

## What You Will Learn...

## Main Ideas

1. Ecuador struggles with poverty and political instability.
2. Bolivia's government is trying to gain stability and improve the economy.
3. Peru has made progress against poverty and violence.
4. Chile has a stable government and a strong economy.

## The Big Idea

The countries of Pacific South America are working to overcome challenges of poverty and political instability.

## Key Terms and Places

Quito, p. 239

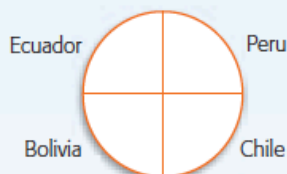
La Paz, p. 239

Lima, p. 240

coup, p. 241

Santiago, p. 242

**TAKING NOTES** As you read, use a graphic organizer like the one here to take notes on the different countries of Pacific South America.



# Pacific South America Today

## If YOU lived there...

You are at a political rally in Valparaíso, Chile. Your family owns a vineyard nearby, so government policies about the economy affect you personally. You listen carefully to the speakers at the rally. Some politicians are in favor of more free trade with countries in North America. Others speak about different issues, such as housing and education.

## What would you like to ask the politicians?

**BUILDING BACKGROUND** All the countries of Pacific South America have faced similar issues in recent years. These include poverty, unstable governments, economic development, and how to encourage development and still protect the environment. Several of these countries are making progress, while others still have problems.

## Ecuador Today

In recent decades, the countries of Pacific South America have all had some periods during which their governments were unstable. Ecuador, in particular, has faced recent instability. Widespread poverty is a constant threat to a stable government in this country.

### Government

Ecuador is a democracy. However, the country has had 9 different presidents in 10 years. In 2005 the president fired the country's supreme court in order to replace the judges with new ones. This action did not please the Ecuadorian people. They thought the president was trying to gain too much power. Also, they were not happy that recent economic reforms had failed to improve housing, medical care, or education in the country. As a result, the Ecuadorian people and congress forced the president from power.

## Economic Regions

Ecuador has three different economic regions. One region, the coastal lowlands, has agriculture and industry. The country's largest city, Guayaquil (gwy-ah-KEEL), is located there. It is Ecuador's major port and commercial center.

The Andean region of Ecuador is poorer. **Quito**, the national capital, is located there. Open-air markets and Spanish colonial buildings attract many tourists to Quito and other towns in the region.

A third region, the Amazon basin, has valuable oil deposits. The oil industry provides jobs that draw people to the region. Oil is also Ecuador's main export. But the oil industry has brought problems as well as benefits. The country's economy suffers if the world oil price drops. In addition, some citizens worry that drilling for oil could harm the rain forest.

**READING CHECK** **Generalizing** Why has Ecuador's government been unstable?

## Bolivia Today

Like Ecuador, Bolivia is a poor country. Poverty has been a cause of political unrest in recent years.

## Government

After years of military rule, Bolivia is a democracy. Bolivia's government is divided between two capital cities. The supreme court meets in Sucre (SOO-kray), but the congress meets in **La Paz**. Located at about 12,000 feet (3,660 m), La Paz is the highest capital city in the world. It is also Bolivia's main industrial center.

In the early 2000s, many Bolivians disagreed with the government's plans for how to best use the country's resources and fight poverty. National protests forced several presidents to resign. Then in 2005,

Bolivians elected an indigenous leader, Evo Morales, as president. He worked to improve the lives of Bolivia's poor.

## Economy

Bolivia is the poorest country in South America. In the plains of eastern Bolivia there are few roads and little money for investment. However, foreign aid has provided funds for some development. In addition, the country has valuable resources, including metals and natural gas.

**READING CHECK** **Analyzing** Why might political revolts slow development?

### CONNECTING TO Economics

## The Informal Economy

Many people in the countries of Pacific South America are part of the informal economy. Street vendors, like the ones shown here in Quito, are common sights in the region's cities. People visit street vendors to buy items like snacks, small electronics, or clothing. The informal economy provides jobs for many people. However, it does not help the national economy because the participants do not pay taxes. Without income from taxes, the government cannot pay for services.

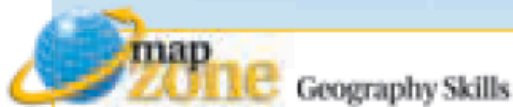
**Analyzing** How does the informal economy affect taxes?



## Settlements around Lima



Lima has three main types of settlements. The wealthier people tend to live in houses and apartments in town. Poor people live mostly in slums or in recently built “young towns.”



**Human-Environment Interaction** People have built three different basic types of housing in and around Lima.

1. **Use the Map** What is the most common type of housing?
2. **Draw Conclusions** Why are most young towns built far from central Lima?

## Peru Today

Peru is the largest and most populous country in Pacific South America. Today it is making some progress against political violence and poverty.

### Lima

Peru's capital, **Lima** (LEE-muh), is the largest city in the region. Nearly one-third of all Peruvians live in Lima or the nearby port city of Callao (kah-YAH-oh). Lima has



**Houses and Apartments** Most housing in Lima is made up of high-rise apartments and private houses, some of which are from the colonial era.

industry, universities, and government jobs, which attract many people from the countryside to Lima.

Lima was the colonial capital of Peru, and the city still contains many beautiful old buildings from the colonial era. It has high-rise apartments and wide, tree-lined boulevards. However, as in many big urban areas, a lot of people there live in poverty.

In spite of the poverty, central Lima has few slum areas. This is because most poor people prefer to claim land on the outskirts of the city and build their own houses. Often they can get only poor building materials. They also have a hard time getting water and electricity from the city.

Settlements of new self-built houses are called “young towns” in Lima. Over time, as people improve and add to their houses, the new settlements develop into large, permanent suburbs. Many of the people in Lima's young towns are migrants from the highlands. Some came to Lima to escape violence in their home villages.



**Slums** Just outside downtown and near the port area, many people live in slum housing. These buildings are permanent, but run-down.



**Young Towns** Many poor people in recent years have taken over land on the outskirts of Lima and have built their own shelters.

## Government

In the 1980s and 1990s, a terrorist group called the Shining Path was active. This group carried out deadly attacks because it opposed government policies. Some 70,000 people died in violence between the Shining Path and government forces, and Peru's economy suffered. However, after the arrest of the group's leaders, Peru's government began making progress against political violence and poverty. The country has an elected president and congress.

## Resources

Peru's resources are key factors in its economic progress. Some mineral deposits are located near the coast, and hydroelectric projects on rivers provide energy. Peru's highlands are less developed than the coastal areas. However, many Peruvian Indians grow potatoes and corn there.

**READING CHECK** Identifying Cause and Effect How did the Shining Path affect Peru?

## Chile Today

Like Peru, Chile has ended a long violent period. Chile now has a stable government and a growing economy.

## Government

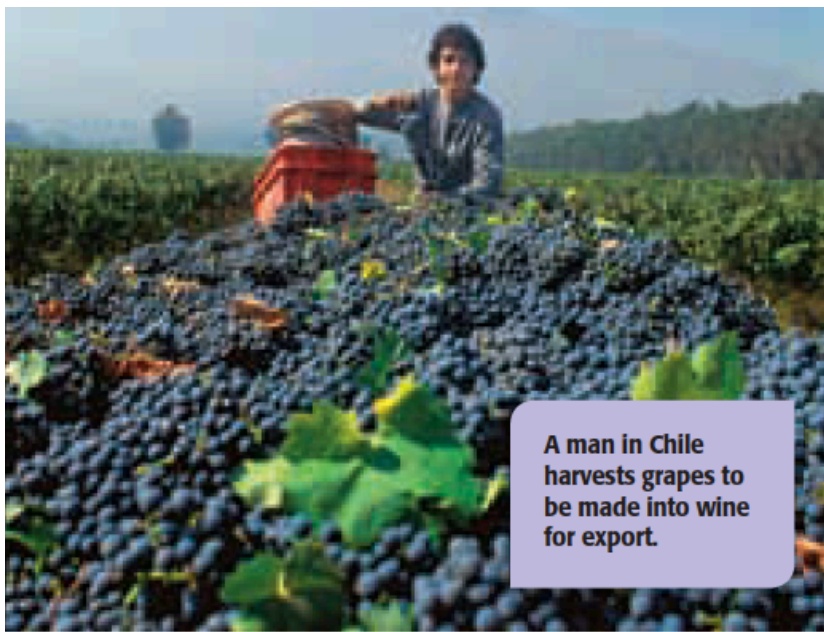
In 1970 Chileans elected a president who had some ideas influenced by communism. A few years later he was overthrown and died in a U.S.-backed military coup (KOO). A **coup** is a sudden overthrow of a government by a small group of people.

In the years after the coup, military rulers tried to crush their political enemies. Chile's military government was harsh and often violent. It imprisoned or killed thousands of people.

In the late 1980s the power of the rulers began to weaken. After more than 15 years, Chileans rejected the military dictatorship and created a new, democratic government. Chileans now enjoy many freedoms. Chile is one of the most stable countries in South America.

## FOCUS ON READING

What can you infer about the reason for the end of the military government?



A man in Chile harvests grapes to be made into wine for export.

Mediterranean climate allows farmers to grow many crops. For example, grapes grow well there, and Chilean fruit and wine are exported around the world.

Farming, fishing, forestry, and mining form the basis of Chile's economy. Copper mining is especially important. It accounts for more than one-third of Chile's exports.

Since international trade is key to Chile's economy, Chile wants to expand its trade links. Chile has signed a free trade agreement with the United States, and trade between the two countries has increased. Chile's other important trade partners are Argentina, Brazil, and China.

### Resources and Economy

Chile's economy is the strongest in the region. Poverty rates have decreased, and Chile's prospects for the future seem bright. Small businesses and factories are growing quickly. More Chileans are finding work, and wages are rising.

About one-third of all Chileans live in central Chile. This region includes the capital, **Santiago**, and a nearby seaport, Valparaíso (bahl-pah-rah-EE-soh). Its mild

### READING CHECK Identifying Points of View

Why might Chile want to join a free trade group?

**SUMMARY AND PREVIEW** In recent years Ecuador, Peru, Bolivia, and Chile have struggled with political violence and poverty. However, Peru and Chile are recovering. Next, you will study the culture and economy of the United States.

## Section 3 Assessment

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Online Quiz

KEYWORD: SJ7 HP10

### Reviewing Ideas, Terms, and Places

- a. Identify** What is Ecuador's largest city?

**b. Make Generalizations** Why have Ecuadorians been unhappy with their government in recent years?
- a. Identify** What are Bolivia's two capital cities?

**b. Analyze** Why might Bolivia's economy improve in the future?
- a. Recall** Why did many Peruvians move to Lima from the highlands in the 1980s?

**b. Elaborate** What challenges do you think people who move to **Lima** from the highlands face?
- a. Define** What is a **coup**?

**b. Make Inferences** What might happen to Chile's economy if the world price of copper drops?

### Critical Thinking

- Solving Problems** Review your notes. Then, in a diagram like the one here, write one sentence about each country, explaining how that country is dealing with poverty or government instability.

|         |  |
|---------|--|
| Ecuador |  |
| Bolivia |  |
| Peru    |  |
| Chile   |  |

### FOCUS ON SPEAKING

- Thinking about Pacific South America Today** Add questions about each country in Pacific South America to your notes. How might you answer these questions in your interview? Write down the answer to each question.