

5-9-2002

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Recommended Citation

LADB Staff. "Truth Commission Delivers Report." (2002). <https://digitalrepository.unm.edu/noticen/8956>

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Truth Commission Delivers Report

by LADB Staff

Category/Department: Panama

Published: 2002-05-09

[The following article is reprinted with permission of the weekly newspaper The Tico Times in San Jose, Costa Rica. It first appeared in the April 26, 2002, edition of the newspaper.]

Reciting a long list of accomplishments in the areas of education, health, citizen security, and infrastructure, Costa Rican President Miguel Angel Rodriguez delivered his final State of the Nation report to the Legislative Assembly April 24, urging incoming government leaders to push for the fiscal and political reforms his administration was unable to implement. The president's 80-minute swan song, which began five hours behind schedule thanks to the Assembly's marathon internal election, culminated with an unmistakable warning that Costa Rica could tailspin into a period of ungovernability and fiscal ruin if the next government does not work together to resolve the country's economic and political troubles.

"We must recognize that the country continues to have very serious fiscal problems that will require drastic solutions," he said. Addressing the Legislative Assembly's traditional May 1 audience, including deputies, ministers, diplomats, Supreme Court magistrates and the archbishop of San Jose, Rodriguez lamented that his proposed economic remedy a reform package known as the Combo ICE that would have opened the state-run Instituto Costarricense de Electricidad (ICE) to private investment died following two weeks of violent nationwide protests in March 2000 (see NotiCen, 2000-03-30). The episode will be remembered as the Waterloo of his administration, but Rodriguez maintains his effort was economically sound.

"The opening of monopolies and the sale of some public assets would have generated sufficient resources to reduce the internal debt, lower interest rates, and reduce the fiscal deficit," the president said. "But the country did not want to continue down this path, so, with democratic humility, we accepted this verdict and began looking for other alternatives."

President presses fiscal-reform bill

The cornerstone of his administration's new solution, Rodriguez stressed, is passing the newly drafted Fiscal Responsibility Bill, a reform measure drawn up by a group of former finance ministers. The bill aims to eliminate public-sector debt and budget deficit while increasing tax collection. "This reform would guarantee that those who have the most, pay the most," Rodriguez said. "It would totally improve public finances in a five-year period and dramatically reduce the internal debt." The president acknowledged that the reform will face stiff opposition from powerful interest groups, which he likened to "wolves in sheep's clothing," but stressed that passing the bill is a necessary step toward helping the poor and ensuring future progress. "If we implement these reforms now, at the end of the next administration, we will have a fiscally healthy country," Rodriguez said.

The chief executive also urged the 57 new lawmakers in attendance to continue to push for a free-trade agreement with the US, which is currently Costa Rica's biggest trade partner and top source of foreign investment. Noting that Costa Rica already exports 3,500 products to 130 countries around the world, Rodriguez said that a trade pact with the US would guarantee greater access for Costa Rican products in the "largest and most prosperous economy on the planet."

However, the 62-year-old outgoing president added, Central American economic integration must be a prerequisite to a trade agreement with the US. "A free-trade agreement with the US represents a great opportunity to catapult our development," he said. "But it will have to be negotiated with all of Central America, or not at all."

President restates plan for a more parliamentary system

To solve the growing problem of governability, the president again called for radical political reforms that would allow for creating a "semi-parliamentary" system of governance. "The proposal would incorporate more elements of a participatory democracy without eliminating the representative democratic system," he said. Rodriguez first unveiled his plan for such a system during last year's State of the Nation address, when he argued that the reform was necessary to improve both government efficiency and accountability to the public (see NotiCen, 2001-05-10).

Analysts consulted by The Tico Times said the reforms the president is calling for would be impossible to implement without overhauling the entire Constitution. Rodriguez also recommended that the newly elected administration of fellow Partido Unidad Social Cristiana (PUSC) member Abel Pacheco make resolving San Jose's environmental problems caused by poor sewage treatment and air pollution a priority. "By implementing the reforms, we will have a fiscally healthy country with lower interest rates, a smaller internal debt, a strengthened labor force, better environmental protection, a better quality of life, and a political system that is more participatory and able to make decisions that satisfy the legitimate needs of the citizenry," Rodriguez concluded.

Rodriguez will step down from the presidency May 8, when president-elect Pacheco takes the reins. The outgoing president will move to Washington, DC, in August, where he has accepted a professorship in economics and human rights at George Washington University. While Rodriguez devoted much of his final State of the Nation address to recommending reform measures he believes the next government needs to implement to avoid a future political and fiscal crisis, his 48-page speech also highlighted the accomplishments of his four-year administration.

Among the achievements of his administration, Rodriguez listed:

increased secondary school coverage by 78.7%

constructed more than 6,000 classrooms

created 7,400 new teaching positions

lowered the high school dropout rate by 9.5%

reduced the infant-mortality rate from 14.2 to 10.8 per 1,000 births

professionalized the police force and increased the number of officers by 1,500

lowered the homicide rate by 7% between 2000 and 2001.

increased the government's phone-tapping capabilities

repaired and repaved 7,500 km of national roadways

installed 336,672 new telephone lines

increased Internet connections from 15,596 to 96,388, making Costa Rica fifth in the world for per capita Internet use

invested US\$220 million in low-income housing

-- End --