On Privatization In Latin America

Barbara Khol

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
On Privatization In Latin America

by Barbara Khol

Category/Department: General

Published: Tuesday, May 7, 1991

According to an April 30 report by the Inter Press Service, Latin American labor unions have been unable to prevent the privatization of state-run companies. Argentine workers purchased 10% of the shares in the recently privatized national airline (Aerolineas Argentinas), and telecommunications company (ENTEL). In Bolivia, the decision to privatize was adopted during the administration of former president Victor Paz Estenssoro (1985-1989), and confirmed by President Jaime Paz Zamora's government. To the present, however, the government has not yet privatized a state-run company. Bolivian Finance Minister David Blanco said the government would soon auction off companies managed by regional development corporations. The Bolivian Workers Central (COB) has repeatedly rejected privatization plans. In Peru, 23 public companies have been sold to private investors. Workers have shown interest in acquiring shares in only one of the firms, El Banco Popular. The bank has the largest network of offices nationwide. Unions and political parties have been thwarted in attempts to halt privatization. In one instance, the national port authority proposed military control of facilities to prevent labor resistance. In Chile, the military regime provided employees with the opportunity to own shares in newly privatized state-run companies, often deducting payments from their savings. At the end of the regime, an estimated 100,000 Chileans owned shares in such companies. Employees did not exercise decision-making power in the privatized companies since collective ownership was limited to 25% or less of total shares. President Patricio Aylwin's government has virtually halted the sale of the few big companies remaining under state control. The Ecuadoran government has not yet attempted to privatize a state-run enterprise. In Venezuela, the government plans to sell its shares in about 50 companies this year, including the VIASA airline and the CANTV telephone company. Thus far, only two banks have been privatized. In Costa Rica, privatization began in 1985 with the sale companies such as the Costa Rican Development Corporation (CODESA). Most of the government's shares were transferred to cooperatives. In Uruguay, the Inter-union Plenary of Workers-National Workers' Confederation (PIT-CNT) launched an intensive campaign against privatization. The Chamber of Deputies approved the elimination of the state monopoly on alcohol in the third week of April. As of April 30, the issue had not yet been debated in the Senate. Workers commenced a hunger strike. The Brazilian government has announced several privatization plans, but has not yet sold a state-run company. Employees at the Santos port recently went on strike. The government dismissed the strikers, and later suspended them instead. Officials made no promises about stopping privatization or raising their wages. The Colombian government began privatizations in fall 1990, including TELECOM and the nation's port authority. The companies employed 14,000 and 8,000 workers, respectively. Both firms previously had strong trade unions which gradually weakened as the privatization process continued. In Honduras, privatization of state-run companies is also underway. Trade unions have thus far managed to block the sale of 13 companies. Government officials insist plans to sell to the private sector will proceed.

-- End --