

Fernand Braudel Institute of World Economics

Associated with the Fundação Armando Alvares Penteado

Rua Ceará 2 • São Paulo, Brazil 01243-010

Phones 3824-9633/826-0103/214-4454 Fax 825-2637/ [ngall@braudel.org.br](mailto:ngall@braudel.org.br)

# El Alto de la Paz

A Report to the World Bank on the Origins  
and Prospects of Poverty in Bolivia

Norman Gall

Executive Director

Fernand Braudel Institute of World Economics

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## Part I: General Issues Of Poverty In Bolivia

**1. Framework of Analysis.** Poverty is the inability to create wealth, ultimately leading to hardship and deprivation among individuals, communities or nations. While Bolivia has received substantial flows of resources from abroad in recent decades, it has not been able to use these resources to create new wealth on the scale of recent population growth and urbanization. Throughout Bolivia's republican history, internal capital-formation has been insufficient for economic development, thanks in good measure to the relentless siphoning away of economic surpluses under colonial rule and the equally-relentless pressures for distribution in the 20th Century. Instead of capital-formation, recent decades have produced recurrent spectacles of entropy or degradation of capital by which investments frequently become yet another form of consumption. Nevertheless, the need for capital is deeply and widely felt, not only among officials and workers of nationalized industries, but also among the market women and shoe-shiners interviewed for this study. Edited texts of these interviews appear in the appendix.

This report is an analysis of the consequences of an ecological imbalance on the Bolivian *altiplano* (highland plateau) that ultimately threatens the survival of a growing population. It first provides an introductory framework for this analysis and then an overview of the new urban concentration of El Alto, the focus of this study. The report next addresses the spatial and logistical difficulties of settlement and economic development in Bolivia.

In this context, it then discusses the fragile growth of urban communities in this century, recalling the instability of these settlements in the past, and subsequently provides a brief history of the growth of La Paz. It next discusses the role of migration and employment in shaping the city's peculiar development and the overflow of La Paz into the new satellite agglomeration of El Alto. It traces the rapid growth of El Alto over the past decade before analyzing the main characteristics of its concentration of poverty. In its final two sections, this study relates historic trends in government spending and taxation to death rates and, lastly, poses options for World Bank policy in this setting.

Despite high mortality and low life-expectancy, the population of Bolivia is expanding rapidly. Although today's malnutrition among children may weaken future generations of adults, the financial crisis in the formal economy does not seem to threaten imminent demographic catastrophe. If such a catastrophe were threatened, foreign governments and welfare agencies seem to stand ready to contribute massively toward relieving the immediate emergency, as they did

during the 1983 drought on the *altiplano* and floods in the eastern lowlands, which truncated domestic food production.

The guardian angel of survival in Bolivia is the donor of last resort, a mythological figure akin to the lender of last resort in troubled financial markets. However, these donations may not be able to continue under conditions similar to the three curtailments of world trade and financial flows that occurred between 1914 and 1945, or diversion of donor interest. One of the most disturbing realities underlying discussions of poverty in Bolivia is that the institutional apparatus for receiving international aid is far more developed, flexible and articulated than is the institutional capacity for production and export. Nevertheless, individual survival stories carry impressive demonstrations of courage and tenacity.

In ancient societies, the labor of ten agricultural workers was needed to support each member of the nonagricultural population of an urban center.<sup>1</sup> Highland Bolivia is ancient conglomerate of societies that has undergone radical transformations since the 1952 Bolivian Revolution, which hastened a flow of foreign resources into the Bolivian economy for political reasons. In the mid-19th Century, only 8.5% of Bolivia's population was settled in urban locations, conforming roughly to the spatial and occupational distribution in ancient societies. Since then, urban population grew by 0.4% yearly from 1847 to 1900; by 2.6% from 1900 to 1950, and by 4.3% from 1950 to the last national census in 1976, reaching an estimated 47% of the total population by 1984.<sup>2</sup> In other words, the urban population grew from 180,000 in 1847 to nearly 3 million in 1984, with more than three-fourths of this increase taking place since 1950. While food production also increased, it failed to keep pace with the increase in urban population. In the *altiplano* hinterland of La Paz, where most urbanization has taken place, peasant minifundia still are exploited with ancient farming practices.

From 1880 to 1950, the urbanization process was sustained and accelerated by successive mining booms, first in silver and then in tin, that greatly expanded the cities of La Paz and Oruro as commercial and supply entrepots and created urbanized mining enclaves in the *altiplano*. Since then, the mining economy has declined steadily, from exhaustion of existing mines and failure to find new ones, while no new production systems have been developed to sustain urbanization at

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<sup>1</sup> Gideon Sjoberg, "The Preindustrial City," *American Journal of Sociology*. (1955) Vol. 60/438.

<sup>2</sup> Salvador Romero Pittari, "Notas sobre la Distribucion Especial de la Poblacion Boliviana", in *El Pais Deshabitado*. La Paz: Biblioteca Popular de Ultima Hora, 1982, p. 54.

its high and increasing postwar levels. Production of tin, Bolivia's main 20th Century export commodity, peaked in 1929 at 47,082 metric tons, fell to 18,014 tons by 1958, gradually revived to another peak of 33,787 tons in 1977, only to fall precipitously to 17,875 tons in 1984, amid signs of the industry's collapse. The early 1980s also saw aggravation of Bolivia's incapacity to finance either subsidized consumption or the normal functioning of government. According to the World Bank's World Development Report 1984 (Table 27), Bolivia's 1981 total government revenues (8.5% of GNP) were lower than any country in the world except Nepal (8.1%), Uganda (0.7%) and Yugoslavia (8.4%). Moreover, Bolivia's public finances have deteriorated much further since 1981. For several years, Bolivia was dependent on foreign loans and grants not only to build its roads, railways and airports, but also on subsequent foreign loans to maintain them. The importance of official financial flows is reflected in Bolivia's foreign debt, five-sixths of which is owed to foreign governments and international agencies.

Today the Bolivian government can neither tax nor borrow. Real incomes of most Bolivians have been drastically reduced. Large parts of the country's productive apparatus have deteriorated. To a significant degree, Bolivia's urban population has become dependent for survival on foreign food donations, which seem to have attracted further urbanization. These are the conditions in which a cursory study of the political economy of poverty in Bolivia was undertaken.

**2. The Meaning of El Alto.** With a population currently estimated at 300,000 - 350,000 inhabitants, the giant satellite community of El Alto has spread so fast over the *altiplano* near La Paz over the past decade that it may be bigger today than any Bolivian city except Santa Cruz (400,000) and La Paz itself (1 million). Given the limited time budgeted for this study, a decision was made to focus mainly on El Alto because of its size, its strategic location, its concentration of poverty, its dynamic role in current urbanization and its weight in the political economy of Bolivia's crisis of the 1980s. Field work for this study was carried out in El Alto during three weeks in late 1984. Edited translations of taped interviews done during this period are annexed to this report to illustrate and support some of its qualitative conclusions.

The interest of the World Bank in the broader processes of poverty in Bolivia's has channeled this investigation beyond the specific population and economic movements in El Alto toward an explanation of the historic forces creating this urban configuration. Between 1976 and 1980, La Paz's population accelerated its growth to 4.9% yearly from the long-term trend rate of slightly

above 3% for this century.<sup>3</sup> According to the municipal government, most of this added growth is taking place among the proliferating adobe communities of El Alto, where population growth is estimated at 20% yearly and where roughly one-third of La Paz's nearly 1 million people now dwell, against only one-seventh (95,433) of the 654,713 counted in the 1976 census.<sup>4</sup>

This rapid growth of El Alto has meant a change in the urban character of La Paz. City becomes village; village becomes city. In other words, as La Paz becomes more a receptacle of a homogeneous peasant migration from its immediate Aymara hinterland, the city becomes ethnically and economically more alike the smaller population centers of the *altiplano*. The financial crisis of the 1980s, reinforcing the impact of the steady decline of the highland mining economy, has limited the urban functions of Bolivia's main seat of government to administration, education and petty commerce, as in the towns and villages of its hinterland, as a result of the loss by La Paz of what little strength it once had as the country's center of capital-formation, credit-creation and modern industry.

This shrinking of differences between city and village may be a worldwide trend. However, in Bolivia and especially in La Paz, this blurring of differences has been dramatized by a fusion of the peasant market into the city market, and by the rapid growth of village-type economic activities in city life. As pointed out in a major migration study, *Chukiyawu: La Cara Aymara de La Paz*: "The success of the peasant in the city is achieved not in urban style activities, but in those most like the work of peasants in their rural regions of origin: artisanship and small family businesses."<sup>5</sup>

The changes in the character of economic activity in La Paz will be discussed in greater detail later in this study. It may be sufficient to say at this point that, by 1980, 40% of the city's inhabitants and 62.5% of its working population were migrants. In 1976-80, the growth rate of La Paz's population rose to 4.9%, reflecting a postwar migratory peak rate of 2.3% yearly. In the seven-year boom-and bust period (1976-83) since the last national census, the La Paz labor force grew by an

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<sup>3</sup>. Jaime Aranibar et. al. *Migración y Empleo en la Ciudad de La Paz*. La Paz: Ministerio de Trabajo. Proyecto Migraciones y Empleo Rural y Urbano (OIT), 1984. pp. 7, 19, 74. Henceforth cited as *Migración Y Empleo*.

<sup>4</sup>. Unpublished document (mimeo), Municipalidad de La Paz, 1984.

<sup>6</sup>.Xavier Albó, Tomás Greaves, Godofredo Sandoval, *Chukiyawu: La Cara Aymara de La Paz. Vol. II. Una Odisea: Busca "Pega."* La Paz: CIPCA, 1982, p. 132. Henceforth cited as *Chinkiyawu*.

annual rate of 4.7%. However, salaried employment grew by only 1.6% while the number of self-employed increased by 6% and the family sector (self-employed plus unpaid relatives) by 7.7% yearly. From 1976 to 1983, the family sector's share of all employment in the city rose from 29% to 34%. By 1983 the informal sector --tiny workshops and stores, street sellers and roving artisans, domestic servants-- was generating 64% of all employment in La Paz, against only 13% for larger private firms and 22% for the public sector. The ultimate difference between city and village may be in the pace of life. The spectacle in El Alto, especially at the crossroads of petty commerce such as the teeming markets of La Ceja and 16 de Julio, is less of economic or biological prostration than of great vitality. Despite deficient nutrition, great amounts of will and energy are expended not only on physical survival but also on keeping families together and keeping children in school.

**3. Space and Population Densities.** Throughout its modern history, Bolivia has been plagued by problems of space, population density and communications, again and again threatening its survival as a national state. Its past role in the world economy might have implied some success in overcoming these difficulties. In the 17th Century silver mining complex of Potosí, Bolivia, harbored the biggest and richest export enclave of the preindustrial West, with the largest urban concentration in the New World (120,000 population by 1610, against 200,000 for London around the same time). Operations at Potosí were supported by an extensive system of forced labor mobilization and food and materials supply, extending over much of the area today embraced by northern Argentina and by the highlands and valleys of Bolivia and Peru. nevertheless, following collapse of the Potosí mining boom, internal communications had deteriorated so badly by the time of Independence that a British diplomat, in a detailed report on the new republic's economic potential, reported in 1827: "the roads throughout Bolivia are only adapted for mules and llamas --a cart or carriage road does not exist in any part of the Republic, and with the exception of one or two carriages used in religious ceremonies at Chuquisaca (Sucre), a wheeled vehicle does not exist in any part of Bolivia. "<sup>6</sup>

These logistical disadvantages tended to widen during the 19th Century. In her *Bolivia: Land, Location and Politics since 1825*, J. Valerie Fifer observed that Bolivia "failed to share the advantages of direct contact with new ocean steamship routes and the effective lessening of distances they initiated. It failed to experience or benefit directly from the increased mobility afforded by the first phase of railway construction in South America. In both respects, therefore, a landlocked location

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<sup>6</sup> J.B. Pentland, quoted in J. Valerie Eifer , *Bolivia: Land Location and Politics since 1825*. Cambridge University Press, 1972, p. 18.

represented serious isolation from two of the most important technological advances bearing on the growth of State organization and State power during the 19th century." <sup>7</sup> By the mid-20th Century, following loss of half of its original territory in wars with neighboring states that it could have avoided, Bolivia still had occupied only a small part of its remaining area --the least of all Latin American republics. It also had the smallest proportion of farming land to total area (0.3%), with only 0.2 acres (0.8 hectare) per inhabitant in crops. <sup>8</sup>.

In her parthbreaking *Population and Technological Change: A Study of Long-Term Trends* (1981), the Danish economist Ester Boserup develops a relationship between population densities and technological evolution in ancient and modern economies that contributes toward an understanding of Bolivia's retardation. In a chart grouping countries by density and technological level around 1970 (reproduced on the next page), Boserup places Bolivia as the sole Western Hemisphere nation amid a cluster of African states, most of them with lower per capita incomes, sharing the same range of population densities (4-8 persons per km<sup>2</sup>) and roughly the same access to modern technology, averaging 47 years life expectancy at birth, 29% adult literacy, six telephones per 1,000 people and a per capita energy consumption of 205 Kilos coal equivalent. Boserup could have been describing La Paz and Bolivia when, referring mainly to 19th century tropical colonies in Africa, she explained:<sup>9</sup> "Colonial towns differed sharply from other preindustrial towns, because they did not fulfill the usual function of producing nonagricultural products in exchange for food from the surrounding rural areas...Food was cheaper from other continents than from rural areas in the same colony. The failure to produce food surpluses to supply the towns meant that when a rural area ceased to be a subsistence economy only, it became heavily dependent upon foreign trade. The foreign trade component of total national income is very large in this type of economy, on both the export and import side, while the internal monetized sector is very small...In the sparsely populated hot colonies, population densities in the mining districts was much lower and the transport networks in the colonial mining areas much poorer, than those of Western Europe and the U.S. Northeast during the period of industrial breakthrough. Therefore, neither mining nor administrative centers in the sparsely populated hot colonies grew into centers of manufacturing...In some countries, rural - urban migrations become very large (after World War), especially when pull of the towns went together with the extensification of agriculture due to large-scale imports of food. In four countries in the Andean region, a large share of the land which had borne wheat in the 1950s was turned into pastures. Consumers shifted consumption from other cereals to

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<sup>7</sup>Fifer, op. cit., p. 4

<sup>8</sup>Preston E. James, *Latin America*. 3d Ed. New York: Odyssey, 1959, p. 205

<sup>9</sup> Preston E. James, *Latin America*. 3d Ed. New York: Odyssey, 1959, p. 205

wheat, and 80% of a much-expanded per capita consumption of wheat was covered by imports.

In Bolivia's growing cities, products made from wheat flour become the staples of survival for poor people at very low prices. In 1953 Milton Eisenhower, the U.S. President's brother, visited Bolivia shortly after the revolution and saw shipment of U.S. surplus farm commodities as saving the country from starvation. In *The Bolivian Revolution and U.S. Aid since 1952*, James W. Wilkie observed: "In a large measure, aid to Bolivia should not have been labeled 'economic assistance'. Of the \$275.9 million disbursed by the U.S. from the inception of the programs through 1964, between one-third and one-half of all grant and loan assistance consisted of shipments of agricultural commodities to Bolivia."<sup>10</sup> While U.S. aid also helped develop and diversify other areas of Bolivian agriculture, it created a dependence on food donations that continues today. Not only must a donor bring the food over long distances to a port of entry to Bolivia. It also must transport the donation by rail or truck up the Andes to a major distribution center and then impose continuous and costly administrative controls to prevent the donation from being smuggled out of the country at higher border prices. "Low prices to producers are accompanied by subsidies to urban consumers," the U.S. agricultural attaché wrote in his 1984 situation report. "The low prices received by producers has encouraged contraband exports to neighboring countries. The low food prices paid by consumers (generally half the level of neighboring countries) also result in illegal border trade."

In the decades following the Second World War, nevertheless, major advances were made in strengthening Bolivia's logistical integration. Between 1956 and 1983, the highway network doubled to 41,000 Km, still very scant coverage for a sparsely-settled country of 1 million Km<sup>2</sup>. In 1956, there were only 550 Km. of paved roads and only 3,000 Km wide enough for two trucks to pass each other.<sup>11</sup> By 1983 the length of paved roads had tripled. In 1949, there were only 22,292 motor vehicles registered in Bolivia.<sup>12</sup> By 1974, there still were only 71,127 vehicles, but over the next decade they multiplied to 184,658.<sup>13</sup> Railroad trackage

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<sup>10</sup>James W. Wilkie, *The Bolivian Revolution and U.S. Aid since 1952: Financial Background and Context of Political Decisions*. Latin American Center, University of California at Los Angeles. 1969. P. 13.

<sup>11</sup> United Nations Economic Commission For Latin America (ECIA), *El Desarrollo Económico de Bolivia*. México, 1958, p.232.

<sup>12</sup> United Nations, Report of the United Nations Technical Assistance Mission to Bolivia. New York, 1951, p.72.

<sup>13</sup>INE (Instituto Nacional de Estadística) Resumen Estadístico 1983. La Paz: July 1984, p.90.



increased by only about 20% since 1956 to 3.568 Km, reflecting mainly the completion in 1964 of the 643-Km line across the eastern semi-desert Chaco from Santa Cruz to Corumbá (Brazil). Curiously, freight traffic has been flat at around 1.1 million tons yearly from 1965 to 1983, reflecting the flatness of Bolivia's export volumes.

Meanwhile, passenger rail traffic fluctuated dramatically, declining in prosperous years and rising in times of difficulty, reflecting not only subsidized fares but also the use of these old export corridors by "ant" (*hormiga*) smugglers carrying contraband goods to and from border trading points.<sup>14</sup> However, perhaps the most important tying together of distant points has come from the multiplication and improvement of airports and the consequent growth of passenger traffic from 66.000 persons in 1951 to 1.5 million in 1983. By contrast, the growth of road traffic seems to be a product of densification rather than dispersion of settlement patterns. In the ninefold increase of motor vehicle registrations from 1949 to 1983, the biggest growth was among those used most for local transport: motorcycles (119 to 40.514), buses (404 to 8.008), while the number of trucks rose by only half (18.409 to 29.073). Much of the improvement in Bolivia's transportation facilities is associated with new patterns of urbanization.

**4. Urbanization and poverty.** Bolivia has followed the global urbanization trend by which the number of people living in the world's towns and cities multiplied from 25 million in 1800 (2.5% of total population) to 1.8 billion (41%) in 1980. Between its last two censuses (1950 and 1976), Bolivia's urban population grew by 4.2% yearly, about as fast as in the rest of Latin American. However, since 1970 Bolivia's urbanization slowed to 3.3% yearly, closer to the world rate (3%) and to its own long-term rate for this century, accompanying a similar abatement among the 13 other peculiarities and a bias toward three classes of communities: (1) the cities of more than 100.000 people, increasing in number from one to four and in share of total population from 10% to 26%; (2) medium-sized towns (10.000-20.000), increasing in number from two to 12 and in population share from 1% to 3.6%, and (3) small towns (2.000-5.000), doubling in number from 30 to 65 but increasing their population share only marginally (from 3.2% to 3.5%). In addition, the number of non-urban concentrations (200-2.000, excluding dispersed population) grew mainly in the *altiplano* departments (La Paz, Oruro and Potosí) from 341 to 471, but the share of these villages in total population fell from 8.3% to 6.9%.<sup>15</sup> It has been suggested that the rural-urban migratory movements and

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<sup>14</sup>The data is from World Bank, Bolivia: Transport Sector Memorandum. Report No. 5034-BO. March 30. 1984, pp. 52-3.

<sup>15</sup>Romero Pittari, op. cit., pp. 55-6.

creation of new towns between the 1950 and 1976 censuses reflect the liberation of peasant mobility and the diversification of peasant economic activity since the agrarian reform that followed the 1952 Revolution. Land redistribution and subdivision, combined with accelerated growth of rural population that doubled overall densities on the *altiplano* between 1950 and 1980, aggravated the chronic minifundia problem as farmers' children came of age. In his article on "New Towns- A Major Change in the Rural Settlement Pattern in Highland Bolivia," David A. Preston observed:<sup>16</sup> "Many Bolivian new towns would appear to be scarcely worthy of the name hamlet (*caserío*) when judged by their size. But their inhabitants as well as people from neighboring communities consider them to be urban and many of the larger nuclei have a maximum population during the week of 500-800 people: they offer a range of services and have administrative functions greater than their size would suggest....These new towns vary in size between clusters of five or ten houses --at an early stage of development-- to towns with 150 or more houses. a school offering perhaps four or five grades of primary education, a church and a municipal building (*alcaldía*). Many of the new settlements have administrative functions such as being a canton center, the local center for a group of peasant unions, or even a provincial section with a series of dependent cantons....One of the more surprising characteristics of the *altiplano* new towns is that for much of the week the majority of the houses are empty. The people who have built homes in the new towns are rural smallholders and as such they need to spend most of their time in the fields and in the old-style houses close to their fields and livestock. On market days and for festivals, however, they head for the new town which then loses its normally rather desolate air and becomes a bustling social center."

In dealing with the differences between urban and rural poverty, one not only must remain aware of the relatively modest degrees of Bolivian urbanization (45% of its people in communities of at least 2,000 in 1982, against 65% "urban" settlement for all Latin America). One also must focus on the newly-articulated intermediate gradations between city and village economies. This expanding common ground is formed by new transportation and marketing facilities that continually incorporate more people into commercial and artisan activity. Nowhere is this city-village fusion more dramatically articulated than in La Paz. Just as peasants have built seldom-occupied houses in the "new towns" since the 1952 revolution, they also have built many others, also seldom-occupied, in the outlying adobe *villas* of El Alto. Concentrated in El Alto and other marginal areas of La Paz, the peasant purchases of cheap urban land, at prices as low as between one at eight U.S. cents per square meter in the 1970s, took place amidst frenzied

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<sup>16</sup>David A. Preston, "New Towns-- A Major Change in the Rural Settlement Pattern in Highland Bolivia," *Journal of Latin American Studies*. 1970.

real estate speculation in a region where productive farmland not only was much more expensive but seldom placed on the market. For many peasants, however, these urban property purchases are speculative only in the recognition of the need for future migration to secure the livelihood and education of their children. They also enable the peasant to participate more efficiently in the great peasant market that is sprawling over La Paz.

The village-type markets of La Paz flood the city, hungrily occupying every open ground or sidewalk where goods can be spread out and the movement of pedestrians offers a chance for sale. The petty commerce goes on at ever greater intensity at many locations and levels of concentration, from street corners in wealthy residential neighborhoods to the teeming market areas of El Gran Poder in the lower city and the 16 de Julio in El Alto. They mobilize tens of thousands of sellers and a spectacular variety of goods arranged in special sections spread over several city blocks. The proliferation of sellers seems to have accelerated after the general strike of March 1985 dealt more blows to the formal economy of La Paz.

"Whenever this swarm of triflers buzz in a market, I take a minute and vicious division of the soil for granted," observed an Englishman, Arthur Young, during travels in France in 1788.<sup>17</sup> In a broader historical framework, this market fever in Bolivia today might easily be confused with the diversification of peasant economic activity in preindustrial Europe and Japan. El Alto's merchant-truckers of peasant origin, operating out of their new two-story brick headquarters that serve as both home and warehouse located strategically at the crossroads of Bolivia, might even fit into the historic mold of wandering merchants in the early modern era of these rich countries of today. But these prosperous two-story warehouse-dwellings are pimple-like islets in a sea of adobe hovels. The occupants of the adobe hovels are comerciantes, too, sometimes whole families of them. Yet there is so little value added by their trading, and by the artisan work often associated with their commercial activity, and so little credit or capital-formation generated or used in their daily operations that it is hard to find in them any measurable standard of progress. The only economic event clearly associated with the frenzied proliferation of market activity in recent years is the calamitous decline of the mineral export structure of the *altiplano* that was the basis of La Paz's growth in the 20th Century. During 1984, tin production fell by one-fourth to 17,875 tons, barely half of 1977 output, with much of this output coming from nearly-exhausted nationalized mines operating at big losses. In his classic *Peddlers and Princes*, the anthropologist Clifford Geertz wrote of the proliferation of commercial activity in an Indonesian market town during the economic

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<sup>17</sup> Young's *Travels in France during the Years 1787, 1788, 1789* (1913), p. 112, quoted in Fernand Braudel. *The Wheels of Commerce*. New York:

contraction of the Depression and World War II, but he could have been discussing La Paz today when he observed: "The decrease in opportunities for commercial profit led to an overcrowding of those which remained, so that although the town suffered a loss in income it experienced, if anything, an intensification rather than a slowing-down of economic activity. No retreat to traditional subsistence agriculture, village craft work and highly localized part-time peddling was possible, and the over-all trend toward the conversion of the bulk of Modjokuto's citizens into small-scale businessmen has continued into the postwar period."<sup>18</sup>

Boserup describes "an urban economy relapsing into ruralism" as a recurring event in ancient and modern times. In Bolivia, this has happened repeatedly. The most famous, and still the most mysterious of such events is the appearance and disappearance of Tiahuanaco, presumed from evidence of its ruins to have been a ceremonial and market city extensive trading and cultural influence that emerged near Lake Titicaca c. 600 BC and flourished from 500 to 1200 AD. These dates coincide roughly with the emergence and equally mysterious collapse of Teotihuacan, one of the largest cities of the world at the time, occupying the present site of Mexico City with a population that approached 150,000 in 300-750 AD.<sup>19</sup> Both Tiahuanaco and Teotihuacan were lakeside communities, located in centers of agricultural domestication: of maize in Mexico and of potatoes and camelids in the higher Titicaca *altiplano*. Boserup observes that the ancient cities of America and Asia suffered sudden population losses from warfare, famine and plagues, adding that "population reductions resulted in a decay of the infrastructure necessary for urbanization and in a consequent relapse into ruralism. Changes in resource-population ratios (such as erosion caused by destroying forests for city-building and to make charcoal for metallurgy) also played a role in the decay and breakdown of the densely settled urbanized regions."<sup>20</sup>

In colonial Bolivia, cities collapsed on a similar scale. The most famous was the boom town of Potosí, occupying an inhospitable site 13,000 feet high, grew from 14,000 population in 1547 to 150,000 by 1611 before falling to 70,000 early in the 18th Century and an estimated 9,000 in 1827, shortly after Independence, before growing again to about 110,000 today. Similarly, the highland mining entrepot of Oruro (population today: 173,000) grew from 20,000 in 1608 to 76,000 seven

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<sup>18</sup>Clifford Geertz, *Peddlers and Princes*. University of Chicago Press, 1963. p.11.

<sup>19</sup>William T. Sanders, Jeffrey R. Parsons, Robert S. Santley, *the Basin of Mexico: Ecological Processes in the Evolution of a Civilization*. New York: Academic Press, 1979, p. 205.

<sup>20</sup>Boserup, *op. cit.*, p. 87.

decades later, only to fall to 8.000 in the early 19th Century. An even more spectacular case is Colquechaca, in the 1970s mining village of 1.790 people, which in colonial times had 70.000 inhabitants.<sup>21</sup>

The obvious question to ask next is whether or not, given the crisis in the highland mining economy, Bolivia is faced with a relapse into ruralism in its most densely populated region. This question will be discussed at the end of this report. To make this discussion more meaningful, it would be useful to provide first an analysis of the human ecology of El Alto and of La Paz, the city from which it grew.

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<sup>21</sup>Wolfgang Schoop, *Ciudades Boliviana. La Paz-Cochabamba: Amigos del Libro*, 1981, pp. 91-93 & 109-112; Fifer, *op. cit.*, quoting Pentland for 1827 data on Bolivian cities, p.18n

## Part II: Coordinates of Poverty

**5. The Development of La Paz.** The City of La Paz today sprawls up the slopes of a deep chasm at the edge of the most densely populated area of the Bolivian *altiplano*. Like the Basin of Mexico, the *altiplano* was covered by inland seas in its remote geologic past and, more recently, by a system of large lakes that formed the site of early human settlement and agricultural development, giving rise to the first big cities of the Western Hemisphere, Tiahuanaco and Teotihuacan (Mexico City). However, La Paz owes its 20th Century urban functions as Bolivia's capital and biggest city less to the density and antiquity of settlement in its hinterland than to the access to the outside world provided by La Paz to the sprawling country's landlocked interior.

La Paz remained small until the beginning of this century, growing from only 43,000 population in 1835 to 60,000 in 1902.<sup>22</sup> Before 1917, a wanderer stood at the edge of the *altiplano*, overlooking the chasm cradling La Paz, and saw "brown ribbons of roads...and all along them on this Saturday afternoon crawled files of Indians with laden donkeys and llamas, the cargoes generally covered with straw, the drivers chiefly in red ponchos, though so like tiny crawling ants were they from this height 13,300 feet that the colors were barely noted. Seldom broken, these strings of pack-trains stretched from the edge of the plateau to where the head of each procession to the morrow's market was swallowed up in the compact, silent city."<sup>23</sup> But the compact, silent city, "perhaps the most Indian capital of all South America," already had begun climbing the walls of the walls of the chasm. Now as then, the Aymara insist on calling the city Chukiyawu, the name of the biggest of the 185 rivers and streams plunging from the *altiplano* to carve the deep basin that shelters the city from the chilling winds that scour the plateau.

When the wanderer's words were published, in 1917, the rustic *tambos* (wholesale traders' warehouse) where the Indian pack trains arrived at the outskirts of town already were being consolidated into the Mercado Rodriguez, owned and run by

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<sup>22</sup> Schoop, op. cit., pp. 55-59.

<sup>23</sup> Harry A. Franck, *Vagabonding Down the Andes*. New York: Century, 1917. Pp. 498-500

the municipality, the nucleus of what later became the gigantic market area of El Gran Poder.<sup>24</sup>

The *tambos* were located on hilly haciendas being swallowed quickly by the fast-growing urban organism just after the executive and legislative branches of government settled in La Paz following revolution of 1898-99. The growth of the city was stimulated, then as in later waves of migration, by a real estate boom involving construction of many new public buildings and homes both for government officials and employees of the many new merchant and mining establishments founded in those years. Between the censuses of 1902 and 1909, the recorded population of La Paz grew by nearly one-third, from 60,000 to 79,000.<sup>25</sup> Prominent among the newcomers were Germans who founded merchant houses to feed the mining boom with overseas imports.

Reinforced economically and politically by the turn-of-the-century mining boom and the railroad construction that accompanied it, La Paz grew much more slowly than most Latin American capitals, from about 60,000 population in 1900 to an officially estimated 954,000 in 1984. However, La Paz's modest long-term growth rate (3%) has been sustained by a periodic series of bursts in construction activity that attracted many migrants. The population of La Paz doubled during the first three decades of this century ( 1902 and 1928 censuses ) and then went through another burst of growth after Bolivia's defeat in the Chaco War (1932-35). Between 1935 and 1945, the number of business enterprises rose from 75 to 172. Many new factories were founded, heavily concentrated in the food and textile industries, which gave La Paz three-fourths of Bolivia's meager industrial production.<sup>26</sup> Another construction boom was stimulated by a foreign exchange retention law (1938) requiring mining companies deposit hard-currency export earnings in La Paz banks. When he visited La Paz in the early 1940s, the urban planning specialist Francis Violich found thousands of migrant families already packed into

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<sup>24</sup> Susana Donoso. Estudio sobre los Comerciantes e La Zona del Gran Poder. Sociology Thesis, November 1980. Universidad Mayor de San Andrés, La Paz. P. 35.

<sup>25</sup>Olen E. Leonard, " La Paz, Bolivia: Its Population and Growth," American Sociological Review (1948), v. 13/445.

<sup>26</sup> Jaime Aranibar, Antonio Gomez, Julio Mantilla, Rosario Paz, Betty Pinto, Migración e Empleo en La Ciudad 27. Jaime Aranibar, Antonio Gomez, Julio Mantilla, Rosario Paz, Betty Pinto, Migración e Empleo en La Ciudad de La Paz. La Paz: Ministerio de Trabajo y Desarrollo Laboral, 1984. Proyecto Migraciones y Empleo Rural y Urbano OIT/FUNAP), pp. 5-6. Henceforth cited as *Migración y Empleo*.

*conventillos*, as in Lima and Santiago," built around a series of connected patios of the Spanish type." Violich continued : <sup>27</sup>

*Such structures as these cover much of the south section of the city below the Prado, the fashionable boulevard, and Avenida Santa Cruz. Originally intended for one or several families, one family to a patio, they have since been re-subdivided; dwellers are packed in at the rate of one family per room. As many as 30 families share one building. Three small courtyards, one behind the other, lead to the back of the property. Water and sanitation facilities consist of a single water spout in the middle of each courtyard, and in the back of the third patio is a single privy for the use of all families in the three linked courtyards.*

Over the next four decades, the *conventillos* have continued to spread over much of the old inner city, including market area of the Gran Poder, where by 1980 17,446 *comerciantes*<sup>28</sup> were selling in tiny stalls and on crowded sidewalks in a teeming informal economy served as well by thousands of *cargadores* (porters), bus truck drivers, wholesalers and many kinds of helpers. In these decades, the *conventillos* continued to be used as the first homes in La Paz for many if not most migrant families who later built adobe hovels on the steep slopes of the ravine and then in El Alto as the city climbed the walls of the chasm and, in recent years, spilled over onto the *altiplano*.

Hundreds of thousands of peasant migrants have followed the same settlement pattern. They have followed each other in increasingly large waves with each successive construction boom. Each boom has been financed by a foreign exchange bonanza - at the beginning of the century; during the late 1930s and World War II; during the Korean War; in the years after the 1952 Revolution when entire residential neighborhoods, such as Sopocachi and Miraflores, were built to accommodate the new leadership and officialdom of the ruling *Movimiento Nacionalista Revolucionario* (MNR), and during the 1970s, when the financial impact of record export earnings was reinforced both by the hard currency income from the illegal drug trade and from an unprecedented wave of foreign borrowing. Each of these booms involved construction of big buildings downtown and thousands of adobe houses gradually covering the slopes of the ravine, leading finally to the rapid settlement of El Alto and, in the crisis of the early 1980s, the movement of hundreds of thousands of men, women and children into increasingly marginal economic activity.

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<sup>27</sup> Francis Violich, *Cities of Latin America*. New York: Reinhold, 1944. P. 67.

<sup>28</sup>Donoso, op. cit., p. 7.



**6. Migration and Employment.** Many observers agree that during the 1970s, and especially during the government of General Hugo Banzer (1971-78), migration to La Paz reached a new intensity. But the scale and quality of this migration has been measured systematically only very recently. In 1976-80, net migration averaged 16,520 annually, adding to the city's total population at a record yearly rate of 2.27%, against 9,982 migrants annually (1.46%) for 1965-75.<sup>29</sup> Studies found the migrants heavily concentrated in the ages 10-24, with their high working and reproductive potential.<sup>30</sup> By 1980, migrants were 40% of La Paz's inhabitants and 62.5% of its working population.<sup>31</sup>

The surge of migration during the 1970s may have accelerated a long-term rising trend during this century. In any event, it was closely associated with a foreign exchange bonanza during the Banzer period. Recorded exports of goods and services rose more than five-fold from \$197 million in 1971 to a record \$1.05 billion by 1980, not including receipts for illegal shipments in the coca-based drug trade. Meanwhile, foreign lending to Bolivia grew from an average of \$ 69 million net in 1970-73 to \$ 369 million in 1976-79.<sup>32</sup> Expressing the widespread optimism of the time, London's *Financial Times* headlined a Bolivia survey (Feb. 8, 1977): "Not only has Bolivia emerged from a turbulent past into relative political stability, but also looks set for economic prosperity."

Earlier bursts of migration also seem to be associated with large foreign exchange inflows to the La Paz economy. The previous recorded peak migration rate (2.11%) was in 1950-52, the years of the Korean War boom in tin exports expansion.<sup>33</sup> Prior to that, the biggest inflow of migrants was in the 1940s (1.95% yearly), responding to the World War II tin export expansion. Migration also may have responded periodically to aid inflows that artificially sustained Bolivia's import capacity by stabilizing both food supplies and the exchange rate of the peso. Looking back retrospectively in biographical interviews with 1,385 migrants, the authors of *Chukiyawu* found a notable intensification of movement of peasants into

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<sup>29</sup>Migracion y Empleo, pp. 9 & 22.

<sup>30</sup> 54% in ages 10-24, using 1980 migration and employment data, *ibid.*, p. 30; 72%, using 1976 census data in *Chukiyawu*, Vol. I: El Paso a la Ciudad, p. 56.

<sup>31</sup>Migracion y Empleo, p. 127.

<sup>32</sup>Banco Central de Bolivia, Cuentas Nacionales: 1970-1980. La Paz, August 1983, p. 150.

<sup>33</sup> Migracion y Empleo, 9, 19-20.

La Paz in 1957-61, the years in which foreign food and financial aid to Bolivia was consolidated.<sup>34</sup>

Another striking feature of this movement of people into La Paz in recent decades is their ethnic homogeneity. Most migrants come from birthplaces in the immediate *altiplano* hinterland of La Paz. Of 287,516 migrants sampled in 1980, two-thirds hailed from elsewhere in the Department of La Paz, mostly from the densely-populated neighboring provinces fronting on lake Titicaca.<sup>35</sup> Not surprisingly, there is a heavy predominance of Aymara speakers, especially among women migrants above age 30.<sup>36</sup> This cultural homogeneity is expressed in the popularity of Aymara-language radio broad-casts: five all-Aymara stations in La Paz and 10 others with both Aymara and Spanish programs, against only four all-Spanish stations.<sup>37</sup>

A kind of sociological mythology seems to have developed, in the light of these cultural affinities, about the strength of the links to their home communities. Only 1.5% said they returned occasionally for fiestas or vacations and 0.4% said they either sent or received money to their families back home. Another 51% said they returned at times to work in planting or harvesting. Although there are many associations in La Paz seeking to preserve and develop links between migrants and their provinces, towns and communities of origin, two-thirds of those interviewed said they were of little or no value in helping migrants.<sup>38</sup> In an excellent University of La Paz thesis on the market district of El Gran Poder, Susana Donoso concluded:<sup>39</sup>

*Studies realized among all migrants to La Paz show that 60% rarely return to their home communities, while 15% return periodically - say, once monthly. However, among migrants working in commerce, some 25% return periodically and as many as 4.6% return daily. Those who return daily live in the environs of La Paz and market their own farm products.*

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<sup>34</sup>Chukiyawu I/50.

<sup>35</sup>Migracion y Empleo, 26-6. Similar results, based on 1976 census data, are reported in Chukiyawu, I/44.

<sup>36</sup>Chukiyawu III: Cabalgando entre Dos Mundos. See tables pp. 104-11.

<sup>37</sup> Ibid., pp. 113-42.

<sup>38</sup>Migracion y Empleo, pp. 64-5.

<sup>39</sup>Donoso, op. cit., p. 83.

Interviewing in El Alto showed very scant linkages to home communities, even among market women, which potentially might be seen as a possible way out of the desperate plight of many migrants in the crisis of the early 1980s. Very few migrants indicated any possibility of returning to their birthplaces during an emergency. A typical explanation was given in a taped interview with Elena Huanca de Reloba, a 30 year old mother of four small children who sells in a slow-moving street market in the outlying El Alto barrio of Villa Brazil and lives in an adobe hovel nearby (see appendix).

According to a study of the self-employed in La Paz, known widely by the Spanish acronym TCP (*Trabajadores de Cuenta Propria*), the strategy's aim is not profit nor accumulation nor self-improvement, but to "reproduce its labor force" by throwing more and more individuals into the fray. "The logic of family economic activity is oriented toward the maximum use of its labor force when possibilities for satisfaction of its needs descend to a critical level," Roberto Casanovas and Silvia Pabón observe in another detailed study.<sup>40</sup> "The 'subsistence rationale' of the TCP is found in its own organization and in the sub-remuneration of capital and family labor invested, contributing significantly to the cheapening of the goods and services that they produce or sell. The economic crisis and the absence of work opportunities in salaried employment have generated an increase in the growth rate of this sector."

As defined by Casanovas and Pabón, the informal sector of the urban labor force is composed of three elements: families (including unremunerated relatives), small businesses with salaried employees and domestic servants.<sup>41</sup> The TCP are self-employed and their unpaid relatives. While the La Paz labor force grew at an annual rate of 4.7% between 1976 and 1983, the number of self-employed grew by 6% yearly and the family sector (self-employed plus unpaid relatives) by 7.7%, while the number of salaried workers grew by only 1.6%. During these seven years, the family sector's share of total employment grew from 29% to 34%. In those years, three-fourths of those joining the ranks of the self-employed were women. By 1983, 49% of all self-employed were women and 40% of these women were heads of households, expressing a dramatic aging and feminization of the self-employed workforce, with participation rates for both men and women

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<sup>40</sup>41. Roberto Casanovas s. and Silvia E. de Pabón, *Proyecto Migracion y Mercado de Trabajo en la Ciudad de La Paz: El Caso de los Trabajadores por Cuenta Propria*. (typescript). La Paz, July 1984, pp. 39 & 177. Henceforth cited as TCP.

<sup>41</sup>TCP/8.

peaking at a much later age (45-49) than in the whole city workforce (30-34). While popular belief held that TCP activity was a entry point for new migrants to La Paz, surveys have shown TCP instead to be a fast-growing residual labor pool expanded largely by the inflow of older workers expelled from the formal sector and by relatives (including children) of those already self-employed. With women assuming the role of main breadwinner in many families, some of them regularly beat their useless husbands, reversing the customary aggressive relationship.<sup>42</sup> "This change of roles also seems to reflect increasing economic desperation. Casanovas and Pabón report that "inflation has caused an alarming shrinkage of the purchasing power of earnings. In 1980-83, the real income of TCP has fallen by 25%." <sup>43</sup> As of October 1983, when the financial contraction began to deepen critically, only 40% of all TCP families were earning at the minimum wage level, which is equal merely to minimum food subsistence for a family at heavily subsidized prices. In terms of individuals, 70% of TCP women and 42% of men were earning below the minimum wage. Nevertheless, income distribution among the self-employed seemed as badly skewed as in the economy as a whole, with the poorest 40% of the TCP earning only 12% of the sector's income distribution among the share of the most prosperous 20% was 57% of all TCP income. Despite these income differences, poverty is so inbred and concentrated geographically, with so little value added, that 60% of market sellers are located in the poorest zones of La Paz and 46% of all TCP sell mainly to the poor.<sup>44</sup>

How can so many survive on so little? This is a familiar and continually challenging question asked by students of poverty. In the context of today's inflationary shocks and production losses in Bolivia, meaningful answers to this question can be provided only by careful research that goes beyond the time horizon of the present study. However, to illustrate the range and depth of the daily struggles of these people, this investigator has added an appendix to the study containing edited translations of taped interviews with individuals and couples in El Alto engaged in different kinds of activity.

A special computer printout of the 1983 La Paz Permanent Household Survey, specific to the poorer *villas* of El Alto, indicated that only 21,125 (28%) of a male population of 75,662 sampled were linked to the formal economy through *cajas* or worker's social security funds. Of these, 9,586 (13%) were directly affiliated through their jobs and another 11,539 (15%) were dependent beneficiaries. Among 74,769 women sampled, only 776 (1%) were affiliated as workers to the *cajas* and

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<sup>42</sup>Chukiyawu III/51.

<sup>43</sup>TCP/125

<sup>44</sup>TCP/141, 159

another 18,444 (25%) received benefits as relatives of affiliated workers. These findings reflect the pronounced tendency of women in El Alto to work in the informal economy in a population with very high participation rates. Of 98,080 persons over age nine sampled, 48% said they were unemployed and another 3.7% were seeking work for the first time, adding up to a labor force of 51,938. Of those 47,226 who said they were working, 17,617% (37%) were occupied for less than 40 hours weekly and another 15,222 (32%) worked 50 hours or more. Of those working, 27% were market or street sellers and another 36% were artisans. Of the total, 42% were salaried by others, 41% were TCPs and only 3.5% employed other persons. In terms of job tenure, a disproportionate number of market and street sellers (33%) were engaged in their occupation for less than two years and another 32% for less than five years. Those with greater occupation stability (6-14 years) were highly concentrated (40%) among artisans.<sup>45</sup>

While the most visually spectacular economic activity of the poor takes place in the La Paz markets, the informal labor pool also generated 75% of all manufactures employment in the peak year of 1980. Although larger manufacturing firms since then have suffered a sharp contraction in output and employment, and total manufacturing employment in Bolivia fell by 38% in 1980-83, the number of people occupied in tiny TCP production units rose by 69%. Of all artisans, 83% work at home; of these, 54% use working space that also is family living space. According to Casanovas and Pabón, "only 38% of these TCP artisans use manual machinery and only another 12% use electric-powered machinery. The production processes are mainly manual and are done with tools that generally are obsolete....In the activities that use capital goods --tools, machinery or vehicles-- only 44% began work with new instruments; in many cases, they face constant repair and maintenance problems." This description is in harmony with Gideon Sjoberg's classic portrait of *The Preindustrial City*:<sup>46</sup>

*In medieval Europe and in other areas city dwellings often serve as workshops....Preindustrial cities depend for the production of goods and services upon animate (human or animal) sources of energy applied either directly or indirectly through such mechanical devices as hammers, pulleys and wheels. There is little fragmentation or specialization of work. The handicraftsman participates in nearly every phase of the manufacture of an article, often carrying out the work in his own home or in a small shop nearby....Most commercial activities, also, are conducted in preindustrial cities by*

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<sup>45</sup>TCP/9, 13-15; Ministerio de Trabajo y Desarrollo Laboral, Anuario de Estadísticas del Trabajo: La Paz: 1983, p. 39; INE, Resumen Estadístico: 1983, p. 103.

<sup>46</sup>TCP/150-3.

*individuals without a highly formalized organization; for example, the craftsman has frequently been responsible for the marketing of his own products.*

In contrast to the sellers and craftsmen of preindustrial Europe and Japan, the TCP of El Alto are stunted in their economic experience by the lack of value-added, or creation of wealth, on a growing scale. Nevertheless, the numbers of TCP have been growing much faster than the preindustrial city of La Paz, which in recent years has lost much of its industrial facade with the closing of many factories in the shrinking of the formal economy.

While the stereotype of an industrial labor force evokes an image of masses of workers in large factories, the reality in Bolivia always has been that the total number of workers in these big units not only is small, but also forms a kind of hereditary labor nobility within which, by accepted custom and right, jobs are passed on from father to son. On the other hand, a large self-employed artisan workforce has deep roots in Bolivian economic culture. According to 1847 data, of some 180,000 urban inhabitants (8.4% of a national population of 2.1 million), there were some 20,000 artisans, whose numbers dwarfed all others segments of the economically-active urban population.<sup>47</sup> "Artisan production aimed at satisfying the small demand of the centers was very sensitive to competition from imports", writes the Bolivian historian Antonio Mitre.<sup>48</sup> "The survival instinct of this group, composed largely of *mestizos*, will support the protectionist measures of the old regime. Despite their small numbers, the long guild tradition of the artisans and their urban location made them into a strategic force, easily mobilized in political revolts." Just as guilds were formed in early cities for such diverse occupations as servants, entertainers, beggars and thieves, *sindicatos* in La Paz represent market women, shoe-shiners, smugglers, watchmen and newspaper delivery boys.

This artisan tradition crystallized in colonial times, especially after the rapid decline of the Potosí mining economy in the late 17th and 18th centuries. Artisan activity and the *mestizo* population grew together, and were especially important in colonial La Paz and Cochabamba.<sup>49</sup> With the decline of Potosí and the recovery

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<sup>47</sup> José María Dalence, *Estadística de Bolivia* (1851) quoted in José Fellmann Velarde, *Historia de Bolivia. Tomo II: La Bolivianidad Semifeudal*. La Paz: Amigos del Libro, 1981, pp. 97-8.

<sup>48</sup> Antonio Mitre. *Los Patriarcas de La Plata: Estructura Socioeconómica de La Minería Boliviana en el Siglo XIX*. Lima: Instituto de Estudios Peruanos, 1981, p. 57

<sup>49</sup> Luis Peñaloza Cordero, *Nueva Historia Económica de Bolivia. Vol. II: La Colonia*. La Paz-Cochabamba: Amigos del Libro, 1981, p. 223.

of Indian population numbers from the demographic disaster caused by epidemics and forced labor in the mines, a landless floating population, not very different from today's, multiplied to become sharecroppers, artisans and petty traders. "The large number of Indians who engaged in long-distance trade in Upper Peru (Bolivia) was noted by the Audiencia in the early 1770s," wrote Brooke Larsen in a study of the late colonial economy.<sup>50</sup> "It was believed that Indian traders and pack drivers from La Paz and La Plata carried rustic cloth, *chuño* (dehydrated potatoes) and wheat from the highlands near La Paz to the Pacific coastal port of Tacna where they exchanged it for cotton, olive oil, wine and *aguardiente* which they sold mainly in La Paz, Oruro and Potosí. Some was obviously exchanged for grain and flour in the western towns of Cochabamba. The Royal Exchequer was concerned about the growing number of Indian Trades because they rarely paid *alcabalas* (transit taxes).

Curiously, today's far-flung *hormiga* ("ant") contraband traffic of the poor people of the highlands not only replicates the movements of the floating Indian population of the late colonial period, but also roughly corresponds to the ancient trade routes of Tiahuanaco culture which reached eastward into the Amazon lowlands, southward into northwest Argentina and northern Chile, and northward along the Peruvian coast.<sup>51</sup> Highland Indians long have had a stake in free trade; *mestizo* townsmen often have opted for protectionism. The Indian trade always has combined elements of pettiness and grandeur. On one hand, busloads of Aymara women travel from El Alto and other poor quarters of La Paz to the Peruvian border cheap Bolivian bread or cooking oil, bought in La Paz at steeply subsidized prices, for Peruvian eggs, cheese, detergent soaps, canned sardines and factory-made clothes to be resold in the markets and streets of La Paz. Many Bolivians engage in the border trade not to resell but to meet personal needs, such as those of a shoeshiner's wife travelling to the border to buy cheaper and better Peruvian shoe polish for her husband's work. (See taped interviews with Juan Carlos Mamani Choque and his wife in the appendix.) Illiterate Aymara women show great sensitivity to fluctuations in exchange rates and to opportunities for commercial arbitrage between La Paz and border prices of different commodities.<sup>52</sup>

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<sup>50</sup>Brooke Larsen, *Economic Decline and Social Change in an Agrarian Hinterland: Cochabamba (Bolivia) in the Late Colonial Period*. Doctoral Thesis, Columbia University, 1978. Ann Arbor: University Microfilms, p.238.

<sup>51</sup> For an excellent discussion of Tiahuanaco cultural influence, see Laurie Adelson and Arthur Tracht, *Aymara Weavings*. Washington: Smithsonian Institution, 1983, pp.26-7.

<sup>52</sup>A description of the border trade in more normal times, including a list comparing La Paz and border prices in the Lake Titicaca region, is contained in Michael L. Wales and David A. Preston, "Peasants and Smugglers: Frontier Trade Between Peru and Bolivia," *Inter-American Economic Affairs* (1972). Vol. 26, pp. 35-50.

Cash transactions usually take place in Peruvian sols, but the value of the Bolivian peso has deteriorated so badly in recent years that most Bolivian traders now go to the border to sell but cannot buy. As a result of devaluation of its peso and the need of people to sell in order to survive, Bolivia is being depleted of a wide range of commodities, from gasoline to alpaca wool.

The grandeur of the contraband trade is displayed in the great Sunday market of the 16 de Julio in El Alto. While the weakness of the peso impedes Aymara women from buying at the Peruvian border, others are buying and selling feverishly. There are numerous special sections of the great market, offering goods ranging from farm animals and house pets to motor vehicles, auto parts and electrical domestic appliances. The geographical reach of this trade, mainly contraband, can be seen on a one meter-square sheet of plastic, spread out on the ground, where a vendor places for sale the following array of hardware tools and spare car parts: iron hinges from China; padlocks from Italy; tape measures from Taiwan and Mexico; wrenches from Brazil; sparkplugs from the United States; car batteries from Peru and screwdrivers from Mexico. The vendor of these goods is a 36 year-old tailor who came to La Paz 18 years ago from the region of Guaqui, along Lake Titicaca.

He started trading in hardware because his work as a tailor, which occupies much of his time during the week, cannot earn him enough money to support his wife and six children. The 120 vendors in the hardware and auto parts section of the 16 de Julio market have laid out their wares on the same street since 1983, at the height of the market's great expansion; they have formed their own *sindicato* and plan to join the national labor confederation, the COB (*Central Obrera Boliviana*). However, local residents recall that market activity on this spot has been taking place over the past four decades, since the days when El Alto consisted mainly of a rustic landing strip, a warehouse of the state oil company YPFB (*Yacimientos Petroleros Fiscales Bolivianos*) and a railroad station surrounded by market stalls, the huts of market women and the dormitories of railroad workers huddled together at a place called La Ceja, the edge of the precipice overlooking the basin cradling La Paz. Since then, El Alto has grown so much that the basic relationship between the city below and the fast-expanding urban agglomeration on the *altiplano* above the city has been undergoing extremely dynamic change.

**7. The Growth of El Alto.** The ruralization of La Paz, expressed in the growth of El Alto, was accelerated after the 1952 Bolivian Revolution. Haciendas became *minifundia* after being divided among resident peasant families in the agrarian



reform decreed by the ruling *Movimiento Nacionalista Revolucionario* (MNR). Freed of semi-feudal obligations, peasants drifted into towns and cities as they increased their trading and artisan activities in response to improved transportation and to their inability to sustain large families on their tiny landholdings. During his first term in office (1956-60), President Hernan Siles Suazo gave free urban lots to MNR peasant militiamen in Villa Rosaspampa, an undeveloped area of El Alto along the precipice overlooking the bowl of La Paz. Other areas were given to members of the MNR-controlled police force, many of whom were recent peasant migrants.

El Alto is located at the crossroads of Bolivia. It is the main doorway to the outside world, through the international airport that bisects the adobe communities into El Alto Norte and El Alto Sur, and through the highways and railroads that climb the Andes from the Chilean port of Arica and the Peruvian port of Matarani, through which most of the ocean freight bound for the landlocked country is moved. El Alto also is the crossroads of different land routes to the interior of Bolivia: to the tropical valleys of the Yungas, to the distant lowland towns of Santa Cruz and the Beni, to the Quechua-speaking pockets around the cities of Cochabamba and Sucre, to the mines studded in the hidden folds of the mountains beyond the *altiplano* entrepot of Oruro, to the spent silver-tin mountain of Potosí and the dying city of the same name that struggles beside it for some modicum of survival. El Alto thus is located strategically as a distribution center that has assumed some of the economic functions of the capital in the basin below.

El Alto also is located strategically for political reasons. It stands at the gateway to La Paz, which has been blockaded in strikes and political protests several times during the 1980s. The first of these blockades took place in 1980 as part of a protest by residents of El Alto against a rise in bus fares. Since Bolivia has run through 189 governments in its 154 years of republican life, even more in number than the rivers and streams that cut through the fractured geology of the basin, these blockades have become more and more important to the outcome of political disturbances in the chasm below. Indeed; the political history of the basin has been as convulsive as its geologic history, with its succession of floods avalanches, volcanic eruptions and the damming and disappearance of lakes over hundreds of millions of years. Recently, the political convulsions have worried men most, hence the construction of a superhighway in the late 1970s between downtown La Paz and El Alto that would facilitate the quick movement of troops into the basin to relieve besieged governments, and the evacuation of large numbers of people from La Paz in the event of major disturbances. During the 16-day general strike in March 1985, the government dispatched troops to prevent blockades of El Alto and the roads approaching La Paz. The recurrent threat of blockades evoke folk memories among the elite of the two sieges of La Paz in the 1780s, lasting 109 and 75 days, by an army of Indians led by Julian Tupac Katari, in revolt against tax

increases by the colonial authorities. The blockades of the 1980s have been organized mainly by the leaders of some 180 *Juntas de Vecinos*, who early in 1985 won an act of Congress making El Alto a separate municipality.

Before the 1952 agrarian reform, the 5,000 hectares of land in El Alto was owned mainly by Indian communities and by three families owning big haciendas. Some sons of these families studied architecture and engineering abroad and began subdividing the land for residential development during the early 1940s. The first buyers of these lots were mainly peasants in the part of El Alto north of the small airport that served La Paz, while land speculators concentrated their purchases south of the airport. Since much of the area of the big haciendas had been approved already for urban development, it was exempted from the agrarian reform. Speculators increased purchases of this land after the government in 1954 started expanding and improving the unpaved El Alto airport, operated by a U.S. airline (Panagra). This work went on for a decade. Meanwhile, land developers started promoting middle-class housing projects planned for the flat lands surrounding the enlarged airport, promising to provide buyers with water, electricity and sewage. However, these projects collapsed when it became clear that the developers had no way of financing these improvements. Much of the land had been assembled in purchase options from Indian communities, whose leaders then saw the advantages of going into land speculation and subdivision on their own. The constructed area of El Alto doubled between 1955 and 1962, and then doubled again by 1967. Meanwhile, a densification took place around the older market district of 16 de Julio, where *conventillos* appeared later to replicate the old market-*conventillo* symbiosis of downtown La Paz. The densification of a young adult population in the 16 de Julio district of El Alto generated fertility rates that were 50% higher than in the rest of La Paz and as high as in the rural areas of Bolivia.<sup>53</sup>

By the time El Alto was incorporated into the city limits of La Paz in 1968, a new breed of real estate developer-speculator appeared among the heads of Indian/peasant communities and *sindicatos*. These leaders sold large blocks of land to the numerous *cajas* (employees' pension-welfare funds) and *sindicatos* formed after the 1952 revolution, which were under pressure to make available cheap housing for their members. At that time, a large project of single-family houses, Ciudad Satellite, was built with Alliance for Progress support for families of lower-middle class workers in El Alto Sur.

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<sup>53</sup> Paul van Lindert and Otto Verkoren, *Movilidad Intra-urbana Y Autoconstrucción en La Ciudad de La Paz, Bolivia: La Zona de 16 de Julio en El Alto de La Paz*. University of Utrecht (Netherlands): Institute of Geography, 1983, pp. 9-32.

During the Banzer period, while members of the white and *mestizo* elite were speculating in land and in construction of hotels and high-rise office and apartment towers along the "Miracle Mile" of downtown La Paz, even more fevered real estate trading was engaging the poorer classes of El Alto. In the mid-1970s, unimproved lots of glacial till in El Alto were changing hands in large blocks for as little as 1.50 pesos (six U.S. cents) per square meter, nearly as cheap as a small bread-roll sold at the steeply subsidized price of 1 peso each. At the retail level, individual 300 square-meter lots were selling for 3,000 pesos each (US\$ 150), or US\$ 0.40 per square-meter, to be paid in interest-free installments. These low prices stimulated a land rush in El Alto. The main market for these barren lots was among recent migrants struggling to free themselves of paying rents in *conventillos* of the colonial quarter and around the sprawling central markets of La Paz. During the boom years of the mid-1970s, whole Indian communities migrated to El Alto to occupy blocks of land acquired through the intermediation of peasant leaders turned real estate dealers. (For details, see appendix for taped interviews with Pio Tola, a former *sindicato* leader from the cold and barren Pacajes province of La Paz department, along the Chilean frontier, from which he brought entire communities to occupy house lots he sold them in a block of land called Villa Pacajes in El Alto. The mountain people of Pacajes, better educated as a whole than most *altiplano* Indians, display a vocation for public employment when they get to La Paz. For a portrait of a young man from Pacajes who rose swiftly in government service and fled to El Alto to escape life in a *conventillo*, see the taped interview with Severino Mamani, also in the appendix).<sup>54</sup>

In 1976 a major urban planning study by French consultants, financed by the World Bank, concluded that El Alto was virtually the only area into which La Paz still could expand, and urged creation of an industrial park in El Alto. These conclusions provided more stimulus for land speculation. Several manufacturing firms expressed interest in relocating from the crowded center of La Paz to the new industrial park. However, the plan collapsed when the city government was unable to expropriate the 250 hectares required for industrial park because it could not pay the \$3 million selling price. Advised by skillful lawyers, the Indian communities owning the land argued that, under law, expropriation of property for use by third parties must be paid for at market value. In the event, seven factories moved to El Alto, but their hopes were disappointed both by the collapse of the boom of the 1970s and of prospects for exporting mining equipment to Bolivia's Andean Pact neighbors.

Because land has been so easy for poor people to buy, widespread owner-occupancy in El Alto contrasts dramatically with the squatter invasion

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<sup>54</sup>Chukiyawu, II/156-7.

pattern of settlement that predominates in the periphery of many other Latin American cities. Apart from the freedom from paying rent, there are other advantages to living outside the chasm that cradles La Paz. There are no avalanches on the flat lands of El Alto like the ones which, during the rainy season, damage and destroy homes of the poor on the slopes of the basin of La Paz. While distances from work downtown is much greater, bus transportation is much better than from the slopes of the bowl, although recurrent bus strikes force workers in El Alto to walk as much as 10 kilometers to their job, which they do with resignation and persistence. The main disadvantage to living in El Alto is the lack of piped water, sewage and electricity, especially in the more recently-settled adobe *villas*. With a very small tax base, the La Paz municipal government has concentrated the bulk of public works spending in the more prosperous residential areas of the basin. During the MNR period (1952-64), special attention was given by city authorities to development of infrastructure in the new neighborhoods of Sopocachi and Miraflores, where the new official elite tended to settle. However, while the expansion of the city increased investment and maintenance expenses, it failed to enlarge the property tax base. In 1975, only 5% of city revenues came from property taxes, very low by Latin American standards, while half of its income came regressively from the poorest through sales taxes. In El Alto, taxes are paid on only 7,500 of 30,000 registered properties; many more lots are unregistered. Nevertheless, in the migration boom of the 1970s, this impoverished city government provided first jobs, mainly police and maintenance work, for many new arrivals to La Paz.

But the city's meager resources were not enough to make infrastructure investments in the marginal *villas* of El Alto, where the migrants increasingly settle. This forms part of the historic segregation of La Paz's population on racial and economic lines that has been the focus of repeated comment. In the late 1940s, Olen E. Leonard of the U.S. Department of Agriculture observed: " The Indian population is distributed in a manner that varies inversely with the density of the white population....Actually, the greatest concentrations of the Indian population are along the fringe of settlement just outside the city limits where they build their own inexpensive mud or adobe huts and are able to escape the burden of city taxation."

The greatest need of the new *villas* of El Alto is for piped water. Buying water from tank trucks that circulate in these adobe *villas* constitutes both a health hazard and economic hardship for poor people. Beneath the semi-desert terrain of the *altiplano*, there are abundant aquifers that feed some 185 rivers and streams flowing into the basin of La Paz. The government water authority (SAMAPA) has adequate reservoir storage facilities, but has not been able to build the infrastructure for delivery to most of El Alto. There is substantial pollution of

aquifers, from factory wastes and human excrement, to depths up to 25 meters. Beyond that depth, the water is regarded as safe for drinking. Drilling wells from 25 to 70 meters deep is cheap. The cost of drilling and developing a well producing 4-6 liters per second of water for 10,000 families is \$40,000, or only \$ 4 per family. However, this expense, and that of buying and laying small distribution pipes, seems beyond the capital- formation capacities of either government agencies or neighborhood groups.

Two drilling units had been assigned to dig wells in El Alto, but one was out of commission for lack of imported drills and spare parts and the other could be used only for limited periods for the same reason. Only 3% of a group of poor families sampled in El Alto were linked to the municipal network of water, sewerage and electricity; in the same group, another 16% had water and electricity supplies, while 50% only had electricity. While 24% of all La Paz homes were supplied with piped water and 43% with sewage facilities, another study showed that only 8% of families in the 16 de Julio district of El Alto had piped water and 3% had either latrines or sewage facilities.

**8. Hunger and Death.** As a rule, births and deaths are not reported properly in El Alto, nor in the rest of Bolivia. It is both difficult and expensive for poor people to register their vital statistics. In 1978, USAID estimated that there were 51 clandestine cemeteries in La Paz. Since then, many others have been created, especially in El Alto, the fastest-growing poor area of La Paz. However, while births and deaths go unrecorded, the processes of living and dying are perceived more readily. Earlier portions of this report have discussed movements and struggles for survival. Some individual experiences are related in taped interviews appearing in the appendix. In this section, an effort will be made to discuss the inadequacies.

This discussion is founded upon the assumption that food supplies for poor people in La Paz are far more abundant and reliable than in the surrounding countryside, which is a key motive of urbanization. Because most migrants to La Paz come from a hinterland of food scarcity, they can survive on less food than those raised in a more abundant environment. Hence the robustness of their survival struggle in what is, by urban standards, an area of increasingly acute scarcity. The robustness of the survivors is partly a result of application of the law of survival of the fittest to their dead brothers and sisters, casualties of very high child death rates, with more than one death before age two for every five live births nationally: 1.5 times more than in El Salvador, 2.5 times more than in Costa Rica, 5 times more than in Argentina and 9 times more than in the United States. Maternal deaths in childbirth, 48 for each 10,000 live births, is one of the highest in the world. Between the Bolivian censuses of 1950 and 1976, only 6.2 years of life-expectancy was added to the

population, against 12 years in Mexico, 11 in Peru and 10 each in Ecuador and Paraguay, leaving Bolivia with the lowest life-expectancy in Latin America (51 years in 1982). Mortality in cities like La Paz, Potosí and Oruro, as well as in the urban concentration of the Siglo XX-Catavi mining complex, is greater than in many rural areas of the *altiplano*. According to estimates based on samples, the highest child death rates (under age two) per 1,000 live births in the main cities of the *altiplano* are among TCPs (215) and among salaried workers in secondary cities (280). Nationwide, the highest child death rates are among monolingual Quechua-speakers on the *altiplano* (326-352) and in the valleys (338-344). These rates seem to drop sharply upon migration to the eastern lowlands, which have Bolivia's lowest infant mortality in both towns and cities.

To keep the robust survivors alive, especially in the main urban areas, basic foodstuffs and other necessities must be provided at very low prices, given the survivors' low economic productivity. In late 1984, when the black market dollar was priced at 15,000 pesos and the daily wage for unskilled laborers was 12,000 pesos, a 60-gram bread roll was selling for 70 pesos (0.5 U.S. cents), a liter of milk cost the equivalent of 5.7 U.S. pennies, a bus ride one penny, a liter of kerosene 1.6 pennies, 10 kilos of liquidified cooking gas four pennies, a kilogram of rice 13 cents and a pound of noodles 6.7 cents. Because the prices of these goods and services are matters of life and death, there is enormous political pressure to keep them as low as possible. To avoid losses, suppliers go on strike or withdraw goods from the market regularly to secure price increases. In early 1984, even USAID resorted to these tactics. It suspended deliveries of donated wheat and flour until retail prices of their products rose enough to cut the difference between domestic and border prices to reduce incentives for smuggling these donations out of the country. USAID officials estimated that from 20% to 30% of the 100,000 tons of title III wheat was smuggled out of the country in 1983 because of large price subsidies and because the radical devaluations of the Bolivian peso was not accompanied by adjustment of flour prices, stimulating export smugglers to cash in on border prices that were three or four times the subsidized domestic price.

Statistical values that reflect accurately the processes of living and dying are hard to obtain. Reporting by poor people of their incomes and daily diets are subject to considerable margins of error and distortion. Moreover, systematic measurements of body weight or food intake over time spans long enough to indicate trends in a significant sample of the poor population, young or old, appear to be nonexistent. To this investigator, survival remains a mystery that can be solved only by more detailed and systematic research in the future. However, there are scraps of evidence that can be put together usefully. Sketchy data collected in field interviews in E1 Alto indicate that the daily diet of poor people consists largely of potatoes, chuño, noodles, rice and bread. The usual beverages are tea and a kind of

"coffee-tea" (mate-cafe) made from husks of coffee beans, sold at very low prices in street markets, which is a stimulant with low nutritive value. Consumption of protein seems highly income-elastic, varying with the daily cash-flow of each household.

Protein is consumed mainly in the form of *ispis* (small fish from Lake Titicaca), *charqui* (dried, salted beef), a soup bone or a bouillon cube (price: two U.S. pennies each). The staple daily dish is a soup made of a combination of these of these protein and carbohydrate ingredients, and perhaps some vegetable greens if income allows. According to a survey conducted in E1 Alto Norte by the Consultora Boliviana sobre Reproducción Humana, 57% of families interviewed eat this basic diet and 43% eat an inferior diet with severe nutrition deficiency. Infants rely on mother's milk for their first two years of life and then switch to the family diet.

A new study of poor families in La Paz by the Foster Parents Plan (*Plan de Padrinos*) indicates that economic conditions have deteriorated for these families when compared with those of a similar group of families sampled in 1973. The share of food spending in family budgets rose from 55% to 71% between 1973 and 1983, while outlays for transportation grew from 5% to 16%. While education levels rose significantly for both fathers and mothers, the proportion of those engaged in unskilled work increased, as did the number of children per family, contradicting a broad assumption that lower fertility accompanies more education. While fertility in the city of La Paz remained fairly constant at 4.4 live births per mother in the late 1960s and early 1970s, it may be rising now because of the greater weight in the population of fast-growing areas like E1 Alto, heavily populated with migrants producing children closer to the higher rate (7.3) of the rural *altiplano*. At the same time, the child death rate (ages 0-5) in E1 Alto is nearly one in four live births, also closer to the prevailing rural pattern. In E1 Alto, according to the Foster Parents Plan study, 36% of all deaths under the age of one year came shortly after birth and another 22% were precipitated by malnutrition/diarrhea. Of those deaths between ages one and five, 32% were caused by malnutrition/ diarrhea and another 31% by scarlet fever. Mothers often feel more relieved than mournful at the death of a sick child cause they no longer have to carry the burden of a child's illness in addition to their other difficulties. Many infant and maternal deaths come from poorly attended childbirths. According to the study by the Consultora Boliviana sobre Reproducción Humana, 62% of all births are assisted by family and friends, 18% by professional midwives and 19% by doctors. The usual procedure is as follows: "When problems arise in the birth from dangerous positioning of the fetus, the mother is seated over a smoking incense-burner or is made to blow into a bottle. If the fetus does not then move into a correct position, they place the mother on a blanket and throw her into the air until the fetus moves. In our research, we

found that 16% of women with problems in childbirths had followed this custom. Another 49% take special *mates* (teas). Only 34% go to a hospital. Of these, many mothers go to hospital only when their relatives or midwife have given up on them." A 1983 government study, financed by the World Bank, found 57% of 16,034 children sampled in El Alto Norte normally nourished, another 28% raising "suspicion of the beginnings of malnutrition, " and 14% with signs of severe malnutrition. In this sample, severe malnutrition was most apparent among children in their third and fifth year of life, although early signs of deficiency were apparent in 38% of the infants under one year.

Malnutrition also was more severe in households headed by women. Among 805 children examined by the Foster Parents Plan in El Alto in January-February 1984, 54% were found to be normally nourished, according to age-weight charts, while 38% showed beginnings of malnutrition and 7.7% were severely malnourished. While these casualty rates may be high by international standards, they do not seem to threaten the survival of the community. The community's survival is a separate issue that will be discussed in the final sections of this report.

## Part III: Conclusions

**9. Death and Taxes.** Earlier in this report, the question was raised of whether or not, with the decline of the highland mining economy and lack of alternate forms of regional production, the urbanization of the *altiplano* is faced with a possible relapse into ruralism. La Paz and its *altiplano* hinterland form the most urbanized and densely settled region of Bolivia. However, its pace and degree of urbanization has been moderate by world standards and founded on a weak economic base.

Towns and cities simultaneously serve different purposes as centers of trade, industry, administration, ceremony, military protection, education and capital and cultural accumulation. Frequently mentioned in discussions of urbanization is "the equity concern: rural areas should not subsidize urban areas." However, cities cannot exist without net inflows of resources. Cities without such net inflows violate the law of concentration that is the basis of their existence. In the case of La Paz, net inflows do not seem to come from its hinterland. They appear to come



from abroad, in recent decades on a concessionary basis. Bolivia's present financial crisis may signify a curtailment or interruption of these concessionary flows, which in recent decades have accelerated the fusion of city and village. Given the present environment of production, if these concessionary flows are reduced, then La Paz will lose the capacity to support a significant proportion of its population and may see some of its urban functions eroded further. This has happened many times in the lives of preindustrial cities throughout the world. The unusual dimension of the experience of La Paz is how far it has grown beyond the carrying capacity of its hinterland, thanks to unrequited transfers of resources from abroad, without substantial improvement in the economic quality of the city. In the course of these transfers, La Paz has absorbed the technology of consumption much more readily than the technology of production. If we may speak today of a relapse into ruralism, it is in the transformation of the fragile city by the invading economic culture of the village, attracted by this higher technology of consumption.

To a much greater extent than in the recent past, Bolivia probably will have to support its people from its own resources. At the same time, domestic production seems to be stagnating or falling in the teeth of continuing population growth and urbanization. To these economic and demographic contingencies a political issue is added: Bolivia today poses the stark and embarrassingly simple question of whether or not a national state that has lost its taxing power can survive as a governing apparatus. Throughout the world over the past 250 years, increases in government spending have been associated historically with dramatic declines in mortality. In Bolivia, this lowering of death rates has been modest. However, it is doubtful whether even this modest reduction can be sustained if the state loses its capacity to mobilize the resources that are critical for survival.

According to the 1984 *World Development Report*, Bolivia's taxation of income, profit and capital gain in 1981 amounted to only 15.2% of government revenues and 1.3% of GDP, against 38.4% of revenues and 8.3% of GDP for all lower middle income countries. In 1846, by contrast, when the Bolivian government was much poorer, smaller and more primitive, taxes on Indians, the bulk of the population, generated half of state revenues. The inability of the state to commandeer resources from the people has meant accelerating inflation in the face of pressure from the people for more and more transfers to them of cheap commodities at prices adjusted to their low productivity. There are only three ways out of such an inflation: The first would be another large and continuing transfer of resources from abroad such as the one that began in the mid-1950s to stabilize both the currency and supplies of basic commodities. There is no prospect of this kind of aid flow being resumed in Bolivia at present. The second way would be the traditional formula pioneered in Europe after First World War by the League of Nations and implemented in many countries, with varying degrees of success, by

the International Monetary Fund (IMF) after the Second World War. Under this IMF formula, a stabilization loan is committed, and possibly accompanied by other financial inflows, in exchange for undertakings by the government to adjust prices and public spending to costs and revenues. Backed by insistent U.S. guidance and support, this IMF formula was applied in Bolivia during the 1950s with the help of massive U.S. food donations. However, with foreign aid on this scale no longer available, the IMF approach has failed repeatedly in the 1980s, provoking strikes and public disturbances, as have recent government adjustment efforts without IMF involvement. The third way is unassisted adjustment, as was practiced by most of the European countries that experienced severe inflation after the First World War. Of 24 nations forced then to control severe inflation, only five did so with foreign help. Several of them, moreover, were small, weak or newly-formed states. "Foreign loans for currency stabilization and capital reconstruction alike give rise to the problem of interest service and amortization," the League of Nations warned in a review of efforts to combat the European inflations of the 1920s. "Reliance on foreign help may undermine a country's determination to set its house in order." The critical difference between Bolivia today and the European countries that suffered high inflation in the 1920s is that Bolivia is considerably more urbanized than many of these countries, with less productive agriculture and industry. Bolivia today has about 36% of its people living in towns and cities of 20,000 or more population, about the same as all Europe in 1920 and about 50% more than the countries of southern and eastern Europe in those years.

**10. A Most-Aided Nation.** This report was undertaken under the mistaken impression that Bolivia forms part of a small group of most-aided nations that were singled out since the Second World War by different donors for economic support for political reasons. Besides Bolivia, this group of most-aided nations would include such diverse members as India, Israel, Egypt, Cuba, Tanzania and the Sudan. Apart from India, these countries all have suffered great distortions in their economies from incorporation of this external support, on which they have become increasingly dependent. The mistaken impression at the outset was that this group of most-aided nations can be defined in such a limited way. The array of countries that are or were large aid recipients at one time or another is much bigger. Several countries have moved in and out of these ranks quickly. Despite the small proportion of the national products of the main donor countries assigned to official development assistance (in 1983, 0.24% for the United States, 0.33% for Japan, 0.48% for West Germany), so many countries now depend permanently on such aid flows that these movements seem deeply woven into the fabric of international life. By these gross indicators, it seems that the economies of many poor countries are being sustained at very low cost to the net contributors. (See tables on following pages.)

Bolivia, however, is one of the perennials. In the three decades from 1952 to 1982, Bolivia received nearly \$5 billion in foreign savings (equal to 53% of exports), of which only \$506 million was direct investment. The rest came in grants (\$674 million) and credits (\$3.8 billion, of which 82% was contracted since 1972). In the postwar period (1946-81), it received \$1.9 billion in foreign aid: \$1 billion from international organizations, \$820 million from U.S. government agencies and \$70 million from the Soviet Union. This total omits substantial contributions from such countries as Canada, West Germany, Japan and Brazil. Divided by 1981 population, the \$1.9 billion readily accessible to international comparison in per capita terms (\$337) was dwarfed only by Israel (\$1.665) and exceeded the flows to such major recipients among developing nations such as Egypt (\$265), Yugoslavia (\$245), Dominican Republic (\$275), Brazil (\$107), Colombia (\$245) and Thailand (\$88). At critical moments, these aid flows saved Bolivia from starvation and disorder. In all but two years between 1954 and 1964, U.S. government aid alone was greater than all Bolivian government tax revenues. In coming months or years, appeals renewed aid on this scale again may be forthcoming.

**11. Policy Issues.** When the call comes, the response from the donors may be muted and annoyed. However, in the absence of a disruption in the world economy, it is unlikely that Bolivia would be denied additional food supplies in times of severe shortage. The momentum of these contributions is well-established. Agricultura commodity surpluses in the rich countries are so large and embarrassing that deliveries may continue to be made with a certain enthusiasm. The real problem lies with the added financial support needed to sustain Bolivia's governmental operations and logistical infrastructure.

At the end of 1983, Bolivia's foreign debts totaled \$3.65 billion, or \$608 per capita and nearly one-fifth greater than the national product. In per capita terms, Bolivia's debts are much less than those of Brazil (\$769), Mexico (\$1.333) and Argentina (\$1.500). In relation to national product, they are much more than Brazil's (41%), Mexico's (60%) and Argentina's (77%). The contracting of Bolivia's debts, roughly four-fifths to official creditors and during the lending rush of the 1970s, came in the teeth of warning by many critics that the country never could repay these loans. The existence of these debts, and the need for more resource flows to keep Bolivia functioning as an effective political entity, raises a clear distinction between aid for maintenance and aid for development. The existence of a Bolivian foreign debt equaling 120% of the national product partly reflects a failure by official creditors to call maintenance support by its proper name. As was pointed out in the previous section, this kind of maintenance support is provided to many countries at low cost to the donors and has become part of the structure of international life. There is a fairly clear distinction, by performance standards, between candidates for development support and candidates for maintenance support, a distinction

strengthened by market experience in more than 150 years of commercial lending to Latin America. Maintenance support is meant to be doled out in small, measured doses in order to avoid stimulation of greater demand. Clearly, maintenance support cannot continue forever, hence the specters raised earlier in this report of a relapse into ruralism and inability of the Bolivian state to fulfill its basic functions.

If foreign donors had not stepped in to make up for the food shortfalls caused by the 1983 droughts and floods in Bolivia, then biological control mechanisms would have operated, as they had regularly, in the past, to wipe out excess population and remove ecological imbalance. This is not a pretty prospect, but now is a perpetual threat. However, even if these maintenance doses continue, the foreigner cannot assume the main responsibility for raising production sufficiently to diminish this threat. The misuse of capital in Bolivia is part of the degradation of capital worldwide. It is very hard to moralize about the waste of capital in Bolivia when a sum equal to four times Bolivia's national product or foreign debt is spent on the leveraged takeover of a major oil company amid a wave of such transactions amounting to one of the biggest misallocations of capital ever seen. However, each community and nation must live with and learn from its mistakes. In the individual struggles for survival witnessed by this investigator in El Alto, some of which are related in the appendix to this report, people are dealing with the consequences of such mistakes. If solutions are to come, they must come through struggles such as these.

In his book, *The Preindustrial City*, Sjoberg observed:

*The slowness of technological innovation limits capital formation, technology itself being one of the most potent forms of capital available. Conversely the dearth of capital, combined with the considerable underemployment, cheap labor, etc., hinder technological advanced.... Credit is not easily available in preindustrial cities....Most persons lack any form of collateral; the impoverished urbanite has little more than a hovel and the shirt on his back to call his own. Besides, a host of unforeseen disasters can befall any debtor; morbidity and mortality rates are high, and the possibility of property destruction through the vagaries of nature is ever present.*

In El Alto, as in other preindustrial cities of today, some capital formation does take place that is very dimly understood. During the crisis of the early 1980s, several new commercial bank branches opened next to El Alto's burgeoning 16 de Julio market, which apparently did a healthy deposit-taking business until the banking system was brought to its knees by hyperinflation and bank employees' strikes. In the late 1970s, a similar array of bank branches opened in the downtown

market district of El Gran Poder, founded in 1915, "the only La Paz district with so many bank agencies. The movement of money in these branches even exceeds the turnover in the headquarters of these banks, located in the political-administrative center of the city."

The capital-formation process in poor cities is so dimly understood that it may be very useful for some of the best minds on the World Bank staff to devote some time and effort in trying to explain this process better. A reading of some World Bank poverty reports in preparation for this study leaves the impression that this work has been strong on measurement and weak on process analysis. The results of gratuitous supplying of capital, in Bolivia and in many other countries, have been so bad that a better understanding of creative economic powers of poor people is urgently needed so that areas of strength can be defined and supported with greater discretion. At the same time, after four decades of international aid to many different nations under many different programs and conditions, there seems to be no coherent body of knowledge defining what has worked and what has not worked in these ongoing efforts. Comparative analysis of experiences in a small group of most-aided nations, including Bolivia, might yield some guiding principles for more successful efforts in the future.

In the end, the resources of land and people will be decisive. One of the enduring strengths of people of the *altiplano* is the resilience and mobility of the survivors. Even in the poorest and most remote communities of this highland plateau, people spend much of their time on the move, trading and offering their labor in distant regions. These movements resemble those of ancient networks of pre-Conquest times in which communities would supply their diverse needs by sending members to form permanent colonies (*mitmaqs*) in different ecological zones along steps and pockets of the ascent to the Andes from the Pacific coastal deserts and from the lowlands of the Amazon basin. These distant *mitmaqs* maintained strong political and economic ties with their home communities, implementing a survival and wealth-creation strategy that heightened the economic flexibility of the people as a whole.

In the event of a relapse into ruralism, the Aymara again may rely heavily on a modern variant of this survival strategy. In this event, the World Bank may be able to help critically in reducing the casualties of such a relapse by supporting maintenance of Bolivia's transport and communications infrastructure, in this way providing survivors with more economic and territorial options.

## Appendix: Taped Interviews, El Alto

*Individuals fall away and die; the mass goes on relentlessly. Tens of thousands of people each evening cross the Plaza La Ceja of El Alto. Before boarding packed old buses to complete their return from work to home, family and shelter in rustic adobe dwellings that sprawl over the altiplano to form the giant satellite community of El Alto.*

*La Ceja means edge or precipice. At the edge of the confusion, overlooking the basin that cradles the capital of Bolivia, a long phalanx of fortune-tellers' shacks, built of weathered wood and rusted iron sheeting, stands behind a big statue of Christ, with outstretched arms reaching at nightfall across the darkening chasm of La Paz toward the last traces of light that fall upon the deep, shifting snows that crown the great mountain, Illimani, 21,000 feet high, cold mother of the city. The corrugated metal roofs of the fortune-tellers' shacks are laden with stones to prevent the night wind from blowing them away. Just before nightfall, men in overalls and women with sick infants on their backs form lines in front of the fortune-tellers' shacks in desperate searches for substitutes for clinical assistance.*

*Chilling gusts of wind from the altiplano sweep across the Plaza La Ceja, biting into the bodies of the shadowy droves of processioners filing past rows of Aymara market women who squat in the dim light of kerosene lamps and candles wrapped in old newspapers. Many with swaddled infants on their backs or at the breast, these comerciantes sit on the ground behind their merchandise, neatly arranged on plastic sheets: sacks carefully folded open to display spices and vegetable dyes of many colors, tripods of carrots and cucumbers, pyramids formed by piles of potatoes, tomatoes, flashlight batteries, toilet paper and candies, as well as more informal displays of soap, bread, old magazines, religious literature, plastic bowls and baby clothes. Many of these wares are imported, showing Bolivia's continuing ability to obtain consumer goods if not producers' goods. The women's goods are spread out in meager quantities on sidewalks and empty lots, in alleys and alongside railroad tracks in the Plaza La Ceja and its vicinity to await the favor of the passing public.*

*The passing public is usually in a hurry. However, it must pause to pick and haggle over the comerciantes' wares with increasing care as each passing week and month brings its added dose of poverty. Over the past year, the black market price of the dollar has risen from 3,000 to 250,000 Bolivian pesos. Senior government officials thus find themselves earning the equivalent of \$50 monthly while pensioners get \$6. While the rate of inflation is harder to measure precisely, it appears to have taken more than a tenfold leap over the past year, from less than 300% annually to more than 3,000%. The government has fallen behind in paying salaries and pensions, aggravating the plague of strikes, slow-downs and blockades*

*of highways that weaken economic activity even more. The government cannot invest and thus must confine its activities to paperwork. However, it even lacks money to buy paper to do its paperwork.*

*The street life of La Paz may be more intense than any other Latin American capital, greater even than that of giant cities like Mexico and Sao Paulo, each with a population of more than 16 million. The passing public mills about in crowds and forms lines as the market for goods and services invades every open space and breaks down into different sections. Three blocks from the Plaza, across the railroad tracks, young men with ravaged faces congregate what is known as the *barrio chino*, or thieves' market, offering for sale old clothes and shoes, dishes, a used cooking stove and a bicycle wheel. A fight breaks out, and policemen intervene, when a housewife and her brother when they find a young man trying to sell their stolen blanket to the passing crowd. At the edge of the Plaza, food stalls serve *api* (a warm corn-based beverage) and *biñulos* (huge crisp pancakes made of subsidized wheat flour). On either side of the plaza buses and trucks come and go, stopping only to load and passengers as small boys rush to each stop to announce destinations, which is one of the ways small boys make a living in the Plaza La Ceja. The process of survival remains a mystery, but the procession not only survives but grows. As it grows it breeds greater confusion over the basic legitimacies of urban life, even over the "right" to live, embracing the price of bread and a bus ride, both officially controlled at less than one U.S penny each during field research for this report, or two U.S. pennies for a liter of gasoline (8 U.S. cents per gallon), one-tenth the local cost of an equal volume of Coca-Cola.*

*The explosive growth of street selling in the Plaza La Ceja took place in the economic crisis of the early 1980s. Throughout La Paz the street markets, with their relentless proliferation of *comerciantes*, press themselves upon every open space in crowded sections of the city. In the Plaza La Ceja, land once occupied by a municipal storehouse, demolished to make room for a parking lot for construction and road maintenance equipment, was invaded suddenly in early 1983 by *comerciantes* from poorer markets in outlying areas who quickly set up stalls, tents and stables under big, tilted umbrellas. In this news market, Aymara women sit behind rows of wheelbarrows loaded with fresh fruits and vegetables from the Yungas valleys while others sell hot food, coffee and native soft drinks to the passing public. Among the leaders of this invasion were Julio and Victoria Sallaco, who tell of the pressures and circumstances under which the new market was created.*

**Victoria:** They gassed us. They wanted to get us out of there. With teargas they have made us suffer. This place has cost us much sacrifice. Also, the other sellers just in front of us, who sell along the railroad tracks, won't leave us alone because they're afraid of the competition. They curse us and bribe the mayor to get us out. They say we are just *ambulantes* (roving street sellers). Because we were

ambulantes before forming our union, we suffered much. The gas they threw at us made us sick. Two babies died because of the gas.

**Julio:** Even when she just began to sell in La Ceja, Victoria occupied a high post in the *sindicato* of sellers. She was Secretary of Conflicts. To back her up, I also became active and now am Secretary-General. Our *sindicato* is called El Progreso and now has 250 members. We are fighting shoulder-to-shoulder with another *sindicato* and have become affiliated to the Confederation of Retailers and the COB (*Central Obrera Boliviano*). With such good affiliations, we are struggling to formally acquire this land to build a new market. The former mayor wanted to kick us out, but the new mayor is on our side. We fought for the change of mayors. We even had an audience with President Hernan Siles Suazo, and the new mayor is from his party. The new mayor has signed the paper allowing us to stay here.

**Victoria:** That's where I sell, serving hot food. I leave my house at 8 am and stay there all day. I get up at 4 am each day to cook for that day's market. Sometimes the sales come only in little drops. On some days I can sell only two or three plates of food. On Saturdays and Sundays I can earn 10,000 pesos (67 US Cents) clean for the whole day, and during the week I can earn 5,000 pesos daily. The advantage is that you can feed your family the food you can't sell. On the other hand, much of what we earn is spent on taxis. The bus drivers won't take us aboard with our bundles, pots and the food we have to buy for the next day. The buses are too crowded. What we earn goes mainly to buy more food and to pay for taxis. We always are in danger of losing our capital. There's also lots of competition, lots of women selling food. People like my cooking, but I lack capital. I lack money to buy pots big enough for the amount of food I can sometimes sell. My regular customers like me to alternate dishes from day to day, so one day I cook chicken and the next day roast. I buy backyard chickens instead of the ones from farms because my customers find them more tasty. A chicken can cost about US\$ 1 and is good for about 10 servings in luncheon dishes that sell for 15 cents each and contain rice, noodles, potatoes, vegetables and a little meat. On a good day I can sell 20 of these dishes. Then I can also make big *platos extras*, loaded with lots of chicken, which people can pay \$ 1 each to eat. I can sell around 30 *platos extras* per week. That makes the competition very envious. They just shout to announce their dishes and nobody comes. There's free competition and no deals about prices or amounts of food in each dish. Most of my customers are sellers in the same market, selling vegetables and fresh meat. There are also men who come to the market each day to eat. And on Sundays there are the men who come to our little market to buy and sell plots of land in new *villas* being created in El Alto.



**Julio:** We're doing much better here than we were in the little neighborhood market in front of the school in Villa Pacajes. I was born in the province of Pacajes and knew lots of people in Villa Pacajes here, but there just wasn't very much business. In the neighborhood market I sold hardware, mainly nails, that I spread on a plastic sheet on the ground. But sales came in drips and drops and I've stopped selling. You need capital to increase sales. Now I just help my wife. Food sells much faster.

**Victoria:** I used to make trips by bus to Desaguadero on the Peruvian border, three hours away, to buy things there and sell them here; But the children suffered when I made these trips and sometimes didn't eat. So now I just sell food in La Ceja. Now we talk about building a big covered market on the land conquered by our *sindicato*. But we don't know whether we can afford the sacrifice. There are people who hate us around here, especially the women who sell across the way, alongside the railroad tracks.

**Julio:** We are thinking about a building of three stories to house the new market. This will crown our efforts of many years. We've been living in El Alto since 1968, the year we joined our lives, and I have done many things.

**Victoria:** Julio built this little one-room house. My *comadre*, who owns the land, told us: "build here and you can live for free".

**Julio:** That was six years ago. We are just caretakers here. We don't pay rent. The land is owned by our *comadre*. Her husband died. He was the developer to sold lots to people all around here. I built our house and we became caretakers. I am an experienced mason. I worked at that when I was young, among many other things. Just before we moved to El Alto from downtown I worked at an iron foundry owned by a Mexican company that went broke. They fired everybody. That was just after I got out of the army. Since then, Victoria and I have been through many things together. We have had six children. Two of them died. Victoria gave birth at home, without even the aid of a midwife, attended only by me. The baby died because of my ignorance. After that I worked in a mattress factory owned by a *gringo*, an Argentine, as a temporary employee. I was fired after a year so the boss wouldn't have to make social security payments. After that, I went to work on the government railways but I was fired in 1971 because of calumnies about some missing things. Since then I've been doing business on my own. I traveled by train to Villazón, in Potosí Department, at the Argentine border, where I traded in things like flour, shoes, crackers, pots and pans, almost anything. I had to stop making this trip because I lacked capital. When the train fare went up it became too expensive to make trips to Villazón.

**Victoria:** We lost our capital when the price of everything rose. We sold all our things too cheap and couldn't replace our stock. Before this year, we could travel to Villazón with just a little capital. After the big devaluations of the peso, we ate all our capital and don't make trips anymore.

**Julio:** But there are other ways to get cheap merchandise with little capital. Sometimes they bring us stuff from the Peruvian port of Matarani. Other times certain friends I have in the airport among the customs agents give me other things to sell --watches, calculators and other little things-- that they take from smugglers arriving from Panama and Europe. My friends give me these things to sell and I return their capital and keep the profit. But with the devaluations, there's little merchandise coming in these days. Once in a while I find something to sell, like spare parts for cars, but mainly we now live by Victoria selling food and myself helping her.

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*Seated on his high shoe-shine chair in the middle of the Plaza La Ceja, waiting for customers, Juan Carlos Mamani Choque commands a spectacular yet intimate view of the comings and goings. Born 28 years ago in the rural area of Jampaturi, outside La Paz, Mamani has been shining shoes in the Plaza for three years. Every day he wears the same blue coveralls and the same floppy shepherd's sheepskin hat for protection from gusts of wind and dust and from the brilliant altiplano sunlight. He has seen many people come and go.*

**Mamani:** Of all the *changuitos* (little boys) who sleep in open air here in La Ceja, many come from far away. There was one *chango* from Viacha who used to shout for customers at the stalls of the women who sell food, who paid them 100 pesos (US\$ 0.007) each time they gave help. The *changuito* from Viacha slept behind my shoeshine chair during the day. He came by to sleep at 9 o'clock in the morning and awoke at 1 pm. He worked at night helping the market women. He didn't sleep at night because it was so cold that he could die. The kid said he had parents who didn't have food to give him, so he came here to earn some *pesitos*. He told me he was a shoeshine boy but lost his box somewhere and then started working for the market women. I gave him something for food and lots of other people gave him 20 or 30 pesos. He would come here every day and then he suddenly disappeared. I never knew his name. Now there are fewer *changuitos* helping the women who sell coffee because the price of coffee has gone up to 700 pesos. Sales have gone down and 100 pesos is too little to buy almost anything, so the *changuitos* are beginning to disappear.

**Gall:** What about the others I see here?

**Mamani:** Other changos still work at night but never return to their homes. They don't listen to their parents and join up with bad friends and work as announcers at the bus stops. They earn 80 or 100 pesos each time they shout for a bus, announcing routes to waiting passengers going to all parts of El Alto. The *changuitos* who are orphans sleep in the houses of the women who hire them at night. These women sell coffee and hamburgers all night to travelers, taxi-drivers and workers on night shifts down in the city and come up to El Alto after work. The *changuitos* help the women by bringing them jugs of water for making coffee. They work all night and at dawn they are still beside the women to wash dishes and bring and at dawn they are still beside the women wash dishes and bring more water to make fresh batches of coffee for the people on their way to work after 6 am. All they earn for a night's work is coffee, something to nibble on and maybe a place to sleep. I saw this because one night I slept here in the plaza to get my hands on a tall young man who robbed me of 150 pesos. In those days, 150 pesos was real money. I stayed here all night, but never got my hands on him.

**Gall:** Were you a *changuito* like these kids?

**Mamani:** We were four children: Eugenia, the oldest; Juan Cruz, Lorenzo and I the youngest. Mama was raising us in Jampaturi. But then she got another husband and went with him to the hot valleys of the Yungas. Eugenia stayed behind to raise us, but then she got sick and my mother took my two brothers with her to the Yungas and we were abandoned. We had some sheep, but some got sick and died and others were stolen from the corral. So my mother came back again and took Eugenia and I to the Yungas. It was hot in the Yungas and there were no potatoes there and no chuño, only bananas, which I didn't like. My sister and then my stepfather died there. I found better work raising chickens for a man named Roberto Mantilla in the town of Chulumani. That's where I really grew up. I earned according to the number of chickens I raised. I started raising chickens when I was 16 left the job when I was 20 because the lime we used in preventing disease among the chickens was affecting me. Then I met my wife and we had our first son, Marco Antonio, who died when he was two years old. He had diarrhea and we were waiting for him to get better but he become skinnier and died. We didn't take him to a doctor. We took him to a woman tried to cure him but couldn't. She helped us bury him in the General Cemetery.

*The scene of the interview shifts to Juan Carlos Mamani's adobe dwelling in Villa Rosaspampa, the part of E1 Alto where MNR peasant militia were given lots three decades ago by President Hernan Siles Suazo in his first term of office (1956-60). The house is built*

*against the rear wall of a yard where Mamani and his family have been permitted to live rent-free as caretakers by a widow who lives in the front of the yard. With him is wife, Delfina Canqui de Mamani, 30, born in the Indian community of Caciaviri in Pacajes province, who began work as a housemaid in La Paz at age 10. The house contains one room with an earthen floor. Most of the floor area is occupied by two beds huddled together and covered with heavy homespun blankets, where the couple and their two young children sleep. At the back of the room are large bundles of old clothes. Cooking is done on a tiny kerosene stove in a corner. Nine chickens, raised by the couple, forage in the yard. The muddy street outside, lined by monotonous adobe walls, is liberally studded with turds, usually deposited by residents early in the morning. Inside their house, seated on the beds, the Mamanis tell their story of shoe-polish:*

**Mamani:** I get 300 pesos for each shoe-shine and can earn 3.500 pesos (23 U.S. cents) clean each day. That means I have to be very careful about shoe-polish. Bolivian polish costs less, 6.000 or 6.500 pesos a can, but doesn't many shines. The imported Peruvian stuff is much better, but costs more: 7.000-9.000 pesos. The imported stuff gives a better shine with less work. It has a nice smell. Bolivian polish has an ugly smell and hurts your eyes. Sometimes it is so hard to feed your family and buy polish at the same time that I become very sad and think of going somewhere else. I think of going to Santa Cruz or Tarija to find new work. I leave at 5:30 in the morning to walk to the Plaza La Ceja and come home at 8 at night without enough money to feed my babies. My friends say living is expensive in Santa Cruz, but there's work. I was going to leave yesterday, but my wife said I should stay. The man who urges me to go says I can buy flour and rice and shoe polish very cheap. But my wife discourages me. Once I took a trip for two weeks and when I returned my little girl was sick. I feel sorry for my babies. My wife tells me to stay, not to travel. She says I may have to go without food and sleep in the street. But if one suffers, he may earn money. The unknown is difficult. There may be more hope here now because my wife went to Desaguadero and brought back two dozen cans of Peruvian polish: one dozen of black and one dozen brown.

**Delfina:** They cost 1.700 sols (Peruvian) a dozen. Then I took the bus back to La Paz. But near Guaqui a station wagon full of customs agents chased us down. They asked who owned those earthen jars and what was in them. Our driver didn't answer and neither did the passengers when we were asked, one by one. The customs agents unloaded the jugs and took us back to the Peruvian border and locked us all up. The 10 soldiers told us that if we wanted to go free the next day each of us would have to pay 40,000 pesos. Some of us had money, others no. I only had 5,000 pesos left after paying the bus fare. Then they started hitting us and calling us thieves and outlaws. They took away three cans of my shoe-polish, but I hid the others inside my skirt and kept the baby on top of them. They came back to hit us three times and said we would die of hunger. But a gentleman among us

told us not to cry; he would help us escape. Later a little girl, about nine years old, came near the door. A woman told her we would give her lots of money if she opened the door for us. She opened the door and there was a boat tied outside. I climbed in with four other women. We took a long turn around to make our escape and landed where you get the bus for La Paz. I handed out the cans of shoe-polish to the other women for safe-keeping and got them back when we came near to La Paz.

**Mamani:** Shoe-polish is made of gasoline. When the dollar rises, the price of shoe-polish rises also because it is brought all the way from Arequipa (Peru). When you don't have enough capital to buy shoe-polish, then you're in trouble. People give up and do other things. Milton used to work next to me shining shoes in La Ceja but now he works as a *cargador* (burden-bearer) in the 16 de Julio market. He is a *cargador* now because the polish was very expensive and he drank a lot, so the money he earned didn't go very far. People say his wife didn't let him in the house because he didn't give her money to buy food and cook. They had a fight and he went away. I knew another agile shoe-shiner, about 40 years old. He had trouble and sold everything. Finally he sold his shoe-shine chair. People in offices gave him old clothes. He worked at a fixed spot in the Plaza Perez Velasco. But after he sold his chair he wandered around with a wooden shoe-shine box. He sold me his water boots and he also had a big overcoat for sale. Finally, some company gave him a new chair as a present but I haven't seen him for some time. Another poor man failed who had a bad foot, like mine. He worked in the Plaza 16 de Julio and ruined himself by drinking. A friend of his had a tape-recorder that he stole and then sold. The little man walked with a wooden crutch and lived in the street, since he had no house. His wife was half idiot and also sick. His friend, seeing that he had sold the tape recorder, took away his shoe-shine chair and had him arrested. The little man couldn't earn a living until he got a shoe-shine box, but he kept on drinking. He died in the street. In El Alto, we shoe-shiners aren't united because we are poor. There's a shoe-shiners' *sindicato* but all it wants is our money. They took away the little man and carried him to the morgue, where they say they burned the body. Later the shoe-shiners from downtown La Paz came up to El Alto blamed us for not letting them know. They told us the poor are buried by asking help from the funeral parlors.

It's hard to rise in life but very easy to fall. Before I started shining shoes, I worked in a pissoir (*mingitorio*) for two years. In the Mercado Felix Hinojosa in the great market district of the Avenida Buenos Aires downtown. My wife and I were selling food in the market when we got to know the father of the owner of the pissoir, don Lucho Tintal. After some discussion, he asked me to take charge of the pissoir. I was contracted after I showed him where I lived and my identity card. I was the cashier and controlled the money. The men paid 20 centavos to piss. Don

Lucho had other businesses: he imported radios and phonographs from other countries. I also was responsible for keeping the pissoir clean. When the inspectors came, I had to present myself. I had to beg them not to fine me when they found the pissoir dirty. If they fined the pissoir, they would deduct the fine from my salary or kick me out altogether. To not get fined, I had to do all kinds of tricks. I paid little boys sometimes six pesos, sometimes 10 pesos, to clean the place. To not get fired, I had to drive them very hard. In the two years I worked there I never was fined. I left the job because the salary was too low. When I left the pissoir I was earning 1.500 pesos monthly. I never saw the sun and developed rheumatism from staying inside so much in such a humid place. Apart from the cold and the humidity, the pissoir had many problems: the pipes were always leaking and then the roof fell in. After I left the job, don Lucho came looking for me and asked me to go back. But I was sick by then and, besides, the pissoir had been closed by the inspectors because the roof was so bad.

*Market activity in El Alto is not limited to the teeming crossroads of La Ceja or the great twice-weekly fair of 16 de Julio. Throughout the sprawling adobe villas that fan out over the altiplano, peasant-type markets are held weekly or twice-weekly at strategically-located bus depots, soccer fields or schoolyards, while small groups of women spread out tiny quantities of fruits and vegetables every day at street corners of remote communities. One of them is Elena Huanca de Reloba, born 30 years ago on the site of the ancient city of Tiahuanaco, who sells at a corner of Villa Brazil, Sector Rio Seco, El Alto.*

**Elena Huanca de Reloba:** I was born in Tiahuanaco, in the town of Tiahuanaco. I came to La Paz at the age of eight to work as a domestic servant. I worked in the same house until I was 21 years old. Then I married. Now live by selling. My father sent me to work in the city because we were many children, nine brothers and sisters. Of the nine, two have died. My father was without work. At that time there was much rain and flooding of our land. The water carried away the plot my father had planted, with all our crops. At that time my two brothers had died. In that year (1962) my father came to live in La Paz, along with many other people from our district near Lake Titicaca. My father also kept some small animals that also died in the heavy rains. A wall fell on some sheep. My father now works as a doorman in downtown La Paz. He came to the city because he had no land in Tiahuanaco. He got no land in the agrarian reform because he didn't work on a hacienda. My uncle worked on a hacienda and got a little piece of land. When my uncle died, my father had to rent land to work. If my father had land of his own, he probably would have stayed in Tiahuanaco. We never go back there now because we have nothing there. My brothers are spread far and wide. One lives in Warisata. Another is in the army, and another lives with me.

Each day I sell from nine until eleven in the morning, sometimes until 11:30. I carry my vegetables and my youngest child to the market in a wheelbarrow that I tilt on the ground so it serves as a kind of chair for me. I may earn 2.000 or 3.000 (then US 15-20 cents) daily. We never manage to sell everything. I cook what's left over and give it to my children and they are satisfied. That's why I sell vegetables. Before this, I used to knit. But now nobody buys. I knitted gloves, stocking and sweaters, but couldn't sell enough to buy more wool. I still knit while sitting in the marketplace when I have enough money to buy wool. But it's much better to sell food because we can eat what's left over. The main idea is not to eat your capital. It's important to buy from the wholesalers only as much as we can sell before the carrots and tomatoes rot. Each Saturday morning a group of us get up at 4:30 am and take a bus downtown to the Mercado Rodriguez and the Mercado Uruguay in the market area of the Gran Poder. That's where the vegetables are cheapest. We are back in El Alto by 8 am to begin selling. We generally go downtown to buy twice a week and preserve our vegetables in plastic bags so they last as long as possible.

A few of us market women go downtown to buy together, but there's very little friendship and trust around here. The other market women are unknown to me. They are from other places, from the Yungas and Sapahaqui. We are from the *altiplano*. We keep our distance. We buy together because it's cheaper buying larger amounts in groups. Our family is poor, but at least we have something to eat and there are many worse off than us. There are some small children without anything to eat and without clothes to wear. I give them a little tomato once in a while. For example, nearby there lives a family with nothing to eat today. They have no luck in finding work, even as a *cargador* in the downtown market, to earn a little something. They have six kids and are worse off than me. On the other hand, there are Aymara women who dress like me in *pollera* (Indian skirts) but are rich and have everything.

We have lived in Villa Brasil for seven years. Before that we lived in the zone of Munaypata, on the slopes of the ravine containing La Paz. Down there, we rented a room. Now we house of our own, built against an adobe wall. We know our neighbors, but none are from our town. There's not much trust. Most move on because they're tenants. They move to Villa Adela and Nuevos Horizontes, other barrios of El Alto. Others come from these barrios and from downtown to live among us. We don't know them and that's why there's no way of trusting. I leave my children alone in my house with the door locked from the outside. We are lucky because seven years ago we could buy land for 4.000 pesos (US\$200) and built our adobe house against a wall. My husband worked in a mine then and I still worked as a household servant. We could save from our salaries to buy land. Now all that's impossible. Now my husband is an unemployed bus driver. He goes

downtown every day to look for work. But every day more and more buses are taken out of service because spare parts and tires are so expensive and the fares are so low. I first met my husband when both of us were working in the city. He was working in a repair shop near the house where I worked as a servant. He was a mechanic's helper, then a mechanic, then a driver of buses and trucks. He was advancing in life with his work.

*Many have moved from downtown La Paz to El Alto in this way. Among young men, many came from Indian communities to La Paz for compulsory military service, stayed in La Paz after their release to find jobs and wives and finally moved to El Alto to escape from crowded rented rooms in the downtown conventillos. Like many others, the first job of Severino Mamani, 27, president of the Junta de Vecinos (neighbor's committee) of Villa Romero Pampa, one of El Alto's newest and most remote adobe settlements, was with the city government as a laborer. But his rise to a succession of better jobs was extraordinary.*

**Severino:** I was born in the province of Pacajes, in the high mountain along the Chilean border, where very little grows. When I came to La Paz to serve in the army I knew I would not be returning to my community (Comunidad Taracollo, Canton Condoroca). There was nothing for me to do there, and I knew I would have to continue my studies. When I left the army I lived at first with my uncle, who worked for the municipal government, until I could rent a room of my own. The room was very small, one by two meters, enough space only for a bed and small table, in a house in the Garrita de Lima owned by a woman who also was from Pacajes. I began secondary school classes at night while working by day as a tailor, then as a carpenter, then as a glass-fitter, then a mason; in other words, any kind of job. Most of the neighbors in the *conventillo* slept and cooked in their tiny rooms but otherwise lived in the patio. In two seasons of the year, the cold season and the rainy season, staying in the patio for long periods sometimes was very uncomfortable. In 1977 I graduated from secondary school, got married and moved to a slightly larger room. I continued my studies at a private school, the Instituto Particular San Alberto, to become a Técnico Superior. That year I also managed to get a job with the city government. I heard of the job through a friend and sent papers and applications to everyone. I began as a laborer, but then was able to move inside the office. Once inside, I worked as a messenger, then serving tea and coffee, then as the accountant's assistant, then as the one in charge of refunds and now as the cashier of the World Bank project (HAM-BIRF). Like many others, my family continued to live in the *conventillo* until we had a chance to move to the upper part of the city, where we have our own house. In the *conventillo* there are many fights among neighbors and your children are accused of destroying doors and things in the patio that belong to the owner. In El Alto we suffer because of the distance from my house to my job, especially when the buses are on strike, but it's very good to have a house of your own.





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