

The violation of social rights within market rationale

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Privatisation of social services is being imposed by the international funding institutions through severe and never-ending structural adjustment programmes. In these programmes pressure is put on the government to change social policies to make social services profitable; thus health, education, social security and access to water, energy, telecommunications and environmental sanitation services can be operated by private agents, guaranteeing them high profit margins.

Transfer of the public heritage to private capital

Privatisation of basic services has skewed income distribution enormously, making the rich richer and the poor poorer. The State has favoured accumulating public assets in the hands of financial groups, delivering state companies at prices close to one third of their real value.

The first step in the privatisation of these companies has been to increase the rates of public services to make them attractive to private capital. Over the past five years, the rate for water consumption has increased an average of 238%¹ for the poorest stratum of the population in the nine main cities. Water privatisation is the next objective in the sights of the financial corporations.²

In privatisation of highways, telecommunications, and production and distribution of energy, pre-established profit margins have been guaranteed for multinational companies and other purchasers, which the State must pay if the companies do not manage to obtain the expected profits. In this way, privatisations have installed a form of capitalism without risk in which the profits of the companies do not depend on the goods or services actually produced and sold, but on predicted sales. The risks for losses or profits not collected must be taken on by the citizens through the public budget and by the state companies that have been obliged to deliver huge compensations to the private companies with which they have been obliged to «compete» under these unfair conditions.

Education as a business

The policies ordered by the World Bank and the Inter-American Development Bank have continued to organise education according to market rationales, placing the country among those having the highest percentage of schools in private hands. With these levels of privatisation achieved, the agreements with the IMF have now been set out in a constitutional reform, again reducing the amount of resources that the State should allocate to healthcare and public education. This reform, approved despite one of the greatest social mobilisations of the last decade, will generate a reduction of close to USD 2.5 billion between 2002 and 2008, an amount freed to pay public debt creditors.

Along the road to privatisation of educational institutions, the State has virtually reduced its commitment to state education to funding the teaching staff. Students' families must cover the costs of maintenance and conservation of school facilities, acquisition of materials, payment of public water, telephone and energy services, acquisition of teaching aids and payment of salaries to

non-teaching staff such as wardens, secretaries, cleaning and maintenance personnel. These costs have to be covered by payments that the families must make for registration, boarding facilities and other economic resources received from the sale and provision of teaching services to students.³ It is not surprising that with so many costs falling to students the Human Development Report for Colombia 2000 has noted that in 1997 the reasons for 46% of school age children and young people not attending school were strictly economic, mainly the high academic costs and the need to work.⁴

The neo-liberal educational reforms have gone further than in any other country in the continent. As a result of de-regulation and privatisation policies and market criteria in the provision of educational services, the right to education has become one of the most difficult rights to achieve. The impoverishment of nearly 29 million Colombians has already placed outside the classroom 3.1 million children who do not have sufficient resources to pay for the right to enter or remain in school.

In Colombia, not only is basic education not free, but since 1991, the Constitution has introduced a system of collecting fees in official educational institutions. All children and young people who want to enter basic education, with very few exceptions, must pay. In spite of the fact that Colombia has ratified conventions such as the International Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child, in which the State has promised to ensure free basic education for all children, standards and policies openly ignore this mandate. Recently the Committee on Economic, Social and Cultural Rights pointed out that the Colombian constitution is not adjusted to the provisions of International Covenant on ESCR as it does not guarantee the right to free education for all.⁵

Since 1990, a series of reforms have been introduced that have raised the cost of education enormously. Over the past seven years, the price index for education increased by 40% with relation to the general price index. At the same time, the State increased spending on education between 1991 and 2001, from 3% to 5% of the GDP, while private family expenditure on education has already reached a level of nearly 4.5% of the GDP.

In spite of this, coverage continues to be low in middle schools (26%), basic secondary education (52%), and pre-primary education (34%). For basic primary education, coverage has reached 82%, showing some improvements, but it is still under the average for Latin America and the Caribbean. The increase in official and family expenditure on education has not resulted in a proportional increase in coverage and quality for almost 60% of the population living in poverty.

1 Most of the data in this report have been obtained from a study made by the General Comptroller of the Nation in August 2002, with the title of «Colombia entre la Exclusión y el Desarrollo.»

2 In sectors such as energy generation, the State only possesses 35.5% of the assets and the privatisation process is still ongoing.

3 Decree No. 1857, Article 2 (1994).

4 UNDP and the National Planning Department— Social Mission, *Report on Human Development. Colombia 2000*. Alfaomega Grupo Editor: May 2001, p. 201.

5 Committee on Economic, Social and Cultural Rights. 27th Session. E/C.12/1/Add.74

In rural areas, almost 30% of the children who are admitted have to give up their studies during the year. The deteriorating quality of this education is indicated by the poor results from international quality tests.

The process of privatisation of education in Colombia has progressed so fast that 30% of the available places for primary and secondary education are to be found in the private sector, where costs are not within the reach of the poor population. For higher education, only 25% of the available places are to be found in the public sector. This situation is worsened by the economic crisis that has led 12% of the private school students to give up their studies and seek admission in state schools, which are increasingly scarce, given the state policy of eliminating funding for educational supplies.

The high dropout rate in public education is a direct consequence of high costs. The latest studies on school dropouts estimate that over a million students leave private or state schools each year.⁶ The causes of school dropouts are mainly related to the economic crisis, the armed conflict and dislike of schooling.⁷ In rural areas, the average dropout rate is between 17% and 30% of the total number of students.⁸

The healthcare market

Law 100 (1993) reformed the healthcare system to enable private companies to take over a major part of healthcare services through a market of insurance contracts. For those having the capacity to pay, a system of contributions was established and a subsidised regime was created to cover the poorest sector of the population, with the assurance that by the year 2000 the whole population would be covered. Full coverage was not achieved, but has instead decreased. Before privatisation was established in 1993, membership reached 75% of the population and in 2002 only 62% was covered. Access to health care is today more inequitable; while 20% of the population with the highest income had an insurance coverage of 75% in the year 2000, only 35% of the poorest quintile had coverage. The resulting system is also discriminatory in relation to women: despite the fact that 51% of the population are women, 60.9% of participants of the health system are men, thus reflecting the imbalance of women's participation in the labour market.⁹

In spite of being insured, many people cannot receive care because they cannot afford complementary payments. Thus, before privatisation, 67.1% of the people who declared they required health care received it, while in the year 2000, only 51.1% of those requiring care were seen by a doctor. The situation is even more serious in rural areas where 48% of the population are not members of any health system.¹⁰

Private health costs increased by 50%, rising from 3% to 4.5% of the GDP between 1993 and 1999. Public expenditure also rose by 57% from 7.2% to 10% of the GDP over the same period. Private insurance companies are responsible for managing the major part of these resources. In December 2001, the private Health Provision Companies (HPCs) covered 70% of the market of the health contribution system, while state HPCs covered only 30%.

Privatisation of the provision of health services has led to high margins for middlemen; the HPCs and the Subsidiary System Administrators (SSA) in hands of the private sector retain a major part of the resources, absorbing increases in expenditure made by the State and by families. The General Comptroller of the Nation has pointed out that, on an average, the SSAs retain 40% of the money from social security assigned to the subsidised system.

Free market reforms have led to deterioration in the general health of the population. Between 1990 and 2000, the number of children under one year of age that had received the complete cycle of vaccinations dropped from 67.5% to 52%, enabling a return of epidemics such as measles, which for years had been non-existent. Privatisation of the health sector has stratified Colombian society and discriminated against the neediest sectors. A system has been established for the very poor (subsidised), one for middle-income population (contributive) and another for the rich (prepaid medicine), while 38% of the population are not covered. Treatment is differentiated both in services and in rights, on the basis of each person's economic capacity to join in one of these systems, thus shaping an increasingly divided society.

Privatisation has led to private insurance companies managing care for the more affluent, while the public sector takes care of the poor. In this competition, the State has replaced the subsidies to supply that it delivered to state hospitals, clinics and healthcare centres with subsidies to demand. This situation has led to several bankruptcies and the subsequent closing of many of the hospitals and clinics that care for the low-income population.

New concessions to the multinational pharmaceutical companies make healthcare costs even higher for the poor and worsen the deficit of public health institutions. The Government decided by decree¹¹ to prohibit production and import of generic drugs, which had been available at a low cost, for a period of five years. This enormous sacrifice of the health of the population was made in response to a demand by the United States government so that certain Colombian exports could hope to obtain tariff benefits in this market.

Conclusion

Lack of access to social services and their increasing costs have led to a rise in the number of people in poverty. According to data from the General Comptroller of the Republic, 59.8% of the population live under the poverty line; according to a recent study by the World Bank this figure is 64%.¹² In 1998 there were 21 million poor people in Colombia and in 2002 this figure reaches 24 million, among whom nine million live in extreme poverty.¹³ Privatisations have not improved access by the population nor the quality of social services for the poorest sector. Privatisations have increased privilege and exclusion and have promoted a regressive redistribution of resources from the middle and lower classes to the most powerful, while reducing access to health care, education and social security for the neediest sectors of the population. ■

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6 Mario Jiménez Gómez, «Aumenta deserción escolar» in *Revista Semana*, 29 September 2002.

7 According to the Survey on Living Conditions carried out in 1997, and the Study on School Dropout Paths, made by the Restrepo Barco Foundation in 2001 and 2002.

8 «No da tregua la deserción escolar en el país», in newspaper *El Tiempo*, 6 September 2002.

9 Colombian Platform on Human Rights, Democracy and Development. *Alternative report to the Fourth Colombian State Report to the International Pact on Economic, Social and Cultural Rights Committee*. No. 110.

10 General Comptroller of the Nation, *op. cit.*, p. 129.

11 Decree No. 2085 (2002).

12 «Pobreza siguió en aumento» in *Portafolio*, 5 August 2002.

13 National Planning Office data.