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Costa Rican Victory Against Neoliberalism

by LADB Staff

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Union workers of the Instituto Costarricense de Electricidad (ICE) went on strike May 16 to protest the Costa Rican government's failure to provide financing for the public telecommunications monopoly and to denounce President Abel Pacheco's intention to privatize the sector (see NotiCen, 2000-03-30). Nearly all the company's 13,000 workers went out indefinitely or until the government makes good on a March commitment to secure US\$100 million in a bond issue and to implement a new rate structure to compensate for inflation.

Union leader Fabio Chavez told the press, "We have 100% support in starting this strike, a strike that is to defend the national dignity and a model of state solidarity." There are other demands. Chavez said the workers want the president of the Banco Central (BC), Francisco de Paula, fired, along with Treasury Minister Jorge Bolanos and Pacheco's economic advisor Ronulfo Jimenez. "This neoliberal team wants to choke ICE so that it can't deliver services efficiently nor make capital investments," he said. The choking strategy would facilitate a move to privatization of the sector.

Ticos were about split on support for the strike, 49% for and 48% against, but a majority, 60%, think the employees were right to have called the strike, according to a telephone survey contracted by the major newspaper La Nacion.

After about a week, Pacheco wrote the executive president of ICE, Pablo Cob, asking for clarification of a discrepancy of about US\$100 million in the company's accounts as submitted to the Banco Central. The letter read in part, "Based on the information you have submitted to me, I expressed my support for this negotiation. I maintain this support, but recent events make me request that you inform me with clear and unequivocal accounts of the true expenditures of ICE for this year." Cob expressed confidence that he could provide figures that would resolve the difference that led to the Banco Central reconsidering the bond package.

An ICE official who did not want to be named told the press that the difference had to do with how the proceeds from a sale of securities was accounted for. In the meantime, the BC met to discuss a bond issue for less than US\$100 million, pending resolution of the accounting dispute.

Cob had suggested a modification whereby US\$40 million would be placed this year and US\$60 million next year. The union provided incentive to quick BC action by announcing that the strikers would take to the streets with a massive march. A march of two and a half hours duration by 10,000 workers ensued, without violence or untoward incident. Reports said there were no police present or needed. The Banco Central agreed to the US\$40 million bond issue. None of the foregoing could be taken to mean that the workers and the ICE administration were on the same side.

Cob subsequently sought an opinion of the Procuraduria General de la Republica as to whether he could sue to have the strike declared illegal and order the return of the workers under threat

of termination. He received the reply that he was free to take the case to Labor Court. This action was simultaneous with the intense ongoing negotiations with the presidency that had the potential to end the strike. The decision from the Procuraduria concluded that, although the Constitution establishes the right to strike, that right does not extend to workers in public services.

The workers were unfazed by the legal maneuvers. Said president of the Frente Interno de Trabajadores (FIT) Jorge Arguedas, "We are not in the least concerned. This is for the defense of the nation. Let them declare illegal whatever they like." Clearly sensing victory in the government's partial capitulation, the workers turned up the heat, saying that it would cause even greater disruptions, and continue the work stoppage, until there was a firm agreement to the issuance of the remaining US\$60 million in 2004.

"We need this approval now so it can be included in the 2004 budget appropriations; we will be taking even stronger measures next week," warned Fabio Chavez. The budget appropriations he referred to would enable the monopoly to follow through with dam building and telephone-service expansion plans needed to keep the company viable in a region where all the neighboring countries' energy and telecommunications companies have succumbed to privatization.

At the same time, union leaders shifted emphasis on the grounds for the strike from financing to the privatization issue. "The problem is that the government's premise is one of a neoliberal economic policy," said Jorge Arguedas. The workers followed through with their escalation plans, and, by June 4, following meetings between the ICE administration and the government that were reported to have gone on well into the night, the two parties announced that they had come to an agreement.

Minister of the Presidency Ricardo Toledo appeared on television to say that an accord that could end the strike had been reached. The BC would, by July 15 at the latest, place the remaining US \$60 million in bonds on the international market. The agreement also called for the creation of a Comision Tecnica de Alto Nivel that would study and prepare a report on ICE's finances. The seven-member panel will, in its report, determine whether the company's accounting procedures are in order and whether the current state of affairs is one of surplus, as ICE contends, or deficit, as the BC suggests.

Both ICE and the government agreed to take no action against the striking workers or the unions. They had little choice on this last point. Two days before the agreement, striking teachers (see NotiCen, 2002-11- 21) had joined with the workers to bring the total number of people prepared to bring the country to a standstill to 65,000. Thirty-five thousand marched on June 4, leaving no doubt as to the power of labor on this and other issues.

In speeches to the assembled workers, leaders made clear that a general strike that would also include the Asociacion Nacional de Empleados Publicos (ANEP) was in the offing, should the government choose to fight. ANEP secretary general Albino Vargas told Notimex that the demonstration by the workers and teachers "is the prologue to the general strike that is ready for this Thursday in strategic public services." The strategy was to gradually increase pressure until the total number of state workers involved reaches 170,000.

The goal, said Vargas, is to reach a social accord that can protect workers against the negative consequences inherent, to their way of thinking, in the signing of a Central American Free Trade Agreement (CAFTA) with the US. On June 5, the workers declared victory and an end to the strike.

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