to do so, since they lacked identification papers. Obtaining a birth certificate for example, meant that people had to travel to the place they were born to get the papers, which is out of financial reach of many of the rural poor. Low election participation in rural areas has been another reason behind political and economic exclusion. Bolivia remained "weakly integrated territory" with high levels of rural and indigenous poverty.[34] The indigenous lacked capacities and opportunities to become productive members of Bolivian society.

During fieldwork in the Department of Potosi in 1998, indigenous disempowerment became evident at a meeting of the Coma municipality. Most often the meetings took place with only the members of the municipal council present, but on an October Monday a delegation from the village Huya had come to ask about an electrification project which should have been initiated in their area some time ago. The five representatives from Huya were poor indigenous campesinos, representing the "council of authorities" of their village. The villagers appeared in their daily clothes, bare feet in sandals made of old rubber tire and clothes that showed traces of hard work in the fields. The members of the municipal council, on the other hand, were town professionals and the social and cultural differences were highly visible. After having waited most of the afternoon, the representatives from Huya were allowed to enter the meeting. From the chairman of the council they were met with the response; "why do you people always show up so numerous? We will only receive one representative at a time." After explaining that it is important to them that all should participate in the meeting, the members of the delegation were allowed to stay. But they were not offered chairs and had to stand throughout the meeting.

The leader of the electrification committee of Huya asked the municipal council for permission to speak, and given this, he gave the opinion of the delegation on the failing electrification project. All members of the delegation asked permission to speak, and they all described the need for electrification and the consequences of the missing electricity, and asked the municipal council to allow for the work to start. Even though the representatives from Huya spoke well, they were at the same time very humble towards the municipal council,

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[33] Nancy Grey Postero, *Now We Are Citizens: Indigenous Politics in Postmulticultural Bolivia* (Stanford, 2007), pp. 41-2.

[34] Carlos M. Vilas, 'Participation, Inequality and the Whereabouts of Democracy', in Chalmers (ed.) *The New Politics of Inequality in Latin America: Rethinking Participation and Representation* (Oxford, 1997).

and what was intended as a complaint was very subtly presented, not to offend the members of the municipal council.

The delegation was dismissed after almost an hour of presence, and the municipal council promised to do something about the situation. In the discussion among the members of the municipal council afterwards, the conclusion was that it was unfortunate with the delay of this project, but due to the spending of the funds this year, the project had to be postponed to the following year. This was however never voiced towards the delegation. They were dismissed with "We shall see to it as soon as possible..." It was the fifth time the delegation had visited the municipal council. Nothing came out of the request.

Despite continuing structures of exclusion, indigenous organizations have demanded official recognition of their rights and slowly become a social force at the national level. In 1979 a campesino union (CSUTCB) was formed, which rejected subordinate ties to the COB and the state. The CSUTB partly reflected the union (sindicalista) orientation of the labor movement as a whole, but helped bring focus towards an indigenous (indigenista) agenda as well.[35] From the mid-1980s, the mining unions lost much of their influence due to the earliest structural adjustment programs of the IMF, which made 30,000 mining workers redundant according to some accounts. Throughout this decade, campesinos took leadership positions in COB, as they, government workers, and others dethroned urban miners as the vanguard of the national labor movement. The growing indigenous movement demanded extended rights and integration into state structures.

What was taking place, then, was the early stage of a gradual shift away from a political discourse that had as its modernization and national development strategy to integrate all sectors as class subjects. Campesinos had increasingly begun to mobilize political power through their indigenous identities. There was a growing mobilization of this majority group in Bolivian society, as well as the general weakening of organized labor. These demands would to a certain degree be met in the neoliberal reforms of the 1990s, as the "second generation" of IMF sanctioned reforms sought to weaken class based politization and strengthen integration based on cultural identity. While indigenous mobilization was already on the rise, these reforms would provide new spaces for this mobilization.

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[35]   John Crabtree, *Patterns of Protest: Politics and Social Movements in Bolivia* (London, 2005), pp. 83.

Neoliberalism and the politization of cultural identity

The first generation of neoliberal restructuring in Bolivia started in 1985, with what was called the New Economic Policy. In these early reforms, the IMF did not conceive of problems in Bolivia primarily in terms of lacking social inclusion or integration. Instead, the structural reform program implemented at the time centered on what it saw as macroeconomic mismanagement of the public sector. The problematic situation in the country was attributed to "unrelenting expansion of the deficit of the nonfinancial public sector".[36] The measures implemented to deal with the situation were structural adjustment classics: reducing public sector employment, a flexible wage rate, tight fiscal management and increasing the role of private companies. These policies significantly reduced the influence of labor unions and brought an end to the failing state sponsored project of social integration on a class basis. The neoliberal reforms of the 1980s were macroeconomic in nature and did not immediately replace the class based social integration project with a neoliberal one. It is these "classical" macroeconomic measures, we would argue, that form the basis of the theoretization on what we have called "reductive" neoliberalism. By the mid-1990s a second generation of neoliberal reform was under way that would form the basis for cultural identity based social integration and mobilization.

The IMF considered its first generation of structural reform to be hugely successful, but aimed to implement a second generation of structural reform to strengthen growth. The first generation of reforms had achieved relative macroeconomic stability, but growth had remained at a relatively low rate of around 4 percent. In policy documents from the mid-1990s, it is clear that the lack of social integration and of "capacities" in the rural (indigenous) population is considered an impediment to growth. Low growth is attributed not to macroeconomic instability and imprudent macroeconomic management, but low agricultural productivity, rural poverty, low human capital and poor infrastructure. "Sustained" economic growth is now seen as dependent on alleviation of rural poverty, social inclusion and the development of human resources. In the Economic Policy Framework Paper 1994 to 1997 it is stated that:

> "The Government's social sector strategy is a key element of the economic
> policy program, and is centered on the development of human capital to
> alleviate poverty and increase the capacity for sustained economic growth."[37]

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[36]   IMF Archives, SM/85/233, Bolivia – Staff Report for the 1985 Article IV Consultation, 8/15/85.

[37]   IMF Archives, EDB/94/188, Bolivia – Enhanced Structural Adjustment Facility – Economic and Policy Framework Paper for 1994-97, 12/1/94, pp 16.

This second generation of neoliberal reform, in other words, represents a discursive shift on what creates growth and economic development. What is needed for "sustained" economic growth is human capital and "capacity", so lack of social integration and poor social infrastructure is now conceived as central to neoliberal economic strategies. This necessitates investment rather than disinvestment in basic public services, in order to strengthen the capacities of the marginalized to become productive members of society. A central part of this platform was a string of new reforms on decentralization and popular participation, land rights and education implemented in the mid-1990s.

The reforms were designed and legalized under President Gonzalo Sanchez de Lozada, and were called The Plan for Everyone ("Plan de Todos"). As part of the Plan, a range of new legislation was passed concerning education, privatization, constitutional reform, decentralization, local democracy and pensions. In broad terms, the Plan sought to recreate the relationships between the state, the economy and society. It was an ambitious attempt to attract foreign direct investments, create a more efficient administrative state structure, foster local participation in political and economic development, and redefine notions of citizenship in one broad stroke. Privatization opened opportunities for FDI, and various reforms centered on health, education and local capacities were to develop social infrastructure needed for a proper investment climate. The reforms catered to international financial institutions such as the IMF on one hand, and to middle class intellectuals and NGOs that had demanded increased attention towards local development and indigenous rights on the other.[38] Reforms were also a demand on the part of large segments of the indigenous population that had demanded increasing influence by way of popular protests, such as road blockades. [39] The reforms can be seen as serving the two-fold purpose of weakening class articulation of politics and promoting political stability by recognizing the demands of a growing popular mobilization among the indigenous.

The ideal state structure was no longer one that facilitated interest mediation between organized sectors of society, but one that facilitated private economic activity and rational political participation. One piece of legislation particularly important for understanding this new regime of political identity formation was the Law of Popular Participation (LPP), passed in 1994. The law aimed to "correct the historical imbalance that exists between rural and urban areas", by

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[38] Carmen Mederios, 'Civilizing the Popular? The Law of Popular Participation and the Design of a New Civil Society in 1990s Bolivia', *Critique of Anthropology,* vol. 21, no.4 (2001), pp. 401-25.

[39] Road blockades have been one of the most important strategies for struggle given that Bolivia has relatively few accessible roads and blocking these proved effective in creating awareness among the urban population and political elites.

transferring responsibilities for education and health, among others, to the municipal level.[40] In one sense the law applied the classical tools of decentralization currently in use across Latin America and much of the rest of the world. [41] In addition, Bolivian decentralization also involved some innovative features. The LPP authorized grassroots territorial organizations (OTBs, Organizaciones Teritoriales de Base) to participate in local planning. That allowed official recognition of campesino and indigenous communities, acknowledged the territorial rights of these communities and bestowed them rights and obligations in local administration and development. It was the first time the government officially recognized these indigenous community organizations. Labor unions, however, were not considered for registration as OTBs, reflecting the determination of the government to prevent a legitimate role for organized labor.[42]

Municipalities, some of them newly created, were through the LPP trusted with 20 percent of the national budget to be spent in education, health, local roads among other areas. OTBs and oversight committees would assist with participatory planning, transparency and implementation. Accessing municipal funds were subject to the development of an annual operating plan (Plan Anual Operativo) which was to ensure that they were spent properly. Developing the annual operating plan required a new set of human resources and capacities lacking in many rural indigenous communities. As Postero shows, complying with these new requirements subjected the indigenous to the discourses of bureaucratic rationality and economic responsibility characteristic of neoliberal notions of citizenship.[43] NGOs took on the task of training indigenous people to develop the capacities needed to comply with these requirements, often acting as private consultancies for municipalities in economic planning and reporting. This vastly increased the role of NGOs in development and made economic development the responsibility of locals, including the indigenous.

Another piece of legislation, the National Agrarian Reform Service Law (INRA) introduced land allocation according to territories and provided protection for

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[40]   Republica de Bolivia, Ley de Participacion Popular, Ley 1551, April 20th, 1994, pp. 1.

[41]   Decentralisation is currently taking place in about 80% of all developing or transitional countries, and usually involves transferring responsibilities for health, education, taxation and other issues from the national to local levels in order to create empowerment and social inclusion ICHRP, *Local Governments and Human Rights: Doing Good Service* (Geneva, 2005).

[42]   Anne Marie Ejdesgaard Jeppesen, 'Reading the Bolivian Landscape of Exclusion and Inclusion: The Law of Popular Participation', in Engberg-Pedersen and Webster (eds.), *In the Name of the Poor: Contesting Political Space for Poverty Reduction* (London, 2002).

[43]   Nancy Grey Postero, *Now We Are Citizens: Indigenous Politics in Postmulticultural Bolivia* (Stanford, 2007).

campesino and indigenous landholding. It was another legal recognition of indigenous social and cultural organization. This opened for formal landholding according to indigenous categories such as the *ayllu*. The ayllu is a social organization in the Andean areas, which incorporates land use, social organization and indigenous technology.[44] Including social and cultural organizations in the land reform was a break from the revolutionary land reform of 1953 which distributed land as individual plots. These laws and others in the Plan for Everyone were in line with a predominant discourse on the multi-cultural society which has gradually influenced the political agenda of many Latin American states over the past two decades.[45] They stressed the *cultural* aspect of existing social organizations and their incorporation in the state's administrative system. Social integration proceeded by recognizing and politicizing formerly excluded groups on the basis of their indigenous identity. Enabling indigenous people to gain positions in local administration has to a certain degree allowed them increasing acceptance from former mestizo and white elites in rural areas.

During a revisit to Potosi in April 2000, it was evident that the reforms had encouraged a process of indigenous inclusion, despite persisting tensions. Indigenous communities had taken advantage of the reforms to become better organized. The village council, for example, had established governance at the community level (male) villagers had participated in sub-commissions, like the commission created for taking care of electricity and representing the village towards state administration and, more recently, the municipality. Historically, village councils had filled the role of absent state administration in many rural areas. It was only during popular participation and decentralization reforms of the 1990s that state administration reached these areas. Urban elites still showed a somewhat racist attitude towards villagers, but there were also aspects in which this was starting to change. According to the Aymara Indian and mayor of Uncía, north of Potosí, one of the first indigenous to be elected as mayor after the decentralization and popular participation reforms:

> "So many years have passed where the people from the rural areas have been discriminated by the people from the urban areas. They do not really respect us, they even say: 'How can an Indian be a mayor!' When I was about to begin there was strong opposition. People said: 'Instead of being a town,

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[44]   Xavier Albó, Kitula Libermann, Armando Godinez and Francisco Pifarre, *Para comprender las culturas rurales en Bolivia* (La Paz, 1990).

[45]   Juliana Strobele-Gregor, Bert Hoffman and Andrew Holmes, 'From Indio to Mestizo...to Indio: New Indianist Movements in Bolivia', *Latin American Perspectives,* vol. 21, no.2 (1994), pp. 106-23; Xavier Albó and Josep Barnadas, *Cara India y Campesina de Nuestra Historia* (La Paz, 1990); Allison Brysk, *From Tribal Village to Global Village: Indian Rights and International Relations in Latin America* (Stanford, 2000).

[Uncía] will transform into a village'. But with all that we are doing we are breaking this pattern. We also try to make the inter-cultural aspect respected at all levels. In all of the country we have always been marginalized, but it is interesting to note that the Indian and the campesino have the same capacity as the city-dweller, we are the same, but still the people of the urban areas do not accept this" (Interview, Uncía, April 2000).

Another visit to Potosi in December 2006 made it apparent that indigenous integration had advanced. To the astonishment of many members of local elites, the indigenous had managed to claim power in the new municipalities rather effectively and become participants in the municipal democratization process. According to the director of one NGO working in Southern Bolivia, "Popular participation has allowed the reconstruction of indigenous organisations" (interview). This reconstruction has a strong element of cultural identity, since social organization and cultural identity are closely knit together in the Andean areas.[46]

The shift towards identity based integration through the Plan for Everyone came at the expense of class based integration and labor unions. The Law of Capitalization that privatized state-owned enterprises in order to attract FDI fragmented the formerly powerful unions in the industrial sector. Many workers were made redundant, and the law did not have provisions for monitoring that the workers in private companies had the right to organize in unions. In interviews with social movement activists and labor organizers in La Paz, Cochabamba and Santa Cruz it became evident that many former union workers who had become unemployed had instead organized in other civil society organizations that agitated for basic rights and necessities. In turn, the Plan directly weakened union organization and class articulation of popular mobilization. Decentralization shifted integration discourses from a corporatist and class basis to a project of integration based on indigenous identity. Localizing governance weakened the corporatist interest mediation that had allowed the COB significant influence. Interest mediation and struggles have been shifted from the national economic arena towards political institutions at the local scale.

Identity politics have been progressive in many respects, and have allowed a greater democratization of Bolivian society. But they can also be seen as in line with "constructive" neoliberal discourses, in which the recognition of indigenous identity is a way of integrating broad groups of society without making significant concessions to struggles for economic redistribution or

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[46]   Riviera Silva Cusicanqui, *Ayllus y proyectos de desarrollo en el norte de Potosí* (La Paz, 1992); Allison Brysk, *From Tribal Village to Global Village: Indian Rights and International Relations in Latin America* (Stanford, 2000).

empowering labor unions. In this discourse, poverty is not primarily a question of skewed economic distribution, but of lack of capacities among citizens to participate economically and politically.

Indigenous mobilization and political unrest
The attempt to integrate indigenous citizens and capacitate their organizations to participate in political life had unintended effects. Indigenous integration policies not only subjected the indigenous to "authorized" forms of participation and mobilization, but also strengthened their organizational fabric and enabled them to constitute a political force at the national level. Indigenous organizations had demanded integration, and once achieved, they built their organizations, associations and alliances. In places like El Alto, which were to become the epicenters of oppositional mobilization, organizations sanctioned by the LPP proved to be mechanisms for indigenous resistance. In the words of Postero, "indigenous citizens, assuming some of the rationalities of neoliberalism and acting through institutions established during the neoliberal political reforms, posed important challenges to the workings of global capitalism."[47] While stopping short of challenging global capitalism, popular mobilization grounded in indigenous organization contested central elements of neoliberal reforms. The assumption that weakening labor unions while integrating and capacitating indigenous organizations would foster political stability turned out to be premature.

Even by Bolivian standards, the period between 2000 and 2003 was marked by significant social unrest and tension. The 2000 Cochabamba "Water War" and the 2003 "Gas War" caught international headlines and the enthusiastic attention of an anti-globalization movement at its peak of mobilization. Protesters routinely identified "neoliberalism" as the root of most of the country's difficulties.[48] During the "Water War", social movements mobilized against the privatization of the municipal water supply, and demanded greater recognition for indigenous "usos y costumbres" (costumary uses) in water management.[49] Despite calling in military to Cochabamba, the President Hugo Banzer had to concede to protesters demands and reversed the privatization. In 2003, La Paz and El Alto twice convulsed in popular uprisings. In February, unrest followed a

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[47]   Nancy Grey Postero, *Now We Are Citizens: Indigenous Politics in Postmulticultural Bolivia* (Stanford, 2007), pp. 220.

[48]   Jimena Costa Benavides, 'La "Guerra del Gas" en Bolivia. Representaciones sobre neoliberalismo y el rol del Estado en la defensa de los recursos naturales en la crisis de octobre de 2003', in Mato (ed.) *Políticas de economia, ambiente y sociedad en tiempos de globalización* (Caracas, 2005); Benjamin Kohl, 'Challenges to Neoliberal Hegemony in Bolivia', *Antipode,* vol. 38, no.2 (2006), pp. 304-26.

[49]   Manuel De La Fuente, *La Guerra por el Agua en Cochabamba: Crónica de una dolorosa victoria* (Cochabamba, 2000).

government proposal pushed by the IMF to increase taxes in order to deal with public deficits, and in October, El Alto was the centre of country-wide protests against a plan to export gas through Chile.[50] In both incidents of 2003, protesters were killed. In many ways, these events illustrate the strengthened capacity of indigenous social movements and the complex relation between social integration and political mobilization.

The character of political mobilization in this period can to a certain extent be traced to the rearticulation of politics that "constructive" neoliberalism had contributed to. The social movements that led the protests were composed partly of labor unions, but predominantly of other types of organizations that articulated demands on the basis of indigenousness. During the Water War and Gas War it was largely social movements, with a strong element of indigenous protesters and forms of organization, that were the backbone of popular mobilization. In interviews, social movement organizers agreed that the COB "did not have a dominant presence" and "was not a big part of what happened in 2003" (interviews, Lopez, Vargas). It was to a significant degree indigenous organizations that challenged privatization schemes and gas export schemes that were considered too favorable to foreign companies. This was emphasized by Ramiro Delgado, Unit Leader of the Vice-ministry for coordination of social movements and civil society under the Morales government:

> "[The Water War] showed a new horizon for social movements… The Water War was the first step, when the social movements rearticulated. [The workers] started to follow social organizations, and they understood that in the country they weren't only workers. There was an Andean world, people of the fields, of the different types of organizations, and that 'the people of the fields' have a different way to organize and adapt to the system… There are other sectors involved. There are the indigenous 'originario' pueblos, there are the campesinos, there are the juntas vecinales, and also workers. [These new social movements] don't think only as a worker, but also they have another dimension, which is also the ethno-cultural [dimension] of the campesino, the 'originario'" (interview).

Neoliberal reforms had largely succeeded in weakening the organizational fabric of labor unions and the articulation of a class based opposition. Yet reforms on decentralization and popular participation had also provided new political spaces for strengthening identity based organizations, which were to a significant degree used to challenge the stability that the IMF assumed would come as a result. The political instability of the 2000 to 2003 period, in particular,

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[50]   Jim Shultz, *Deadly Consequences: The International Monetary Fund and Bolivia's "Black February"* (Cochabamba, 2005).

dispelled any illusion that weakening organized labor would impede popular mobilization.

IMF officials were present in La Paz as the violence of October 2003 broke out, and later issued a statement saying that the IMF "regretted the tragic events in Bolivia".[51] The unrest also convinced the IMF that continuing ambitious reforms would be impossible without making some concessions to popular demand, since unrest impaired the ability of the government to implement reforms and damaged the potential for economic growth.

Neoliberalism, popular mobilization and mutual constraints
It is evident in the documents obtained from the IMF Archives that the institution backtracked on planned reforms in order to focus on stabilizing the political situation in the country. The 2003 Article IV Consultation conceded that "the fragile political context remains the main challenge for maintaining solid macroeconomic policies".[52] Popular unrest was seen as the single biggest threat to the implementation of the economic reform program and the attractiveness of the country to foreign investors. While earlier documents had seen integration, consensus-building and the climate for investments as intricately interrelated, after the 2003 crisis it was increasingly admitted that there was tension between the aim to promote an attractive environment for foreign investment on one hand, and addressing the concerns of large segments of the population on the other.[53] Looking back on its own policies from the 1990s, it was acknowledged by the IMF that the Capitalization program had been too generous towards foreign investors, and that this had sparked popular protests that in turn damaged the investment climate. Institutional reform had not succeeded in breaking the grip that elites and vested interests had on public resources, which was also a contributing factor to social unrest and the situation of crisis. In other words, it was conceded that it was too much reliance on "reductive" neoliberal policies of privatization and not enough reliance on "constructive" neoliberal policies of consensus-building and integration of

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[51]   Ibid.

[52]   IMF Archives, Country Report No. 03/257, Bolivia: Article IV Consultation, First Review Under the Stand-By Arrangement, and Request for Waiver of Performance Criteria – Staff Report; Staff Supplement; Public Information Notice and Press Release on the Executive Board Discussion; and Statement by the Executive Director for Bolivia (August 2003).

[53]   IMF Archives, Country Report No. 04/193, Bolivia: Third Review Under the Stand-By Arrangement, Request for Waiver of Nonobservance of Performance Criteria, and Augmentation and Extension of the Stand-By Arrangement—Staff Report; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Bolivia (July 2004).

marginalized sectors that had precipitated popular mobilization and unrest between 2000 and 2003.

In looking ahead, the IMF stressed the need to balance the demands of social movements and maintaining favorable conditions for investors in the gas sector. Political consensus and medium-term stability was more important than economic "orthodoxy", so the IMF accepted increased social spending, a greater role for the state and that economic policy would have to be based on compromised with popular demands.[54] The 2003 Stand-By Arrangement with the IMF focused on counteracting the political and financial stability caused by popular unrest following the previous IMF-sanctioned program, and allowed increased social spending to maintain the weak consensus that had been reached with the opposition inside and outside of Congress, in order to "[lay] the basis for a return to growth". It also accepted the need for greater taxation of foreign companies in the sector.[55]

In 2005, the IMF held that the "passage of a *viable* hydrocarbons bill and maintaining a general framework conducive to foreign investment are critical to maintaining medium-term stability".[56] "Viable" in this context would be one that was acceptable to social movements. The IMF opened for a gas bill that diverged from economic "orthodoxy" and "reductive" neoliberal policies in order to foster political stability and consensus. The same year the New Law of Hydrocarbons, Law No. 3058, was passed, with the (unenthusiastic) approval of the IMF. The law reversed, to a certain extent, the privatizations of the Plan de Todos, by increasing corporate taxes and rebuilding the state enterprise YPFB. According to the IMF Country Representative, both the Fund and private companies were willing to accept higher tax rates in order to create stability and a proper climate for investments in the longer run. "[In the case of Bolivia,] a better investment climate could mean increased taxes" (interview, Vesperoni).

This illustrates the way in which popular mobilization and neoliberal reform are mutually influenced. Above we showed how social movements were, on one

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[54]   IMF Archives, Country Report No. 04/350, Bolivia: Fourth Review Under the Stand-By Arrangement and Request for Waiver of Nonobservance of Performance Criteria—Staff Report; Press Release; and Statement by the Executive Director for Bolivia (November 2004).

[55]   IMF Archives, Country Report No. 03/179, Bolivia: Request for Stand-By Arrangement – Staff Report; Staff Statement, Press Release on the Executive Board Discussion; and Statement by the Executive Director for Bolivia (June 2003).

[56]   IMF Archives, Country Report No.05/146, Bolivia: Fifth Review Under the Stand-By Arrangement, Request for Waiver of Nonobservance of Performance Criteria, Rephasing, Augmentation, and Extension of the Stand-By Arrangement—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Bolivia (April 2005), italics added.

hand, shaped by neoliberal policies that had encouraged a rearticulation of politics from a class discourse to a discourse of indigenous identity. On the other hand, by being committed to preserving the political stability necessary to foster a proper investment climate, the IMF was also convinced to shift its discourse and accept divergence from neoliberal "orthodoxy".

The Morales government and neoliberal constraints
The election of President Evo Morales in late 2005 further strengthened political articulation on the basis of indigenous identity. Morales is the first indigenous President of the country, which now declares itself "multicultural" and "plurinational". Indigenous groups that were significantly empowered through the neoliberal decentralization and participation reforms of the 1990s constitute the main constituency of his administration, and much to the dismay of the white and mestizo elites, his political rhetoric caters to this constituency. At his inauguration ceremony, Morales stated:

> "The indigenous people have been marginalised with the foundation of Bolivia in 1825, therefore the indigenous people will now claim the right to recreate Bolivia."

The Morales government implemented land reform in order to redistribute large land holdings to indigenous farmers, and favor further recognition of indigenous rights in a rewritten constitution. The Morales government has also institutionalized the contact with social movements, through a Vice Ministry of Coordination with Social Movements and Civil Society at the Presidential Palace in La Paz. This office serves as an interlocutor between social movements and the government, where representatives from social movements come to voice their demands. "Constant dialogue" with social movements is central to the government's attempt to construct "a new public politics" (interview, Delgado). However, relations with labor unions are far more apprehensive. Many labor union leaders do not consider gas nationalization as conducted in a way that caters to their interests (interviews). They had envisioned nationalization that would restore the employment regime of the pre-Capitalization era.

Nationalization of gas resources was, as it was implemented, largely a Supreme Decree that activated the Hydrocarbon bill from 2005, to which the IMF had already consented. It continues actively seeking foreign investment in the sector, though with a higher tax intake than the pre-nationalization policy. The publication of nationalization was publicized as "recuperation the ownership of all the hydrocarbons produced in the country" [Decreto Supremo 2870], can be considered a concession to social movement demand. Foreign companies and

investment climate concerns are still elements of policy under the Morales government. Although Bolivia has no program obligations under the IMF, the Fund still performs its Article IV consultations, annual evaluations of the Bolivian economy, which acts as a "gatekeeper" for FDI and bilateral aid. In an interview, the Minster of Finance in the Morales administration said that: "The relation we have with the IMF, we don't have any loans or agreements, but we keep a close relationship because we understand that many donors still trust on the IMF reports" (interview, Arce). Even for the Morales administration, a decent relationship with the IMF is maintained in order to attract investments to the "nationalized" gas sector.

Conversely, the IMF has circumvented depreciatory evaluations of the Morales' economic policy. The 2006 Article IV Consultation lauded the accomplishment of macroeconomic stability and the expansion of the hydrocarbon sector.[57] It acknowledges that the recommendations of the IMF contained in the 2003 Article IV Consultation have been partly implemented. Although it expresses some concern for the climate for investments, it considers the macroeconomic policies of the Morales government as "prudent", and is cautiously optimistic about the prospects of poverty and inequality reduction.

The Morales Presidency is a result of popular mobilization around the issues of gas and rejection of neoliberal privatization, and has as such been interpreted as a radical break from the policies of neoliberalism. Yet there are significant grounds for considering the ways in which the relation between the mobilization of Morales' constituency and neoliberal policy discourses are interlinked and mutually constrained. There are important continuities between the "constructive" neoliberal reforms that provided spaces for the identity based mobilization which brought Morales to power and the concessions made by the IMF in order to preserve the political stability necessary for a proper investment climate. Morales has maintained the cultural identity based articulation of popular mobilization, at the expense of class based articulations. The IMF, on its part, has largely accepted higher corporate taxes and a greater role for the state to avoid further popular unrest.

Conclusion
By way of reconsidering the narrative of a Bolivian backlash against neoliberalism, we have presented an alternative narrative of the relation between popular mobilization and neoliberal reform. Instead of understanding popular mobilization as simply reacting to or as precipitating radical breaks from

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[57]   IMF Archives, Country Report No. 06/270, Bolivia: 2006 Article IV Consultation - Staff Report; Staff Statement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Bolivia (July 2006).

neoliberal policy, we have instead focused on continuities and the ways in which they are mutually influenced and constrained. Highlighting constructions of citizenship and democratic participation, an emerging literature on neoliberalism has sought to analyze it as a "constructive" project which aims to create particular types of institutions and social infrastructures to improve the climate for investment. The contribution of this paper to this literature has been to investigate further how "constructive" neoliberalism creates spaces for certain forms of popular mobilization, particularly identity based forms of organization at the expense of class based ones. We have attempted to show some of the continuities and mutual constraints between, on one hand, social movement that achieved formal power, and on the other, neoliberal policymaking committed to maintaining the political stability necessary for a proper investment climate.

In brief, our narrative has proceeded as follows. During era after the 1952 revolution, the indigenous were attempted integrated as "workers" rather than as "indigenous" in the class based political discourse centered on the powerful labor federation the COB. As a result, large sections of the indigenous population suffered continued marginalization. Throughout the 1970s and 1980, increased indigenous mobilization demanded improved rights and gained formal positions within the COB. From the mid-1990s, "constructive" neoliberal policies replaced the class based political discourse with an integration regime that sought to integrate the indigenous based on their indigenous identities. This was both a result of indigenous mobilization and the "constructive" neoliberal rationale of creating the social infrastructure and political stability. Identity based integration provided political spaces for further mobilization of indigenous groups, which challenged some of the more "reductive" of the neoliberal policies, particularly privatization of the natural resources of water and gas. Popular unrest, particularly in the period between 2000 and 2003, convinced the IMF to make concessions and accept higher corporate taxation and a greater role for the state in the gas sector to preserve the political stability necessary for a favorable investment climate. Indigenous social movements were the backbone of the mobilization that brought Morales to power. The Morales government has strengthened the politization of indigenous identity and culture at the expense of class, which is in certain ways a continuation of the "constructive" neoliberal integration project of the 1990s. "Nationalization" of gas was a careful compromise between popular demand and the need to attract foreign investment, so policymaking is still constrained by the investment climate discourse of the IMF.

The Bolivian case illustrates the continuities and mutual constraints in the relation between popular mobilization and neoliberal reform. Popular mobilization emerges not only as a simple reaction to dispossession, but also through new political spaces opened by these reforms. "Constructive" neoliberal

policy has provided spaces for particular forms of mobilization by politicizing cultural identity at the expense of class. This mobilization in turn forced the IMF to allow a greater role for the state and higher corporate taxation, illustrating the way popular mobilization also constrained policy. The continuities and mutual constraints between popular mobilization and neoliberal discourses in Bolivia show that relations between popular mobilization and neoliberal policy are more complex than what is most often suggested.

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