

# From ‘beasts of burden’ to ‘backbone of society’: The fiscal forging of a new Bolivian middle class

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## Abstract

The recently re-branded and highly digitalised Bolivian Tax Office, *Servicio de Impuestos Nacionales* (SIN), works to consolidate various socio-economic groups, such as the Aymara bourgeoisie (wealthy traders who identify as all or part indigenous), into a new middle class. SIN’s motivations to do so are bound up in broader international financial logics where the development of an archetypal European middle class – the so-called backbone of society – is considered key to a healthy tax profile. The efforts to forge a new middle class involves the deliberate projection of SIN as an accountable, effective, and ‘modern’ organisation, with the aim of promoting a broader fiscal culture that embodies these same characteristics; targeted education of the populace about taxpaying as an ethical act in line with highland indigenous values; and, policy-making that encourages income tax over VAT (value-added tax). However, these new middle classes experience the temporality and individualising effects of SIN’s system as incompatible with the money flows and values of their own economic lives. Specific areas of contention include the rhythms of incomes and the ethics of risk- and profit-sharing. In exploring this incompatibility, I argue that fiscal systems are key to the production and imaginations of middle-classness, both as they succeed and fail.

## Keywords

Andes, Bolivia, development, governance, middle classes, public goods, state institutions, tax, temporality

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With large glass doors opening straight onto the street and walls painted white, the vast office was bright and crisp. Only the rows of seats in dark blue upholstery and branded posters in the same shade provided any interruption from the white. The wet floor tiles below reflected light as a cleaner, dressed in the same blue as the seats, perpetually mopped them. This was one of Bolivia's new tax offices, *Servicio de Impuestos Nacionales* (SIN), colloquially known as *Impuestos*. It was markedly different to the many government offices I had visited previously in the country; there were no piles of beige folders or inkpads and stamps on the desks, no framed portraits of dignitaries or annual calendars on the walls, nor any long queues of people waiting. Instead, each desk was empty apart from a computer monitor, and the few people seated on the blue chairs held a number from the ticket machine, watching on a screen for their turn to come up.

I had come to the office that day to take part in a capacity-building course on a tax regime aimed at small traders, *Régimen Tributario Simplificado* (RTS) (simplified tax regime). RTS is an income tax calculated according to capital held, rather than income made, and presumptive in that the bimonthly payments remain the same throughout the fiscal year, regardless of actual revenue. As part of my ongoing research into fiscal relations in Bolivia, I was there to learn about the details of RTS, to further understand the workings of SIN, and to meet local taxpayers. The course was only attended by me. At first, I was disappointed at a lost opportunity to recruit new research participants, but the apparent failure of the course to attract people turned out to be a starting point for a new line of inquiry – that of SIN's efforts not only to increase fiscal revenue, but also to shape a particular kind of 'middle-class' taxpayer and, in turn, the taxpaying populace's response to these ventures.

This article explores three ways that SIN works to create these new taxpayers: first, through the deliberate projection of SIN's recently re-branded organisation as accountable, effective, and 'modern' with the aim of promoting a broader fiscal culture that embodies these same characteristics; second, through targeted education of the taxpaying populace regarding the benefits, necessities, and ethics of paying tax; and, third, through policy-making, which encourages income tax over VAT (value-added tax). These undertakings by SIN can only be productively analysed if we also attend to the motivations held by SIN, and the wider Bolivian government, to create middle-class taxpayers. These motivations are bound up in broader international monetary logics where the development of an archetypal European middle class – the so-called backbone of society – is considered key to a healthy tax profile.

With regard to the taxpayers' responses to these efforts, I explore how the population of upwardly mobile traders and professionals who self-identify as highland indigenous, variously referred to as the Aymara petty bourgeoisie (Rea Campos, 2016), Aymara capitalists (Himpele, 2003), or popular wealth classes (Tassi, 2017), experience the country's fiscal system and the attempts to shape them into a middle class which will meet with international expectations of a 'developed' economy. Drawing on interviews and ethnographic data, I discuss how these 'popular wealth classes' in the city of Cochabamba saw the work of SIN as an individualising force which interfered with ongoing practices of sharing profits and the spreading of risks across kin networks and business relations, as well as incompatible with the rhythms of their everyday money flows.<sup>1</sup>

I contribute to the anthropological scholarship on middle classes by emphasising tax structures, the individualisation of risk and profit, and the rhythm of money flows as important elements of how middle-classness is conceptualised. The research interrogates how taxes make and unmake classes, not just through the redistribution of money, or the protection of wealth, but also in the ways that taxes impact the movements of money and how these movements in turn enable and disable the economic activities linked to different livelihoods and communities.

## **Bolivia's tax profile and international logics of fiscal governance**

Like many countries in the global South, Bolivia has a low tax-to-GDP ratio – in other words, the nation's tax revenue is small relative to the size of its economy. In 2019 it sat at 24.7% compared to the OECD (Organisation for Economic Co-operation and Development) average of 33.8% (OECD; [Inter-American Center of Tax Administrations; Economic Commission for Latin America; the Caribbean and Inter-American Development Bank, 2021](#): 31), in addition, this revenue stream is largely made up of regressive taxes, such as VAT,<sup>2</sup> and rents on resource extraction by foreign companies that operate in the country. Meanwhile income tax, which is a progressive tax,<sup>3</sup> constitutes a far smaller part of the revenue stream – in 2015 it represented 0.2% of GDP in Bolivia (compared with the OECD average of 8%; [OECD, 2018](#): 124). This income tax 'deficit' is reflective both of labour informality in the country ([Castañeda and Doyle, 2019](#)) – Bolivia has one of the largest shadow economies in the world, although this has been shrinking in official figures since 2005 ([Medina and Schneider, 2018](#))<sup>4</sup> – as well as of low taxes on high earners and capital rents ([OECD, 2018](#): 128–31). Many economists (e.g. [Bird and Gendron, 2007](#); [Moore, 2004](#)) argue that revenue possibilities of both personal income taxes and corporate income taxes are so limited in most 'transitional countries' that VAT is the best way to fund social security and public goods. Indeed, left-leaning governments across Latin America, such as the Bolivian one, have resorted to expanding indirect and regressive taxes and applying pressure on collection, through more aggressive checks and fines, to fund welfare programmes ([Castañeda and Doyle, 2019](#): 595–6).

Tax structures which are 'regressive heavy' put low-income households at risk of carrying larger tax burdens than other sections of society, in relative terms. Thus, even when channelled to public services and means-tested benefits, VAT taxes the poor to provide for the poor. On the other hand, progressive taxes are structured to ensure the tax burden on people is always a factor of economic means. This is one reason why the international community, such as the OECD (which is widely viewed as an authority on economic wellbeing), wishes to see a rise in revenue from income tax in 'transitional countries'. But the value of a diverse fiscal revenue flow also reflects broader internationally circulating logics about governance, which go beyond the equity benefits of a progressive tax system. These include the idea that every act of engagement by a person in a fiscal system, in particular through direct taxes, such as income tax, deepens their vested interest in that society, producing stability, accountability, and democracy ([OECD, 2018](#)).

These prevailing understandings of the role of taxes in national economies were solidified during the United Nations (UN) International Conference on Financing for Development in Mexico over two decades ago (UN, 2002), and further reinforced during the economic crisis of 2008 (IMFOECDUNWorld Bank, 2011, OECD, 2008). They also dovetail with broader logics of what a developed country is (Escobar, 2012), and international conversation trends about good governance and economic and moral orders such as transparency, effectiveness, financial accountability, and fiscal responsibility (Bear and Mathur, 2015; Goodale, 2017; Mattei and Nader, 2008; Nader, 2002; Strathern, 2000).

In response to these globally circulating ideas about economic health and ethical governance, Bolivian governments over the past decades have worked to both grow and diversify the country's fiscal revenue stream, specifically with the aim of boosting income from progressive taxes through expanding the group of so-called middle-class taxpayers; and while it may be the opinion of many economists that this is a near impossible task, receipts from income tax have slowly been rising in the country (OECD; Inter-American Center of Tax Administrations; Economic Commission for Latin America; the Caribbean and Inter-American Development Bank, 2021: 34). Shifting their fiscal profile and ridding themselves of the label of 'transitional country' would have both reputational and financial effects for Bolivia, such as improving sovereign credit ratings, which attracts global investment and provides access to international bond markets.

Former Bolivian President, Evo Morales, and his MAS party (*Movimiento al Socialismo* [Movement Toward Socialism]) were elected to power in 2005 following prolonged protests against resource exploitation, privatisation, and exportation under previous president Gonzalo Sánchez de Lozada. Self-identifying as indigenous Aymara, Morales pledged to initiate 'the process of change' (*el proceso de cambio*), ending centuries of oppression and racism, securing indigenous autonomies, and protecting the country's natural resources while exploiting them in an equitable manner to expand national industry and public services. MAS's stated aim was that it would bring indigenous peoples and their ethics to the centre of the nation (Fabricant and Postero, 2019: 250).

Throughout the last decade, MAS have been criticised for betraying the causes to which they had declared their commitment and succumbing to neoliberal pressures (Cameron and Tockman, 2014; Gustafson, 2013; Rivera Cusicanqui, 2012). Aymara activist and academic Silvia Rivera Cusicanqui has argued that the MAS is virtually a replica of the neocolonialist development project of the past and running a government amid a growing climate of impunity (Rivera Cusicanqui, 2012). While the years under MAS have undoubtedly changed Bolivia, these scholars agree that the party has not shifted the country to a place of post-neoliberalism, nor perhaps did it ever intend to. Instead, the work of the government has been characterised by the attempts and failures to balance their promises to their electorate to reject neoliberal re-structuring and push through radical change, with their commitment to economic growth.

The dissatisfaction with Morales and his party culminated at the end of 2019 when Morales fled the country following contested elections and mounting tensions between the military, police, and public protesters. In the post-election violence, conservative

Jeanine Áñez Chávez was controversially declared interim president. In November 2020, MAS with its new leader, Luis Arce Catacora, were once again elected to power, this time with a decreased majority (compared to 2014, 2009 and 2005). While MAS politics have seen significant contestation, their ‘process of change’ and economic programmes have been reconfiguring Bolivia for almost two decades, allowing the party to make long-term fiscal plans and forge new socio-economic relations.

This article examines the Bolivian Tax Office’s attempts to produce a new fiscal profile for the country through converting the increasingly cash-rich Aymara bourgeoisie into a group of middle-class taxpayers whose existence will restructure the country in accordance with OECD indices of development (see Bolt and Schubert, 2022, this issue, on how middle classes are seen as vanguards of development). But, just like the larger project of change promoted by MAS, this aim exists in the context of a tension between radical indigenous logics and prevailing socio-economic structures: the forging of a new ‘progressive’ fiscal profile is challenged by the incommensurability, as experienced by these popular wealth classes, of their lived economic lives with the demands on a new middle class.

## Middle classes and the politics of MAS

The middle classes and ‘middle-classness’ – that is the lifestyles, aesthetics, finances, ethics, education, emotions, politics, and aspirations associated with middle-class existence – have become an important topic of conversation within anthropology over the last few years (e.g. Donner, 2008; James, 2019; Lamont, 1992; Liechty, 2003; O’Dougherty, 2002; Rutz and Balkan, 2009; Stout, 2019; van Wessel, 2004). Scholars writing on these themes have worked to make sense of local definitions and experiences of middle-class life, as well as wider trends of both growing middle classes in the global South, and the falling apart of the middle classes in the global North (Stout, 2019). This literature investigates the ‘murky plurality of the global middle classes’ (Heiman et al., 2012: 8) and demonstrates that middle classes and middle-classness, as socio-economic positions and lived experiences, are diverse.

While definitions are hard to hold on to in the face of this plurality, making it near impossible to retain the term ‘the middle class’ as anything other than a travelling concept, or an ideological fiction (Weiss, 2019), as opposed to a distinct position within relations of production, this article, and this special issue of *Critique of Anthropology*, examines the institutional machinery that creates lives which are labelled and intended to be ‘middle class’. In other words, the aim is to examine how institutions make socio-economic decisions in order to shape people’s lives in accordance with ideas about middle-classness, such as how they organise a nation’s tax payments. As Bolt and Schubert (2022, this issue) set out in the introduction to this special issue, this approach notes the political effects of middle-classness as ideological fiction, paying attention to how middle-classness as a concept is mobilised by governments, international communities, and localities to serve various socio-economic and political functions.

In Bolivia, the group traditionally referred to as ‘middle class’ (*clase media*) has been made up of those who identify as *mestizo*. While generally denoting someone of mixed

ancestry with indigenous and white European background, Bolivian *mestizos* are associated with Western cultural heritage as well as whiteness (Kollnig, 2020), as they contrast with a majority indigenous population. As in many places, class is here bound up in racial hierarchies and ‘middle-class’ life has been the dominion of white(r) people. The new potential middle classes in Bolivia are markedly different: while they are a diverse group involved in multiple livelihoods – shopkeepers, traders, teachers, and cocaine smugglers – their upward mobility is no longer linked to processes of whitening, *blanqueamiento* or *mestizaje*, but instead they self-identify as indigenous and see this move as critical to their material success. This indigenous ‘middle-class’ identity builds on the existing archetype of the Aymara female businesswoman, the *chola*, who deftly straddles rural and urban worlds, while investing her money in property and spending it on clothes, festivities and events that display her indigenous background. As Nico Tassi (2017) has demonstrated, this popular wealth class flourish financially using the resources of kin networks and through an ongoing commitment to rituals and economic logics about circulation and fertility other than orthodox economic ones.

The highland indigenous groups, including the Aymara-speaking population, are not only the base from which this new middle class is growing – they are also MAS’s political base, both in terms of votes and ideological foundations. MAS’s ‘process of change’, including the appeal to its indigenous population to become taxpayers, as well as call for the country to be decolonised, is ostensibly rooted in highland indigenous ethics and organisation. However, to much of Bolivia’s rural and indigenous population tax is primarily associated with historical memories of extractive tribute systems, payments that excluded populations from the shared nation, rather than included them (Sheild Johansson, 2018). The government is therefore faced with the challenge of convincing this popular wealth class not only to pay tax but also to understand this payment as a positive act of citizenship.

## Fiscal governmentality and taxpayer subjectivity

Taxes have been explored in anthropology as central to state–society relations – they are a technique for governmentality and crucial to class formation and consciousness, not just in terms of redistributing resources but also how they can be used as a colonising tool to define, categorise, exclude, and oppress (Harris, 1995; Kauppinen, 2020; Sheild Johansson, 2018; Willmott, 2019). They can also create narratives of how wealth is produced and flows in society (Guyer, 1992; Makovicky and Smith, 2020; Mugler, 2018; Roitman, 2005; Sheild Johansson, 2020b); and perpetuate ideologies of modernity and ideal citizenship (Smith, 2020). In this body of work taxes are understood as both crucial to how people conceptualise and manage their own citizenship and class position (Sheild Johansson, 2020a; Vicol, 2020) and a means through which to shape citizens into governable subjects through, for instance, processes of accounting or increased legibility (Hobson, 2004; Preston, 1989; Scott, 1998).

Fiscal sociologist Kyle Willmott (2017) goes further. He argues that the taxpayer identity, by its very nature, legitimises the liberal state (2017: 259). Willmott contends that the ‘taxpayer’ is a political actor and an idea that holds the government to account through

scrutinising public investments, denouncing overspending, voting, and being invested in the government. In this sense, both the performance of the taxpayer and the ‘taxpayer as concept’ supports and morally justifies a liberal state and its associated limited public spending. Just as middle-classness arguably serves the aims of capitalism, promoting meritocracy and a fantasy of social mobility (Heiman et al., 2012), and the making of middle classes can be seen as central to the *raison d’être* of states cast in a liberal democratic mould (Bolt and Schubert, 2022, this issue), the taxpayer subjectivity can also legitimise liberal government, justifying and perpetuating a particular kind of ‘good governance’ as defined by, for instance, the OECD and the UN.

Building on Willmott’s work, I argue that, in the case of Bolivia, middle-class identity and taxpayer subjectivity work as Weberian elective affinities (Howe, 1978), both producing logics about where value is created in society and how money moves, and both legitimising a particular kind of government and order in society. Over the following pages I will explore how SIN works to fiscally forge a middle class which will become the backbone of a supposedly post-neoliberal country, a middle class of indigenous entrepreneurs and professionals who will demonstrate the success of the Morales years, but whose middle-classness will also conform to global trends and standards of a middle-class country.

## The Aymara bourgeoisie or popular wealth classes

Mariela stepped out of her house, opened the gate, and peered into the darkness. She was waiting for her car to be returned and it was running late. Mariela was leasing her seven-seater Toyota to the local transport syndicate housed at the end of the line, the *trufi parada* (final stop). *Trufis* are one of the most used forms of public transport in Bolivia. They are cars or minibuses that run along set routes; with no fixed stops they pick and drop off passengers upon request. Every morning a driver from the syndicate came to collect the car from Mariela, and every evening it was dropped off. Mariela was paid 80 Bolivianos (circa £8) per day for the use of her car. In addition to paying off the loan on the car, she also paid for regular maintenance, as well as having invested some 7000 Bolivianos (circa £700) in the vehicle to comply with set standards for *trufis*, such as lowering the floor.

Mariela also worked as a teacher in a further education college and had recently built a two-bedroom house on a plot of land on the outskirts of Quillacollo, the twin city of Cochabamba. Quillacollo has expanded rapidly in the last two decades and is the home to many recent migrants from rural areas, but unlike some of the peripheries of both cities where services are basic and the houses simple brick structures, Mariela’s house sits on a paved road that is well furnished with shops and serviced by public transport, and it has a plumbed bathroom, tiled floors, and a front gate. She also owns a plot of land and a second small house in the city of Oruro, and has access to land in her birth village. A ‘*mujer de pollera*’, a woman donning the full skirt (*pollera*) associated with urban indigeneity, and her hair in long braids, with various income streams and properties to her name, she is a *chola* and part of the new popular wealth classes.

In many ways Mariela exemplifies this new popular wealth class in Bolivia. She grew up in a subsistence-farming village, an area that has now received legal status as an *ayllu*

(rural indigenous community with collectively titled land); Quechua is her first language; and she identifies as an indigenous woman and as a woman of means. While she has consistently voted for MAS in general elections, she is also highly critical of the government and at one point launched her own candidacy against them at a municipal election. Mariela pays tax on her salary, and pays tax on her properties and vehicle, but she does not pay tax on her extra income from leasing her Toyota. This income, she states, will 'work harder' if left to her. She invests it in the continued expansion of her house, which she hopes will one day house her ageing father, and in the burgeoning transport business that her younger brother is building in Oruro. While her salary is paid into a bank, she keeps her Toyota money in cash.

Though Andean *cholas/os*, and in particular women, have long been associated with business acumen and power (Larson, 1988), it is only recently that they have become linked with significant wealth, expanding transnational trade networks (Tassi, 2017), and are in positions to buy property in so-called middle-class neighbourhoods (Maclean, 2018; Scarborough, 2010). And it is only during the years of MAS that their racist exclusion from many economic spaces has become increasingly undermined, shifting them from being the quintessential beast of burden (the colonised woman of colour) (Gotkowitz, 2011) to the potential position of a middle class and 'backbone of society'.

While the wealth and success of the Aymara bourgeoisie is certainly linked to property, an archetypal middle-class concern (Weiss, 2019), it is also manifested, associated and reproduced through local Andean practices and values. These include rituals involving dance, feasting, cash, and displays of excess (Himpele, 2003; Maclean, 2018; Tassi, 2017); agricultural events and overt indigenous symbols, such as weavings and coca leaves (Pellegrini Calderón, 2016); as well as the coca trade (Shakow, 2014: 32). Further, they markedly reject middle-class consumption patterns by, for instance, valuing copies from China above established brands, thus re-signifying commodities and their desirability (Tassi, 2017: 103–5). As such, they have created a 'new form of urban wealth based on the performance of indianness against the backdrop of a westernized mestizo middle class' (Pellegrini Calderón, 2016: 20).

On the one hand, this growing popular wealth class is a testament to the Morales years – both the economic stability and the efforts to break down racial hierarchies – and their growth is an example of exactly the type of societal shift that MAS desired. But, on the other hand, they also pose problems to the government. Their 'middle-classness' was not produced through state institutions, such as degrees from universities or employment in the civil service. There is no elective affinity between this middle-classness and Wilmott's taxpayer subjectivity, which justifies and props up the liberal state. Nor is it one that international agencies can recognise as evidence of Bolivia being prosperous and MAS succeeding with 'good governance'. Their increased wealth may be visible on the streets of Cochabamba, Oruro, and La Paz, but less so in the official statistics, such as the figures on revenue from income tax.



## The fiscal forging of a Bolivian middle class: The work of SIN

It is the job of *Servicio de Impuestos Nacionales* (SIN) to ensure that this popular wealth class becomes visible in the official statistics, to convince the same group of the benefits of becoming full taxpayers – and in so doing forge them into a middle class which is simultaneously internationally recognisable as such and uniquely demonstrates the success of the MAS government’s promise to decolonise class and race relations in the country.

To do this SIN promotes economic values and practices in line with international standards of good governance through (1) the re-shaping of their own branding and activities; (2) the creation and dissemination of educational and promotional materials on the virtues of tax compliance that draw on highland indigenous ethics; and (3) the crafting of policy that promotes income tax.

### *Transparency, effectiveness, and accountability as fiscal goods*

The SIN office I had attended to take part in the RTS course had only been open for a year at the time of the research (2018), and it was the first to be located in the *Zona Sur* (South Zone) of the city of Cochabamba, a section of the city generally populated by low-income households. The sparse office and the white walls were part of a large re-branding exercise of SIN. In 2015, the government had signed SIN up to ISO9001, an international standard for quality management systems. This international agreement set criteria for the office spaces, professional conduct, predictability, transparency, and accountability (online availability of information), and tackling corruption. As Diego, an employee at the *Zona Sur* office, explained to me: ‘Since adopting ISO9001, the image of the tax office is of utmost importance, even the name is important – everyone used to call us *Impuestos*, we now go by the acronym SIN, it’s a whole new agency.’

Estefany, another employee at the office, told me enthusiastically: ‘It’s so easy to pay tax now, both income tax and VAT, everything is done online and you can use the little digital booths here in the office, you just need to have your NIT (*Número de Identificación Tributaria*, tax identification number).’ Then she added:

But people are scared to come in here, I can see them standing around outside, they’re scared to come into this office, they aren’t used to places like this, it’s not like when they pay taxes on their plots of land at the *alcaldia* office [municipal office], this is different. The offices should be clean in order to make people feel comfortable and welcome, so they know that we’re doing a good job, but I don’t know ...

In demonstrating that it is good for the public that SIN is transparent, efficient, and disciplined, SIN is building new logics around key virtues of bureaucracies in ‘modern’ democracies and what things should be considered public goods (Bear and Mathur, 2015). Kimberly Chong (2018: 7) has demonstrated that management consultants are in the business of creating ethical injunctions. By moralising and legitimating what is ‘best’, the management consultants in Chong’s ethnography create a value matrix where their own expertise comes up trumps. Similarly, the Quality Management System employed at SIN

produces new and prevailing ideas about what counts as good fiscal behaviour, both for tax collectors and the taxpayer – crucially these behaviours are already embodied in the new tax offices, but not in the new middle classes.

Effectiveness, transparency, and accountability are all key features of SIN's new approach: the organisation has a website which sets out its remit and responsibilities, it publishes revenue figures, and it invites people to capacity-building sessions. It has a strong social media presence and is available in online chat forums 24/7. Every taxpayer can view the journey of their taxes paid in their personal online account, just like they can see whose turn it is next when visiting the offices through the mechanised queue system, and just like they can see that the desks where staff work are clean – no layers of folders with hidden figures, instead all is online and available to be scrutinised by anyone who wishes to do so. To mirror its own new brand and processes, SIN is asking all employed and self-employed persons to open an online tax account that needs regular online engagement, and an adjoining bank account.

The re-branded SIN is in the business of shaping fiscal behaviour in the country, not just through the collection of tax but through promoting ideas about the good management of money, such as keeping it in bank accounts and organising your taxes every two months. In the current SIN office, tax payment involves new material experiences, and rigid temporal management of flows of revenue (see [Smith, 2020](#), on the impact of temporality built into tax structures in Croatia). Yet, as Estefany hinted, many people in the Zona Sur of Cochabamba were reluctant to come into the new offices.

### *Creando Cultura Tributaria – education and promotion*

SIN's main campaign to promote taxation as a common good is *Creando Cultura Tributaria* (creating a tax culture). Training and education are key to the campaign. This happens through the promotion of ideas about good money management, and through material experiences, as discussed above, as well as through direct education, such as the course only I attended. As [Likhovski \(2007\)](#) has described in his work on the Israeli government's approach to shifting the perception of tax in the 1950s, these are long-term tactics which happen on multiple scales simultaneously – in the media, in the tax offices, in the law, and on school benches.

*Creando Cultura Tributaria* draws on highland, indigenous ethics with the aim of resonating with the half of the population who self-describe as indigenous (census data place this number between 40% and 60%). One way it does this is by linking taxes to the improved quality of life for all Bolivians in order to *vivir bien* (live well). The term *vivir bien* invokes an Andean conception of the idealised life, including the harmonious coexistence of humans, animals, nature, and deities incarnated in the landscape. In addition, *vivir bien* references the organisation of *ayllus*, where rotational leadership, mutual obligation, and an internal ethnic economy that involves trading between ecological zones all come to denote an indigenous economic sociality. While the phrase *vivir bien* is a recent creation of Aymara indigenous intellectuals rather than part of indigenous, everyday culture ([Spedding, 2010](#)), it does belong to the language of the indigenous rights

movements across the Andean region and the adoption of it by SIN works to create a national project inclusive of these social movements.

In primary and secondary schools, SIN distributes materials and organises *Semanas de Cultura Tributaria* (Tax Culture weeks), with the aim of educating future taxpayers on what taxes to pay and how, and to link tax payment to the ethical construction of a new and better society. With straplines such as '*Con el pago de tus impuestos seguimos creciendo para vivir bien*' (Through the payment of your taxes we continue growing to live well), both current and future taxpayers who self-identify as indigenous are being asked to change their perception of taxes – from an imposition by those in power on low-income and indigenous groups in society, as has historically been the case, to one of taxes as central to national transformation, and in line with rural indigenous sociality.

The call to upwardly mobile classes to begin paying tax in order to fund development can be found in other postcolonial settings. For instance, in Ghana, Kauppinen (2020: 42) has written about how the Ghana Revenue Authority (GRA) expect that middle-class professionals 'should know better' than to avoid tax as their financial contribution is crucial to a development of a Ghana beyond aid. The Bolivian government's 'process of change' message equally ties tax payment directly to development and national sovereignty, freed from the interference of agencies like the IMF and World Bank, as it states on a section of SIN's website that explains to school children why they need to know about taxes: '*Como niño o niña tú eres parte del desarrollo de Bolivia*' (As a boy or girl you are part of the development of Bolivia).

### *Income tax and benefits*

As mentioned, in addition to increasing fiscal revenue, SIN also aims to shift its tax profile by collecting more progressive taxes. As part of this initiative SIN has been promoting *Régimen Tributario Simplificado* (RTS). RTS is for self-employed low-income earners, such as market traders, and it specifically aims to tackle the large 'shadow economy'. RTS is an income tax but calculated on capital held rather than income made, in the name of simplicity. Crucially, a person who is registered with RTS does not have to pay VAT or collect receipts. While RTS has been in place for over three decades it has recently been pushed by SIN with more rigour, and in 2018 the government increased the possible users of RTS by raising the maximum limit of capital that can be held for a person to be eligible from 37,000 to 60,000 Bolivianos. In other words, many traders, including those on the lower end of the income spectrum of the popular wealth classes, were in a short space of time shifted from contributing to a regressive fiscal flow through their payment of VAT, and instead became contributors of a progressive one, through their new income tax. This is one reason why recent figures show a relative uptick of income tax in the fiscal revenue flow (OECD; Inter-American Center of Tax Administrations; Economic Commission for Latin America; the Caribbean and Inter-American Development Bank, 2021: 34).

Other efforts by SIN to encourage fiscal engagement include the extension of universal and conditional benefits, thus establishing the state as a competent organ of redistribution and welfare provision; regular spot-checks on businesses and sanctions, including the

immediate closures of premises that do not have their tax paperwork in order; and significant fines for late or unpaid taxes.

## The individualising power of tax and the rhythms of money flows

Grover, referred to by all as Ulupica (a small and strong chilli), had moved from his home village to the peri-urban zones of Cochabamba in his late teens. There he had picked up work in various trades until he settled on running the local butchers in the neighbourhood of Primero de Mayo. He rented the premises but owned the business. Ulupica also managed his own supply chains and regularly left co-workers in charge of the shop as he drove his lorry to wholesalers in other parts of the country to pick up meat for his own outlet, as well as for others in the area.

Ulupica did not pay tax through SIN – he had not registered with them or set up a NIT number. He told me that he considered registering and knew of other businesses in the area that had, but a few things held him back. First, he was unsure about the new offices and digital access – he did not have access to the internet in his own home (apart from on his phone when in reception) and anticipated being judged in the new SIN offices as an uneducated man who did not have the trappings of middle-class professionalism that the employees there had. Second, he worried about backdated *multas* (fines), and imagined that these might be large, as he had been trading for years informally. He did not trust the online system and listed multiple stories he had heard of friends who had signed up and then been issued erroneous fines amounting to thousands of Bolivianos. The system, he said, ‘lives on generating fines, this is how it makes most of its money, it wants to fine you, any little mistake and it will fine you, and if you don’t make mistakes, it will make them for you’.

But most of all he objected to the ways that SIN was attempting to re-direct the flow of his money away from the commercial activities of his family and community, and the system’s expectation that his income would be predictable, that he would regularly be able to evidence capital held in a manner that was not fraudulent but still bore some relation to his actual ability to generate profit. He was sure that if he truthfully logged the significant variation in capital held and income from month-to-month it would trigger a visit from SIN and he would end up being fined. From Ulupica’s perspective, SIN’s inability to bring together the uneven flows of his income with its desire for predictability, accountability and transparency rendered RTS an impossible scheme to register for.

Just as Mariela saw value in investing in a second floor of her house, or her brother’s transport business, Ulupica wanted to put his money towards his lorry, which he co-owned with extended family. Expanding into wholesale was something he predicted would be a lucrative future for him and his lorry co-owners. If he paid full taxes on his butchery business, then he would have less money for this joint venture. While this can be read as a classic libertarian critique of taxes – that they stifle economic life and individual productivity – both Ulupica and Mariela were clear that paying tax was the anti-social act, while keeping profits and allowing them to feed into the work of their kin and neighbours was the ethical choice, and one that resonated with indigenous notions of sharing. By investing money into businesses belonging to kin networks (including ritual ones, such as

godparents), both profit and risk became shared elements of economic life. Tassi (2017: 39–42) has argued that *pasanako*, a rotating system of loans and credit, has been crucial to the financial success of Aymara traders in La Paz. *Pasanako* was one articulation of the kind of risk and profit spreading that my research participants in Cochabamba engaged in on a regular basis. Whether the money circulating between them was seen as a loan, a gift, or an investment, it was understood as a means to safeguard livelihoods and grow profits.

In addition to retaining control over the sharing of resources, for many of the popular wealth classes in Bolivia, the movement of money and resources is also a question of cosmological perspectives on wealth and fertility – circulation being generative of growth and new birth (Harris, 2000). Within this perspective taxes are not obviously counter to wealth generation as they ensure the movement of resources; however, for circulation to be fertile it has to be accompanied by rituals and adhere to certain rhythms (Tassi, 2017: 127–8), something official taxation inhibits. The taxes the new middle classes were being charged on their labour as self-employed traders both individualised their wealth and required that they reimagine what constituted fertile flows of money. Furthermore, the way they were being asked to pay assumed a predictability and regularity of income that was incommensurate with the actual rhythms of their commercial activity.

Ulupica, Mariela, and countless others who belonged to popular wealth classes explained to me that paying tax to SIN was something that one did from predictable money streams, as opposed from the wild flows associated with much of their commercial activity. The online accounts asked for regular engagement and created expected averages of income and debts. If a person paid no tax into their account for a while due to lack of income, because they, for instance, spent months back in their home village working the land, then the system assumed they were evading tax. If an NIT number remained active but no taxes were paid on it over some time, then large fines accrued. This was confirmed to me by Estefany at SIN, which is why, she explained, it was so important that all users kept their accounts up to date. The only way to pause the demands of, for instance, the bimonthly RTS payments was to deactivate the NIT number. This involved bureaucratic effort and again exposed the user to a potential litany of errors (with associated fines). As many interlocutors argued, what was the point of opening an account with SIN if one was going to have to close it and re-open it several times a year?

Ulupica had concluded that paying taxes through SIN was something one did with a regular income, not the fluctuating flows that he experienced throughout the year. Indeed, Mariela did not begrudge the taxes that were deducted from her teaching wages, but the cash from her Toyota was incompatible with taxation. As Ulupica's business associate and friend, Aurelio, put it: 'The system penalises you when your income is uneven and as soon as something is out of date, they think we all get money like when you work in an office. Buying meat is not like working in an office.' Ulupica, Aurelio and Mariela could all feel the pressure that SIN wanted to apply to their wild flows of money and communal sharing. That SIN wanted them to be different economic actors than they were was something they were acutely aware of. Through accounting mechanisms and discourses of transparency SIN legitimated and encouraged a particular middle-class economic activity which could be measured according to global matrixes of economic good health. SIN, and the wider Bolivian government, recognised that middle-classness and taxpayer subjectivity were

elective affinities, that both positions could promote and offer legitimacy to the other as their moralities and aims intertwine. With the classic middle-class dreams of ‘modernity’, aspiration, inclusion, and upward mobility (Fernandes, 2006) on the one hand, and the taxpayer logic of national development, electoral engagement and accountable financial management on the other, they had the potential to shift the country’s fiscal and wider economic profile. However, in practice, in Bolivia, both these positions were destabilised by prevailing indigenous logics, practices and ethics.

## **Conclusion**

The middle classes have become a useful lens through which to rejuvenate anthropological discussions about class (see Kalb, 2015, for this wider conversation). While they can be interpreted as ideological fiction (Weiss, 2019), as they in fact do not own the means of production, their ‘classic’ position as home-owners and consumers is also understood as key to capitalism (Heiman et al., 2012: 10). Whether or not middle-class existence is a fiction in economic terms, as an interpretive framework through which people understand themselves and others, it is very much part of contemporary society.

Taxes play a crucial part in how middle-class life is understood and experienced, and, in particular, how governments try to produce middle-classness in contemporary economies. In Bolivia, the efforts to build a new middle class through fiscal expansion were bound up in at least two moral projects. First, that of globally circulating ideas of good governance, such as the so-called virtuous cycle, where mutual trust and investment creates an upward spiral of economic development and public good, and, second, of tax payment as part of absorbing indigenous sociality into the new nation. As SIN worked to fiscally forge a new middle class, the organisation contended with this inherent tension of its own project – the attempt both to root its politics in indigenous ethics and to ‘succeed’ as a nation within global capitalism.

The new middle classes in the country, the Aymara bourgeoisie or popular wealth classes, rejected the particular middle-classness that the state had in mind for them and pushed against the taxpayer subjectivity that the state was attempting to craft. This rejection was rooted in the individualising efforts of the tax system, which directed profits away from existing kin and business networks and to the state, as well as an incommensurability between the temporal expectations built into the tax collecting machinery and the shape and rhythms of their commercial activity.

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## Notes

1. Data was gathered during eight months of fieldwork in 2018. This included living with families in the Zona Sur, Cochabamba, visiting small business owners in their homes and places of work, interviewing and shadowing municipal officials working with tax collection, tax education, and social housing.
2. VAT was first introduced in Bolivia at 5% in 1973, but due to large numbers of exemptions and general evasion it generated next to no revenue (Bird, 1992: 8). In 1986 a 10% VAT rate was brought in as part of austerity measures and in direct response to demands by the International Monetary Fund (IMF) and World Bank (Van Vleet, 2008).
3. Taxes are generally progressive (higher rates for higher incomes) or regressive (flat rates, meaning those on lower incomes pay a larger percentage of their income on the tax).
4. The average size of Bolivia's shadow economy between 1991 and 2015 is 62.28% of the whole economy, while the average of the 158 countries included in the study is 32.73% over the same period. In 2015 Bolivia's shadow economy was estimated as 45.98% after years of steady decrease (Medina and Schneider, 2018).

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