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por:
Kevin M. Morrison
and Matthew M. Singer

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Kevin M. Morrison and Matthew M. Singer
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Department of Political Science
Duke University
326 Perkins Library. Box 90204
Duke University
Durham, NC 27708-0204
Phone: 919.660.4300
Fax: 919.660.4330
kevin.morrison@duke.edu
matthew.singer@duke.edu

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The Challenges of "Deliberative Development": Bolivia's Experience with a National Dialogue

Abstract:

The "deliberative development" approach to policy reform has gained popularity in both academic and policy circles without a clear understanding of the requirements for its success. Based on a reading of the deliberative democracy literature, we detail those requirements, finding them to be quite restrictive. We then examine Bolivia's 2000 National Dialogue, a national deliberation on development policy, and find—not surprisingly—that these requirements were generally missing. More importantly, we demonstrate that the lack of these requirements is not benign: the institutional characteristics of the Dialogue had direct effects, and the Dialogue continues to affect Bolivia's politics in debatable ways.

The late 1990s and early part of this decade witnessed what appeared to be a major change in the approach of international development institutions to policy reform. The most important evidence of this change was the Poverty Reduction Strategy Paper (PRSP) initiative of the World Bank and International Monetary Fund. This initiative, which arose in 1999 in the context of updating the Heavily Indebted Poor Countries' (HIPC) Initiative, required countries to prepare a PRSP prior to receiving debt relief (see International Monetary Fund and International Development Association, 1999).[1] Each country's PRSP was to outline an overall strategy to reduce poverty, including structural reforms such as trade and privatization as well as specific anti-poverty programs. These PRSPs are now required to receive *any* World Bank or IMF concessional assistance.

What made the PRSP initiative particularly innovative and noteworthy was that the Bank and Fund required that the strategy be developed in a "participatory" way. That is, the PRSP needed to be based on some sort of consultative process by which the government solicited input from various societal groups—including local nongovernmental organizations (NGOs), businesses, and unions—and then incorporated those preferences in the policy. This approach to government policymaking seemed to go directly against a line of academic work on economic reform that had been influential in these institutions for years (e.g. Sturzenneger and Tommasi, 1998), arguing that there was an inverse relationship between the success of economic reform and the amount of participation of society in making policies. Having criticized this old approach for years, most NGOs and developing country governments supported the new direction taken by the World Bank and IMF. In fact, few critics of the approach (e.g. Stewart and Wang, 2003) have critiqued the idea of participation, most instead focusing their critiques on the poor "extent" and "quality" of participation.

In one of the benchmark articles supporting this "deliberative" approach to policy reform, Peter Evans (2004) notes that such an approach to policymaking is supported by work by the economists Amartya Sen (1999) and Dani Rodrik (2000),

[1] The purpose of the HIPC initiative was to relieve a portion of the poorest countries' debt, freeing up government resources for development and reducing poverty.

who argue that participation and public deliberation are means to better policies.[2] Evans writes, "If it were possible to implant this sort of deliberative process in political units large enough to impact developmental trajectories—say, the provincial or municipal level—we would have something that could be called 'deliberative development'" (2004: 37). Discussing examples from Porto Alegre, Brazil, and Kerala, India, Evans goes on to argue that this type of development is not only desirable, but attainable.

Despite its increasing popularity in the academic and policy worlds, we still know little about what is needed for the deliberative development approach to be successful. While it may be true that political processes in Porto Alegre, Kerala, and elsewhere have exhibited deliberative aspects as well as positive development outcomes, the particular details of how the former relates to the latter remain murky. Are deliberative processes appropriate for all development decisions? Are there particular characteristics of the society that need to be present in order for deliberation to work well? Are there particular characteristics of the deliberative institutions that need to be present? Can there be any negative effects if deliberation is not done well? If the deliberative development approach is to be considered a viable and superior policymaking alternative, these questions must be answered.

To begin to answer these questions, this paper seeks to make three contributions. First, it reviews the goals a society might have that would lead it to prefer a deliberative policymaking processes over other types of policymaking processes. Deliberative processes may not be appropriate in all policymaking situations, and we therefore specify the potential advantages that deliberative processes contain. Second, building on that discussion, we lay out some of the societal and institutional characteristics necessary to ensure that the goals of deliberation are achieved. As such, we try to avoid defining "good" deliberative institutions according to their development outcomes.

These first two contributions are based on a reading of an existing literature that is relevant to deliberative development but which has not been examined enough by the literature to date: the deliberative democracy literature largely spawned by the work of Habermas (1962; 1984). Our reading of this literature indicates that the conditions necessary to achieve the goals of deliberation are quite stringent and unlikely to be met in the majority of deliberative institutions. Because of this, a crucial question for scholars interested in deliberative development is what happens when these conditions are not met. Does deliberation produce positive development outcomes in any case?

Therefore our third contribution is an empirical examination of a major deliberative development exercise: the 2000 National Dialogue in Bolivia. This event brought together thousands of citizens at the municipal, departmental (departments in Bolivia are akin to provinces), and national levels to discuss development policy. The Dialogue had a direct influence on national development, resulting in a Law of the Dialogue (*La Ley del Diálogo*) that continues to affect policy to this day.

[2] This convergence around participation in part also reflects the influence of a wide literature on the benefits of participatory methods in local development practice (e.g. Chambers, 1994; Cohen and Uphoff, 1980; Robb, 2002).

As such, Bolivia is what Rose (1991) refers to as a "prototypical" case, in the sense that it is among the countries that have traveled furthest along the path under study—in this case, the PRSP process.[3] To paraphrase Rose, Bolivia's present—affected by a past national deliberative development exercise—may be other countries' future. This type of case study is well suited to an exploratory empirical analysis (King, et al., 1994), which this paper is.

Our empirical analysis is based on extensive interviews conducted in Bolivia in 2002 and 2006 (the full list of interviewees is available from the authors). It examines the structural features of the deliberative process in Bolivia and how they relate to both the policies enacted during the process and the result of those policies in the subsequent years. We find that the policies of the National Dialogue in Bolivia have not been successful, and may in some ways be damaging to Bolivia's developmental and democratic prospects. More importantly, the reasons for its unimpressive record are likely to be present in most deliberative development settings around the world.

The paper proceeds as follows. The next section contains our analysis of the literature on deliberative democracy, including the goals of deliberation and the necessary conditions for attaining them. The third section contains our empirical analysis of Bolivia's National Dialogue, and the fourth section examines the record of the policies that emerged from the Dialogue. A fifth section concludes.

[3] In fact, in addition to being one of the first countries to finish its PRSP, Bolivia was a pilot country in the World Bank's Comprehensive Development Framework, a direct precursor to the PRSP (Christiansen and Hovland, 2003).

A deliberative approach to reform

As Schauer (1999) indicates, we should view deliberation—or "talking," as he simplifies it—as one possible choice of decision procedures. For example, when developing a Poverty Reduction Strategy Paper, there are many ways in which one might go about deciding on the strategy. As Schauer says, "What makes a claim about and for deliberation important, rather than vacuous, is that we can imagine numerous decisional opportunities in a society in which a public deliberation is not the only procedure available but is one among several" (1999: 20).

Schauer notes four types of procedures that might be used to make a decision, and he briefly notes the circumstances in which they might be used. One procedure is some form of nondeliberative preference measurement, such as a public opinion poll or secret ballot. This procedure might be appropriate when there is reason to think that the majority's preferences are most important, and minority preferences should not prevail. A second alternative would be to allow experts or elites to make decisions on behalf of the rest of the population. This might be particularly appropriate when scientific or technical expertise is important. A third option is to enable decisions to be made by deliberative processes within a select group, such as a representative legislature or an appellate court. Here a deliberation procedure is valued, but there exists some reason it is not appropriate for the general public to do the deliberating. The fourth decision procedure, and the one supported by most deliberative theorists, is "public deliberation, a decision procedure that is usually distinguished from procedures that are public but not necessarily deliberative, as with the referendum and the plebiscite, and procedures that are deliberative but not necessarily public, as with the conferences of the Supreme Court" (Schauer, 1999: 21).

When might a society prefer this last decision procedure, deliberation? Using the discussion of Fearon (1998) and others in the deliberative democratic literature, we offer four principal reasons:

1) *To reveal private information* – For example, to reveal the intensity of preferences or private information about factors affecting the probability of different outcomes.
2) *To lessen or overcome bounded rationality* – Faced with enormously complex decision problems, individuals with limited calculating abilities and imaginations (bounded rationality) may wish to pool their capabilities and thereby increase the odds of making a good choice (see Heath, et al., 1998).
3) *To force or encourage a particular mode of justifying demands or claims* – "[I]nsofar as the people in question have the motivation, or can be motivated, not to appear selfish or self-interested, then a reason…would be to encourage public-spirited justifications and proposals, which might redound to the benefit of all" (Fearon, 1998: 55).
4) *To render the ultimate choice legitimate in the eyes of the group* – In order to make people more willing to abide by or support the decision made by the group, everyone should be enabled to have their say before the decision is made.

If society has any of these goals with regard to a particular policy process, it might prefer to use a deliberative decision-making procedure.[4] Then, however, the question becomes what is needed in order to be successful in attaining these goals.

[4] In a previous version of this paper (Morrison and Singer, 2004), we argued that many of the stakeholders in the PRSP process (international organizations, NGOs, and governments) have indicated that they have goals similar to these.

Building on the discussions of Cohen (1989) and others in the deliberative democratic literature, we highlight two of the most important essential features of an ideal procedure for attaining these goals. First, the deliberation itself must be *free*, both in the sense that the participants will only be bound by what they decide in deliberation and not by some other factor, and in the sense that they will act after the deliberation according to what they decide. Second, the deliberators must be "both formally and substantively *equal*" (Cohen, 1989: 22)—formally equal under the rules regulating the procedure, and substantively equal in that "the existing distribution of power and resources does not shape their chances to contribute to deliberation, nor does that distribution play an authoritative role in their deliberation" (Cohen, 1989: 23).

Cohen's notion of *freedom* requires that deliberation be free from unreasonable constraints and then enacted. If there is some other factor that is ultimately guiding the outcome, then the deliberation is at best a show. If the deliberators are unaware the deliberation is not free, the process of dialoging creates expectations about the outcomes which are likely to go unfulfilled. If the deliberators *do* know this, they have no incentive to reveal private information or to pool their resources to forge new policy options. Either way, a discussion lacking in freedom will undermine the ability of the process to add legitimacy to its conclusions (see Michener, 1998).

Even if the discussion is formally free, deliberation will not have the desired effects if some of the deliberators are more powerful than the others, either formally or substantively. *Inequality* restricts the private information that gets shared and the type of proposals that emerge in deliberation, because deliberators may feel that their opinion will not be understood. Stasser and Titus (1987) show that when people with different information about a problem are brought together to discuss it, information that all the participants have in common is most likely to be discussed while people with information that is relevant but unique to them are unlikely to present it to the group. The resulting group decision is thus based on less information than any individual member possesses. Under some circumstances, inequality in information between actors can even lead some participants to support proposals that are not in their best interests even if no participant disseminates false information (Przeworski, 1998). This tendency can only be overcome if the discussion can be organized in such a way that the varying expertise of different members is made salient (Argote, et al., 2000; Stasser, et al., 2000).

Even when participants believe that their personal observations are relevant, inequality in power, resources, or ability to communicate can hinder information flows in several ways. First, when some participants in a discussion are perceived as having more expertise or status, others are prone to defer to them (Stasser, et al., 2000). Second, the existence of a perceived majority can reduce free discussion, as people are less likely to voice views deemed to go against a majority or to offer information that appears contrary to the prevailing opinion (Myers, 1982; Noelle-Neumann, 1984; Whyte, 1989). Third, cultural differences potentially create moral and/or cognitive disparities among group members that hinder mutual understanding and aggravate inequalities (Valadez, 2001).

Because of these problems, inequality in deliberations will generally result in a decision favoring the more powerful or experienced group and based on less information than an equal setting would have produced. However, not all of the goals above would be affected. For example, there seems no reason that it would impact the third goal above—when people *do* decide to talk, they will face the constraint of making their arguments in public. And if people have—unbeknownst to themselves—been led to take positions contrary

to their interests, they are nevertheless likely to see the process as legitimate. One might even imagine circumstances when allowing the most experienced and organized interests to control the discussion is advantageous. However, those who knowingly withhold private information or feel at a disadvantage in the deliberation are likely to see the process as less than legitimate, especially if they do not feel represented by the advantaged groups. Thus, there is less confidence that deliberation will achieve legitimacy.

The minimum conditions discussed here—freedom and equality—are likely to be difficult to implement in a deliberative institution anywhere in the world. This should give pause to supporters of deliberative development. Moreover, given the large literature on how institutions affect policy outcomes (e.g. March and Olson, 1989; Persson and Tabellini, 2000), it is likely that "faults" in deliberative institutions will have direct effects on the policies adopted by such institutions. However, the deliberative development literature has told us very little about what happens when these faults exist. The case of Bolivia—to which we now turn—sheds some light on this issue.

The 2000 National Dialogue in Bolivia

In the summer of 1997, Hugo Banzer of the *Acción Democrática Nacionalista* (ADN) party was elected Bolivia's President with only 22 percent of the vote. He did so by aligning his conservative ADN with the formerly socialist *Movimiento de Izquierda Revolucionaria* and two populist parties, the *Conciencia de Patria* and the *Unión Cívica Solidaridad*. A former dictator, Banzer's legitimacy was already low, and his ability to govern with such a disparate coalition was dubious. His advisors noted that if they were to institute any policy changes, it would have to be at substantial cost in terms of concessions to the other parties. The strategy recommended by Banzer's young vice president, Jorge Quiroga, was therefore to call a "National Dialogue" to build consensus with the corporatist groups that have historically been so important in Bolivian governance (see Malloy, 1977) . The feeling was that with this sort of a "mandate," other parties in the coalition could not publicly oppose the direction the ADN was going. And while the other parties could perhaps see this coming, they could not be seen publicly disagreeing with increased societal participation in governance and would have to participate as well.

It should be noted that inherent in this strategy was a blatant bypassing of established democratic institutions in Bolivia. This did not go unnoticed. Parties and congressmen in Bolivia were furious about it—and even Banzer himself felt uncomfortable—because it clearly undermined their place in the governing structure. If they were not suitable representatives to debate the pressing problems of the country, who were? This resistance almost led to the 1997 Dialogue's cancellation, but the press got wind of the event and started publicizing it. While many of the civil society participants were left unsatisfied with the Dialogue, the overall result was a boon for Banzer, despite his own reluctance. Calling for a National Dialogue enabled Banzer and Quiroga to avoid an extended and fractious debate in Congress and instead attain a mandate with some legitimacy.

One of the conclusions of the first National Dialogue was that this type of dialogue should be institutionalized. It was not, however. Quiroga wanted to repeat the process both in 1998 and 1999, but his efforts were torpedoed by Banzer and the other parties. Few people believe another one would have occurred under Banzer's regime were it not for the HIPC Initiative of the World Bank and IMF. But HIPC changed the scene. The World Bank and IMF offered debt service relief totaling around $1.3 billion, to be delivered "when Bolivia

has adopted a poverty reduction strategy—in a participatory process with civil society—which has been broadly endorsed by the Bank and Fund Boards and after Bolivia's other creditors have confirmed their participation in debt relief under the enhanced HIPC initiative" (World Bank, 2000). With this on the table, Quiroga's hand was substantially strengthened—not even Banzer could resist.

The result was the National Dialogue 2000 (*El Diálogo Nacional 2000*), a series of government-sponsored public consultations with civil society organizations held from June to August 2000. It should be noted immediately that the Bolivian government did not have much interest in creating what Cohen (1989) would call a "free" deliberative institution (Molenaers and Renard, 2002). In fact, the results of the deliberation played very little role in Bolivia's PRSP, the ostensible goal of the Dialogue. That document ended up being written in a government think tank, by people who did not participate in the Dialogue (Komives, et al., 2003). However, the Dialogue did have an important outcome: the Law of the Dialogue. This Law, building directly on the discussions of the Dialogue, contained two critical components, both related to the resources made available by HIPC. The first was a "mechanism of social control", which was to monitor the spending of the HIPC resources. And the second was a specific formula for distributing those resources throughout the country. As the government had no previous position on these policies, discussion on them was freer, and the policy outcomes were in fact dictated by the discussions. As such, analyzing how these outcomes came about—as well as their effects since the Law was enacted—provides a window into the workings and possibilities of deliberative institutions.

Social Control

Among the many complaints by civil society about the 1997 National Dialogue were that no indicators of progress were established and no responsibilities were assigned to specific institutions to implement the Dialogue's conclusions. The second Dialogue sought to avoid this by being as specific as possible in identifying action items and making follow-up explicit. Thus one of the goals set by the second Dialogue's secretariat was to create a mechanism of social control (MSC) that would oversee the implementation of whatever was decided with regard to the HIPC money.

To understand the conclusion to which the Dialogue came with regard to the MSC, it is crucial to understand the role of the Bolivian Catholic Church. The Church has been highly respected by Bolivians, consistently ranking at the top of public opinion polls about Bolivia's "most respected institution".[5] Approximately 30 percent of the country's health institutions are run by the Church, and the Church administers many schools for the poor, while the government finances the teachers. Links like these between the Church and government, however, have led many groups in civil society to see the Church as associated with the State. The Church, for example, has benefited from being in charge of social programs and did not fight against the termination of subsidies and development banks that many small producers saw as essential to their livelihoods. Thus, the influence of the Church in the Dialogue came less from its respect among civil society and more from the way in which its

[5] In the 2001 Latinobarometer, 82% of respondents expressed being very or somewhat confident in the Catholic Church, while only 17% expressed confidence in the Congress. See http://www.latinobarometro.org/English/pdf/ press-release/graf/graficos2001ingles.pdf

preparations for the event were translated into outcomes by the specific characteristics of the Dialogue.

The Church's organizational capacity and ties to other organizations allowed it to prepare for the National Dialogue more extensively than other participants. When the HIPC money was offered and the Bolivian government announced it would conduct another National Dialogue, the Church remembered its negative experience with the first Dialogue and said that while it would participate in the 2000 National Dialogue, it would first hold its own Forum, labeled Jubilee 2000. Thus, from mid-March to mid-April, 2000, fora were held in each of Bolivia's nine departments, each forum lasting three days and including representatives not only of the Church but also of other civil society groups aligned with the Church. These fora were prefaced by workshops in February for departmental representatives, outlining the objectives and methodology of the fora. Then, from each of these departmental fora (at which there were a total of about 4000 people), 80 delegates were selected to attend a National Forum in La Paz in April, to which the President and his cabinet were invited (though the President did not attend, four cabinet members did, including the Minister of Finance). Out of these meetings emerged a specific proposal of an MSC to be coordinated by the Catholic Church.

The Church's MSC proposal had a deep effect on the Dialogue because of the formal structure of the Dialogue and the substantive inequalities of the participants. The Dialogue took place in three stages, or *mesas*, with the first *mesa* organized around politically relevant groups at the municipal level. At the nine municipal-level *mesas*, representatives from every one of the 314 municipalities convened in their departmental capital. There were four representatives invited from each municipality: the mayor, the vice president of the Municipal Council (who was automatically from the opposition party), the president of what is called the vigilance committee (*comité de vigilancia*), and another member of the vigilance committee, who had to be a woman.[6]

Vigilance committees were established by the Popular Participation Law in 1994, which decentralized much of the central government's activities. These committees are made up of representatives of territorial base organizations (*organizaciones territoriales de base*), which were also created with the decentralization and are the officially recognized neighborhood associations in urban areas, and agrarian syndicates or tribal bodies in rural areas. The committees help municipal governments plan annual social expenditures and oversee the distribution of funds to ensure accountability (they have the ability to file negative reports with the central government, which can—and sometimes do—cause the central government to halt disbursements).

At the municipal *mesas*, 99.7 percent of the country's mayors and 97.1 percent of the presidents of the vigilance committees were present (Proyecto Diálogo Nacional, 2001). Also invited were the uninominal deputies from each district and advisers from each department.

[6] The reason behind choosing a woman was that it was suspected women would be underrepresented in the three other "posts" (interview with Fernando Medina, Technical Secretariat, 2000 National Dialogue, May 28, 2002.). This turned out to be true, with women only constituting 5.4 percent of mayors, 4.9 percent of presidents of the vigilance committees, and 14.4 percent of the vice presidents of the municipal councils who attended the Dialogue. Including the fourth member of the committee (the designated woman), women made up 30.7 percent of all delegates (Proyecto Diálogo Nacional, 2001). It should be noted, however, that these women were not chosen to represent "women's issues," but rather to act as representatives for their groups. bodies in rural areas. The committees help municipal governments plan annual social expenditures and oversee the distribution of funds to ensure accountability (they have the ability to file negative reports with the central government, which can—and sometimes do—cause the central government to halt disbursements).

In these meetings, the various participants discussed in small groups the problems facing the poor in their areas and policy priorities and then presented their conclusions back to the large groups for further discussion. Members of the Technical Secretariat facilitated the discussions and recorded the conclusions.[7]

At the conclusion of the municipal *mesas*, the participants chose representatives for the subsequent departmental *mesa*, where these representatives were joined by departmental civil society and higher-level government officials. In addition to the delegates from the municipalities, the invitees at the departmental level were representatives of the Executive Branch; parliamentarians; advisers from each department; delegates from the Jubilee 2000 movement; delegates from producer associations; and other representatives of civil society, including indigenous groups, peasant groups, unions, universities, civic committees, and businessmen. Crucially, the municipal representatives were highly outnumbered in the departmental *mesas*. Fifty percent of the participants at the departmental *mesas* were from departmental civil society, while only 20 percent were from either municipal government or municipal civil society (Proyecto Diálogo Nacional, 2001). And among civil society representatives, the largest group—over 17 percent—was from either Jubilee 2000 or the Church itself.

Finally, the Dialogue concluded with a national *mesa*, where delegates elected from the municipal *mesas* and the departmental *mesas* were joined by representatives of Congress and political parties, as well as representatives of national civil society, including national leaders of Jubilee 2000 and the Church, the confederations of indigenous groups, the association of small rural and urban producers, and the confederation of neighborhood associations. In total 273 people participated at the national *mesa*, of whom 120 (44%) were municipal delegates, and 50 (18%) were departmental delegates. Governmental participation was fairly low (only 9% of total participants), but many of them were at a high level, including Vice President Quiroga, four ministers, and 20 vice ministers. There were 24 representatives of political parties (Proyecto Diálogo Nacional, 2001).

The key to the MSC outcome was the ability of the Jubilee group to dominate the relevant discussions at the departmental and national mesas, since the importance in terms of determining the final outcome of the Dialogue grew as one moved toward the national *mesa*. During the Dialogue, the members of the independent Secretariat noted that while the municipal delegations had been quite outspoken at the municipal *mesas*, at the departmental level they did not participate much at all, even though they had been chosen as delegates based on their knowledge and presentational abilities. The Secretariat attributed this to two factors. First, the discussions at the departmental level were at a much more general and esoteric level than the specific, local problems on which the municipal *mesas* had focused. Most municipal leaders did not have general knowledge—that is, knowledge about national and departmental problems. They only had specific knowledge about their locality and therefore did not feel comfortable participating at this level. Thus, for national and departmental issues, many of them simply asked the Jubilee members for copies of their proposals, so as to have something to support.

Second, reinforcing this dynamic at the departmental and national levels was the presence of pressure groups who wanted access to the HIPC resources. The result was a more

[7] By all accounts, the Secretariat of the second National Dialogue was indeed independent, probably as a result of heavy pressure on the government from donors.

argumentative atmosphere, where oratory skills were essential. As the official record of the National Dialogue (written by the Secretariat, not the government) says:

> *The weight of different pressure groups was also notable in the results of the Dialogue [at the departmental mesas]. Representatives of civil society (Jubilee Forum) or political parties acted in the deliberation articulately, defending positions or making proposals. This characteristic converted the departmental mesas into an exercise that would be very helpful for the national mesa, but which made it a complicated exercise with tense moments….*
>
> *In general, the municipal actors did not have the weight that they should have had taking into account their number of delegates [at the national mesa]. It seems that the better discursive capacities, group control, and practice in leadership of the national and departmental civil society groups (Jubilee, NGOs, comités cívicos, etc.) contributed to this result (Proyecto Diálogo Nacional, 2001: 62, 66, our translation).*

In the end, the MSC adopted was nearly identical to that proposed by the delegates of Jubilee 2000. It set up committees at departmental levels to oversee the distribution of HIPC funds, mirroring the function of the vigilance committees at the municipal level. In addition, all of these committees were put under the control of a National MSC, to be overseen initially by the Catholic Church. It is not surprising that a World Bank report said that in the National Dialogue, "The biggest 'winner'… was the Catholic Church in securing a role for itself, and for civil society in general, in the Social Control mechanism" (World Bank, 2001).

HIPC Funds Allocation

The second important conclusion of the Dialogue was the establishment of a transparent formula that distributed HIPC resources and compensated the poorest areas irregardless of political factors. It allocated 70 percent of the resources to municipalities according to poverty indicators and 30 percent equally among the departments, with the 30 percent distributed among each department's municipalities according to population.

This resulted in a tripling of the resources poor municipalities had been receiving, helping to consolidate the Bolivian decentralization reforms of 1994 (Amellar Terrazas, 2002; Booth and Piron, 2004).

That the resources were allocated along territorial lines is not surprising, given that the Dialogue was structured along such lines.[8] Furthermore, the fact that the funds were to be distributed among municipalities was likely once the structure of the Dialogue ensured that by far the largest group of delegates at the national *mesa* was of municipal delegates (see above). However, among these municipal delegates there were widely varying interests of how to allocate the funds, since municipalities vary a great deal in their characteristics. Nevertheless, municipal leaders did not face many informational inequalities in relevant discussions: as opposed to policy discussions, the topic of financial distribution requires very little technical information. As such, this particular area seems to have been a relatively good setting for a deliberation.

The final discussion of the formula took place at the national *mesa* and was principally an argument between municipalities in the richer and larger departments (namely

[8] Many in the Secretariat had a history in pushing decentralization of the central government and purposely organized the Dialogue in this way (see Komives, et al., 2003).

Santa Cruz and La Paz) adamant that the money should be divided proportionally on population lines, and the poorer departments (such as Chuquisaca) that wanted an allocation along poverty lines. This proved to be an extremely different negotiation, and went far into the night. Then at one point, the mayor of Cochabamba was arguing in front of the group about the benefits of allocating based on population, when another mayor stood up and said, "Es muy mesquino!" ("You're very stingy!") and that if his city were as rich as Cochabamba he would insist on reallocating money to the poorer departments. At this, the mayor of Cochabamba was embarrassed and tried to defend himself, saying it was very important to help the poor. The Secretariat attributed the final 70/30 compromise to this kind of moral admonishment. Booth and Piron (2004) also argue that it is doubtful that this outcome would have been obtained without a deliberative process: "The issue of the distribution formula was hard fought, and the outcome was strongly influenced by the fact that *all* municipalities were consulted" (25, emphasis in original).

On July 31, 2001, this poor-focused formula and the MSC were passed unanimously into law by the Bolivian Congress as part of the National Dialogue Law. This law also called for a similar National Dialogue process to be held every three years. At the time, donors and many in Bolivian society thought the Law was a great advance. Nevertheless, this section has demonstrated that the Dialogue generally fell far short of the requirements deliberative democrats have said are necessary for successful deliberation. In most areas, the deliberation was not free, in the sense that the deliberation had no effect on Bolivian policies. In the two areas where the Dialogue was free, one—social control—was subject to inequalities in the deliberation process that directly affected the outcome. In the other area, HIPC allocation, the conditions for deliberation were better, and a legitimate consensus was seemingly produced. The following section examines the effects of these policies in the subsequent years.

HIPC allocations and social control since the 2000 National Dialogue

Bolivia has had six tumultuous years since the 2000 National Dialogue. A closely contested election in 2002 resulted in a minority government led by Gonzálo Sánchez de Lozada, who resigned in the face of massive protests in 2003. The interim President who succeeded Sánchez de Lozada, Carlos Mesa, resigned in 2005, and the next interim President (Eduardo Rodriguez) called a national election in December of that year. The surprising result of that election was a clear majority for Evo Morales, the first indigenous President in the country's history (Singer, Forthcoming) . Despite all of this upheaval, however, the National Dialogue Law has remained intact and functioning. The HIPC resources have been disbursed as the Law demanded, and, amazingly in the context of the turmoil, another National Dialogue was held in 2004, as required by the Law. In general, however, the results of the policies included in the Law have been disappointing.

As just mentioned, the HIPC resources have indeed been budgeted and disbursed as the Law demanded. The problem is that they have not been well *spent*. For a variety of reasons, much of the money that has been given to the municipalities remains unspent—not stolen or lost or wasted, just unspent. In no year have the municipalities spent more than three-quarters of what they have been given, and the average of resources spent since 2002 has been about 62 percent.[9] The problem is particularly acute in the area of health, where

[9] Data in this paragraph come from the *Unidad de Programación Fiscal* of the Bolivian Ministry of Finance: www.upf.hacienda.gov.

spending has never exceeded 50 percent of the resources available and was 38 percent of resources available in 2005.[10] The reasons for this lack of spending center principally on a lack of technical capacity in the municipalities to develop and oversee projects on which to spend the money. Government spending in Bolivia must now comply with certain regulations from the central government that can be highly complex (some would argue too complex), and many municipalities simply do not have the capacity to comply with these regulations. Although the total spending ratio was worse in 2005 (58%) than it was in 2004 (65%), one might hope that eventually municipalities will develop the capacity to spend the funds, and one could argue that this capacity would not be built without having funds available.[11] Nevertheless, the fact that so many resources are being unused in a country with needs as immediate as Bolivia is difficult to justify (and goes against the original intent of the HIPC initiative, to channel debt service funds to social programs quickly).

The experience with the HIPC allocation indicates something not frequently discussed in the deliberative development literature: the possibility that a deliberatively designed policy can contain mistakes. Anyone who studies politics will know that policy design failures are not unique to deliberative processes, and the fact that the allocation formula survived as long as it did may be a testament to the possibilities of deliberative mechanisms. In addition, such a process should theoretically improve information exchange so that mistakes will be made less often than in other types of decision-making processes. However, in the absence of empirical evidence that demonstrates that this is actually true, supporters of deliberative development should be prepared for a linking of bad policy with the policymaking procedure. This is already the case in Bolivia, where critics of the HIPC allocation blame the decision-making process. This only highlights the need for more systematic work establishing the benefits of deliberative institutions over other kinds of mechanisms.

In any case, despite its flaws, the HIPC allocation process seems a resounding success when compared to the mechanism of social control. At the national level, the MSC has essentially ceased to function, after never really getting off the ground. A recent extensive review of the MCS (España, et al., 2005) found implementation at the departmental level erratic, and coordination with the municipal-level vigilance committees problematic, as many of the committees have little contact with the departmental MSCs. In fact, many of the committees view the departmental MSCs as redundant and even as competitors.

The most striking aspect of the social control story is that its downfall is due principally to infighting within civil society, after supposedly being a product of deliberation with civil society. As discussed above, the Church was the biggest promoter of the MSC, and also the apparent "winner" when it came to running the mechanism. Nevertheless, as detailed above, the Church had a dominant role in the Dialogue, and it is likely that the "consensus" around social control—and particularly the Church's role in it—was an illusion. The evidence for this is that very quickly after the mechanism took shape, other civil society groups began to fight the Church for influence in it. The battle was principally between Church-backed groups and the *Comité de Enlace* (the "link committee"), an umbrella organization of small producer organizations (mainly mining cooperatives, peasant organizations, and artisan groups) that was formed in 1999 and had been particularly

[10] The Dialogue Law requires that at least 10 percent of the total HIPC resources must be spent on health, and 20 percent on education.

[11] However, one could also argue that the HIPC funds, along with other funds from the central government, are discouraging municipalities from generating their own taxation capacity.

successful in lobbying the government during the PRSP formulation process. *Enlace* saw (and sees) itself as truly representative of the poor and views Church-backed groups as interfering outsiders, and it put up a surprisingly strong fight in the first election of the Directorate of the national MSC. Not only did it win the Presidency of the Directorate, but its candidates also won about half the seats on the Directorate, with the other half going to Church-backed groups.[12] Groups who did not belong to one of these camps (such as indigenous peoples' groups or women's groups) were effectively excluded. This pattern has been repeated at the departmental level, with the departmental MSCs controlled by either a Church-backed organization or an *Enlace*-backed one.

This division had a major impact on the workings of the MSC. Perhaps most importantly, having lost the election for the Directorate, the Church was now uninterested in funding the national mechanism. This was critical, because the National Dialogue Law had not provided the mechanism with any funding of its own, presumably assuming that the Church would finance the mechanism. As such, the mechanism has been searching—unsuccessfully—for funding since its inception. Its principal hope lies in the allowance by the World Bank and IMF that two percent of HIPC funds can be used (at the government's discretion) for monitoring and other administrative expenses. The national MSC has been fighting to get this two percent, but the proposal is fiercely opposed by municipal governments, who are certain to win in any battle in Congress.

In addition, because the MSC has been dominated by the Church and *Enlace*, other civil society groups either do not know about the mechanism or feel it does not represent them. As one observer put it, the mechanism has "legality without legitimacy".[13] In their study of the MSC, España, et al. (2005) found that "Representatives of social organizations and independent citizens know little about the workings of the national and departmental mechanisms of social control, and they consider the mechanisms to be elitist and centered on themselves or small circles of groups…. [T]he perception of the social control mechanism is of a bureaucratic space, financed by international aid, that is occupied and fought over by NGOs, producer organizations, and the Church" (68-69, our translation). In sum, despite an extensive deliberation, the Dialogue was unsuccessful in producing a legitimate policy.

As discussed above, the HIPC allocation and the MSC were the two areas in which the deliberation in the Dialogue was free. In every other area, the deliberation had essentially no effect on government policy. However, it would be wrong to say that the Dialogue has had no other effect on Bolivia. To the contrary, there is evidence that the "show" of getting people together to give input into government policies and then ignoring that input, as the government largely did in the 2000 National Dialogue has generated increased cynicism on the part of citizens with regard to their government (España, et al., 2005). Moreover, it appears that the institution of the Dialogue has weakened the deliberative political institution that existed before the Dialogue: Congress. An episode that illustrates both of these dynamics occurred in the run-up to the 2004 National Dialogue. In order to bring civil society into the organizing phase of the Dialogue, a National Dialogue Directorate was assembled, consisting of 22 people: 10 from the government, 10 from civil society, and two from municipal

[12] Eyben (2003), who was working for the British donor agency in Bolivia during this time, provides an interesting discussion of how this contest also pitted donor against donor, as some donors (principally the Germans) supported the Church groups and other donors (principally the British) supported *Enlace*.

[13] Interview with Marco Mendoza, Technical Secretariat, 2004 National Dialogue, April 12, 2006, our translation.

organizations.[14] Very quickly, the civil society organizations in this Directorate took a combative attitude toward the government participants, and they demanded a number of policy actions by the government *before* the Dialogue took place, "to give good signals to society" (De Jong, et al., 2006:9, our translation). Being relatively weak at the time, the government of Carlos Mesa agreed to these policies and issued them as Supreme Decrees, meaning that they did not have to go through Congress.

Among these Decrees was *Compro Boliviano*, a policy that had major implications on government spending. Prior to this policy, Bolivian companies had had to compete on even ground with foreign companies for office supply contracts from the government. As such, most government supplies were bought from foreign companies. With this new policy, Bolivian companies were given an advantage, essentially lowering the standards for Bolivian producers. Despite the fact that this was decided *before* the 2004 Dialogue took place—a Dialogue that cost several million dollars and included close to 70,000 participants—a 2004 Secretariat member we interviewed called *Compro Boliviano* the one important policy achievement traceable to the Dialogue process. This is almost certainly accurate, as the governments during and after the Dialogue have put none of its conclusions into practice.

Regardless of the merits of the *Compro Boliviano* policy, it is clear that Bolivian civil society has learned that policies decided in the National Dialogues have little effect, and that their bargaining power exists *before* the Dialogue takes place, since the government must be seen to have a legitimate Dialogue and ensure broad civil society participation. If another Dialogue is held in 2007 (as mandated by the Dialogue Law), it would be surprising if civil society did not take the same approach. It should be noted that it is likely that only the larger civil society groups will be involved in these pre- Dialogue discussions, since they can mobilize more participants, thereby excluding smaller groups from the "meaningful" stage of the Dialogue. More importantly, it is evident that the National Dialogues in Bolivia are increasingly playing policymaking roles that logically should be contained in the Congress.[15] It is far from clear that this is beneficial for Bolivia's democracy.

Conclusion

Bolivia's experience with the National Dialogue indicates two important conclusions in light of the deliberative development argument. The first is that in discussing deliberative development processes, we must distinguish between "good" deliberative processes and "good" development outcomes. Just as any policy process can generate misguided policies, we should not be naïve in expecting that even well designed deliberative processes will generate perfect policies. The Bolivian process with regard to deciding how to allocate HIPC funding was probably as good of a deliberative process as one can reasonably expect. It was free, in the sense that what was decided in fact came to pass, and the deliberation was held generally among equals. Nevertheless, the policy generated contained errors that have probably had negative development consequences.

[14] Note that the municipal voice in this Dialogue was far less than in 2000, which was organized largely in favor of the municipalities. Because of this, one member of the 2004 Secretariat called the 2004 Dialogue, which was focused on the needs of producers, the "revenge of the sectors"—it was far more focused on productivity issues than the 2000 Dialogue.

[15] Komives, et al. (2004) report, "A representative of the Technical Secretariat of the Dialogue…described the sessions in the Directorate of the Dialogue as a type of 'Parliament' in which the Executive can discuss policy proposals directly with actors central to civil society" (p. 13, our translation).

The second conclusion is that—despite the Bolivian "success" in the area of HIPC disbursement—it is far more likely that deliberative processes will not have the necessary characteristics to be successful. The theory reviewed in this paper indicates that the deliberative institutions that might have good development outcomes may be exceptionally difficult to achieve in practice. The majority of PRSP processes in developing countries have not been free: a recent World Bank and IMF's evaluation of such processes found that "In general, the PRS process has not generated meaningful discussions—outside the narrow official circle—of alternative policy options with respect to the macroeconomic framework and structural reforms" (World Bank Operations Evaluation Department and IMF Independent Evaluation Office, 2005: 6). Even putting aside the probability that governments will not pay attention to the results of deliberative processes, the condition of equality among participants will be difficult to achieve in any society in today's world. While inclusive of large portions of civil society, the discussion of the mechanism of social control in Bolivia's National Dialogue was still plagued by inequalities of power and information, and the result reflected these. Not surprisingly, the mechanism that was produced had little legitimacy among the very civil society it was supposed to serve.

Despite no systematic evidence that it is improving development outcomes, the deliberative and consultative approach has become widespread in the donor community in developing countries, even outside of the PRSP process. For example, the new aid initiative of the United States, the Millennium Challenge Account, requires that all proposals from countries be developed on the basis of dialogue and consultation with civil society.[16] To be clear, this paper is not arguing that such deliberations and consultations are a waste of time and money. However, we *are* arguing—that scholars and development practitioners know very little about both the immediate and longer term development impacts of holding such (expensive) processes. The theory and evidence provided in this paper indicates that we should not assume that such impacts are positive. If the idea of "deliberative development" is to have any practical use, its proponents must provide more systematic research about how and when deliberative processes can aid development. This case study has indicated some possibilities, but more rigorous conclusions can only be achieved by careful comparative research of several cases, focusing on the institutional details of deliberative processes as well as their outcomes over time. The PRSP experiment of the World Bank and IMF has given social scientists dozens of cases with cross-sectional variance and increasingly (as in Bolivia) some time-series variance as well. While the fieldwork and in-depth data collection required conducting a study of these cases would be substantial, so would be the improvement in our understanding of the possibilities of deliberative development. Given the rather paltry record of other development approaches of international institutions, such an undertaking might well be worthwhile.

[16] In 2005, the government of Bolivia made a proposal to Millennium Challenge Account (MCA), arguing that they had just conducted a National Dialogue and the actions in the proposal were drawn from that Dialogue. Despite being generally enthusiastic about the proposal, MCA officials instructed Bolivian officials that the consultation needed to be *specific* to the MCA proposal. Thus, the Bolivian government held *another* consultation, drawing together about 1000 of the participants from the 2004 National Dialogue, this time for the expressed purpose of developing an MCA proposal. The proposal is still pending (www.mcabolivia.org).

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