

Part 2



Reconfigurations

7 • Power Lines

On International Women's Day, March 8, 1995, several thousand women and men marched through central La Paz, demanding that the government of Gonzalo Sánchez de Lozada grant wage increases, honor the eight-hour workday, and respect peasants' right to grow coca. Billed as the "March of the Empty Pots," the demonstration was organized by the COB, and it was only one of several that took place in different Bolivian cities. The speeches and rhetoric that preceded the La Paz march condemned the neoliberal policies of the government, which protesters blamed for the increasing impoverishment of the working class. COB leader Cristina Márquez, for example, asserted, "Women will not be on their knees. . . . We have to unite, then men and women together will smash the neoliberal model."¹

As Márquez spoke these words, about sixty Bolivian professionals were meeting in the upper-middle-class residential neighborhood of Sopocachi, where they formed part of the First Departmental Congress of Non-governmental Organizations (NGOs). These men and women represented NGOs and NGO networks based in La Paz, and they were meeting at the request of the La Paz department's prefect, who urged them to coordinate NGO activities in order to better represent the needs of civil society to the state and international lending organizations. The NGOs claimed expertise in grassroots development and portrayed themselves as closely allied with "civil society," but none of those present spelled out what this frequently asserted alliance meant. Thus while some working-class Bolivians represented themselves in the boisterous street demonstration, NGO representatives could remain comfortably on the sidelines, where they re-

frained from making any public statements in support of the marchers' demands.

The NGO representatives gathered in Sopocachi saw themselves at an important crossroad. Following the passage of the 1994 Popular Participation Law, which mandated the decentralization of certain government functions, the state began to embrace NGOs in an unprecedented fashion. It invited NGOs to place their expertise in local development at the service of the state and to collaborate with municipal officials on specific projects. The government representative to the NGO congress, Jorge Inofuentes, argued that by supporting the new law, NGOs could help broaden the reach of the state and make its presence felt in every corner of the country while supporting greater local involvement in participatory development. Considering this request and clarifying their relationship with the state was thus a major priority of the NGO delegates gathered in Sopocachi.

The choice before them appeared fairly clear cut, and it was laid out by an NGO director who gave the keynote address. "The state," he said, "is obliging us to become involved with it. Are we going to continue to be antistate, or are we going to play a functional role within the state?" The apparent urgency of these questions belied the ties that already existed between NGOs and state agencies and that in some cases had been developing for years. Some well-informed NGOs, for example, anticipated the Popular Participation Law long before it became a reality and were already collaborating with municipal officials on development projects. They had understood that decentralization could mean more business for them. Other NGOs maintained close ties with the Ministry of Human Development, which was created by Sánchez de Lozada in 1993, and contributed personnel to the various subsecretariats that comprised it. And for several years most NGOs had developed and managed projects that remained within the general parameters of state-supported neoliberalism.

Some scholars claim that NGOs represent new forms of social organization independent of state tutelage and that they strengthen the ability of poor people to determine their own future (e.g., Cernea 1989; *World Development* 1987; Ritchey-Vance 1990; Edwards and Hulme 1996; and Carroll 1992). They also argue that more effective engagement between NGOs and the state can improve the design and delivery of development programs. Their analyses, however, frequently overlook the ways in which NGOs and states may already be intimately related (e.g., Bebbington and Thiele 1993). These authors, who in some cases are also employed by international development agencies, champion NGOs because of their purported democratic tendencies and their capacity to provide services that

enable people to compete in a market economy. Yet, as Fisher (1997) points out, the connections between democracy and development are not always spelled out in their analyses, and they generally accept neoliberalism, rather than critically engage it.

Others scholars are more critical of NGOs and the entire development industry. Escobar, for example, completely rejects the notion of development because of its association with a disabling Western discourse that caricatures subaltern peoples through demeaning stereotypes. He looks to local people, especially social movements, for “alternatives to development” (1995). Although discourses about development are certainly associated with Third World poverty, Escobar’s postmodernist approach glosses over the ways in which local people seize on dominant discourses, infuse them with new meaning, and use them in their struggles to create better living conditions. Escobar also completely ignores the nondiscursive material relationships of power that shape broader processes of accumulation and patterns of income distribution, as well as the encounters between local people, NGOs, and the state (Edelman 1999; Little and Painter 1995).

Studies by Edelman (1991), Rivera Cusicanqui (1990), and Arellano-López and Petras (1994) are more attentive to these processes. They question the manner in which greater direct local dependence on international funding by means of NGOs influences the ability of people to determine their future. Edelman (1991), for example, documents how the availability of development aid led a Costa Rican peasant movement to become dependent on foreign “cooperation,” creating frictions that contributed to its demise. Similarly, Rivera Cusicanqui (1992) demonstrates that development NGOs that posit the individual as the basic unit of economic development and political democracy undermine indigenous forms of collective organization. And Arellano-López and Petras (1994) argue that NGOs aggravate the isolation of grassroots organizations by enabling the state to ignore them. Through historically situated accounts, these authors explore how peasants and middle-class intellectuals, respectively, maneuver for access to international funding within a changing political and economic context. In their accounts NGOs are less apolitical actors separate from the state than an important arena in which to explore the struggles of contending social groups in local, national, and international contexts.

This chapter examines the context in which diverse development NGOs emerged in Bolivia, particularly in El Alto. It explores the conflicts and the shifting alliances that shaped their relationships to each other and the Bolivian state and that reorganized the relationship between the state and local people. Bolivia experienced a veritable explosion of development NGOs in

the 1980s, as state social service agencies retrenched, international organizations sought to palliate the economic crisis, and Bolivians from different walks of life contended with what the United Nations called a “lost decade of development.” The NGOs began to assume some social welfare services formerly assigned to the state.

A handful of NGOs had emerged from political struggles in the 1970s. For the most part they were affiliated with progressive European funding agencies and tied to Left-leaning Bolivian political parties. As the neoliberal juggernaut swept Bolivia, however, their agendas not only shifted but they were forced to compete with a new group of “neoliberal” NGOs, linked especially to the U.S. Agency for International Development (USAID). Some of the latter NGOs spearheaded the restructuring of urban inequality by pioneering new forms of surplus extraction and ways to discipline the population through microcredit schemes and food handouts that targeted poor women. These initiatives relied on indebtedness and unwaged female labor to encourage entrepreneurialism, individualism, and competition—key attributes of the kind of capitalist society that they strove to create.

From Opposition to Accommodation: NGOs and the State

During the eighteen years of nearly uninterrupted military rule that preceded Bolivia’s redemocratization, a handful of organizations that would subsequently be called NGOs maintained an antagonistic relationship with the Bolivian state. They sought the restitution of democracy, and in some cases the creation of a socialist society, by supporting various popular organizations struggling to establish a foothold under the repressive conditions of dictatorship. In the wake of redemocratization, however, their relationship with the state began to change, and their numbers burgeoned. Conservative figures showed that more than four hundred NGOs emerged in Bolivia during the twelve years between 1980 and 1992, but only one hundred such institutions initiated operations from 1960 to 1980 (Sandóval 1992).

Three sets of events gave rise to “development” or “intermediary” NGOs in Bolivia: the Alliance for Progress (1961), the Second Vatican Council (1965) and the Medellín Congress (1968), and the Banzer coup of 1971. The Alliance for Progress, succeeded in the 1970s by the New Directions mandate for USAID, earmarked funding for local institutions,

such as cooperatives, to improve the incomes of the poor. This initiative grew out of a perceived communist threat to the Third World after the Cuban Revolution, and most of the funding was channeled to rural areas, where the communist menace was believed to be greatest. One consequence was the creation of a relatively better-off group of peasants who would presumably not support radical political movements (Gill 1985).

Other Bolivian NGOs arose from religious congregations, especially the Catholic Church. The changes set in motion by the Second Vatican Council and the Medellín Congress, in which the church defined its “preferential option for the poor,” moved progressive religious to dedicate more effort to improving the material conditions of the poorest sectors of society and to supporting local forms of democratic organization. Committed individuals founded institutions to work toward this end and dedicated more of their efforts and resources to rural areas.

Finally, and most important, the repressive social and political conditions brought on by the long reign of Hugo Banzer (1971–1978) inspired the growth of a number of secular NGOs dedicated to the struggle for democracy. Although all NGOs did not conceptualize democracy in the same way, they were united in their opposition to the dictatorship. They were typically linked to the Movimiento de Izquierda Revolucionaria (MIR), which was itself connected to the international social democratic movement from which it received financial support. MIR militants founded NGOs with financial support from foreign solidarity groups and development organizations that was channeled through the party. During the dictatorship the MIR Party, more than other parties on the Left, developed NGOs for two reasons: NGOs enabled them to experiment with alternative social programs and to gain experience in running them, and they gave the MIR an opportunity to influence and protect a political base when open debate was impossible. Some MIRistas, like activists from other progressive parties, also acquired jobs with NGOs and used them as a base for their political activities. Although this practice frequently created problems within the institutions, some NGO directors were known to simply look the other way (*hacer la vista gorda*).

A certain mystique enshrouded those NGOs that vied with the Banzer regime and supported local forms of democratic organization in the 1970s and early 1980s, when it was dangerous to do so. These NGOs and the church-affiliated organizations shared many of the same objectives. Their programs focused on popular education and consciousness raising, and personnel commonly circulated between them. As a result, the military harassed both secular and religious NGOs and labeled them “subversive.”

With the return of civilian rule, however, NGOs that were once the determined adversaries of the state began to cooperate with it, even as new tensions emerged. At the same time, newer “neoliberal” NGOs appeared that had never shared the social and political visions of older, more established organizations. Rivalries developed among and between old and new NGOs, as they competed with each other for access to an increasing flow of international development dollars channeled to Bolivia.

The outlines of these relationships began to emerge in 1982, when democratically elected Hernán Siles Suazo was inaugurated as president. Siles headed the Unidad Democrática Popular (UDP), a coalition that included the MIR and other centrist and Left-leaning political parties that had opposed the military. The resumption of democratic rule gave NGOs more space in which to operate. It allowed some NGOs to emerge from the shadows and permitted the founding of a series of new ones.² At the same time the relationships between NGOs and political parties in many cases became less direct. The parties no longer needed the NGOs for political cover, even though they continued to covet international funding and the grassroots constituencies attracted by the NGOs. According to a longtime NGO director, political parties preferred “to control seven municipalities rather than one NGO.”³ At the same time, many NGOs declared their “autonomy” from the political parties as a reaction to past “manipulation” by them.

By the late 1980s a new relationship between NGOs and the state had begun, prompted in part by the worldwide shift to neoliberal policies and the dissolution of the Left’s basic schema for conceptualizing alternative social and economic policies; this framework gave the state a primary role in providing subsidies to the poor, protecting national industries from foreign competition through import-substitution policies, and managing key national industries, such as mining, oil, and telecommunications.⁴ The approach was discredited in Bolivia by the Left’s association with the UDP’s economic policies, which were so disastrous that Siles was forced to leave office one year before his term expired. The parliamentary Left subsequently became weak and ineffective. Alliances shifted and new factions emerged. The MIR moved sharply to the Right, and its left wing split off in 1985 to form the Movimiento Bolivia Libre (MBL), taking most of the MIR-affiliated NGOs with it.

The structural adjustment reforms of the mid-1980s facilitated a more conciliatory relationship between NGOs and the state. These reforms stimulated a flood of international support for nominally private NGOs. The World Bank and other international organizations supported some NGOs on the ground that the private sector and unimpeded market forces

could most effectively palliate Bolivia's intractable poverty—especially the heavy social and economic burden that structural adjustment placed on the poor. These international organizations believed that NGOs were more bureaucratically agile, technically proficient, and in touch with the poor than the graft-riddled and inefficient agencies of the state, and large multilateral agencies began to experiment with them. They channeled enormous amounts of resources to NGOs through the Social Emergency Fund, a short-term development initiative that was established in 1985 to palliate the social effects of Paz Estenssoro's economic restructuring program.⁵ Between 1985 and 1990 the fund made more than \$200 million available for short-term employment and the provision of key social services that the state was increasingly unable to dispense, such as preventative health care and infrastructural development.

Although many NGOs initially refused to work with the Social Emergency Fund, 51 percent of the 551 organizations that received funding from it were NGOs (Sandóval et al. 1989). More foreign aid poured into Bolivia in the late 1980s. In 1988, for example, Bolivia received \$392 million in development assistance, and this figure increased to \$738.2 million in 1990 (Van Niekerk 1992). NGOs benefited from a portion of these funds, which broke down their initial resistance to structural adjustment and collaboration with the World Bank and the state, and they gradually accepted greater responsibility for fighting poverty within a neoliberal policy context (Graham 1992; Arellano-López and Petras 1994).

Massive government corruption also prompted greater domestic support for NGOs and neoliberal policies. High-ranking officials in the MIR-led administration of Jaime Paz Zamora (1989–1993) were implicated in a series of scandals on a scale that shocked even Bolivians long accustomed to government misconduct. These scandals, accompanied by the simultaneous collapse of Eastern European and Soviet socialism, contributed to a growing public perception among the middle and upper classes that free-market policies and total reliance on the private sector constituted the only viable remedy for the country's dire poverty.⁶ NGOs flourished in this environment flush with international funds and support for the private sector. Their numbers grew rapidly, and a new group of neoliberal NGOs began to appear that had no connections to the Bolivian Left, popular movements, or the progressive wing of the Catholic Church. They were heavily supported by USAID and embodied the free-market ideology that was sweeping Bolivia.

The sole purpose of the neoliberal NGOs was to implement the social policies mandated for Bolivia by powerful international organizations. To

this end these organizations, which were not limited to Bolivia, operated as private sector alternatives, or replacements, for public sector service delivery and offered “targeted” programs especially designed for certain sectors of the population, such as poor mothers and young children.⁷ They questioned the model of universal free social services and promoted targeting as a more efficient means to channel scarce resources to the neediest people in the growing informal urban economy. Their programs in El Alto initially focused on stopgap measures, such as food-for-work schemes that involved poor women, but as the Bolivian economy gradually stabilized, technical training and small business development through the provision of high-interest “microcredit” became the central activity of these NGOs. Program directors tended to see neoliberal policy reforms as an opportunity for the poor rather than as an assault on them. This was, in part, because a high proportion of NGO program directors had earned business degrees or received technical training, and they contrasted with the priests, sociologists, and educators who had staffed Left-leaning NGOs in the 1970s and early 1980s. Yet neoliberal poverty reduction programs did not translate into a significant reduction of poverty in El Alto. This was because “targeting,” as Vilas points out, could not answer a basic question: “What does the notion of target groups mean when 60 to 80 percent of the population lives below the poverty line, either because of the impact of structural reform or for pre-existing or other reasons?” (Vilas 1997:24).

A closer look at a food-for-work scheme and microcredit lending reveals how they are creating new inequalities and changing the relationship between local people and the state. Poor women are the linchpin in this process.

Feminizing Poverty and Extracting Surplus: Microcredit and Food-for-Work Programs

Women participate in NGO programs more than men, a phenomenon consistent with the higher levels of female participation in most organizations of civil society. The NGOs of El Alto are especially interested in women: approximately one-third of the city’s NGOs deal only with the female residents of the city, and the primary beneficiaries of at least 50 percent of all El Alto NGOs are women. “Gender” (read women) is a fashionable topic among NGOs, and several NGOs perceive women’s unpaid labor as a means to combat some of the negative consequences of the economic crisis. Ironically, however, the intensification of unwaged female

labor *is* an effect of the crisis. For example, the responsibility for dealing with the deterioration of health care, the problems caused by the absence of water in many villas, and those associated with a dearth of day care centers fall disproportionately on women, who must intensify their working days to satisfy these and other basic necessities. And, because women suffer from persistent gender discrimination and are assigned the task of child care, they are less mobile than men, who enjoy greater flexibility in the search for paid employment.

The Food-for-Work program takes advantage of women's vulnerabilities and targets their unpaid labor to construct public works in El Alto. Unwaged labor, the NGOs assert, is a resource for community development, not a direct casualty of the neoliberal class war against the rights and interests of ordinary Bolivians, especially women. The program offers food handouts in exchange for backbreaking labor on a variety of community-sponsored "self-help" public works projects. Although a program based on unpaid labor and subsidized food might appear incongruous in an era of free-market triumphalism, unwaged female labor and food handouts are important mechanisms for managing political stability in a period of economic austerity, and they provide an important subsidy to the cash-strapped municipality. Yet Food-for-Work places a burden on the shoulders of very poor women who are already forced to carry a heavy load. The initiative perpetuates the idea that unpaid labor for other people is "women's work," and it does not address the key feature of women's subordination—the difficulty most women have in mobilizing sufficient resources independently of men.

"Food-for-Work," or *Acción Comunal*, as it is locally known, puts *añejos* to work cobblestoning streets, constructing plazas and sewers, landscaping hillsides, and digging drainage ditches. It is tied to the mayor's office, administered locally by a church-based NGO—the Adventist Development Relief Agency (ADRA)—and financed with surplus agricultural produce through a U.S. program funded under Public Law 480 that is channeled through USAID. Four to seven thousand people, overwhelmingly women (90 percent), work for food in El Alto every year, and participants represent the poorest, most marginalized households of the city.⁸

The program operates as follows: Neighborhood residents provide the labor for local projects that the mayor's office and ADRA have approved. The residents typically form work gangs of ten to thirty-five people, who may work a maximum of seventy-two hours per month and must supply their own shovels and picks. Although women are supposed to remain in their own neighborhoods, projects are not always available locally, and

many women walk long distances to sites far from their homes. They hear of openings through word of mouth, or they may simply approach group leaders and ask to be incorporated in an ongoing activity. ADRA technicians supervise the women and remunerate them at the end of every month with a 55-kilogram package of food from ADRA's huge warehouse on the outskirts of the city. The package invariably contains wheat flour and two or three other items, such as cooking oil, corn flour, lentils, and occasionally sugar.

By any standard the work is extremely arduous. Women assigned to road construction must dig level roadbeds, position cobblestones within them, and secure the rocks with sand and gravel. All this hard labor can be



The Adventist Development Relief Agency (ADRA) and the mayor's office advertise their civic virtue

easily ruined if a truck drives over a half-completed street. Similarly, when the final outcome does not meet the specifications of ADRA technicians, the crews must redo the work. Women who are not assigned to road crews may be delegated the task of digging rocks from the banks of the contaminated Río Seco. El Alto has long mined the river for the cobblestones used in city streets, and the rocks no longer lie near the surface. Workers must unearth them with picks and shovels and then hoist them onto trucks. The workers suffer from a variety of job-related injuries, such as strained backs and pulled muscles, but neither the state nor ADRA provides them with health care or insurance.

The conditions for receiving food handouts in El Alto were not always so onerous. Before 1992 a series of mothers' clubs operated by the Catholic charity Caritas distributed the food handouts from the P.L. 480 program, which had no work requirement. Women simply gathered once a month to receive a food allotment. But as the welfare debate heated up in the United States, and U.S. welfare recipients were obliged to work in order to receive benefits, U.S. government-sponsored programs in Bolivia adopted a similar "get-tough" policy. Beginning in the early 1990s, food-aid beneficiaries had to participate in the Food-for-Work program, and neighborhood work brigades replaced approximately 115 mothers' clubs as the organizational form through which food was distributed. The food ration that workers received, according to one USAID official, was initially not even large enough to replace the calories that the workers expended in a day of work, but this problem, he insisted, was eventually eliminated.

The Food-for-Work program has served as a prototype for the decentralized approach to poverty alleviation embodied in the 1994 Popular Participation Law (Beasley 1992), and USAID and ADRA functionaries like to boast that the program is an example of neighborhood people empowering themselves. According to two individuals with intimate knowledge of the program, Food-for-Work "shows that democratic initiatives can have an immediate and dramatic result—a better life for poor people—brought about by better public goods and services because the poor participate in the process" (Sleeper and Patterson 1995:4). Such paens to democracy clearly seek to establish the legitimacy of unwaged female labor by invoking platitudes about popular "participation." When I asked a USAID bureaucrat to explain the absence of wages for women workers, he replied that wages would only encourage men to compete for the "jobs." Men, he felt, were irresponsible, and unlike women they were not conscientious about providing food for their families and were likely to spend wages on alcohol.

Clearly, USAID and ADRA bureaucrats and state functionaries value

the participation of poor women in the Food-for-Work program because of their contribution to the efficient implementation of various public works projects. “Popular participation,” however, is a vicious discourse that masks the growing dislocation between the arenas in which people (especially women) participate and the arenas in which decisions about their lives are made. Participation is not, after all, an end in itself. It should generate a greater capacity for women to make important decisions that affect their lives. Poor indigenous women are among the most powerless people in El Alto, and, rather than building ties between them and popular organizations, Food-for-Work creates clientelistic ties between women and the state, USAID, and ADRA while further entrenching class, gender, and ethnic divisions in El Alto.

Although Food-for-Work takes advantage of the unpaid labor of the poorest women in the city, microcredit programs target the cash surpluses that can still be extracted from other, slightly better-off people—once again, primarily women. These programs represent a new form of popular discipline that, through high interest rates and indebtedness, siphon surplus out of poor neighborhoods and provides a means for dominant groups to turn a profit on poverty. Microcredit schemes also appeal to the state because, like Food-for-Work, they are a low-cost substitute for public investment in health, education, and infrastructure, and the forms of organization associated with them offer a nonthreatening alternative to real collective organization.

During the 1990s, following the widely heralded success of the Grameen Bank of Bangladesh, credit schemes for “microentrepreneurs” exploded in the Third World, and El Alto was no exception. By 1995 at least six organizations offered “microcredit” to residents of the city, and in the space of only a few years they were loaning money to thousands of borrowers and enjoying considerable prosperity. The champions of microcredit argued that the lack of access to credit trapped people in poverty—not labor exploitation, low prices for crafts and agricultural commodities, or national debts and their associated austerity programs—and they claimed to “empower” the poor by extending high-interest loans to them.⁹ Indeed, empowerment, or the lack of empowerment, was a constant refrain that I heard from microcredit managers, whose ultimate message to El Alto’s poor was that credit holds the key to a prosperous and successful life.

A variety of international organizations finances microcredit programs in El Alto: USAID, for example, is a major supporter of three organizations—Bancosol, Promujer, and the Centro de Servicios Integrados para el Desarrollo Urbano (PROA); the Inter-American Development Bank lends

major financial support to three others; and the Dutch, German, Swiss, and Swedish governments provide funding as well. A number of prominent Bolivian entrepreneurs have also invested their capital in these lucrative ventures. Although the particulars of microcredit vary from organization to organization, all the programs have certain features in common. The schemes loan money—from as little as \$20 to several thousand dollars—to borrowers, who are usually organized into groups of eight to fifteen people. The borrowers are overwhelmingly women, who use the loans to finance petty commerce activities, and they pay monthly interest rates that, in 1995, ran from 3 to 6 percent.

The German-backed Procrédito, for example, is a major lender in the city, and it is similar to other programs. From 1992 to 1994 the organization made more than thirty thousand loans to people who resided primarily in El Alto and La Paz. Seventy percent of the loans were for less than \$500, and 63 percent of the loans supported commerce or service activities. Although men accounted for more than one-third of the borrowers, women were by far the majority (63 percent), yet they tended to receive smaller loans than men.¹⁰ For the backers of Procrédito the program's most salient statistic was the low rate of loan delinquency: by the end of 1994 only 1.5 percent of the loans were delinquent by eight days or more.

Procrédito's competitors can boast similar figures, and they all point to low delinquency rates as evidence of the unqualified success of small-scale lending. The poor, they claim to skeptical colleagues in the stodgy commercial banking sector, are creditworthy, and the banks can profit from these loans. This growing realization is responsible, in part, for the transition to for-profit institutions that some development NGOs, which specialize in microcredit lending, are making.¹¹ Yet even though some of El Alto's poor have indeed proved themselves good risks, they have been forced to do so at a high cost to themselves and others. A closer examination of microcredit schemes belies the fervent claims of popular empowerment so effusively espoused by microcredit enthusiasts. The schemes have engineered new ways to make money on the backs of the poor and implemented novel forms of social control that weigh heavily on low-income borrowers and nonborrowers alike.

Bancosol—the preeminent microfinancier—is the best example of this process. Founded in 1988 as a USAID-affiliated NGO called PRODEM (Programa de Apoyo de la Microempresa), which specialized in loans to small-scale urban entrepreneurs, it evolved into a for-profit banking institution within four years. During this transition, prominent well-situated La Paz businessmen used international development aid, and free-market

rhetoric about transforming the poor into small-scale entrepreneurs, to build a lucrative private enterprise.¹² Between 1992 and 1994 Bancosol's clientele more than doubled, and women came to represent 85 percent of the bank's more than thirty thousand borrowers (Rivera Cusicanqui 1996).

Bancosol attracted clients with interest rates slightly below the usurious rates charged by lenders in the city's informal economy. But as it made the transition from NGO to private bank, its interest rates jumped from 3 percent to 6 percent monthly (Rivera Cusicanqui 1996).¹³ This rate spike, however, did not affect the bank's rapid expansion. Bancosol enjoyed monopsony status for a period, and the demand for credit was so acute among the thousands of people pushed into increasingly competitive petty commercial activities that clients continued to flock to the organization even after competitors appeared.

The growth and expansion of microcredit lenders have created a credit market in La Paz and El Alto that is rigidly segmented by class and ethnicity. Middle- and upper-class whites have always been able to obtain loans from La Paz's major commercial banks by mortgaging a piece of property and presenting letters of recommendation, and the interest rates are somewhat lower than those found in the microcredit sector. Commercial banks, however, have refused to lend money to the legions of rural immigrants and poor urbanites who populate the city, and this is precisely the clientele that Bancosol and other microcredit lenders have captured so successfully. As a result, La Paz and El Alto now have two credit markets: one for whites, the other for cholos and "Indians" (Rivera Cusicanqui 1996).

The conditions that microcredit lenders have established for receiving a loan are quite different than those found in the mainstream private sector. Unlike the major commercial banks, Bancosol does not ask for collateral or letters of recommendation from potential borrowers. It substitutes these guarantees with self-regulation based on the model of a "solidarity group," which all clients must join. A solidarity group consists of five to eight people who are held collectively responsible for loan repayment and control each other through subtle threats and informal sanctions. Moral pressure, gossip about an individual's self-worth, and shame from not making payments are all means by which the demands of the institution mold an individual's behavior. In this way microcredit institutions distort and appropriate the concept of solidarity—once associated with the struggles of the Left—and make it synonymous with debt repayment.

Lenders, however, do not place all their faith in the self-regulation of borrowers. They also hire and train dozens of male employees to ensure that solidarity operates effectively among group members. The credit man-

agers that Bancosol employs are overwhelmingly mestizos who have graduated from the public university with degrees in accounting, economics, and business administration. They understand the social relationships and cultural practices of the largely female clientele whom they supervise, and the bank links their salary bonuses to the women's timely repayment of debt. Bancosol claims that the unique managerial requirements of microcredit lending, and the higher transaction costs of many small loans, justify the institution's high interest rates, but Rivera Cusicanqui argues that higher interest rates unnecessarily punish these clients and facilitate the administrative control necessary to discipline an unruly immigrant population (Rivera Cusicanqui 1996).

While Bancosol and other microcredit lenders have contributed to the emergence of a highly unequal credit market divided along class and ethnic lines, they have also aggravated forms of oppression among subaltern peoples in the city. Microcredit aggravates processes of differentiation between relatively better-off borrowers, who can manage the pressures of debt repayment, and the poorest residents, who cannot. This begins with the selection of credit beneficiaries. Lenders require that potential clients demonstrate that they possess a relatively stable business. Procrédito, whose loan prerequisites are similar to Bancosol's, expects clients to own a house or a store, operate a business for at least one year, and have no outstanding debts. These requirements favor longtime urban residents, who are more likely to have established economic activities in the city, and they discriminate against renters and recent immigrants, who are less secure economically and more "Indian."

For borrowers the pressure to repay loans can strain forms of mutual assistance based on friendship, kin, and fictive kin ties that are often crucial to survival. Among the vendors of the huge 16 de Julio market, for example, individual economic interests and opportunism are tightly interwoven with reciprocal relationships based on some degree of trust. These reciprocal relationships include patron-client interactions and the moral constraints that temper them, as well as the exchange of information and assistance among equals. They are best exemplified by *casera* relationships in which two people—a buyer and a seller—do business with each other on a regular basis. The buyer, in exchange for loyalty to a particular seller, receives high quality goods at fair prices. Although *caseras* may not be social equals, they depend on each other a great deal, and their relationships facilitate the circulation of enormous quantities of goods based on verbal agreements and promises of future payments.

The circulation of goods, however, takes place in a precarious economic

environment. Income from vending is already low, and seasonal fluctuations and broader economic trends also influence earnings in unpredictable ways. In addition, as discussed in chapter 4, the street markets are saturated with vendors, who must compete intensely to make a minimal income. As a result, when lenders pressure microcredit borrowers with nonnegotiable demands for debt repayment, these demands often stretch to the breaking point far-reaching social relationships that link rural dwellers and urban residents, as well as the destitute and the slightly better-off. This in turn can lead not only to greater exploitation among individual debtors but also to the increasing appropriation of resources, such as unpaid labor, from the weaker members of these complex relationships (e.g., rural dwellers, children, and recent immigrants). The women who can most effectively manipulate microcredit are likely to be married, well established in the city, and able to rely on the help of extended families. Rivera Cusicanqui notes that “indebtedness to Bancosol only results in a viable capitalization strategy for the most established operations and those that are most adept at extracting an unpaid surplus from their networks of reciprocity. The capacity for repayment depends on flows of free labor and the subsidy of the city by the countryside” (1996: 281).

Finally, microcredit programs embody forms of cultural discrimination. This, as we have seen, begins with the tendency to favor established longtime urban residents—the so-called *cholas*—over their more “Indian” counterparts, and to control them with male mestizo administrators, but it has other manifestations as well. A civilizing agenda is especially pronounced at Promujer, a microcredit lender that withholds loans until female clients can prove their worth as mothers and business administrators.

Promujer has operated in El Alto since 1990 and is heavily supported by USAID. Women who wish to receive credit must participate in a one-year program of five courses, or modules, that purport to teach them the basics of successful mothering and business development. The first three modules emphasize self-esteem, maternal and child health care, and childhood development, but they do not include abortion services, education about human immunodeficiency virus (HIV), or contraception counseling. The fourth module moves the women into instruction in basic business skills, based on the erroneous assumption that those who work in the city’s markets are unable to manage money or comprehend the meaning of price fluctuations and economic cycles. Once the women have completed this module, Promujer finally allows them to form communal banks, which are similar to Bancosol’s solidarity groups, and receive credit. Promujer’s director stresses the importance of these modules for female devel-

opment. The women, she asserts, “for their own lack of ‘empowerment,’ do not know what they are capable of” [*Por su propia falta de ‘empowerment,’ ellas no saben de lo que son capaces*]. She also boasts that while “Bancosol has clients [*clientes*], Promujer has associates [*socias*].”

In this way Promujer reduces female empowerment to little more than a cliché. It is severed from any discussion of gendered relations of power and the collective disempowerment of women and men that economic structural adjustment measures set in motion. To the extent that empowerment has any meaning for these women at all, the message is that emancipation comes from having as much money as possible and conforming to Western stereotypes of appropriate female behavior. Yet as long as international development organizations like Promujer continue to place the blame for poverty on poor women and their cultural practices—a practice that has parallels with the debates about poverty and the demonization of African American women in the urban United States (Williams 1994)—empowerment, by any definition, is likely to remain beyond the grasp of most women.

NGOs and the Left: Defining New Priorities

The flood of “neoliberal” NGOs, the money channeled to them by international development agencies, and the dominance of neoliberalism generated an identity crisis among other NGOs of the erstwhile Left, and even imagining a different kind of social order became more difficult. Left-leaning NGOs struggled to redefine themselves vis-à-vis their neoliberal rivals and began a desperate search for alternative development strategies, a process that created new divisions within them and frequently produced dramatic personnel reorganizations. In the early 1990s, for example, 140 of the oldest Catholic and Left-leaning NGOs, funded primarily from Europe, became affiliated with a national umbrella organization called the Coordinadora Nacional de Redes (CNR) and adopted the label “Instituciones Privadas de Desarrollo Social” (IPDS) (private social development institutions) to define member organizations. By so doing, the CNR distanced itself from NGOs that distributed food handouts and those tied to USAID, which called themselves “private volunteer organizations” (PVOs). It also sought to create a clearer and more positive-sounding appellation for its members.¹⁴ A private social development organization, according to the CNR, initiated long-term development projects, rejected neoliberal reforms, and sought to change the status quo (Pinelo 1992). But

directors of these organizations acknowledged that they were not posing a coherent alternative to neoliberalism but merely trying to combat its worst effects on the poor.

Their programs began to concentrate on providing services, income-generating schemes, and microenterprise development plans that were often indistinguishable from the projects advanced by competitors. The organizations signed agreements with the state to shoulder the burden of providing service in particular areas of the country where the state no longer operated or, in some cases, where it had never had a significant presence. Their activities, however, became concentrated primarily along the La Paz–El Alto–Cochabamba–Santa Cruz axis, where in the early 1990s two-thirds of the NGOs in Bolivia operated (Dewez 1991), and the emergence of a variety of NGO networks did little to better coordinate programs nationwide. All NGOs—old and new—increasingly addressed social problems in ways that closely followed the World Bank's recommendations for the reorganization of the state apparatus. In 1995 the approximately forty NGOs of El Alto offered services to local people in three basic domains: primary health care, education (technical training and literacy), and small business development via microcredit. Four NGOs also focused on home construction and improvement. Health and education were areas that the state, prompted by the World Bank, had increasingly abandoned, and business development—particularly among several USAID-linked NGOs—reflected the prevailing dogma about the best way to reactivate the Bolivian economy.

As international donors turned their attention to the newly democratized countries of Eastern Europe in the early 1990s, competition between NGOs for development dollars intensified, and the differences between them largely disappeared. Yet even as the differences between development NGOs were more difficult to discern and NGO-state relations grew ever more cooperative, tensions persisted between NGOs and the state. NGOs, especially those controlled by rival political parties, became threatening to state agencies, which were themselves highly dependent on funds from international donors. State officials coveted NGO monies for their own projects and for distribution among political allies, and they were legitimately concerned with the large sums flowing to NGOs without any national accountability.

These tensions were particularly apparent during the administration of President Jaime Paz Zamora (1989–1993), when the government hinted about imposing a tax on foreign funds channeled to NGOs and threatened to directly intervene in their financial affairs. It also created a national

NGO registry and a subsecretariat within the Ministry of Planning and Coordination to coordinate NGO activities, but these regulatory attempts met with little success. Only a fraction of the NGOs active in the country registered with the government, and several international NGOs did not even maintain national offices in Bolivia. Attempts to pass laws governing the behavior of NGOs in Bolivia continued, but NGO-state tensions eased—but did not entirely disappear—with the departure of Paz Zamora from the presidency.

For example, Flavio Clavijo, the CONDEPA mayor of El Alto, viewed NGOs as a power base for his political rivals, particularly those in the Movimiento Bolivia Libre (MBL). Unlike the MBL, however, CONDEPA never developed an NGO strategy to advance its agenda. The mayor believed NGO directors in El Alto used foreign aid for personal enrichment, and he was highly critical of almost all.¹⁵ Yet the mayor, like the Bolivian state in general, coveted NGO money while tolerating NGOs because they provided a minimal level of social services and helped to maintain political stability during a period of shrinking state resources. Consequently, he could not afford to completely alienate them.

One facet of this rivalry emerged during an interview that I conducted with the mayor in 1994. Before beginning the interview, I carefully explained to him that I was an anthropology professor from American University, a private institution in Washington, D.C., and that I planned to write a book about El Alto. I also told him that I was particularly interested in his opinions of the NGOs operating in the city. He then proceeded to delineate his objections to NGOs, which included their failure to account publicly for the funds received from international organizations and their unwillingness to cooperate with his office. His harshest remarks, however, were directed at one very prominent and progressive NGO, and particularly its director, a woman from a renowned La Paz family closely tied to the MBL. Although he had no concrete evidence, the mayor claimed that this woman was totally corrupt. He said that she had enriched herself with money earmarked for the poor, and one need only look at the automobiles and real estate that she had accumulated to appreciate this fact.

These slanderous remarks, I quickly discovered, were not only for my ears. They were also directed to the U.S. embassy and more generally the U.S. government, which is a potentially fecund source of financial assistance. The mayor had mistakenly assumed that I was associated with the embassy, perhaps because of my affiliation with a university called “American” that was located in the U.S. capital. His error became apparent when he assured me at the end of the interview that if I, or “any of my colleagues

from the embassy,” wanted a second interview, he would be more than happy to talk with us. The mayor appeared to believe that, through me, he could curry favor with the U.S. government and discredit a rival at the same time.

Despite these tensions between the mayor’s office and El Alto NGOs, the central government embarked on an unprecedented period of cooperation with NGOs after the 1993 presidential election of MNR leader Gonzalo Sánchez de Lozada. The MNR, MIR, and MBL were among the political parties that comprised the ruling coalition, and the state recruited an unusually large number of individuals from the NGO sector into important positions in the state bureaucracy.¹⁶ For example, dozens of former NGO staff members filled jobs in a new “super” ministry—the Ministry of Human Development—which, in a nod to social diversity, included subsecretariats assigned to gender, ethnic, and generational issues; the heads of these subsecretariats were all former NGO directors.

By the mid-1990s, then, the economic crisis had generated a plethora of NGOs assigned the task of poverty alleviation as state agencies retrenched. Meanwhile, the fall of socialism and the neoliberal juggernaut had contributed to the organization of a new, albeit uneasy, consensus among Left-leaning and neoliberal NGOs and between them and the Bolivian state. The number of NGOs expanded, however, not only because of the erosion of the survival possibilities of peasants and immigrants and the threat to political instability that their growing immiseration posed to dominant groups. NGOs were also a response to the new vulnerabilities that plagued middle-class professionals, who were faced with declining living standards and the shrinkage of state agencies that once employed them. Indeed, the availability of international funding made it possible for some individuals who enjoyed the right connections to gain access to resources and to establish new NGOs in a time of economic austerity. It also opened up limited opportunities for popular organizations and some of the poor. As different groups and individuals contended for access to international funding and a few managed to establish new global connections, tensions arose among them, as chapter 8 explores.