

Deteriorating quality of life

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Despite the growth in GDP since 1997, the public perceives that the economic situation has worsened. While the poverty level has not risen, poverty still affects 20% of the population and the trend toward income concentration continues. The world banana crisis, unleashed by the European Union's decision to eliminate its quota system, had dramatic repercussions in the labour market. Trade unions are being repressed, and the rights to strike, to free association and collective bargaining are being violated.

In 1995, the richest 20% of the population received 50% of total household income in the country, while the poorest 20% received only 4% of household income. "The *per capita* income of households in the richest quintile was more than 11.8 times the income of the poorest quintile of the population."¹ This trend toward income concentration has continued at a steady pace, with corresponding consequences in terms of social and economic inequity.²

At the same time, vulnerability or risk of poverty may be rising with the deterioration of the labour market. In effect, employment opportunities in less stable jobs with fewer benefits and limited income are increasing, in contrast to the more stable and secure forms of formal and public employment in the previous model.³ This means that when unexpected economic crises or climatic catastrophes occur, recovery of the more vulnerable sectors is uncertain.

Insufficient recovery, recession and reform

Government measures in health and education are not sufficient to recover the level of social development that the country enjoyed between 1940 and 1980. They especially fall short of meeting peoples' needs in the face of a degenerating labour market and fewer opportunities for income generation.

The most significant progress in the health sector is in the institutional area. The percentage of the population covered by the Basic Teams of Integral Health Care (EBAIS) has reached 70% and is still rising. The government also passed the Hospital Decentralisation Law (30 November 1998). The number of migrant persons covered by social security also rose.

The last three administrations have implemented health sector reforms intended to strengthen public funding (tripartite), expand preventive and primary coverage, and improve operations in the healthcare system through decentralisation and administrative measures. These reforms present serious problems.

The reforms were decided behind "closed doors" without sufficient citizen understanding. They entail reduction of investment in equipment and infrastructure, because of a political decision not to use the significant annual surplus.⁴ They also entail purchase of private services, which promotes the business of healthcare as opposed to the interests of the population. Financial

difficulties have arisen because of high levels of medical bill evasion and debt (despite the existence of legal mechanisms to address these problems). In addition, the government's capacity to determine the needs of the population and evaluate the effectiveness of services has diminished.

In secondary education, the average enrolment rate rose from 57.4% in 1996 to 61.2% in 1999. Changes in the net enrolment rate were also positive, going from 46.3% in 1996 to 49% in 1999.

Access to housing deteriorated. Forty per cent fewer housing bonds were issued in 1999 than in 1998, and 1998 marked a drop of almost 67% from 1997.

The State of the Nation Report 2000 established that the economy grew by 8% of GDP in 1999. But this did not translate into a rise in household incomes. This highlights the gap between the most dynamic sectors of the economy and various social sectors.

In general terms, reforms resulted more in the appropriation of public funds by private enterprise than in a real strengthening of public services. The challenge of the citizenry is to effectively monitor the reform process and to use its influence to truly improve the quality of life and increase the opportunities available in the public sector.

The banana crisis

The banana sector provides a major source of income and direct employment in the country. In 2000, this sector felt the impact of flexibilisation, retrenchment and increased informal sector activity.

In 1999, banana growing involved 40,000 people directly and 150,000 indirectly. That year, companies started the practice of "invoice contracts", that is, hiring people on a day-to-day basis through intermediaries, without establishing a labour relationship or the payment of taxes and social security. This mode became more widespread in 2000. It is used by national and transnational firms, mainly to hire women and Nicaraguan immigrants.

In 2000, a worldwide banana crisis occurred after the European Union decided to eliminate the quota system. Various labour and community groups have exposed the dramatic consequences of this decision for Costa Rica: the three main transnational fruit marketers and exporters⁵ reduced their direct employees by at least 15% and re-hired the remaining 85% at salaries up to 50% lower. Mass layoffs followed. This decision also had negative effects on national businessmen. Production slowed to the point of closing down businesses throughout the southern part of the country, and employees were cut up to 25%.

1 Carlos Sojo. *Los de en medio: la nueva pobreza en Costa Rica*. San José, Costa Rica, pp. 35–36.

2 In 1999, a tenuous but persistent trend toward the concentration of income continued. This trend characterised most of the last decade, although the changes were not of a great magnitude. From *Estado de la Nación en Desarrollo Humano Sostenible*, San José, Costa Rica, Informe 6, p. 106.

3 United Nations System. *Evaluación Común de país: Costa Rica*. 2000, p. 18.

4 During the last five years, equivalent to 15% of the total health fund.

5 Standard Fruit Co., Chiquita Brands and Banedeco.

Violation of workers' rights

A recent decision in constitutional court prohibits the great majority of public employees from negotiating collectively. The decision affects close to 50 collective agreements, mainly of municipal workers, workers at the petroleum refinery and other services, and at some public universities.

The right to strike has also been violated and unions are repressed in the private sector. Such violations of workers' rights are increasingly tolerated.

Strengthening of the citizens' voice

During March and April 2000 there occurred a social explosion without precedent in the last 50 years. Its detonator was a decision to privatise the energy and telecommunications sector that would have transformed the Costa Rican Electricity Institute (ICE), an autonomous state institution. Union, environmental, community-based, student, peasant, women's and religious organisations all rose spontaneously to the defense of the ICE.

In April 2000, this social movement won important victories, in particular, rescindment of the reform of ICE and creation of a participatory negotiating process (the ICE Special Mixed Commission). At the same time, the "social network", which incorporated social sectors that were not directly affected into the process, was strengthened. At that time, the National Commission of Liaison and Follow-up (CONAES) was created, through which the various social sectors remain in contact and which seems to be a powerful mechanism for citizens to influence government and definition of the public agenda.

Advancement in the situation of women

The "Responsible Paternity Law" was approved by the Legislative Assembly in the first session of February 2001. The law requires that when a mother registers a child born out of wedlock, both paternity and maternity must be established. If the father is absent, the mother is authorised to declare and register paternity. The man may attempt to prove non-paternity, using DNA evidence paid for by the government. An estimated 30,000 children are born each year without official acknowledgement of paternity and, consequently, with no paternal child support. Many women in this situation live in poverty.

The approval of this law is a consequence of the organised mobilisation and work of women. Although its final establishment is yet to come, it represents an important step forward in the defense of the rights of mothers and children. ■

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