Understanding Changes in Social Cohesion in Bolivia

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International Conference on Social Cohesion and Development
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MOTIVATION
Why do we care about Social Cohesion?
Why do we care about Bolivia in the 2006-2009 period?
Why do we care about Bolivia in the 2006-2009 period?

1. Profound changes in economic institutions

-Move from a market oriented economy to a "state oriented" economy.
(e.g. the nationalization of oil and gas reserves, four power companies - including a subsidiary of France’s GDF Suez; the biggest smelter and the top telecommunications firm)
Why do we care about Bolivia in the 2006-2009 period?

II. Profound changes in political institutions

New National Constitution - written by elected representatives, that:
- defines Bolivia as “a United Social State of Plurinational Communitarian Law”;
- sweeps rights to the country’s 36 indigenous groups;
- recognizes “community justice” imparted by elders and indigenous authorities;
- introduces popular election of judges and members of a judicial council;
- limits landholdings to 5,000 hectares (12,400 acres);
- mandates “social control” of public institutions by “organized civil society”; and
- dictates education must become “decolonizing”, “liberating” and “revolutionary”; among others.
MEASUREMENT
How do we define and measure social cohesion?

Easterly, Ritzan and Woolcook (2006) "the nature and extent of social and economic divisions within society (...) - whether by income, ethnicity, political party, caste, language or other demographic variable ...around which political salient societal cleavages can (though not inevitable or “naturally”) develop".
How do we define and measure social cohesion?

- Gini coefficient
- Middle class concensus
- Ethnolinguistic fractionalization
How do we define and measure social cohesion?

Maxwell (1996) "the process of building shared values and communities of interpretation, reducing disparities in wealth and income, and generally enabling people to have a sense that they are engaged in a common enterprise, facing shared challenges, and that they are members of the same community".
How do we define and measure social cohesion?

- Membership and participation rates
- Self-declared trust
- Propensity to exhibit cooperative behavior
DATA
Data for social division measures:

- 1999-2009 LSMS surveys
- 1997-2009 electoral results
Data for trust measures:

- 2006, 2009 experiments on a representative sample of undergraduates
Berg, Dickhaunt and McCabe (1995) Trust Game

A two-player game in which

- Player A is given a fixed amount of money and asked to decide whether to transfer any of it to Player B, and if so how much.
- Then, the experimenter triples the transferred amount and gives it to player B.
- Player B is asked to chose whether to transfer any money back to player A.
Notice that:

- The game reveals the sense that Player A has that his game partner is engaged in a common enterprise since the amount of money that Player A transfers Player B serves as an indication of his trust.

- Baran, Sapienza and Singales (2010) present evidence that trust measures derived from the trust game in a laboratory setting predict the reciprocal behavior of the same subjects in a real-world situation.
RESULTS
What were the changes in social divisions?
(a) Gini Index
(b) Middle Class Consensus
(c) Ethnolinguistic Fractionalization
(d) Political Fractionalization
What were the changes in trust?
Can we observe declining social divisions with declining social cohesion?

\[
ERF = \sum_{i=1}^{G} \sum_{i\neq j} p_ip_j \Delta_{ij} = \bar{\tau} = \sum_{i=1}^{G} \sum_{j=1}^{G} p_ip_j \tau_{ij}
\]

\[
ELF = 1 - \sum_{i=1}^{G} p_i^2 = \sum_{i=1}^{G} \sum_{i\neq j} p_ip_j = \sum_{i=1}^{G} p_i(1 - p_i)
\]
Explaining changes in trust
(a) Changes in Trust by Race
(b) Changes in Trust by Income Class
(c) Changes in Trust by Political Group
CONCLUSIONS
On the measurement of social cohesion:

- Socially divided societies do not naturally develop politically salient cleavages. Furthermore, there might be reductions in the extent of social divisions with growing between-group alienation that makes societies less cohesive - in the sense that their members are less prone to exhibit cooperative behavior.

-> Indirect measures of social divisions are not useful for monitoring the evolution of social cohesion in a particular country.
On the challenges of institutional reform:

- The profound social divisions that exist in the Bolivian society have fueled the belief that major institutional reforms were needed to construct a more equitable society, as much as major institutional reforms may have increase alienation and decrease trust between groups.

-> The relationship between institutional reform and social cohesion may well be endogenous.
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