ABSTRACT

In the last years, South America seemed to have divided in two sides, the neoliberal side and the socialistic side. With the election of Evo Morales, part of South America confirmed their move to left side and the division was made clear into left and right. Notable extremism can be noticed in Ecuador, Bolivia and Venezuela, these are the three countries that this paper will focus on with especial attention in the case of Bolivia. The following research intends to present the measures that were taken in the last years with respect to anti-neoliberalism and analyze the real status at present in some sectors, comparing how much of social or neoliberal is done. Our hypothesis here is that some of the measures are just part of an improvised program each time; they want to improve social measures as part of their agenda “socialism from the XXI century” but not eliminate all other neoliberal measures that will push “economic” development.

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INTRODUCTION

In the last years, South America seemed to have divided in two sides, the neoliberal side and the socialistic side. With the election of Evo Morales, South America confirmed their move to left side and the division was made clear with the votes that the population of different countries did after the left results in Bolivia (e.g. social parties in Ecuador, Brazil, Chili and Argentina and right parties in Peru, Colombia). Despite there were different elections of left side governments, the results of the election in Bolivia confirmed the will to follow up the anti-neoliberal path in order to find real development for the wide pyramid of people that were not included in development within last years. Of course, notable extremism can be noticed in Ecuador, Bolivia and Venezuela, these are the three countries that this paper will focus on with especial attention in the case of Bolivia.

In South America more than 25% of the population lives below the poverty line with 1 to 2 dollars per day (World Resource Institute, 2003). Despite all the years of international cooperation, inequality and high income differentiation was not able to be eradicated. There is still a great number of the population that has no access to basic services. South America suffers high rates of income inequality and poverty. Most of the population has turned against the neoliberal politics that were applied in the last two decades. The measures that were taken by the last governments only benefited a small group of the population who has standards of living similar to the ones in Europe or United States while the majority of the population suffers a level of poverty.

The governments in South America want to reach a better level of development, especially because since the last years, the population exercises a great level of pressure in order to control the performance of their governments. Some countries, as Ecuador, Venezuela and Bolivia are expressing their sympathy to the Cuban model; others like Peru, Colombia and Chile have decided to apply the neoliberal policies that could push up development. The other countries like Brazil, Argentina have chosen social-liberal policy. Uruguay and Paraguay, on the other side, already protested their adhesion to Mercosur since they have not increased their possibilities for export, having presented their preference to sign a FTA with the United States.

The following research intends to present the measures that were taken in the last years in Bolivia, Ecuador and Venezuela with respect to anti-neoliberal measures and analyze the real status at present in some sectors, comparing how much of social or neoliberal is done. Our hypothesis here is that some of the measures are just part of an improvised program each time; they want to improve social measures as part of their agenda “socialism from the XXI century” but not eliminating all the neoliberal measures that will push “economic” development.

I. ANTINEOLIBERALISM

"But, in a country where 85% are poor it is difficult that the neoliberal economic model reigns. For that reason, we have undertaken organic, political, economic, social and cultural the fight, that means, the poor of this country wants to govern for them" (Roman Loayza, 2002)

The Presidents of Latin America have used the Anti-American rhetoric just by populist measures in the past as well as in the present. This rhetoric is being used because; the anti-neoliberal rhetoric is
good, but not too much effective in all the sectors of the economy where neo-liberalism is still convenient. Therefore, many of them launched different promises to the population against the neoliberal policies that were applied in the last two decades. This occasioned that the majority of the people were often ignored by the policies of development that governments had. Many decades were ignored by the system with unfair treatment. Despite that Latin America had seen different switches of economical model between some years with socialism and some with neoliberal policies; the general situation has not changed much for the poor. The eagerness of several governments to give an answer to problems the country had took them into several paths of development, some on their own invention, some others were taken by recommendation of international organizations such as the IMF or the World Bank. Still, these countries have huge social differentiations where turmoil is easy to be created due to the lack of efficient answers.

Bolivia, for example, has gone through different models in its history, going from socialisms to liberal models. In between 1900-1920, liberalism settled in the country through the dependency of different natural resources. Nationalization to the Standard Oil occurred in 1937 creating YPFB instead. In 1952, land and mines were nationalized creating the COMIBOL for exploitation of tin. In 1960s, the model switched into liberalism with other types of investments in mining and hydrocarbons, until the new nationalization of the Gulf Oil 9 years after. Afterwards, liberalism came back again from 1985-2005 with an economy of privatizations. Finally, 2006 the new birth of socialism of XXI century with the pattern of oil-petrol, gas, mines, all still based in the extraction of primary natural resources with the air of anti-neoliberal ideology.

Still, people are divided in the analysis of the current situation. There are people who support the new measures and there are others who are against. In the following part, we will present the facts that could make a sign to see that socialism is present or absent. The topics that will be analyzed are based in the major ideas of development that were presented in the electoral campaign of Evo Morales in 2005 and that were been worked since 2006. These topics are key sectors of development in the three countries as well as in other Latin American countries.

1.1 Nationalization

The idea of nationalization in South America came after 2003 turmoil in Bolivia when the former government decided to export gas into the United States via Chile. Bolivia did not like the idea that Chile receives gas, when Chile is a geographical neighbor with whom Bolivia has ancient tensions due to the loss of the sea-access in the Pacific war (1879-83). Almost all the population protested against the exports via Chile. Angel Guerra Cabrera in the newspaper "La Jornada" in Mexico narrated “while in Bolivia there was a full polarization against the export of gas. The emergent political protagonist of the origin inhabitants of America often marginalized by the imperialistic globalization, as never before in centuries, their exclamation Stop! (¡basta ya!) turns out to be very serious every day from Bravo to Patagonia”.

Nationalization was the reason to get rid of three Presidents in Bolivia and deny the access to Presidency to two others. The population in Bolivia, organized by different sectors and civil groups made demonstrations to show their unconformity to think first in export while only 1% of the population had access to gas by tubes and others did not have access at all. \(^2\) People were angry that

\(^2\) See more in Bolpress: http://www.bolpress.com/asoliz.php?Cod=2005000422 , 01-08-06.
being so poor inside the country, our governments were all the time ‘making donations to others’ like the case of Carlos Mesa, the former President in 2004-2005 that offered to sell gas to Argentina, in its major gas crisis, in only 0.98 ctvs, offering them “a solidarity price” with the condition that gas would not be sold to Chile. This price only could cover the extraction costs and nothing was done for the Bolivian population.

With the new governments (Chavez, Morales, Correa) that promised for revendication of rights to the population towards the natural resources. Thus, nationalization was one of the main goals for Bolivia, and turned into the main path of Ecuador and Venezuela. Nationalization; however, did not kicked out any international companies from Bolivia as the speech told the population and all the threatening that Chavez does to the multinationals. The government only pushed the multinationals to increase the tax-rate without getting them out. The control to them also focuses in their investment capacity per year and not where the money is designated e.g. industrialization. In Bolivian case, Nationalization only consisted in nationalizing the shares that Bolivians had from the privatization. To avoid any complaints against this unexpected way of ‘nationalization’, the government promised that he would keep paying the bonus per year plus other bonus originated from the taxes of the nationalization. A big surprise came in between, when the government had to admit, they could not manage to pay the Bonosol, neither the Bonus for the children at school age (Bono Juancito Pinto). Consequently, the government proceeded immediately, to create a new decree in order to decentralize the payment which causes troubles since the budget cut is going to influence projects of health, education and roads at local level.

The taxes from the extraction of oil-petrol and gas would cover the development of Bolivia, especially the sectors of health, education and roads. This was the will of the population in Bolivia that undertook a referendum in 2004. In Ecuador, is not yet defined what does the community wants for their development. Nonetheless, after a bit more than a year from the nationalization, the new YPFB (national company) does not want to share the social benefits of it. In the last days of October, there was a social proposal from the Bolivian government. This proposal consisted in giving to all the population a pension of retirement. A monthly pension would be given for the persons above 60 years; 26 dollars for the ones who do not have a pension and 13 dollars to the ones who receive a pension. This proposal however, was only presented orally and now, there are problems to face those expenses for the government obligating them to reduce budget plans in the sectors of health, education and roads. The population in Bolivia that is 60 or more years old is around 6%. Thus, to get the responsibility off YPFB, the government announced 30% discount from regional government’s budget. This raised protests from those institutions that do not agree to reduce their budget that would endanger different activities (as infrastructure, health, education) for development.

3 All Bolivians that had 21 years of more in 1994 were conferred with some shares of the privatized companies so they could see the benefits of privatization with revenues when they were 65 or more years. This year revenue at 65 years was called Bonosol.
4 In Bolivia, there are many persons (around 60% of the economical active) that have no retirement pension. This cipher not only counts the ones who dedicate to agriculture activities but also to the informal activities (selling in the streets, markets) or small enterprises who do not register their personnel to save costs (at the side of the employer and the employee).
5 The proposal was done orally seemingly to not have done any previous financial analysis to it. The Parliament asked for the written and detailed proposal from the President but that was not possible within the next week. The opposition then had the opportunity to declare to different media that the “universal pension” (renta universal vitalicia) was only political since the government did not plan any sustainability for the future trying even to get the money out of the local, regional governments and public universities.
Evo Morales was good in thinking that development would come to a country when industrialized products were going to be exported and not just raw materials as the history of many Latin counties including Bolivia had. Nonetheless, industrialization of the petrol and gas for Bolivia is not yet developed in spite of all the efforts since 2006. The explanations can be found in different factors. There was no programming for the investment in industrialization, either in education that leads to industrialization. This is why, a year and a half from the nationalization, Bolivia only saw the scarcity of gas and oil petrol due to the low production and investment that the international companies have in the country. Besides, since the national government could not compensate the gas company ‘Petrobras’, this company took all the automat machinery and left YPFB with most rudimentary procedures. This occasioned a great lack of the production and consumption of a subsequent increase of the national prices to the level that the government already has announced to stop with the subsidies on prices of diesel. The lack of diesel in the last two months occasioned that transport made long lines at the gas stations. The government only blamed the people for smugglers. Between the years 2006-2007, there were 4 times scarcity of gas for homes and diesel for transport together with an uncontrollable increase in its prices which influences enormously the inflation. Nowadays, Bolivia just came from two national transport strikes which will happen again at the end of November (if the situation does not change) complaining about the scarcity of diesel which was solved by the import of diesel from Venezuela and Argentina.

Venezuela also did not expel the multinationals in 2006. The President decided to keep 60% of the profit and 40% for the multinationals since I was needed high investments to keep high rates of exploitation: "we tell the world that our national and revolutionary project is not incompatible with honorable international and private companies" insisted the Venezuelan President after transforming in associates 17 oil companies. At the same time that the President wanted that the international companies stay promoting that there were millions of barrels still underground that could be exploited in the new conditions; he also showed sarcasm telling that “who is not happy with the new conditions could leave”, taking advantage of the strong position with the high oil prices.

If we see the ciphers that each of the 3 countries have, we can notice that they are trying to base their development and politics programs in oil-petrol/gas, the economy of gas/petrol” turning these ones in fundamental base in their economy. Gas and Oil petrol have turned to be “key resources” for development in several countries in Latin America. And this is not to get surprised of, since the oil-petrol prices have raised in the last five years from 16 dollars/barrel to 96 dollars/barrel, with a remarkable increase in 2007. The President of Venezuela, Hugo Chavez already mentioned at the end of 2006, “The prices of oil will only raise, from 80, the minimum to the infinite”. And he was right; several countries in all Latin America have signed oil-petrol agreements with Chavez to assure their provision and development. The crisis that Chile and Argentina had in the second semester of 2006 made them see that without gas and oil-petrol, no development could be contemplated. And the same is happening with different countries like China in Asia that requires enormous quantities

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6 This intention to cut with the subsidizes to diesel did not last long since different sectors threatened the government to get him out of the Palace if they did not subsidize it, remembering that former governments were kicked out for less.
8 17 oil companies from Europe, Asia and North and South America: British Petroleum, Repsol YPF (hispano-argentine), Shell (Anglo-Dutch), Nimir Petroleum (England), Statoil (Norway), Perenco (England), ENI (Italy), Total (France), China National Petroleum, Harvest Vincler (USA), Hocel (Colombia), Petrobras (Brazil), Teikoku (Japan), Chevron (USA) and Venezuelans Vinccler Oil and Gas, Suelopetrol and West Falcon Samson.
of different raw materials to continue with their gigantic development. Therefore, the same higher demand is occurring to all energetic, mineral and agricultural sectors of the economy that are selling well and at higher prices due to this high demand from China. This is somehow, financing the development in Latin American countries and is motivating an unlimited exploitation that goes not with a socialistic development but more with a neoliberal eagerness to gain more profits irrespective of the nature and the human rights especially.

Nationalization was a promise Evo Morales did to all Bolivians that voted for him with a majority believing that he could get Bolivia into a better track of sovereignty and economic independence. The economy of gas/petrol that is available in Venezuela and Bolivia is the goal for Ecuador and many other countries that want to gain their independence and reach social development supported in those gains. There is a general consciousness in Latin America, that while they have natural resources that can pay lots of money due to the economic climate (development from China and India), they have to take advantage.

**Diesel – environment**

The eagerness of great incomes that the exploitation of petrol is bringing to Bolivia and Venezuela and could bring to Ecuador is over passing ethics or care for the environment. The governments of these countries are the in a career to start exploiting any source of petrol to continue with the social and political power that this is bringing to them. In Bolivia, great sources of petrol were found in the Amazon area where a national park is and where some cities are installed. PDVSA is going to cooperate in the exploitation of this resource in the area of Chapare (Amazon). Nobody in Bolivia is concerned about the care of our environment, first invaded by colons that cultivate coca and in the next years, the government with the extraction of petrol. Chavez, from Venezuela, engaged in projects of research, exploitation of the petrol that will mean around 600 millions of dollars. This investment will situate the region of Chapare in the most developed region of the country, origin of politics for Evo Morales. This agreement was settled with thousands of people protesting against anti-neoliberalism and anti-imperialism.

In Ecuador, Chavez offered to build up a refinery in the region of Manabi and Sacha, which also belong to the Amazon area of Ecuador with a capacity to process in both areas more than 400,000 daily barrels for all the Ocean-Pacific markets. According to the needs of the President from Ecuador, Rafael Correa, Ecuador should stop importing gasoline for daily life.

With the ideology that Chavez wants to implement in the countries, he is trying to extract all the oil possible to show that development in the countries is possible. This view though, does not contemplate the consequences of this development for the environment and for the society. “We are not giving away our petrol fortune, we are sharing it, as Christ did, we want to get out of poverty”, Chavez said in Bolivia, where he explained that his plan was to “build projects with size 1, 5, 100,

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9 In the meeting of Iberoamerican Presidents realized in the city of Santiago de Chile (November 10-12, 2007), the countries declared that their goal is to reach a even development within their societies. Ecuador and Brazil expressed their desire to belong to OPEP in order to have the recent price and other important information available for them.

10 In the region of Carrasco, there are four sources of petrol, only one is used (Bulo Bulo) but the other three can be exploited soon, destroying the natural forest that are part of the Amazon area (e.g. Madidi, Entre Rios) that are priority of exploitation without preserving the social impacts and environment impacts.

of different sizes to support development and independence of our countries that are only one”.\textsuperscript{12} There could have been a great Project in between all these countries that World unify the Caribbean countries with the Southern countries through a Super gasduct of South (8000 km) that would have crossed the Amazon of Brazil, but unfortunately was frozen up by Brazil’s concern for the Amazons. This, in spite of, the laws and normative, that Venezuela has for preservation of their environment and nature\textsuperscript{13}.

**Diesel – sovereignty**

Sovereignty was lost of each of these countries, except from Venezuela that is now influencing the governments of Bolivia and Ecuador. In order to follow the plan of integration that Chavez has for the Latin American countries, he has to tell some governments where to lead. This conditioning the offer of ‘all the energy that is needed for the next 100 years’ he offered in Buenos Aires in 2006. "The new scheme that Chavez is proposing is a full restructure of energetic agreements as a pillar of integration and cooperation for the South American, Latin American and the Caribbean”, told Franklin Molina to IPS, teacher of international studies at the Universidad central de Venezuela. While this is the plan, Bolivia is facing confrontation in between the people, ones declaring that if other governments were interfering in our politics without any benefit for the country, Venezuela has the same right because Chavez wants to cooperate for the development of Bolivia. The others complained to the Congress about the interference of Chavez and the Congress had to vote for a resolution of denial to Venezuela to keep interfering. Still, Venezuela can land in the Bolivian territory (Santa Cruz first and now Beni) at any time Chavez wants and without previous consent of the country\textsuperscript{14}. This raised the suspects of the entry of arms (for making another Vietnam in Bolivia) or suitcases of money (as they were found in Argentina)\textsuperscript{15}.

But neither Venezuela has sovereignty. This is because, the three countries depend so much in the economy of gas/oil-petrol that their currency went overvalued and they are unable to compete in other sectors with the rest of the world. The country turned practically dependant from the imports of other type of products than oil/gas as we can see in table 1.

### Table 1: Comparison between exports and imports, participation of Petrol (2002-2007)

<table>
<thead>
<tr>
<th>Venezuela</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of goods F.O.B.</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Petrol</td>
<td>80.40</td>
<td>80.90</td>
<td>82.87</td>
<td>86.65</td>
<td>89.62</td>
<td>88.14</td>
</tr>
<tr>
<td>Non petrol</td>
<td>19.60</td>
<td>19.10</td>
<td>17.13</td>
<td>13.35</td>
<td>10.38</td>
<td>11.86</td>
</tr>
<tr>
<td>Imports of goods F.O.B.</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Petrol</td>
<td>9.66</td>
<td>12.80</td>
<td>10.42</td>
<td>8.20</td>
<td>8.57</td>
<td>8.18</td>
</tr>
<tr>
<td>Non petrol</td>
<td>90.34</td>
<td>87.20</td>
<td>89.58</td>
<td>91.80</td>
<td>91.43</td>
<td>91.82</td>
</tr>
</tbody>
</table>

* until march 2007

Source: Based in data from the Banco Central de Venezuela, 2007

\textsuperscript{12} idem

\textsuperscript{13} There is a “socialist & ecologic conscience” that created several environmental laws to preserve the nature and environment. Between the laws are the ones who promote: sustainable management of forest and its exploitation, increase of the vegetable surface, preserve the ethical values of the children towards the environment.

\textsuperscript{14} see more at La Razon: “La escala de Chávez en Beni provoca dudas”, november 13th 2007


\textsuperscript{15} In different occasions, the venezuelian President declared in Bolivia and Cuba, that if the burocracy of Bolivia wants to bring down Evo Morales, Venezuela would intervene in the country, creating another Vietnam of arms. On the other hand, while Chavez was making a tour around South America to sign agreements, one Venezuelan, Guido Antonini was found trying to smuggle in Argentina 790.550 dollars.
1.2 Redistribution of land

Land distribution was a popular measure in different countries of Latin America. Not only our 3 countries but also Brazil, for example, committed into this project. Since many people has no access to land, governments decided to give them this opportunity by legalizing the pieces of land they were living or cultivating on.

Land is a critical issue for different countries and especially for developing countries that are not sufficiently strong in public institutions. This is because; the distribution of land in Latin America was always done in the wrong way, both, in the past and in the present. In the past, there was an agrarian reform to benefit ‘the one who works the land’ and so, the government got rid of the landlords and gave to peasants. In Bolivia, in 1952, many peasants received their piece of land so they could produce for themselves and they could develop their production into agricultural products and the agro-industrial exports. After more than half a century from that, the results reached can be analyzed as negligible. The country sides did not turned into productive centers because, land was divided for inheritance until even slots of ground. There is no culture for associations in the country and the government does not support its development, so many of the peasants have turned into small producers. Despite that in Bolivia, in average, only 9 persons inhabit per square km.\(^\text{16}\), there are problems of land. Most of the people want to use the easiest and productive lands due to the costs of production.

Besides the problem described above, these countries have many differences in between rural and urban areas (table 2). Most of the people, do not count with basic services, or roads to get their products out of their region. Bolivia and Ecuador have a huge problem of integration. Most of the products of the east part cannot reach the west side of the country and the same for north to south. Some people of the rural areas never abandoned their region of birth due to the roads. In Venezuela, only 42% of the population living in the rural area have access to potable water and 89% in the urban areas; concerning the sewage system, they exists at 24% in rural areas against 74% in urban, having not changed much since 2001 to present.

\(^{16}\) This number is roughly done. To have an accurate description of the number of people inhabiting Bolivia, it should be discounted the mountains and other places where there is impossible to inhabit. Still, Bolivia has 9 regions, from which only 3 (Santa Cruz, La Paz and Cochabamba) have 70% of the population.
Table 2. Differences between rural and urban areas

| Common deficiencies: Health access, Community Characteristics, Educational Attainment. |
| In Venezuela: |
| - From 100.000 km. of roads, only 36.000 are with pavement, 1.000 are asphalted, 28.000 flattened, 36.000 are only sand roads. |
| - According to the Venezuelan Construction Camera, 70% of the bridges are in deplorable and terrible state. |
| - Strong migration from rural areas to the urban areas destroying land of cultivation close to the cities and fights for land. |
| In Bolivia: |
| - While 52% of the urban population has access to sewage, the rural areas have 22% |
| - There is a difference for the child mortality from rural to urban areas of 0.43 rate. |
| - 70% of the migrants are woman. Only in II/2006, a number 500 persons/day migrated to EU. |
| In Ecuador: |
| - High migration rates from rural to urban areas overpopulating periphery in the main cities. |
| - Higher rates of international remittances per year compared to South America. |
| - High rate of urbanization in the main cities where the peripheries are growing belts of poverty |

Source: Darras, 2002; Elbers and Lanjouw, 2006.

Albeit the specifications in the table above; the differences between rural and urban areas are a common problem for the 3 countries. The rural areas do not have basic services but also health, education; roads for integrating those places to urban areas are far from a basic level. They are excluded from any development and integration to the nation. This is the main reason why people want to immigrate to the cities and this action carries on conflicts for land and environment. Since the government promised the people that will find the way to register a piece of land for everybody that will dedicate to agriculture, people intend to get a piece of land as closest as possible to the city. Thousands of people moved from the west side of the country to the east side and towards the valley. The people do not want to produce the land anymore; they want to own a piece of land close to the city, so in the future they can sell it or they can build their own house there. Within the last years, people have migrated to main cities getting installed in the periphery of the city, creating belts of poverty. Those areas were not planned with basic services and despite, they represent around 45% of the population in the city, they won’t have basic services either due to high costs of taking them (except for electricity) or non availability of water for everybody. The worst is that the local governments that should control the settlements do not control it (due to lack of capacity, will or political interests). Like this, Bolivia, Ecuador and Venezuela, as well as other Latin American countries are losing agriculture areas, burning down forest and transforming natural landscapes by the increase of urbanized areas, most of the time, without access to basic services and peccary housing conditions. Unfortunately, this problem is not taken serious by the government and there is not yet counted how many of the rivers dried out by these settlements.

Policies of distribution of land started in 2005 in several Latin countries. This measure was not necessarily with the populist governments; but due to the pressure that the people without land were exercising. Titles of land were then distributed in Bolivia for instance. However, this positive measure did not reach to all the ones who needed this. By 2005, the people from the country side had already moved to the periphery of the city and installed there in peccary houses without any
access to basic services (due to illegality). The problem that can be observed nowadays is that peasants do not take any responsibility for the land they cultivate; a reason might be explained by the lack of Property titles. So, when the land does not work anymore, they move to another area or region to spread their risk. Since nobody controls the use of land, many of the peasants settle in different cities of the country so they can be closer to the main markets. In Bolivia for example, from June until November, peasants have originated around 2.1 million Ha. with 17.000 fire points. With the excuse to expand the agriculture frontier, they burn down natural forest in Cochabamba, Santa Cruz and Tarija in 2007. The government pushed somehow these new settlements asking the peasants to take lands in the East side of Santa Cruz, so they could get rid of the big companies of agriculture there; and also by promoting the free production of coca leafs for the ‘consumption’ of the population without any plan, any quotas or control.

It is true that the government of Evo Morales not only gave titles of property for the land. His idea was to provide trucks for removing the land and to open national and international markets. This entailed several the signatures with the municipalities to hire those trucks for their development, which until now, this does not work due to lack of programs for improving agriculture in the country (associations of producers, etc.). The second phase of the distribution of land was the signature of the ALBA (Bolivarian Alternative for the Americas) in order to have an open market for the small producers and to integrate them to the world economy. However, this did not work yet, and the results of 2 years are still in zero for Bolivia. Cuba does not demand anything and Venezuela cannot import any product due to their high quality and sanitary measurements that not even the strong bonds between the two countries could remove them.

With all this results, rural areas are still the less profitable for the people. Neoliberalism is still valid model for the peasants, not because they want this model but because small producers are strongly competing in the same few agricultural products that all have, reducing this prices. The profit they make is still so reduced that they are kept in their poverty cycle, since they cannot even hope for exporting their small production without any institution that cooperates with their sanitary measures.

With all the money of the hydrocarbons, the Bolivian government did not support the impact of natural disasters in agriculture that occurred from December-march. The lack of plans for supporting disasters made the government react too late for a solution (done after 5 months from the first day of the natural disaster). In the month of April the government came to the aid of the smallest producers of Beni, Cochabamba (east side); neglecting the ones that were suffering from frost and droughts at the same time in the West part. He also denied giving any aid to the biggest producers of cattle and grains. Nowadays, the consequences are noticeable, the lack of agriculture products (vegetables, grains, cattle meat) are creating inflation. In the last 4 months, the inflation of Bolivia reached 9.8%. Of course, inflation was a general phenomenon in the world, together with dollar depreciation. In Bolivia, though, the effects are deeper and by a wrong analysis of the situation and historical events, the socialistic government, declared open frontiers for international markets to import high quantities of flour, meat, salad oil. This measure had the objective to flood the national market. The high quantity of products would make the national producers reduce their prices, even if they tried to explain the reasons why the prices increased.

With this panorama, many persons migrate from the rural areas. During 2005 and 2006, 500 persons migrated per day and in the last semester of 2006, 1000 persons migrated towards Europe (Spain and Italy mainly). Now, when Bolivians need VISA to get into EU countries, switched destination towards neighbor countries (Argentina especially). Some villages are empty of young people that
prefer to be submitted to hard work and illegal status in a foreign country because they think they can have a better life and capacity of consumption.

Therefore, people who got benefited with titles of property are aged persons or the young that still did not leave the country. The production since then has no increased though. In the three countries, the rates of productivity in agriculture have reduced, due to the employment of the people in other activities within the city, though there is no statistics to prove this. In times, where other countries have benefited from their agricultural production exporting to China for example, the three countries have reduced their participation with agriculture to the GDP at an average growth rate of -2.64 in Bolivia, -13.98 in Ecuador and -9.36 in Venezuela. This contrasts other countries that focused in the development of agriculture as Brazil with a growth rate of 16.81 and Argentina with 15.66.

Despite the big problem that would mean losing agricultural and forest space, the lack of capacity or will from government to plan a solution, it does not do anything to protect natural or agricultural land areas that are reducing at high speed gaining urban areas with poverty (La Paz, Caracas, Quito, Santa Cruz), some at a rate of 9% per year. This year, in the times of chaqueo\textsuperscript{17}, around 2.1 million Hectares were burned in all Bolivia, affecting different cities. Ecuador, had only in one city (Navarra) between June and July, there were registered 209 fires that destroyed 200 hectares. 145 Ha were agricultural ones and the rest were forest lands. In Venezuela, with a contingency plan\textsuperscript{18} against fires, they could reduce their problem from 13.200 Hectares in 2001 to only 100 hectares in 2007, despite the 2.242 fires that occurred.

Migration and destruction of natural forest are of great impact to rural population and to the country itself. Agricultural production has raised price not only by the impact of imports of the same products to national market but also because of the lack of people working in these areas and the lack of productivity from the ones who still dedicate to this. Neoliberal policies that are implicitly applied to this sector bring about the disappearance of the smaller producers leaving the side to only big capital investments that do not need the government’s aid or leaving the side to import of similar products that are produced better and cheaper in neighboring countries.

1.3 Health for All

Health programs in Latin America were focused since 1972 to reduce the mortality rates for pregnant women and children that were in those years 118/10.000 pregnant women will die and 40/10.000 children will die. At present, despite this effort, many populations in Latin American countries still suffer from basic health problems and health access is not yet universal or equal for all the population (CEPAL, 2005a). There were some improvements, however, not the expected.

The Latin American countries are having a general transition in their epidemiologic diseases that go from communicable to chronic diseases (Iriarte et. al., 2007), from basic to other riskier problems as aids. This is due to important demographic changes, emigration, weather; rapidly shifting models of

\textsuperscript{17} A practice that peasants use to empty the ground in order to cultivate or like nowadays, in order to create land to urbanize. Normally done between June to July for agriculture, this year 2007, it continued until November, most of the times, in forest that were close to the city, where people want to use for living.

\textsuperscript{18} CVG Proforca is a gubernamental organization created to prevent fires and to keep the reserves and natural forests. More information is available at CVG Proforca, URL: http://www.cvgproforca.com/, accessed 13\textsuperscript{th} September, 2007.
organizing and financing national health systems. This is especially with new governments in power that are constantly refunding the policy of health to demonstrate ‘change and improvements’. Although some improvements were made in the last years concerning to health, there is still inequitable access to health care for the population, especially in the rural areas.

According to the statistics of USAID Infant mortality rate has reduced considerable in each of the analyzed countries although they still have high rates that have to be worked on. The rates for these countries in the last 10 years are in average: Bolivia 52, Ecuador 24 and Venezuela 23. The same goes with the rates of mortality under 5 years old: Bolivia 50, Ecuador 22 and Venezuela 23; and the rates of mortality under 14 years old: Bolivia 18, Ecuador 6 and Venezuela 4. As we can notice, Bolivia is the country with the worst mortality rates for the youngest population. Despite the health programs, which are aimed to protect the children under 5, the rates of mortality are still high and despite the reduction within last 10 years, the rates are still worrisome. According to the INE, Bolivia has 27.60% of the population between 0-4 years old that is with malnutrition (between light and serious level). This will have an important impact in the life expectancy at birth which in Bolivia is only 65 years. Between the three countries that are analyzed, Bolivia has the lowest life expectancy at birth, having Ecuador in 76 years and Paraguay at 75 years. The same can be observed with lifetime risks in maternal death chances. Out of every 47 deliveries 1 woman will die in Bolivia, in Ecuador 1 out of every 210 and in Paraguay one every 120 (USAID, 2007). Bolivia is behind with social public expenditure in health that goes in average in the last years around 3.9% of the GDP while Ecuador is around 5% and Paraguay 5.7%.

The governments of Venezuela and Bolivia made a deal with the Cuban doctors to provide health to the population who had no chance to visit a doctor. Since 2006, more than 1200 Cuban doctors have arrived in Bolivia. These doctors were placed in different rural cities of the country and got installed in the hospitals that were before provided with Bolivian personnel. This had at the beginning a huge confrontation with the doctors in Bolivia who had no jobs and were blamed to be expensive and unaffordable for the poor people. Now this sensation of threatening has disappeared and both systems coexist within the same hospital, offering health services. After a while, it was showed that the problem of health is not the unaffordable health care but the lack of human resources (Cordova and Hagens, 2007).

In Cochabamba, the third largest city of Bolivia with 1.5 million people confronts as the rest of the cities, the problem of lack of personnel in health. As we can see in the table below, the real number of hired personnel and the ideal number is far from being enough for the requirements of the population19 (table 3). The table reflects a reality that should not be ignored, in some professionals we are in the 6.67% of the ideal. Then, health will not improve, even if we have availability of personnel for health access.

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19 A similar table can be found in appendix reflecting the situation in Venezuela (appendix 1). There was no similar data found for Ecuador.
Table 3. Number of personnel compared with the ideal number

<table>
<thead>
<tr>
<th>Description</th>
<th>No of hired professionals</th>
<th>No of ideal professionals</th>
<th>Difference in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical doctors</td>
<td>333</td>
<td>500</td>
<td>66.60</td>
</tr>
<tr>
<td>odontologist</td>
<td>25</td>
<td>375</td>
<td>6.67</td>
</tr>
<tr>
<td>laboratory, personnel</td>
<td>19</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>X-rays</td>
<td>12</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>nurses</td>
<td>146</td>
<td>1500</td>
<td>9.73</td>
</tr>
</tbody>
</table>

Source: Based on data from SEDES Cochabamba, 2007.

There are many faculties of medicine in Bolivia. To continue with the example in Cochabamba, there are 7 universities who are engaged in preparing medical doctors. In average, there are like 450 medical surgeons that finish their study and cannot find a job in the public system of health. Few open their own office for health and charge different types of fees. In this practice, there is a rule that governs this “the law of the supply and demand). The medical associations as well as the other professional associations set a minimum and maximum tariff, but the majority cannot afford to follow these ones when their public is rather poor, so they can reduce until 10% of the original fee in order to have patients, others, of course, they can charge 200% more, according to their specific customers. Other medical doctors decided to migrate to neighboring countries (Brazil and Argentina especially) to exercise their professions in the hospitals there. Unfortunately, there are no statistics of this migration, but one can notice empirically by the demand of legalizations of diplomas, grades, etc. directed to Brazil or Argentina.

Furthermore, the number of hired personnel in Bolivia is done with international cooperation. This means we depend on international aid to pay our practitioners. The HIPCC (English acronym, meaning High Poor indebted countries) is a program that was created to forgive international debt so these countries can use the money in programs to fight poverty. These programs had to be focused in health and education. So, this program finance 50% of the personnel in Cochabamba and in Bolivia, the other half is financed by the government. This year, with the money of the IDH\(^{20}\), regional governments increase the amount of posts. Still, there are several doctors working \textit{ad honorem} in many of the hospitals, waiting for the next opportunity that will engage them formally to the hospital. In most of the times, it doesn’t happen.

The uncoordinated approach seems endemic in the Bolivian, Venezuelan and Ecuadorian health system, which is full of different programs working independently of each other. A World Bank loan is being used to provide roaming rural health programs, while other government program’s run in other Family or Community health having national doctors to live in similar rural areas, which sometimes overlap. Cuban doctors have also been sent out to isolated communities, as part of a different program that could add a bit more of health to rural system. Despite all the resources invested, health programs are still behind the number that is really needed, most of the people live under market conditions of health and since there is little or no collaboration between all the health programs running in the country, this only leads to confusion and waste of resources, not to a better health for all.

\(^{20}\) IDH means Taxes from the hydrocarbons, created by the nationalization in 2006.
The other problem in health for not been equal access is the group to where health insurance is directed. There is a medical insurance for pregnant woman and children until 5 years old. This program exists due to a common agreement to fight against maternal and infant mortality in Latin America. This means, that the people who get sick and that is not within any of the above groups, has the possibility to assist to a private, public or insurance health system. Insurance health system is for ‘formally working’ people. Private, can be costly and not for all specializations. Finally public, is not always available in the rural areas\textsuperscript{21}. Consequently, only people with low to medium income assist to public health services. Higher income people often go to private health services. The visit to a doctor involves often a certain amount of money even when the person is insured. In South America more than 25\% of the population lives below the poverty line with 1 to 2 dollars per day (World Resource Institute, 2003). Then, the fact to have universal health insurance only to children from 0-5 years old and the pregnant woman creates a problem of accessibility, since health is not for free and the government does not assure the basic service to people. The fee of medical doctors varies from 30-100 Bs. and doesn’t include any medicaments. Considering that 14\% of the population has half of the minimum salary and 34\% has the minimum salary (500 Bs/month), the visit to the doctor touches 6\%-20\% of their income. This is one of the main explanations why people wait too long to go to a medical doctor. It is better for them to believe that their body will heal up by itself than spend 6\% of their salary “unnecessarily”.

Some simple sicknesses as diarrheas, pneumonias, chagas, or others that are common to the 3 countries are also very difficult to prevent, since the ones that have the illness, are the ones who do not have access to basic services (water, sanitation and housing). Diarrhea for example, can be easily prevented by cleaning hands before cooking or eating. But in the majority of the urban periphery areas and rural areas potable water is inexistent and rivers that some of these areas have are contaminated by the same community’s habits\textsuperscript{22}. People know the problem but there is not much that can be done since the river is the only source they have. In general, people are aware that health and education are important factors for a good economical sustained life. Besides, people are conscious that when one lacks good health, they cannot work and perform well. Just by seeing a handicapped person, people know how much this handicap affects someone’s life, social performance and economical future. In the words of Nobel Laureate Amartya Sen, health (like education) is among the basic capabilities that gives value to human life\textsuperscript{23}. Knowing all this, the population, still only assist to the health centers when they think it is necessary to go and don’t go when it is for prevention due to the costs that it would represent.

Governments have several tasks related with health and development to get equity in the society regardless in what model the government is, neoliberal or social. This because, the basics to reach development was shown that the market cannot develop, and it is hopefully going to be better developed by social government. The provision of public goods that cannot be provided by the market, as roads, military defense, research, etc. has to be planned by the government. Markets in general don’t get involved in this. A second task is the paternalistic role. This means the social responsibility to the less fortunate in the provision of health insurance, subsidies, assistance with

\textsuperscript{21} In the 3 countries, there are considerable amount of infrastructure of hospitals. What is missing is the personnel and medicaments. Also the distance is a high issue since people sometimes cannot go to a hospital due to the rising of rivers.

\textsuperscript{22} Some habits around the rivers are: washing their clothes, washing themselves, taking the animals to drink from the river, leaving their garbage around, letting the sewage go into the rivers, etc.

\textsuperscript{23} Sen stresses that certain substantive freedoms (“the liberty of political participation or the opportunity to receive basic education or health care”) are “constituent components of development” (essentially, end goals) as well as contributors to economic progress. See Sen (1999), Development as Freedom, especially Introduction and Chapter 1.
natural disasters, etc. A last focus is the regulation of the market and taking care of the market failures such as: the abuse of market power and dominant position, cartels, imperfect competition, lack of provision of services to the areas where it is not profitable for the market and other failures that can cause inequalities in the economy.

Table 4. Government expenditures in health as part of the total health expenditures

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>45.30</td>
</tr>
<tr>
<td>Bolivia</td>
<td>60.70</td>
</tr>
<tr>
<td>Brazil</td>
<td>54.10</td>
</tr>
<tr>
<td>Canada</td>
<td>69.80</td>
</tr>
<tr>
<td>Chile</td>
<td>47.00</td>
</tr>
<tr>
<td>Colombia</td>
<td>86.00</td>
</tr>
<tr>
<td>Cuba</td>
<td>87.80</td>
</tr>
<tr>
<td>Ecuador</td>
<td>40.70</td>
</tr>
<tr>
<td>Guyana</td>
<td>83.50</td>
</tr>
<tr>
<td>Paraguay</td>
<td>33.70</td>
</tr>
<tr>
<td>Peru</td>
<td>46.90</td>
</tr>
<tr>
<td>United States of America</td>
<td>44.70</td>
</tr>
<tr>
<td>Uruguay</td>
<td>43.50</td>
</tr>
<tr>
<td>Venezuela</td>
<td>42.00</td>
</tr>
</tbody>
</table>

Source: WHO, 2007

Social and economical factors have serious effects on health. Expenditures on health come from two sides, one is the government (table 4) and another comes from the private sector. Market failures are presented when private investment is not done in those areas where there would be no benefit. Also, when there is no regulation on the private sector side, this can take higher benefits from the population. In table 3, we can see the total expenditures on Health by the government and private sector calculated over the gross domestic product (GDP). We can see that even in the worst case the health sector takes about 4% of the GDP and in the United States even up to 16%. This percentage reflects a big size of the economy that is moved by health in every country. However, this data should be crossed with the expenditure in health by region and making a differentiation between urban and rural areas to have a stronger fact. Unfortunately, our research could not go that far due to the lack of statistical information in all three countries. This public expenditure corroborates the fact that private investment will only be made where there is a potential for profit. We see that the share of the government on health is important; this automatically implies that if the government doesn’t possess a good policy on these large expenditures the effectiveness can be in danger. Furthermore, we can not ignore the private expenditures on health which in many cases involve free market mechanisms. If the government fails in regulating well the free market of health we risk high costs, and low quality of health services. Such market failures need to be tackled by governments through strong policies, however if the government doesn’t possess the knowledge neither sufficient financial and human resources it is most likely an impossible task.

Market failures are very likely in health care; main reason is asymmetric information. On one hand, a patient might know very well that he has headache or diarrhea but tries to heal himself instead of having a better solution based on the knowledge of the doctor. On the other hand, a patient could get very expensive treatment while it could be solved with a simple medicament. Nevertheless asymmetric can also be a problem for the doctors treating the patients. These market failures are
more likely to occur when the government does not control and regulate health sector. More openness of regulated information by the government would be needed (Birks, 1993).

**Geographical differentiation – impact to health**

Although health programs in Bolivia, Ecuador and Venezuela were under the policy “health for all”, especially with programs to reduce the mortality mother-child; the results were not as good as expected. The most urgent needs, the worst index of health are found in rural areas. This occurs due to the visible difference between rural and urban areas. Around 60% of the doctors are found in the cities and the rest is in the rural areas. The problem that the governments did not solve yet is the possibility to have rural areas better linked so doctors could join the hospitals and people would assist there instead of coming to the city, increasing the demand for personnel in the cities. Rural public hospitals do not have sufficient personnel and the people from the region, do not trust to go in because they only see one nurse, so they prefer to wait, save the money and go to the city. Policy changes are difficult to manage effectively in any country, but is probably more difficult for Bolivia, Ecuador and Venezuela because governments are not well prepared and do not have a good plan to handle them. Their lack of capacities or will from the government to change this management of personnel and health centers creates neoliberalism in health since only the ones who can afford paying a doctor, medicament and their transport into the city can have a good quality of health. The problem is increased when the government promotes the healing of sicknesses with the ancient cultural habits, and therefore, the poorest people keep going for these rituals; rather, than to a health center, even when they have great illnesses.

1.4 Against free supply-demand in labor

Bolivia, Ecuador and Venezuela are countries with a large informal sector that represents around 40% of the GDP. This means that people employ themselves in activities that are not declared or controlled by the State. About 60% of the people in working age (18-65) work in agriculture (economy of subsistence) and/or in the informal economy. This people work in an environment driven by wild market forces without the social protection or any control that governments in other countries such as Europe would give. The result is that most people are working under extremely neoliberal conditions and it could be said that there is a high level of exploitation at the production level such as textiles and mining. The government of Bolivia declared in the 1st of May (working Day holiday) that exploitation and informality in hiring people would end presenting a National Decree.

**Unemployment rate**

Although the unemployment rate is estimated to be normal around 10% (Wikipedia, 2007), for South America, one has to take into account that a large number of people work outside the regular labor system (e.g. informal economy) and they are registered as employed (see table 5). In the countries that we are studying, there would be no person that can afford being unemployed since there is no subsidy for unemployment. In Bolivia and Ecuador (no information for Venezuela), the amount of people working under the informal economy, under their capacities or employed in illegal work is significantly. The main cause for this is the lack of opportunities to have a ‘normal’ job in the national market that can give the people life assurance for working conditions and without exploitation.
Government posts were always the most important place to work, even if the salaries are not that high. The compensation comes with the opportunity to have health insurance, social benefits and the possibility to have the working place for all life. This gives to the people the power to negotiate the working post or introduce their family members, even when it is not capable to do the work that is commanded to do; people try to insert themselves in the public sector. This is why, people is dependant of the government parties, joining the one that is expected to win the elections, not caring much their ideology or plan for the economy.

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment rate</th>
<th>Ranking</th>
<th>Unemployment rate</th>
<th>Ranking</th>
<th>Unemployment rate</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>17.00%</td>
<td>62</td>
<td>7.60%</td>
<td>121</td>
<td>7.70%</td>
<td>120</td>
</tr>
<tr>
<td>2004</td>
<td>18.00%</td>
<td>53</td>
<td>11.70%</td>
<td>82</td>
<td>9.80%</td>
<td>100</td>
</tr>
<tr>
<td>2005</td>
<td>17.10%</td>
<td>140</td>
<td>10.41%</td>
<td>81</td>
<td>11.10%</td>
<td>104</td>
</tr>
<tr>
<td>2006</td>
<td>12.20%</td>
<td>126</td>
<td>10.14%</td>
<td>81</td>
<td>10.70%</td>
<td>109</td>
</tr>
<tr>
<td>2007 *</td>
<td>8.90%</td>
<td>103</td>
<td>9.79%</td>
<td>90</td>
<td>10.60%</td>
<td>120</td>
</tr>
</tbody>
</table>

* Estimated information
Source: Index Mundi, 2007

The people who do not manage to insert themselves into the public system, they go to private. Many people somehow run their own small business (selling in the streets) or work somewhere for the bare minimum or even below the defined by law. The main reason for this, is that they cannot afford to be unemployed, there is all the family counting on every member of the family. Another typical thing for Ecuador and Bolivia is that they offer their work *ad honorem*, so they can be taken into account when a new position comes available. This of course is forbidden by law, but since the public sector is highly politicized this is almost the only way, beside the ‘personal contacts’ to get a job. Doctors for example take patients to private, convincing them that they will get better attention in private than in public, like this, they can make some money at the end of the month.

One could say that there is a lot of hidden unemployment in the three countries and others in Latin America, this simply because one cannot afford being unemployed and so decides to work for almost any salary and any condition. Most of the private businesses take advantage of the workers and hire them “in the black”

In Bolivia around 49% of the population is in between 0-18 years old; and 9.8% of the population is in between 20-24 years, and 36% in between 25-55 years (table 6). This means that 36% of the population that is within Active Working-Age has to sustain the 64% of the population of which more than 50% are so young that they have no financial resources at all.

24 “In the black” means that people get a monthly salary that is not declared to the government. This way, avoids paying social benefits, medical insurance, retirement pension, etc. In this way, also firing persons goes easier.
### Table 6. Groups of age in the population

<table>
<thead>
<tr>
<th>Group of the Population</th>
<th>Percentage</th>
<th>Average activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-18</td>
<td>48.76%</td>
<td>dependent age</td>
</tr>
<tr>
<td>19-24</td>
<td>9.83%</td>
<td>carrying on studies (from 1-5 years)*</td>
</tr>
<tr>
<td>25-55</td>
<td>36.12%</td>
<td>Active Working-Age</td>
</tr>
<tr>
<td>56-98</td>
<td>5.29%</td>
<td>Pasive Age</td>
</tr>
</tbody>
</table>

Fuente: INE Bolivia, 2007  
* not all the population in this age goes to study, but it is not possible to know the exact percentage that goes to university,

The 3 countries have a very similar working-age block (see appendix 2). This group has to support a large group of young people who do not have any financial resources. The problematic age composition represents a great challenge for the social and economical government policies (CEPAL, 2005a, p.104). The threat for the near future is that due to the small amount of working people there are little resources available for the large number of young people to get well prepared. These countries that have the majority of their population between the ages of 0-18 and have no health insurance, no pensions and certainly no actions to tackle these issues which can turn into major problems in the present and endanger the productivity of the country in the future. To soften the problem, Bolivia has declared that child work as allowed since September 2007 because; children have to help their family with bringing the money. This, endangers the future of the great base of Bolivia who will be send to work and study part time both as is happening nowadays, the difference, that now is allowed and of course, more factories will hire children since they are cheaper and they can escape easier the social benefits, health insurance and abuse their schedules as well.

The drama is not only in the age-group but also in the economical activities that this population has. In Latin America, the informal economy has an important impact on the total income of every country. Although the informal economy is difficult to measure and it is not included in the GDP; there were several efforts to present a general picture of the problem (Soto, 2000). The statistics show that in these fragile countries 51% of the economy is moved by informal activities of non-agricultural origin. Unemployment is one of the main reasons for the people in working-age to employ themselves in an informal economy that does not have any provision of health insurance. Consequently, the informal economy has an important impact on health status and development by a threefold explanation. The first one is that the people who work in informal economy make money by their own subsistence; thus, they dedicate more time to their business and have no savings for health or education. This group of people is a potential element of social conflict and confrontation since they see no hope for their future. Besides, there is a group that dedicates to illegal activities in order to sustain their families without measuring the risk involved. Second explanation is linked to the first.

Informal economy is seen in all the streets with people who try to sell to make their every day income. No efforts are done to push their economies into the formality, the governments of these 3 countries know that if they would do that, there would be people that would not continue with these
working conditions and they will request “real” jobs in the public and private. Since the countries are not capable to absorb them in good conditions without exploitation, they prefer to play blind to informality.

**Insurance**
Another problem with the labor market in these countries is that less than 25% of the people have a health insurance, which is only given to those people that work in a formally registered job. It is possible for people to arrange their insurance themselves but in most cases this expense is considered luxury and not available for most people. The same goes for the pension system where the same few are being taken into account. The government does have a general pension system but the amount is so low that it is not even enough for the daily necessities.

**Taxes**
With a large group working in the informal sector the tax burden on those who do work in the formal sector is high and it is often criticized by those people that there is a lot of unfair competition, since products to these markets arrive via smuggling and do not pay any tax. The large informal markets like for example “la Cancha” in Bolivia, a market of over one square km. are often exempted for taxes due to special laws for “small investment business”. However, these markets hide quite some big businesses that have a considerable size and daily turnover. The sellers don’t pay utility tax or VAT in to account which can mean a difference of about 25% on many products. This difference makes the whole formal labor market shift toward the informal side and worsening the tax income of the state and also the environment for workers in the informal sector. Bolivia for instance, only receives 10% of its GDP in taxes, making international cooperation four times bigger.

**Labor environment**
Although the formal sector is supposed to have a good labor environment including the control of the ministry of labor the workers often lack a good protection. Besides the example of the free labor, we also see that people often have to wait up to 6 months before being paid the agreed salary, need to work extra hours which are unpaid, are being moved like puppets throughout the public institutions facing a bad physical working environment. One would say that filing a complaint would solve it but there is a large fear to complain and get fired, lose a promotion or difficulties finding another job in the same sector. All this causes that even in the formal sector labor laws are not really respected.

In the informal sector this is even worse, people are hired on day to day basis, with a bare minimum salary, and the environment and the rights of those people are often far to find. Since informal physical markets do not have regulated opening hours it basically means starting 5am-9pm working hours 7 days per week, no holidays and no vacations respected. Workers need to adapt to this with basically only one alternative, being unemployed and have no income at all. For instance, in Argentina, there are around one million Bolivians working in textile industries, in slavery conditions. Both, Bolivian and Argentinean governments know about this but not much is done. In fact, the Argentinean institutions meant to control and eradicate illegal and slavery working textile companies say that they have to play blind in some cases if they don’t want to eliminate forever the textile industry of Argentina that nowadays cannot compete anymore with the Chinese textiles.

**The role of the State**
All these problems are probably well known at government level; however, they lack the good system of regulating it and prefer to leave a big part to the free market despite the large inequality.
The government institutions do the same and despite their good working rules, nobody respects them. The same people governing the country take advantage of those free markets with its failures abusing them and pushing them to follow their political party when elections, threatening them to lose their job if the government party would change.

One would say that socializing the rather liberalizing labor market would benefit the people, but even the people themselves have a hard time changing to this. Last year, there was the discussion about the minimum wage, which is 500 Bs per month (about 65 USD), the plan of the new government was to increase this three times more, since the number of people who do simple work for this minimum wage is large. At first instance the increase seemed to be a good idea; however, the probability that jobs like janitor, cleaners, night security, and couriers would disappear was likely, since some jobs could be replaced by technology. As so, the increase was reduced to only 5%, and the heavy rules for employment were approved but not controlled, to not cause more unemployment. The same goes for many other measures, where people prefer to stay with their bad and insecure labor situation than having no job at all.

So although this gives clear idea on why a free labor market has significant failures and social problems, it is hard to change in a better labor law in Venezuela, Bolivia and Ecuador into a more regulated, the laws are there, but they reject to control them because trying to change it would mean a big social crash. This is why, informal sector will continue without paying taxes, this would probably cause large manifestations by the same people, since they would lose their competitive edge compared to the legally established companies, not even taking into account that the government themselves, wouldn’t even have the measures to control it all. Maybe that last point could also be seen why nobody will accept such a formalization measure, because one could have free riders, who would take advantage of the higher prices but still wouldn’t pay the taxes.

1.5 Other sectors

FTAA / FDI

Another fight that people had against the previous governments in Bolivia and Ecuador was to say "NOT" to the Area of Free Commerce of Americas (FTAA). "Because that agreement is against the poor men, of our culture, our ideology", says Roman Loayza (2002). In 2006, the government of Venezuela, Cuba and Bolivia signed the ALBA (Alternative Bolivarian for Latin America). The idea was to increase the trade capacities of each of the countries avoiding barriers that normally are settled to the poor countries which make difficult to trade. Chavez also promised to buy the industrialized products made of coca leafs and all the soybean that is produced in Bolivia at good prices against the exchange of products of petrol.

After almost two years of ALBA, the results are clear. Cuba never bought anything to Bolivia, Venezuela neither. Moreover, Venezuela, did not accept a bad quality and neither one product that could meet in danger their population or create competition to their products. Besides, the government could not find any government that supports the idea of industrialization of coca leaf and exporting to the world. This, frustrated attempt to improve the Bolivian exports, verifying that the biggest still imposed their own rules of import, leaving behind the smallest producers, which in Bolivia and Ecuador are the majority. Chavez defends himself repeating that “business is business” when the government of Bolivia reminds him to buy.
Decriminalization of coca
Coca is a particular problem of the Andean countries as Peru, Colombia and Bolivia. The government of Evo Morales (Bolivia) promoted a movement throughout some countries in order to have freedom of production and commercialization of the coca leaves. Since 2002 and earlier, the coca producers did not accept the eradication of coca leaf with the argument that those were produced for consumption. Therefore, Morales promised them a kato de coca (1/4 hectare) per family. However, the production of coca leaves increased and the government that is against the rules of the imperialism of the Unites States, had to eradicate coca leafs from the north part of the country instead of doing it in Chapare. Like that, the government stayed good with the parties, United States and their colleagues of Chapare. Still, the expansion of the production of coca leaf increased the amount of cocaine confiscated in the ground. Within 7 months of 2007, there was a requisition of more than 30 tons of cocaine. No control, no options for agricultural production, makes people dedicate to illegal activities, since nobody can afford being without job.

Education for all
The government of Bolivia, with the aid of Venezuela and Cuba, hired teachers that could teach reading and writing to old people. This group is going all around the country to accomplish this goal. Several municipalities were declared alphabets at 100%. This is a good social measure, taking into account that education is a key aspect to get out of poverty. Nonetheless, a study of UNESCO (2004) tells that in Bolivia, only 50% of the people that assist to school are capable to learn from what they read. The majority of the population is driven by the thoughts and analysis of some leaders they have, not because themselves, they understand their own situation and needs. When the Popular participation (created in 1994) enabled the communities to define their development budget, the government in that year believed that Bolivia could reach faster development since is the people who plan and budget their priorities. After more than 10 years, we can notice that not much has changes in the municipalities, and this is because, the people do not understand how to plan and how to analyze the priorities, so they just copy the same budget as the example or the year before. Nobody in the main government cares for training and preparing them to analyze their own situation.

Evo Morales told (to motivate people) that the Universal Pension (to people from 60 years on) will only be paid to the ones who know how to read and write, “if there is someone who wants to ask their pension with digital mark, people in charge of payment will have to refuse it. So people is invited to learn to read and write within the next 2 months” before, this pension is current. “even if there is a disturbance of the elders, they will not get paid, so they have 2 months to get prepared before January 2008” told25.

II. SOCIAL AGENDA – ARE COUNTRIES CAPABLE?

The social measures that the three governments want to introduce encounters contradictions. The first one is that the government is eager to increase the national reserves. The government’s promise to benefit all the country population with the new taxes of nationalization is not being fully accomplished since the original income distribution of this gets constantly cut to the local, regional and university institutions. On the contrary, the responsibilities to these institutions increase, mining even more the effectiveness due to the lack of personnel.

The governments have the best intention to make an even society without leaving behind the poor. Until now, most of the measures were to confiscate the most attractive companies in terms of income, so they can take the taxes and the income to benefit the society. A) Corruption could not be eradicated and a lot of it disappears into this pit. B) The inefficiency of the personnel in the companies makes them get delayed in their national productivity. For instance, the oil company lacks of sufficient diesel that we have to import from Venezuela and Argentina. C) the most inefficient companies but socially important are not nationalized. Airlines and trains are not touched by the government, letting the multinationals and private national investors work as they want and with their own rules. This means, that the poor people are denied from transporting themselves in secure ways (overloaded local and national buses, trains), nobody controls the cargo capacities, the number of people that can fit in a bus, if the driver is drunk, etc. The rules in transporting are still very neoliberal and the government has shown no interest in nationalizing or making the sector more fare for all.

Second contradiction is that social governments should have a good planning. These governments have a ‘speak-out’ policy, but forget the creation of ‘plans and an effective execution’ in the short and long term. In this rush, some of the policies that are proposed are meant for social programs and others are for neoliberal ones as presented in the analysis before. Any of the three governments seem to have a Plan out of the improvisation, to make a switch of the economy into a social one. So, they just speak it out without measuring the consequences of any of them.

Third contradiction is that a social government that cares for the population controls tightly the programs that are influencing the population and these countries seem to not care for a control. For instance, health, education in Bolivia is within the hands of international cooperation and there is no plan to make it national. The same occurs with rural education which is financed by international cooperation. Or any financial aid programs, where the payment of the aid is done when the need is over. Latin America depends on the international cooperation within many vital programs. Normally, these programs are planned from the requirements that multinationals provide and not based on each country reality and needs.

26 There are lots of visible sources of corruption: police, public institutions, oil companies, etc. Daily examples can be watched on TV in the three countries. For instance, in Bolivia, there are denounces that people charge money extra to get an ID, that people pay money to smuggle narcotics or merchandises to sell in national market, that city hall people escape with the development aid budget, etc.
CONCLUSIONS

After analyzing several sectors in the 3 countries, we can conclude the following:

- All 3 countries have severe social problems and huge economical differences within the society. This has to be worked out through the plan of different sectors as health, education and roads.
- Social differences can be smoothly reduced by planning to give opportunities to the ones who don’t have the opportunities now.
- Education is very important to change ideology, behavior and a country. Therefore, it is important to have all people educated but not as it is done nowadays: read / write; education should be the base for everyone to think, to be critical and analytical so they can take their own decisions towards their development needs.
- The government should have a stronger control to keep human rights respected.
- Neoliberalism is present in different sectors in the economy and is not been taken care of. This is worst than in any other country and some actions should be planned against.
- Socialism is only in the most attractive sectors to be socialistic. This means that, while energetic and minerals are sold out for a good price that can support some “economical development”, the governments could continue telling that their model will be anti-neoliberal.

The economy of gas/petrol is giving the possibility to fund social programs. It is doing it already in Venezuela and Bolivia. The impacts are visible in Venezuela where poverty is getting reduced; but there is still much more to do. In Bolivia, with the nationalization, much of the money that came from the hydrocarbons-tax is being used in the operational costs of the company. Since there is not an exact plan of what they want to for the economy and for social programs; there is a lot of speculation. Moreover, to avoid reaction from the opposition, the government keeps hermetic until the last moment and as Chavez, threatens to the ones who do not want to follow his ideas.

Anti-neoliberalism speech only exists in the speeches to gain popularity. In the reality, the governments know that is not possible to go backwards in several trends that are driven by the market. It is more convenient to benefit from the sectors that are paying money for their social intentions that also are linked to political intentions to gain power at the international scene. Analyzing the actions that were applied in these countries, the anti-neoliberal can be seen as only as a populist measure and not an anti-neoliberal switch to socialism. The 3 countries are very neoliberal in different sectors of the economy and those sectors are not meant to change in the near future. They know, heavy changes will endanger their own position at the government as other Presidents had been kicked out when trying to commit severe reforms. Therefore, the policy will be just to spread money with different social names, and they should focus more in pushing the production engine in the country taking advantage of their economic welfare nowadays in order to have a better and even social development.

The high demand and requirements from China and other Asian countries are somehow, financing this type of social development in Latin American countries. This motivating an unlimited

27 The history in Latin America of other more socialistic countries can tell the many disappearances and dead that occurred during those years coming from opposition.
exploitation that goes not with a socialistic development but more with a neoliberal eagerness to gain more profits irrespective of the nature and the human rights especially.

**DISCUSSIONS**

Now, there is still the “economy of gas/petrol” in these 3 countries, but did they think of a sustainable plan without this? Will the government be able to absorb those costs? Or will it let us go backwards in development?. Will the government designate the profit from hydrocarbons to these sectors to make them sustainable in the future and insert dynamism in the economy?.

How will it be possible to transform the boom of gas and oil petrol into a path of equal development for these three countries? Nationalizing as we presented was not the only step the government has to make. There are still some challenges to pass through in order to step out the provision of raw materials only.

Will the great consumerism in the population in the 3 countries will damage the social plan?. How does remittances and illegal activities impact to this?

Is the South American integration between Venezuela, Cuba, Bolivia and now Ecuador linked by economical objectives or political ones?

**REFERENCES**

Appendix

Appendix 1. Number of personnel in Venezuela compared with the ideal number

<table>
<thead>
<tr>
<th>Description</th>
<th>No of hired professionals</th>
<th>No of ideal professionals</th>
<th>Difference in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical doctors</td>
<td>6434</td>
<td>9010</td>
<td>28.59</td>
</tr>
<tr>
<td>odontologist</td>
<td>669</td>
<td>6758</td>
<td>90.10</td>
</tr>
<tr>
<td>laboratory, personnel</td>
<td>854</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>X-rays</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>nurses</td>
<td>33620</td>
<td>27031</td>
<td>-24.38</td>
</tr>
</tbody>
</table>

Source: Based on data from Instituto Venezolano de los Seguros Sociales, 2003

Appendix 2. Groups of age in the population

<table>
<thead>
<tr>
<th>Group of the Population</th>
<th>Percentage</th>
<th>Average Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 18</td>
<td>39.94%</td>
<td>dependent age</td>
</tr>
<tr>
<td>19 - 24</td>
<td>10.16%</td>
<td>carrying on studies (from 1-5 years*)</td>
</tr>
<tr>
<td>25 - 55</td>
<td>38.88%</td>
<td>Active Working-age</td>
</tr>
<tr>
<td>56 - 98+</td>
<td>11.02%</td>
<td>Passive Age</td>
</tr>
</tbody>
</table>

* Not all the population goes to study, but it is unknown the exact percentage

Source: Based on data from Instituto Venezolano de los Seguros Sociales, 2003