

# Selling our grandparents' inheritance

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Within the context of the economic crisis, the rapid loss of mechanisms of social mobility and economic, political and cultural break down, a real and symbolic rupture is occurring, under progressive and unorthodox procedures, in various fields of the State's monopolistic of the provision of services, such as electricity, health care and education. Attempts at privatising a public institution or a complete sector have faced strong opposition among the people.

Between 1940 and 1975, Costa Rica reaped important benefits in terms of human development. However, the 1980s – linked to the economic stabilisation and structural adjustment programmes – saw the emergence of a crisis that the country has not managed to overcome completely. «Although it is true that primary indicators showed a trend towards recovery and stabilisation or moderate growth ... the previous period's rapid pace of progress has not been recovered.»<sup>2</sup>

As part of this stagnation, it may be pointed out that almost one third of the population is living in poverty, or very close to it. The country has made scant progress in improving the two factors that will enable this population to overcome poverty and the country to pave the way for development: education and the creation of quality jobs. Two other critical areas reveal threats to the promotion of development: the deficit in the transport infrastructure and the high public debt. Faced with all these limitations is a dismantled State, without resources and urgently requiring tax reform based on a new fiscal pact.

It is important to note that the population has lost trust in the basic institutions of democracy, such as the political parties. The presidential, parliamentary and municipal elections held in 2002 showed clear criticism and sanction by the electorate of the two-party system. In spite of a very high rate of abstention (31%), the population that did vote redistributed power, recomposing the legislative power and, to a lesser extent, the municipal power. The population feels that transparency is necessary to verify that campaign promises are actually being accomplished during the government's period in office. A clear indicator of the changes taking place in Costa Rican political culture is that women achieved 33% representation in the legislative body. Thus, the monopoly of the traditional political parties and the patriarchy has started to crumble.

## Privatisation «à la Costa Rican»

Within the context of the economic crisis, the rapid loss of mechanisms of social mobility and economic, political and cultural break down, there has been a real and symbolic rupture of the state «monopoly» in the provision of services in various fields, such as electricity, health care and education. Hence, the way is being paved for a gradual but sustained process of privatisation, which started in the 1980s with the sale of some state companies involved in sugar, cement and fertiliser production. Rapidly, other forms of privatisation were launched in the framework of the Structural Adjustment Programmes, mostly affecting sectors such as health.

Privatisation of public services has taken root in Costa Rica through progressive and unorthodox means. Since the reform process started, the dominant sectors perceived that an orthodox implementation of neo-liberal measures would be

counter productive to the country's stability. Furthermore, when the reforms were launched in the 1980s, Central America was undergoing a period of political and military conflicts, sufficient reason to avoid internal instability. Finally, there is growing awareness among the population that the achievements obtained through the people's struggles in the 1930s and later strengthened following the civil war in 1948, belong to the people and must therefore be defended.

Parts of work processes previously carried out by the State that are attractive to private capital have been privatised: for instance, the concession of public works, a mechanism whereby private companies can build public facilities – such as highways – and manage them for a given period. The privatisation of public health clinics for management by private cooperatives is another example. In addition to these services, health care and education have also been clear targets of privatisation, as State management of these fields has deteriorated, both in quality and in coverage.

The attempts at privatising public institutions or entire sectors have faced strong opposition among the people, making governance impossible. In May 2000, the population mobilised to oppose the Rodriguez Administration's attempt to privatise energy and telephone services. For 15 days, the country witnessed roadblocks, confrontations with the police, universities at a standstill, and large-scale demonstrations protesting against both the Legislative Assembly and the President of the Republic.

## Paving the way for «two Costa Ricas»?

Little by little, public education and health care services have become mechanisms for social exclusion, remaining as the only option for people with few economic resources. Meanwhile, a small group of Costa Ricans educate their children at private schools, colleges and universities and have private professional care for their preventive and curative health. In this kind of privatisation, there is no doubt that public and private health care and educational supply co-exist, but competing at a disadvantage.

TABLE 1

Income from EBAIS care – Private companies (2002)				
COMPANY	HEALTH AREAS	USERS	# EBAIS	INCOME (USD millions)
COOPESALUD	Pavas, San Miguel y San Rafael de Desamparados	150,000	27	5,722
COOPESANA	Santa Ana, San Francisco de Dos Rios, San Antonio de Desamparados	73,000	17	2,784
ASEMECO	Escazú, La Carpio y León XIII	98,000	15	3,738
<b>Total</b>		<b>321,000</b>	<b>59</b>	<b>12,244</b>

Source: «Cooperativas y Clínica Bíblica en duelo por EBAIS», in La República, 13 September 2002.

<sup>1</sup> This chapter was prepared at CEP-Alforja, with the collaboration of the following organisations: Fedeaqua, Fecon and ANPE. Contributions were also made by the Consumer Defence Commission, Ministry of Economy.

<sup>2</sup> United Nations Development Programme. *Estado de la Nación en Desarrollo Humano Sostenible*. Report #7. San José, Costa Rica, 2001, p. 51.

**TABLE 2**

Regular education institutions and services by functional unit, Initial public and private education enrolment (2002)						
LEVEL, BRANCH	STATE	ENROLMENT	PRIVATE	ENROLMENT	PRIVATE SUBSIDISED	TOTAL
Pre-primary	1,946	82,366	326	14,590	17	2,289
I & II cycles	3,628	498,086	258	32,054	18	3,904
III cycle and diversified education	398	248,861	162	23,337	20	580
Academic	320	196,732	160	23,184	17	497
Technical	76	51,158	2	153	3	81
Artistic	2	971	-	-	-	2
Total	6,777	846,844	754	70,148	66	7,597

Source: Prepared by the authors from the web page, Ministry of Public Education ([www.mep/cuadromatricularegular.html](http://www.mep/cuadromatricularegular.html))

The privatisation and profit-making rationale has taken root not only in the realm of private medicine, but also within state institutions, in which health units – Basic Teams for Comprehensive Health Care (EBAIS), clinics and hospitals – fall into the so-called «management commitments». This mode of operating emphasises the ability of the health management units to implement the budget they request, although no quality control accompanies the process.

Education, a mechanism and forum for social mobility *par excellence*, has seen a surge of private academic and technical schools at all levels. The possibility of private education is increasing strongly, vis-à-vis a public education that no longer receives 6% of the constitutionally granted GDP. Additionally, the coverage and quality of public education has deteriorated, and public schools have serious dropout problems, especially at the secondary level. Private education, although occasionally deficient in quality, is generally of better quality than public education. Thus, education has changed from being a mechanism for social mobility to becoming an instrument of status and exclusion. There are two Costa Ricans: a private and a public one.

### Water: «mind your own business»

Like many other countries, Costa Rica already has a brisk trade in drinking water. Gradually, the people are becoming familiar with the idea that water supply is a private matter. The State monopoly has been symbolically broken. With out-of-date legislation and a broken down and dispersed government, a series of bills are to be found currently in the legislature, which in some way encourage privatisation by enabling private companies to have access to water concessions.

Currently, the Lorena de Santa Cruz community in the Province of Guanacaste is the object of a request by a private company to exploit one of the richest aquifers in the region. The region's main wetlands<sup>3</sup> are also located in this community. If this exploitation were to take place, it could have dire consequences: the projected extraction could substantially decrease the amount of water in the communities' wells and affect supply; and the wetlands could dry up, and the main rivers substantially decrease their flow. This situation would have serious adverse effects on aquatic biodiversity, affecting migratory birds which nest and feed in the wetland.

The Costa Rican Institute for Aqueducts and Sewage has announced that there will be a crisis in the supply of drinking water by the year 2015. With chaotic land planning and voracious tourist activity developing in the country on a major scale, a national discussion on the availability, present use, and present and future demand for ground and surface water is needed urgently.

Already several coastal communities have had to fight battles with transnational tourist companies. Private management of this resource for tourist purposes has placed at risk present and future access to drinking water by entire communities. Biodiversity in wetlands is also seriously threatened by the unregulated use of groundwater.

### The rope always breaks at the thinnest point: women and poor people

Within this scenario, poor families – 21 of every 100 – must make do with public education and health care services, under the conditions of access and quality described in the preceding paragraphs.

Privatisation of health care and education directly affects poor families headed by women, which are on the increase, more than poor families headed by men. Outstanding among these, are poor homes having young women as family heads. Furthermore, in Costa Rica, as in most of the countries, women have fewer resources than men do. Thus, as to be expected, it is women who will have to make do with deteriorated public health care and education services for themselves and their children, because they do not have the resources to pay for private medicine and education services.

Additionally, participation of women in the labour force is increasingly strong in the informal sector of the economy. Few women in this sector of the economy can obtain insurance and therefore have access to public health services.

The government is submitting to the United Nations System the second and third report on compliance with the Convention for the Elimination of All Forms of Discrimination against Women (CEDAW). In spite of the fact that the country shows significant development in this field, the report also reveals negative trends and important structural obstacles to the eradication of violence against women. One of the main trends is related to the inequity in economic participation and access by women to productive resources. Privatisation of education, health care and water are among the factors favouring the trend to exclude women and the poor from the benefits of development. ■

3 Wetlands are ecosystems depending on natural or artificial, permanent or temporary, stagnant or moving water systems. They may be fresh or salt water or a combination of both (brackish). The wetlands include the coast and part of the sea up to a depth of six metres at low tide