

THE BOLIVIAN REVOLUTION AND
U.S. AID SINCE 1952

The Bolivian Revolution and U.S. Aid since 1952

FINANCIAL BACKGROUND AND
CONTEXT OF POLITICAL DECISIONS

BY JAMES W. WILKIE
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LATIN AMERICAN CENTER
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1969

This book is dedicated to
RICHARD W. WILKIE
long-time companion in study
and travel throughout Mexico,
Central America, and South America

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INTRODUCTION

IN 1964, when Víctor Paz Estenssoro was overthrown, the Bolivian Armed forces shattered the apparent stability of regular presidential elections which had been established by the National Revolutionary Movement (MNR). Before the presidential office was filled legally again in 1966, two military men exchanged power four times in a manner reminiscent of the frequent changes in office between 1930 and 1952. During the 22 years between 1930 and the MNR's victory in 1952, 11 presidents out of 16 served in an acting capacity (see Appendix H).

With the fall of the MNR some observers thought that institutionalization of the Revolution in the Mexican style had been thwarted; however, men who overthrew Paz professed to be carrying forward the ideals of the Revolution by eliminating bad government and corruption. Other viewers took the position that institutionalization of a "movement," in contrast to a political "party," was impossible and the collapse of the MNR was inevitable.

Rather than speculate in political terms on the meaning of the MNR's rise and fall, we suggest that one look at economic aspects of Bolivian development during the last third of a century in order to take into account the pressures and forces which have influenced political action. While political studies are important, the financial structure which interacts with and is generated by politics is especially significant for purposes of political analysis. Although Bolivian political action has been investigated by Robert J. Alexander, and social and economic aspects of development have been traced in pioneering works by Richard W. Patch and Cornelius Zondag,¹ systematic statistical analysis of financial structure and state policy has been lacking.

Analyzing Bolivia's financial affairs, we are concerned with the impact of inflation in Bolivia after 1930 and its relation to the Revolution that began in 1952. Thus, interpretation of economic growth under the MNR, especially as influenced by the U.S. Agency for International Development (USAID) together with the nature of Central Government expenditure, provides a context for understanding political activity. In discussing the nature of and patterns in Bolivian Central Government expenditure, we may see the problems of development with which Bolivian politicians have been confronted. Because this study is interested in policy of expenditure, emphasis has been placed upon budgetary matters rather than upon policy of taxation, which is discussed here only tangentially.

Since this is a specialized study of Bolivian affairs, the reader should not expect a full discussion of Bolivian historical development after

analysis may well prove to be a serious problem if such an approach is continued without moderation.

In analyzing Bolivia's financial affairs, we are concerned with identifying historical patterns and with assuring that comparative data for different historical times will be available. In this light we offer criticism of program budgeting, which is being sponsored by some United Nations experts as the latest method in state planning.³ In addition, positive recommendations are offered for the Bolivian government concerning the maintenance of time series, which must be continued and not supplanted if state planning is to be workable.

If the problems of achieving political stability in Bolivia are to be understood, it is necessary to examine financial processes as one important aspect influencing political action. If politicians themselves are not fully aware of financial factors which influence them, there is little possibility that they can effectively manipulate their environment to achieve political stability. In any case, whether or not Paz and the MNR might return to power or whether or not the post-1964 governments can rule in the name of the "Purified Revolution," the successful government of Bolivia will depend in a large measure upon breaking the mold of state action established in 1945.

List of Symbols

- Three dots (. . .) indicate that data are *not available*.
- Three dashes (- - -) indicate that the magnitude is *zero or negligible* (less than .05).
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- An asterisk (*) is used to indicate *partially estimated figures*.

Note

The terms "U. S. Aid" and "USAID" are used interchangeably in this study for discussing programs of the U. S. Agency for International Development. For discussion of a "wastage overhead factor" in the efficiency of USAID activity (and Bolivian Central Government programs), see Appendix O.

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been given much greater freedom in establishing their own programs of expenditure and have consequently been less susceptible to the normal process of coordination that the budgetary procedure should ensure. We feel that, in present circumstances, this may prove more of a disadvantage than advantage since a primary object of the government's planning for development is to improve coordination.³⁹

In order to develop planning in Bolivia, post-MNR governments not only completely shifted to program budgeting beginning in 1965 (so that expenditure is shown by function alone rather than by ministry and by function within ministry), but in 1966 decentralized agencies were incorporated into the same financial statement (as in the United States beginning in fiscal year 1969).⁴⁰ Thus, though apparent progress has been made in clarifying the role of the public sector, several serious problems remain. First, if this integration of finances means that the executive is still unable to control autonomous agencies because they retain power of projections and audit of accounts, as in Mexico, then state planning remains limited. Also, if program budgets exclude traditional analysis of expenditure by ministry then no comparison of Bolivian projected and actual expenditure prior to and after 1965-1966 will be possible. Unless a way can be devised to separate Central Government expenditures from those of decentralized agencies, a break in Bolivia's time series data on governmental policy means state planning may lack historical relevance. In contrast, Mexico successfully has added functional analysis and presentation of decentralized accounts to traditional analysis of expenditure by ministries in order to maintain historical series for investigation of long-range developments while adding new analyses.

The relation of Central Government expenditure, major decentralized agency outlay, and contributions of USAID to Gross Domestic Product are offered in Appendix B. It is necessary to note that these relations are only rough approximations of comparability for years in which data are available (1958-1965).⁴¹ We have not deducted for transfer payments among the three sectors, primarily because USAID computations are reported in fiscal years and Bolivian reports are based on calendar years. Central Government expenditures have always amounted to about 8 to 10 per cent of GDP. Major decentralized outlay (for mining, oil, and railways only) reached almost 25 per cent in relation to GDP in 1958 but has declined steadily since 1961 to 16 per cent in 1966. This rate of change makes sense in light of Paz Estenssoro's policy of encouraging the return of private enterprise which fled Bolivia after 1952. USAID's role in relation to GDP has always been under 8 per cent, and fiscal year 1964 would appear to be no exception if the data are adjusted for Bolivia's calendar year.

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THE IMPACT OF INFLATION

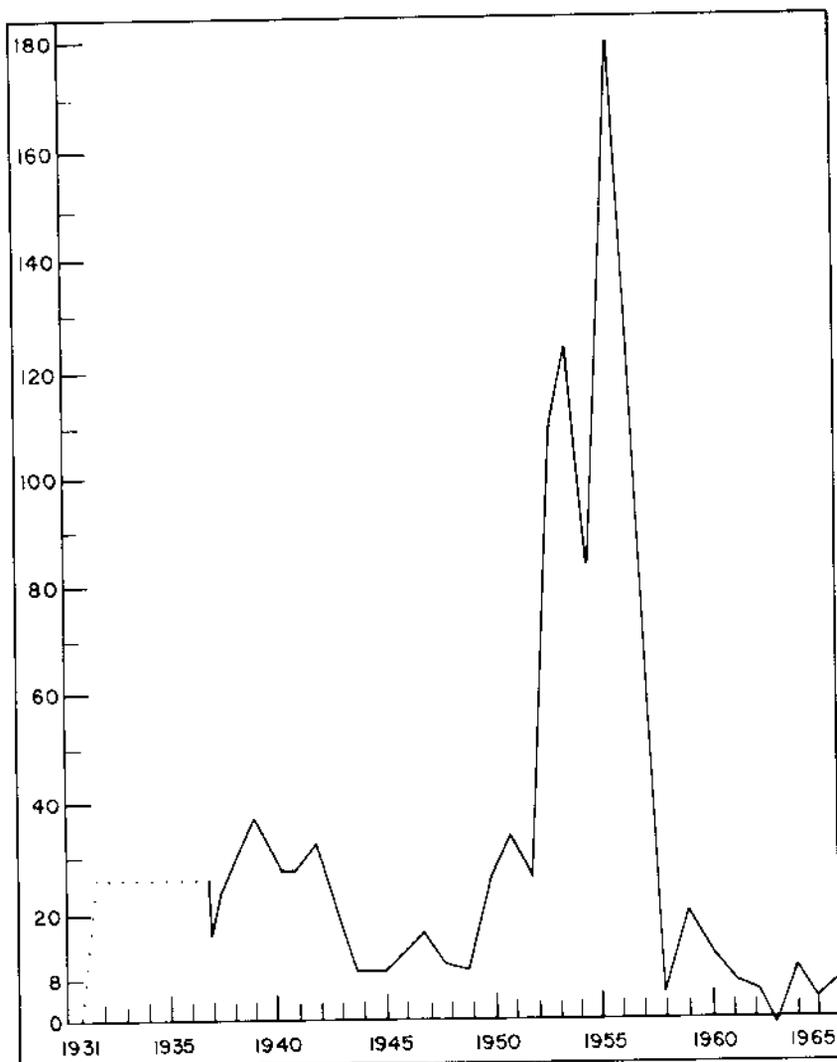
THE WORLD DEPRESSION after 1929 stimulated many countries, including Bolivia in 1931, to begin to measure cost of living. Unfortunately the advent of the Chaco War in 1932 curtailed the recording of price levels, but in 1936 the work of Bolivia's statistical agency was resumed and the same sample of prices for that year showed a 217 per cent increase when compared to prices of 1931, or a 26 per cent compound annual growth for each of five years. A constantly high yearly inflation thereafter set the stage for changes in financial policy which were to converge in 1945. Data used in the cost of living index are for La Paz. Though data are available in recent years for departmental capitals, the index for La Paz is the only one going back to 1931; the Bolivian Statistical Agency has not developed an index for the country as a whole due to weighting problems in the sample.⁴ Therefore, we use the index for La Paz which, in any case, dominates the economic life of the country.

Though the cost of living shown in Table 1 and Graph 1 dropped appreciably during 1943-1944, it is clear that the Villarroel government, which took office in 1943, was under great pressure to relieve social tensions accumulated over a 14-year period. Obviously this stress was a key factor in the thinking of Víctor Paz Estenssoro, for protest which culminated in the policies of the Villarroel government of the mid 1940's rejected the argument that sound economic policy decried state intervention in national affairs. The result was an attempt to ameliorate social problems caused by inflation and compounded by the aftermath of the Chaco War. Ironically, once the Bolivian Revolution came to power — from 1952 to 1964 — it had to maintain a rate of social and administrative expenditure which precluded the making of economic expenditure necessary to escape from inflation.

It is interesting to note that the Revolution of 1952 coincided with a new surge of inflation beginning in 1950. Inflation, of course, could not automatically cause a full-scale social upheaval, for many countries in Latin America lived with inflation as a fact of life without revolution during the same years. Given the dramatic rates of change in the price index, however, the conservative governments, which sided with the "tin oligarchy" without seeking to alleviate economic causes of social stress in Bolivian society, inevitably lost support among the middle sectors, government bureaucrats, and workers who make up the bulk of the economically active sector of the country's population.

If current theorizing about revolutions by James C. Davies is relevant,

GRAPH 1
Annual Percentage Increase in
Cost of Living, La Paz, 1931-1966



Dotted line indicates estimate based upon compound
annual growth rate in the Cost of Living Index.

TABLE 2
Estimated Gross Domestic Product
1950-1966

| Year | Millions of Dollars Deflated for 1958 Prices ^a | Percentage Change |
|------|-----------------------------------------------------------------|----------------------|
| 1950 | 355.9 | ... |
| 1951 | 378.6 | 6.4 |
| 1952 | 387.8 | 2.4 |
| 1953 | 343.7 | - 11.4 |
| 1954 | 346.2 | .7 |
| 1955 | 371.3 | 7.3 |
| 1956 | 354.8 | - 4.4 |
| 1957 | 342.9 | - 3.4 |
| 1958 | 353.7 | 3.1 |
| 1959 | 352.7 | - .3 |
| 1960 | 367.7 | 4.3 |
| 1961 | 375.5 | 2.1 |
| 1962 | 396.5 | 5.6 |
| 1963 | 421.9 | 6.4 |
| 1964 | 442.2 | 4.8 |
| 1965 | 467.1 | 5.6 |
| 1966 | 496.7 | 6.3 |

^aFor per capita figures see Table 10; for sectoral analyses see Appendix I.

Sources: 1950-1957, Bolivia, *Plan Nacional de Desarrollo Económico y Social, 1962-1971*, Resumen (La Paz: n.p., 1961), 30A. 1958-1963, Bolivia, *Secretaría Nacional de Planificación y Coordinación, Cuentas Nacionales de Bolivia, 1954-1965* (La Paz: Editorial Casagalt, 1966) and USAID/Bolivia, *Economic and Program Statistics 7* (1965) + 1964-1966, USAID/Bolivia, *Economic and Program Statistics 9* (1968) 6.

Development of the Bolivian economy has been very uneven. Apparently national economic life was in a very healthy condition during 1951, a year that brought a 6.4 per cent increase in GDP. Although 1952, the year of the Revolution, featured a decrease in economic activity, not until the disastrous year of 1953 did the effect of economic decline (and low tin prices discussed below) hit the nation. Beginning in 1954 Bolivia recovered somewhat from a decrease in GDP of 11.4 per cent for the previous year, but the great inflation of 1956-1957 was accompanied by a contracting economy which wiped out any gains. In 1957 the country reached the lowest point in productivity since 1950. Only in 1960 did the economy recover, and not until 1962 was the 1952 output surpassed.

became even more important during the Kennedy administration because of Castro's rise to power and conversion to Communism. The U. S. was determined to prevent any change in the nature of the Bolivian Revolution.¹¹

A pattern of increasing American commitment to Bolivia may be seen in Appendix A. This data includes funds administered by the U. S. Agency for International Development (November 1961-) and its predecessor agencies (Economic Cooperation Administration, 1948-1951; Mutual Security Agency, 1951-1953; Foreign Operations Administration, 1953-1955; International Cooperation Administration, 1955-1961; and the Development Loan Fund, 1957-1961).

The small technical assistance project begun by the U. S. in 1942 was expanded into a mammoth assistance program beginning in 1954. Thrust of U. S. obligations emphasized grants until the late 1950's, but since 1963 loans have become most important. Obligations of Food for Peace under Public Law 480 reached peaks in 1955 and 1963, with new obligations declining during the period 1958-1960.

Though U. S. commitments reached high figures, notably in 1955 and 1962-1964, and undoubtedly gave the MNR confidence, it is important to consider the effect of such assistance on Bolivian development. If all of this aid had gone for economic development, Bolivia might have experienced accelerated economic growth in spite of the Revolution's frozen policy of social expenditure. An important share of this aid, however, supported non-economic activity.

Table 3 shows a functional breakdown of the actual expenditure of programs administered by USAID/Bolivia for technical assistance and development grants and loans, as well as cash and other grants financed through generation of local currency under sales of agricultural commodities (Public Law 480, Title I). This analysis by type of expenditure also contains donations of surplus commodities to voluntary relief agencies, grants for economic development, and dollar loan credits from the sale of commodities under Public Law 480 (Titles III, II, and IV, respectively). Social Progress Trust Funds, Export-Import Bank loans, Peace Corps, and military assistance (included in Appendix A) are excluded from Table 3 because they are not administered by USAID.¹²

The reader should note that since USAID has developed a complicated accounting system and a series of categories which are very difficult to administer, and since accounts have been constantly revised, USAID/Washington and USAID/Bolivia show conflicting amounts obligated and actually spent. In fact, both Washington and La Paz each have several sets of figures on expenditure. Table 3 is based upon USAID's latest published revision which contains the only historically consistent and meaningful functional analysis available.¹³ (Obligations

presented in Appendix A are taken from Washington sources which present the only consistent and revised analysis available for total authorization by year.) Because we have no revised yearly series, and because 1961 provides a natural watershed with the beginning of the Alliance for Progress and transition to the Agency for International Development as the U. S.'s organization responsible for foreign assistance, figures in Table 3 are presented for two periods: 1942-1961 and 1962-1966. In order to present a consolidated account, local currency has been converted to dollars by using a weighted average exchange rate of bolivianos to the dollar for both periods. Since yearly local currency totals for the first period were unavailable, an exchange rate calculated by the U.S. Operations Mission has been adjusted to include 1961 and arrive at average value.¹⁴ The major problem with figures in Table 3 reflects inconsistency in functional analysis by USAID: dollar accounts are presented in terms of obligations and local currency in terms of disbursements. Fortunately, however, obligations and expenditures are approximately equal. (Data on disbursements of dollar development loans, excluded from USAID's functional analysis, are available and are classified under economic expenditure.)¹⁵ Though these estimates apparently have a high probability of reliability,¹⁶ the reader should note that the data are not necessarily firm but are presented to reveal *trends* of expenditure.

During the first period ending in 1961, U.S. aid was distributed heavily in favor of social expenditure, with 16.0 per cent of total outlay going for direct social matters and 31.4 per cent for budgetary support of the Bolivian Central Government's social revolution. Between 1962 and 1966 budgetary support fell to 21.1 per cent of expenditure and direct social assistance fell to 10.3 per cent. Though economic outlay gained at the expense of social emphasis, however, 43.5 per cent of U.S. aid still supported non-economic functions.¹⁷

As USAID Economic Advisor Jacob P. Meerman noted in late 1966:

Through 1964 the major element in USAID's program was providing resources to cover Bolivia's public sector deficit. It was an era of disinvestment with a vengeance, an economic concomitant of the profound social upheaval following a real revolution, and the weak disorganized government came with it. Putting an end to the deficit became an overwhelming concern [of the] Solomon Strategy . . . in the USAID program.¹⁸

The share of the U.S. expenditure (excluding programs not administered by USAID) devoted to direct budgetary support of the Bolivian Central Government is shown in Table 4. Direct budgetary support was begun in 1957 in order to help Bolivia's stabilization program; and in that year it constituted 27.2 per cent of the U.S. allocations. In 1960 this

of U. S. budgetary assistance; for the next four years the figure ranged from 22.9 to 29.3 per cent. The pattern was broken in 1963 and the share of USAID quickly decreased thereafter to between 4.1 and 7.7 per cent of Central Government revenue. Though USAID tried to channel budgetary support into selected programs, particularly economic, the Bolivian government usually was free to use the money as it wished, and in any case Bolivia's own funds were released for fresh deployment to meet social demands.

In a large measure, aid to Bolivia should not have been labeled "economic assistance." Of the 275.9 million dollars disbursed by the U. S. from the inception of programs through 1964,²⁰ between one-third and one-half of all grant and loan assistance consisted of shipments of agricultural commodities to Bolivia.²¹ Economically, redistribution of land under the Revolution often resulted in a shift from production for market by large land holders to production for subsistence and rural consumption by small landholders. Thus, with resultant food shortages in the cities, Milton Eisenhower saw emergency shipments of surplus agricultural commodities to Bolivia as saving the country from starva-

TABLE 5
Share of Bolivian Central Government
Revenue Contributed by USAID, 1957-1966

| Calendar Year | Billions of Bolivianos | | |
|------------------|------------------------|-----------------------------|-------------------|
| | Income in Billions | USAID Share ^a | USAID Per Cent |
| 1957 | 267.0 | 85.5 | 32.0 |
| 1958 | 297.9 | 77.6 | 26.0 |
| 1959 | 342.8 | 100.5 | 29.3 |
| 1960 | 341.9 | 78.3 | 22.9 |
| 1961 | 413.4 | 105.5 ^b | 25.5 |
| 1962 | 459.2 | 82.8 ^b | 18.0 |
| 1963 | 439.4 | 65.0 | 14.8 |
| 1964 | 554.4 | 42.8 | 7.7 |
| 1965 | 737.8 ^c | 30.0 ^d | 4.1 |
| 1966 | *837.0 ^c | 34.4 ^d | *4.1 |

^aLocal currency "counterpart funds."

^bIncludes extraordinary loan.

^cBolivia, *Dirección General de Estadística, Boletín Estadístico* 92 (1966): 7, 9, 1966 is projected income.

^dAmount given in USAID/Bolivia *Economic and Program Statistics*: 8 (1966) 25.

Sources: Income is presented in Bolivia, *Comptroller General, Summary Account Books*, see Appendix F.

grouped by type of emphasis (see Appendix M). Full rationale for this kind of analysis has been presented by the author in a study which investigates policy in the Mexican Revolution.²⁸ Though analysis of expenditure in economic terms is not possible because governmental accounting involves the "general vice of not separating current outlay from capital expenditures,"²⁹ this problem does not affect the present study which is interested in political analysis of types of expenditure.

Examination of budgets and actual expenditures in Bolivia, as in Mexico, offers a test of ideology. Since politicians may promise all things to all people, and claim they are fulfilling all promises, it is fruitful to investigate the expenditure of funds. A government's expenditure comes to 100 per cent and the components of such outlay may be categorized quantitatively to demonstrate the nature of ideology as it is expressed in practice.

Social expenditure includes contributions to international and foreign agencies working in Bolivia, funds for housing and public welfare, and allocations to the Ministries of Education, Labor and Social Security, and Peasant Affairs. In this analysis of expenditure, for example, all outlay necessary to make the Ministry of Education function (salaries, equipment, construction, etc.) is included as an educational expense.³⁰

Economic expenditure encompasses funds for agrarian reform, public works, communications, agriculture and livestock, colonization, and the Ministries of Mines and Petroleum and Economy. In addition, economic expenditure includes transfers to decentralized agencies like the Bolivian Development Corporation, subsidies to industry and commerce, and payments to such programs as run by the Agricultural Service.

Administrative expenditure includes funds expended by the Congress, Judiciary, Presidency, Foreign Office, Treasury and Audit Departments, and Ministry of Government and Immigration. Military outlay, payments on the public debt,³¹ and retirement contributions are grouped here as they also are activities which maintain the state from day to day rather than stimulate social well-being and economic activity. Bolivia's subsidy to the Catholic Church has continued as an administrative expenditure of the Central Government in spite of the social revolution which has reshaped national life. Since MNR revolutionists did not feel that the Church was a power which threatened their ideals of national integration, they did not challenge its position.³² The President's special reserve funds for classified activity and the Electoral Court are also grouped under administration.

There are some special cases of categorization which deserve comment. The fund for State Obligations originally encompassed debts and programs with funds earmarked for required payments. Between 1936 and 1964, however, this category immediately came to represent one of

in the first instance; in the second he has no budgetary authority and hence very little power to integrate these autonomous accounts into state planning. Trust funds, for example, are exempt from executive influence precisely because interest groups wish to take programs out of the political sphere. In Bolivia this resulted in a very cumbersome system in which small yearly contribution to hundreds of funds limited the executive's ability to meet special capital needs of any particular fund.

Decentralized agencies such as the Bolivian Development Corporation and the Bolivian Mining Corporation (COMIBOL) are excluded from this analysis for the same reasons as given above. COMIBOL operated with a deficit, instead of producing dividends for aiding national economic diversification as the MNR had hoped.³⁴ Not only was tax revenue from mining lost to the government after expropriation of the large tin mines in 1952, but the Central Government had to contribute subsidies to the mines out of its own income.³⁵ Only since 1964 has COMIBOL ceased to operate with a deficit.³⁶

With decentralized agencies and trust funds excluded from analysis,³⁷ limits on this study are clearly aimed at establishing the manipulatable climate of Central Government activity in which the public and private sectors must operate.³⁸ Though the Central Government, of course, is not solely responsible for Bolivian developments, it does set a tone and atmosphere in which national developments are based.

Interestingly, in the past, the chief executive of Bolivia, like the chief of state in Spain, has not controlled directly the major agencies involved in economic development because of decentralization of economic activity. Thus, though important economic policy has been excluded from politics, so too has the executive's power to resolve national problems been greatly limited. While on one hand such arrangements may be healthy in preventing the development of a monolithic state, on the other hand the comments of the Mission to Spain of the International Bank for Reconstruction and Development are quite applicable to Bolivia. In noting that autonomous agencies should either be brought directly under the control of the government in regard to finances (in the same way that a private company is accountable to its shareholders) or reintegrated into the government, the Mission found that while there may well be some cases where a measure of autonomy is desirable, the case for reintegration is a strong one. In sum, they have written that while the case for autonomy rests on a number of arguments, including fewer complications in promoting worthy staff or letting of contracts, the answer to such problems:

should be an improved system within the central administration, not the creation of agencies with more flexible rules. Autonomous agencies have, typically,

THE BOLIVIAN REVOLUTION AND
U.S. AID SINCE 1952

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Johannes Wilbert, *Editor*

The Bolivian Revolution and U.S. Aid since 1952

FINANCIAL BACKGROUND AND
CONTEXT OF POLITICAL DECISIONS

BY JAMES W. WILKIE
University of California, Los Angeles

LATIN AMERICAN CENTER
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This book is dedicated to
RICHARD W. WILKIE
long-time companion in study
and travel throughout Mexico,
Central America, and South America

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J. W. W.
Pacific Palisades, California
November 1968

INTRODUCTION

IN 1964, when Víctor Paz Estenssoro was overthrown, the Bolivian Armed forces shattered the apparent stability of regular presidential elections which had been established by the National Revolutionary Movement (MNR). Before the presidential office was filled legally again in 1966, two military men exchanged power four times in a manner reminiscent of the frequent changes in office between 1930 and 1952. During the 22 years between 1930 and the MNR's victory in 1952, 11 presidents out of 16 served in an acting capacity (see Appendix II).

With the fall of the MNR some observers thought that institutionalization of the Revolution in the Mexican style had been thwarted; however, men who overthrew Paz professed to be carrying forward the ideals of the Revolution by eliminating bad government and corruption. Other viewers took the position that institutionalization of a "movement," in contrast to a political "party," was impossible and the collapse of the MNR was inevitable.

Rather than speculate in political terms on the meaning of the MNR's rise and fall, we suggest that one look at economic aspects of Bolivian development during the last third of a century in order to take into account the pressures and forces which have influenced political action. While political studies are important, the financial structure which interacts with and is generated by politics is especially significant for purposes of political analysis. Although Bolivian political action has been investigated by Robert J. Alexander, and social and economic aspects of development have been traced in pioneering works by Richard W. Patch and Cornelius Zondag,¹ systematic statistical analysis of financial structure and state policy has been lacking.

Analyzing Bolivia's financial affairs, we are concerned with the impact of inflation in Bolivia after 1930 and its relation to the Revolution that began in 1952. Thus, interpretation of economic growth under the MNR, especially as influenced by the U.S. Agency for International Development (USAID) together with the nature of Central Government expenditure, provides a context for understanding political activity. In discussing the nature of and patterns in Bolivian Central Government expenditure, we may see the problems of development with which Bolivian politicians have been confronted. Because this study is interested in policy of expenditure, emphasis has been placed upon budgetary matters rather than upon policy of taxation, which is discussed here only tangentially.

Since this is a specialized study of Bolivian affairs, the reader should not expect a full discussion of Bolivian historical development after

1930, especially in regard to the complex social results of the Chaco War and the Revolution. We recognize in the latter case, for example, that expropriation of the tin mines, universal suffrage, land reform, new labor laws, and changed political environment have dramatically altered Bolivian life. Also it is apparent that the causes of the MNR's rise and fall are numerous and convolute. Nevertheless the scope of inquiry has been delimited.

Though Paz Estenssoro, a professor of economics, began his rise in politics with the foundation of the National Revolutionary Movement in 1941, he did not consolidate his position in the executive branch of government until his second period as Minister of the Treasury (January 1, 1945-July 19, 1946) in the Cabinet of President Cualberto Villarroel. The year 1945 was crucial in determining the nature of Paz's victorious Revolution after 1952 because a pattern of social expenditure (in contrast to economic expenditure),² emerged which, in a sense, was to freeze the concept of state action for at least the next twenty years. This upheaval in state policy dating from 1945 must be analyzed as contributing to Paz's rise to presidential power in 1952 and his fall in 1964.

Development of frozen budgetary policy in Central Government expenditure had roots in the early years of the twentieth century and has affected all subsequent Bolivian history. The crisis of world depression after 1929 and Bolivia's part in the Chaco War from 1932 to 1935 created stresses and strains which in part were resolved by Paz's financial program of 1945. The Paz program may have been socially necessary, given inflation, but its repercussions caused a problem for the Revolutionary government from 1952 to 1964 in that with American foreign aid theoretically assuming the burden of economic expenditure in Bolivian affairs, the Revolution was never forced to assert national authority in state planning.

The Bolivian Revolution was undertaken with the belief that rational state planning is a possible and necessary concomitant of national socio-economic development. Unfortunately, financial analysis which would make effective state planning a reality was not possible for two reasons. First, audits were not published so that planners could understand what the government was doing with its income. Second, the traditional form of the budget and audit figures was maintained with little change after the Chaco War and this meant that financial figures were basically unintelligible. It is no wonder that in 1961 President Paz accepted the ideas of the United Nations budgetary experts regarding the implementation of "program budgeting." A shift from administrative budgeting to program budgeting was not fully complete until after Paz fell from power, but the effect on long-term historical

analysis may well prove to be a serious problem if such an approach is continued without moderation.

In analyzing Bolivia's financial affairs, we are concerned with identifying historical patterns and with assuring that comparative data for different historical times will be available. In this light we offer criticism of program budgeting, which is being sponsored by some United Nations experts as the latest method in state planning.³ In addition, positive recommendations are offered for the Bolivian government concerning the maintenance of time series, which must be continued and not supplanted if state planning is to be workable.

If the problems of achieving political stability in Bolivia are to be understood, it is necessary to examine financial processes as one important aspect influencing political action. If politicians themselves are not fully aware of financial factors which influence them, there is little possibility that they can effectively manipulate their environment to achieve political stability. In any case, whether or not Paz and the MNR might return to power or whether or not the post-1964 governments can rule in the name of the "Purified Revolution," the successful government of Bolivia will depend in a large measure upon breaking the mold of state action established in 1945.

List of Symbols

- Three dots (. . .) indicate that data are *not available*.
- Three dashes (- - -) indicate that the magnitude is *zero or negligible* (less than .05).
- Two dashes (- -) indicate that the item or category *does not apply*.
- A minus sign (-) before a figure indicates a *deficit or a decrease in magnitude*.
- An asterisk (*) is used to indicate *partially estimated figures*.

Note

The terms "U. S. Aid" and "USAID" are used interchangeably in this study for discussing programs of the U. S. Agency for International Development. For discussion of a "wastage overhead factor" in the efficiency of USAID activity (and Bolivian Central Government programs), see Appendix O.

THE BOLIVIAN REVOLUTION AND
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THE IMPACT OF INFLATION

THE WORLD DEPRESSION after 1929 stimulated many countries, including Bolivia in 1931, to begin to measure cost of living. Unfortunately the advent of the Chaco War in 1932 curtailed the recording of price levels, but in 1936 the work of Bolivia's statistical agency was resumed and the same sample of prices for that year showed a 217 per cent increase when compared to prices of 1931, or a 26 per cent compound annual growth for each of five years. A constantly high yearly inflation thereafter set the stage for changes in financial policy which were to converge in 1945. Data used in the cost of living index are for La Paz. Though data are available in recent years for departmental capitals, the index for La Paz is the only one going back to 1931; the Bolivian Statistical Agency has not developed an index for the country as a whole due to weighting problems in the sample.⁴ Therefore, we use the index for La Paz which, in any case, dominates the economic life of the country.

Though the cost of living shown in Table 1 and Graph 1 dropped appreciably during 1943-1944, it is clear that the Villarroel government, which took office in 1943, was under great pressure to relieve social tensions accumulated over a 14-year period. Obviously this stress was a key factor in the thinking of Víctor Paz Estenssoro, for protest which culminated in the policies of the Villarroel government of the mid 1940's rejected the argument that sound economic policy decried state intervention in national affairs. The result was an attempt to ameliorate social problems caused by inflation and compounded by the aftermath of the Chaco War. Ironically, once the Bolivian Revolution came to power — from 1952 to 1964 — it had to maintain a rate of social and administrative expenditure which precluded the making of economic expenditure necessary to escape from inflation.

It is interesting to note that the Revolution of 1952 coincided with a new surge of inflation beginning in 1950. Inflation, of course, could not automatically cause a full-scale social upheaval, for many countries in Latin America lived with inflation as a fact of life without revolution during the same years. Given the dramatic rates of change in the price index, however, the conservative governments, which sided with the "tin oligarchy" without seeking to alleviate economic causes of social stress in Bolivian society, inevitably lost support among the middle sectors, government bureaucrats, and workers who make up the bulk of the economically active sector of the country's population.

If current theorizing about revolutions by James C. Davies is relevant,

the Revolution of 1952 should have come as a result of a sudden deterioration of the social and economic situation after a prolonged period of improvement which awakened popular expectation for change in levels of living. Davies's concept, which synthesizes and elaborates ideas on cause of revolution by Marx and De Tocqueville, does find some support in the Bolivian experience.⁵ Table 1 shows that the general increase in cost of living had been relatively low by post-1931 Bolivian standards for 6 years prior to an upsurge after 1950. Also, the situation

TABLE 1
Cost of Living in La Paz, Index Numbers and Rate of Change,
1931-1966^a

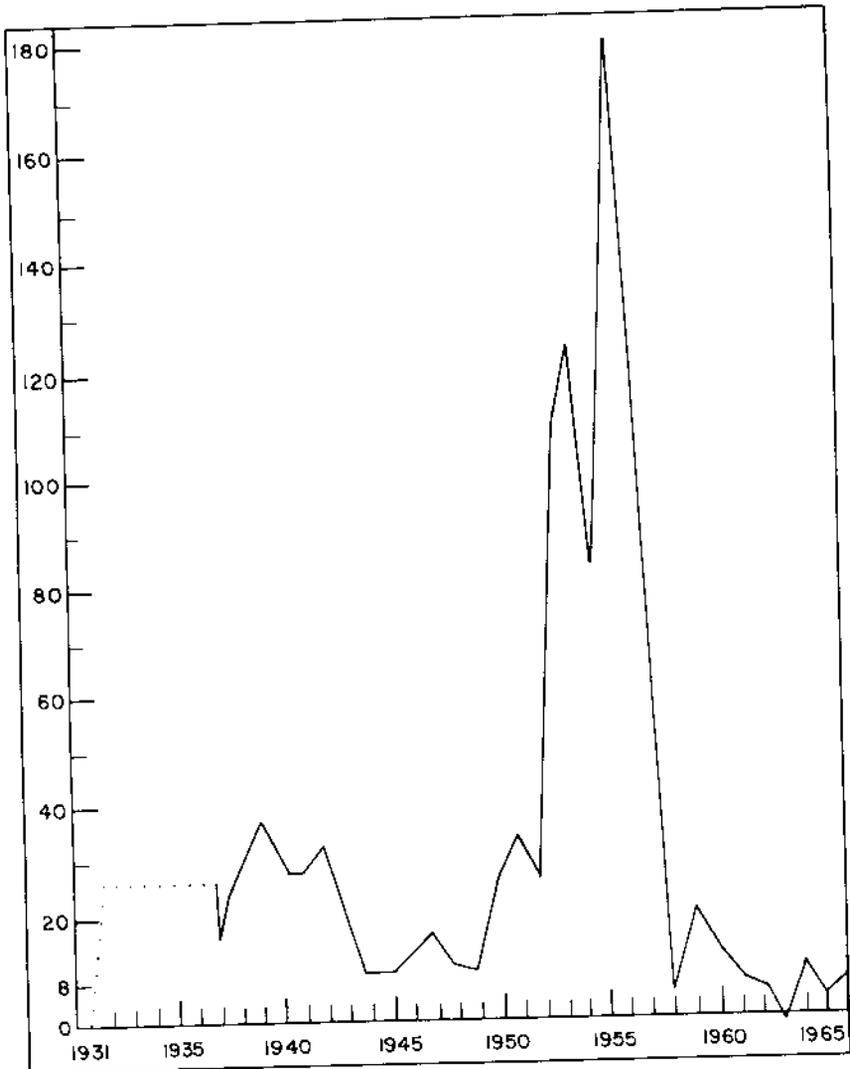
| Year | General | | Year | General | |
|-------------------|--------------------------------|--------------------|------|--------------------------------|--------------------|
| | Cost of Living (1931 = 100) | Per Cent Change | | Cost of Living (1931 = 100) | Per Cent Change |
| 1931 | 100 | ... | 1949 | 2,794 | 8 |
| 1932 ^b | °126 | °26 | 1950 | 3,426 | 23 |
| 1933 ^b | °159 | °26 | 1951 | 4,563 | 33 |
| 1934 ^b | °200 | °26 | 1952 | 5,664 | 24 |
| 1935 ^b | °252 | °26 | 1953 | 11,412 | 101 |
| 1936 | 317 | °26 | 1954 | 25,613 | 124 |
| 1937 | 361 | 14 | 1955 | 46,102 | 80 |
| 1938 | 462 | 28 | 1956 | 128,518 | 179 |
| 1939 | 626 | 36 | 1957 | 276,483 | 115 |
| 1940 | 799 | 28 | 1958 | 285,058 | 3 |
| 1941 | 1,011 | 27 | 1959 | 341,000 | 20 |
| 1942 | 1,331 | 32 | 1960 | 381,444 | 12 |
| 1943 | 1,568 | 18 | 1961 | 407,522 | 7 |
| 1944 | 1,689 | 8 | 1962 | 431,483 | 6 |
| 1945 | 1,829 | 8 | 1963 | 428,433 | - 1 |
| 1946 | 2,045 | 12 | 1964 | 471,890 | 10 |
| 1947 | 2,345 | 15 | 1965 | 458,575 | 3 |
| 1948 | 2,598 | 10 | 1966 | 519,080 | 7 |

^a 1931-1936 data are for December only; 1937-1949 data are for 2-month average (e.g., 1937 is average for December 1936 and December 1937); 1950-1966 data are for 12-month average (January-December).

^b Estimates based upon compound annual growth rate.

Source: 1931-1949 data are from Bolivia, Dirección Nacional de Estadística y Censos, *Boletín Estadístico* 80 (1957): 5; 1950-1964 data are from Bolivia, Dirección General de Estadística y Censos, *Boletín Estadístico* 90 (1964): 52; 1965-1966 data are calculated from *ibid.*, 92 (1966): 273, as explained in Table 7. Index includes 53 items representing cost of food, clothing, fuel, housing, and diverse consumer items (see, for example, Bolivia, Dirección General de Estadística y Censos Anuario [de] *Estadísticas Financieras y Costo de Vida* 1963). Cf. short-run price indexes prepared by the same agency utilizing bases of 1936, 1953, and 1957. The latter is discussed below in Table 7. See also, Néstor Sáinz, "Breve Informe Sobre el Índice del Costo de Vida," Memorandum, USAID/Bolivia, March 10, 1965. The index presented in U.N. Comisión Económica para América Latina, *Análisis y Proyecciones del Desarrollo Económico, IV., El Desarrollo Económico de Bolivia* (Mexico, D.F.: Departamento de Asuntos Económicos y Sociales, 1958), 61, 67, is based upon December 1931 = 100 given in the source above for 1931-1949.

GRAPH 1
Annual Percentage Increase in
Cost of Living, La Paz, 1931-1966



Dotted line indicates estimate based upon compound
annual growth rate in the Cost of Living Index.

prior to 1950 may partially account for the failure of the MNR's attempt to overthrow the conservative government in the Civil War of 1949; socio-economic structural factors favored the status quo at that time.

Davies's concept is relevant, with qualification, after the Revolution came to power; although increase in cost of living fell during 1952,⁶ the great inflation from 1953 to 1957 theoretically might have caused the end of the MNR government in 1953 or 1956. Nevertheless, since the MNR acted to stem mounting inflation and was able to point to implementation of revolutionary ideas in a wide variety of fields, Paz Estenssoro could successfully hand over power to his successor, Hernán Siles Zuazo. Given the inflation and the threat to the MNR's victorious hold on government, it is no wonder that Marxist-oriented Víctor Paz Estenssoro felt compelled to accept the strictures of the International Monetary Fund (IMF), even at the cost of possibly disrupting much-needed economic progress. Increase of cost of living in 1958 amounted to only 3 per cent, the lowest change on record. Though the price level swung upward significantly in 1959, thereafter percentage gains decreased until 1964 — and in 1963 the cost of living did not increase at all but actually fell by 1 per cent. Davies's theory would indicate that a 10 per cent increase in prices during 1964, a year of political crisis, could not have helped President Paz remain in power.

ECONOMIC GROWTH, 1950-1966

A program of monetary stabilization, which went into effect in December of 1956 under President Hernán Siles Zuazo, had been worked out after a bitter struggle within the MNR. Paz and Siles opted for the IMF stabilization in spite of Juan Lechín's objections. As spokesman for the tin miners and third power in the tri-pronged MNR leadership, Lechín claimed that the proletariat was to be sacrificed in order to achieve a stability which would only benefit capitalist interests. Lechín was not necessarily in favor of inflation, but he was against the IMF plan to control it. However, Paz and Siles, as outgoing and incoming presidents, respectively, realized that they must control inflation in order to count on the continued USAID support which was vital to maintain the MNR in power.

Inflation was effectively halted by the stabilization program, as may be seen in Table 1 and Graph 1; but the effect on Gross Domestic Product (GDP) marks a turning point in the Bolivian Revolution. Debate within the MNR over the IMF program and mixed evidence of its results split the movement and doomed its existence. Latest estimates of Gross Domestic Product are presented in Table 2; no figures are available for years prior to 1950.

TABLE 2
Estimated Gross Domestic Product
1950-1966

| Year | Millions of Dollars Deflated for 1958 Prices ^a | Percentage Change |
|------|-----------------------------------------------------------------|----------------------|
| 1950 | 355.9 | ... |
| 1951 | 378.6 | 6.4 |
| 1952 | 387.8 | 2.4 |
| 1953 | 343.7 | -11.4 |
| 1954 | 346.2 | .7 |
| 1955 | 371.3 | 7.3 |
| 1956 | 354.8 | -4.4 |
| 1957 | 342.9 | -3.4 |
| 1958 | 353.7 | 3.1 |
| 1959 | 352.7 | -.3 |
| 1960 | 367.7 | 4.3 |
| 1961 | 375.5 | 2.1 |
| 1962 | 396.5 | 5.6 |
| 1963 | 421.9 | 6.4 |
| 1964 | 442.2 | 4.8 |
| 1965 | 467.1 | 5.6 |
| 1966 | 496.7 | 6.3 |

^a For per capita figures see Table 10; for sectoral analyses see Appendix I.

Sources: 1950-1957, Bolivia, *Plan Nacional de Desarrollo Económico y Social, 1962-1971, Resumen* (La Paz: n.p., 1961), 30A. 1958-1963, Bolivia, Secretaría Nacional de Planificación y Coordinación, *Cuentas Nacionales de Bolivia, 1958-1963* (La Paz: Editorial Cassinoli, 1966) and USAID/Bolivia, *Economic and Program Statistics 7* (1965) 4. 1964-1966, USAID/Bolivia, *Economic and Program Statistics 9* (1968) 6.

Development of the Bolivian economy has been very uneven. Apparently national economic life was in a very healthy condition during 1951, a year that brought a 6.4 per cent increase in GDP. Although 1952, the year of the Revolution, featured a decrease in economic activity, not until the disastrous year of 1953 did the effect of economic decline (and low tin prices discussed below) hit the nation. Beginning in 1954 Bolivia recovered somewhat from a decrease in GDP of 11.4 per cent for the previous year, but the great inflation of 1956-1957 was accompanied by a contracting economy which wiped out any gains. In 1957 the country reached the lowest point in productivity since 1950. Only in 1960 did the economy recover, and not until 1962 was the 1952 output surpassed.

POLITICAL ASPECTS OF ECONOMIC PROBLEMS

Bolivian economic recovery during Paz's second term, 1960-1964, could not resolve policy problems within the MNR. During the stabilization carried out by President Siles, Lechín and Siles had become open enemies. Since Paz continued to support the development of a national army as a counterpoise to the civilian militia — a process begun by Siles in his battle with Lechín and carried on by Paz at U.S. insistence after the rise of Castro in Cuba — a Paz-Siles alliance within the MNR might have assured the institutionalization of an Official Party. Problems of presidential succession in 1964, however, prevented any such alliance.

When in 1956 the Siles wing of the MNR took the executive office, apparently it was agreed unofficially that after Paz's second term, the Lechín sector of the MNR would assume the presidency in 1964. With the deep split over economic policy by the early 1960's, Siles did not want to see Lechín's group in power. His position was backed by the United States Ambassador, Ben S. Stephansky (terms of U.S. ambassadors to Bolivia are given in Appendix Q). According to Paz, Stephansky believed that Lechín was a weak leader who would not be able to resist communist influence after gaining power.⁷ In this situation, Paz's middle position emerged anew as the only solution to prevent the MNR from breaking up. Such a succession, however, required amendment to the constitutional precept that presidents should not immediately succeed themselves. Siles turned against Paz over the issue even though Paz claims that he offered Siles the "effective presidency" in 1964; this arrangement would have found Paz reelected as President but acting in an economic capacity. Government Minister Siles would have been the real President even though he would not have held the title. In this manner Paz could have carried out his program of economic development.⁸

U. S. AID TO BOLIVIA

Pressures from the U. S. Mission to Bolivia played an important role in the decision of Paz to seek a second consecutive term. Paz realized that if the radical wing of the party succeeded him in the presidency, not only might the MNR fall apart, but the U. S. would cut off necessary financial assistance to the Revolution. Since 1954 the U. S. had funded the Revolution at the behest of Milton Eisenhower who visited Bolivia in 1953. This visit had provided a turning point in U. S. relations with the MNR;⁹ henceforth the U. S. State Department was to make the distinction that though the Bolivian Revolution was Marxist, it was non-Communist.¹⁰ Needless to say, such a distinction was a rarity during John Foster Dulles's years as U. S. Secretary of State. This distinction

became even more important during the Kennedy administration because of Castro's rise to power and conversion to Communism. The U. S. was determined to prevent any change in the nature of the Bolivian Revolution.¹¹

A pattern of increasing American commitment to Bolivia may be seen in Appendix A. This data includes funds administered by the U. S. Agency for International Development (November 1961-) and its predecessor agencies (Economic Cooperation Administration, 1948-1951; Mutual Security Agency, 1951-1953; Foreign Operations Administration, 1953-1955; International Cooperation Administration, 1955-1961; and the Development Loan Fund, 1957-1961).

The small technical assistance project begun by the U. S. in 1942 was expanded into a mammoth assistance program beginning in 1954. Thrust of U. S. obligations emphasized grants until the late 1950's, but since 1963 loans have become most important. Obligations of Food for Peace under Public Law 480 reached peaks in 1955 and 1963, with new obligations declining during the period 1958-1960.

Though U. S. commitments reached high figures, notably in 1955 and 1962-1964, and undoubtedly gave the MNR confidence, it is important to consider the effect of such assistance on Bolivian development. If all of this aid had gone for economic development, Bolivia might have experienced accelerated economic growth in spite of the Revolution's frozen policy of social expenditure. An important share of this aid, however, supported non-economic activity.

Table 3 shows a functional breakdown of the actual expenditure of programs administered by USAID/Bolivia for technical assistance and development grants and loans, as well as cash and other grants financed through generation of local currency under sales of agricultural commodities (Public Law 480, Title I). This analysis by type of expenditure also contains donations of surplus commodities to voluntary relief agencies, grants for economic development, and dollar loan credits from the sale of commodities under Public Law 480 (Titles III, II, and IV, respectively). Social Progress Trust Funds, Export-Import Bank loans, Peace Corps, and military assistance (included in Appendix A) are excluded from Table 3 because they are not administered by USAID.¹²

The reader should note that since USAID has developed a complicated accounting system and a series of categories which are very difficult to administer, and since accounts have been constantly revised, USAID/Washington and USAID/Bolivia show conflicting amounts obligated and actually spent. In fact, both Washington and La Paz each have several sets of figures on expenditure. Table 3 is based upon USAID's latest published revision which contains the only historically consistent and meaningful functional analysis available.¹³ (Obligations

TABLE 3
Functional Analysis of USAID Programs, 1942-1966^a
(In Dollars and Per Cent)

| <i>Type of Expenditure</i> | <i>1942-1961</i> | | <i>1962-1966</i> | |
|------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | <i>Millions</i> | <i>Per Cent</i> | <i>Millions</i> | <i>Per Cent</i> |
| Economic | | | | |
| Food and Agriculture | 9.4 | | 4.2 | |
| Transportation and Power | 4.2 | | 4.8 | |
| Mining, Oil, and Industry | 1.5 | | 4.0 | |
| Public Works | -- | | 3.0 | |
| Development Loans | 2.6 | | 28.8 | |
| Local Currency Projects ^b | 34.8 ^c | | 34.8 ^d | |
| Sub-total | 52.5 | 47.2 | 79.6 | 56.5 |
| Social | | | | |
| Health and Sanitation | 3.1 | | .7 | |
| Education | 3.6 | | 1.7 | |
| Labor Affairs | .2 | | .9 | |
| Community Development | .3 | | 1.8 | |
| Agricultural Commodities (Relief) ^e | 6.6 | | 3.4 | |
| Local Currency Projects ^b | 4.0 | | 6.0 | |
| Sub-total | 17.8 | 16.0 | 14.5 | 10.3 |
| Budgetary Support Sub-total | 34.9 | 31.4 | 29.8 | 21.1 |
| Administrative | | | | |
| Public Administration and Safety | 1.9 | | 3.4 | |
| Planning | -- | | 1.9 | |
| Other | 2.0 | | 5.1 | |
| Local Currency Projects ^b | 2.1 | | 6.7 | |
| Sub-total | 6.0 | 5.4 | 17.1 | 12.1 |
| Total^f | 111.2 | 100.0 | 141.0 | 100.0 |

^aCf. Appendix A for programs not included here. ^bPublic Law 480, Title I. ^cIncludes 17.4 million dollars road construction, P.L. 480, Title II. ^dIncludes P.L. 480, Titles II and IV. ^eP.L. 480, Title III. ^fMixed obligations and disbursements.

Source: Methodology is discussed in text. Data is adapted from USAID/Bolivia, *Economic and Program Statistics 9* (1968) 37, 38, 41. Key to local currency is given in *Ibid.* 8 (1966) 31-33. Local currency is converted with exchange rate given in USOM/Bolivia, *Point Four in Bolivia, 1942-1960*, 89, and Table 4 below; see note 14.

presented in Appendix A are taken from Washington sources which present the only consistent and revised analysis available for total authorization by year.) Because we have no revised yearly series, and because 1961 provides a natural watershed with the beginning of the Alliance for Progress and transition to the Agency for International Development as the U. S.'s organization responsible for foreign assistance, figures in Table 3 are presented for two periods: 1942-1961 and 1962-1966. In order to present a consolidated account, local currency has been converted to dollars by using a weighted average exchange rate of bolivianos to the dollar for both periods. Since yearly local currency totals for the first period were unavailable, an exchange rate calculated by the U.S. Operations Mission has been adjusted to include 1961 and arrive at average value.¹⁴ The major problem with figures in Table 3 reflects inconsistency in functional analysis by USAID: dollar accounts are presented in terms of obligations and local currency in terms of disbursements. Fortunately, however, obligations and expenditures are approximately equal. (Data on disbursements of dollar development loans, excluded from USAID's functional analysis, are available and are classified under economic expenditure.)¹⁵ Though these estimates apparently have a high probability of reliability,¹⁶ the reader should note that the data are not necessarily firm but are presented to reveal *trends of expenditure*.

During the first period ending in 1961, U.S. aid was distributed heavily in favor of social expenditure, with 16.0 per cent of total outlay going for direct social matters and 31.4 per cent for budgetary support of the Bolivian Central Government's social revolution. Between 1962 and 1966 budgetary support fell to 21.1 per cent of expenditure and direct social assistance fell to 10.3 per cent. Though economic outlay gained at the expense of social emphasis, however, 43.5 per cent of U.S. aid still supported non-economic functions.¹⁷

As USAID Economic Advisor Jacob P. Meernan noted in late 1966:

Through 1964 the major element in USAID's program was providing resources to cover Bolivia's public sector deficit. It was an era of disinvestment with a vengeance, an economic concomitant of the profound social upheaval following a real revolution, and the weak disorganized government came with it. Putting an end to the deficit became an overwhelming concern [of the] Solomon Strategy . . . in the USAID program.¹⁸

The share of the U.S. expenditure (excluding programs not administered by USAID) devoted to direct budgetary support of the Bolivian Central Government is shown in Table 4. Direct budgetary support was begun in 1957 in order to help Bolivia's stabilization program; and in that year it constituted 27.2 per cent of the U.S. allocations. In 1960 this

amount reached 53.9 per cent and remained above 30 per cent until 1963 when a change in USAID policy attempted to reduce this emphasis. In 1966 Dr. Meerman wrote the following memorandum for USAID:

We can assert: (1) that the USAID strategy with reference to eliminating COB [Government of Bolivia] public sector deficits is succeeding and (2) that it is [now] proper to refer to our program in Bolivia as largely one of economic development.¹⁹

Analysis of the USAID contribution to Bolivian Central Government income in Table 5 bears out this change of USAID policy. Since the Central Government operates on a calendar year in contrast to the U. S. fiscal year, data in Table 5 are not exactly comparable to figures in Table 4, but a very definite trend is revealed. In 1957, 32.0 per cent of Bolivian treasury revenue came from USAID. This amount was the high mark

TABLE 4
Share of Total USAID Actual Expenditure Devoted
to Support of Bolivian Central Government Budget, 1957-1966

| U. S. Fiscal Year | Budgetary Support ^a | | | Total USAID Expenditure in Millions of Dollars | Support as Per Cent of USAID Expenditure |
|-------------------------|------------------------------------------------|---------------------------------|--------------------------------|---------------------------------------------------------|---------------------------------------------------|
| | A Billions of Bolivianos ^b | B Dollar Exchange Rate | C Millions of Dollars | | |
| 1957 | *59.9 ^c | 8.1 | *7.4 | *27.2 ^d | 27.2 |
| 1958 | *54.5 ^c | 9.5 | *5.7 | 25.8 | 22.1 |
| 1959 | 80.0 | 11.9 | 6.7 | 22.9 | 29.3 |
| 1960 | 114.3 | 11.9 | 9.6 | 17.8 | 53.9 |
| 1961 | 65.0 | 12.0 | 5.4 | 16.8 | 32.1 |
| 1962 | 127.1 | 12.0 | 10.6 | 28.0 | 37.9 |
| 1963 | 52.8 | 11.9 | 4.4 | 36.2 | 12.2 |
| 1964 | 71.0 | 11.9 | 6.0 | 57.6 | 10.4 |
| 1965 | 51.5 | 11.9 | 4.3 | 19.1 | 22.5 |
| 1966 | *20.0 | 12.2 | *1.6 | *17.8 | *9.0 |

^aFunds disbursed by USAID (may include budgetary support of some decentralized agencies).

^bIn 1963 the peso replaced the boliviano as unit of currency, but the latter is used here for consistency (see Appendix F). This support was funded by local currency programs.

^cSource gives 114.4 without yearly breakdown; distribution here is based upon calendar year receipts by Central Government (see Table 5).

^dAmount is from balance of payments data in USAID/Bolivia, *Economic and Program Statistics* 3 (1962) 11.

Source: Column A: USAID/Bolivia, *Economic and Program Statistics* 8 (1966) 33 (cf. data for calendar year in 9 (1968) 41), and letter from Néstor Sáinz, February 28, 1968. Column B: Dirección General de Estadística y Censos, *Boletín Estadístico* 92 (1966) 59. Column D: USAID/Bolivia, *Economic and Program Statistics* 3 (1962) 11; 5 (1963) Table 1; 7 (1965) 32; 8 (1966) 31.

of U. S. budgetary assistance; for the next four years the figure ranged from 22.9 to 29.3 per cent. The pattern was broken in 1963 and the share of USAID quickly decreased thereafter to between 4.1 and 7.7 per cent of Central Government revenue. Though USAID tried to channel budgetary support into selected programs, particularly economic, the Bolivian government usually was free to use the money as it wished, and in any case Bolivia's own funds were released for fresh deployment to meet social demands.

In a large measure, aid to Bolivia should not have been labeled "economic assistance." Of the 275.9 million dollars disbursed by the U. S. from the inception of programs through 1964,²⁰ between one-third and one-half of all grant and loan assistance consisted of shipments of agricultural commodities to Bolivia.²¹ Economically, redistribution of land under the Revolution often resulted in a shift from production for market by large land holders to production for subsistence and rural consumption by small landholders. Thus, with resultant food shortages in the cities, Milton Eisenhower saw emergency shipments of surplus agricultural commodities to Bolivia as saving the country from starva-

TABLE 5
Share of Bolivian Central Government
Revenue Contributed by USAID, 1957-1966

| Calendar Year | Billions of Bolivianos | | |
|------------------|------------------------|-----------------------------|-------------------|
| | Income in Billions | USAID Share ^a | USAID Per Cent |
| 1957 | 267.0 | 85.5 | 32.0 |
| 1958 | 297.9 | 77.6 | 26.0 |
| 1959 | 342.8 | 100.5 | 29.3 |
| 1960 | 341.9 | 78.3 | 22.9 |
| 1961 | 413.4 | 105.5 ^b | 25.5 |
| 1962 | 459.2 | 82.8 ^b | 18.0 |
| 1963 | 439.4 | 65.0 | 14.8 |
| 1964 | 554.1 | 42.8 | 7.7 |
| 1965 | 737.8 ^c | 30.0 ^d | 4.1 |
| 1966 | *837.0 ^c | 34.4 ^d | *4.1 |

^aLocal currency "counterpart funds."

^bIncludes extraordinary loan.

^cBolivia, Dirección General de Estadística, *Boletín Estadístico* 92 (1966): 5, 9, 1966 is projected income.

^dAmount given in USAID/Bolivia *Economic and Program Statistics*: 8 (1966) 25.

Source: Income is presented in Bolivia, Contraloría General, Summary Account Books, see Appendix F.

tion.²² Actually, this assistance was inexpensive for the U. S. as these commodities had already been purchased to provide farm subsidies to American farmers, and according to the USAID/Bolivia "Status Report, 1964," 12.6 per cent of total assistance through 1964 was in loans for the purchase of surplus American foodstuffs.

Flooding of the Bolivian market with American agricultural commodities did indeed prevent a social crisis arising from lack of Bolivian food production, but it also had economic ramifications in that wheat production collapsed along with the milling industry.²³ Imports of U. S. foodstuffs, however, did not necessarily discourage Bolivia's development of agriculture as might be expected.²⁴ U. S. technical assistance has helped the country diversify its production in order to end imports of foods such as sugar and rice which it had traditionally bought from abroad.²⁵ Nevertheless, in 1966 about 19 per cent of the value of Bolivia's imports was devoted to food, beverages, tobacco and live animals, compared to percentages of 21 and 30 per cent in 1930 and 1952, respectively.²⁶ Evidently, imports of U.S. commodities have had a mixed effect on encouraging Bolivia to resolve its rural production problems.

Given the above assessment of U. S. assistance to Bolivia, it is apparent that though the U. S. was theoretically charged with economic development, early efforts of the mission were largely dissipated in much needed social action. There is an irony here, for USAID has managed a shift to economic investment at the very time when the Alliance for Progress trumpets a shift from economic to social investment. Apparently for very sound reasons, usually USAID/Bolivia has been out of step with official thinking in Washington about the nature of assistance.²⁷

THE NATURE OF CENTRAL GOVERNMENT EXPENDITURE

Now that the context of Central Government action has been examined, the importance of Bolivian Treasury Department expenditure may come into focus. We have found that USAID disbursements either tended to follow the Central Government policy of social expenditure suggested at the beginning of the study or were turned over to the Central Government as budgetary support of that policy.

Just as USAID expenditures in Table 3 were presented in functional terms, Bolivian Central Government expenditures may conveniently be separated into categories according to social, economic, and administrative emphasis. Naturally these groups are used for summary purposes; real meaning must be extracted from the movement of funds over a period of time by close examination of different programs which are

grouped by type of emphasis (see Appendix M). Full rationale for this kind of analysis has been presented by the author in a study which investigates policy in the Mexican Revolution.²⁸ Though analysis of expenditure in economic terms is not possible because governmental accounting involves the "general vice of not separating current outlay from capital expenditures,"²⁹ this problem does not affect the present study which is interested in political analysis of types of expenditure.

Examination of budgets and actual expenditures in Bolivia, as in Mexico, offers a test of ideology. Since politicians may promise all things to all people, and claim they are fulfilling all promises, it is fruitful to investigate the expenditure of funds. A government's expenditure comes to 100 per cent and the components of such outlay may be categorized quantitatively to demonstrate the nature of ideology as it is expressed in practice.

Social expenditure includes contributions to international and foreign agencies working in Bolivia, funds for housing and public welfare, and allocations to the Ministries of Education, Labor and Social Security, and Peasant Affairs. In this analysis of expenditure, for example, all outlay necessary to make the Ministry of Education function (salaries, equipment, construction, etc.) is included as an educational expense.³⁰

Economic expenditure encompasses funds for agrarian reform, public works, communications, agriculture and livestock, colonization, and the Ministries of Mines and Petroleum and Economy. In addition, economic expenditure includes transfers to decentralized agencies like the Bolivian Development Corporation, subsidies to industry and commerce, and payments to such programs as run by the Agricultural Service.

Administrative expenditure includes funds expended by the Congress, Judiciary, Presidency, Foreign Office, Treasury and Audit Departments, and Ministry of Government and Immigration. Military outlay, payments on the public debt,³¹ and retirement contributions are grouped here as they also are activities which maintain the state from day to day rather than stimulate social well-being and economic activity. Bolivia's subsidy to the Catholic Church has continued as an administrative expenditure of the Central Government in spite of the social revolution which has reshaped national life. Since MNR revolutionists did not feel that the Church was a power which threatened their ideals of national integration, they did not challenge its position.³² The President's special reserve funds for classified activity and the Electoral Court are also grouped under administration.

There are some special cases of categorization which deserve comment. The fund for State Obligations originally encompassed debts and programs with funds earmarked for required payments. Between 1936 and 1964, however, this category immediately came to represent one of

general expenditure. Because this expenditure lumped social, economic, and administrative payments together under one heading, it has been necessary to distribute these funds according to function. Since the percentage of actual expenditure allocated in this general group reached 61.1 per cent in 1957 and ranged from 34 to 53 per cent thereafter, it is no wonder that Paz Estenssoro backed the implementation of a functional budget in 1961 which would reveal the structure of Central Government expenditure. Appendix D shows the importance of this general category which came to be dominated by expenditures that were not necessarily obligations of the state. The category was finally abolished in 1964.

Trust funds within State Obligations have been deducted from Central Government expenditure for the purposes of this study. Specially Earmarked Income, 1936-1964, and Tax Compensation, 1957-1962, have been omitted from analysis because these items were destined for expenditure not determined by the executive branch of government. The first item, *Renta para Fines Especiales* was included in the budget but not in the actual accounts since this income was not processed through normal Treasury and Audit Department channels but deposited in special accounts for purposes earmarked by Congress. Thus, for example, income from the tax on consumption of alcohol in Cochabamba, automatically transferred to San Simón University of Cochabamba, is excluded from projected and actual analysis here (just as it is excluded from the Bolivian government's projections since 1964 and from analysis of actual expenditure presented in Appendix P). The second item, *Compensación de Impuestos*, arose out of the great inflation of the mid-1950's. The government decided that it could not prevent or keep up with inflation if all earmarked expenditure were to increase as usual. Therefore, for example, instead of automatically transferring a surcharge on mining patents in the province of Bustillo to provide the Department of Potosí with funds for public works in 1957, a system was devised by which in 1958 the Department of Potosí would receive a percentage increase over the previous year rather than the entire surcharge.³³ Though the compensation was included in the budget and actual accounts, it has been excluded here as related to the Specially Earmarked Income. Accounts excluded from projected and actual expenditures are presented in Appendix E.

In spite of a recent trend in many countries to integrate all expenditure of the public sector into composite accounting, we must distinguish between those activities over which the executive has some budget control and those activities of trust funds and decentralized agencies in which income is earmarked for special purposes. In varying degrees the executive allocates funds from the pooled funds of national revenues

in the first instance; in the second he has no budgetary authority and hence very little power to integrate these autonomous accounts into state planning. Trust funds, for example, are exempt from executive influence precisely because interest groups wish to take programs out of the political sphere. In Bolivia this resulted in a very cumbersome system in which small yearly contribution to hundreds of funds limited the executive's ability to meet special capital needs of any particular fund.

Decentralized agencies such as the Bolivian Development Corporation and the Bolivian Mining Corporation (COMIBOL) are excluded from this analysis for the same reasons as given above. COMIBOL operated with a deficit, instead of producing dividends for aiding national economic diversification as the MNR had hoped.³⁴ Not only was tax revenue from mining lost to the government after expropriation of the large tin mines in 1952, but the Central Government had to contribute subsidies to the mines out of its own income.³⁵ Only since 1964 has COMIBOL ceased to operate with a deficit.³⁶

With decentralized agencies and trust funds excluded from analysis,³⁷ limits on this study are clearly aimed at establishing the manipulatable climate of Central Government activity in which the public and private sectors must operate.³⁸ Though the Central Government, of course, is not solely responsible for Bolivian developments, it does set a tone and atmosphere in which national developments are based.

Interestingly, in the past, the chief executive of Bolivia, like the chief of state in Spain, has not controlled directly the major agencies involved in economic development because of decentralization of economic activity. Thus, though important economic policy has been excluded from politics, so too has the executive's power to resolve national problems been greatly limited. While on one hand such arrangements may be healthy in preventing the development of a monolithic state, on the other hand the comments of the Mission to Spain of the International Bank for Reconstruction and Development are quite applicable to Bolivia. In noting that autonomous agencies should either be brought directly under the control of the government in regard to finances (in the same way that a private company is accountable to its shareholders) or reintegrated into the government, the Mission found that while there may well be some cases where a measure of autonomy is desirable, the case for reintegration is a strong one. In sum, they have written that while the case for autonomy rests on a number of arguments, including fewer complications in promoting worthy staff or letting of contracts, the answer to such problems:

should be an improved system within the central administration, not the creation of agencies with more flexible rules. Autonomous agencies have, typically,

been given much greater freedom in establishing their own programs of expenditure and have consequently been less susceptible to the normal process of coordination that the budgetary procedure should ensure. We feel that, in present circumstances, this may prove more of a disadvantage than advantage since a primary object of the government's planning for development is to improve coordination.³⁹

In order to develop planning in Bolivia, post-MNR governments not only completely shifted to program budgeting beginning in 1965 (so that expenditure is shown by function alone rather than by ministry and by function within ministry), but in 1966 decentralized agencies were incorporated into the same financial statement (as in the United States beginning in fiscal year 1969).⁴⁰ Thus, though apparent progress has been made in clarifying the role of the public sector, several serious problems remain. First, if this integration of finances means that the executive is still unable to control autonomous agencies because they retain power of projections and audit of accounts, as in Mexico, then state planning remains limited. Also, if program budgets exclude traditional analysis of expenditure by ministry then no comparison of Bolivian projected and actual expenditure prior to and after 1965-1966 will be possible. Unless a way can be devised to separate Central Government expenditures from those of decentralized agencies, a break in Bolivia's time series data on governmental policy means state planning may lack historical relevance. In contrast, Mexico successfully has added functional analysis and presentation of decentralized accounts to traditional analysis of expenditure by ministries in order to maintain historical series for investigation of long-range developments while adding new analyses.

The relation of Central Government expenditure, major decentralized agency outlay, and contributions of USAID to Gross Domestic Product are offered in Appendix B. It is necessary to note that these relations are only rough approximations of comparability for years in which data are available (1958-1965).⁴¹ We have not deducted for transfer payments among the three sectors, primarily because USAID computations are reported in fiscal years and Bolivian reports are based on calendar years. Central Government expenditures have always amounted to about 8 to 10 per cent of GDP. Major decentralized outlay (for mining, oil, and railways only) reached almost 25 per cent in relation to GDP in 1958 but has declined steadily since 1961 to 16 per cent in 1966. This rate of change makes sense in light of Paz Estenssoro's policy of encouraging the return of private enterprise which fled Bolivia after 1952. USAID's role in relation to GDP has always been under 8 per cent, and fiscal year 1964 would appear to be no exception if the data are adjusted for Bolivia's calendar year.

THE PATTERN OF CENTRAL GOVERNMENT POLICY

The structure of actual Revolutionary financial policy is presented in Table 6 and Graph 2. Here we may see that the Chaco War required heavy administrative outlay from 1932 to 1936. These war-time programs of an administrative nature offset Bolivia's short-lived reaction in 1931 to the world depression of the early 1930's. Administrative expenditure during 1931 fell to a post-1920 low in order to allow the state more responsibility in developing social and economic programs; for example, social outlay rose to over 11 per cent of actual expenditure. A concomitant rise of economic funds for that year was a significant twentieth-century event for Bolivia, though projections (see Appendix G) had called for an even greater reversal of policies of the 1920's than were achieved. Military expenditures, shown in Graph 3, caused a collapse in social and economic percentage of expenditure during 1933 and 1934.

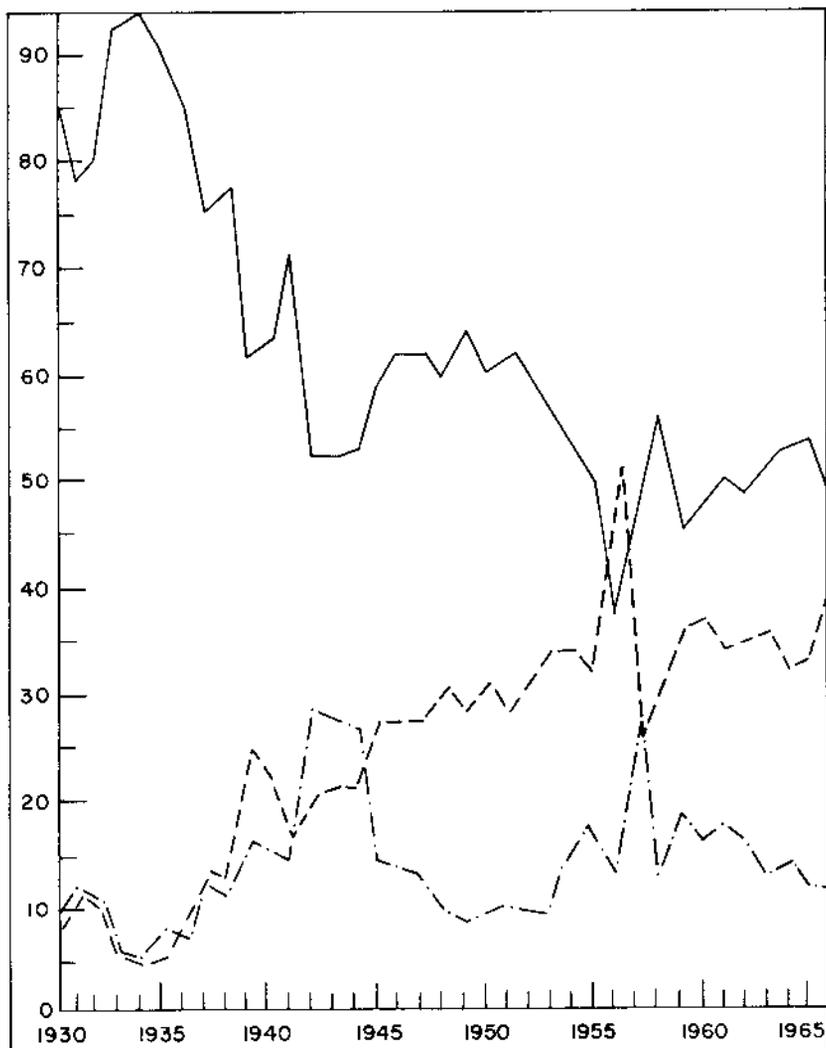
The task of the post-war era was gradually to reduce administrative expenditure in order to release funds for the socio-economic reconstruction of a defeated country. Under Colonel David Toro, who called for "state socialism," projected and actual social expenditure made a relatively dramatic rise in 1937 to surpass pre-Chaco War levels. Toro's government created an independent labor department to protect the worker; also the Toro regime nationalized Standard Oil Company of New Jersey holdings to begin asserting authority over national patrimony.

Colonel Germán Busch, who had led the 1936 move to install Toro in place of the defeated war government, seized executive power in 1937 to project and oversee important gains in economic as well as social policy. Busch's mysterious death in 1939 brought General Carlos Quintanilla into the presidency as interim executive until General Enrique Peñaranda was elected to take office April 15, 1940 (presidential terms of office are presented in Appendix H).

Whereas actual social expenditure reached a high point of 23.6 in 1939 under Busch and Quintanilla, Peñaranda shifted governmental emphasis from social to economic outlay to resolve Bolivia's problems. By 1942 economic programs were to absorb almost 28 per cent of the outgo and though this outlay fell slightly in 1943, projections called for the same high point, as Appendix G shows.

President Villarroel and Minister of Hacienda Paz Estenssoro settled the struggle in government policy as to whether economic or social emphasis should prevail. The Villarroel-Paz social policy was formulated in the budget for 1945. This social program meant that economic expenditure was sacrificed. Though actual expenditure data is not

GRAPH 2
 Percent of Actual Central Government Expenditure
 by Type of Emphasis, 1930-1966



— Administrative
 - - - Social
 - · - Economic

TABLE 6
Per Cent of Actual Central Government
Expenditure by Type of Emphasis, 1930-1966^a

| Year ^b | President ^c | Per Cent | | | |
|-------------------|--------------------------------|----------|-------|--------|--------|
| | | Total | Econ. | Social | Admin. |
| 1930 | Siles and Blanco Galindo | 100.0 | 7.5 | 7.5 | 85.0 |
| 1931 | Salamanca | 100.0 | 11.4 | 11.1 | 77.5 |
| 1932 | Salamanca | 100.0 | 10.2 | 10.1 | 79.7 |
| 1933 | Salamanca | 100.0 | 3.7 | 3.0 | 93.3 |
| 1934 | Salamanca | 100.0 | 3.0 | 2.5 | 94.5 |
| 1935 | Tejada Sorzano | 100.0 | 6.5 | 2.8 | 90.7 |
| 1936 | Tejada Sorzano and Toro | 100.0 | 6.1 | 8.5 | 85.4 |
| 1937 | Toro and Busch | 100.0 | 12.5 | 12.8 | 74.7 |
| 1938 | Busch | 100.0 | 9.7 | 12.4 | 77.9 |
| 1939 | Busch and Quintanilla | 100.0 | 15.5 | 23.6 | 60.9 |
| 1940 | Peñaranda | 100.0 | 14.8 | 22.0 | 63.2 |
| 1941 | Peñaranda | 100.0 | 13.8 | 15.3 | 70.9 |
| 1942 | Peñaranda | 100.0 | 27.9 | 20.3 | 51.8 |
| 1943 | Peñaranda | 100.0 | 26.6 | 21.2 | 52.2 |
| 1944 | Villarroel | 100.0 | 26.0 | 20.8 | 53.2 |
| 1945 ^d | Villarroel | 100.0 | *15.0 | *26.7 | *58.3 |
| 1946 | Villarroel and Monge Gutiérrez | 100.0 | 11.6 | 26.8 | 61.6 |
| 1947 | Hertzog | 100.0 | 11.2 | 26.7 | 62.1 |
| 1948 | Hertzog | 100.0 | 9.7 | 30.7 | 59.6 |
| 1949 | Hertzog and Urriolagoitia | 100.0 | 8.1 | 28.0 | 63.9 |
| 1950 | Urriolagoitia | 100.0 | 8.5 | 31.2 | 60.3 |
| 1951 | Urriolagoitia and Ballivián | 100.0 | 9.5 | 28.4 | 62.1 |
| 1952 | Siles and Paz | 100.0 | 8.5 | 32.2 | 59.3 |
| 1953 | Paz | 100.0 | 8.9 | 34.1 | 57.0 |
| 1954 | Paz | 100.0 | 13.7 | 33.5 | 52.8 |
| 1955 | Paz | 100.0 | 17.4 | 32.1 | 50.5 |
| 1956 | Paz and Siles | 100.0 | 12.5 | 50.8 | 36.7 |
| 1957 | Siles | 100.0 | 27.3 | 25.6 | 47.1 |
| 1958 | Siles | 100.0 | 13.3 | 29.8 | 56.9 |
| 1959 | Siles | 100.0 | 19.3 | 35.7 | 45.0 |
| 1960 | Siles and Paz | 100.0 | 15.7 | 37.2 | 47.1 |
| 1961 | Paz | 100.0 | 16.6 | 33.5 | 49.9 |
| 1962 | Paz | 100.0 | 15.6 | 35.2 | 49.2 |
| 1963 | Paz | 100.0 | 13.0 | 36.3 | 50.7 |
| 1964 | Paz | 100.0 | 13.6 | 33.3 | 53.1 |
| 1965 ^e | Barrientos and Ovando | 100.0 | *11.6 | *34.1 | *54.3 |
| 1966 ^e | Ovando and Barrientos | 100.0 | *12.0 | *40.8 | *47.2 |

^aExcludes Trust Funds, see Appendix E; State Obligations are distributed according to type of emphasis (see Appendix D for undistributed totals).

^bFor notes on data for individual years, see Appendix F.

^cPresidential terms of office are given in Appendix H; presidents listed here must have been in power long enough to have influenced expenditure (e. g. Salamanca became President March 5, 1931, so he is the only executive listed for 1931).

^dActual percentages are estimated on basis of projections (see Appendix F).

^eRough estimate based upon preliminary figures, note change of presentation in data by the Bolivian Treasury Department makes exact comparison to 1964 and prior years problematic.

Source: See Appendix F.

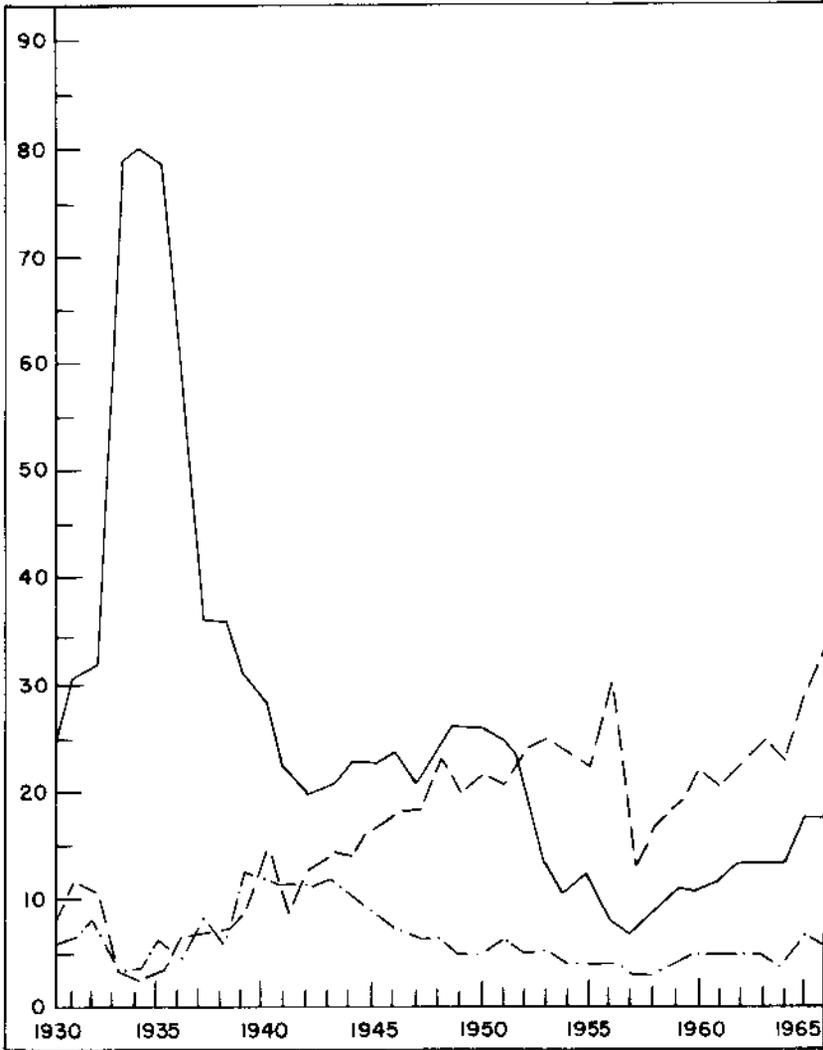
available for 1945,⁴² we assume that 1945 is the key year in determining Bolivian financial policy because the projections given in Appendix G (Part 1) called for the shift from economic to social outlay. Fortunately, in Bolivia the projected accounts by type of emphasis have, with rare exceptions, been close to actual expenditure, especially during the 1940's; thus we are able to make reliable estimates of percentage outlay for 1945.

Apparently the men who overthrew Villarroel in mid-1946 were convinced that Paz's programs met the needs of the times, for they neither reduced Paz's social expenditure nor cut his increases in administrative funds. Though the military percentage fell to 21.4 in 1947 under Enrique Hertzog (Graph 3 and Appendix N), it went up again to cope with the MNR rebellion in 1949. Hertzog was on leave from the presidency for "reasons of health" when the Civil War broke out; thus Acting President Mamerto Urriolagoitia quelled the revolt. Objecting to the bloody excesses of the government, Hertzog resigned the presidency in order that Urriolagoitia would be responsible for his own acts.⁴³ Though Urriolagoitia had put down the rebellion, he could not prevent Paz Estenssoro from winning the 1951 presidential election. Rather than finish an electoral count which would either give Paz the presidency outright or else allow Congress to choose the President, Mamerto Urriolagoitia devised a strategy which came to be named after him. In the *Mamertazo* of May 16, 1951, Urriolagoitia turned executive power over to a Military Junta.⁴⁴ The military had realized quite clearly that, even though anti-MNR forces controlled Congress, Paz's startling victory had made such a dramatic impression on the country that Congress would not be able to deny him victory.⁴⁵

Paz's successful Revolution of 1952 did not bring about a revolution in financial policy. That revolution had already taken place in 1945 and had been accepted by anti-MNR forces. With victory, moreover, the MNR disbanded the old army and debated the merits of creating a new and smaller military organization, thus freeing more funds for increased social outlay. The military's share of actual expenditure plunged to 13.7 per cent in 1953 (Appendix N) and in successive years continued to fall until it hit an all-time low of 6.7 per cent in 1957 — certainly a wretched situation for a once-proud force.

Bolivia's Military Institution was saved, as we have earlier indicated, by inflation which caused the miners to struggle with President Siles over economic policy. Also, Paz had encouraged the formation of a new "classless" army because he realized early in his first presidency that he could not depend on irregular militias composed of miners and peasants to enforce the will of the government.⁴⁶

GRAPH 3
 Percent of Actual Expenditure in Military, Communications/
 Public Works & Education/Peasant Affairs, 1930-1966



— Military
 - - - Education/Peasant Affairs
 - · - Communications/Public Works

Fidel Castro's rise and John F. Kennedy's death meant that Bolivia's armed forces were to be well supplied with funds from outside of the Bolivian budget as a result of changed U. S. policy which began to rely increasingly on military options to resolve complex problems. The extent of U. S. commitments to supply military funds is portrayed in Appendix A. These disbursements reached a peak in 1964, enabling the military to act as arbiter in presidential policy as the MNR began to disintegrate. Unfortunately for Paz, though the "New Military" had been created along "classless lines," the MNR neglected to instill a professional outlook⁴⁷ or to examine periodically the army's loyalty. By the early 1960's the army was an institution loyal to itself rather than to a feuding MNR.⁴⁸

The major change in financial policy which came with the Revolution was the gradual increase in social expenditure over the level of 1945 at the expense of either economic or administrative outlay. In preparation for economic stabilization, during 1956 administrative expenditure was slashed to an all-time low of 36.7 per cent. Uneconomically, however, Paz pumped funds thus released into social programs — education making a notable gain from 16 to 22 per cent of outlay (see Appendix N). Though Siles shared responsibility for programs in 1956, Paz's projections ruled.

President Siles's projections of 1957 emphasized momentary economic gain at the expense of social outlay. As actual economic expenditure of 27.3 per cent neared the record level of 1942, social expenditure of 25.6 per cent fell to the lowest percentage since 1944. Educational effort, which had received great impetus the previous year, was smashed with a reduction to 9.7 of total actual outlay. Peasant Affairs was reduced from 8.5 to 3.6 per cent, though for the first time funds for social security were firmly established. Administratively, the Ministries of Foreign Affairs and Government found their shares of total actual expenditure reduced by about half. Economically, though the Bolivian Development Corporation was allotted 11.4 per cent of total actual outlay, funds for the Ministry of Communications were severely reduced and allocations to the Ministry of Public Works were not increased enough to win for that ministry a significant role in government policy making.

It is important to note that the economic emphasis in 1957 did not cause as great a shift as might appear, for more than half of the 11.7 per cent economic share of the general category (7.0 per cent) went to the Road and Agricultural Services, both of which were joint Bolivian-U.S. ventures involving technical cooperation. Until the early 1960's, when the U. S. turned such operations over to Bolivia, the Central Government was limited to the extent of road and agricultural action

that could be taken on its own accord. The economic share of general expenditure (which includes contributions to the two Services) is given in Appendix N. After the dramatic shift in 1957, which made a good deal of sense in gross terms if not in detail, Siles projected and carried out a return to the traditional MNR pattern.

Though administrative expenditure remained well under pre-Revolutionary levels, it tended to gain (particularly in the area of military expenditure) until by 1964 such outlay topped 50 per cent. Economic outlay was near the standard established during the Villarreal period.

After 1952, the really revolutionary aspect of MNR financial policy was the increasing centralization of governmental affairs in La Paz. As revealed by Appendix C, in 1952 the Central Government planned to spend 18 times as much as the combined expenditures of the country's 9 departmental governments; but by 1960 the Central Government-departmental governments ratio had reached 126:1. Before the Revolution, the big change in centralization of finances had come in the early 1930's as the state began to expand its role in national affairs. Prior to 1930, the Central Government-departmental governments ratio had ranged from 4:1 to 7:1, except in the late 1920's when departmental governments were able to arrange loans with U. S. bankers. In 1929 the ratio was 1:1, a far cry from the ratios of the 1960's. By the end of Paz's first term in 1956, the Revolution had effectively destroyed the power of departmental government; and though the results by the end of his second term in 1964 were to restore somewhat the role of departmental government, in 1966 the ratio had reached 56:1. Municipal government apparently has fared better because its projections for 1966 gave the Central Government a ratio of 21:1.⁴⁹ Clearly, however, the Central Government has come to dominate completely Bolivian financial activity.

Growth of Central Government expenditure is shown in Table 7 for projected and actual outlay in absolute amounts of current and deflated currency. In constant terms, the highest actual expenditure prior to the Revolution came in the early 1940's. Beginning in 1954, actual outlay did not keep up with inflation and fell to 56.1 million deflated bolivianos in 1955. The 1951 mark was not passed until 1957. Between 1955 and 1962 the government frequently lost ground relative to inflation, but after 1963 it began to recover its impetus.

From 1931 to 1952 actual outlay increased, in constant terms, 129 per cent. During the years of the MNR it went up about 65 per cent; between 1964 and 1966, total spending advanced about 24 per cent. Although these increases may seem impressive, they must be measured against population growth.

TABLE 7
 Projected and Actual Expenditure in
 Current and Deflated Currency, 1931-1966
 (In Millions of Bolivianos)

| Year | Projected Amount ^a | In Bolivianos of 1931 ^b | Actual Amount ^a | In Bolivianos of 1931 ^b |
|------|----------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| 1931 | 32.1 | 32.1 | 32.3 | 32.3 |
| 1932 | 44.0 | *34.9 | 33.5 | *26.6 |
| 1933 | 102.7 | *64.6 | 94.6 | *59.5 |
| 1934 | 133.2 | *66.6 | 135.2 | *67.6 |
| 1935 | 173.3 | *68.8 | 182.4 | *72.4 |
| 1936 | 112.3 | 35.4 | 132.1 | 41.7 |
| 1937 | 194.3 | 53.8 | 203.5 | 56.4 |
| 1938 | 262.0 | 56.7 | 338.8 | 73.3 |
| 1939 | 285.0 | 45.5 | 399.9 | 63.9 |
| 1940 | 605.1 | 75.7 | 564.3 | 70.6 |
| 1941 | 701.8 | 69.4 | 899.3 | 89.0 |
| 1942 | 904.4 | 67.9 | 1,162.3 | 87.3 |
| 1943 | 1,146.3 | 73.1 | 1,200.3 | 76.5 |
| 1944 | 1,137.2 | 67.3 | 1,170.4 | 69.3 |
| 1945 | 1,148.7 | 62.8 | ... | ... |
| 1946 | 1,108.8 | 54.2 | 1,186.3 | 58.0 |
| 1947 | 1,565.2 | 66.5 | 1,306.7 | 55.5 |
| 1948 | 1,663.7 | 64.0 | 1,667.3 | 64.2 |
| 1949 | 1,709.1 | 61.2 | 1,813.0 | 64.9 |
| 1950 | 2,411.8 | 70.4 | 2,363.0 | 69.0 |
| 1951 | 4,181.8 | 91.6 | 3,713.4 | 81.4 |
| 1952 | 4,336.7 | 76.6 | 4,189.7 | 74.0 |
| 1953 | 5,311.0 | 46.5 | 8,421.9 | 73.8 |
| 1954 | 13,776.5 | 53.8 | 14,710.8 | 57.4 |
| 1955 | 27,845.5 | 60.4 | 25,843.2 | 56.1 |
| 1956 | 71,019.1 | 55.3 | 77,058.9 | 60.0 |
| 1957 | 280,740.2 | 101.5 | 285,787.0 | 96.1 |
| 1958 | 297,729.7 | 104.4 | 326,150.5 | 114.4 |
| 1959 | 358,850.7 | 105.2 | 357,192.1 | 104.7 |
| 1960 | 413,744.9 | 108.5 | 354,989.5 | 93.1 |
| 1961 | 418,833.4 | 102.8 | 414,455.8 | 101.7 |
| 1962 | 456,824.0 | 105.9 | 454,771.4 | 105.4 |
| 1963 | 510,000.0 | 119.0 | 505,054.4 | 117.9 |
| 1964 | 553,000.0 | 117.2 | 575,162.8 | 121.9 |
| 1965 | 750,000.0 | 154.5 | 763,900.0 | 157.3 |
| 1966 | 913,900.0 | 176.1 | *781,200.0 | *150.5 |

^aSee notes to Table 6. Projected and actual amounts in 1930 were 47.6 and 49.1 million, respectively; no deflation possible 1930.

^b1931-1964, deflated with cost of living index for La Paz given in Table 1; 1965-1966, cost of living data are calculated as 458,575 and 519,080, respectively, by multiplying increase in Bolivia's latest short-term index (January 1957=100) times the long-term index (1931=100). Both indexes contain the same items but the new index is based upon January 1957 in order to show less inflation since stabilization; see Bolivia, Dirección General de Estadística y Censos, *Boletín Estadístico* 92 (1966) 273.

Source: For current amounts see Appendix F; deflated amounts are calculated from sources given in note "b" above.

PER CAPITA ANALYSIS OF
EXPENDITURE AND ECONOMIC GROWTH

There are serious problems in attempting to set forth per capita expenditure in Bolivia because the last national population censuses were taken in 1900 and 1950, and the validity of these censuses has been questioned.⁵⁰ Since there are as many estimates of Bolivia's population as there are estimators,⁵¹ we have presented a range of alternatives in Table 8. Hopefully this problem will be resolved if Bolivia undertakes a proposed population census.

One of the great failures of the Revolution was not to take a population census between 1952 and 1964. Although the MNR did publish the results of the 1950 census in 1955, a new census was not taken due to the monetary crisis and the predisposition of the MNR and USAID against spending scarce resources on counting people. Ironically, if large numbers of Bolivians migrated out of the country after 1952, or if the 1950 census was basically wrong, as many observers believe, then planning of state action and USAID becomes mythical. Recently USAID officials have come to the conclusion that a census should be taken, but a decision in 1965-1966 to contribute 3 million dollars to such an effort was formulated only after overcoming great resistance. There has been speculation that opposition to a census by some MNR and USAID officials was generated by the realization that if the population of Bolivia were found to be appreciably lower than the generally accepted estimates, then the high level of USAID, already under attack, could not be justified. Apparently USAID was prompted to support a new census in 1969 or 1970 because of public knowledge that a Bolivian sample census conducted in 1963 with U. N. assistance had been suppressed by the Bolivian Government when population was found to be only 3.1 million persons,⁵² considerably less than any estimates. Some rumors contended that the census was suppressed because it would have shown more people voting than living in some districts. A new census, if conducted, could resolve these speculations and either inspire confidence in past and present plans or offer a usable baseline for more realistic planning.

Given the population estimates in Table 8, we can examine per capita actual expenditure in Table 9. Estimate B, which is of most value because of its historical continuity, shows that until 1966 the recorded high for deflated per capita outlay was 34.2 bolivianos. Expenditure already had fallen greatly by the time of the Revolution in 1952 and did not recover until the 1960's. If the basis for this estimate is sound, then the Revolution did not expand its tax base; and even with substantial U. S. help, inflation and increase in population posed problems with which Bolivia was not able to deal effectively.

TABLE 8
 Estimates of Population,
 Selected Years, 1925-1966
 (In Millions)^a

| Year | Estimate A | Estimate B | Estimate C | Estimate D |
|-------------------|------------------|------------------|------------------|------------------|
| 1925 | 1.8 | 2.0 | -- | -- |
| 1930 | 2.0 | 2.2 | -- | -- |
| 1935 | 2.1 | 2.3 | -- | -- |
| 1941 | 2.3 | 2.6 | -- | -- |
| 1946 | 2.5 | 2.8 | -- | -- |
| 1950 ^b | 2.7 ^c | 3.0 ^d | 3.0 ^d | 3.0 ^d |
| 1952 | 2.8 | 3.1 | 3.1 | 3.2 |
| 1956 | 3.0 | 3.4 | 3.3 | 3.5 |
| 1960 | 3.3 | 3.7 | 3.5 | 3.8 |
| 1964 | -- | 4.0 | 3.7 | 4.2 |
| 1966 | -- | 4.2 | 3.8 | 4.4 |

^aRounded.

^bBolivia, Dirección General de Estadística y Censos, *Censo Demográfico, 1950* (La Paz: Editorial Argote, 1955), 3.

^cCensus.

^dCensus--calculation for omisions + estimate of jungle population.

Source:

Estimate A: Asthenio Avarango Mollinedo, *Aspectos Generales de la Población Boliviana* (La Paz: Editorial Argote, 1956), 12-15.

Estimate B: U.N., *Statistical Bulletin for Latin America* 2.2 (1965): 6. With minor variations, this data agrees with Comisión Económica Para América Latina, "Sinopsis de Datos, Estimaciones y Proyecciones Demográficas," Bolivia, May, 1962. Proyecciones del Centro Latinoamericano de Demografía quoted in USAID Bolivia, *Economic and Program Statistics* 7 (1965): 7.

Estimate C: Bolivia, Dirección General de Estadística y Censos, *Proyección de la Población, 1950-1962 [Hasta 1960]*, 1962, 8; and *Boletín Estadístico* 91 (1965): 1.

Estimate D: Bolivia, Junta Nacional de Planeamiento, *Plan Nacional de Desarrollo Económico y Social, 1962-1971, Resumen*, 1961, 42A; Bolivia, Banco Central, *Memoria 1963*, 21; *Memoria 1965*, 23; and *Memoria 1966*, 16.

If Bolivia has been unable to make significant gains in per capita expenditure, other serious problems have been encountered in terms of per capita growth in Gross Domestic Product. Despite gains in absolute terms shown in Table 2. Figures in Table 10 reveal that, depending on the population estimate one uses, by 1966 either GDP per capita in constant terms had not recovered to the pre-Revolutionary level of 1952 or else had barely surpassed it. By all estimates, 1964 output was below that of 1952.

PROBLEMS OF CENTRAL GOVERNMENT AND USAID POLICY IN BOLIVIAN DEVELOPMENT

Though Bolivia has sought economic control over national integration through revolution, we have seen that heavy social expenditure by the

TABLE 9
 Estimates of Per Capita Actual Expenditure,
 Selected Years 1941-1966
 (In Bolivianos of 1931)

| Year | Estimate A | Estimate B | Estimate C | Estimate D |
|------|------------|------------|------------|------------|
| 1941 | 38.7 | 34.2 | ... | ... |
| 1946 | 23.2 | 20.7 | ... | ... |
| 1950 | 25.6 | 23.0 | 23.0 | 23.0 |
| 1952 | 26.4 | 23.9 | 23.9 | 23.1 |
| 1956 | 20.0 | 17.6 | 18.2 | 17.1 |
| 1960 | 28.2 | 25.2 | 26.6 | 24.5 |
| 1964 | ... | 30.5 | 32.9 | 29.0 |
| 1966 | ... | 35.8 | 39.6 | 34.2 |

Source: Calculated from Tables 7 and 8.

Bolivian government and USAID has not kept pace with population growth and inflation in order to resolve problems of socio-economic development which have a long historical trajectory. Expansion of central government functions and spending has virtually eliminated departmental and municipal governments as meaningful and useful political units, a fact which seems to destroy the very basis of much of USAID action, especially in the area of community development. And until recently COMIBOL has been an economic liability rather than an aid to development.

TABLE 10
 Estimates of Gross Domestic Product
 Per Capita, Selected Years, 1950-1966
 (In Dollars of 1958)

| Year | Estimate A | Estimate B | Estimate C | Estimate D |
|------|------------|------------|------------|------------|
| 1950 | 131.8 | 118.6 | 118.6 | 118.6 |
| 1952 | 138.5 | 125.1 | 125.1 | 121.2 |
| 1956 | 118.3 | 104.4 | 107.5 | 101.4 |
| 1960 | 111.4 | 99.4 | 105.1 | 96.8 |
| 1964 | ... | 110.6 | 119.5 | 105.3 |
| 1966 | ... | 118.3 | 130.7 | 112.9 |

Source: Calculated from Tables 2 and 8.

Bolivia's problems have been accentuated by the fact that the country's development has continued to be dependent upon an export economy. Therefore we must look at tin production and prices before we can understand Bolivia's history since the Revolution.

In spite of the decreasing importance of the mining contribution to the Gross Domestic Product (see Appendix I), mining has continued to be important in terms of production for export. Tin, particularly, continues as the major factor in value of exports. Between 1929 and 1949, tin production accounted for between 60 and 80 per cent of total export value (see Appendix J). As Table 11 reveals, during the early 1950's this share fell well under 60 per cent to a low 55.1 in 1956; thereafter it gradually gained in importance, reaching the 70 per cent level in 1962, 1964, and 1965.

In view of the importance of tin to the Bolivian economy, the real price of this metal has been crucial to development; consequently the collapse of real tin prices during the early 1950's caused serious prob-

TABLE 11
Tin's Share in Dollar Value
of Total Exports, 1950-1966

| Year | Millions of Dollars | | A/B Per Cent |
|------|----------------------------------|-----------------------|-----------------|
| | A Tin Exports ^a | B Total Exports | |
| 1950 | 63.4 | 94.2 | 67.3 |
| 1951 | 93.4 | 150.6 | 62.0 |
| 1952 | 84.8 | 141.3 | 60.0 |
| 1953 | 72.3 | 112.7 | 64.2 |
| 1954 | 54.9 | 99.5 | 55.2 |
| 1955 | 57.3 | 102.4 | 56.0 |
| 1956 | 59.2 | 107.4 | 55.1 |
| 1957 | 57.4 | 97.7 | 58.8 |
| 1958 | 36.3 | 64.7 | 56.1 |
| 1959 | 52.8 | 77.6 | 68.0 |
| 1960 | 42.9 | 67.8 | 63.3 |
| 1961 | 50.6 | 76.2 | 66.4 |
| 1962 | 54.0 | 76.1 | 71.0 |
| 1963 | 57.3 | 86.4 | 66.3 |
| 1964 | 80.9 | 113.8 | 71.1 |
| 1965 | 93.0 | 131.8 | 70.6 |
| 1966 | 93.3 | 150.4 | 62.0 |

^aIncludes bars.

Source: Bolivia, Dirección General de Estadística y Censos, *Boletín Estadístico* 85 (1960) 60-63, for 1950-1960; 86 (1962) 68, for 1961; 92 (1966) 147 and 160, for 1962-1966.

TABLE 12
Real Tin Price Index, 1930-1966
(1951 = 100)

| Year | A New York Tin Price Index ^a | B U. S. Export Price Index | A/B Real Tin Price Index |
|------|--------------------------------------------------|----------------------------------|--------------------------------|
| 1930 | 25 | 56 | 45 |
| 1931 | 19 | 43 | 44 |
| 1932 | 17 | 37 | 46 |
| 1933 | 30 | 39 | 77 |
| 1934 | 41 | 45 | 91 |
| 1935 | 39 | 46 | 85 |
| 1936 | 36 | 47 | 77 |
| 1937 | 42 | 51 | 82 |
| 1938 | 33 | 47 | 70 |
| 1939 | 39 | 46 | 85 |
| 1940 | 39 | 49 | 80 |
| 1941 | 41 | 53 | 77 |
| 1942 | 41 | 64 | 64 |
| 1943 | 41 | 71 | 58 |
| 1944 | 41 | 81 | 51 |
| 1945 | 41 | 81 | 51 |
| 1946 | 43 | 77 | 56 |
| 1947 | 61 | 92 | 66 |
| 1948 | 77 | 97 | 79 |
| 1949 | 77 | 91 | 85 |
| 1950 | 75 | 87 | 86 |
| 1951 | 100 | 100 | 100 |
| 1952 | 94 | 99 | 95 |
| 1953 | 75 | 99 | 76 |
| 1954 | 72 | 98 | 73 |
| 1955 | 74 | 99 | 75 |
| 1956 | 79 | 102 | 77 |
| 1957 | 75 | 105 | 71 |
| 1958 | 74 | 105 | 70 |
| 1959 | 80 | 105 | 76 |
| 1960 | 79 | 106 | 75 |
| 1961 | 88 | 108 | 81 |
| 1962 | 89 | 107 | 83 |
| 1963 | 91 | 107 | 85 |
| 1964 | 123 | 108 | 114 |
| 1965 | 137 | 112 | 122 |
| 1966 | 127 | 113 | 112 |

^aBased on price per lb. of Malaysian tin which dominates the world market.

Sources:

A. 1929-1962; W. Robertson, *Report on the World Tin Position...* (The Hague; Wijland and Lenteritz, 1965), 125; 1963-1966; USAID/Washington, *AID Economic Data Book: Latin America* (Springfield, Va., Clearinghouse for Federal Scientific and Technical Information, 1967), 28.

B. 1930-1962; *Statistical History of the United States from Colonial Times to the Present* (Stanford, Conn.: Fairfield Publishers, [1965]), series U22a, pages 566B and 566F; 1963-1966; U.S., *Economic Report of the President, 1968*, 313.

lems for the Revolution. As President Paz Estenssoro noted in his Message to Congress in 1956: "Each cent drop in price represented from 600,000 to 700,000 dollars drop in the annual income of Bolivia."⁵³ The real tin price index is calculated in Table 12 and shown in Graph 4. Tin price in New York is here deflated with the U. S. price index for exports so that we may see the real purchasing power of the tin price level in constant terms based upon 1951.⁵⁴

The widely fluctuating real tin price index is very revealing. To some extent, the length of the Chaco War was financed by a great rise in real tin prices during 1933. Beginning in 1935 the index fluctuated in an irregular pattern until 1939 after which it went into steady decline until 1945. When, in the face of increasing prices for the purchase of U. S. exports, Bolivia accepted the U. S. freeze on tin prices during World War II, the South American country certainly did its share in contributing to the war effort. By 1944-1945 the real price index had fallen to 51, a post-1932 low. Recovery to the pre-war level was complete by 1948; during the Korean War, Bolivia hoped to make up some of its real losses from World War II. Though the Revolution of 1952 unfortunately coincided with a serious decline in the real tin price index, USAID provided funds to tide the MNR over the difficult 1950's until an upturn began in 1961. With the low real tin prices of the post-1952 era, it is no wonder the USAID had to supply funds simply to keep the MNR from falling from power. Political considerations obviously weighed more heavily on policy than economic planning, for the U. S. was concerned with keeping non-Communist Marxists in power in order to prevent the rise of a Communist government. Due to an improvement of the international tin price situation in relation to U. S. export prices, USAID has shifted to economic development since the early 1960's.

The relationship of the volume of tin production to real earnings is calculated in Table 13, using peak earnings in 1951 as base year. Except during the Chaco War and the Korean War, the index of volume generally greatly exceeded the index of real earnings between 1930 and 1964. These exceptions, shown in Graph 4, meant that only in two periods prior to 1964 has Bolivia received high real earnings for production. During World War II the U. S. agreed to buy all of the tin that could be produced in return for a guaranteed price, but since the U. S. would have been obliged to buy the tin in any case, political considerations rather than economic bargaining seem to have predominated. This accounts for the exception to the fact that generally the index of real price for tin has exceeded the index for real earnings of exports. Graph 4 also shows that the index for volume of exports has

exceeded the real price level, except for the period from 1933 to 1939 and for the years since 1958. Statistical evidence indicates that price level problems have been closely related to volume of production; exceptions may be explained by the impact of the Chaco War and by the stabilization program and its aftermath.⁵⁵

Unfortunately for the MNR, nationalization of the mines and reward to the miners for their support coincided with falling tin prices after the Korean War. Loss of foreign technicians and "worker control" of management at a time when a number of mines faced a decline in ore content often meant that the cost of production exceeded market value. Thus, though the volume of tin production has increased somewhat since a low in 1958, production has not kept pace with real price level because of strikes and unrest by miners seeking to protect their economic gains and political power.

Given critical political problems in the mines and a great fluctuation in the real price for tin, one can understand why Paz Estenssoro was not encouraged to invest much in tin production, even if export needs warranted further tin development. Paz's hope was to diversify production so that Bolivia would not be dependent upon a single export for economic stability; and this would also mean that no single economic interest group could upset political stability. Paz was encouraged by the artificially high tungsten prices received under terms of a special contract with the U. S. government between 1951 and 1957.⁵⁶ Also, he hoped that investment in petroleum might change economic production patterns.

In the long run, Paz's emphasis on oil production may provide a partial solution to Bolivia's dependence on tin. As may be seen in Appendix 1, mining had decreased from over 15 per cent of Gross Domestic Product to about 9 per cent by 1966. Petroleum took up this slack by increasing from under 1 per cent to over 5 per cent. After revision of the oil code in 1956, private petroleum construction helped the construction sector of GDP to rise from under 1 per cent to over 5 per cent by 1966; most of this gain in construction was due to expansion of the private oil industry.⁵⁷ While Paz was desirous of stimulating private oil investment, both the U.S. government and U.S. oil companies were also very interested in the project. A short time after leaving the Department of State, Henry Holland appeared in Bolivia as a lawyer for oil interests seeking concessions under the new Bolivian oil code, the adoption of which he had officially encouraged while serving as Assistant Secretary of State for Latin America.⁵⁸

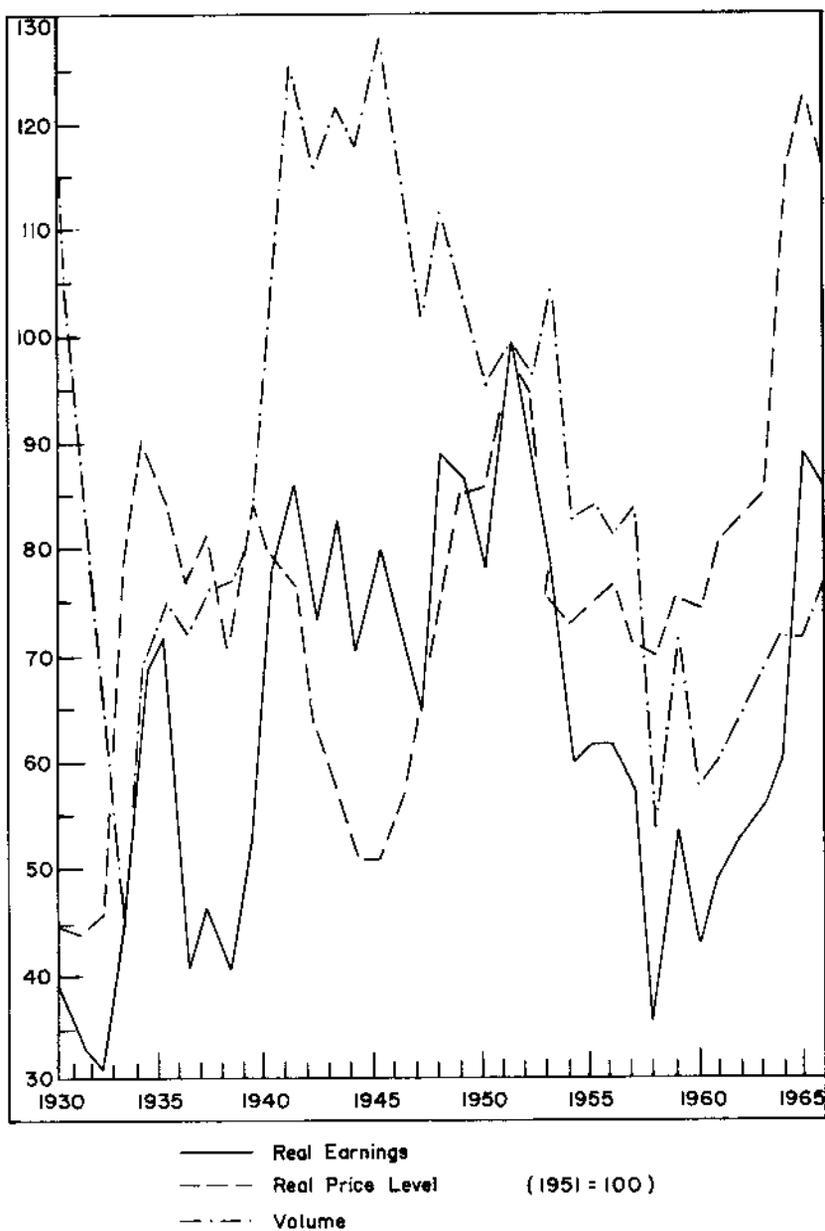
Though a new investment code was passed in 1960 to encourage further foreign investment,⁵⁹ and though USAID turned from social

TABLE 13
 Indexes of Volume and Real
 Earnings of Tin Exports, 1930-1966
 (1951 = 100)

| <i>Year</i> | <i>A Metric Tons Fine</i> | <i>B Index</i> | <i>C Earnings in Millions of Dollars</i> | <i>D Index of Real Earnings^a</i> |
|-------------|---------------------------------------|--------------------|------------------------------------------------------|---------------------------------------------------------|
| 1930 | 38.8 | 115 | 20.1 | 39 |
| 1931 | 31.6 | 94 | 13.0 | 33 |
| 1932 | 20.9 | 62 | 10.0 | 30 |
| 1933 | 15.0 | 45 | 14.9 | 41 |
| 1934 | 23.2 | 69 | 28.6 | 69 |
| 1935 | 25.4 | 75 | 31.0 | 72 |
| 1936 | 24.4 | 72 | 17.7 | 40 |
| 1937 | 25.5 | 76 | 22.0 | 47 |
| 1938 | 25.9 | 77 | 17.3 | 40 |
| 1939 | 27.6 | 82 | 22.4 | 52 |
| 1940 | 38.5 | 114 | 35.5 | 78 |
| 1941 | 42.7 | 127 | 42.8 | 87 |
| 1942 | 38.9 | 115 | 43.9 | 73 |
| 1943 | 41.0 | 122 | 55.0 | 83 |
| 1944 | 39.3 | 117 | 53.1 | 70 |
| 1945 | 43.2 | 128 | 60.3 | 80 |
| 1946 | 38.2 | 113 | 52.0 | 73 |
| 1947 | 33.8 | 100 | 54.7 | 64 |
| 1948 | 37.9 | 112 | 80.2 | 89 |
| 1949 | 34.6 | 103 | 72.9 | 86 |
| 1950 | 31.9 | 95 | 63.6 | 78 |
| 1951 | 33.7 | 100 | 93.4 | 100 |
| 1952 | 32.5 | 96 | 84.7 | 92 |
| 1953 | 35.4 | 105 | 72.4 | 79 |
| 1954 | 27.9 | 83 | 54.9 | 60 |
| 1955 | 28.4 | 84 | 57.3 | 62 |
| 1956 | 27.3 | 81 | 59.2 | 62 |
| 1957 | 28.2 | 84 | 57.4 | 58 |
| 1958 | 18.0 | 53 | 36.3 | 37 |
| 1959 | 24.3 | 72 | 52.9 | 54 |
| 1960 | 19.7 | 58 | 42.9 | 43 |
| 1961 | 20.7 | 61 | 50.3 | 50 |
| 1962 | 21.8 | 65 | 54.0 | 54 |
| 1963 | 23.1 | 69 | 57.3 | 57 |
| 1964 | 24.4 | 72 | 80.9 | 81 |
| 1965 | 24.2 | 72 | 93.0 | 89 |
| 1966 | 26.2 | 78 | 93.3 | 88 |

^aCalculated by dividing U.S. Export Price Index (Table 12) into Earnings (Column C, above).
 Source: Bolivia, Banco Central, *Memoria* 1957, 90, for 1930-1951; *Memoria* 1966, 72-73, for 1952-1966.

GRAPH 4
Indexes of Tin Export, 1930-1966



to economic activity about 1963, these changes in policy seemed to accentuate accumulated political problems rather than to resolve them. Paz's fall and the collapse of the MNR in late 1964 were caught up in the encouragement of private enterprise to which the Revolution increasingly turned in order to achieve economic growth. Since Central Government expenditure had been frozen in social outlay, Paz was limited in the number of ways he might stimulate economic development, but by encouraging foreign investment Paz lost more support from his left-wing MNR than he gained from the right.

With incentives to private business, Paz also attempted to stimulate the return of Bolivian capital which had fled after 1952.⁶⁰ Governments which have succeeded Paz and the MNR have emphasized even further the role of private business in national development. Such reliance on the private sector has required winning the confidence of investors and, as Paz knew, any suggestion of new taxes can destroy an atmosphere of confidence. In fact, tax concessions are part and parcel of the underdeveloped world's hope to attract capital and often this policy is approved by international agencies.⁶¹

There might be no new economic problem in development if allocation of USAID funds to Bolivia were to continue at the same rate as in the past; however, the long-term balance of payments crisis has caught up with the U. S. government. Also, with the fall of the MNR and the entrenchment of a strongly anti-Marxist regime closely allied with the military, there is no longer an argument that the Communists may take over at any moment. Since the Bolivian government has lost its bargaining power for U. S. aid, many observers were inclined to believe that the appearance of guerrillas during 1966 was in fact simply a fabrication by the Central Government to obtain increased aid. This view has now been proved wrong as a result of the capture and execution of "Che" Guevara in October, 1967.⁶² But with Guevara's defeat, the U. S. Congress may feel that USAID has less justification than ever in asking for funds to help Bolivia.

Often members of Congress have been critical of the Bolivian aid program, and for years they were assured by USAID that funds could be reduced after the emergency stabilization.⁶³ While aid has continued since economic stabilization by about 1960, it is obvious that the U. S. can not keep up the past level of commitment forever. In November, 1966, Senator Allen Ellender of Louisiana visited Bolivia to examine U.S. Embassy and USAID operations; while there he provoked a panic in government circles by stating that the U.S. would have to limit its economic assistance to all nations, including Bolivia, because of his country's large foreign debt and balance of payment crisis. Further, Ellender noted that reductions would be determined by the extent of the U. S. effort in Vietnam.⁶⁴

Official Bolivia reacted very defensively to the senator's statement. In a front page response, President Barrientos declared:

We have to stop believing that we can live forever from foreign aid. . . . The epoch of Paz Estenssoro has passed which accustomed us to throw stones at the American Embassy and say, "There is Communism here and if you do not help, Bolivia will go under."⁶⁵

General Alfredo Ovando Candia, Commander in Chief of Bolivia's Armed Forces, stated on November 27: "Blessed be the hour in which American credits diminish."⁶⁶ Dick Oblitas Velarde, President of the Falange party, commented:

The MNR, with its national liberation thesis, handed the country over to North American aid. For years Bolivia has covered its needs with aid and we have lost the sense of our own sovereignty upon being converted to a dependent people. . . . A country which eats bread with foreign wheat is a country which does not merit survival.⁶⁷

As we have seen in Appendix A, not only has U. S. aid been decreasing, but outright grants have been reduced in favor of loans which Bolivia can ill-afford. Table 5 shows that budgetary supports have been much reduced. While Bolivian leaders may obtain personal satisfaction or political gain from public statements advocating an end to U. S. aid, any reduction in the assistance program will require a reorientation of Bolivia's public spending.

Since Bolivian expenditure has been frozen in social outlays since 1945, the Central Government will encounter considerable difficulty in attempting to change this pattern or to reduce administrative expenditure. As USAID reduces operations, as projected, the Bolivian budget faces a squeeze which at once demands maintenance of the traditional pattern in outlay as well as a shift of funds into economic development. Presumably, continued high tin prices might help Bolivia over any transition from dependence upon U. S. aid, but any future reduction in aid should be gradual rather than abrupt. If Bolivia is to change the traditional pattern of utilizing state revenues for social and administrative expenditure, the only feasible way of avoiding disruption of existing services is rapidly to increase income so that established social and administrative outlay may be maintained in absolute terms while diminishing in relation to total expenditure. The increase in revenues required for self-sufficiency, however, would require taxes that could well discourage economic growth upon which Central Government funds must depend. However, if earmarked taxes are phased out of existence by 1970 as planned by the Bolivian government, funds might be released to cushion a shift to economic emphasis in expenditure.⁶⁸

There is no doubt that USAID has been successful in helping Bolivia to reestablish economic growth while encouraging tax reform and modernization. The Central Government has been working with USAID to reorganize the tax structure and restructure the Bolivian Customs Service, but between 1958 and 1965 internal revenue did not increase in proportion to customs revenue (see Appendix L).⁶⁹ Hopefully, neither the U. S. Congress nor the Bolivian leaders will rush into a quick termination of the USAID program. Such action could have serious and harmful consequences.

IMPLICATIONS FOR PLANNING

Obviously much planning to date by the USAID and Bolivia's Central Government has worked at cross-purposes. For example, community development programs promoted by USAID cannot be helped if the role of local and departmental finances is diminished by centralization of finances in La Paz. Importing of U. S. agricultural commodities is a cheap but inefficient way of providing subsidies to Bolivian consumers; the result is to handicap some types of agricultural development. USAID funds might better be used to create a Mexican-style National Corporation of Popular Subsistence (CONASUPO) in which the government subsidizes the farmer by purchasing crops at favorable quotations and markets them at low cost to regulate consumer prices.

In regard to Central Government expenditure, Paz has told this investigator that he believed he had expended Central Government funds in economic outlay, but that because of the confused presentation of projected and actual expenditure by the Ministry of the Treasury, he did not have a clear picture of what was happening with funds.⁷⁰ For this reason Paz instituted program budgeting with the aid of the U. N. Unfortunately, a full development of program budgeting in the post-MNR period has caused problems for historical analysis; as a result, the possibilities for comparing expenditure before and after 1965-1966 are problematic. Since programs have been carried out without ministerial reorganization, various observers were confused in 1965-1966 and felt that new analysis should be added to and not supplant traditional forms; otherwise the relative financial role of agencies is difficult to determine.

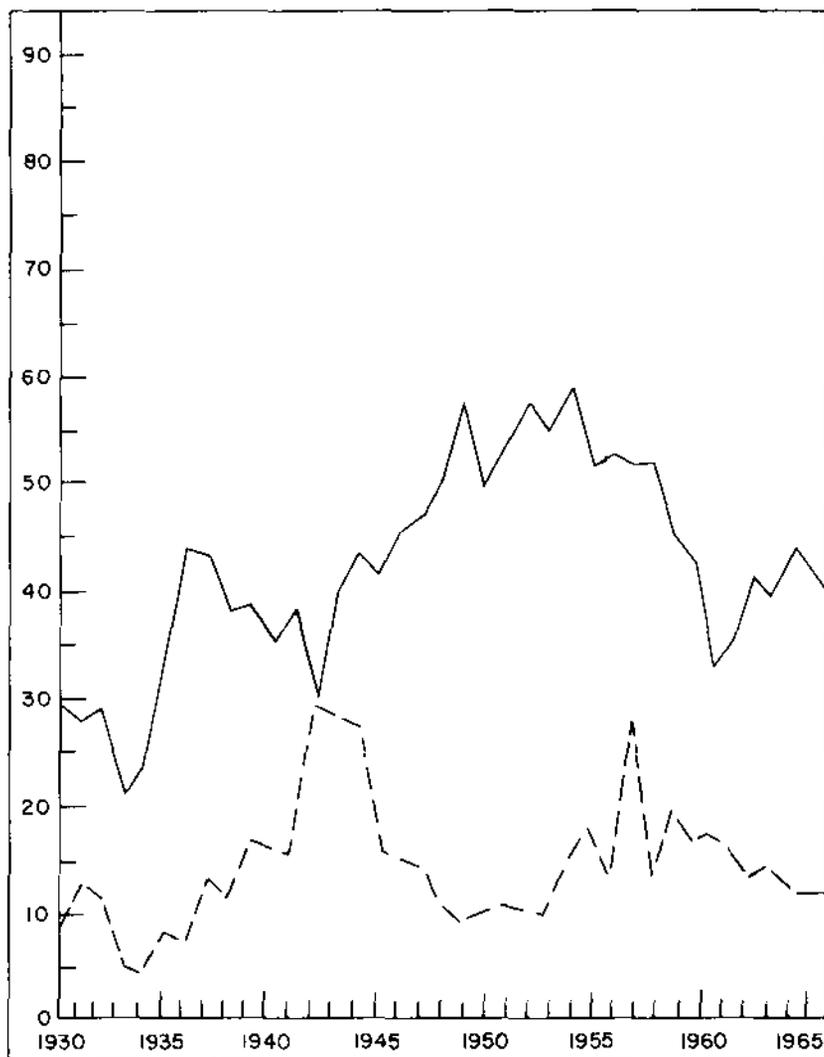
If Bolivia is to be successful in developing state planning, the government must realize that time-series data are important. Price indexes and budgetary series are measures of action and ways of assessing historical change which must not be abandoned because somebody

has a "new idea." Certainly the cost of maintaining established series is not great,⁷¹ and if agencies involved in international development would stress the need for alternative presentation of data rather than attempt to sell the "latest method," we would be far better prepared to assess the process of change. Perhaps this latter aspect of development is equally important, if not more important, than plunging ahead with new plans based upon statistical quicksand. State planning is incredibly unrealistic without regular counting of population and measuring of economic activity which provide a firm basis for development projections. Problems in Bolivia's lack of time-series data are compounded by absence of coordination between the Bolivian Statistical Agency and the National Planning Ministry.⁷² This lack of coordination, for example, has reached ludicrous proportions when the latter agency estimates the country's population 16 per cent higher for planning purposes than the former, which provides estimates on national development for actual expenditure of funds.

Paz Estenssoro has stated that although Bolivia presently is not a large exporter except in selected areas which exclude manufactures, the country can become self-sufficient in a number of areas in which it now imports.⁷³ In order to develop self-sufficiency, we would note, the Central Government must devote more of its own effort to stimulating economic production. As the situation has developed, economic functions have been assigned to decentralized agencies. Paz tried to overcome the autonomous nature of the organizations by setting up an agency for state planning, but the concepts of state planning and autonomous corporations are contradictory unless effective budgetary control is exercised by the Central Government — and this control means that the agencies are not autonomous.

Perhaps a comparison of Bolivian and Mexican economic expenditure is helpful in understanding the process of government action. Mexico's success in stimulating economic activity has been achieved through investment of federal revenues in ministries which promote and regulate economic growth; though autonomous agencies are important, the executive has played a strong role in channeling tax funds into productive activity. Graph 5 portrays the role of economic expenditure under executive control in Mexico and Bolivia. Research findings indicate that the executive and legislative branches must have control over funds if a nation is to enjoy control over its destiny. Trust funds and decentralized agencies should be kept to a minimum; and if not subject to effective control and audit, such funds should be excluded from budgetary accounts. Whereas Mexico has integrated the decentralized sector into budgeting, it has clearly delineated the distinction between governmental funds over which the congress and executive

GRAPH 5
 Actual Percent of Economic Expenditure
 by Bolivia and Mexico, 1930-1966



— Mexico
 - - - Bolivia

Source: Table 6 and Wilkie,
The Mexican Revolution, 128.

have authority and the funds which are controlled by decentralized agencies. Bolivia has confused this delineation, as will the United States beginning in the fiscal year 1969 when it converts to consolidated accounting. There is no doubt that it is important to know the total impact of the public sector upon national life in these latter cases, but we must also know that sector of national life which is manipulatable and that sector which is ruled by nonmanipulatable agencies and trust funds.

In Mexico the President has all power over federal revenues, but in Bolivia the Congress has managed to limit executive authority by earmarking many taxes for specific purposes. Though this might seem to be a good way of reducing the politics of the budget, excessive creation of trust funds prohibits latitude in state action. If there is no large pool of tax funds which may be expended as the government sees fit, there are serious limits on government power to meet changing circumstances. Allocation of minor local taxes for specific departmental purposes is expensive and cumbersome to administer, and it is to be hoped that the elimination of earmarked taxes will be completed by 1970 as planned.

CONCLUSION

The revolution in Central Government finances carried out by Paz Estenssoro in 1945 has governed state policy to the present day; presidential budgetary policy has been frozen in social expenditure, a pattern of MNR outlay accepted by the MNR's enemies in the late 1940's and reaffirmed by Paz when he took power again in 1952. Though the state's role in economic investment has increased with nationalization of the large tin mines and with efforts to transform the Bolivian Development Corporation and the State Oil Company into effective decentralized agencies in charge of major economic development, the funds of these agencies are not pooled for presidential decision on how they are to be spent. In the same manner as trust funds, these expenditures have been removed from the realm of direct government although they make an autonomous impact on national development.⁷⁴

Financially speaking, then, the Revolution of 1952 was not revolutionary. Perhaps this was a necessary factor in making the many revolutionary changes which were implemented after 1952. If in addition to nationalization, land distribution, and changes in voting and labor rights the MNR had added revolutionary financial policy, stability in government might have been totally destroyed, thus preventing the Revolution from getting firmly underway.

While non-revolutionary financial policy may have helped to pro-

vide a transition to revolutionary government, in the long run the policy has not promoted Bolivian political stability. Inflationary pressures after the Chaco War resulted in Paz's program to relieve social tensions; but by the mid-1950's, the lack of an effective economic program contributed to a vicious circle in which Bolivia appears to be trapped: the need for economic activity generates social tensions which must be resolved immediately if a "revolutionary" government is to stay in power, and thus no funds are free for commitment to resolve basic structural problems. In short, Bolivia has been taking aspirin to relieve a chronic headache rather than attempting to get at the cause of the malady. The only deviation from this pattern came in the stabilization program of 1957, but a one-year effort succumbed to tremendous political pressures.

Bolivia is confronted with a serious dilemma: in order to provide an escape from the situation in which Central Government revenue is frozen by social policy, tax revenue must be increased greatly so that social programs can be maintained at the same rate while relatively becoming a smaller part of a larger pie. This required increase in internal revenue would, however, shake the confidence of the private sector which the government has hoped to lure back or newly attract. Since private business is none too sure that "revolutionary" governments are to be trusted under the best of conditions, tax concessions must be offered as incentives to timid investors.

Until recently, not only has the Central Government been dependent upon budgetary support from USAID for its social programs, but also the Bolivian Development Corporation has been dependent upon obtaining loans and grants from international agencies such as the U. N., the Export-Import Bank, and the World Bank. In the latter cases, funds are limited to stipulated uses. Thus, perhaps we may see the reasoning in MNR and post-MNR⁷⁵ decisions to attract private capital: the public sector has not gained control of Bolivia's destiny and has not been able by itself to "pull the country up by its bootstraps"; therefore, development requires cooperation of public and private sectors.

Paz's insistence that private capital, both national and foreign, might have an important role in Bolivian economic development may surprise those who believe that he is a rigid Marxist. As a Marxist, Paz initially compromised the Revolution by accepting the strictures of world bankers affiliated with the IMF. He felt that unless the great inflation of the mid-1950's were halted, the gains of the Revolution would end with MNR loss of power.⁷⁶ Ironically, the so-called IMF methods of curing inflation influenced political development and made Bolivia even more dependent upon a social policy in Central Government expenditure. It was not difficult for Paz to leave economic

growth in the hands of USAID, for few persons understood at the time that USAID's policy was not really of economic nature. Nevertheless, propaganda regarding "economic assistance" must have given a false sense of security to all concerned with the decision to accept IMF restrictions.

In a sense, the Revolution ended with the entry of the IMF into Bolivia. The major radical steps had already been taken, and the stabilization policy forced left- and right-wing elements of the MNR into increasingly hostile camps. With the MNR disintegrating, the U. S. Embassy saw the military as the only non-Communist force with the necessary power and experience to control the country. In order to prevent the rise of either the militarists or the Communists, Paz was induced to run for a second presidential term beginning in 1964; however, this act further shattered the MNR instead of pulling it together.

Though the military-backed government of René Barrientos pays homage to the ideals of a "Purified Revolution" free from the nefarious influences of the MNR—and while it commemorates the death of Villarroel,⁷⁷ under whom Paz as Minister of the Treasury initiated social programs—the real question of whether or not institutionalized revolution will continue in the Mexican style cannot be answered. Barrientos can claim that he has not retracted the major revolutionary decrees while attempting to make the system work better, as in putting the national tin mines on a paying basis.⁷⁸ The working out of development will be the real test of the Revolution. If the Revolution is to come of age, however, the Central Government must shift into economic investment as well as maintain social outlay. As we have seen in Mexico, economic expenditure has had more rapid results in relieving social tensions than previously had been thought.⁷⁹

Though the post-MNR government has brought decentralized agencies into consolidated public sector budgeting, there is little hope that the Central Government will effectively coordinate all outlay. As we have seen, state planning and public administration through decentralized agencies are mutually contradictory concepts. While the post-MNR government has intervened to reorganize the national tin mining administration by firing excess workers, cutting wages, eliminating food subsidies, and ending worker influence over administrative decisions, the fact remains that the Central Government does not handle COMIBOL funds; rather, the government received taxes for the first time in 1966. The best that state planning might bring in the near future is implementation of the Mexican system by which the projected annual income and outgo of autonomous agencies is approved by the President and Congress in order to be sure that operations are reasonable and not out of balance: the Mexican Controller General does not

audit the decentralized agencies, but simply requires standard reports for integration into a consolidated public sector account. This is about all that can be expected if the agencies are to remain autonomous, though perhaps the trend toward state planning might beneficially bring a gradual end to decentralized units.⁸⁰

In pre-Revolutionary Bolivia the population was willing to put up with economic stagnation. Since 1952 much of the populace has been mobilized in many different ways; and though there are many different degrees of political awareness, there has been increasing popular pressure on the government to resolve national problems. Thus, when Presidents Toro and Busch responded to social unrest with talk of "state socialism," a process was begun which has come to mean that the government is widely charged with responsibility for development. Also, the times no longer permit delay in development, for the Russian, Chinese, and Cuban examples in this age of rapid communication bring pressure for rapid social and economic change.

With expenditure of the Central Government frozen, USAID grants reduced in favor of loans, and Bolivia more dependent upon tin for foreign exchange than anytime since the 1940's, what are the prospects for political stability and socio-economic development? If tin prices hold up and USAID holds out, a transition to Central Government participation in economic expenditure might be possible. If either of these favorable factors disappears, Bolivia will have great difficulty in continuing the long-range economic diversification begun by Paz Estenssoro. USAID contribution in the form of loans is already reaching a level of diminishing returns, since the Bolivian debt structure can only bear a reasonable load before the percentage devoted to repayment of the debt becomes overly important in outlay. Apparently, President Barrientos is aware of the 34 per cent increase in Bolivia's external public debt between 1960 and 1965, for he has stated that terms of repayment beginning in 1967 will be onerous.⁸¹ The external debt stood at 257.2 million dollars in 1965,⁸² an amount very near the total dollar disbursement of 275.9 million dollars (including grants) from U. S. programs between 1942 and 1964.⁸³ If Bolivia were to follow Mexico's path, however, frequent new borrowing might be used to pay debts and, in the meantime, to stimulate increased economic activity.⁸⁴

Clearly, political stability will require economic stability, and the search for both will go on until the Bolivians have confidence that the Central Government is able to influence the economic life as well as the social life of the nation. Institutionalization of revolution in the Mexican style requires creation of a mystique which encourages with concrete results the belief that the government is shaping national integration and destiny.

At some point Bolivia must consider the degree of centralization which it wishes to achieve in Central Government affairs. While we have suggested that state planning will not be workable until the Central Government exercises direct influence over economic finances of the public sector, perhaps we should add that influence does not necessarily mean control. Rather, influence may mean ability to regulate constructively, subsidize, and stimulate the private sector and make grants to decentralized agencies for development of the national economic infrastructure. Meaningless centralization, in which the Central Government swallows local government and attempts to set up complicated development plans, can lead only to bureaucratic inefficiency and inability to solve problems. Grandiose goals of state planning might well be reduced to providing coordination of public and private sector activity through collection and dissemination of information, search for mutual aids, and attempts to stimulate economic diversification through mixed public and private agencies. In regard to the latter a hopeful trend can be found in the 1965 reorganization of the Bolivian Development Corporation to create such a mixed public and private entity.⁸⁵

We have not tried to provide solutions to the Bolivian search for institutional stability, but to examine the structure and process which have influenced the country's present position. In this analysis certain recommendations have been made, especially in regard to the nature of expenditure and state planning.

USAID is now aware of its own past emphasis in social expenditure, either in direct budgetary support of the Bolivian Central Government or in imports of agricultural commodities, for example, and has acted to rechannel assistance into economic development. Thus it is to be hoped that the foregoing analysis of Central Government outlay will bring awareness of past policy by which realistic projections can be drawn. In testing the ideology of the Bolivian Revolution, we have found that Paz could not know how Central Government funds were being expended because of confusion in presentation. He thought he was making an economic revolution, but reality was tied to policy that he himself had established in the mid-1940's. Ideally, Central Government expenditure should be presented in such a way that we can assess expenditure in historical terms. It will be interesting indeed to follow Bolivian developments during the next few years, for, though Bolivia has come far since 1952, the greatest tests are yet to come.

APPENDICES

APPENDIX A

U. S. Net Financial Commitments to Bolivia, 1946-1966^a

(Millions of Dollars)

| U. S. Fiscal Year | Total Obligations | Social Progress Trust Fund ^b | P. L. 480 Food For Peace ^c | Export- Import Bank Loans | Other (1946-1954); Peace Corps (1962-1966) | Military Assistance ^d | USAID | |
|-------------------------|----------------------|--------------------------------------------------|------------------------------------------------|------------------------------------|-----------------------------------------------------|-------------------------------------|--------------------|---------------------|
| | | | | | | | Loans ^e | Grants ^e |
| 1946 | .4 | -- | -- | -- | .4 | -- | -- | -- |
| 1947 | 3.4 | -- | -- | 3.0 | .4 | -- | -- | -- |
| 1948 | .4 | -- | -- | -- | .4 | -- | -- | -- |
| 1949 | .7 | -- | -- | .3 | .4 | -- | -- | -- |
| 1950 | 16.5 | -- | -- | 16.0 | .5 | -- | -- | -- |
| 1951 | .5 | -- | -- | -- | .5 | -- | -- | -- |
| 1952 | 1.5 | -- | -- | -- | -- | -- | -- | 1.5 |
| 1953 | 1.3 | -- | -- | -- | -- | -- | -- | 1.3 |
| 1954 | 18.2 | -- | .3 | 2.4 | 8.0 | -- | -- | 7.5 |
| 1955 | 33.5 | -- | 16.0 | 4.7 | -- | -- | -- | 12.8 |
| 1956 | 28.0 | -- | 2.7 | -- | -- | -- | -- | 25.3 |
| 1957 | 26.8 | -- | 4.0 | -- | -- | -- | -- | 22.8 |
| 1958 | 22.1 | -- | -- | -- | -- | .1 | -- | 22.0 |
| 1959 | 24.6 | -- | .4 | -- | -- | .3 | 4.0 | 19.9 |
| 1960 | 13.8 | -- | .2 | -- | -- | -- | -- | 13.6 |
| 1961 | 29.9 | -- | 2.8 | -- | -- | .4 | 7.3 | 19.4 |
| 1962 | 38.3 | -- | 3.4 | -- | .9 | 2.2 | 7.6 | 24.2 |
| 1963 | 65.3 | 10.5 | 16.2 | -- | .7 | 2.4 | 18.3 | 17.2 |
| 1964 | 78.9 | .8 | 14.0 | -- | 2.5 | 3.2 | 42.6 | 15.8 |
| 1965 | 14.4 | 3.3 | 4.6 | -- | 2.2 | 1.9 | 6.0 | 8.4 |
| 1966 | 38.8 | -- | 6.3 | -- | 2.6 | 2.4 | 21.8 | 5.7 |
| Total | 457.3 | 14.6 | 70.9 | 26.4 | 19.5 | 12.9 | 95.6 | 217.4 |

^aExpenditures not reported in source. ^bAdministered by Inter-American Development Bank.

^cAdministered by USAID/Bolivia. ^dDisbursements.

Source: Data provided by USAID/Washington, Statistics and Reports Division: "Worksheet," May 4, 1966; *U.S. Economic Assistance Programs . . . April 3, 1948-June 30, 1967* (1968) 27; and *U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 1967*, prepared for the House Foreign Affairs Committee (1968), advance copy.

APPENDIX B

Relation of Central Government Actual Expenditure,
Major Decentralized Agency Outlay, and Contributions
of USAID to Gross Domestic Product, 1958-1965^a

(In Billions of Bolivianos)

| Year ^b | A GDP | B Central Government ^c | C Per Cent B/A | D Major Agencies ^d | E Per Cent D/A | F USAID Funds ^e | G Per Cent F/A |
|-------------------|----------|-----------------------------------------|----------------------|-------------------------------------|----------------------|----------------------------------|----------------------|
| 1958 | 3361 | 326 | 9.7 | 829 | 24.7 | 245 | 7.3 |
| 1959 | 3855 | 357 | 9.3 | 886 | 23.0 | 273 | 7.1 |
| 1960 | 4479 | 355 | 7.9 | 932 | 20.8 | 212 | 4.7 |
| 1961 | 4872 | 415 | 8.5 | 1192 | 24.5 | 203 | 4.2 |
| 1962 | 5327 | 455 | 8.5 | 1051 | 19.7 | 336 | 6.3 |
| 1963 | 5736 | 505 | 8.8 | 998 | 17.4 | 431 | 7.5 |
| 1964 | 6436 | 575 | 8.9 | 1064 | 16.4 | 685 | 10.5 |
| 1965 | 7310 | 764 | 10.5 | 1300 | 17.8 | 227 | 3.1 |
| 1966 | 7931 | 781 | 9.8 | 1260 | 15.9 | 217 | 2.7 |

^aCentral Government, Major Decentralized Agencies, and USAID are comparable to GDP, but not to each other since transfers have not been deducted and USAID fiscal years do not match Bolivian calendar years.

^bColumns A-E are for calendar years; F-G are for U.S. fiscal years.

^cExcludes Specially Earmarked Income and Tax Compensation; see Appendix E.

^dIncludes current expenditures by COMIBOL, railroads, and oil corporation; excludes Social Security Fund, Bolivian Development Corporation, etc.

^eConverted to bolivianos by multiplying yearly exchange rate times total USAID expenditure in Table 4.

Source: Column A: Bolivia, Secretaría Nacional de Planificación y Coordinación, *Cuentas Nacionales de Bolivia, 1958-1965*, Cuadro II; and USAID/Bolivia, *Economic and Program Statistics* 9 (1968) 11. Column B: See Table 7. Column D: USAID/Bolivia, *Economic and Program Statistics* 7 (1965) 29; and 9 (1966) 31. Column F: Table 4 (see note "c" above).

APPENDIX C

Ratio of Projected Central Government
Expenditures to Projected Departmental^a
Expenditures, Selected Years, 1900-1966

| Year | In Millions of Bolivianos | | Ratio B/A |
|------|--------------------------------|-------------------------|--------------|
| | A Departmental ^b | B Central Government | |
| 1900 | 2.1 | 7.9 | 4 |
| 1929 | 44.6 ^c | 50.7 | 1 |
| 1930 | 7.0 | 47.6 | 7 |
| 1933 | 6.4 | 102.7 | 16 |
| 1936 | 7.0 | 112.3 | 16 |
| 1941 | 46.9 | 701.8 | 15 |
| 1945 | 85.6 | 1,148.7 | 13 |
| 1952 | 246.9 | 4,336.7 | 18 |
| 1956 | 1,027.9 | 71,019.1 | 69 |
| 1960 | 3,296.0 | 413,744.9 | 126 |
| 1964 | 19,664.1 | 553,000.0 | 28 |
| 1966 | 16,249.9 | 913,900.0 | 56 |

^aThe nine departments are Beni, Chuquisaca, Cochabamba, La Paz, Oruro, Pando, Potosí, Santa Cruz, and Tarija. Departmental Governments often have been in charge of such programs as school construction, potable water supply and public works.

^bSpecially F earmarked income is not deducted.

^cIncludes extraordinary income from bond flotations with U.S. bankers.

Source: Bolivia, Ministerio de Hacienda, *Presupuesto General*, see Appendix F.

APPENDIX D
 Percentage of Central Government
 Projected and Actual Expenditure
 Passing Through the Fund for State
 Obligations, 1936-1964^a

(Excludes Trust Funds)^b

| <i>Year</i> | <i>Projected</i> | <i>Actual</i> |
|-------------|------------------|---------------|
| 1936 | 28.6 | 22.2 |
| 1937 | 32.1 | 25.6 |
| 1938 | 22.4 | 31.0 |
| 1939 | 20.5 | 21.5 |
| 1940 | 18.8 | 18.4 |
| 1941 | 19.7 | 35.7 |
| 1942 | 7.5 | 10.4 |
| 1943 | 18.6 | 19.4 |
| 1944 | 18.8 | 18.3 |
| 1945 | 7.5 | ... |
| 1946 | 5.7 | 15.8 |
| 1947 | 14.0 | 15.2 |
| 1948 | 27.3 | 8.7 |
| 1949 | 12.1 | 8.1 |
| 1950 | 11.1 | 10.2 |
| 1951 | 21.4 | 11.9 |
| 1952 | 13.0 | 10.2 |
| 1953 | 14.2 | 22.3 |
| 1954 | 24.7 | 27.2 |
| 1955 | 29.3 | 28.3 |
| 1956 | 34.1 | 27.9 |
| 1957 | 59.7 | 61.1 |
| 1958 | 49.3 | 53.7 |
| 1959 | 49.0 | 43.7 |
| 1960 | 43.3 | 38.6 |
| 1961 | 37.3 | 39.5 |
| 1962 | 34.2 | 36.5 |
| 1963 | 32.8 | 34.3 |
| 1964 | 33.9 | 38.1 |

^aThese percentages are distributed (according to expenditure by type of emphasis) in Table 6 and in Appendices G and N.

^bSee Appendix E.

Source: See Appendix F.

APPENDIX E
Trust Funds Excluded from
Central Government Projected
and Actual Expenditures,
1936-1964^a

(In Millions of Bolivianos)

| Year | Specially Earmarked ^b Income Projections ^c | Tax Compensation ^d | |
|------|---------------------------------------------------------------------|-------------------------------|---------|
| | | Projections | Actual |
| 1936 | 17.8 | -- | -- |
| 1937 | 5.8 | -- | -- |
| 1938 | 12.1 | -- | -- |
| 1939 | 15.7 | -- | -- |
| 1940 | 21.9 | -- | -- |
| 1941 | 25.9 | -- | -- |
| 1942 | 52.7 | -- | -- |
| 1943 | 80.6 | -- | -- |
| 1944 | 87.4 | -- | -- |
| 1945 | 104.2 | -- | -- |
| 1946 | 177.6 | -- | -- |
| 1947 | 226.1 | -- | -- |
| 1948 | 312.0 | -- | -- |
| 1949 | 416.3 | -- | -- |
| 1950 | 485.9 | -- | -- |
| 1951 | 568.4 ^e | -- | -- |
| 1952 | 770.6 | -- | -- |
| 1953 | 1,024.0 | -- | -- |
| 1954 | 1,522.4 | -- | -- |
| 1955 | 2,436.7 | -- | -- |
| 1956 | 3,026.8 | -- | -- |
| 1957 | 3,475.1 | 6,524.9 ^f | 7,790.5 |
| 1958 | 3,403.0 | 6,357.2 | 5,366.0 |
| 1959 | 2,962.8 | 7,062.3 | 4,483.8 |
| 1960 | 3,650.9 | 8,062.3 | 5,923.2 |
| 1961 | 3,482.1 | 7,684.5 | 6,634.7 |
| 1962 | 44,099.0 | 7,176.0 ^g | 5,806.5 |
| 1963 | 133,230.0 | -- | -- |
| 1964 | 318,299.5 | -- | -- |

^aFunds excluded in Tables 6 and 7.

^b*Renta para Fines Especiales*: by chapter or paragraph, 1936-1944; *Anexo 1*, 1945-1961; *Anexo 2*, 1962.

^cActual expenditure not audited (except for 1937).

^d*Compensaciones de Impuestos*: *Anexo 2*, 1957-1961, *Anexo 1*, 1962.

^eFrom a typed "Informe" by Contador General in unpublished yearly Summary Account Book, 1951, 2-3.

^f*Anexo 1* -- 2 in *Presupuesto General*, 1957.

^gSee fold-out sheet in *Presupuesto General*, 1962.

Source: See Appendix F.

APPENDIX F

Source of Central Government Projected and Actual Expenditures

The source for projected accounts is published yearly in Bolivia, Ministerio de Hacienda, *Presupuesto General*.^a

Actual accounts are unpublished since 1934 and found in Bolivia's Office of the Contraloría General in the form of yearly Summary Account Books. These summaries are based upon Detailed Account Books of movement of funds by ministry and for State Obligations.^a The Detailed Account Book for the Ministry of Education, for example, lists all items from the *Presupuesto* and notes all changes while recording amounts actually expended. Detailed Account Books are currently stored in the archival section of the basement in the Ministry of Hacienda. Summary data for 1911-1931 are provided in Jorge Palenque, *Estadística Boliviana, Primera Parte, Análisis Numérico del Presupuesto Nacional, Años 1911-1931* (La Paz: Talleres Gráficos Renacimiento, 1933), 61-67. Palenque includes expenditure outside the budget with his totals on page 67 and these expenditures are classified here as having administrative emphasis. Summary expenditures for 1932 and 1933 are found in Bolivia, Contraloría General de la República, *Informe . . . 1932 u 1933*. (La Paz: Editorial América, n.d.), 157, 273.

Bolivian amounts used in this paper are in bolivianos even though on January 1, 1963, Bolivia converted to pesos at a ratio of 1 to 1000. The effect of this conversion was to reduce billions of bolivianos to millions of pesos. Historical consistency necessitates continued use of bolivianos. Absolute amounts used in Table 7 have been partially rounded beginning in 1964.

Recorded funds expended outside the budget (*fuera del presupuesto*) without authorization are added to total expenditure and appropriately distributed by type of emphasis. Thus the Christmas bonus (*aguinaldo*) to governmental employees, 1940-1954, for example, is integrated into actual accounts (distribution is based upon the percentage ratio given in the *Presupuesto* for 1961: 5.6 economic, 32.5 social, and 61.9 administrative).

Sources for actual expenditure through 1939 exclude Extraordinary Expenditures: *servicio de rentas especiales, fondos de custodio, fondo contribución patriótica* (except military). For Trust Fund exclusions see Appendix E.

Notes on Sources by Year

Projected Accounts

1932-1933: Source is Bolivia, Contraloría General, *Informe . . . 1932 a 1933*, 269.

1933-1935: Estimates of military expenditures are based upon actual expenditures. During the Chaco War military funds were kept in special accounts (*fondo contribución patriótica*) but have been incorporated into regular accounts here.

1934: Excludes emergency projections.

^aWhereas the *Presupuesto General* and the Summary Account Books have been used to ascertain data by ministry, the Detailed Account Books (*Libros Centralizadores de Gastos*) have been used to distribute projected and actual State Obligations into economic, social, and administrative functions. Since the Detailed Account Books may contain modifications in projections, totals and such items as the Public Debt, Retirement, etc., may not agree with the *Presupuesto General*.

APPENDIX F (Continued)

- 1945: Data in summary are used for estimations of actual expenditure.
1947: Revised total.
1948: Summary is used but total for State Obligations is revised to agree with detail.
1950: Includes 114.0 million bolivianos in *presupuesto adicional*.
1951: *Presupuesto* is confused and in error; source for actual expenditures includes a typewritten revision of projected figures by the *Contador General*, Hector Calderón A.
1958: Ministry of Agriculture includes funds to stimulate production: 414.1 million bolivianos.
1959-1960: *Ibid.*: 219.2 and 248.0 million bolivianos, respectively.
1965-1966: Source is Bolivia, Ministerio de Hacienda, Departamento Estadístico de Presupuestos; 1965 is signed by President Barrientos, February 11, 1965; 1966 is modified summary of August 1, 1966. Beginning in 1965 the public debt is listed by function, but a special chart prepared by the Departamento Estadístico de Presupuestos gives the totals used here. Percentages not available for some items in 1965-1966 are included in other categories (for example, Communications is included in Public Works).

Actual Expenditure

- 1932-1933: Bolivia, Contraloría General, *Informe . . . 1932 a 1933*, 157, 273.
1933: Summary Account Book is used in conjunction with the *Informe*.
1933-1935: See note for Projected Accounts.
1937-1938: Revised summaries.
1941: See page 133 in Summary Account Book.
1942: Includes 40.0 million bolivianos in public debt for Standard Oil Co. Aguinaldo is added to expenditures on page 127 in Summary Account Book.
1944: *Aguinaldo* and *anticipos a la defensa* are added to total expenditure given in page 132 of Summary Account Book.
1945: Estimate in Table 6 is on basis of difference in projections and actual outlay for 1944.
1946-1947: Items such as "D" and "CBF" are estimated from projections; others are estimated from actual expenditures.
1949: Includes emergency funds (outside of budget) to combat civil war (87.6 million bolivianos for military and 55.9 for Government Ministry).
1965-1966: Source is Bolivia, Ministerio de Hacienda, Departamento Estadístico de Presupuestos; preliminary data. Percentages not available for such items in 1965-1966 are included in other categories (for example, Communications is included in Public Works).
1966: Data as of December 28, 1966; some estimation on basis of projected expenditure.

APPENDIX C
Per Cent of Projected Central Government
Expenditure: (1) Type of Emphasis, 1930-1966^a

| Year ^b | Projections ^c by ^d | Per Cent | | | |
|-------------------|---------------------------------------------|----------|-------|--------|--------|
| | | Total | Econ. | Social | Admin. |
| 1930 | Siles | 100.0 | 8.4 | 9.6 | 82.0 |
| 1931 | Salamanca | 100.0 | 17.9 | 13.0 | 69.1 |
| 1932 | Salamanca | 100.0 | 18.7 | 11.1 | 70.2 |
| 1933 | Salamanca | 100.0 | 4.2 | 3.4 | 92.4 |
| 1934 | Salamanca | 100.0 | 4.0 | 2.7 | 93.3 |
| 1935 | Tejada Sorzano | 100.0 | 3.2 | 2.4 | 94.4 |
| 1936 | Tejada Sorzano | 100.0 | 6.8 | 6.6 | 86.6 |
| 1937 | Toro | 100.0 | 9.9 | 14.6 | 75.5 |
| 1938 | Busch | 100.0 | 13.6 | 17.5 | 68.9 |
| 1939 | Busch | 100.0 | 13.5 | 18.1 | 68.4 |
| 1940 | Quintanilla | 100.0 | 16.3 | 24.3 | 59.4 |
| 1941 | Peñaranda | 100.0 | 16.3 | 20.2 | 63.5 |
| 1942 | Peñaranda | 100.0 | 18.2 | 23.4 | 58.4 |
| 1943 | Peñaranda | 100.0 | 27.9 | 21.4 | 50.7 |
| 1944 | Villarroel | 100.0 | 26.8 | 21.6 | 51.6 |
| 1945 | Villarroel | 100.0 | 15.8 | 27.5 | 56.7 |
| 1946 | Villarroel | 100.0 | 13.8 | 28.8 | 57.4 |
| 1947 | Monge Gutiérrez | 100.0 | 11.8 | 27.2 | 61.0 |
| 1948 | Hertzog | 100.0 | 8.1 | 24.9 | 67.0 |
| 1949 | Urriolagoitia | 100.0 | 9.2 | 29.1 | 61.7 |
| 1950 | Urriolagoitia | 100.0 | 9.9 | 29.7 | 60.4 |
| 1951 | Urriolagoitia | 100.0 | 9.8 | 26.6 | 63.6 |
| 1952 | Ballivián | 100.0 | 10.9 | 26.2 | 62.9 |
| 1953 | Paz | 100.0 | 13.8 | 38.0 | 48.2 |
| 1954 | Paz | 100.0 | 15.4 | 35.8 | 48.8 |
| 1955 | Paz | 100.0 | 18.7 | 31.4 | 49.9 |
| 1956 | Paz | 100.0 | 12.6 | 46.6 | 40.8 |
| 1957 | Siles | 100.0 | 42.8 | 24.3 | 32.9 |
| 1958 | Siles | 100.0 | 25.1 | 32.1 | 42.8 |
| 1959 | Siles | 100.0 | 22.8 | 30.8 | 46.4 |
| 1960 | Siles | 100.0 | 16.8 | 32.1 | 51.1 |
| 1961 | Paz | 100.0 | 18.0 | 34.0 | 48.0 |
| 1962 | Paz | 100.0 | 17.0 | 35.6 | 47.4 |
| 1963 | Paz | 100.0 | 16.2 | 36.2 | 47.6 |
| 1964 | Paz | 100.0 | 14.8 | 34.9 | 50.3 |
| 1965 ^e | Barrientos | 100.0 | *14.4 | *31.4 | *54.2 |
| 1966 ^e | Ovando | 100.0 | *14.5 | *36.8 | *48.7 |

^aExcludes Trust Funds, see Appendix E; State Obligations are distributed according to type of emphasis (see Appendix D for undistributed totals).

^bFor notes on data for individual years, see Appendix F.

^cOften projections have been formulated several months after budgetary year has begun.

^dPresidential terms of office are given in Appendix II.

^eRough estimate of percentages based upon preliminary figures; note change of presentation in data by the Bolivian Treasury Department makes exact comparison to 1964 and prior years impossible.

Source: See Appendix F.

APPENDIX G (Continued)

Per Cent of Projected Central Government Expenditure: (2) Detail, 1930-1966

(Yearly Totals = 100.0 Per Cent)^a

| Code ^b | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| OP | 1.3 | 7.9 | 10.4 | 1.3 | 1.4 | 1.0 | 2.1 | 4.0 | 5.2 | 5.1 | 8.7 | 9.9 | 10.4 |
| COM | 4.2 | 6.9 | 5.9 | 2.0 | 1.9 | 1.5 | 3.1 | 3.4 | 3.3 | 3.3 | 3.3 | 2.9 | 3.4 |
| EC | .8 | .6 | .4 | .1 | .1 | .1 | .2 | .4 | .3 | 1.0 | .2 | 1.7 | .9 |
| MP | -- | -- | -- | -- | -- | -- | -- | .4 | .9 | 1.5 | .8 | -- | -- |
| AG | .4 | .6 | .2 | .1 | .1 | .1 | .2 | .9 | .8 | 1.0 | 1.3 | -- | 1.3 |
| COL | 1.7 | 1.9 | 1.8 | .7 | .5 | .5 | 1.1 | .8 | 1.0 | 1.3 | .6 | .6 | .7 |
| CBF | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| EX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| EO | -- | -- | -- | -- | -- | -- | .1 | -- | 2.1 | .3 | 1.4 | 1.2 | 1.5 |
| EDO | -- | -- | -- | -- | -- | -- | -- | .5 | -- | -- | 2.5 | 1.3 | .5 |
| ED | 9.2 | 12.4 | 10.4 | 3.1 | 2.5 | 2.2 | 5.9 | 7.0 | 8.9 | 8.9 | 15.2 | 11.4 | 13.9 |
| AC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| T | -- | -- | -- | -- | -- | -- | -- | .1 | 1.5 | 2.1 | 1.5 | 1.3 | 1.7 |
| SP | .4 | .6 | .7 | .3 | .2 | .2 | .7 | 5.2 | 5.7 | 6.0 | 4.8 | 6.2 | 7.3 |
| SS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| V | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| Code ^b | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 |
|-------------------|------|------|------|-------|-------|-------|------|------|------|------|------|------|------|
| SX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SO | -- | -- | -- | -- | -- | -- | -- | 1.8 | 1.4 | 1.1 | .3 | -- | -- |
| L | 2.9 | 2.8 | 1.8 | .5 | .5 | 4 | .8 | .5 | .8 | 1.0 | .7 | 1.8 | 1.6 |
| J | 4.0 | 5.0 | 3.9 | 1.5 | 1.2 | 1.0 | 1.8 | 1.6 | 1.8 | 2.0 | 2.3 | 2.1 | 3.0 |
| CE | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| P | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| F | 3.1 | 3.7 | 2.3 | 1.0 | 1.0 | 1.0 | 1.8 | 2.8 | 3.0 | 3.2 | 4.1 | 2.7 | 3.1 |
| G | 5.5 | 7.2 | 5.4 | 2.3 | 2.0 | 1.5 | 13.2 | 5.6 | 6.8 | 6.6 | 4.2 | 7.6 | 9.5 |
| H | 6.1 | 2.8 | 5.0 | 3.0 | 1.5 | 1.3 | 3.1 | 4.2 | 4.3 | 4.9 | 4.5 | 4.1 | 4.6 |
| M | 18.3 | 31.1 | 25.9 | *76.4 | *81.6 | *83.0 | 37.3 | 30.9 | 33.1 | 31.5 | 28.9 | 27.8 | 25.6 |
| MO | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| D | 39.4 | 13.1 | 24.1 | 7.9 | 5.0 | 4.4 | 22.9 | 19.8 | 14.0 | 11.3 | 8.4 | 2.4 | 2.1 |
| C | .4 | .3 | .2 | .1 | .1 | .1 | .1 | .1 | .2 | .1 | .1 | .2 | .3 |
| PC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| AX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| RT | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 5.2 |
| R | 1.3 | 1.9 | 1.6 | .7 | .4 | .4 | .6 | .5 | .8 | 1.5 | 1.0 | .7 | .7 |
| AO | 1.0 | 1.2 | -- | -- | -- | 1.3 | 5.0 | 9.5 | 4.1 | 6.3 | 5.2 | 14.1 | 2.7 |

^aAbsolute amounts which equal 100.0 per cent are given in Table 7. ^bSee Appendix M.

Source: Appendix F.

APPENDIX G (Continued)

Per Cent of Projected Central Government Expenditure: (2) Detail, 1930-1966

(Yearly Totals = 100.0 Per Cent)

| Code | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1.1 | 1.9 |
| OP | 8.4 | 7.7 | 7.9 | 6.0 | 3.8 | 1.9 | 1.6 | 2.2 | 2.4 | 2.4 | 1.8 | .8 | .8 |
| GOM | 3.1 | 3.1 | 3.1 | 3.2 | 3.1 | 3.2 | 3.9 | 3.5 | 3.4 | 4.2 | 4.6 | 3.5 | 3.2 |
| EC | .7 | 1.1 | .9 | .7 | .6 | .5 | .6 | .5 | .4 | .4 | .3 | .2 | .3 |
| MP | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .7 | .5 | .4 |
| AG | 2.6 | 2.2 | 2.6 | 2.4 | 1.3 | 1.4 | 1.2 | 1.3 | 1.0 | 1.8 | 1.4 | 1.4 | 1.2 |
| COL | .5 | .3 | .3 | .3 | .2 | .2 | .2 | .2 | .1 | .1 | .5 | .3 | .1 |
| CBF | 11.3 | 11.1 | -- | -- | 1.3 | -- | -- | 1.0 | .4 | --- | 1.5 | 5.8 | 7.2 |
| EX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| EO | 1.3 | 1.3 | 1.0 | 1.2 | 1.5 | .9 | 1.7 | 1.2 | 2.1 | 2.0 | 3.0 | 1.8 | 3.6 |
| EDO | .6 | .5 | .5 | .1 | .3 | -- | .3 | .5 | -- | .3 | .3 | .1 | .1 |
| ED | 14.6 | 14.9 | 16.9 | 18.2 | 17.3 | 17.9 | 21.8 | 22.7 | 18.4 | 17.4 | 21.7 | 18.2 | 15.3 |
| AC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 7.6 | 7.3 | 6.1 |
| T | 1.6 | 1.6 | 4.1 | 4.3 | 2.2 | 1.5 | 1.6 | 1.4 | 1.2 | 2.2 | 2.2 | 2.0 | 2.2 |
| SP | 4.5 | 4.6 | 6.0 | 6.2 | 7.3 | 4.2 | 5.4 | 5.0 | 4.5 | 4.9 | 4.0 | 3.7 | 4.3 |

| Code | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| SS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| V | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SO | .1 | -- | -- | -- | .1 | 1.3 | -- | .1 | 2.5 | 1.4 | 2.2 | 1.5 | 3.4 |
| L | 1.7 | .6 | 1.8 | 2.0 | 1.3 | 1.8 | 1.9 | 1.4 | .7 | -- | 1.0 | .2 | .2 |
| J | 2.8 | 3.5 | 3.2 | 3.1 | 2.0 | 2.6 | 3.1 | 2.6 | 2.4 | 2.5 | 2.6 | 2.3 | 1.8 |
| CE | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| P | -- | -- | -- | -- | -- | -- | -- | .5 | .5 | .8 | 1.4 | 1.1 | 1.0 |
| F | 2.9 | 2.9 | 2.7 | 8.0 | 2.8 | 2.6 | 2.4 | 2.2 | 1.8 | 2.1 | 1.6 | 1.6 | 1.2 |
| G | 7.7 | 6.9 | 7.7 | 3.2 | 13.4 | 10.7 | 10.6 | 11.5 | 11.4 | 12.3 | 11.1 | 11.5 | 10.3 |
| H | 4.8 | 5.6 | 6.0 | 5.5 | 4.4 | 4.5 | 4.7 | 4.1 | 3.3 | 3.9 | 3.8 | 3.3 | 3.0 |
| M | 21.5 | 22.1 | 23.1 | 24.9 | 22.0 | 16.5 | 22.9 | 23.4 | 22.2 | 27.2 | 15.1 | 12.6 | 12.8 |
| MO | -- | -- | -- | -- | -- | -- | -- | 1.2 | -- | -- | -- | -- | -- |
| D | 1.8 | 2.8 | 3.5 | 1.3 | 3.0 | 18.1 | .9 | .7 | 8.4 | 5.0 | 1.8 | 1.3 | 2.6 |
| C | .3 | .4 | .3 | .3 | .3 | .2 | .2 | .4 | .3 | .4 | .3 | .2 | .2 |
| PC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .1 | .1 |
| AX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| RT | 3.7 | 3.7 | 5.9 | 6.0 | 4.0 | 3.0 | 5.8 | 6.0 | 4.6 | 4.4 | 4.1 | 3.4 | 4.3 |
| R | .5 | .6 | .4 | .6 | 1.4 | 1.2 | 1.6 | 1.2 | .7 | .5 | .5 | .2 | .1 |
| AO | 3.0 | 2.5 | 2.1 | 2.5 | 6.4 | 5.5 | 7.6 | 5.2 | 7.3 | 3.8 | 4.9 | 11.0 | 12.3 |

APPENDIX G (Continued)

Per Cent of Projected Central Government Expenditure: (2) Detail, 1930-1966

(Yearly Totals = 100.0 Per Cent)

| Code | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | *1965 | *1966 |
|------|------|------|------|------|------|------|------|------|------|-------|-------|
| AR | 1.1 | .6 | .6 | .4 | .4 | .4 | .5 | .5 | .5 | ... | ... |
| OP | .9 | 3.0 | 3.3 | 2.1 | 2.6 | 2.8 | 2.6 | 2.4 | 2.2 | 8.8 | 9.1 |
| COM | 3.9 | 1.3 | 2.1 | 2.1 | 2.5 | 2.8 | 2.9 | 2.8 | 2.6 | ... | ... |
| EC | .2 | .4 | .4 | .3 | .3 | .3 | .3 | .3 | .3 | 2.2 | .8 |
| MP | .2 | .1 | .1 | .1 | .2 | .3 | .3 | .3 | .3 | .4 | .3 |
| AG | .9 | .6 | .9 | .6 | .8 | 1.0 | .9 | 1.2 | 1.2 | 3.0 | 1.7 |
| COL | .1 | --- | --- | .1 | .1 | .1 | .1 | .1 | .1 | ... | ... |
| CBF | 2.3 | 15.2 | 10.1 | 8.6 | 3.4 | 2.9 | 3.1 | 2.8 | 2.6 | ... | ... |
| EX | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| EO | 3.0 | 21.6 | 7.6 | 8.5 | 6.5 | 7.4 | 6.3 | 5.8 | 5.0 | --- | 2.6 |
| EDO | --- | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.3 | 1.7 | 1.1 | --- | --- |
| ED | 15.6 | 8.2 | 12.0 | 12.2 | 12.1 | 13.4 | 14.5 | 15.0 | 15.2 | 18.4 | 21.5 |
| AC | 8.4 | 3.3 | 4.4 | 4.8 | 5.0 | 6.4 | 7.0 | 7.7 | 7.8 | 7.7 | 8.8 |
| T | 1.1 | 1.1 | 1.4 | 1.5 | 1.6 | 1.2 | 1.2 | 1.3 | 1.2 | 1.5 | 1.8 |
| SP | 3.3 | 2.8 | 3.1 | 3.2 | 2.9 | 3.5 | 3.6 | 3.5 | 3.2 | 3.5 | 3.4 |

| Code | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | *1965 | *1966 |
|------|------|------|------|------|------|------|------|------|------|-------|-------|
| SS | 2.2 | 6.9 | 5.7 | 5.6 | 7.3 | 6.7 | 6.1 | 5.5 | 5.1 | ... | ... |
| V | .. | .. | .. | .. | .. | .5 | .4 | .4 | .4 | ... | ... |
| SN | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| SO | 16.0 | .9 | 4.4 | 2.3 | 2.0 | 1.1 | 1.5 | 1.1 | .9 | .3 | 1.3 |
| L | .5 | .4 | .5 | .6 | .9 | 1.1 | 1.4 | 1.4 | 1.5 | .3 | .7 |
| J | 1.9 | 9 | 1.1 | 1.0 | .9 | .8 | 1.0 | 1.0 | .9 | 1.7 | 1.4 |
| CE | .. | .. | .. | .. | .4 | .. | .5 | .. | .5 | .3 | .5 |
| P | .7 | .5 | .5 | .5 | .6 | .6 | .7 | .7 | .7 | 1.3 | 1.4 |
| F | 3.5 | 2.5 | 3.2 | 3.0 | 3.5 | 3.5 | 3.3 | 3.2 | 3.1 | 2.6 | 2.2 |
| C | 8.8 | 4.8 | 6.0 | 5.5 | 5.5 | 6.4 | 6.6 | 7.8 | 7.7 | 9.0 | 6.9 |
| II | 2.4 | 1.5 | 1.9 | 2.0 | 1.8 | 2.1 | 2.1 | 2.0 | 1.9 | 13.5 | 9.2 |
| M | 9.7 | 7.0 | 6.8 | 8.5 | 11.4 | 12.6 | 13.1 | 12.9 | 12.6 | 16.8 | 16.9 |
| MO | .. | .. | .. | .. | .. | .1 | .5 | 1.6 | 1.9 | .. | .. |
| D | 1.1 | 1.9 | 11.8 | 8.7 | 13.4 | 6.4 | 5.3 | 4.9 | 6.0 | 6.7 | 7.3 |
| C | .2 | .1 | .1 | .2 | .2 | .2 | .2 | .2 | .2 | .1 | .1 |
| PC | .2 | .1 | .1 | .1 | .2 | .4 | .4 | .4 | .4 | .4 | .4 |
| AN | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| RV | 2.3 | 1.1 | 2.2 | 2.2 | 2.8 | 2.8 | 2.6 | 2.5 | 2.0 | 1.5 | 1.7 |
| R | .2 | .3 | .5 | .7 | .7 | 1.1 | .9 | .7 | .6 | .. | .. |
| AO | 9.3 | 11.8 | 8.1 | 13.4 | 8.8 | 9.9 | 8.8 | 8.3 | 10.3 | .. | .. |

APPENDIX H

Presidential Assumptions of Office Since 1926

| | | |
|------|-------------|-------------------------------------------------------|
| 1926 | January 10 | Hernando Siles Reyes |
| 1930 | June 28 | Carlos Blanco Galindo (acting) |
| 1931 | March 5 | Daniel Salamanca |
| 1934 | November 28 | José Luis Tejada Sorzano (acting) |
| 1936 | May 16 | Germán Busch (acting) |
| | May 22 | David Toro (acting) |
| 1937 | July 13 | Germán Busch (acting) |
| | May 28 | Germán Busch |
| 1939 | August 23 | Carlos Quintanilla (acting) |
| 1940 | April 15 | Enrique Peñaranda |
| 1943 | December 20 | Gualberto Villarroel (acting) |
| 1944 | August 6 | Gualberto Villarroel |
| 1946 | July 21 | Néstor Guillén (acting) |
| | August 16 | Tomás Monje Gutiérrez (acting) |
| 1947 | March 10 | Enrique Hertzog |
| 1949 | May 7 | Mamerto Urriolagoitia (acting) |
| 1951 | May 16 | Hugo R. Ballivián (acting) |
| 1952 | April 9 | Hernán Siles Zuazo (acting) |
| | April 15 | Víctor Paz Estenssoro |
| 1956 | August 6 | Hernán Siles Zuazo |
| 1960 | August 6 | Víctor Paz Estenssoro |
| 1964 | August 6 | Víctor Paz Estenssoro |
| | November 4 | Alfredo Ovando Candía (acting) |
| | November 5 | René Barrientos Ortuño (acting) |
| 1965 | May 26 | René Barrientos Ortuño and Alfredo Ovando (acting) |
| 1966 | January 3 | Alfredo Ovando Candía (acting) |
| | August 6 | René Barrientos Ortuño |
| 1969 | April 27 | Luis Adolfo Siles Salinas (acting) |

Source: Andrés de Santa-Cruz Schuhkraft, *Cuadros Sinópticos de los Gobernantes de la República de Bolivia, 1825 a 1956 y de la del Perú, 1820 a 1956* (La Paz: Fundación Universitaria Simón I. Patiño, 1956), 40-52; *New York Times*, 1960, 1964-1966.

APPENDIX I

Estimated Gross Domestic Product
by Sector, 1950-1966
(Yearly Totals = 100.0 Per Cent)

| Sectors | | | | | | | | | |
|---------|-------------|--------|-----------|----------|------------------|----------------|---------------------------|-------------------------|-----------------------------|
| Year | Agriculture | Mining | Petroleum | Industry | Commerce-Finance | Transportation | Construction ^a | Government ^b | Other Services ^c |
| 1950 | 33.2 | 14.7 | .7 | 13.5 | 11.4 | 5.5 | .5 | 11.5 | 9.0 |
| 1951 | 31.2 | 15.2 | .6 | 13.2 | 12.6 | 5.3 | .7 | 12.4 | 8.8 |
| 1952 | 29.2 | 15.0 | .5 | 12.6 | 12.5 | 6.2 | .9 | 14.2 | 8.9 |
| 1953 | 30.8 | 17.2 | .7 | 14.3 | 12.1 | 6.9 | .7 | 7.2 | 10.1 |
| 1954 | 29.4 | 14.0 | 2.0 | 15.8 | 12.3 | 7.6 | .7 | 8.3 | 9.9 |
| 1955 | 29.0 | 13.7 | 3.0 | 15.0 | 12.7 | 7.9 | .9 | 8.2 | 9.6 |
| 1956 | 29.4 | 13.0 | 3.7 | 14.5 | 12.9 | 8.4 | .7 | 7.3 | 10.1 |
| 1957 | 32.3 | 13.8 | 4.3 | 10.5 | 13.7 | 7.9 | .9 | 6.0 | 10.6 |
| 1958 | 31.7 | 9.4 | 4.0 | 12.7 | 12.8 | 8.5 | 3.6 | 7.7 | 9.6 |
| 1959 | 32.4 | 8.0 | 3.7 | 12.7 | 13.0 | 8.4 | 3.8 | 7.9 | 10.1 |
| 1960 | 31.0 | 8.4 | 3.9 | 13.1 | 13.0 | 8.5 | 4.1 | 7.9 | 10.1 |
| 1961 | 31.9 | 8.5 | 3.7 | 12.8 | 12.8 | 8.3 | 3.2 | 8.5 | 10.3 |
| 1962 | 29.9 | 8.5 | 3.7 | 13.4 | 12.8 | 8.3 | 3.9 | 9.2 | 10.3 |
| 1963 | 29.7 | 8.4 | 3.8 | 13.5 | 12.8 | 8.4 | 4.3 | 9.0 | 10.1 |
| 1964 | 28.7 | 9.1 | 3.8 | 14.0 | 12.8 | 8.5 | 4.2 | 8.8 | 10.1 |
| 1965 | 28.0 | 8.2 | 3.9 | 13.6 | 13.1 | 8.5 | 5.3 | 9.3 | 10.1 |
| 1966 | 26.8 | 9.0 | 5.1 | 12.1 | 12.2 | 8.2 | 5.5 | 9.6 | 11.5 |

^a Includes private petroleum construction since 1958.

^b Includes autonomous agencies.

^c Includes electricity.

Source: Table 2.

APPENDIX J
Tin's Share of Total
Export Value, 1929-1949

| Years | Per Cent |
|-------|----------|
| 1929 | 75.1 |
| 1930 | 76.2 |
| 1931 | 76.4 |
| 1932 | 72.3 |
| 1933 | 69.4 |
| 1934 | 79.5 |
| 1935 | 73.7 |
| 1936 | 61.5 |
| 1937 | 62.5 |
| 1938 | 63.3 |
| 1939 | 66.3 |
| 1940 | 71.3 |
| 1941 | 70.6 |
| 1942 | 66.8 |
| 1943 | 67.4 |
| 1944 | 68.4 |
| 1945 | 75.0 |
| 1946 | 70.6 |
| 1947 | 67.2 |
| 1948 | 71.1 |
| 1949 | 70.8 |

Source: Bolivia, Banco Central, *Memoria* 1957, 86, 90.

APPENDIX K
Index of Industrial Production,
1950-1964^a (1950 = 100)

| Year | Index |
|------|-------|
| 1950 | 100.0 |
| 1951 | 106.3 |
| 1952 | 101.0 |
| 1953 | 100.0 |
| 1954 | 110.2 |
| 1955 | 115.0 |
| 1956 | 107.0 |
| 1957 | 113.6 |
| 1958 | 97.0 |
| 1959 | 92.0 |
| 1960 | 95.0 |
| 1961 | 102.0 |
| 1962 | 111.6 |
| 1963 | 119.6 |
| 1964 | 126.1 |

^aIn prices of 1950.

Source: Cámara Nacional de Industrias, *Industria, Memoria XXXIV* (1965) 81, and *Memoria XXXV* (1966) 68.

APPENDIX L
Net Collections of Bolivian Revenue, 1957-1965
(In Billions of Bolivianos and Per Cent)

| Year | Amount | Per Cent | Internal Revenue | Customs | Communications |
|------|--------|----------|---------------------|---------|----------------|
| 1957 | 221.3 | 100.0 | 31.3 | 67.2 | 1.5 |
| 1958 | 179.3 | 100.0 | 47.6 | 50.9 | 1.5 |
| 1959 | 230.1 | 100.0 | 48.1 | 50.5 | 1.4 |
| 1960 | 269.1 | 100.0 | 49.1 | 49.8 | 1.1 |
| 1961 | 337.3 | 100.0 | 46.0 | 53.2 | .8 |
| 1962 | 404.4 | 100.0 | 43.5 | 55.6 | .9 |
| 1963 | 505.5 | 100.0 | 40.4 | 58.9 | .7 |
| 1964 | 532.9 | 100.0 | 45.0 | 54.3 | .7 |
| 1965 | 599.3 | 100.0 | 42.2 | 57.0 | .8 |

Source: USAID/Bolivia.

APPENDIX M

Classification of Bolivian Central Government Expenditure by Type of Emphasis^a (Code is Key to Appendix N)^d

Economic Expenditure^b

AR Agrarian Reform

OP Public Works, formerly Fomento: includes negligible amounts for potable water; includes transportation subsidies

COM Communications (separated from the Treasury Department, H, prior to 1923^c)

EC Ministry of Economy, formerly Industry

MP Mines and Petroleum Ministry

AG Agriculture and Livestock; includes irrigation; excludes COL

COL Colonization and Rural Development (separated from AG): prior to 1941 funds for Colonization included government of sparsely populated areas — especially police, defense, and communication

CBF Bolivian Development Corporation grants (separated from EO)^e

EX Economic share of Christmas Bonus, 1940-1954

EO Economic share of State Obligations;^d includes economic share of expenditure outside the budget, price supports, transfers to industry and commerce, subsidies of decentralized agencies, payments to international agencies operating in Bolivia, buffer stock funds, transport subsidies, civil aeronautics, and contributions to Bolivian-American Cooperatives for Agricultural Development and the Agricultural and Roads Services; excludes grants to CBF

Social Expenditure^b

EDO Education share of State Obligations (separated from SO);^c includes university subventions; excludes seminaries and Church schools (included in AO or C)

ED Education Ministry; includes negligible amounts for Catholic Education; excludes Fundamental Education for literacy, community development, and agricultural extension (administered by AC)

AC Peasant Affairs; includes Fundamental Education; administration of cooperatives; and agricultural extension

T Labor and Social Security; excludes RT

SP Public Health (separated from G prior to 1929)

SS Social Security transfers (separated from SO)^e

(Continued)

APPENDIX M (Continued)

- V Housing (separated from SO)^e
- SX Social share of Christmas Bonus, 1940-1954
- SO Social share of State Obligations;^d includes social share of expenditure outside the budget as well as contributions to CARE, Catholic Relief Agency, Restaurant del Niño, UNICEF, public disaster, U. N. Peasant Rehabilitation Center, and Education and Public Health Services; excludes EDO, SS, V

Administrative Expenditure^b

- L Legislature and Vice-Presidency
- J Judiciary (Justice Department transferred to G in 1961)
- CE Electoral Court; included in G until 1958
- P Presidency; included in G prior to 1950; includes Press Agency and negligible amounts for Tourism and Social Service to foster career administrators; excludes PC after 1963
- F Foreign Relations; excludes Church Affairs
- G Government, Justice, and Immigration; Justice Department in J prior to 1961; Electoral Court in CE after 1958; Presidency in P after 1950; prior to 1929 excludes SP
- H Treasury; includes Controller General's Office and Statistical Agency as well as old Compañía Recaudadora Nacional; excludes COM prior to 1923, and D and R prior to 1929
- M Military
- MO Military share of State Obligations (separated from AO)^e
- D Public Debt (separated from H prior to 1929 and from AO thereafter^e); includes interest and amortization; excludes R
- C Church Affairs (separated from Foreign Relations); includes subsidies to seminaries and schools.
- PC Planning and Coordination; included in P until 1963
- AX Administrative share of Christmas Bonus, 1940-1954
- RT Retirement funds for Chaco War veterans, widows, orphans, and MNR insurrection veterans (separated from T)
- R Retirement funds (separated from H prior to 1929 and separated^c from categories AO and/or D thereafter); includes prizes after 1922; distributed by ministry beginning in 1965
- AO Administrative share of State Obligations;^d includes administrative

(Continued)

APPENDIX M (Continued)

share of expenditure outside of the budget; includes *subsídios familiares*; includes subsidies of department and municipal government, Church construction and affairs (including schools), pension funds, secret funds of the President, and funds for special military and police units; includes contribution to monetary commission and to international organizations; includes *Créditos Reconocidos*; excludes categories D, MO, and R

^aSee Bolivia, Ministerio de Hacienda, *Presupuesto General, 1961*, for government definitions of function by ministry.

^bPercentage totals by type of emphasis are given in Table 6 and Appendix G.

^cItems in parenthesis have been shifted from one category to another in order to achieve consistency in accounts.

^dEO + SO + AO + CBF + EDO + SS + V + MO - D + R = yearly totals of State Obligations in Appendix D (including funds spent outside the budget, 1936-1958); see note "a" in Appendix F.

^eSee note "a" in Appendix F; see note "d" above.

Source: Appendix F.

APPENDIX N

Detail of Actual Central Government Expenditure, 1930-1966

(Yearly Totals = 100.0 Per Cent)^a

| Code ^b | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| OP | 1.6 | 3.4 | 2.4 | 1.1 | 1.1 | 4.9 | 1.4 | 5.0 | 3.9 | 8.8 | 7.3 | 8.8 | 8.7 |
| COM | 3.9 | 5.6 | 5.7 | 2.1 | 1.5 | 1.2 | 3.0 | 3.1 | 2.4 | 3.0 | 3.4 | 2.4 | 2.7 |
| EC | .6 | .6 | .3 | .1 | -- | .1 | .5 | .3 | .2 | .6 | .2 | 1.2 | .7 |
| MP | -- | -- | -- | -- | -- | -- | .3 | .3 | .5 | 1.2 | .7 | -- | -- |
| AC | .2 | .3 | .3 | -- | .1 | .1 | .2 | .9 | .3 | .8 | .9 | -- | 4.0 |
| COL | 1.2 | 1.5 | 1.5 | .4 | .3 | .2 | .6 | .5 | .8 | .9 | .7 | .4 | .5 |
| CBF | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 10.2 |
| EX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .1 | .1 | .1 |
| EO | -- | -- | -- | -- | -- | -- | .1 | 2.4 | 1.6 | .2 | 1.5 | .9 | 1.0 |
| FDO | -- | -- | -- | -- | -- | -- | -- | .5 | -- | -- | 1.5 | .9 | .4 |
| ED | 7.3 | 10.5 | 9.8 | 2.8 | 2.4 | 2.7 | 6.4 | 6.6 | 6.7 | 9.4 | 13.4 | 8.5 | 12.4 |
| AC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| T | -- | -- | -- | -- | -- | -- | .1 | .3 | 1.0 | 2.0 | 1.6 | 1.0 | 1.4 |
| SP | .2 | .6 | .3 | .2 | .1 | .1 | 2.0 | 4.3 | 3.8 | 4.4 | 4.7 | 4.4 | 5.4 |
| SS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| Code ^b | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| V | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .8 | .5 | .7 |
| SO | -- | -- | -- | -- | -- | -- | -- | 1.1 | .9 | 7.8 | -- | -- | -- |
| L | 1.0 | 3.7 | 2.7 | .6 | .4 | .3 | .2 | --- | 1.3 | .7 | 1.7 | 1.5 | 1.5 |
| J | 3.3 | 4.6 | 4.2 | 1.5 | 1.1 | .8 | 1.7 | 1.7 | 1.4 | 1.9 | 2.3 | 1.6 | 2.2 |
| CF | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| P | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| F | 2.6 | 2.5 | 2.7 | 1.0 | .9 | .9 | 1.4 | 2.8 | 2.2 | 2.5 | 3.8 | 2.1 | 2.4 |
| C | 6.1 | 6.5 | 6.0 | 2.2 | 1.7 | 1.5 | 4.5 | 6.2 | 5.0 | 5.8 | 5.3 | 5.7 | 7.6 |
| H | 6.7 | 7.7 | 6.0 | 2.0 | 1.6 | 1.3 | 4.9 | 4.0 | 3.4 | 5.5 | 4.8 | 3.2 | 3.6 |
| M | 23.6 | 31.3 | 32.2 | 78.5 | 80.4 | 78.9 | 50.5 | 36.0 | 36.0 | 30.9 | 28.3 | 21.7 | 19.9 |
| MO | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| D | 34.6 | 17.6 | 23.5 | 6.9 | 7.8 | 6.5 | 11.3 | 15.6 | 6.0 | 8.4 | 8.0 | .9 | 4.7 |
| C | .2 | .3 | .3 | .1 | .1 | .1 | .1 | --- | .1 | .1 | .1 | .1 | .2 |
| PC | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| AX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1.5 | 1.1 | 1.4 |
| RT | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 4.0 |
| R | 1.0 | 1.8 | 1.8 | .5 | .5 | .4 | 1.0 | .9 | 1.0 | 1.7 | 1.2 | .6 | .7 |
| AO | 5.9 | 1.5 | .3 | -- | -- | -- | 9.8 | 7.5 | 21.5 | 3.4 | 6.2 | 32.4 | 3.6 |

^aAbsolute amounts which equal 100.0 per cent are given in Table 7. ^bSee Appendix M.

Source: Appendix F.

APPENDIX N (Continued)

Detail of Actual Central Government Expenditure, 1930-1966
(Yearly Totals = 100.0 Per Cent)

| Code | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AR | -- | -- | ... | -- | -- | -- | -- | -- | -- | -- | -- | .8 | 1.5 |
| OP | 8.6 | 7.1 | ... | 4.2 | 2.4 | 2.2 | 1.3 | 1.5 | 2.0 | 1.4 | 1.2 | .7 | .8 |
| COM | 2.9 | 3.0 | ... | 3.2 | 3.3 | 4.1 | 3.8 | 3.6 | 3.7 | 3.6 | 3.6 | 3.5 | 3.5 |
| EC | .7 | 1.1 | ... | .7 | .6 | .5 | .5 | .6 | .4 | .3 | .2 | .2 | .2 |
| MP | -- | -- | ... | -- | -- | -- | -- | -- | -- | .2 | .4 | .3 | .4 |
| AC | 2.4 | 2.3 | ... | 1.6 | 1.4 | 1.3 | 1.0 | .9 | 1.0 | 1.5 | 1.0 | .9 | 1.1 |
| COL | .4 | .3 | ... | .2 | .2 | .2 | .1 | .1 | .2 | --- | .2 | .2 | .1 |
| CBF | 10.5 | 10.8 | ... | -- | *1.5 | -- | -- | .2 | --- | --- | --- | 5.4 | 7.7 |
| EX | .1 | .1 | ... | .1 | .1 | .2 | .2 | .2 | .2 | .2 | .2 | .2 | -- |
| EO | 1.0 | 1.3 | ... | *1.6 | *1.7 | 1.2 | 1.2 | 1.4 | 2.0 | 1.3 | 2.1 | 1.5 | 2.1 |
| EDO | .5 | .5 | ... | *2.5 | *.3 | -- | .3 | .5 | .3 | .2 | .2 | .1 | --- |
| ED | 13.8 | 13.9 | ... | 15.3 | 18.7 | 22.5 | 19.9 | 21.5 | 20.3 | 23.5 | 18.6 | 16.8 | 16.0 |
| AC | -- | -- | ... | -- | -- | -- | -- | -- | -- | -- | 6.4 | 6.6 | 6.4 |
| T | 1.5 | 1.6 | ... | 3.0 | .7 | 1.7 | 1.7 | 3.3 | 1.4 | 2.2 | 2.9 | 1.7 | 2.2 |
| SP | 4.5 | 4.3 | ... | 5.5 | 5.1 | 4.8 | 5.0 | 4.6 | 3.6 | 4.0 | 3.8 | 3.6 | 4.3 |

| Code | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| SS | -- | -- | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| V | -- | -- | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SX | .8 | .5 | ... | .5 | .8 | .8 | 1.1 | 1.3 | 1.3 | 1.3 | 1.0 | 1.3 | -- |
| SO | .1 | -- | ... | -- | *1.1 | .9 | -- | --- | 1.5 | 1.0 | 1.2 | 3.4 | 3.2 |
| I. | 1.4 | 1.0 | ... | .9 | 1.7 | 2.0 | 1.8 | 1.6 | .5 | --- | .1 | .2 | .2 |
| J | 2.6 | 3.3 | ... | 2.8 | 2.8 | 2.6 | 2.7 | 2.5 | 2.5 | 2.4 | 2.0 | 2.1 | 1.8 |
| GE | -- | -- | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| P | -- | -- | ... | -- | -- | -- | -- | .5 | .7 | .9 | 1.3 | 1.1 | 1.0 |
| F | 2.6 | 2.6 | ... | 2.7 | 2.9 | 2.8 | 2.2 | 2.2 | 2.0 | 1.9 | 1.1 | 1.5 | 1.2 |
| G | 8.0 | 7.7 | ... | 7.6 | 11.5 | 11.4 | 13.1 | 11.6 | 12.4 | 12.3 | 11.8 | 10.7 | 10.8 |
| II | 4.5 | 5.4 | ... | 5.5 | 4.5 | 4.4 | 4.1 | 4.0 | 3.6 | 4.0 | 3.2 | 3.1 | 3.0 |
| M | 20.5 | 22.2 | ... | 23.5 | 17.5 | 22.9 | 26.2 | 23.5 | 24.7 | 23.0 | 13.7 | 11.4 | 12.8 |
| MO | -- | .3 | ... | -- | 3.9 | -- | -- | 2.3 | -- | -- | -- | -- | -- |
| D | 1.6 | 2.3 | ... | *1.2 | *3.6 | 3.4 | .8 | 4.7 | 2.9 | 1.6 | .9 | .9 | 2.3 |
| C | .3 | .4 | ... | .2 | .3 | .2 | .2 | .3 | .3 | .3 | .2 | .2 | .2 |
| PC | -- | -- | ... | -- | -- | -- | -- | -- | -- | -- | -- | .1 | --- |
| AX | 1.5 | 1.1 | ... | 1.1 | 1.6 | 1.6 | 2.1 | 2.4 | 2.4 | 2.5 | 1.8 | 2.4 | -- |
| RT | 3.5 | 3.5 | ... | 5.6 | 4.8 | 5.1 | 4.9 | 3.6 | 4.9 | 4.3 | 3.0 | 3.2 | 4.2 |
| R | .4 | .6 | ... | *.5 | *1.7 | 1.0 | 1.1 | .8 | .6 | .5 | .9 | .2 | .1 |
| AO | 5.3 | 2.8 | ... | 10.0 | 5.3 | 2.2 | 4.7 | .3 | 4.6 | 5.6 | 17.0 | 15.7 | 12.9 |

APPENDIX N (Continued)

Detail of Actual Central Government Expenditure, 1930-1966

(Yearly Totals = 100.0 Per Cent)

| Code | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | *1965 | *1966 |
|------|------|------|------|------|------|------|------|------|------|-------|-------|
| AR | .9 | .4 | .4 | .4 | .5 | .4 | .5 | .5 | .4 | ... | ... |
| OP | .6 | 1.0 | 1.3 | 2.0 | 2.5 | 2.7 | 2.0 | 2.1 | 2.0 | 4.7 | 6.3 |
| COMI | 3.8 | 1.6 | 1.8 | 2.1 | 2.5 | 2.3 | 2.6 | 2.6 | 2.4 | 2.5 | ... |
| EC | .2 | .2 | .3 | .2 | .1 | .2 | .3 | .3 | .3 | 2.0 | .5 |
| MP | .2 | .1 | .1 | .1 | .2 | .3 | .3 | .3 | .2 | .3 | .3 |
| AG | .7 | .9 | .4 | .5 | .7 | .7 | .8 | 1.1 | 1.1 | 2.1 | 1.8 |
| COL | --- | --- | --- | --- | --- | --- | .1 | .1 | .1 | ... | ... |
| CBF | --- | 11.4 | 4.4 | 6.8 | 2.6 | 2.6 | 3.1 | .3 | 2.4 | ... | ... |
| EX | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| EO | 6.1 | 11.7 | 4.6 | 7.2 | 6.6 | 7.4 | 5.9 | 5.7 | 4.7 | --- | 3.1 |
| EDO | --- | 1.1 | 1.0 | .5 | 1.5 | 1.2 | 1.3 | 1.7 | 1.1 | --- | --- |
| ED | 22.0 | 8.6 | 11.3 | 13.1 | 14.2 | 13.2 | 14.5 | 15.4 | 14.7 | 21.0 | 24.4 |
| AC | 8.5 | 3.6 | 4.5 | 5.6 | 6.4 | 6.3 | 7.1 | 7.6 | 7.3 | 8.6 | 10.1 |
| T | 1.4 | 1.2 | 1.3 | 1.3 | 1.0 | 1.5 | 1.1 | 1.2 | 1.2 | 1.1 | 1.4 |
| SP | 3.1 | 2.7 | 2.6 | 3.5 | 3.6 | 3.5 | 3.3 | 3.2 | 3.0 | 3.1 | 3.4 |

| Code | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | °1965 | °1966 |
|------|------|------|------|------|------|------|------|------|------|-------|-------|
| SS | .8 | 7.6 | 5.2 | 9.5 | 8.5 | 6.6 | 6.1 | 5.7 | 4.9 | ... | ... |
| V | -- | -- | -- | -- | -- | .5 | .4 | .4 | .3 | ... | ... |
| SX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SO | 15.0 | .8 | 3.9 | 2.2 | 2.0 | .7 | 1.4 | 1.1 | .8 | .3 | 1.5 |
| L | .5 | .4 | .4 | .6 | 1.2 | 1.4 | 1.5 | 1.4 | 1.3 | .1 | .6 |
| J | 1.4 | .7 | .9 | 1.0 | 1.0 | .7 | .9 | .9 | .8 | 1.6 | 1.6 |
| CE | -- | -- | .1 | --- | .5 | --- | .4 | --- | .5 | .1 | .6 |
| F | .6 | .5 | .5 | .6 | .6 | .5 | .6 | .7 | .7 | 1.2 | 1.3 |
| F | 5.0 | 2.6 | 2.8 | 2.8 | 3.2 | 2.8 | 3.1 | 3.0 | 2.6 | 2.3 | 2.2 |
| G | 9.4 | 5.0 | 5.4 | 6.0 | 6.8 | 7.0 | 6.9 | 8.0 | 7.3 | 8.7 | 7.9 |
| H | 2.1 | 1.3 | 1.4 | 2.0 | 2.0 | 1.8 | 1.8 | 1.9 | 1.7 | 16.6 | 7.7 |
| M | 8.7 | 6.7 | 8.6 | 10.6 | 10.9 | 12.2 | 12.6 | 12.4 | 12.0 | 18.3 | 18.0 |
| MO | -- | -- | -- | -- | -- | .1 | .9 | 1.1 | 1.9 | -- | -- |
| D | 1.5 | 2.6 | 4.1 | 5.0 | 4.0 | 2.5 | 4.6 | 4.3 | 5.0 | 3.1 | 5.0 |
| C | .1 | .1 | .1 | .2 | .2 | .2 | .2 | .2 | .2 | .1 | .1 |
| PC | .1 | .1 | .1 | .1 | .2 | .4 | .4 | .4 | .4 | .4 | .4 |
| AX | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| RT | 2.8 | 1.2 | 2.0 | 3.6 | 3.1 | 2.4 | 2.5 | 2.4 | 1.7 | 1.8 | 1.8 |
| RT | 2.8 | 1.2 | 2.0 | 3.6 | 3.1 | 2.4 | 2.5 | 2.4 | 1.7 | 1.8 | 1.8 |
| R | .1 | .3 | .5 | .6 | .8 | 1.1 | .7 | .7 | .6 | -- | -- |
| AO | 4.4 | 25.6 | 30.0 | 11.9 | 12.6 | 16.8 | 12.1 | 13.3 | 16.4 | -- | -- |

APPENDIX O

The Wastage Overhead Factor in Government Finance

All governments misuse and lose funds through bureaucratic sloth, loose audit, inefficient planning, and corruption; therefore, we can say that there is what may be called a "wastage overhead factor" in all expenditure. Since this factor varies according to type of outlay and is impossible to ascertain (except in isolated cases of investigation which may or may not be typical), we can say only that though government expenditure, like private expenditure, involves inefficiency, the cost of inefficiency must be included in outlay for any given project. Thus, corruption in public works contracts may increase the true cost of work completed, but the final cost is the one that must be accepted for accounting purposes (even if, for example, the contractor or his cohorts are found out and jailed). We may say, however, that the work has been completed with a greater or lesser wastage overhead factor.

The U. S. Aid program to Bolivia was tremendously wasteful in its early years mainly because the predecessor agencies of USAID were "negligent in failing to appoint a ports management, transportation, and warehousing technician in Bolivia during the period from 1954 to 1958 . . . failing to designate a controller and an adequate end-use staff in Bolivia prior to 1957 . . . failing to bolster . . . technical staff before initiating tremendous shipments of emergency aid late in 1953." Made in 1960, these condemnations by the Permanent Subcommittee on Investigations of the U. S. Senate Committee on Government Operations concluded that the Agricultural Service operation was "exemplified by the inadequacy or absence of basic receipt and accounting records; injudicious and arbitrary procurement of millions of dollars worth of machinery and equipment in excess of needs, much of it not adapted for use in Bolivia; misuse of and improper storage and maintenance of costly equipment; [and] misuse of counterpart funds on unauthorized projects." The Senate Committee reprimanded the U. S. Mission for reconciling "the continuation of various projects when it should have become obvious that they were years ahead of the needs of that country or were needless because of the changing economic situation [especially the Villamontes irrigation project, which involved loss of about a million dollars]." In addition, the Committee noted: "Despite the fact that [the Bolivian] Government was known to have been almost \$2 million in arrears for several years in the collection of local currency generated by aid goods shipped to, distributed, and sold in that country, [the U. S. Mission and Washington], prior to 1958, had continued to recommend and approve the obligation of huge sums of U. S. money for direct budgetary support of the Bolivian Government."^a

Although aid to Bolivia has had a high wastage overhead factor, this may be a normal pattern of U. S. aid, at least in crisis situations and while an aid program is being established (witness the present Vietnam situation). Nevertheless, U. S. aid achieved political objectives in Bolivia, if not all of its social and economic goals. Thus, though the final cost of U. S. aid to date has been many times higher than true cost might have been, we must use the former

^aU.S. Congress, Senate, *Administration of United States Foreign Aid Programs in Bolivia*. Report of the Committee on Government Operations made by its Permanent Subcommittee on Investigations. 86th Congress, 2nd Session, Senate Report 1030 (1960) 26-27.

APPENDIX O (Continued)

figure with the qualification that a high wastage overhead factor has been involved.

Programs of the Bolivian Central Government also have suffered from the same high factor. Since this factor has been deeply ingrained in Latin American life, analysis of Bolivian expenditure includes the assumption that the high cost of inefficiency limits effectiveness of financial activity in achieving results. Some observers claim that the wastage overhead factor contributes to private capital accumulation; however, we have argued elsewhere that wastage funds are not necessarily accumulated for capital investment but for relatively nonproductive commercial and urban real estate ventures.^b

Inefficiency in Central Government financial affairs has involved a long struggle by the Controller General's Office to give the audit immediate relevancy. According to reports in the Summary Account Books, the new Controller General's Office began work in January, 1929, with the audit almost 10 years in arrears.^c In 1933 Manuel Raudgin reported that the impact of the Chaco War shattered the audit due to confusion, lack of competent people, and, mainly, lack of foreign technical advice. He noted that the Treasury had paid large amounts which were not authorized and that bureaucratic delay and inefficiency made the Controller's work most difficult, especially when documents were not forwarded for audit. In 1941 the Controller lamented that recent years of bad government had created disorder and demoralization in administrative branches, which often had gotten into the habit of spending global accounts at their own discretion; also, he noted that some offices claimed that revenue which they collected did not have to be audited at all because it did not come through the Treasury.

In order to overcome budgetary problems, in 1954 the *Presupuesto General* carried the proviso that no payments would be made by the Treasury unless they were approved in the budget. The Controller General was required to watch carefully for the source of any unauthorized expenditures. Though this action took some time to implement because of the inflation which prevented the government from operating with stable amounts of money, by 1958 funds expended outside the budget had ceased to be a problem in presenting audited accounts.

Thus we may see that the Bolivian audit has accounted for funds even when expended outside of the budget. Funds have not simply been stolen,^d but allocated to the various ministries which have used them with more or less efficiency. Though the Congress has not examined the Controller's audits, simple bureaucratic force has driven the Controller General's Office to go through the prescribed forms and require that all amounts be accounted for in the general and specific balances. Given a high factor for wastage in Bolivian finances, then, we can say that the figures presented in this paper have meaning. The data reflect, as in the case of USAID expenditure, the prevailing thrust of policy at any given time.

^b Wilkie, *The Mexican Revolution*, 9.

^c Bolivia, Controller General's Office, Summary Account Book, 1931, 3.

^d Theft of U.S. goods undoubtedly did occur in the process of being turned over to Bolivia. With lack of receipts at some stages of the USAID program, some Bolivian officials could take advantage of the fact that neither the U.S. government nor the government in La Paz knew the goods existed. See note "a" on page 74.

APPENDIX P
The Bolivian Central Government's Functional
Analysis of Expenditure, 1955-1966

| | (1) Projected | | | | | | | | | | | |
|-----------------------------|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 |
| Billions bolivianos | 30.3 | 85.5 | 291.8 | 307.5 | 368.9 | 425.5 | 430.0 | 508.1 | 649.7 | 871.2 | 750.0 | 828.4 |
| Per Cent | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Economic ^a | 7.2 | 6.0 | 5.9 | 7.2 | 5.8 | 6.9 | 7.7 | 7.0 | 5.5 | 4.6 | 15.9 | 15.0 |
| Finance ^b | 37.9 | 45.0 | 62.7 | 52.8 | 52.3 | 46.6 | 41.0 | 42.7 | 48.8 | 59.2 | 18.9 | 15.8 |
| Social ^c | 25.4 | 25.6 | 15.8 | 22.4 | 23.1 | 23.5 | 26.4 | 25.9 | 24.0 | 18.6 | 32.6 | 40.6 |
| Administrative ^d | 29.5 | 23.4 | 15.6 | 17.6 | 18.8 | 23.0 | 24.9 | 24.4 | 21.7 | 17.6 | 32.6 | 28.6 |

| | (2) Actual | | | | | | | | | | | |
|-----------------------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 |
| Billions bolivianos | 25.8 | 77.1 | 273.6 | 331.5 | 361.7 | 360.1 | 421.1 | 460.6 | 505.1 | 575.2 | 764.6 | 781.5 |
| Per Cent | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Economic ^a | 7.5 | 6.3 | 4.0 | 4.2 | 5.5 | 6.5 | 6.8 | 6.4 | 7.0 | 6.7 | 12.3 | 9.6 |
| Finance ^b | 31.3 | 30.0 | 63.6 | 55.9 | 46.4 | 41.6 | 42.2 | 39.1 | 36.2 | 39.7 | 23.4 | 27.9 |
| Social ^c | 33.1 | 37.8 | 16.8 | 21.5 | 26.6 | 27.6 | 26.2 | 28.0 | 29.7 | 27.8 | 32.8 | 32.9 |
| Administrative ^d | 28.1 | 25.9 | 15.6 | 18.4 | 21.5 | 24.3 | 24.8 | 26.5 | 27.1 | 25.8 | 31.5 | 29.6 |

^aIncludes Agriculture, Mining and Petroleum; Industry and Commerce; Energy, Transportation, and Communication.

^bIncludes Obligations of the State not broken down by function; Ministry of Treasury, Ministry of Planning; and payments outside the budget.

^cIncludes Education and Culture; Public Health; Social Welfare.

^dIncludes Defense; General Administration.

Source: Adapted from data provided by Inter-American Development Bank. Amounts are the Ministry of Treasury revised totals of which only projected figures include Specially Estimated Funds.

APPENDIX Q

U. S. Ambassadors to Bolivia since May 1928

| <i>Assumption of Office</i> | <i>Name</i> |
|-----------------------------|----------------------|
| May 1928 | David E. Kaufman |
| November 1930 | Edward Francis Feely |
| August 19, 1933 | Fay A. Des Portes |
| April 25, 1936 | R. Henry Norweb |
| May 4, 1937 | Robert C. Caldwell |
| June 22, 1939 | Douglas Jenkins |
| March 5, 1942 | Pierre De L. Boal |
| September 21, 1944 | Walter Thurston |
| April 27, 1946 | Joseph Flack |
| November 19, 1949 | Irving Florman |
| December 14, 1951 | Edward J. Sparks |
| October 11, 1954 | Gerald A. Drew |
| March 28, 1957 | Philip W. Bonsal |
| April 8, 1959 | Carl W. Strom |
| June 24, 1961 | Ben S. Stephansky |
| December 3, 1963 | Douglas Henderson |
| September 3, 1968 | Raul Hector Castro |

Source: U.S. Embassy/La Paz.

BIBLIOGRAPHIC ESSAY

THIS STUDY is primarily based upon raw data archived in Bolivian Treasury Department files. Methodology and processing of data have been discussed at length in the preceding text and in Appendix F. These data have never been published in any complete historical form and partial publication generally has been misleading in that consistent and meaningful categories previously have not been developed. Functional analysis by the Bolivian government, given in Appendix P, illustrates the confusion engendered by classification of "Obligations of the State" as financial in nature, when in fact this category has encompassed all types of expenditure, thus cross-cutting many functions.

As we have seen, of course, discussion of Bolivian Central Government expenditure in the terms of the economist has not been possible because capital and current expenditure have been confused in presentation of accounts. In any case, the form of analysis used in the present work is the most suitable for political analysis of the nature and course of the Bolivian Revolution.

Data regarding expenditure of U. S. funds by the U. S. Operations Mission (USOM) to Bolivia prior to 1961 and by the U. S. Agency for International Development (USAID) since 1961 have been obtained from Washington and Bolivian offices of the USAID program. In addition, it has been necessary to investigate inactive files of USOM/Bolivia which have been deposited in the Federal Records Center, Suitland, Maryland. Because *Program Reports* and many documents of USOM/Bolivia unnecessarily have been labeled "classified" and because the USAID Information Office refused to grant permission to examine such materials, these items could not be consulted for the present study. Given the policy of USAID on public information, it is now impossible for investigators who are not in employment of or under contract with USAID to gain access to classified files. Thus it is not possible at this time to make independent analyses for a full history of USAID activity in Bolivia. Unless USAID retains classified records for at least a third of a century, when its files may be opened, historians may never be able to reconstruct the history of the Bolivian Revolution, which has been so entwined with U.S. aid.

In addition to USAID's need to develop clear budget systems, the reader should be aware of the State Department's policy on disposal of books, often in a destructive manner. The Embassy in Bolivia maintains no library of the books and materials which it gathers, and periodically Washington has given orders for disposal of all materials which are not current. Thus, many of the basic Bolivian reports, books and

papers from which Department of State and USAID analyses were drawn in the 1950's had been literally dumped in La Paz's river by 1966. A suggestion from a USAID Information Systems Task Force that Bolivian and U. S. materials be saved in the future has been ignored to date by USAID officials in Bolivia who, busy projecting the future, feel they can waste little time or scarce funds on maintenance of adequate archive and library facilities.

The U. S. Embassy in Bolivia could do great service to the development of research by Bolivian nationals if the Bolivian materials and USAID contracts and reports gathered and developed in the course of conducting the aid program were simply saved and placed at the disposal of both scholars and government officials trying to assess development. If U. S. aid is to be effective, recipient peoples must become self-sufficient in directing national affairs, and information is an important key to such action.

For aspects of policy and methodology of assessing the economic outcomes of USAID programs (analyses which are beyond the scope of the present study), the reader may consult works which deal with Washington and Taiwan, respectively. U. S. policy decisions and attitudes of policymakers in Washington are discussed in Robert A. Packingham, "Political Development Doctrines in the American Foreign Aid Program," *World Politics* 18 (1966) 194-235. Methodology for examining the results of U. S. assistance is presented in Neil H. Jacoby's *U. S. Aid to Taiwan: A Study of Foreign Aid, Self-Help, and Development* (New York: Praeger, 1966). Background of U. S. aid activities, finance of international organization and international flow of funds are treated in several studies respectively. See, for example, Wolfgang G. Friedmann, George Kalmanoff, and Robert F. Meagher, *International Financial Aid* (New York: Columbia University Press, 1966); J. David Singer, *Financing International Organization: The United Nations Budgetary Process* (The Hague: Martinus Nijhoff, 1961); and Ronald C. Nairn, *International Aid to Thailand: The New Colonialism?* (New Haven: Yale University Press, 1966).

In recent years we have seen several studies of financial activities of individual countries. These works tend to be interested in economic analysis, rather than in ideology as revealed in projected and actual accounts, and are exemplified by the following: John H. Adler, Eugene R. Schlesinger, Ernest C. Olson, *Las Finanzas Publicas y el Desarrollo Económico de Guatemala* (Mexico, D.F.: Fondo de Cultura Económica, 1952); Henry C. Wallich and John H. Adler, *Public Finances in a Developing Country: El Salvador—A Case Study* (Cambridge: Harvard University Press, 1951); Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom* (Princeton: Princeton University Press, 1961).

It is interesting to note that though we have such studies as Lewis H. Kimmel's analysis of U. S. *Federal Budget and Fiscal Policy, 1789-1958* (Washington, D.C.: Brookings Institution, 1959), it probably would not be possible to analyze direct U. S. expenditures as a guide to political ideology as is done in the present study of Bolivia. There are two reasons for making this statement. First, the president of the U.S. is subject to an impressive number of checks and balances (see Aaron Wildavsky, *The Politics of the Budgetary Process* [Boston: Little, Brown, 1964]). Second, U. S. expenditure has complex ramifications of international and national obligations which are long-term and thus not subject to great control by any one president. If expenditure for items such as defense were omitted from analysis, however, Lyndon B. Johnson's social expenditures, centered in the Department of Health, Education, and Welfare, might show a major turning point in U. S. federal budgetary policy.

In conducting research into Bolivian affairs, a new source of information was generated by the author and his wife (Edna Monzón Wilkie) with the completion of a number of oral history interviews. Particularly valuable for understanding Bolivian developments are tape-recorded interviews with Víctor Paz Estenssoro. This recording has been transcribed as a 900-page manuscript on the life and times of the country's leading revolutionary figure. Discussions of personal and national history with, for example, opponents of the revolution such as Joaquín Espada, treasury minister several times during the 1930's and 1940's, and Hugo Roberts Barragán, disillusioned propaganda minister for the Revolution, were also most helpful in qualitatively examining developments of this century.

Since analysis of Bolivia presented here centers on financial history, bibliography which follows is basically economic in nature. For bibliographic materials on land reform, the reader is advised to consult James W. Wilkie, "Bolivian Land Reform Since 1952: A Statistical View of Title Distribution," manuscript, October 1968. Political bibliography may be found in Herbert S. Klein, *Orígenes de la Revolución Nacional Boliviana* (La Paz: Editorial Juventud, 1968) and James M. Malloy, "Bolivia: A Study in Revolution," Pittsburgh: Ph.D. thesis in political science, University of Pittsburgh, 1967. Helpful economic and general bibliographies, respectively, are provided in Cornelius H. Zondag, *The Bolivian Economy, 1952-1965: The Revolution and Its Aftermath* (New York: Praeger, 1966); and American University, Special Operations Research Office, *U. S. Army Handbook for Bolivia* (Washington, D.C.: Government Printing Office, 1963). Also see Charles W. Arnade, "Bolivia's Social Revolution, 1952-1959: A Discussion of Sources," *Journal of Inter-American Studies* 1 (1959) 341-352;

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NOTES

¹Robert J. Alexander, *The Bolivian National Revolution* (New Brunswick, N.J.: Rutgers University Press, 1958), Richard W. Patch, "Bolivia: U.S. Assistance in a Revolutionary Setting," in *Social Change in Latin America Today* (New York: Council on Foreign Relations, 1960), 108-176, and Cornelius H. Zondag, *The Bolivian Economy, 1952-65, the Revolution and Its Aftermath* (New York: Praeger, 1966). Whereas Alexander relates politics to economics and Zondag describes economic development, Patch emphasizes the impact of revolutionary events and U.S. aid on Bolivian social life, particularly village and peasant spheres. Delimitation of the present study precludes discussion of topics emphasized by these authors and assumes that the reader has read these basic works. In comparing statistical data presented here to similar data in Zondag's book and abstracts by international and U.S. agencies, the reader should note that we have presented the latest available data and much of it has been adjusted for our special purposes.

²The concepts of social, economic, and administrative expenditure are discussed at length below and defined in Appendix M.

³See Gonzalo Martner, *Planificación y Presupuesto por Programas; Textos del Instituto Latinoamericano de Planificación Económica y Social* (México, D.F.: Siglo XXI, 1967). Planning advocated by Martner goes well beyond project analysis, cost-benefit studies, and coordination of plans to show how nations may group expenditure around specified programs to achieve effective overall state planning.

⁴Bolivia, Dirección General de Estadística y Censos, *Boletín Estadístico* 92 (1966) 271-272. See also Néstor Sáinz, "Breve Informe Sobre el Índice del Costo de Vida," Memorandum, USAID/Bolivia, March 10, 1965.

⁵James C. Davies, "Toward a Theory of Revolution," *American Sociological Review* 27 (1962) 5-19.

⁶Though the General Index increased by 24 per cent, food and fuel went up 30 per cent while clothes, services, and housing gained only 19, 10, and 23 per cent, respectively.

⁷James W. Wilkie and Edna M. Wilkie, *Entrevistas de Historia Oral con Víctor Paz Estenssoro*, Lima, Perú, 1966.

⁸*Ibid.*

⁹*Ibid.*, and Milton S. Eisenhower, *The Wine is Bitter; The United States and Latin America* (Garden City, N.Y.: Doubleday, 1963), 67-68.

¹⁰U.S., Congress, Senate, *Critical Materials - Factors Affecting Self-Sufficiency Within Nations of the Western Hemisphere. Economic Status - Investment Climate*. Report of the Senate Economic Subcommittee on Minerals, Materials, and Fuels of the Committee on Interior and Insular Affairs; Supplement to Senate Report 1627 of the 83rd Congress. 84th Congress, 1st Session, Senate Document 83 (1956) 116-117.

¹¹U.S. Ambassador Ben S. Stephansky has stated that he thought that if Paz were to continue in office in 1964 a military coup might be prevented (Interview, Washington, August 2, 1968).

¹²Table 3 and Appendix A are not comparable as they do not contain the same components (e.g., Export-Import loans and Social Progress Trust Fund loans). Whereas Appendix A is largely based upon obligations (except for military disbursements), Table 3 is based upon dollar obligations and local currency dollar equivalent disbursements.

¹³The usual breakdown by USAID of foreign assistance (which includes categories of technical assistance, cash grants, other grants, Public Law 480, and development loans) for the most part is meaningless. For example, technical assistance is social and administrative as well as economic in nature, and imports of agricultural commodities are included in categories besides "Public Law 480."

¹⁴Exchange rates are given in Table 4 for 1957-1966 and in U.S., Operations Mission to Bolivia, *Point Four in Bolivia, 1942-1960* (La Paz: Centro Audio Visual, 1960), 89 for 1954-1956. The latter rates were 1.5, 3.0, and 7.7, for 1954, 1955, 1956. Prior to 1958 little local currency was expended compared to later years. Average rates used are 10.7 and 11.9, pre- and post-1961.

¹⁵A letter from Néstor Sáinz, November 27, 1968, clarifies distribution of these funds.

¹⁶Reliability is tested by comparing total disbursement of functional analysis (Table 3) to adjusted USAID total of 179.1 dollars by source of funds (USAID/Bolivia, *Economic and Program Statistics* 9 [1968] 37) for the period 1942-1961 when data on unexpended local currency funds and losses in value of funds are available. Losses were due to inflation, disparate prices of artificial exchange rates, as well as uncollected local currency accounts (see USOM/Bolivia, *Point Four in Bolivia*, 86). Whereas Table 3 accounts for 111.2 million dollars, losses and amounts unexpended in local currency dollar equivalent add 55.9 million, thus, we can account for 93 per cent of an adjusted total for funds administered by USAID. This leaves 7 per cent subject to loss

through identifiable theft and mismanagement—though waste would run much higher (see Appendix 0). See also note 20.

For an unrevised and incomplete alternative functional analysis see USOM/Bolivia, *Point Four in Bolivia*, 86, which gives similar totals (mixed obligations and disbursements) as 46.3, 11.3, 36.7 and 5.7 per cent for economic, social, budget support, and administrative outlay, respectively.

¹⁷The amount analyzed functionally, 141.0 million dollars, (Table 3) and unexpended local currency in dollar equivalent, 16.4 million dollars (USAID/Washington, *Operations Report as of June 30, 1966*, 121), account for all but 0.8 per cent of USAID expenditure for 1962-1966 given in Table 4. Since there was low inflation, losses included in the above figures would be confined mainly to hidden mismanagement of funds by U.S. and Bolivian officials. See also note 20.

¹⁸Jacob P. Meerman, "Supporting Assistance, Past and Future, A cursory Assessment," Memorandum, USAID/Bolivia, October 3, 1966. Meerman cites the Solomon Report: Anthony M. Solomon, Frank W. Krause, and Norman S. Fieleke, "Informe sobre las Finanzas del Sector Público de Bolivia," manuscript, March 1, 1963.

¹⁹Jacob P. Meerman, "The Changing Role of USAID in Bolivia," Memorandum, USAID/Bolivia, October 5, 1966. In another view, "The AID program has shifted from one of shoring up a faltering economy with large inputs of grants to cover current deficits to one of loans for capital investment to accelerate Bolivian economic growth. During the period 1958-1961, U.S. budget support grants (not including P.L. 480) amounted to 77% of total obligations while capital loans were 13%. By FY 1966 the proportions were almost exactly reversed with 79% of total obligations being devoted to capital lending and 11% to budget support grants with the latter scheduled to terminate at the end of FY 1967," John D. Blumgart, "List of Economic Achievements Requested by Pat Morris," Memorandum, USAID/Bolivia, November 28, 1966.

²⁰U.S. assistance was cheap because the sale of surplus agricultural commodities in Bolivia generated local currency which then was used to aid all types of Bolivian development (see Table 3). The 275.9 million dollars includes losses and unexpended local currency discussed in notes 16 and 17 above. Source for this total (275.9) is given in notes 21 and 83.

²¹USAID/Bolivia, "Program Financial Operations Status Report," December 31, 1964. These figures exclude Export-Import Bank loans, Social Progress Trust Fund loans (administered by the Inter-American Development Bank), and Peace Corps funds. USOM/Bolivia, *Point Four in Bolivia*, 14, offers alternative figures (unrevised and incomplete) which show surplus agricultural commodities and transportation as providing 55.7 per cent of U.S. assistance to Bolivia for 1954-1960.

²²Eisenhower, *The Wages is Bitter*, 194.

²³Bolivia produced 39.2 thousand tons of wheat flour in 1950 and this had fallen to 7.7 by 1963 [U.N. *Statistical Bulletin for Latin America* 2.2 (1965) 59]. See also Antonio Valdivieso C., "Trigo Yanqui y Retroceso," *Presencia*, December 24-25, 1966. General criticisms of U.S. aid are presented by Mario Torres Calleja, "La Ayuda Americana: Una Esperanza Frustrada (La Paz: n. p., 1962); and William S. Stokes, "The Contraproducente Consequences of Foreign Aid in Bolivia," in Helmut Schoeck and James Wiggins (eds.), *The New Argument in Economics: The Public versus the Private Sector* (New York: Van Nostrand, 1963). Problems of assessing agricultural production are discussed in James W. Wilkie, "Bolivian Land Reform Since 1952: A Statistical View of Title Distribution," manuscript, October 1968.

²⁴See Theodore W. Schultz, "Value of U.S. Farm Surpluses to Underdeveloped Countries," in Gustav Baris (ed.), *The United States and the Developing Economies* (New York: Norton, 1964), 114-117.

²⁵Bolivia, Dirección Nacional de Informaciones, *Bolivia: 10 Años de Revolución*, 165 and 178.

²⁶Bolivia, Banco Central, *Memoria 1957*, 85, and USAID/Bolivia *Economic and Program Statistics* 9 (1968) 18. According to a decree of October 23, 1966, the Bolivian Government has created a Wheat Commission to substitute wheat and flour imports in order to (1) save 12 million dollars yearly in foreign exchange; (2) give 100,000 peasant families a market for production; (3) create a new milling industry (see Bolivia, Ministerio de Economía Nacional/USAID-B., Departamento de Coordinación y Control de Proyectos, *Informe de Labores por la Gestión 1966* [con datos desde 1959]).

²⁷Appearances may be deceiving: certainly the nature of USAID under President Johnson is ambiguous. While administration propaganda phrases its presentation in social terms, economic aspects appear to be assuming more importance. The reader may wish to examine USAID/Washington, *Proposed Foreign Aid Program FY 1968, Summary Presentation to Congress* (1967).

²⁸James W. Wilkie, *The Mexican Revolution: Federal Expenditure and Social Change Since 1910* (Berkeley and Los Angeles: University of California Press, 1967).

²⁹Alliance for Progress, Comité Interamericano de la Alianza para el Progreso (CIAP), *El Esfuerzo Interno y Las Necesidades de Financiamiento Externo Para el Desarrollo de Bolivia* (Washington: mimeo., 1966), 32, and *Proyecto de Informe Final del Subcomité del CIAP sobre Bolivia* (Washington: mimeo., 1965), 7.

³⁰Analysis of types of expenditure is validated by USAID statistical analysis in Bolivia which independently arrived at about the same categorization. The main differences are (1) USAID classi-

fies Tourism, Planning and Monetary Commission affairs as economic expenditure in contrast to administrative outlay — percentage difference is negligible — and (2) USAID has not broken down State Obligations.

³¹Debt payments include interest. For the rationale of including amortization in budgetary analysis, see Wilkie, *The Mexican Revolution*, xxiv, 13.

³²Wilkie and Wilkie, *Entrevistas de Historia Oral con Paz Estenssoro*. The subsidy for Church Affairs is outlined as to function in Bolivia, Ministerio de Hacienda, *Presupuesto General*, 1961, 92.

³³Thus, for example, if said surcharge in 1957 yielded 40,000 bolivianos, in 1958 this absolute amount would increase by 30 per cent to 52,000 compared to an absolute yield of 80,000 bolivianos. Examples are from *ibid.*, 427-428.

³⁴See Paz's speech on nationalization of the mines in Víctor Estenssoro, *Discursos y Mensajes* (Buenos Aires: Ediciones Meridiano, 1953), 30-42, especially 32; see also Alexander, *The Bolivian National Revolution*, 101-102. Other reasons for nationalization included the desire to end the tin companies' power over Bolivian affairs.

³⁵For chronicles of problems in the nationalized tin mines, see *ibid.*, Chapter 6 and Zondag, *The Bolivian Economy*, Chapter 8.

³⁶USAID/Bolivia, *Economic and Program Statistics 7* (1965) 29, and Blumgart, "List of Economic Achievements."

³⁷This study also excludes examination of Central Bank policy, foreign exchange policy, and public sector income (Central Government collections are briefly discussed in relation to Appendix I). For a personal view of such aspects see G. J. Eder, *Inflation and Development in Latin America* which takes up the Bolivian case (see Bibliography).

³⁸CIAP notes that a series of autonomous enterprises collect income (which is greater than that of the Central Government) and determine their own expenses and financing of capital without much coordination with other dependencies of the public sector. Also, undesirable accounting procedures of agencies outside the Central Government mean that it is very difficult for the Bolivian government or international financial agencies to understand the effect and role of the public sector upon national development (see Alliance for Progress, Comité Interamericano de la Alianza para el Progreso, *El Esfuerzo Interno y las Necesidades de Financiamiento Externo para el Desarrollo de Bolivia*, 1966, 31).

³⁹International Bank for Reconstruction and Development, *The Economic Development of Spain* (Baltimore: Johns Hopkins Press, 1963), 118-119.

⁴⁰U.S., *The Budget of the United States Government, Fiscal Year 1969 and Special Analysis*.

⁴¹GDP is deflated for 1958 prices without any explanation of method prior to 1958; GDP in current prices is not given in sources for deflated figures prior to 1958.

⁴²Data are available in minute form in Detailed Account Books (see Appendix F), but the number of man-days required to compile figures into a useable form was beyond the resources of the Bolivian Treasury Department when its newly implemented cardpunch system failed during the first year of operation.

⁴³James W. Wilkie and Edna M. Wilkie, *Entrevistas de Historia Oral con Enrique Hertzog*, La Paz, 1966.

⁴⁴Luis Peñaloza C., *Historia del Movimiento Nacionalista Revolucionario*, Chapter 20.

⁴⁵Joaquín Espada, however, has felt that if Paz had been allowed to assume the presidency in 1951 he could not have done much, as the traditional structure was strong and in control of Congress, the military, and the police; when Paz took power in 1952 the traditional forces had been defeated and could not work from within to maintain stability. James W. Wilkie and Edna M. Wilkie, *Entrevistas de Historia Oral con Joaquín Espada*, La Paz, 1966-1967.

⁴⁶Wilkie and Wilkie, *Entrevistas de Historia Oral con Paz Estenssoro*. Cf. Brill, *Military Intervention in Bolivia: The Overthrow of Paz Estenssoro and the MNR* (Washington, D.C. Institute for the Comparative Study of Political Systems, 1967).

⁴⁷A professional army is not an army of social workers as these are mutually contradictory terms; cf. Brill, *Military Intervention in Bolivia*.

⁴⁸Wilkie and Wilkie, *Entrevistas de Historia Oral con Paz Estenssoro*.

⁴⁹Ratios are calculated from data in Table 7 and municipal budgets in Bolivia, Ministerio de Hacienda, *Presupuesto General*, 1961. It should be noted that the municipalities have traditionally been responsible for construction of potable waterworks and schools; the Central Government has preferred to rent buildings if they are not constructed by municipalities.

In an interesting report by Hugo López Videla, "School Building in Bolivia," typescript, USAID/Bolivia, 1957, we find the following assessment: "Public school buildings, with a few exceptions in the country, can not be classified as buildings; they are mere huts, without sanitary services.

with no light, and without the essential conditions for a human being to live in." Indications are, however, that by 1966 conditions were improved.

⁵⁰In Bolivia, Dirección General de Estadística y Censos, *Censo Demográfico, 1950* (La Paz: Editorial Argote, 1955) 8.4 per cent was added to the censused population to cover estimates for omissions and 3 per cent to cover estimate of jungle population; no method or rationale is offered for these calculations.

⁵¹A U.N. census using sampling techniques was taken in 1963 but has not been released; see note 52 below.

⁵²Bolivia, Dirección General de Estadística, "Censo por Muestreo, 1963," unpublished.

⁵³Quoted by Alexander, *The Bolivian National Revolution*, 112.

⁵⁴Cf. Guillermo Bedregal, *Monopolios Contra Países Pobres: La Crisis Mundial del Estaño* (México, D.F.: Siglo XXI, 1967), 21, for deflations of real tin value based upon the U.S. wholesale price index and relation of world production to price.

⁵⁵*Ibid.*, 25-26, on export controls by the International Tin Council which required that Bolivia limit exports in 1958-1959; for effect on tin prices caused by U.S. and Soviet policy see 226ff and 112ff.

⁵⁶Alexander, *The Bolivian National Revolution*, 113, discusses tungsten prices; and Bolivia, Secretaría Nacional de Planificación y Coordinación, *Plan . . . 1965-1966*, 15-16, gives tungsten prices at 3.20 dollars per lb. in 1951 descending by year to 1.12 in 1957; in 1958 the price fell to .42 per lb. Zondag, *The Bolivian Economy*, Chapter 10, discusses petroleum hopes.

⁵⁷Unrevised GDP estimates show construction at under 1 per cent but revised figures go up to the percentages in Appendix I. On private oil developments see Alexander, *The Bolivian National Revolution*, 159-170.

⁵⁸*Ibid.*, 168-169.

⁵⁹Zondag, *The Bolivian Economy*, 234-235.

⁶⁰Wilkie and Wilkie, Entrevistas de Historia Oral con Paz Estenssoro. The change in investment atmosphere is discussed in Zondag, *The Bolivian Economy*, 103-107; the new mining code of mid-1965 is discussed on page 235. On the mining code see also Blumgart, "List of Economic Achievements," who mentions the USAID estimate that by 1970 private mines will account for 35 per cent of tin exports, compared to 20 per cent in 1952. President Barrientos offered guarantees to U.S. investment during his trip to Washington according to *Presencia*, July 23, 1966. Some capital did flee Bolivia after 1952 and new investment was in short supply; but Appendix K reveals that though there was not much growth in industrial production after 1951, by 1955, the level had greatly increased only to be seriously hurt by the stabilization years. Between 1962 and 1964 the uptum was great in industry.

⁶¹Most agencies, however, currently encourage general tax increases in order that selective concessions may be made without loss of revenue.

⁶²Apparently, after the overthrow of the MNR's Revolution, "Che" Guevara hoped to capitalize on anti-military sentiment in order to capture control of Bolivia's strategic location. Since Bolivia is landlocked it would have offered a fine base for guerrilla activities in the neighboring countries of Peru, Brazil, Paraguay, Argentina and Chile. *The Diary of Che Guevara: Bolivia: November 7, 1966 - October 7, 1967. The Authorized Text in English and Spanish; Introduction by Fidel Castro* (New York: Bantam, 1968) reveals how seriously the guerrillas underestimated problems of surviving in the wilds of South America, especially after a thorough-going social revolution had already taken place.

⁶³In addition to Stokes cited in note 23 above, Simon G. Hanson, "Fraud in Foreign Aid: The Bolivian Program," *Inter-American Economic Affairs* 11:2 (1957) 65-89, has recounted U.S. Congressional interest.

⁶⁴*Presencia*, November 26, 1966.

⁶⁵*Ibid.*

⁶⁶*Ibid.*, November 28, 1966.

⁶⁷*Ibid.*, November 29, 1966.

⁶⁸Information on elimination of earmarked taxes is from a letter of December 11, 1968 by Néstor Sáinz.

⁶⁹On tax reform see Blumgart, "List of Economic Achievements," and Zondag, *The Bolivian Economy*, 72-73.

⁷⁰Interview with Paz Estenssoro, Lima, Perú, January 15, 1967.

⁷¹For example, Central Government data on expenditures already exists and only has to be presented in alternative ways.

⁷²For criticism of the Ministry of State Planning by a U.N. advisory team, see "Informe sobre

Bolivia en torno a Planificación 1966," *IFE* (Información de Prensa Especial, Económica y al Exterior), carta semanal de Gonzalo López Muñoz, La Paz, no date.

⁷³Wilkie and Wilkie, *Entrevistas de Historia Oral con Paz Estenssoro*.

⁷⁴Central Government subsidies to decentralized agencies, which are in the realm of presidential choice, are included in analysis here.

⁷⁵See information on the Bolivian Development Corporation decision to become a mixed public and private agency in Cámara Nacional de Industrias, *Industria, Memoria XXXV* (1966) 20-21. Perhaps this reorganization might overcome some of the bureaucratic obstacles to the establishment of business of which the Cámara complained in *Presencia*, August 26, 1966; see discussion below.

⁷⁶Wilkie and Wilkie, *Entrevistas de Historia Oral con Paz Estenssoro*.

⁷⁷*El Diario*, July 22, 1966.

⁷⁸See Barrientos's long statement to the miners in *El Diario*, August 27-28, 1966.

⁷⁹Wilkie, *The Mexican Revolution*, Part II.

⁸⁰It might be argued that decentralized agencies are organizations ideally suited to developed countries; but even in the U.S., New Frontier Economics require that the entire public sector be manipulatable to stimulate or "cool off" the economy as needed.

⁸¹On September 16, 1966, *El Diario* reported President Barrientos as saying that public debt of Bolivia could not be permitted to go much higher.

⁸²Amounts are from USAID/Bolivia, *Economic and Program Statistics 8* (1966) 23.

⁸³USAID/Bolivia, "Program Financial Operations Status Report," December 31, 1964. See also note 20.

⁸⁴See Wilkie, *The Mexican Revolution*, 114-115.

⁸⁵See note 75 above.

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