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Report Says Costa Rica Falling Behind in Human Development

by Guest

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Costa Rica is not fulfilling its potential to become a stronger and more advanced country, according to the sixth annual State of the Nation Report on Sustainable Human Development, released Oct. 24. "We [as Costa Ricans] feel that we are capable of constructing a better nation, yet we do not make the effort to do so," said the first chapter of the 400-page document. "We consider our country's past achievements in human development a prized inheritance that offers us security. But often we confuse security with complacency. "We have a lot of cards on the table, but we cannot recognize a winning hand because we are tortured by a lack of confidence as a country."

Jointly sponsored by the National Council of University Rectors, the Ombud's Office, and the United Nations Development Program (UNDP), the annual report on sustainable human development analyzes the Costa Rican reality from the perspectives of national economy, public education, health-care services, the environment, employment levels, poverty indexes, and public accountability of political institutions.

Economic indicators mask actual state of economy

While Costa Rica received overall adequate to above-average marks in education and health care, one of the most obvious red flags in this year's report was the discrepancy between macroeconomic growth and its effects on employment, real wages, and levels of poverty. The Gross Domestic Product (GDP) of Costa Rica grew 8% in 1999, and per capita economic growth was 5.5%, placing the nation tops in all of Latin America, according to the State of the Nation report.

However, the study also found that the rising tide of the national economy did not lift all boats. "[For most Costa Ricans], macroeconomic growth was not accompanied by an increase in disposable income, principally because activities related to foreign investment and high levels of exports did not generate internal economic growth," the report found. "And the economic advancement and opportunity generated [by the export platform], clearly show a concentration of growth in just a few sectors of the economy and in a few areas of the country."

In Costa Rica, 95% of all industry is small to medium size and depends on domestic markets to sell goods and services. However, as the national economy continues to adopt free-trade measures in the name of globalization, many of these small-market businesses find they are unable to adequately compete in the domestic market with larger international companies, according to the study.

As a result of this "other" economic reality, hidden behind misleading macroeconomic indicators that suggest national prosperity, the State of the Nation questions whether current "economic

growth is sustainable and will generate a better distribution of opportunities [in the future] or whether the increased concentration of wealth that we saw in 1999 will continue." "Intel accounted for more than a quarter of national production in 1999, making that one company the most important sector of the national economy," the report found.

"Meanwhile, the agricultural sector continues to lose importance, accounting for only 11% of last year's GDP, although it is still one of the principal generators of employment in Costa Rica." As wealth continues to be concentrated in the hands of a few, real wages for most working-class Ticos did not increase significantly last year, and levels of unemployment and underemployment grew nationwide.

According to the State of the Nation, the rate of unemployment in Costa Rica grew to 6% in 1999 or about 83,000 people. However, this number does not paint a totally accurate picture of the true state of employment in the country, analysts claim. "Around one-fourth of the total work force nationwide is now underemployed or unemployed, and the percentages are even worse in the Central and Atlantic regions of the country," the report says.

On a more positive note, 1999 marked a record year for the inclusion of women in the formal economy, the report says. "The number of women in the national work force grew to 458,000 last year, or 33.1% of the economically active population," the report found. However, the study also revealed that a decade-high 8.2% of women were unemployed last year, as opposed to 4.9% of men, and women's average income was 29% less than that of their male counterparts.

With one-quarter of the population unemployed or underemployed and wealth consolidated in the hands of a few, poverty levels also increased last year in Costa Rica. "In 1999, 20.6% of all Costa Rican households registered below the poverty line," the study found.

"Because poor households, on average, have more family members than households that are not poor, 23.7% of all Costa Ricans or almost one-fourth of the total population of 3.5 million live in poverty. That is to say that these people lack the income to satisfy their basic needs."

Last year, the poorest 10% of families in Costa Rica registered an average decrease of 12.6% in real wages, while the richest 10% of the population enjoyed a wage increase of more than 3% according to the report. "We have to look at ways to better distribute the income in our country," Max Esquivel, assistant to the ombud, told The Tico Times.

"The State of the Nation report allows us to see that around 10% of the population is not incorporated in the national economy. [Our economic model] marginalizes sectors of society such as the indigenous, the disabled, the young and the elderly. We have to realize that these people have something to contribute to the economy, and if we continue to exclude them, it will only result in more problems down the road."

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