8-29-2013

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Dominican Republic President Danilo Medina’s Year of Promises

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Category/Department: Dominican Republic
Published: 2013-08-29

A year after President Danilo Medina took office (NotiCen, May 31, 2012), polls show that a majority of those surveyed approve of his administration. Despite worsening problems such as poverty and the high cost of living, the polls appear to show that Medina still enjoys considerable approval from his support base.

Polls aside, in the past few years the Dominican Republic has experienced steady economic growth. The Inter-American Development Bank (IDB) says that, between 1991 and 2012, the country’s GDP has increased by 5.6%. This is above the region’s average of 3.3% and, says the IDB, it has been made possible thanks to "a stable political and social climate."

Nevertheless, the IDB also points out that the country’s public finances are in a vulnerable state because of low taxation (particularly tax breaks), the impact from natural disasters, and transfers made to fund public services, such as electrical energy (NotiCen, Nov. 8, 2012).

While the Dominican Republic has enjoyed a favorable business climate and sustained economic growth for more than two decades, "political and social stability" exists side by side with poverty, drug trafficking, and human rights violations, which continue to be reported in the press as well as by human rights organizations.

The Medina administration's approval appears based on a "style of governance" that has allowed it to generate a series of expectations among important sectors. Medina’s critics, however, claim that his government has not always lived up to its promises.

Contradictions

The private sector has continued to perform well and the business climate has not worsened despite huge problems such as drug trafficking, people trafficking, noncompliance with the country’s labor laws, domestic violence, and violence against children (NotiCen, March 14, 2013).

The IDB says that in the past two decades the most dynamic sectors of the economy have been manufacturing (21% growth), telecommunications (16.2%), trade (9%), agriculture (7.6%), and tourism (6.1%). Since 2000, the telecommunications sector has experienced the fastest growth.

Meanwhile, the percentage of Dominicans living below the poverty line has increased by 32% since 2000, and the problem has worsened as a result of the 2003 financial crisis. By 2004, 48.8% of Dominicans lived below the poverty line.

Opposition leader Guillermo Moreno of Alianza País (ALPAIS) believes that macroeconomic stability at the heart of the neoliberal model has been responsible for creating this apparent contradiction between economic growth and poverty.
Moreno says the current economic model "stimulates consumption rather than production and labor. It is based on external debt and the exploitation of our natural resources, the privatization of public services, and the denial of people’s fundamental social and economic rights."

**Medina administration’s achievements**

At the start of his administration, Medina said that he would focus on four pacts: taxes, education, electric energy, and social welfare. A year after he took office, his critics have accused him of not tackling structural issues (NotiCen, Jan. 10, 2013). Moreno says Medina "has revealed the true nature of his government and what can be expected for the rest of his period in office."

Moreno added that Medina has failed to solve structural problems but has projected himself as open to people’s demands, which explains his administration’s apparent popularity.

The Medina administration has kept its promise of spending 4% of the country’s GDP on education. However, the assignment for the Universidad Autónoma de Santo Domingo and local authorities is still pending. Added to this, although public spending on education has increased, the quality and coverage of high school education in the Dominican Republic continues to be poor.

Exploitation of natural resources has been a constant source of social tension. The highly publicized Barrick Gold case has led to debates on the pros and cons of mining, and critics seek to put forward a bill that would entitle the state to claim 50% of the proceeds from the mining industry.

The Medina administration has also scored points by eliminating charges levied by public hospitals, which affected the poorest sectors of society. Nevertheless, the country’s maternal mortality rate remains high.

The fiscal pact is "regressive," meaning that it affects low- and middle-income households. The population rejects the fiscal reform because it has been used to generate fresh resources that will make it possible to reduce the controversial fiscal debt. Many people have also expressed their discontent after the press revealed government ministers’ and vice ministers’ high salaries.

Fighting crime is another pending issue for the Medina administration. Police officers’ ties to criminal organizations have become stronger and press coverage of the Puerto Plata scandal—an incident that occurred in October 2012 when police officers stole US$1.4 million during a raid on a property belonging to criminal suspects of German nationality—has revealed the extent of police corruption.

Medina also promised to improve the electric-energy sector. However, his critics claim that his government lacks clear and coherent policies to deal with the country’s electric-energy shortage.

Moreno says that, in 2013, the Dominican government will spend more than US$1 billion on the electric-energy subsidy. Meanwhile, Dominicans continue to pay the highest energy bills in the region for a highly deficient service, which includes long and frequent blackouts.

"Danilo Medina has failed to demonstrate the will to review the contracts signed with the electric-generator companies, to make decisions that will change the generation matrix and boost all forms of sustainable and alternative energy production," said Moreno.
Foreign debt, which amounts to almost 42% of the country’s GDP, remains one of the country’s top concerns. Moreno says that, in 2013, the country incurred almost US$5 billion in foreign debt.

Fighting corruption is another of Medina’s empty promises. Moreno says the Ministerio Público lacks independence, "allowing certain public officials accused of corruption to wipe the slate clean and affording [former President] Leonel Fernández and his business partners protection and impunity."

Moreno says President Medina "has unashamedly appointed as public officials politicians who were accused of corruption during Fernández’s two terms in office and who funded both the Fernández and the Medina election campaigns. Medina has also failed to honor his promise of purging the government of corrupt officials and investigating their actions."

-- End --