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## **COSTA RICA'S SHADOW: History Eclipsed by Free Trade**

*by Emily Schmall*

“The grade of velocity is directly proportional to the intensity of forgetting.”  
—Milan Kundera

The highway that stretches from the capital of Costa Rica to the coastal city of Limón is enclosed on both sides by a dense wall of bananas. Partway along this narrow strip, the 70,000 member teachers' union orchestrated a manifestation meant to capture not only the attention of the national media, but also of all the tourists attempting to make it to the beach. Amidst these fields of bananas, the country's most profitable agricultural export, the teachers, symbolic of the institution the country prides most, stood to show opposition to more free trade.

The Costa Rica Educators' Union (SEC), prominent within the national teachers' union, the largest organized labor force in the country, stormed the streets from San José to the highway, marching ninety miles to Limón under a relentless sun. A man in an SEC t-shirt and jeans quieted the parade of festive protestors to address our bus, half-full of Americans and Europeans, saying that visitors too should be aware of the contention in Costa Rican government. He spoke impassioned about the importance of pro-

tecting quality public education, and of defending democracy, two principles that tend to define the nation's identity. Despite the unmoving heat and the many miles ahead, the demonstration was pacific, the air thick with union banners and protest song.

For a first-time visitor, the political atmosphere the summer following the war in Iraq suggests Costa Rica is undergoing incredible internal strife. Beginning in late May and lasting through July, two separate strikes consumed the capitol city, which resulted in a series of ministerial resignations. Education Minister Astrid Fischel departed from office on the grounds that her position had become untenable, and her abdication left the country disillusioned. In local news circuits, there was constant mention of ICE (Instituto Costarricense de Electricidad), Costa Rica's national electric company, built in 1949 with the liberal politics of Jose Figueres Ferrer. While Costa Rica is the last of Central America to privatize its electric industry, 1990 legislation first authorized the selling of concessions, or blocks of shares, to promote a more open economy for foreign investment. Private companies have been awarded dispensation to purchase sectors of up to 15%; only 35% of the equity must remain nationally owned.

Further talk of privatization commenced last January, when President Bush opened negotiations to implement CAFTA, or the Central American Free Trade Agreement, within a year, imposing NAFTA-like deregulations that would drastically liberalize trade, and drastically increase incentives for investors and foreign importers. The hemisphere-wide talks for a Free Trade Area of the Americas, or FTAA, has unnerved many Costa Ricans, most principally the teachers' union and ICE, the two institutions whose power has augmented exponentially since the election of current president Abel Pacheco. Costa Rica's refusal to join CAFTA in December was publicly celebrated.

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Although CAFTA no longer looms, capitalism has not lost its grip, and union criticism is frequent. Marjorie Gamboa, a literature and linguistics professor at National University, contends that a foreign proprietor will not service the country as well as the nationalized company has historically done. Her husband is one of several hundred thousand permanent employees of ICE, and she also complains that the country will suffer the loss of human capital if ICE shifts to foreign ownership. In a July interview, she explained, "ICE is clearly one of the best institutions in the country, because it delivers electricity cheaply to every region. If [ICE] were to be bought, electricity would not be delivered to remote places in the country where the poorest people generally live. The problem [with these concessions] is that the owners are mostly politicians, former



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presidents and influential families who have attempted to privatize secretly, internally, in silence.”

For many, it was hard to make a strong case against CAFTA. Central America’s imports total more than \$900 million from the U.S. each year, and exports reach \$1.75 billion, most of which is duty free. The administration of Abel Pacheco has vocally supported continued negotiations at virtually every multilateral meeting, seeking a unified mercantilist US-Central American policy.

In fiscal year 1994 Costa Rica had the largest budget deficit in all of Latin America and was ordered by the World Bank and the International Monetary Fund to take steps to improve the economy. One year later Costa Rican officials passed legislation limiting pensions, to cut the budget and entice foreign investment. Although enraging retirees, the Central American country was subsequently lauded by the World Bank as possessing one of the most stable and robust democracies in Latin America.

Whether overcome by globalization, or directed by the political ambitions of the current administration, Costa Rica has reached a highly contentious point in its socio-economic development. While some assert the country can retain its historically insulated political identity as a social-democratic state, others, claiming a realist perspective, recognize a fatalistic element at this juncture. Jaime Guitierrez Gongora, editor of *La Nación*, comments on the inevitability of conforming. “This new world is merciless,” he writes, “it’s certain. It does not consent to anyone, not even to the countries that have more teachers than soldiers. And perhaps one would not have chosen it. But if countries do not adopt and incorporate themselves to this new reality, they will be condemned to poverty, such as Cuba has been.”

The camp that opposes Costa Rica’s inclusion in CAFTA derides citizens for lacking historic consciousness, which they claim could allow for a rapid transformation of the country’s economic state. Not only could the country lose autonomy, but, perhaps more fearfully, it could also lose its history. The enactment of a policy so avidly protested would undermine the grounds of democratic practice on which the 1949 Liberalist Revolution was founded. Ivan Molina Jimenéz, a professor of history at the University of Costa Rica and an outspoken leader of the political left, writes in a *La Nación* editorial:

“The history of Costa Rica is that of a country free of profound crises, based on a model which—until now—prided sociocultural and political institutional development over economic development. In today’s world, dominated by globalization, to know this history is absolutely essential to both recuperating our past and our function as a country that is its own critic.”

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