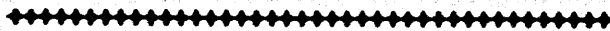


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Summary of the Labor Situation in BOLIVIA

U. S. Bureau of Labor Statistics.



INTERNATIONAL COOPERATION ADMINISTRATION
Office of Labor Affairs

✓
Prepared by
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

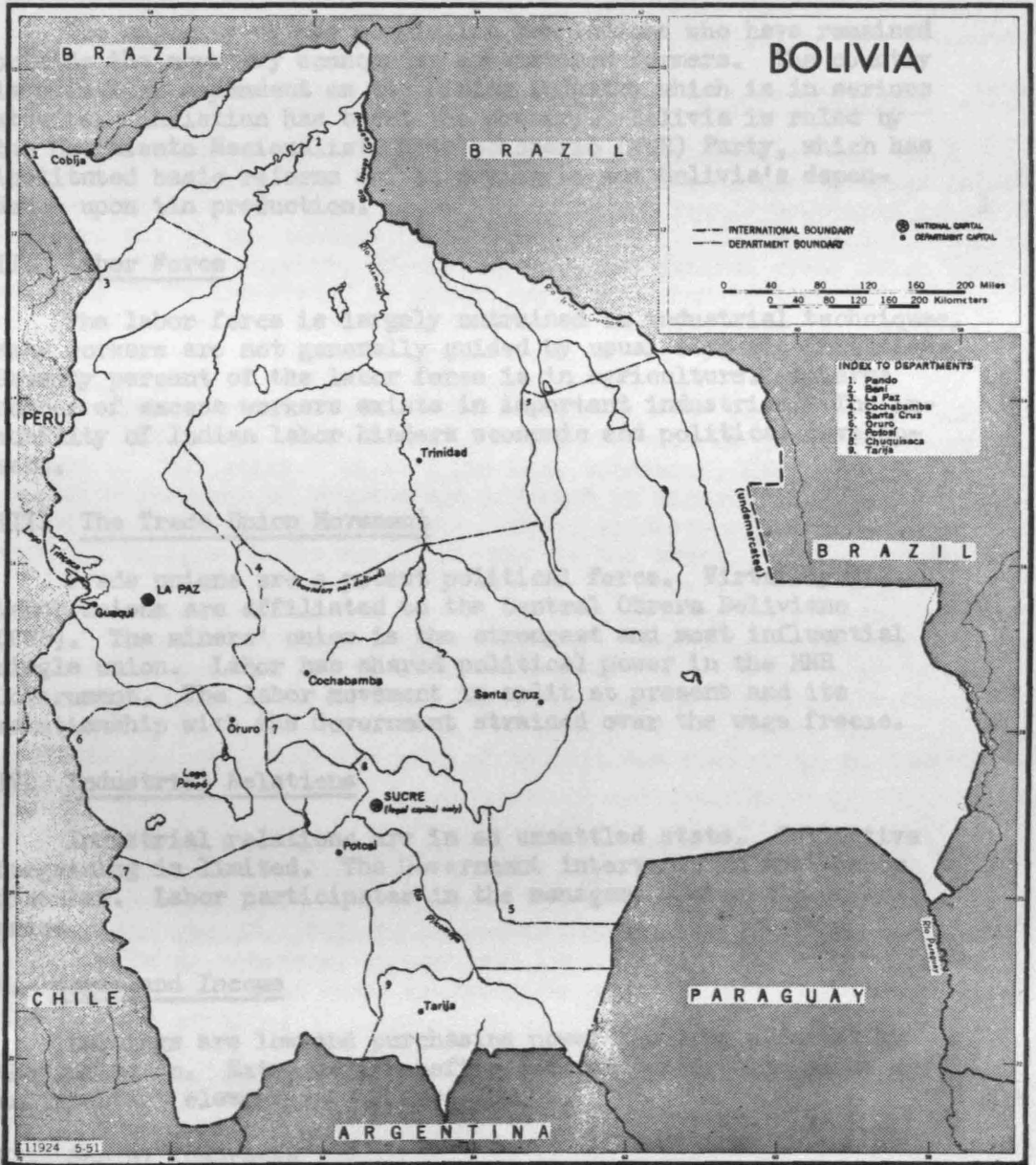
June 1958

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Foreword

The Division of Foreign Labor Conditions, Bureau of Labor Statistics, has prepared this series of summaries of the labor situation in selected countries for the International Cooperation Administration, Department of State. The purpose has been primarily to provide background material for the technical cooperation program: for the ICA staff, for U.S. trade union and labor specialists assigned abroad, and for U.S. specialists who will meet foreign participants in the program who are visiting the United States. Despatches and reports from Foreign Service Officers are the chief sources; others are official publications of the countries, books, journals, and press and radio reports.

I. Background



A comprehensive social security program covers workers in regard to sickness, maternity, invalidity, old age, and death. Under present economic conditions it is difficult to provide prescribed benefits.

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Summary of the Labor Situation in Bolivia

(Prepared by the Division of Foreign Labor Conditions)

I. General Introduction

a. Geography

With an area of approximately 412,000 square miles Bolivia is as large as all of the eastern coastal states of the United States. Bolivia is a land-locked country, consisting of three general areas which have not been fully integrated by modern means of communication and transportation. The most important area is the mountain-plateau region, which is made up of two great Andean chains, the Cordilleras, running the length of the country and enclosing, at a height of over 12,000 feet, a level plateau known as the Altiplano. For centuries the Altiplano has been the center of Bolivian life and the area of greatest concentration of population. It is a parched, windswept, generally unfertile area with extremes of temperature and rich in mineral resources. The second general area, known as the Yungas, consists of the humid semi-tropical valleys on the eastern slopes of the Andes. It has one-tenth of the total area and about one-third of the population. Sugar cane, tobacco, cacao, coffee, and coca (cocaine producing plant) grow well, but only coca is systematically cultivated. The third area, the Oriente, has about 70 percent of the total area and covers the whole of Bolivia east of the Andes. It contains huge stretches of plainland, savannas, and tropical forests. Because of the lack of transportation, the Oriente is almost isolated from the rest of Bolivia and remains in an undeveloped state.

Bolivia is a potentially rich country: Unused fertile land is abundant, extensive waterpower resources are available, the rivers and lakes, especially Lake Titicaca, are stocked with fish, and the forests are vast and varied. Bolivia possesses large deposits of tin, zinc, tungsten, lead, antimony, copper, and iron. Important reserves of gas and oil have also been found recently and only in coal does Bolivia appear to be lacking.

b. Population

At the time of the 1950 census, Bolivia's population numbered 3 million persons, of whom two-thirds lived in rural areas. La Paz, the de facto capital and largest city, has more than 320,000 inhabitants or 10 percent of the population. Next in size is Cochabamba with 80,000.

Insufficiency and maldistribution of population are two of Bolivia's most basic problems. Population density is very low--7 persons to the square mile--with huge areas completely uninhabited. Fifty percent of the population, however, is found on the Altiplano, where the majority are engaged in agriculture, but where agricultural possibilities are the lowest. The average annual increase of population has been small--an estimated 1.25 percent. Though the Government has encouraged immigration, only several thousand Europeans and a few hundred Japanese have settled in the country since 1940. Emigration, chiefly to adjacent countries, has exceeded the inflow of population.

Over 60 percent of the population is Indian. The Indians are defined by the Bolivian census as illiterate persons following the Indian way of life and with the characteristics of native Indians, such as the typical dress and use of Indian languages. About one-third of the population generally follows European culture and is of mixed Spanish and Indian blood or cholo, and from 5 to 10 percent are white.

The Indians live mostly on the Altiplano and are of either Aymara or Quechua stock, the peoples of the Old Inca civilization. They speak their own languages (Quechua and Aymara) and most have little knowledge of Spanish, the official and business language of the country. Though Bolivia's mine workers come mainly from the Indian population, most Indians have remained outside the money economy as subsistence farmers. They have generally avoided the urban world and have maintained their own culture. This situation, the "Indian problem" as it is called in Bolivia, constitutes one of Bolivia's greatest difficulties in its efforts toward economic and political development.

As in other Latin American countries, the white population of old Spanish families and European immigrants have constituted the owners of agricultural estates, and the employer and governing class. They are also dominant in the professions. This segment of the population has always lived in the cities. The cholo population has occupied most of the positions available for skilled and semi-skilled employment. Their equivocal social position has made them an explosive political element.

The rate of illiteracy in Bolivia is among the highest in Latin America. According to the 1950 census over 70 percent of the population was illiterate, including almost the entire Indian population. Of the literate less than 15 percent had attained more than a primary education. The shortage of men with higher education is a serious obstacle to development; in 1950 the whole country had less than 30,000 graduates of professional schools and universities. The great majority of the graduates, moreover, had taken non-technical courses.

The present Government has made educational reform one of its basic policies, especially the promotion of educational facilities in rural areas, which is seen as a mandatory step toward ending the isolation of the Indians. Because of Bolivia's economic difficulties, educational progress has so far been limited.

Most Bolivians belong to the Roman Catholic church, which enjoys a Government subsidy. Freedom to practice other religions exists.

c. Government and Politics

Since 1952 Bolivia has been ruled by the Movimiento Nacionalista Revolucionario - MNR - (National Revolutionary Movement), which characterizes itself as an alliance of the working class, the middle class, and peasantry. First founded in the early forties by Dr. Victor Paz Estenssoro as a highly nationalist, reformist party, the MNR came to power for the second time in 1952, through revolution after its plurality victory in the 1951 elections was nullified by a military coup.

The MNR revolution inaugurated a new stage of Bolivian history, namely an attempt to alter the whole economic and social structure of the country. The program of the Paz Government was based on the premise that three large mining companies (Patino, Hochschild, and Aramayo - legendary names in Bolivia), together with the large landowners, had controlled Bolivia's political and economic life to the detriment of the public welfare. Accordingly, the MNR nationalized their properties and started an agrarian reform program. It attempted to lay the framework for political democracy by adopting universal suffrage, starting a program of educational reform, encouraging labor organization, and "incorporating the Indian into the national life of the country." To end Bolivia's dependence on tin it started a program of diversifying the economy. The army was reduced in size in order to end its pervasive influence in Bolivian life. From 1952 to 1956 political opposition was generally suppressed and President Paz governed by decree.

As its stability increased the Government relaxed controls, granted a general amnesty, and restored many civil and political liberties and the functioning of constitutional government. In the general elections of 1956, the MNR, with labor support, won a resounding victory. Hernan Siles Zuazo, Vice President under Paz, was elected President and MNR candidates won almost all seats in the Bolivian Congress. The major efforts of the Siles administration have been directed toward ending inflation and in restoring conditions suitable for economic growth.

d. Economy

Mining has dominated Bolivia's economic life as well as her politics. Formerly silver and now tin have been the mainstays of Bolivia, and the country has to bear the often extreme ups and downs of an economy dependent upon foreign demand. Minerals have consistently constituted about 90 percent of exports and provided most of the revenues from taxes and tariffs for the Government. Tin alone accounts for 60 percent of the value of mineral production; other important minerals are zinc, lead, antimony, gold, tungsten, sulfur and oil. The nationalized mines (responsible for 80 percent of tin production) are operated by the government-controlled Bolivian Mining Corporation (Corporacion Minera de Bolivia - COMIBOL). Although other mines, classified as small or medium, were allowed to remain under private ownership, their exports and imports are handled by another Government agency, the Bolivian Mining Bank (Banco Minera de Bolivia).

The tin industry is in serious straits. There has been a general decline in world tin consumption and the competitive position of Bolivian tin is precarious. The metal content of the ores is low and the richer deposits are nearly exhausted. The tin has to be transported long distances for smelting. Investment has been insufficient to prevent existing equipment from deteriorating, and virtually no exploration and development has taken place. Nationalization resulted in the loss of valuable foreign technicians, who have been hard to replace. Finally labor costs are high, since the mines are forced to maintain an excess labor force and are plagued by recurrent labor conflicts.

The Government has placed great hopes on the development of oil resources to offset decreasing tin production. Revenues from oil production have accounted primarily for the rise in gross output of extractive industries. Production is now sufficient to meet local needs and to allow small quantities of exports to neighboring countries. The extent of oil resources, however, is unknown. A Government corporation, the Government Petroleum Enterprise (Yacimientos Petroliferos Fiscales Bolivianos - YPF) is the primary agency for developmental purposes. Foreign investment has been encouraged through the promulgation of a new petroleum code, and foreign firms have been quick to seek concessions.

Only 2 percent of Bolivia's land area is cultivated and half of this is on the relatively unfavorable Altiplano. Most activity is of a subsistence type. Agricultural techniques are rudimentary, and yields are low. The estimated thirty percent of the gross national product derived from agriculture is produced by over seventy percent of the labor force. Because of the insufficient agricultural development, considerable quantities of foodstuffs and raw materials are imported. The chief products are potatoes, quinoa corn (grain yielding sorghum), wheat, sugar, rice, cocoa, coca, and livestock.

Under the historical system of land tenure, the prevailing pattern was the large estate, owned by absentee landlords and cultivated by Indian labor. The Indians were attached to the estate, and in return for the use of a small holding, were required to work three or four days a week on the owner's land as well as to provide personal services. With the high concentration of farm labor available, land owners made few financial outlays for farm improvements, while the Indian labor had little incentive to maintain a high level of production.

In line with its policy of "incorporating" the indigenous population into the economic life of the nation, the MNR Government reformed the legal basis of the land tenure system in 1953. Large estates were expropriated and, for the most part, were turned into small peasant holdings. The provision of personal services was abolished. The reform decree has not yet been fully implemented, and much land has yet to be distributed and titles insured. So far the effects of this transformation have been mostly social and political, while the confusion from such a change and the lack of an effective development policy apparently have contributed to a decrease in agricultural production.

Because industrialization is still in its early stages, Bolivia has to depend to a very high degree on imports for its manufactured goods. The contribution of manufacturing to gross national product is about 10 percent. Industrial expansion dates from the Chaco War (1931-1935) and has been especially stimulated by the shortages caused by World War II and the Korean conflict, and by the high degree of protection afforded industry by the State.

Industry is characterized by a marked predominance of small scale plants and production of the artisan type. The predominant forms of organization are the proprietorship and partnership. Activity is centered on the production of consumer goods, and is carried on mainly in the cities of La Paz and Cochabamba. Textile manufacture and the processing of foodstuffs account for over three-fourths of the value of factory output. Other important products are building materials, beverages, cigarettes, chemicals, glass, leather and handicrafts goods.

Inflation has been plaguing the country since the Chaco War, when the Government resorted to large scale deficits to finance military operations. Succeeding governments continued this practice while generally adverse trends in the demand for exports permanently contributed to instability and in turn to inflation financing in the public sector.

After 1952 the inflation reached runaway proportions. Nationalization of the mines and the agrarian reform brought about at least a temporary reduction in productivity. Expenditures for development purposes were far greater than the actual resources available to the Government. Labor influence in the Government and the desire for a

more equitable distribution of income led to extensive subsidization of certain food and other consumer items and to successive wage increases. In the existing inflationary environment, speculation, a system of fluctuating exchanges, contraband, and capital flights contributed to worsening the situation. Underlying these internal developments were the unfavorable terms of trade and the fall in export prices. The world tin market suffered a serious break in 1953, and is still over-supplied. Adherence to the International Tin Agreement and U. S. purchases of tungsten at contract prices based on the 1952 market have provided some measure of stabilization. Nevertheless extreme inflation and inadequate export earnings caused Bolivia to use up all her foreign exchange reserves. U. S. aid in 1953 saved many Bolivians from starvation, and since then has been the chief factor in maintaining a highly precarious equilibrium.

The hope of the Government was that increased investment and social reorganization would produce short term results and that inflation would disappear as production increased. Instead the inflationary process became cumulative, actually hindered production, and ultimately threatened to undermine the economy. To remedy the situation the Government, with strong popular support, embarked on an economic stabilization program in December 1956.

The stabilization program marks an effort to return to most of the characteristics of a free economy. With aid from the U. S. and the International Monetary Fund a stabilization fund (initially of \$25 million) was created. Decrees provided for the devaluation of the Boliviano and the establishment of a single exchange rate fluctuating in accordance with market conditions; the adoption of a general policy of free trade; control of bank credit and fiscal measures to balance the budget; the elimination of Government subsidies for essential articles and, except for rents, the end of price controls. Wages and salaries were frozen for one year.

The stabilization program is run by the National Stabilization Council presided over by the President of the Republic. An American is its executive director, though a non-voting member. In 1958 the President's emergency powers were extended for another year. (Despite opposition from segments of the labor movement,) the wage freeze was extended for a year, and a start was made on the problem of surplus workers in industry and the mines.

The Government has attempted to stimulate development and lessen Bolivia's dependence upon mineral exports through a program of "diversification" of the economy. The aim is to develop industries which would save foreign exchange by using domestic raw materials to produce goods which are at present imported. In 1955 public investment accounted for 50 percent of gross investment. The chief agents implementing the program have been the previously mentioned petroleum corporation, YPFB, and the Bolivian Development Corporation (Corporacion de Fomento). United States aid has been the primary backing for the projects of the Development Corporation.

II. Labor Force

a. Structure

The adult labor force of Bolivia was estimated at 1.2 million persons or 34 percent of the population in 1957 by the United Nations. ^{1/} This percentage is lower than that shown by the census of 1950, in that the census, unlike the UN estimates, included unpaid family workers aged 10-14.

The industrial breakdown, according to the 1950 census is given in the following table.

Distribution of the Economically Active Population
by Industry and Sex
(10 Years and Over)

	Total		Males	Females
	Number	Percent		
Agriculture, forestry, hunting & fishing . . .	973,959	72.1	533,593	440,366
Mining & petroleum . . .	43,441	3.2	39,309	4,132
Manufacturing	109,591	8.1	64,609	44,982
Construction	25,749	1.9	25,146	603
Commerce, banking & insurance	57,112	4.2	32,789	24,323
Transportation & com- munication	21,279	1.6	20,496	783
Government & public services	40,916	3.0	30,599	10,317
Personal services . . .	69,614	5.2	17,524	52,090
Other, not elsewhere classified	9,121	0.7	6,823	2,298
<u>TOTAL</u>	<u>1,350,782</u>	<u>100.0</u>	<u>770,888</u>	<u>579,894</u>

Source: Censo Demografico 1950, Direccion General de Estadistica y Censos, La Paz, 1955.

^{1/} Economic Developments of Bolivia, Economic Commission for Latin America, La Paz, 1957, p. 12.

Unpaid family workers constituted over 50 percent of the agricultural labor force. Agricultural proprietors were estimated at 75,000 in 1950, but since the agrarian reform their number has increased. Indians working on collective lands were numbered at about 140,000. Agricultural wage earners numbered about 230,000 when the census was taken but this number since the reform has probably decreased.

Manufacturing absorbed the largest part of the non-agricultural labor force though only 7 percent of the total labor force. Registered industry (firms registered with industrial associations) employed about one-fifth of the total population employed in manufacturing activities, smaller unregistered industries 40 percent, and the remainder in handicrafts. In 1950 the average employment in Bolivian factories was about 10 workers.

Approximately 43,000 workers were employed in the all important mining sector of which 4,000 were women. The actual number employed at present is estimated at 60,000. One third of the miners are seasonal laborers, who return to their farms when farming activities are most intense.

By status 13 percent of the labor force was self-employed, 11 percent salaried employees, 35 percent receive some form of wages, and 41 percent was unpaid family labor. Since the agrarian reform of 1953 the relative percentage of proprietors and wage workers has changed.

Alien workers do not constitute a problem as foreign workers account for far less than 1 percent of the labor force. Employment of aliens is restricted by legislation providing that 85 percent of employees in individual firms be Bolivian and that 85 percent of total salary payments be paid to Bolivian nationals. Exceptions are made for employers with less than five employees.

b. Unemployment

Underemployment or activity of a submarginal productive nature, permeates the economy. Moreover, since 1954 the Government by law has prevented all firms from discharging any employee except for cause and has required all vacancies created by death, discharge, or resignation to be filled. As a result of this decree and because of lack of expansion of productive facilities it is estimated that there are at present from 5,000 to 10,000 workers in the mines and approximately 10,000 in factory employment who, it is widely recognized, add nothing to production and may be considered as surplus. The Government has long realized the economic problems posed by these workers but has not acted to permit their discharge because of the opposition of labor unions which fear widespread unemployment, and because of the inability to shift them to more productive enterprises or to pay unemployment subsidies.

From January through March 1958 as a stabilization device, a special decree permitted the "voluntary retirement" of an undetermined number of workers from private businesses. Inducements to retire were lump sum payments of three months' salary and one month's salary for each year worked. Firms covered by the decree were not obliged to replace workers. In the public sector each Government enterprise was to make its own arrangements for voluntary retirements during the same period. A program of new public works was projected to absorb the excess workers. The decree was recognized as only a small step toward solution of the problem, and resulted in only an infinitesimal reduction in the number of surplus workers.

c. Productivity

The relative efficiency of Bolivian workers has been the subject of great debate. The great majority are illiterate and have little or no technical skills, while the facilities for serious vocational and technical training are almost wholly lacking. At the same time serious deficiencies in diet, housing, hygiene, and sanitation reduce the vigor and energy for work as do such prevalent occupational diseases as silicosis among the miners. Partly as a result of these conditions drunkenness has been a continual problem in industry, especially in the mines, and absenteeism and lack of discipline follow as a natural consequence. Similarly it should be noted that many of the incentives for workers in industrialized countries are not effective for the great number of Bolivian workers. Accustomed to an extremely low consumption level they have shown little interest in increasing their earnings by working harder or more regularly. At the same time many will devote as little money as they can to bare necessities of life, and spend the rest on the many fiestas that take place.

One subject which has received particular study is the effect of coca chewing on the miners and on the Indian population who have had a long addiction to it and regard it as a necessity. Opinions vary as to its effects. Presumably it helps the Indians to work at the high altitudes while at the same time it is said to deaden their appetites and certainly dull their faculties.

d. Labor Mobility

A problem of labor immobility is found in the attachment of the Indian population to the Altiplano, where suitable agricultural land is limited, erosion advanced, fertility low, and the climate inhospitable, while in other more fertile areas, there are not enough hands for the harvest. The Indian attachment to the Altiplano is partly a defensive reaction against participation in an alien, and previously inhospitable outside world. Part of the problem is a matter of health. Many Indians died in the Chaco War from tropical diseases contracted in the lowlands. The fear persists that they may be unable to adjust to the tropical and

and subtropical zones. A few well planned successful resettlement projects carried out by private enterprise and the Bolivian Development Corporation have demonstrated that such an adjustment can be made. The government, with United States aid, has continued to encourage resettlement, as a means of raising agricultural production and bringing the Indians into market agriculture. The chief project has been the settlement of soldiers and Indian farmers in the Santa Cruz area of Eastern Bolivia.

III. Trade Union Movement

a. Principal Organizations

The Central Obrera Boliviana (COB) is the central labor confederation in Bolivia. It is made up of individual confederations and federations organized on industrial or occupational lines, as well as by geographic areas. Individual unions are thus affiliated to COB through both their own national federation and through a regional organization. Within COB, affiliated federations are grouped into seven central councils (consejos) set up on functional lines. Virtually the whole non-agricultural labor force, including most salaried employees, is unionized. The COB also includes agricultural workers and is trying to expand organizational efforts started among them in 1952. The COB's campesino (peasant) federations claim to represent the entire agricultural population, but the actual organized strength is unknown. The COB also includes organizations from the "impoverished" middle class and the intellectuals. Excluding its agricultural segment the COB has between 200,000 and 250,000 members.

Labor, through the COB, gained its key position in connection with its support of the MNR Party. In the election of 1951 general labor support gave the MNR candidate, Dr. Paz, a plurality in the Presidential election. He was prevented from taking office, however, when a military junta took power. Led by the miners, who had long been at odds with the Government, a united labor front developed. When the revolution came in April 1952, the MNR came to power with the help of the factory workers of La Paz and the miners from the nearby mining towns. These workers were armed and organized into para-military units, and easily overcame the opposition of a dispirited and divided army.

Nine days after the revolution the COB was formed (with government sponsorship) under the leadership of Juan Lechin and the miners union. Almost all existing unions soon joined the new organization. The first years of the MNR Government were marked by a great expansion of labor organizations. Under direct Government encouragement and financial assistance old unions, such as those in the railways and public utilities were reactivated and reconstituted and new unions, such as those among the oil workers, were created. In preparation for the agrarian reform a network of campesino unions were formed under the patronage of the Government.

The COB has maintained friendly relations with all international labor organizations regardless of their political orientations, but has so far adhered to a neutral course and refused to affiliate to any. The main reason for this is the fear that any international affiliation would cause too much internal dissension. Both the COB and its component unions maintain sporadic fraternal relations with other American trade union groups, and the COB has gone on record for the "unity of the Latin American working classes". Recent participation in the activities of the Inter American Confederation of Miners may presage a closer relationship with the free trade union movement. Leading officials of the COB including Lechin have visited the United States, but their contacts with American labor leaders remain slight.

b. COB Affiliates

The largest and most powerful of trade union federations is the Bolivian Syndical Federation of Mine Workers (FSTMB), having about 60,000 members. The power of the union is enhanced because of its location in a key industry where prolonged work stoppages can shake Bolivia's economy. Moreover, until recently the miners have been closer than any other unions to the MNR and were perhaps the single most important force bringing the MNR to power. Another source of power is their own organized militia-like units of armed workers which exist at most of the mines. The mine workers leader, Juan Lechin, until recently has always played a significant role in the highest councils of the MNR. Since the inception of the MNR Government the important post of Minister of Mines and Petroleum has generally been held by a mine worker leader.

The next largest unions are the factory workers (Confederacion Generale de Trabajadores Fabriles de Bolivia) with a strength of about 25,000 and the railroad workers (Confederacion Sindical de Trabajadores Ferroviarios, Transportes Aereos y Ramas Anexas) with 20,000 members. Both unions have supplied ministers to the MNR Government.

The campesino federations, while theoretically the largest element in the COB, are still an unknown factor. In general Bolivian peasants are less susceptible to effective organization because they are widely scattered, have lower incomes, have virtually no formal education and generally speak only Indian languages. Furthermore the campesinos have no strong national organization and, having been organized under Government auspices, appear to be liable to Government control. In certain areas the campesino unions also have armed militia organizations.

c. Organization of the COB and its Affiliates

COB's guiding principles of organization, reflecting its Marxist heritage, are "democratic centralism, freedom of discussion, and unity in action." The source of authority and policy is the National Worker's Congress, which supposedly meets every two years unless called into special session. In actuality two congresses have convened since 1952,

the first in 1954 which wrote the rules that now govern the organization and the second in 1957. Representation at the Congress is made up of delegates from affiliated federations, and from each regional union; the members of COB's National Executive Committee; and, since 1957, the labor members of Parliament. An organization chart of the COB is presented on the following page.

The active governing body of the COB is the National Executive Committee (CEN). Members of the Committee are normally selected at the National Congress. The CEN carries out the resolutions of the National Congress, administers finances, represents the COB in all public acts, and mediates conflicts between affiliates. The Committee normally consists of the Executive Secretary and 12 assistant secretaries but because of some differences within the COB was enlarged for the time being to include 22 assistant secretaries, one from each of COB's major affiliates. The Executive Secretary of the CEN is designated the head of the trade union movement. Since the inception of the COB Juan Lechin has held this post.

The third governing organ provided for in the statutory rules is the National Assembly, which is made up of the members of the National Executive Committee, Central Council leaders, and the labor ministers in the Government. The assembly theoretically takes the place of the National Congress between its sessions and watches over the implementation of policy. The National Assembly is scheduled to meet at least once a month.

The organization of affiliates for the most part resembles the organization of COB, although each affiliate functions freely and determines its own rule. Generally all union federations have their own national congresses, national executive committees, and regional bodies.

The funds for COB are obtained from affiliates by quota and from private and governmental donations. Lack of funds has been a perennial problem for the affiliates, especially the smaller unions. Most union leaders hold outside jobs. Dues are of necessity small and collection is haphazard. Employers may deduct union dues from wages provided an arrangement is made with the union, but such deductions are not required. In practice only a minority of the unions have made such arrangements. In some cases a small tax of one or two percent has been imposed by the Government on certain activities to provide funds for specific projects such as the construction of union social centers.

d. Policies and Programs

Present day unionism has been conditioned by its historic development. Prior to 1935 trade union organization was intermittent and partial. Extreme employer opposition, primarily in the mines, and employer dominance of the Government made organization difficult.

TABLE IV: THE ORGANIZATION OF THE COB

National Congress of Workers of Bolivia (442)

National Executive Committee (CEN) (13)
Executive Secretary and
22 other Secretaries

National Assembly
(CEN, Labor Ministries
and Central Council Leaders)

Central Council of Workers
of Extractive Industries

- Syndical Federation of Miners (67)
- Syndical Federation of Oil Workers (12)
- Syndical Federation of Rubber and Forest Workers (7)

Central Council of Industrial Workers

- Confederation of Factory Workers (35)
- Syndical Confederation of Construction Workers (24)
- Syndical Confederation of Flour Mill Workers (8)
- Confederation of Printers (7)

Central Council of Workers in Transportation
and Communication

- Syndical Confederation of Railroad, Air Transport and Related Workers (31)
- National Confederation of Telecommunications Workers (17)
- Syndical Confederation of Chauffeurs (6)

Central Council of Peasants

- Representatives from Peasant Unions (57)

Central Council of Salaried Workers

- Syndical Confederation of Teachers (16)
- Syndical Confederation of Bank Employees & Workers (4)
- Confederation of Private Employees (12)
- Confederation of Public Employees (7)
- Syndical Federation of Sanitation Workers (3)
- Syndical Federation of Food Workers (3)
- Federation of Workers of Social Security (5)
- Syndical Confederation of Manual Workers in Education (3)
- Federation of Municipal Workers (5)

Central Council of Popular Organizations

- Syndical Confederation of Craft Workers (7)
- Federation of Tenants (3)
- Federation of Vendors (2)

Central Council of Intellectuals

- University Confederation (5)
- Confederation of Students (6)
- Federation of Art Workers (3)
- Revolutionary Youth of the COB (3)

REGIONAL COMMITTEES (17)

- La Paz
- Oruro
- Cochabamba
- Santa Cruz
- Potosi
- Sucre
- Tarija
- Trinidad
- Cobija
- Riberalta
- Vallegrande
- Topiza
- Viacha
- Yacuiba
- Uyuni
- Camiri
- Villa Montes

Labor ministers (4)

Parliamentary
representatives (50)

Note: Figures in parenthesis refer to delegates at 1957 National Congress of Workers.

Sources: Programa Ideologico y Estatutos de La Central Obrera Boliviana, La Paz, 1954; Central Obrera Boliviana, Guia Sindical, La Paz, 1954.
Foreign Service Despatches, 1957 - 1958.

Of necessity the labor movement was forced to political action for survival. Only under the protection and encouragement of a succession of military reformist Governments, and particularly of the first MNR-based regime in the forties, did a strong labor movement develop. Internally, the labor movement has been subject to fragmentation and factionalism. With a largely illiterate group of workers the leadership in the union movement was taken by persons with superior education and often with pronounced political ambitions. Intellectuals became involved in the movement early and subjected it to various ideologies ranging from anarchism to Stalinism. Unions often immersed themselves in ideological positions and programs which had little relevance to economic conditions and some unions were created to be used as a leverage for political figures or parties. As a result of all these factors lesser attention has been paid to improving the economic position of workers and building their industrial power through strong organization, discipline and rank and file support.

Under the MNR Government, labor, through the COB, has grown in power and influence and in turn has been the major source of support for the Government. It participated in drawing up the basic measures for nationalization of the mines, the agrarian reform, universal suffrage, and the participation of labor in the management of certain state enterprises. During the years 1952-1956 labor influence in the Government was instrumental in securing numerous wage increases and social security benefits.

Labor has also directly shared political power through an informal arrangement which has been termed "co-government". Under this device up to five cabinet ministers are appointed from labor's ranks from a list of candidates approved by the COB. Labor is also amply represented in the National Executive Committee of the MNR. In 1956 in the first congressional elections held under the MNR Government, the majority of MNR candidates were labor representatives. Until recently labor representatives in Congress combined with peasant representatives to form a distinctive working arrangement known as the worker-peasant bloc (bloque obrero-campesino), which functioned under the leadership of Juan Lechin. In 1956 Lechin was elected President of the Senate, the upper house, for the 1956-1957 session.

Though acting in alliance with the MNR party, the COB does not consider itself an appendage of the Government, but rather an "original" and "creative" force, uniting workers, peasants, and the "impoverished" middle class and working with the political authority of the State to achieve the purposes of the "Bolivian Revolution". These purposes are seen as "the liquidation of feudalism and the industrial development of the country with the desire to achieve national emancipation from all foreign control." For its immediate goals the COB has urged a further nationalization of industry, more labor ministers in the Government, and the extension of worker's participation in management, to private industry.

The COB has always been tolerant of differing ideologies within the organization. As may be seen from the above the official philosophy has been a heavy blend of Marxism and nationalism. In spite of its Marxist orientation, it has scorned any commitment to Communism. Labor leaders have praised American economic aid programs and have urged the encouragement of private foreign capital to assist in achieving a diversified economy.

Direct Communist influence in the COB is limited. As on the national political level the Communists are split between the Trotskyites (Partido Obrero Revolucionario - Revolutionary Workers Party--POR) and the orthodox Moscow followers (Partido Comunista de Bolivia - Communist Party of Bolivia--PCB), and have been mutually antagonistic. During the formative years of the COB, leadership of the organization almost went to the Communists and their supporters by default. Communist criticism of the MNR finally led the Government and its labor supporters to a determined effort to oust the Communists from leading positions in the COB. MNR adherents assumed complete control of the COB in 1954 at the first Workers Congress, reorganized the COB, and have since maintained their dominance. At present few, if any, known Communists occupy positions of high importance in the COB bureaucracy. Communist influence in certain mining centers is strong and in some affiliates such as the Bakers and Millers Union, Communists maintain leadership.

Since 1957 strains have appeared within the COB and in the alliance between the COB and the MNR Governments. The influence of the COB has declined. The conflicts inherent in the usual diversity of ideologies have been increased by tendencies for union leaders to lose contact with the rank and file and to use union strength as a means for advancing their own political ambitions. In practice this has meant one segment of the union movement siding with the Government, both for substantive and political reasons, while the other is in opposition to Government policies.

The main issue currently at stake is the government's economic stabilization program in general and the wage freeze in particular. Though the stabilization program of 1957 was greeted with moderate enthusiasm by labor leaders, many of them, including Lechin, came to believe that labor was bearing too many of the sacrifices demanded by stabilization. Moreover, the stabilization program put the COB leaders in a difficult position, because they had few tangible gains to offer the rank and file. As a consequence the COB made a strong attack on the stabilization plan in early 1957 by embarking on a wave of strikes, which were cut short only after a hunger strike by President Siles. At the Worker's Congress in June 1957 the COB threatened the Government with a general strike if wage adjustments were not forthcoming. President Siles, then made a personal appeal to the people in behalf of the stabilization program, which won the support of many COB affiliates and apparently of a great number of workers. As a consequence the general strike was not called.

At the Workers Congress of 1957 the differences in the COB came out into the open. The main leadership, led by Lechin, was antagonistic to Government policy. The opposition, led by Juan Sanjines of the railroad workers (ferroviarios), supported the Government and attacked the COB leadership on the grounds that it had no real roots in the trade union movement. The opposition group also attacked the pervading political role of the COB and urged a shift to a more traditional trade union orientation. It soon refused to recognize the Executive Committee selected at the Workers Congress and forced the resignation of the Executive Committee in August 1957, and not until January 1958 was a new and enlarged Executive Committee selected. While the COB has nominally held together the split has deepened and there is little working unity. Labor unity in the Congress fell away as the worker-peasant bloc similarly disintegrated in disagreement over the stabilization program.

e. Legal Basis of Unionism

The laws governing trade union associations are embodied in the General Labor Code and many separate items of legislation some of which are contradictory. As in other aspects of labor legislation wide discrepancies exist between law and practice.

Both the Bolivian Constitution and the Labor Code guarantee freedom of organization and immunity of trade union activity, and outlaws "direct or indirect obstruction of union activities" by employers. Unions are directed to protect the economic and social interests of their members, but forbidden political action. Nevertheless the Government has wavered in applying sanctions and since 1952 has directly fostered union political activity.

All types of trade union associations are permitted. Only one legal distinction exists between craft and industrial unions: craft unions must have 20 or more employees while industrial unions are required to have a membership of 50 percent of the employees of an undertaking. These requirements do not appear to be followed. No distinction is made as to the representative nature of unions. Agricultural unions are not covered by the provisions of the Labor Code but are recognized by the Agrarian Reform Act of 1953 which gives them a direct part in carrying out the provisions of the land reform. Although the Labor Code prohibits the organization of public employees, unions have been formed among them without Government interference since 1952.

Before unions can function lawfully, they must obtain corporate recognition. To secure recognition a union must submit an application to the Ministry of Labor, accompanied by certified documents detailing its organization, rules, leaders, and membership. Once corporate status has been secured, the trade union must register with the Inspectorate-General of Labor. A 1948 decree, requiring that all unions have their statutes approved by the Ministry of Labor, has only been desultorily enforced.

As to the executive organs of unions, Bolivian law requires that each union be managed by a responsible committee, all of whose members must be Bolivian by birth. Labor Inspectors are supposed to attend the meetings of the Committee and supervise its activities, but such controls are rarely exerted at present. Legislation of 1951 forbids union leaders to be members of Congress or to hold cabinet posts, but since 1952 there always have been ministers from labor ranks in the cabinet and since 1956 labor representatives in Congress. Unions are required to submit annually a detailed account of income and expenditures to the Inspectorate of Labor.

The Government may order the dissolution of any trade union association for two reasons: (1) violation of the provisions of the Labor Code or of the rules of the organization; (2) union inactivity for over a year. No action under these provisions has taken place since 1952.

IV. Industrial Relations

a. Collective Bargaining

Collective agreements are recognized in the Constitution. Employers are required to enter into collective agreements at the request of workers who are unionized. Agreements may be negotiated either with individual employers or employer organizations and must be filed with the Ministry of Labor. Every agreement must contain provisions pertaining to its extent and duration. Only trade unions whose status is recognized by the Government may legally sign collective agreements. In case of infringement of the agreement the obligations of the responsible party are guaranteed by its assets.

Collective bargaining has become a somewhat noticeable feature in Bolivian industrial life only within the last ten years. Because of their influence in the Government, unions themselves, however, have shown little reliance on the bargaining process. The usual process has been for the union to present employers with a set of extravagant demands, which are refused. The workers then strike without any continued discussion of their demands and with little use of the extensive procedure for the settlement of collective disputes. The Government is appealed to and the dispute usually settled in labor's favor. Agreements at present are confined mainly to individual undertakings.

b. Conciliation and Arbitration

Bolivia has elaborate legislation for the settlement of collective disputes, which up to the present time, however, has had limited use. Both conciliation and arbitration are in theory mandatory before a strike may take place. If a dispute occurs, the trade union is required to submit a statement of its complaints to the Labor Inspector, accompanied by proof that a majority of workers, in assembly of at least three-fourths

of the membership of the organization, approved the demands. The Inspector then requires the conflicting parties to appoint two representatives each to constitute a Conciliation Board. The deliberations of the Board are presided over by the Inspector, who is forbidden to express an opinion or vote on the substance of the case. The Conciliation Board may not adjourn until the dispute is settled or it is decided that agreement cannot be reached.

Should the dispute continue, it must be referred to an Arbitration Board. This Board is formed of one member selected from each side of the issue but not from the immediate parties, and is presided over by a higher labor authority, or if one is unavailable an influential political figure in the locality. The tribunal must dictate a decision within fifteen days. A decision must be supported by an absolute majority of its members (two). The award of the Arbitration Tribunal is binding only if the parties agree to it, if the dispute affects essential public services, or if the Government so decrees. As long as any arbitration agreement remains in force, no collective action may be taken on any questions forming the subject of the award.

In practice, action by a Conciliation Board or Arbitration Tribunal is infrequent in comparison with the large number of strike threats and active strikes. Because of Bolivia's economic situation the Government has assiduously attempted to avoid strikes from occurring, especially in the mines. The usual practice is to issue an executive decree settling the questions in dispute. Where arbitration does occur, the public member, a representative from the Ministry of Labor, usually votes with labor. The Government then makes the decision obligatory.

In the private mining industry the procedures of conciliation and arbitration have been usually followed. In the nationalized mines the use of these procedures has generally been avoided. Labor's position has been strongly institutionalized with representation in the Bolivian Mining Corporation (COMIBOL) and with the Minister of Mines and Petroleum, who is in ultimate charge of the mines, being drawn from labor's ranks. Because of the necessity for continual production, the Government has tried to secure rapid settlement of disputes by direct negotiation between the management of COMIBOL and the disaffected union. In case of disagreement the usual practice has been for the particular mine union to send a delegation to La Paz to enlist the aid of the FSTMB in presenting its case to the Mining Corporation. In some cases a delegation of the corporation directors has travelled to the disaffected mining center to try to placate the miners on the spot. Recent tendencies have been to recognize the necessity for greater production and lower labor costs at the expense of increased welfare measures.

c. Strikes and Lockouts

The Constitution recognizes the right of workers to strike as "a defensive measure," and the Labor Code specifies "strike" to mean exclusively the peaceful suspension of work. General strikes and

sympathetic strikes are prohibited as are stoppages of work in public service. In principle for a strike (or lockout) to be lawful a conciliation or arbitration board must have decided that it is impossible to reach a solution. Furthermore the strike action must be approved by three-fourths of the total number of active employees in the work site. Both parties must give five days notice of an intended stoppage. Illegal strikes relieve the employer of his obligation to pay wages and should such a strike last more than three days, strikers may be fired, but in practice neither of these provisions is followed. In cases of large-scale or general strikes the Government may declare a state of siege and suspend civil liberties. Part of the pattern of continued strike and the use of the general strike stems from labor's ideological heritage of both syndicalist and Marxist ideas of class warfare.

~~Even under the MNR labor-oriented government strikes have been numerous.~~ Many of them stem from the lack of discipline in the labor movement and labor's avoidance of conciliation or arbitration machinery. In effect, the strikes, though illegal, have been tolerated. Many strikes have been expressions of general dissatisfaction or unrest over the stringent economic situation while some can be ascribed to continual left-wing agitation. Most strikes have ended up in the Ministry of Labor for settlement, and on occasion even have had to be referred to the President for decision.

patron obrero

Under Bolivia's inflationary situation the majority of labor disputes have been related to demands for wage increases. Since 1956 wages have been frozen by the Government, which, while perhaps reducing the number of strikes, has put a premium on political action. The fact that domestic industry is in poor financial condition and frequently behind in paying prescribed social benefits and salaries has caused a number of strikes and threatened strikes.

d. Worker Participation in Industry

Under the impetus of social reform and labor strength in the MNR Government, Bolivia has instituted a system of labor participation in the management of public enterprises. In the mines participation is through an elected "workers' control delegate" (control obrero) at each mine who serves as their representative in the administration of the mine. The duties of the worker delegate are related to personnel matters, welfare programs, working conditions, and the efficiency of the enterprise as a whole. The delegate has the right to veto management decisions which violate social obligations or labor contracts, but he is prohibited from exercising the veto in cases involving technical decisions. Disputes between the delegate and management are referred simultaneously to the main office of the Bolivian Mining Corporation and to the Mine Workers' Federation, who issue a joint decision settling the dispute. If these two bodies fail to agree, the Minister of Mines decides the case.

The system of worker's control has not brought harmony to industrial relations in the mines. The chief issue in dispute has been the extent of the application of labor's veto. Management of the mines is divided in their attitude toward the system. Some have viewed the labor representatives as being effective in maintaining harmonious relations between the supervisory group and the labor force, while others have charged that worker delegates have interfered with the technical decisions of management, and that the system has led to decreases in productivity. In certain mines, worker delegates have fomented strikes. Management's position in the mines has been precarious because of labor influence in the Bolivian Mining Corporation and in the Ministry of Mines.

e. Management Organizations

Employers are organized in a number of associations, which are based on types of activity. The main ones are the National Chamber of Commerce, the National Chamber of Industry, and the National Chamber of Mining. All have their headquarters in La Paz and affiliates in all departments and major cities. Such organizations as the Rotary Club and the Lions have also assumed a prominent place in local Bolivian life. Though employers' groups do engage in collective bargaining, their major activity has been the defense of their interests in national economic policy.

V. Wages and Income

a. General

Income per capita in Bolivia is perhaps the lowest in South America and reflects the low level of economic activity. Gross national product per capita in 1950 was estimated at 82 U.S. dollars, while per active person it amounted to a little more than 170 U.S. dollars. ^{2/} The last figure gives no indication of the great variation in income between the mass of agricultural labor and the rest of the labor force. The most immediate problem has been to maintain workers' real income in the face of continual inflation.

b. Income Components

The major components of worker's ordinary income are basic wages, family allowances, regular bonuses, profit sharing bonuses, and non-cash allowances in the form of subsidized articles and medical benefits.

^{2/} Economic Development of Bolivia, Economic Commission for Latin America, La Paz, 1957, p. 11.

(1) Basic cash wage - This is the biggest element in worker's income. Wages vary widely according to industry and region and by sex, age, and skill. Agricultural workers are by far the lowest paid and, moreover, do not share in social benefits. Workers in La Paz are the highest paid in each industry as are miners in the nationalized mines. A sharp distinction is made between "employee" (empleado) and "worker" (obrero), the distinguishing practical feature being that a "worker" receives a daily wage, while the "employee" receives a monthly salary.

Bolivia has had a minimum wage law since 1936; the latest measure dates from 1956. Minimum wages are decreed for each industry and vary according to status of employment and region. Minimum rates for women and juveniles are also proportionately less. In general minimum wages for adults are 125 bolivianos per hour for male workers and 36,000 bolivianos monthly for employees. ^{3/} A new law setting higher minimums is now under consideration.

In December 1956 wages were effectively frozen for one year by the Government after a general wage adjustment for all workers. In January 1958 the wage freeze was extended to December 1958. A small portion of workers have in effect been granted wage increases by reclassification of their status or other devices.

(2) Family benefits - Family benefits were first introduced in 1953 and consolidated in 1956 under a comprehensive program of social security. They provide a considerable share of workers' income and since the wage freeze have been the chief method for raising the cash income of workers. At present benefits are payable only to non-agricultural, non-self employed workers--all told somewhat over 100,000. Pensioned workers receive benefits and unemployed workers may draw benefits for a period not exceeding two months. Benefits generally are paid directly by employers.

The benefits consist of the following: a marriage allowance, birth benefits for each child, nursing allowances, cash allowances, for each child up to age 16 (age 19 if in an educational institution); and a burial allowance for each child that dies. In addition workers receive housing benefits under a public housing program administered by the Institute of National Housing. Mine and petroleum workers are normally provided with housing while other workers receive rental subsidies.

The cost of family benefits are borne by the employer and the State. Employers contribute 7 percent of their total wage bill for family benefits and 2 percent for housing. Since family benefits are tied to wages, a rise in wages automatically means an increase in the employer's payments for family benefits. The increases in family benefits since 1956 have been borne by the state out of general funds. The whole program is administered by the National Social Security Fund.

^{3/} One U. S. dollar = 8540 bolivianos.

(3) Normal bonuses - Every enterprise is required to pay each year before December 25, an aguinaldo or Christmas bonus, which is equal to one month's salary for employees and 25 days' wages for workers. Workers who work six days a week also receive pay for the seventh day which is not worked. Many firms also provide production and seniority bonuses.

(4) Profit sharing - Businesses which show profits at the end of the year are required to pay a prima (bonus), which is equal to a month's salary for employees and 25 days' wages for workers. The prima cannot exceed 25 percent of the firm's net profit, and if the 25 percent maximum is insufficient to cover the total amount of the bonuses, it is prorated among workers. Exceptions to the payment of the prima are now rare. Profit sharing on this flat rate basis has not ensured cooperation between workers and management.

(5) Non-cash benefits - These benefits take the form of medical care under the social security program (see social insurance), recreation benefits, low prices on basic items for workers in certain industries, and, until 1957, Government subsidization of essential items and price controls.

In its most prominent form low priced, basic living items have been a feature of the pulperia or company store. Every enterprise employing 25 or more workers is supposed to maintain company stores, but they are primarily found in the mining industry where they have had a long existence. The pulperia maintains consumer goods at fixed prices for the workers of the mining company. Workers normally cannot buy on credit. In general, prices at the pulperia are maintained at levels below market prices, and during the inflation were often below costs. Mine workers frequently used the pulperia privilege as a further source of income by the resale of the items purchased.

Under the stabilization program the Government since 1957 has for the most part eliminated the direct and indirect subsidies to essential articles and, except for rents, has ended price controls.

c. Levels of Remuneration

(1) Cash wages - Wages statistics before 1956 are of little value because of the great inflation. Since stabilization, however, the cost of living, though still rising, has tended to level off.

The following table shows the basic monthly wages in 1957 for workers in Bolivia's major industries outside of agriculture. The figures do not take into account various bonuses for production, nor the aguinaldo or prima, which would probably raise average monthly

earnings by a considerable margin. They also do not distinguish between normal and overtime earnings. Statistics are lacking for agricultural workers.

Average basic monthly wages for non-agricultural Bolivian workers in 1957 were: 4/

	<u>Bolivianos</u>
Nationalized Mines	
Central Office	446,000
Employees (empleado) at mine locations	413,000
Workers (obrero) at mine locations	302,688
Private Mines (Employees and Workers)	200,000
Transport (Employees and Workers)	270,000
Petroleum (Employees and Workers)	265,000
Manufacturing (Employees and Workers)	163,170
Government (Employees and Workers)	
National Social Security Fund	316,270
Others	129,770
Construction (Employees and Workers)	131,973
Commerce (Employees and Workers)	166,930

(2) Family allowances - Since 1957 family benefits have been raised twice, the latest in January, 1958, and have amounted to an increase of about 250 percent. The amount of benefits decrease with the higher basic cash wage of the worker. As a whole family benefits probably represent about 15 to 20 percent of workers' total cash income. The following table shows the scale of family benefits as of January 1958. Thus a married worker with two children of school age making BS 200,000 in wages would normally receive BS 41,600 monthly in family allowances. Many firms appear to be delinquent in the payment of benefits.

(3) Labor costs - Because of the lack of adequate statistics, it is difficult to make any estimate of labor as a cost of production. In general the employer's labor bill consists of total wages and 30 percent of total wages for all social security benefits. The 30 percent represents a consolidated payment for benefits since 1957. A study of the nationalized mines estimated that total labor costs including housing, recreation, and cheap pulperia benefits represented 53 percent of production costs. 5/

4/ Source: Bolivian Ministry of Labor as reported in Foreign Service Despatch 648, January 14, 1958.

5/ Source: Foreign Service Despatch 125, September 22, 1954.

Family Allowances in Bolivia According to Basic Wages
in Bolivianos, 1958

Category of Benefit	Monthly Wage Level					
	Below 100,000	from 100,000 to 125,000	from 125,001 to 150,000	from 150,001 to 200,000	from 200,001 to 300,000	Above 300,000
	Cash Benefits					
Matrimonial (monthly) . .	20,000	18,800	17,600	16,400	15,200	14,000
Birth						
Layette	120,000	120,000	120,000	120,000	120,000	120,000
Lump Sum	80,000	80,000	80,000	80,000	80,000	80,000
Nursing (monthly)	20,000	18,800	17,600	16,400	15,200	14,000
Children's allowance (monthly)	18,000	16,800	15,600	14,400	13,200	12,000
Burial						
Under one year	120,000	120,000	120,000	120,000	120,000	120,000
Over one year	200,000	200,000	200,000	200,000	200,000	200,000

Source: Decree of January 9, 1958.

VI. Social Insurance

Bolivia has a comprehensive program of social security legislation, which started piecemeal and was codified in 1949. In December 1956, the MNR Government, fulfilling its promise of advanced social legislation, enacted a new social security code (Codigo de Seguridad Social) which consolidated and further expanded previous legislation.

The new code has two general aspects. One covers workers against the contingencies of sickness, maternity, injury, invalidity, old age, and death. The other is the system of family allowances, which has previously been discussed. The National Social Security Fund (La Caja Nacional de Seguridad Social, CNSS) is entrusted with the administration and execution of social security schemes under the general direction of the Ministry of Labor and Social Security. Because of Union objections to the incorporation of their funds into a national scheme, railroad and airline workers were permitted to maintain their own funds. The military were also given this privilege. All other private funds were incorporated into the national fund.

Actual application of the code is incomplete, and coverage under the act is limited and confined mostly to factory and mine labor. Agricultural and domestic workers, part time workers, and the self-employed are for the time being excluded from its provisions, though any worker may join the fund on conditions that he pay the whole contribution himself. The Government plans to extend coverage progressively by geographic zones.

Resources from the fund come from contributions by workers, employers, and the State. Workers contribute 7.5 percent of their total wages. (Slightly different arrangements, both as to payments and benefits received, pertain to workers with pulperia privileges.) Employers contribute 21 percent of their total wage bill, i.e. for social insurance purposes. The State's contribution is in accordance with a special scale which began with one percent of the total wage bill for the first year and will rise gradually to 5 percent as from the sixth year.

Benefits prescribed by the act are in kind and in cash. All rates of benefits are at present provisional and await the final results of an actuarial study. The following is a brief summary of benefits provided under the act:

a. Sickness - Workers and their dependents are entitled to medical and dental care, surgery, hospitalization, and periodic health examinations. Medical benefits for any one illness are provided for a maximum of 26 weeks in any consecutive 12 months. The worker is entitled to a cash sickness benefit equal to the national minimum wage plus 70 percent of the amount by which his basic wage exceeds the minimum. Unemployed workers are entitled only to benefits in kind.

b. Maternity - Every insured woman or the wife of a worker is entitled to medical, surgical, and hospital treatment. Female workers are entitled to a maternity allowance for a maximum period of six weeks before and after birth which is equal to the minimum wage applying in her case plus 70 percent of her base over the minimum wage.

c. Injuries - For work-connected injuries and occupational diseases, the afflicted person is entitled to medical care and adequate treatment for his rehabilitation. The cash benefits for temporary incapacity up to one year are equal to the worker's minimum wage plus 30 percent of the amount by which his basic wage exceeds the minimum. For permanent partial disability the worker receives a proportion of the pension for total disability depending upon the extent of injury.

d. Invalidity, Old Age and Survivors Benefits - An invalidity pension is payable to an insured disabled person, who has paid 60 monthly contributions and has not reached retirement age. Insured persons who do not fulfill the requirements for invalidity pensions are entitled to a lump sum indemnity. Old-age pensions are payable to workers who have reached retirement age (provisionally 55 for men - 50 for women, but unspecified lower ages in the case of miners) and have contributed to the social security fund for 180 months. Invalidity and old-age pensions are equal to 50 percent of the worker's basic wage, plus an increment for any contribution in excess of 180 months. In case of the death of an insured worker various pensions or lump sum payments are available for his dependents. Funeral benefits to survivors are also specified.

Under present conditions it is doubtful whether existing provisions of the law can be fully implemented. For example, medical services are insufficient, even in La Paz, for the Social Security Fund to provide the necessary medical benefits. Where normal medical facilities are lacking, the employer is exempt from the payment of taxes for sickness and maternity benefits, but must provide instead, his own medical services to the workers. These services too, are often below the standards implied by the legislation. Indeed grave doubts exist concerning the ability of the country to carry out the program in its present economic state. Many employers are in arrears to the fund, the largest debtor being a government organ, the Bolivian Mining Corporation. 6/ Fear as to the financial soundness of the national social security system is causing many unions to consider forming separate systems.

6/ Observaciones de la CNSS a los Planteamientos de Mr. Eder, Caja Nacional de Seguridad Social, La Paz 1957, p. 81.

VII. Protective Legislation

Bolivia has a considerable body of protective labor legislation. Various items of labor legislation were passed from 1920 on, but not until 1942 was a comprehensive labor code enacted. ^{7/} Popularly known as the Busch code the 1942 General Labor Act is still the basic law governing industrial relations and conditions of work for non agricultural workers. Under the impetus of organized labor subsequent legislation has been enacted modifying and expanding the Labor Code.

In general Bolivian labor legislation reflects more ideals of social justice rather than actual conditions of work in Bolivia. It reflects also the predominant influence of the State, as subjects are covered which in other countries more often are found in collective agreements. The practical application of the laws is limited both by genuine difficulties of employers in meeting legislative standards and by inadequate governmental means of inspection and control. With recent legislation there is often an overlapping of decrees and even some degree of contradiction. Bolivia is trying to rectify this latter defect by preparing a new codification of labor legislation with the help of experts from the International Labor Office.

The following is a brief summary of the pertinent labor legislation and practice that has not been previously discussed.

a. Hours of Work - The legal work day in Bolivia is eight hours and the legal work week 48 hours. For women and for workers under 18 the legal work week is 40 hours. Night work is limited to seven hours, for which workers receive a 25 to 50 percent premium. Overtime is authorized up to a maximum of two hours per day and must be remunerated at double the normal rate. Work performed on Sundays and public holidays is also paid at double the normal rates.

b. Employment of women and children - Employment of children under 14 except in the case of apprentices is prohibited. Women and young persons are barred from participating in dangerous or heavy work though this prohibition does not appear to prevent them from being employed in the mines. Women cannot be employed at night. Women are entitled to a twelve week confinement period, and undertakings which employ more than fifty women must maintain creches.

c. Vacations and leave - Workers are entitled to fully paid vacations, which vary from one week to one month according to length of service with the company. If work is suspended seasonally for more than fifteen days workers receive no vacation. There are sixteen paid legal holidays; in addition there are various holidays celebrated in each of Bolivia's nine departments as well as special authorized holidays celebrated by certain groups of workers. If sick, workers (obreros) with more than one year's service retain job rights for 30 days and salaried employees (empleados) for three months.

^{7/} Decreed by the Executive in 1939 but not ratified legislatively until 1942.

d. Severance pay - The employer must give the worker notice of intent to terminate his contract, the prescribed time being in accordance with the worker's length of service. When employment is terminated against his will, a worker is entitled to receive a lump sum payment (indemnizacion). The indemnity is equivalent to one month's salary for each year of continuous labor with the company. Calculation of the payment is based on the average of the last three monthly salaries or the last 75 days worked. Workers with eight years or more of service may receive the indemnity even though they retire voluntarily.

e. Health and safety - Bolivia has an industrial hygiene and safety act (1951) which was drafted by an American expert. This act requires employers to maintain adequate sanitary and safety conditions for the preservation of worker's health and for the avoidance of accidents and occupational diseases. For dangerous industries prescribed measures of protection are specified. Lack of funds and trained personnel in the Government has prevented the systematic compilation of data on the existence of health and safety hazards and hindered the initiation of a program for prevention. The situation in the mines is especially serious. Ninety-five percent of the nation's bill for work-connected disabilities is paid to miners, while the cost for treatment of accidents and diseases are very high. Most serious is the high rate of silicosis.

VIII. Administration of National Labor Policy and Legislation

Labor law is administered by the Ministry of Labor and Social Security and enforced by the Ministry and the National Labor Judiciary. The present Ministry of Labor was created in 1926. The Ministry may intervene in all controversies concerning labor contracts and claims for wages arising between employers and employees.

There are three main divisions within the Ministry, a General Labor Inspectorate, a Technical Department, and the Labor Judiciary. The National Social Security Fund is also under the jurisdiction of the Ministry. The small corps of inspectors spend most of their time in trying to settle individual or collective disputes between workers and employers. The Technical Department includes economic analysts, medical practitioners, and statisticians and appears to be responsible for much of the labor inspection that is actually carried out.

A system of labor courts has been in existence since 1940. Jurisdiction of the courts extend to "try in the first instance all cases of a dispute arising from the application of the laws of labor and social protection and from the stipulations of labor contracts; of disputes arising from the laws of agricultural labor and from contracts in this sphere; and . . . accusations of infractions of the social laws." Labor judges may enter into the process of arbitration

and conciliation as a third party but their primary function is the legal interpretations of laws and contracts. Judges are located in the twelve major centers of Bolivia. Appeals from decisions of the Labor Judges may be taken to the National Labor Court, composed of a president and two members, and located in La Paz. The highest court of appeal, as in all cases, is the Supreme Court of Justice in Sucre.

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