

Endemic poverty and state violence



Unemployment, extreme poverty and growing inequality are structural ills that plague Bolivian society. They set the stage for bloody conflicts in 2003. The outcome: President Sánchez de Lozada fled the country in October, leaving 80 dead in his wake. Such upheavals are the result of the economic model imposed on the country for decades that is making human security and human development impossible to achieve.

Proyecto Control Ciudadano - CEDLA

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2003: an explosive year

On 13 January, organisations of peasant coca growers began blockading roads, demanding a halt to the policy of forcible eradication of the coca crop imposed by the United States Government. Further demands soon followed: land for farmers, rejection of the Free Trade Area of the Americas (FTAA), the right to speak and vote on the future of recently discovered reserves of natural gas. The reaction to this was repression. After 11 deaths, dozens of wounded and hundreds of arrests, tentative negotiations began, only to be interrupted four weeks later.

On 9 February the Government announced new taxes on salaries. Among other measures, tax was now to be applied to those earning more than two minimum salaries (USD 115) per month. There was a popular uprising against the new law and the police mutinied in the capital. The army was mobilised to repress the people and the police. After two days, 31 deaths and dozens of wounded - many of them victims of military snipers - the Government withdrew its tax ruling and did all it could to prevent calling the armed forces to account.

On 20 September the army again went into action against a road blockade set up by peasants in the Altiplano,¹ killing five people. Hunger strikes began in El Alto, a city close to La Paz that has mushroomed during recent decades with the influx of large contingents of indigenous and peasant migrants. At the same time, also in El Alto, a general strike began in protest against new taxes and government violence. On 10 October, government repression started. Seventy-two hours later, there were 50 dead. The United States announced its unconditional support for then President Gonzalo Sánchez de Lozada and indicated that it would not recognise a change of government brought about under pressure; meanwhile, it gave direct assistance in co-ordinating repression. Hunger strikes multiplied all over the country, demanding the president's resignation. On 17 October, Sánchez de Lozada fled to Miami, leaving

80 dead behind him - a higher toll than that of Hugo Banzer's dictatorship (1971-1978).²

The causes of the explosion

The free market and the depopulation of the countryside

The economic model that has been espoused and consolidated by successive governments since 1985 under the auspices of international financial institutions, has been characterised by deregulation of money markets, complete and rapid liberalisation of foreign trade, the transfer of thousands of millions of dollars' worth of public assets³ and pensions savings into the hands of transnational private companies, and flexibilisation (by negligence or design) of labour. This economic model was supposed to encourage economic growth, whose benefits would eventually "trickle down" and reduce poverty. However, although inflation was reduced, economic growth has been disappointing and unequal.⁴ In the 1990s the economy grew at an average of 3.8% per year, which was lower than growth levels in previous decades.⁵ Meanwhile, between the 1992 and 2001 censuses, the 20% of the population commanding the highest income increased its share of total income from 56% to 58%, while the corresponding share of the poorest 20% of the population fell from 4.2% to 3.2%.⁶

Private investment and exports were supposed to be the engines of this economic model, generating profits that would be redistributed. However public investment remains central to the process of capital accumulation, and most of it is dependent on debt financing and external aid. The coexistence of a weak private sector and a debt-ridden State creates a chronic imbalance. After participating in several debt-reduction strategies (such as the Brady Plan), Bolivia is still trapped in the vicious circle of public indebtedness which remains as unsustainable as it was 20 years ago. In other words, public funds are being invested at the price of mortgaging the public finances - including expenditure on human security - of future generations.

According to several definitions, among them those of UN Secretary-General Kofi Annan and the United Nations Development Programme (UNDP), internal violence, large displacements of the civilian population, poverty, lack of housing and hunger constitute threats to human security. These are facts of Bolivian life that result from the Government's neo-liberal policies.

The "emptying of the Bolivian Andes and its medium-sized towns and villages"⁷ can be attributed to historical causes (changes in land ownership in the mid-twentieth century); climate change (the cyclical effects of El Niño⁸); and political causes (free market policies).

Trade liberalisation has been extremely radical. Mamerto Pérez describes the market reform as "one of the most liberal, if not the most liberal, in the whole of Latin America, because not one of the farmers' products has been afforded any margin of protection in the bilateral and regional trade agreements entered into by Bolivia since 1985."⁹

According to Pérez, since the free market reform, imports of products substituting for goods produced by peasant farmers have multiplied by ten,

¹ Editor's Note: Altiplano: high plateau between the Eastern and Western chains of the Andes, occupying about one-third of Bolivia.

² Ledebur, K. *Popular protest brings down government*.

WOLA Special Update, November 2003. www.wola.org/publications/Dr_bolivia_nov2003.pdf

³ Kruse, Tom and Cecilia Ramos, "Bolivia. Water and privatisation: doubtful benefits, concrete threats" in *Social Watch Report 2003. The Poor and the Market*, pp. 98-99.

⁴ With reference to this, Dr J. Sachs, one of the architects of structural adjustment, stated: "I told the Bolivians from the outset that what they have is a wretchedly poor economy with hyperinflation; if you are courageous, if you have guts, and if you do everything right, you'll end up with a wretchedly poor economy, but with stable prices." Green, Duncan. *Silent Revolution. The rise of Market Economics in Latin America*. London: Latin America Bureau, 1995, p. 6.

⁵ United Nations Development Programme (UNDP). *Crecimiento económico y pobreza en la Bolivia de la Nueva Economía*. www.pnud.bo/docs/IDH 2002/ 05 chap.2. pdf

⁶ CEDLA. "Informe sobre la situación del derecho humano al trabajo en Bolivia". In *Seguimiento a las recomendaciones del Comité de Derechos Económicos, Sociales y Culturales; Informe Intermedio*. La Paz: CBDHDD, 2003, pp. 71-72. UNDP confirms this from various sources: the Gini coefficient - a measure of income inequality - has worsened in the last decade. See UNDP, *op cit*, p. 84.

⁷ Calla, Ricardo. *La caída de Sánchez de Lozada, la cuestión indígena, y la historia reciente en Bolivia: algunos apuntes y temas par el debate*. La Paz: Plural y Universidad de la Cordillera, 2003, p. 5.

⁸ The El Niño climate phenomenon has a "periodicity of three years, and has devastating effects on crop and livestock production... directly affecting something over 15% of GDP...". UNDP, *op cit*, p. 87.

⁹ Pérez, Mamerto. *¿El último capítulo? Posibles impactos del ALCA en las comunidades campesinas e indígenas de Bolivia*. La Paz: CEDLA, 2004, p. 61.

especially since the agreement between Bolivia and MERCOSUR came into effect in 1996. This avalanche of imports caused a dramatic fall in the real prices of goods produced by peasant and indigenous farmers in the 1990s. In the last ten years, prices fell by 60% in the lowlands; in the Altiplano they fell by 30%. The gross value of production by farmers at the end of 1998 was 44% lower than in 1985.¹⁰

These figures are the result of free market policies and reflect a traumatic breakdown in production as well as the “emptying” of an entire region. In El Alto, the epicentre of conflicts in 2003, 70% of the population lack basic services, and over “60% of households live below the poverty line, half of these in extreme poverty”.¹¹

The world of work: more for less

In El Alto, as in other towns and villages, survival requires entering into a second arena which threatens human security: the labour market. In simple terms, under the present economic model families have to mobilise more members, at earlier ages, to work harder in less protected conditions for lower wages. By working harder, many are barely able to maintain themselves at the same level of poverty as before in a society which has become increasingly polarised. Long-term marginalisation and loss of human rights are the cumulative effect of this daily exposure to such harsh realities: they amount to a process in which people are permanently stripped of their status as citizens.

The structure of production in Bolivia is highly - and increasingly - polarised. Big companies, many of them controlled by foreign investment, produce about 65% of GDP, but employ only 10% of the workforce. In contrast, the small businesses that employ 80% of workers produce 25% of GDP.¹² This production mechanism generates fewer jobs and decreasing job security over time.¹³

The economically active urban population grew by 4.6% between the 1992 and 2001 censuses, a higher rate of growth than that of the population itself (3.5%). Urban unemployment was below 5% in the early 1990s, but today it is around 10%, according to official figures. Underemployment was never lower than 50% of the workforce throughout the 1990s, and is now about 59% of the working population.¹⁴

“Formal” work,¹⁵ in other words work for which a salary is paid, reached a peak of 63% in the 1970s; today less than half (48%) the working population receive a salary.¹⁶ These changes have weakened the foundations of social security. In 2001, fewer than one in five workers had a pension plan - a lower level than in 1992.¹⁷ The labour market has become a powerful mechanism for regressive redistribution. According to UNDP, as a response to the loss in purchasing power, the number of family members sent out to work increased by 30% in 1985-1997, but poverty levels remained unchanged.¹⁸ In other words, as we said before, more people are working harder for lower returns.

Doing away with the rule of law

Changes in the world of work are not merely the result of economic factors - they are above all the product of public policies, either directly because of the way they are designed, or indirectly because of what their omissions allow to go unpunished.

The various structural adjustment programmes initiated in 1985 introduced changes, including the so-called “freedom of contract”, which facilitated hiring and firing at will. It also gave a go-ahead signal for systematic abuses by employers, constant violations of workers’ rights and the use of “flexibilising” tactics against unions. Membership of unions - the only means of ensuring that workers’ rights are respected - fell from 17.5% to 11% during the 1990s.¹⁹

In the knowledge that the adjustment measures would lay a heavy burden of cost on the poorest, “emergency programmes” to provide temporary work have been in effect since 1986. Although these were conceived of as temporary work programmes, they have in fact become virtually permanent. The latest version, the National Emergency Employment Plan, began in 2001 and continues to date. In spite of its praiseworthy aim, to stimulate some “trickle down” effects as a first-aid solution to the polarising effects of the economic model, its impact is clearly negative. Wages are very low and therefore exert a generally lowering effect on salaries, so that the Plan in fact indirectly subsidises private sector employers. The low wages paid can only contribute part of

a family’s income, so that underemployment is in fact “formally” encouraged.

The complete absence of employment benefits or real hopes for a stable job or any framework of legal rights accentuate the divorce between employment and social rights or the rule of law.²⁰ The erosion of the system of social rights protected by law is also due to state policies. The privatisations carried out in 1997 resulted in large transfers to the private financial sector and an increasing loss of protection for the people.

All of these factors mean that the world of work, with the consent and occasionally the active participation of the State, has become the arena for systematic rights violations, impunity and social polarisation and fragmentation.

Conclusions

Human security means freedom from fear and want. It implies creating political, social and economic systems that guarantee survival and the construction of human dignity. In these terms, 2003 has been a profoundly negative year for Bolivia. But it has also been a time for civil society to react against a State which exacerbates the threats to human security.

The people who participated in the mass demonstrations in October 2003 gave - however chaotically - a clear verdict on the limitations of the present economic model and expressed the need for major changes. The workers who took action demanded the right to be consulted on the future of strategic resources and laid claim to benefits from international trade agreements. In short, they demanded public policies focusing on the critical situation of the world of work. ■

10 *Ibid.*, p. 66.

11 Escobar, Silvia. “Ajuste y liberalización: las causas del conflicto”. *Coyuntura* 3 (1), 2003, p. 4.

12 UNDP, *op cit.*, p. 85.

13 Understood here as “growth of underemployment; extension of the working day beyond legally regulated conditions; involuntary increase in part-time work; changes in contractual conditions... and payment on a piecework basis or on completion of contracted work...”. CEDLA, *op cit.*, pp. 63-64.

14 CEDLA, *op cit.*, p. 66.

15 A “formal” job implies two things: being able to provide a sustainable income for a family, and a regulated environment, that is, where workers’ rights are applied. In contrast, “informal” or casual work which predominates and is increasing in Bolivia, is quite the reverse: wages are too low to satisfy basic needs, and rights are violated daily with impunity. As such it is both an economic and a political threat to human security.

16 CEDLA, *op cit.*, p. 66.

17 *Ibid.*, p. 74.

18 UNDP, *op cit.*, p. 85.

19 CEDLA, *op cit.*, p. 73.

20 For further details, see the analysis by Arze in CEDLA, *op cit.*, pp. 75-79.