

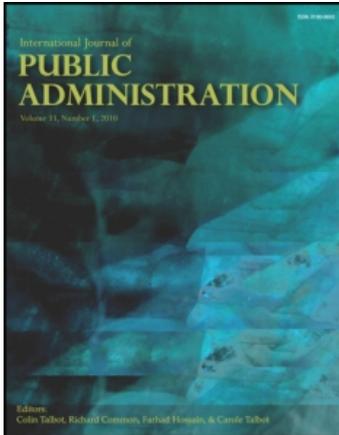
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Depoliticizing Anti-Corruption in Bolivia: Local International Intervention and the State

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Depoliticizing Anti-Corruption in Bolivia: Local International Intervention and the State

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Abstract: The World Bank-sponsored anti-corruption program in Bolivia seemed like the perfectly designed program. It promoted participation, involved all of society's stakeholders, and focused on action-planning. Yet, like many other such initiatives, the promise did not live up to the potential — the Bolivian State failed because of politicization. The politicization of the State reduced the effectiveness of this World Bank-financed anti-corruption intervention. Yet, actions taken to depoliticize the Bolivian state have not succeeded. And “depoliticized” technocratic programs such as the anti-corruption program also have fared no better because they become captured — as much development activity does. Rather than merely abandoning policy to the “anti-politics machine,” anti-corruption (and other development) task managers can choose more or less wisely their actions given possible future usurpation of their project. A model will be presented highlighting the issues involved in a more general context.

Keywords: anti-corruption, public sector reform, SAFCO, World Bank

In October 1997, representatives of the World Bank met with Bolivian President Hugo Banzer, his Vice President, members of the Cabinet and other “stakeholders” in society such as business and religious leaders. The purpose of these meetings was to develop an anti-corruption programme in support of the Bolivian National Dialogue (*Dialogo Nacional*). The outcome of these meetings was the establishment of a National Integrity Unit (which was to coordinate anti-corruption efforts undertaken by different stakeholder groups), the conduct of a large-scale household and business survey to assess the levels and types of corruption in Bolivia, and the drafting of a National Integrity

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Action Plan. Yet, just two years later, the program was stumbling. Why did such a much-needed program fail? In many other contexts — especially in Africa — commentators have observed how donor projects are usurped or manipulated *ex-post* by political actors. Why didn't political actors usurp the program and use it for other — even positive — ends?

This article will argue that the program, besides suffering from key design and implementation faults, provided too little political capital to be successfully continued. The first section of the article will discuss the politicisation of the Bolivian state structures necessary for understanding both corruption and the prospects for anti-corruption work in Bolivia. The second section of the article will discuss projects sponsored by the World Bank aimed at “depoliticizing” (really departisanizing or removing party politics from) the executive administration. The third part of the article will discuss the “depoliticization” (namely focusing on the “technocratic” aspects of anti-corruption) of the Bolivian National Integrity System. The fourth part of the article will focus on the dynamics of local politics and discuss in greater detail this second form of depoliticization.^[1] The elements of a model will be highlighted through a review of some of the salient development studies literature. The last section of the article will argue that political influences can be incorporated into normal forms of anti-corruption project management. While many actors were involved in the Bolivian anti-corruption reform, I will focus on World Bank activities in order to narrow down the scope of the article and clarify the argument being made.

POLITICIZING BOLIVIA

As the World Bank (2000) notes, “there are three salient features of Bolivian political life — pervasive patronage; the importance of coalition building among parties; and the presence of a political consensus surrounding technocratic macroeconomic management.”^[2] Looking first at Bolivia's coalition politics, the origin of such coalition building can be found in the collapse of the unitary state in early 1980s.^[3] Such coalition politics have engendered the need for inter-party negotiation — fostered by Bolivia's political “hybrid” system between pure presidential and parliamentary systems. Such a system is a hybrid because the closed-list proportional representation system tends to strengthen the influence of party leaders, who control the selection of candidates and their position on party lists. While the head of state wields considerable power and influence, coalition building is absolutely vital because in Bolivia's extremely fragmented party system, no single candidate is able to gather the majority vote necessary to win the presidency.

Given the need for such coalitions, parties in power must compete vigorously for votes, resources and for control. In the case of Bolivia, such competition has led to a type of co-operation — namely the division of patronage along party lines in the *cuoteo politico* (political quota). The *cuoteo politico* is

an explicit agreement for sharing state patronage between parties. Such patronage sharing arrangements have been a source of democratic stability and have facilitated the passage of important macroeconomic reforms.^[4] Thus the politicization of the Bolivian state has served as a double-edged sword. On the one hand, patronage politics has caused budgetary deficits and poor service delivery due to the diversion of resources from their programmed aims. On the other hand, patronage politics has acted as a resource for “buying support” for important or controversial policies — working to solve collective action problems and overcome resistance.

Within the state structures themselves, patronage has been attendant with clientelism — where political criteria dominate the organizational and operational decisions of the public administration.^[5] Each party has at any time a particular administrative fief which is controlled through vertical clientistic relations. Such clientalism is demonstrated by the correlation between municipality funding via the Social Investment Fund (SIF) and the municipality’s level of electoral support for certain parties. In an econometric study conducted by the World Bank (2000), it finds a strong negative correlation in the 1995–96 municipal elections between electoral support for the then opposition Nationalist Democratic Action Party (ADN) and the number of years a municipality received funding. Likewise, municipalities with a high the level of electoral support for the then incumbent Free Bolivia Movement (MBL) in the 1996 elections had a larger frequency of funding support under the SIF. In a civil servant survey conducted by the World Bank (2000), eighty-eight percent of the respondents from “autonomous” agencies never or only rarely received political pressure in their duties.

Such clientalism not only extends from centre to region, but also within the executive administration and within line ministries. Within the public administration, appointments may be made based on party loyalty and continued loyalty may be ensured through salary supplements, assignment to posts which enjoy access to rents (licenses, inspections, procurement) or through the threat of removal (which given unemployment compensation levels in Bolivia is a strong deterrent). Indeed, in a civil servant survey done by the World Bank (2000) nearly 30 percent of the respondents from ministries, national institutes, and prefectures admitted to have paid political parties which control the agency in which they are employed.^[6] Politics also interferes in the daily operation of public agencies, as parties sometimes exert pressure on officials as they carry out their duties — only 40% of World Bank study respondents from the Ministries responded to never or only rarely received political pressure in their duties. (Figure 1)

The results of patronage and clientalism in the administration have led to the rise of informality. In other words, Bolivian civil servants have overriding objectives besides those defined in the Ministries’ objectives and work plans. Yet, these over-riding objectives are not simply “goal displacement,” but represent civil servants seizing opportunities to use administrative discretionality for their own

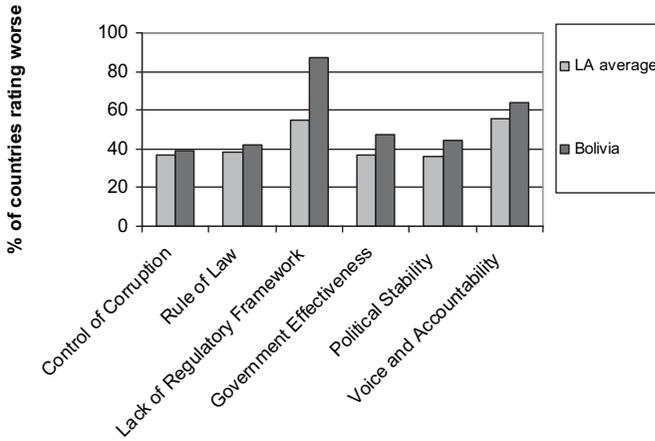


Figure 1. A comparative perspective of Bolivian governance.

personal gain. According to the same World Bank (2000) survey data of public officials mentioned earlier, on a 10 point scale of integrity (where higher numbers are better), executive agencies reported “non-politicized hiring” as 4.4 and credible regulation as 5.5 (ministries had roughly similar numbers). However, autonomous entities had much higher figures of 9.4 for “non-politicized hiring” and 6.8 for credible regulation. Corruption — or the “use of public power for private gain” — is one of the most important manifestations of such informality. In many of the cases in Bolivia, this “private gain” is indirect and may be the ability to keep a job in such a political setting. Yet, as shown in Figure 1, such relations are not unique to Bolivia. Rather, along several dimensions of governance, Bolivia compares slightly favorably with other Latin American countries.^[7]

The level of corruption in Bolivia, as seen by both households and businesses, is extremely high. In a poll conducted by World Bank (1998), 70% of households thought that corruption in public services was high or very high while 80% of private sector firms thought that public service corruption was high. The fact that corruption depends heavily on the politicization of the Bolivian state is reflected in Figure 2, which shows perceptions about corruption in various Bolivian public sector institutions. In Table 1, several ministries including the Customs Service and ministry of Health were seen as not very insulated from politicization.^[8]

Such informality has been aptly described by Klitgaard (1999) who cites a number of examples of such informality in the La Paz administration.^[9] Yet, such informality seems rife in the public administration — with the mayor of La Paz was facing charges of misappropriating funds on June 1st 1999, a Bolivian General being linked to Mafia just one month later, and former Bolivian president Banzer being accused of mishandling emergency funds on September 1, 2001.^[10]

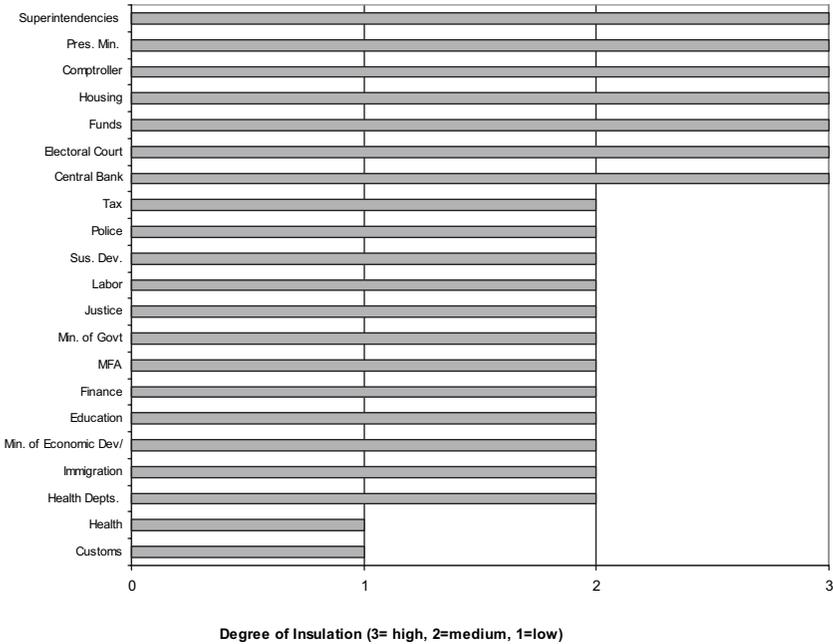


Figure 2. Insulation from politicization.

The effects of such politicization and informality in the Bolivian state can be modeled using a simple linear equation — which will be referred to continuously throughout this article. If K represents the overall effectiveness of public policy, then such effectiveness depends on public policy goals and objectives C .^[11] The effectiveness of attaining those objectives given the current institutional framework can be represented by gamma (γ).^[12] Out of the total stock of resources, a certain fraction α_1 goes to political interest P_1 and another fraction α_2 goes to political interest P_2 . Such a division may reflect the *cuoteo politico*, may be the result of bargaining, may be the needed pay-offs in a clientalist relationship, or may be hidden action undertaken to collect rents and bribes.^[13] Expressing such a politicized system in equation form:

$$K = \gamma C - \alpha_1 P_1 - \alpha_2 P_2$$

Simply put, political interests may take over part of the project which leads to a reduction in social value.^[14] Such a representation of the Bolivian civil service will capture the difference between Olsen’s (1982) integrative and redistributive coalitions to be discussed later.

Table 1. Theoretical Problems with Second Generation Reforms

Effect	Author	Description	$\alpha 2$
Officializing strategies	Mosse (1994)	Toeing the "official line" to appropriate benefits	High
Muting	Mosse. (1994)	Remaining silent, not revealing preferences for fear of reprisal or lack of gain.	Low
Outsider influence	Mosse. (1994)	Third parties (such as donorepresentatives) may influence preferences.	Low
Decoding effects	Mosse (1994)	Even if "weak" communicates wishes, they can't be understood by outsider.	Low
Constructed knowledge	Mosse (1994)	Knowledge and preferences collected in participatory programs are negotiated between parties.	Low
Risky shift	Cooke and Kothari (2001)	Groups tend to take riskier decisions than individuals.	?
Abelne paradox	Cooke and Kothari (2001)	Group consensus doesn't reflect preferences but second-guessing preferences of others.	Low
Group think	Cooke and Kothari (2001)	Tendency for group members to see problems and solutions similarly over time	Low
Cognitive myopia	Ainsle (1992)	Tendency to discount the future and live for today	High
Ritualization	Cheater (1999)	Participatory methods become habitual or are treated as rituals.	?
Free labor problem	Cheater (1999)	Consultation often implying unremunerated labor services from the consulted.	Low
Institutional gap	Wright and Nelson (1995)	Even if "empower" weak, how to keep them empowered?	Low
Theory-practice gap	Wright and Nelson(1995)	Empowerment Might lead to other effects like mere decentralization rather than true empowerment.	Low
Results gap	Wright and Nelson (1995)	Need for quick rather than sustainable results	?
Tyranny of control	Cooke and Kothari (2001)	Participatory methods can override previous, legitimate forms of decision making.?	?
Tyranny of group	Cooke and Kothari (2001)	Group dynamics reinforce the powerful.	Low
Tyranny of method	Cooke and Kothari (2001)	Participation eclipsing other ways of decision making.	?
Gives "power to"	Rowland (1999)	Participation has provided capacities or abilities to do things.	High
Official group bias	Cooke and Kothari (2001)	Less dominant groups support the dominant group's views.	Low
Conformity effects	Milgram (1963)	Psychological pressure to conform	Low
Obedience effects	Milgram (1963)	Psychological pressure to obey people supposedly in a position of authority	Low
Condorcet's paradox	Shepsle and Bonchek (1997)	Design of the vote can help determine outcome.	?

While such an equation can shed light on the main factors at play, there are a number of limitations to using such an equation. First, there are a number of “omitted variables” and a simple linear equation can not capture the complexity of the real world (even though it might capture enough of this complexity to draw some interesting conclusions). Second, the variables in the equation such as K, C, and P are multi-dimensional. Attempting to “plug in” data into such a formulation would lead to spurious results. Instead, such an equation should be seen as heuristic for thinking about the effects of politics on policy effectiveness.

DEPOLITICIZING BOLIVIA: INSTITUCIONALISACIÓN

Given the corruption concomitant with the politicization of Bolivian state agencies, the response of both the donors and Bolivian reformers has been to promote technocratic institutionalization of the civil service. In other words, they seek depoliticization — using the World Bank’s word even though it is more specifically deparitisation — through institutionalization. Such institutionalization has involved attempts to install rule-based systems of financial control and staff administration which are not prone to the exercise of administrative discretion. Anti-corruption reform in Bolivia may be separated according to first generation and second generation reforms.^[15]

First generation reforms have been focused mainly at stabilizing the economy in a regime of hyper-inflation and promoting deregulation. Perhaps one of the most important activities in the eyes of the reformers and the Bank has been the 1990 promulgation of Law 1178 on Financial Management and Control — establishing Bolivia’s Integrated Governmental Financial Management and Control System (SAFCO). The SAFCO Law tried to establish a coherent system of public management, through the integration of eight systems: programming and operations, administrative organization, budget, personnel administration, procurement, treasury and public credit functions, public sector accounting, and audit). The SAFCO was conceived as a “law of principles” providing a framework for public sector operations, but which would require a considerable amount of secondary regulation (*normas basicas* or basic norms) to implement it.

Yet, politics has delayed the adoption of the SAFCO.^[16] The government has taken more than half a decade to issue the necessary implementing regulations (*normas basicas*). For example, the Ministry of Finance, the implementing agency for seven of the eight SAFCO components, failed to develop its own internal SAFCO regulations which other agencies would have used as examples. Only around 12 public entities (almost all being small institutes and municipalities) had approved internal regulations for personnel administration. Few public entities had adopted internal regulations for the integrated accounting and treasury systems.

In some cases, politics has led to direct departmental resistance of SAFCO reforms. For example, employees of the Office of Comptroller General, often met with resistance in executive offices and in the Central Bank — being refused access to audit materials. In the case of the Central Bank in 1985, officials refused to allow an external audit by the Office of Comptroller General — disobeying orders from their own Chairman and Board, as well as a unanimous Supreme Court decision in favor of the Office of Comptroller General. Such politicization and resistance had led to a situation where, by the late 1990s, the World Bank (2000) noted that

Donors, especially the World Bank, have their own share of responsibility for the limited progress Bolivia has made in improving its public financial management. While SAFCO implementation has been supported by three successive World Bank projects, it is now evident that these projects (except the last one) have failed to achieve greater efficiency and accountability in the ways in which public officials manage the state's financial resources.

In spite of what appears to be obvious political and bureaucratic resistance, the proposed solutions have tended to ignore the “politics of depoliticization.” Lozada (1999) identifies a number of reasons for the failure of the SAFCO — which would be important to consider for future reforms — including difficulties in recruiting qualified and experienced specialists, incompatibility among agencies, absence of independent evaluation, the downsizing of the training component, and weak political will. The Comptroller General has also treated depoliticization as a technical exercise — laying off about 700 pre-control and unqualified employees and restricting the scope of the SAFCO project due to limited professional and operating capability. Yet these recommendations and activities treat policymaking as a simple technocratic exercise — seeing policymaking like a broken machine — and ignoring the role of politics.^[17]

If the first generation reforms took a machine-based view of depoliticization, the second generation of reform took a romantic view of “community” and “participation”.^[18] Such second generation reforms focused mostly on two connected areas: popular participation and decentralization — embodied in the Popular Participation Law, the Law of Municipalities, and the Administrative Decentralization Law.^[19]

“All these reforms contribute to controlling corruption by activating the capacity of communities for social censure, promoting the economic potential of new generations as an alternative to corruption, and eliminating the opportunities for corruption inherent in an overextended and entrepreneurial government”^[20].

The evidence appeared to support second generation reforms, with increased investment flowing to the localities.^[21] Popular participation promoted the development of effective autonomous regulatory agencies (*superintendencias*)

and consequently led to the increase in local responsiveness.^[22] There are currently 143 municipalities (46 percent of the total) which have participatory plans under implementation.

Yet, such reforms — some critics argue — have spread the clientelistic culture of the central government to the local level, as evidenced by high mayor and councilor turnover. Even if turnover is not a problem, capture by the municipal governments themselves or by other political actors such as political parties is a potential problem. First, elected officials may distribute co-participation funds as they see fit — with co-participation funds often being spent on high-profile projects in heavily populated areas with only one case (Luribay) in the World Bank (2000) study where there was a major investment of resources benefiting a broad cross-section of the municipality.^[23] Second, there are concerns about the oversight provided by the vigilance committees and the Territorially Based Organizations (OTBs).^[24] In some cases, vigilance committees' oversight functions were subverted by either capture (as in Padcaya) or circumvention (as in Oruro and La Guardia) by politicians and business interest groups.^[25] Third, the use of the *voto constructivo* or the *censura constructiva* may be abused to overturn political rivals — as evidenced by the removal of several mayors (including the mayors of Padcaya and La Guardia) after the ADN came to power in 1997. The result of the second generation reforms then may be a lack of effective centralized oversight over corruption while increasing politicization.^[26] In other words, the effect of second generation reforms would be exactly opposite of their ambition — namely increasing corruption and politicization.

It would be tempting to think that such public sector failures occur by accident or through the failure of sufficient “capacity.” Yet, such public sector failures do not occur where the Bolivian political elite do not want them to occur. The political elite has succeeded in depoliticizing macroeconomic management — relegating such management to technocrats. They have also pushed forward a number of Constitutional and the electoral reforms — such as the Political Party Law in 1999. Yet, other reforms — especially donor-sponsored reforms — have fared less well. The World Bank's civil service reform and public expenditure management programs have suffered from lukewarm political support in comparison with Popular Participation.^[27]

Such selectivity in the “kicking away of the ladder” of the patronage system reminds one of a parody of St. Augustine's prayer — Lord, give me accountability, but not yet. The realm within which technocrats can act autonomously from political influence are always defined by politicians, even with regard to institutionalization. A minimum of effectiveness is required to maintain state legitimacy. The hyperinflation of the early 1980s was correlated with weak governance capacity of successive governments — and poor economic management has been cited as a reason for the fall of the dictatorships of the past.^[28] Mukherjee and Gokcekus (2001) note that Bolivia shows the highest decrease in organizational performance due to politicization out of the

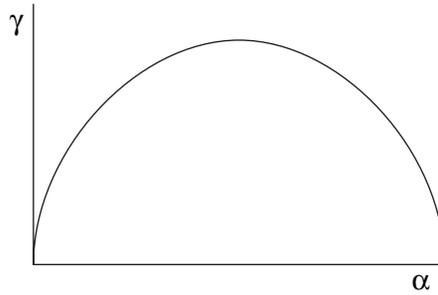


Figure 3. Legitimacy and patronage.

countries in their sample. Thus, there is a balancing act to be played between politics and technocratic reform (Figure 3).

The intuition behind the legitimacy-capture trade-off offers an insight into the failure of anti-corruption projects — and more generally projects attempting to depoliticize (or departisanize) the administration. In terms of the equation mentioned earlier, $K = \gamma C - \alpha_1 P_1 - \alpha_2 P_2$, politicians will set their alphas high enough to get returns but not so high as to strangle the returns (gamma) which give legitimacy to their rule.^[29] On the other hand, the Bolivian elite can not set their alphas too low if patronage is the only way of making sure things get done. Directly attacking the patronage system *reduces* rather than increases the legitimacy of the state in this case. As shown in Figure 3, increasing patronage and its attendant corruption increases state effectiveness while at high levels of patronage, it undermines the legitimacy of the state. For the extra (or marginal) activity K' , $K + K' = \gamma C - \alpha P - \alpha P_2$. By adding K' , one can assume that the same division of resources would ensue. Because the Bolivian political system acts on itself, or in the language of organization theory is *autopoietic*, then it is bound by the same rules which govern other parts of the system.^[30] The system can not be affected from outside itself. Thus, the Bank was continuing to throw resources into the political machine.^[31]

DEPOLITICIZING BOLIVIA: ANTI-CORRUPCIÓN

By 1996–67, Bolivia had two problems: how to push forward its participatory approach to anti-corruption and how to integrate first generation technocratic reforms with second generation participatory reforms?^[32] These two generations are shown in Figure 4. In an effort to manage this tension, in October 1997, the Government of Bolivia requested World Bank assistance in devising an anti-corruption action plan. The Bank sent a mission to meet with high-level officials including President Hugo Banzer, Vice President Jorge Quiroga, and

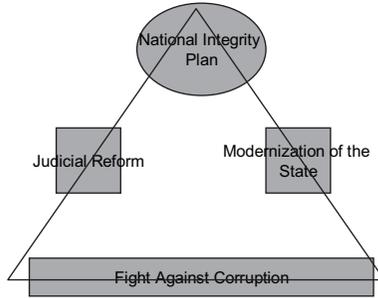


Figure 4. Components of Bolivia’s National Integrity System. (Source: www.integridad.gov.bo)

representatives of the Bolivian public and private sector. Such a request was seen as capitalizing on a “window of opportunity for reform” — with the request was viewed as a significant indicator of political will.^[33] Judging by the public documents emerging from those meetings, the World Bank would serve as a facilitator for a Bolivian anti-corruption programme based on the principles of inclusion and improving public services rather than “fighting corruption”.^[34]

After about a year of work, a National Integrity Workshop was held on November 23–24, 1998 to launch a series of actions which were put into a National Integrity Action Plan. Figure 4 shows how the National Integrity Action Plan was to fit into other reforms.^[35] The Action Plan consisted of three elements: judicial reform, modernization of the state and the fight against corruption. Regarding judicial reform, action areas included operationalizing new agencies, constitutional independence for the judiciary, legislative modernization, institutional strengthening, and police reform. Modernisation of the state consisted of promoting results-oriented public management, civil service reform, and support for the National Congress. Finally, the fight against corruption consisted of the implementation of anti-corruption regulations, ratification of the Civil Servant Statute and Code of Ethics, implementation of a system of asset declaration, strengthening of whistle-blowing, investigation and prosecution mechanisms, increased transparency in public procurement, tax modernisation, regulatory simplification, and anti-corruption awareness raising.

World Bank support of the program consisted of a number of elements.^[36] First, the Bank had helped establish and staff a National Integrity Unit. Second, a survey of 7,000 households and 1,500 businesses was conducted to assess the levels and types of corruption in Bolivia. Third, a National Integrity Commission was established. The Commission was chaired by the Vice President, and composed of the Minister of Customs, Minister of Justice, Minister of the Presidency, Controller-General, General Auditor, and a member of the Supreme Court, Congress, private sector, church, and media.^[37] The Commission was “heavily dominated by members of the

government”.^[38] Fourth, an Ombudsman Office was established and staffed. Fifth, a Judiciary Council was established to help oversee the strengthening of the Judiciary and a Constitutional Tribunal was established to oversee the protection of rights. Sixth, key features of the Action Plan were incorporated into World Bank lending, specifically through an Institutional Reform Project.^[39]

Perhaps the most salient feature of World Bank assistance has been the link-in between first generation and second generation reforms as shown in Figure 5. In the design of the Institutional Reform Project, the National Integrity Workshop and other World Bank lending, explicit effort was made to promote the “integration” of reform.^[40] The Judicial reform was tied closely into the Bank’s work on the Integrity Action Plan. Second generation reforms needed to take first generation reforms into account and vice-versa.

From the public documentation, it is not clear what happened to the National Integrity Program. Asis (2000) is pessimistic about the reform, noting that “the reform process in Bolivia was initiated from the top without civil society involvement. The President also requested assistance from the World Bank in developing a national integrity strategy, but was reluctant to fully open the process to stakeholders outside the government. Even though members of civil society reviewed the action plan prepared by the government, it lacked credibility because civil society was not involved in its development.” No reasons are given about why or how civil society was excluded from the process. According to the World Bank, a Second National Integrity Workshop was supposed to have been conducted in 2000. Yet, no information about such a meeting can be found on the government’s website — www.integridad.gov.bo — or on the World Bank website.

Asis (2000) rather directly asserts that the government has monopolized the process and excluded civil society. However, this analysis begs a number of questions. First, what is the motivation of the Vice-Presidency to exclude civil society in the National Integrity Programme, yet include them in popular participation and a range of other initiatives? Second, if anti-corruption became a government-only activity, one would expect continuing activity — given that there would be little resistance. Asis notes that one of the key



Figure 5. Overlapping generations of Bolivian governance reform.

lessons of reform is that “political will is indispensable.” Yet, there is little indication that the elite “changed their minds.”

Third, as Asis notes, “The consensus building approach promotes the sustainability of reform.” Yet, such consensus has usually been built through the *cuoteo politico*. Thus, the Bank program appeared to both support anti-corruption and undermine it. Why the programme simply did not become another item in the *cuoteo* is an open question. Fourth, why is the Bank continuing to support a wide range of other state reform projects but not the National Integrity Program? The Bank supported the Integrity Committee and thus Asis’s comments signal a course change. Part of the answer probably lies within the internal politics of the Bank and the department responsible for implementing the anti-corruption program in Bolivia.

Using the $K = \gamma C - \alpha_1 P_1 - \alpha_2 P_2$ equation goes some way in explaining these events. Either the returns to the project were low (γ) or the returns to political actors (α) were low. Continuation of the program would have meant that the alphas were positive (rather than negative as portrayed above). Projects are political resources — and so why did not civil society usurp the program? One explanation is that the returns to the anti-corruption program were high, but that the government, in setting its alpha too high, undermined the legitimacy and effectiveness of the program. Another explanation revolves around the interest groups in “civil society” who had a vested interest in the status quo. Another question which the equation allows us to pose is why the combination of the National Integrity Program with other Bank and Bolivian programs did not generate a positive enough return for the program to be continued? In other words, if $K + K'$ (where K in this case is the returns to the stock of anti-corruption programs and K' is the expanded set of anti-corruption programs), why didn’t $\alpha_1 * (K + K')$ lead to sufficiently high returns? I will come back to this issue later in this article.

FROM DEPOLITICIZATION TO DEPOLITICIZATION

In the World Bank’s use of the word, “depoliticization” refers to the removal of party politics from the civil service (and I have been calling this deparicipation). In the development literature, “depoliticization” refers to development organizations (like the State or the World Bank) engaging in political activities under the guise of implementing non-political — seemingly technocratic — reforms. In the development literature view of “depoliticization,” even a discourse which fails to address the political aspects of technocratic intervention is itself a political act or many extend the political power of some groups as a side effect.^[41] Following this mode of analysis, in the Bank’s insistence that its first generation (technocratic) and second generation (participatory) reforms avoided politics, they were engaged in a type of politics which favoured their interests and those of their government interlocutors — even if it

was to create a system of bureaucracy and institutions which could be called into service later for other means. Even the language of development may provide power.^[42] In this view, the language of “governance” and “anti-corruption” enabled the Bank consultants and government officials to propel their careers — while the “recipients” of anti-corruption had to trust in this new “knowledge.”^[43]

Implicit in this view of depoliticization is the contestability of development — or anti-corruption this particular case. Just as corruption is a site of contestation and often identity between agents,^[44] so is anti-corruption. Taking a more anthropological view of such contestability, the language of anti-corruption can serve as semiotic resource not only for groups which control the State or which have preponderant control of economic resources, but also serve the interests of other groups. In such a view, the language of anti-corruption acts as a “crucible,” offering a resource for all.^[45] If “weak” groups (those without much access to political and economic resources) are have greater alacrity and dexterity in using the language of anti-corruption, then such a discourse can serve as a “weapon of the weak” — allowing resistance in a multi-dimension field of contestation.^[46] Taking a more political economy perspective, the knowledge flows attendant with anti-corruption programs can cause changing incentives which alter the marginal costs and benefits to all parties in engaging in various types of corrupt activities and in engaging in anti-corruption activities.^[47] In other words, as officials or NGO representatives acquire knowledge in detecting corruption, incentives could change from engaging in corruption to engaging in anti-corruption even if only to capture political capital or international donor consultancy contracts. Such knowledge flows offer human capital which can be used by both “weak” and the “strong.”

Yet, such models of depoliticization only take two-agents into account — or assume there is an “actor” and an “actee” — and are thus more appropriate for first wave (technocratic) reforms. For second wave (participatory) reforms, models incorporating group dynamics capture a degree of the strategic interaction between actors. Such group dynamics are important given a number of features about participatory programmes in general and participatory anti-corruption programs specifically. First, they incorporate a broad number of actors with their own views and agendas.^[48] Second, despite their supposed focus on a range of actors, for analytical simplicity, they often divide actors into “uppers” and “lowers”^[49] or “strong” and “weak”.^[50] Third, they mostly focus on the decentralization of decision making and the creation of local capacities — thus the words “participation” and “empowerment” often are used together. Fourth, participation — like any other process — is planned and usually supervised by a mediator or arbiter. If there are social, economic, or political inequalities, these can be managed.^[51]

For all their purported benefits, participatory programs have drawbacks — some of which are listed in the Table. In many of these cases, the effects of participatory programs do not “empower” but instead decrease power. Some

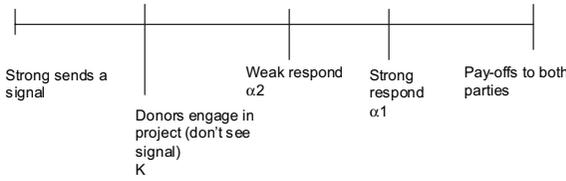


Figure 6. Games people play.

of these disempowering effects may include muting, outsider influence, group think, and other effects. As shown in the final column of the table, the effects on the weak’s alpha (here defined as α_2 , is often negative or in some cases ambiguous. For example, the ritualization of participatory practices may promote or demote power depending on the practices ritualized. The effects of Condorcet’s paradox can either empower or disempower depending on how a particular vote occurs.

Yet despite the range of critiques leveled against “participation,” there are a range of critiques missed in the literature. First, these critiques often do not rigorously incorporate the strategic and dynamic elements of participation. Participation is often a “repeated game” with a number of policies which considered over time. Second, most readings on participation address rural development and locally based project planning rather than questions of large-scale policy. Third, there is no decision criterion for deciding which effects listed in the Table are most likely to be at play. Finally, most of the literature treats the donor’s role as deleterious or exogenous (or both) and tries to look at the dynamics between the recipients of participatory programs.

Addressing some of these critiques, Figure 6 provides one way of thinking about the strategic interaction being played out by Bolivian stakeholders in implementing anti-corruption reforms. In the first stage, the strong would send a signal to the weak — either directly or through the design of pre-existing norms and institutions. The donors arrive and fund a project generating a certain return K . However, the donors — being outsiders — do not see the signal sent to the weak. In the third stage, the weak respond to the project, either by complying, resisting, or ignoring the project. The term α_2 represents their degree of participation/usurpation of the project. In the fourth stage, the strong are able to act (as opposed to sent signals) by usurping the project to a certain degree α_1 . They react to the actions of the weak and finally pay-offs are given to the strong and the weak (the donors pay-offs are assumed to be independent of the project’s success or failure).^[52]

DEPOLICIZING BOLIVIA (AND EVERYWHERE ELSE)

Anti-corruption policymakers and project managers must consider the likely effects their projects will have in the presence of politics. After they are transferred

from their position or end their assignment, they must consider who is most likely to take over the project. They must also recognise that the results of the project may be “ambivalent” not directly serving the objectives for which it was designed.

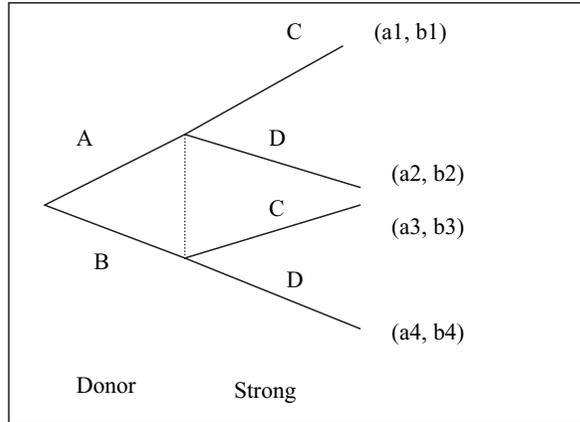
Given this reality, there are basically three reactions which can be taken. First is to accept that development assistance does more harm than good and therefore should be severely curtailed or eliminated. Advocates of this approach include “radicals” such as Sachs (1992) and others who question the very values of development. The second perspective would continue with business as usual. Rather than modifying the project to account for politics, politics must be eliminated through coercion — such as through the adoption of SAFCO-type programs. A third way would be a compromise, assessing how the project might be used by political interests and then determining the optimal policy response.

Resorting to the equation, $K = \gamma C - \alpha_1 P_1 - \alpha_2 P_2$, the first option would be equivalent to setting $K = 0$ so that there would be no resources to usurp. The second option would be equivalent to trying to set the alphas to zero in an attempt to reduce political “leakage.” The third option would be equivalent to trying to act such that the returns (gamma) are maximised understanding that these returns are contingent on political patronage and rents (alphas). It also recognizes that the political resources of one set of actors (which we call the “strong”) may reduce those of the “weak” and vice versa.^[53]

What is the optimal amount of project intervention? From Figure 2, the optimal amount maximizes legitimacy while minimizing political appropriation. In an ideal world, the strong and weak are given an optimal amount of say. Given the Bolivian institutional environment, the government-heavy design of the National Integrity Committee may reflect such a power sharing arrangement with non-governmental actors. Given the large amount of political “drain,” such a relationship also explains the high amount of World Bank governance support (K) to reach a desired level C. However, it does not explain why the Bank had chosen the sequencing it did or why the National Integrity Program has not continued. In other words, the equation suggests incomplete information without the possibility of complementarity between projects. As suggested by Ferguson’s (1990) analysis, today’s failure may be tomorrow’s success.

To capture a more realistic depiction of actual policymaking environments, a sequenced view of policy must be taken. Anti-corruption projects arrive in streams overtime and often must be combined with other projects . . . sometimes with anti-corruption projects and sometimes with other projects. If project A or B can be undertaken today, knowing that they can be combined with C and D which could arrive tomorrow, than which project should be undertaken?^[54] In the Bolivian case, projects A and B could represent the decision to undertake a first wave project such as the integrated SAFCO or a group of unconnected technocratic projects. Projects C and D could represent subsequent projects such as judicial reform or the National Integrity System.^[55]

In the following game representation of the recombination problem, there are two actors, a donor and “strong” policymakers. The donor must choose a project A or B today without knowing what reaction the policymaker will take tomorrow. Therefore, the donor will choose the option which minimises bad outcomes and/or maximise positive outcomes. In the figure, the first return is to the donor (which are assumed to be an attempt to achieve the α_2 needed to maximise γ – and thus can be seen as an imputed return to the “weak”). The second pay-off is the political return to the strong α_1 .¹ The pay-offs themselves reflect programme complementarity. For example, combining programmes A and C have pay-offs of (a1, b1) whereas B and D have pay-offs of (a4, b4). If A and C have higher complementarities to political returns of the “strong”, then b1 will be high. The optimal strategy for the donor then is to choose A or B (where B could represent for example the discontinuation of the programme) so as to achieve the optimal combination with C or D under uncertainty.



*Such a strategic specification assumes the donor is altruistic...an assumption often questioned in the criticisms of the post-Washington consensus

¹Such analysis is redolent of the policy sequencing problem discussed in the transition literature see Dewatripont and Roland (1996).

Figure 7. The policy sequencing decision problem.

A representation of the problem is shown in Figure 7 — knowing that project C or D could come, the donor’s choice is to choose to fund the project which best encourages local policymakers to “do the right thing.”

To see the difference between donor attempts at choosing policies which are robust to usurpation and simply choosing policies as they arrive, it is instructive to explore the returns to choosing policies as they come.^[56] Figure 8 presents a simple example of projects arriving at random. In the figure, three projects are drawn from a random set of projects whose quality ranges from 1 to 10 — where 10 is the best and 1 is the worse for their desired impact — even if they are best for the person implementing it. The scores show the recombination of the three project scores through addition. In the figure, such recombination was undertaken 8 times to see how recombinant scores varied over time. Sometimes such as in periods 3 and 8, relatively bad outcomes occur whereas in 1 and 5, good outcomes occur. One bad draw brings down the whole average.

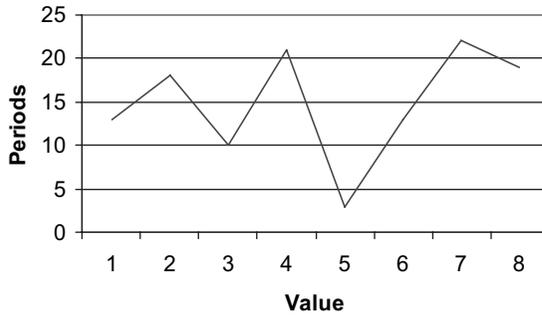


Figure 8. Combinant project values.

The project values in Figure 7 assume a business as usual approach. Namely, projects are undertaken without consideration of future complementarities. If there was some way of influencing choices, such as the strategic decision portrayed in Figure 6, one could try to ensure “optimal recombination.” If a benevolent dictator (maybe not Banzer) got to choose which projects would be combined, then the best result would be 27 ($10 + 9 + 8$) and the worst is 6 ($1 + 2 + 3$).^[57] In the case of Bolivia, seeing relatively low draws — namely the SAFCO and the effects of Popular Participation — what should have the designers of the National Integrity Action Program have done? Given the environment of patronage politics, they should have expected low returns to new projects — given that they follow the same autopoietic relationship as other projects. However, given the relatively quick dissolution of the Integrity Program, it provided less capital to be usurped by the Bolivian “strong.” The depoliticized politics of the Bank was to choose a project which bolstering its own other governance projects.

There are a number of implications for the Bank strategy. First, an increasing large stock of donor funds are being sunk into a patronage system which must be addressed sometime in the future. While the optimal World Bank play in the short-term is to promote complementarities among its own governance projects and only tie loosely with Bolivian initiatives, in the long-run, such a policy increases the returns to political usurpation by the “strong” at the expense of the Bank and the “weak.” Second, participatory methods might yet worse results from a political point of view than a managed process. In some sense, a group meeting is an example of randomization. Different actors will have different project preferences which must be aggregated — depending on the actors at the bargaining table. Participation to date has simply fed the patronage machine and there is little evidence to suggest that the relationship between legitimacy and political rents is changing. Third, the Bank is not changing the parameter values in the $K = \gamma C - \alpha_1 P_1 - \alpha_2 P_2$ equation because it is not changing the game which sets those values. The Bank can not simply add more K' , it must change

the nature of the game depicted in Figures 6 and 7 so as to change the parameter values driving cooperation and resistance to anti-corruption.

CONCLUSION

Bolivia has undertaken a number of World Bank-sponsored governance and anti-corruption reform projects in the 1990s. How successful has this donor intervention been given a highly politicized local policymaking environment relying on patronage and clientalism? This article has argued that such politics infuses public sector activity, both in the attempt to engage in depoliticization (departization) and in attempts to engage in technocratic (Fergusonian depoliticization) anti-corruption. Rather than ignore politics, it must be understood. The model and its extensions provide a way for anti-corruption practitioners — and more generally those engaged in State reform — to approach the problem of politicization. Political returns must be sufficient to encourage actors to engage in reform, but these political returns must be managed. In a certain world, these returns would maximize legitimacy and public sector capacity while ensuring political actors have sufficient incentives to engage in reform. In an uncertain world, donors must hedge their bets. If political actors can usurp projects and then recombine them for their own ends, donors should design projects which minimize social harms and maximize social benefits. They must also change the rules of the game driving anti-corruption if they hope to escape from the autopoietic relationship which has so far doomed anti-corruption activity in Bolivia.

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2. Much of this work draws from Malloy and Gamarra (1988), Seligson (1999), Gamarra and Malloy (1996), World Bank (2000) and others.
3. Coalition politics has existed in Bolivia before, but the nature of the current regime can be traced to the period discussed in the text.

4. The use of patronage in promoting State stability has a wider context — see Tangri (2000) for a discussion of patronage politics in the African context. Gordin (2001) explores patronage using cross-country regression analysis. Weyland (1998) notes the role of patronage-based neo-populism — where politicians must distribute resources down to gain support.
5. Gamarra and Malloy, 1996: 399
6. This figure probably under-represents the true figure due to respondent bias.
7. Such data appear at variance with other data. In 1999, Bolivia was the “suvb-champion” of corruption — scoring next to last on the Transparency International corruption index. For a qualitative comparison of corruption in Latin America and its role in the political system, see Little and Carbo (1996).
8. Some commentators such as Gupta (1995) notes that “corruption . . . is a mechanism by which “the state” is itself discursively constituted” (376).
9. One reason for the high levels of corruption is the lack of balancing forces in the paternalistic democracy (Colazingari and Rose-Ackerman, 1998).
10. The first two incidents were reported by the Efe News Service while the story about Banzer was covered by the Associated Press.
11. Both K and C can be viewed as a “stock” of outcomes — such as programs, activities, or even physical infrastructure.
12. As will be mentioned subsequently, politicised institutional arrangements may actually improve public sector performance if they help establish legitimacy, promote effective oversight, reduce conflict and so on — reflecting the fact that politicization of the civil service may serve as a resource as well as a constraint.
13. For ease of exposition, I only look at two political interests or α_i for $i = (1,2)$ and P_i for $i = (1,2)$. In the simple model, each independent variable is seen to be completely independent of the others for ease of exposition. As various parameter models are endogenized later in the article, the orthogonality assumption is dropped.
14. Returns to political interests can also result from rents collected by politician *inaction* as well as action (McChesney, 1997).
15. Lozada, 1999.
16. Ibid.
17. The politics of depoliticisation in Bolivia manifests itself in most forms of such “capacity building” (Molina and Chavez, 2002).
18. Such a trend toward participation is an international phenomenon, reflecting what Dabrowski *et al.* (2001) refer to as “communitarian romanticism.”
19. For more on these reforms, see Seglison (2003).
20. Lozada, 1999.
21. Faguet, 2000.
22. Goetz and Gaventa, 2001.
23. Daniere and Marcondes. (2003) find the politicization of local level resource allocations in Cochabamba.

24. The Territorially Based Organizations (*Organizaciones Teritoriales de Base*) have oversight boards known as *comités de vigilancia* (vigilance committees) and are charged with identifying, prioritizing, and supervising public works and services.
25. World Bank, 2002.
26. See Andersson (1999) for a critical view of popular participation.
27. For example, turnover in the civil service reform program's staff remained at about 11% from 1995–1997, but after a change of government increased significantly, while public expenditure management reform continued to stumble as public sector entities failed to submit financial statements for audit (World Bank, 2002).
28. Frieden, 1999.
29. Indeed, authors such as Anechiarico and Jacobs (1996) note that anti-corruption programs can create enough regulations and obstacles to prevent effective governance.
30. Varela, 1974.
31. It is the autopoietic nature of public sector reform which allows one to analytically treat anti-corruption reform as just another reform following the same general rules of public sector behavior.
32. The shift from first generation technocratic reform to second generation participatory reform has been a global shift. By 1997, a number of participatory anti-corruption programs were being started across Latin America in places such as Argentina and Ecuador. For an overview of the global transformation of the anti-corruption “industry,” see Michael (2002).
33. Asis, 2000.
34. Langseth, 1999.
35. Refer to Government of Bolivia, 1998. It is unclear why the components of the National Integrity System were superimposed on a triangle — given that the “fight against corruption” is at the bottom, the triangle might represent the “social pyramid.” If so, it is interesting to not the Plan stems from on high.
36. World Bank, 1999.
37. It is uncertain why the Minister of Customs was chosen to be included in the Committee given the significant level of complaints against customs.
38. Asis, 2000.
39. See World Bank (1999b) for more on the IRP.
40. Asis, 2000.
41. Ferguson, 1990.
42. Hobert, 1993.
43. Polzer (2000) deconstructs the World Bank discourse on anti-corruption.
44. Gupta, 1995.
45. Moore, 2000.
46. Scott, 1987.
47. Michael, 2002.

48. World Bank, 1996.
49. Chambers, 1997.
50. Wright and Nelson, 1995.
51. For example, Johnson and Wilson (2000) look at the management of such social inequalities in a Zimbabwean local project.
52. There are a number of advantages to thinking about the problem in rigorous modelling terms. First, rather than relying on simple relationships between legitimacy and political returns — such as those depicted in Figure 2 or the “soft” descriptions often in the participation literature — decisions become endogenized. “Muting” for example isn’t just something the weak do, it is a strategic reaction. The donors’ problem is also endogenized because the donor can choose the degree of anti-corruption activity *ex-ante* under imperfect information — knowing that the recipients will then try to maximize their own returns. Actors can also set their optimal alphas knowing that it is contingent on how donors and other groups might react. Now, the degree of political returns *ex-post* can affect the amount of projects undertaken *ex-ante*. Second, much of the development studies literature is critical but yet offers little positive advice. In the current world of international development and policymaking, simply withdrawing is not an option. Moreover, a rigorous model allows one to explain the observed and optimal anti-corruption policy responses — as depicted in the next section.
53. For simplicity, such a relationship is tantamount to $\alpha_1 \alpha_2 = 1$. This captures nicely decreasing returns to the accumulation of power — if the strong accumulate a lot of power, then one more unit is very difficult to come by. It also allows for a gradual decay (or “eating away” in program outputs to political interests which many country studies note.
54. The possibility of recombination has been explored in a variety of contexts, mostly from the evolutionary systems theory — see Weitzman (1998), Anderson (1999), Holland (1995).
55. Anti-corruption programmes design are necessarily recombinant — involving a number of stakeholders and programs (Bailey, 2000).
56. In the organizational literature, this has been referred to as “garbage can” model of decision making (Hatch, 1997).
57. If there is resampling, then the best would be 30 and worse 3.

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