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**Index Politics**

Negotiating Competitiveness Agendas in  
Costa Rica and Nicaragua

Sofie Tornhill



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## Index Politics

### Negotiating Competitiveness Agendas in Costa Rica and Nicaragua

Sofie Tornhill

#### Abstract

Yearly published competitiveness indexes make possible immediate comparisons of investment and productivity climates around the globe. Against the backdrop of an increasing linkage between competition, “good governance” and poverty alleviation within development rhetoric and practices, this article places the agenda of competitiveness in the context of political struggle. Based on extensive interviews, I situate the “global” discourse of competitiveness in the diverse conditions of two Central American countries, Costa Rica and Nicaragua, in order to explore articulations and legitimacy claims of business associations and labor organizations respectively in processes of labor market flexibilization and economic change. Focusing on labor–capital and state–market relations, the study contributes to the understanding of how principles of competition are promoted, negotiated and contested within transnational divisions of labor.

**Keywords:** competitiveness | labor market flexibilization | the Competition State | class relations

#### Biographical Notes

Sofie Tornhill holds a Ph.D. in Political Science from Stockholm University, Sweden, where she currently works as a lecturer and researcher. She was a post-doctoral researcher at [desiguALdades.net](http://desiguALdades.net) between November 2010 and November 2012, within Research Dimensions I and II: Socio-economic Inequalities and Socio-political Inequalities. Her thesis, *Capital Visions: The Politics of Transnational Production in Nicaragua* (2010), was awarded the Rudolf Meidner Prize in 2011. Her teaching experience includes courses in feminist theory, postcolonial studies, discourse analysis, international political economy and globalization at the Department of Political Science and at the Centre for Gender Studies at Stockholm University. She is currently the chairperson of the Swedish cultural journal *Fronesis*.

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## 1. Introduction

A recent film captures well how non-business interests view the growing global pressures to become “competitive”. Images of belching smokestacks, bare landscapes and workers, sometimes fogged and filmed in double speed, who engage in seemingly outsourced or informal labor activities flash by in the video produced by a Central American campaign that gathers unions, feminist and migrant organizations in a campaign against the flexibilization of work in the region. Other scenes show waving US and European flags, the logos of the World Bank, the International Monetary Fund and multinational corporations, pointing to an opposition of interests rooted in divergent positions within circuits of production and consumption as well as to their local and transnational institutional underpinnings. At one point in the film, a Costa Rican deputy proclaims the need for workers to understand that the choice in the context of contemporary globalized economic relations is not between jobs with or without security; instead, it is a choice between having a job or no job at all. This film signifies an intervention into the debate about the social, political and economic effects of economic agendas based on privatizations, deregulations and free trade agreements in the Central American countries. It portrays a context in which transnational economic elite interests overshadow workers’ collective demands and struggles against exploitative working conditions, with increasing effectiveness. The message it conveys is one of a shrinking space for politics in the wake of duplicable, streamlined agendas aiming to obtain a competitive position in the global economy.

This article engages with principles of private sector-led development that are analyzed from the perspective that globalization is simultaneously a process and a project, relying upon and enforcing particular knowledge regimes (Peck 2002; Massey 2005). Speaking to the convergence between trade and development politics, institutions such as the International Monetary Fund, the United Nations and the World Bank have all promoted combined strategies of macro-economic reforms and micro-economic measures to enhance the openness of markets to products and investment as well as local entrepreneurship. Competitiveness, represented as an engine of employment opportunities, is thus turned into a basic ingredient of poverty alleviation programs. Such policies, however, are not simply imposed from the outside; in order to avoid a depiction where localities are understood as the products of globalization, it is necessary to pay attention to “the local production of the neoliberal capitalist global” (Massey 2005: 101).

Most often, reforms centered on competitiveness and an export-led growth agenda are not the result of a visionary and decisive state, nor merely the effects of demands from

international lending institutions. Instead, (trans)national coalitions between political elites, state technocrats, private business leaders and foreign aid officials normally play a significant role. Such policies therefore involve a relationship between market reforms and forms of political rule: the ways in which policy is produced, disseminated and legitimized. In this kind of a relationship, business conglomerates play a special role – their increasing prominence and political influence comes through links that are sometimes institutionalized but often personal. These links, particularly the personal ties, tend to be much weaker for other interest groups: labor, small farmers and small, domestic businesses (Teichman 2001). In this way, agendas of competitiveness come to constitute a cornerstone of societal organization that rearranges class relations on a global scale. As the conditions of work are made increasingly precarious, conventional forms of political organization based on local labor relations or class identity are also altered and conceivably undermined (Cammack 2009; Dörre 2010).

I conducted interviews in Nicaragua and Costa Rica with the participants in the policy process related to the introduction of competitiveness. This paper provides an analysis of the discourses of parties on both sides of the standard capital / labor dichotomy (although neither category is in practice regarded by participants as coherent).<sup>1</sup> Thereby it aims to contribute to the understanding of how economic reforms are embedded in struggles over legitimacy, over what counts as the “common good” and “acceptable” labor market conditions in the name of competition and economic growth (see Foucault 1991; Bacchi 2009).

The prospects of finding a competitive position in the world economy differ in the two countries. Costa Rica is often portrayed as the good example in the region, while Nicaragua tends to be located to the other end of the spectrum (Schatan and Rivera 2008a). In Costa Rica, inclusive welfare politics with relatively high levels of redistribution have, since the economic crisis that began in the 1970s, been partly supplanted by privatizations and the deregulation of the public sector (Wilson 1994; Mora Salas and Pérez Sáinz 2009; Castro Méndez and Martínez Franzoni 2010). In Nicaragua, the return of the Sandinista party (Frente Sandinista de Liberación Nacional, FSLN) to power in 2007 implied a partial disassociation from the neoliberal economic agenda of the preceding governments, for example through joining the Bolivarian Alliance for the Peoples of Our America (Alianza Bolivariana Para Los Pueblos De Nuestra America,

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1 This working paper is based on approximately 30 interviews conducted in Nicaragua and Costa Rica in 2011 at organizations representing the private sector, such as chambers, think tanks and business schools; public and public-private institutions and unions; feminist, human rights and migrant organizations that are part of campaigns against labor market flexibilization. I have chosen not to include the names of the people interviewed in order to protect their integrity, but I do include the names of the organizations, since that is of importance for the analysis. All interview quotes are my own translations from Spanish.

ALBA). At the same time, the party came back to power in coalition with many of its former foes: the Liberal Constitutionalist Party (Partido Liberal Constitucionalista, PLC), the Catholic Church, the private sector and even former Contra rebels (Burbach 2009; Close 2009; Tornhill 2010).

The two countries thus provide two different cases to examine how the “universal” political agenda of competitiveness is being promoted and negotiated against the backdrop of distinct positions within the global division of labor and divergent relations between political and economic centres of power, allocating legitimacy to political projects and their effects on gendered and class-based inequalities. Using two very different cases also allows this research to identify what is common to the global competitiveness policy which depends less on local configurations.

## 2. Competitiveness Evaluations

The video produced by the campaign against flexibilization shows clearly how the relatively cheap labor force has been turned into Central America’s primary comparative advantage, and how the well-being of each individual worker is irrelevant. Their rationalized, categorized and monotonous work activities and lack of possibilities for organization form the basis of profitable future investment prospects. Analyzing circuits of production, Massimo De Angelis writes about capital accumulation on a global scale in terms of a fractal-panopticon. As in Jeremy Bentham’s Panopticon, which was designed to monitor subjects who were likely to deviate from a given norm, such as prisoners or workers who could escape or loiter, the potential of being seen has a disciplining effect on various agents in the global economy. When information and capital flow instantly, and data collection enables constant comparisons, “virtual watchtowers” potentially measure, chastise and reward conduct in accordance with the market model, turning “subjects and activities into data, shadowy projections of real subjects” (De Angelis 2001: 5).

Since they are designed to enable immediate assessments of business climates in different countries, international ranking systems of competitiveness arguably function as such virtual crow’s nests in this scheme. Countries, their governments, public sectors and labor markets are condensed into analytical diagrams that encourage pre-investment comparisons and also serve as rectifying incentives for policymakers. Attempts to induce competitiveness with measurable content are made for instance by the World Economic Forum (WEF), which ranks nations yearly according to its Global Competitive Index. It defines competitiveness as, “the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity,

in turn, sets the sustainable level of prosperity that can be earned by an economy” (WEF 2011: 4, emphasis in original). Competitiveness is indicatively presented as a thoroughly contextual concept, meaning that the bases of competition depend upon on which “stage of development” a country is determined to be. The stages of development that the WEF identifies consist of three categories: (1) Factor-driven economies: institutions, infrastructure, macroeconomic environment, health and primary education; (2) Efficiency-driven economies: higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size; (3) Innovation-driven economies: business sophistication, innovation (WEF 2011: 9-10). The WEF ranks 139 countries based on these nine pillars that are broken down to sub-questions used in firm surveys. The top three countries in 2010-2011 were Switzerland, Sweden and Singapore. Costa Rica is ranked 56, Guatemala 78, El Salvador, 82, Honduras 91 and Nicaragua 112 (WEF 2011: 15). Similarly, The World Bank initiative *Doing Business* presents a ranking of 183 countries based on the ease of doing business within their borders. In general, Central American countries receive a medium to low rating, for example El Salvador is ranked 84, Nicaragua 117 and Costa Rica 125 (The World Bank 2010: 4).

These systems of benchmarking were an ever-present point of reference in discussions with both government and private sector representatives in Costa Rica and Nicaragua. They were evoked as alarm bells as well as landmarks in the evaluation of political measures to improve the relative position of the country. Notions of omniscient investors who can choose among all locations entail the challenge of being seen and assessed in the right way. For a representative of the Costa Rican Chamber of Exporters (Cámara de Exportadores de Costa Rica, CADEXCO), it would have been preferable to receive even faster feedback on actions taken, so as to assess if they are being received in the intended way:

[Competitiveness indexes] are important because they are only thing we have to measure how we are doing as a country. Obviously we would prefer if they were updated more often, to get signals periodically. That way we wouldn't have just an annual report but more capacity for analysis.<sup>2</sup>

Economic and political measures are filtered and possibly reinforced through how they are perceived and portrayed. The indexes were not only conceived of as possible levers but also as problematic abstractions that could magnify already difficult circumstances. Especially in Nicaragua, signals from the competitiveness reports did not easily fit with public communications of progress. In the words of an official at the Ministry

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<sup>2</sup> Interview, CADEXCO, 11 July 2011.



of Development, Industry and Trade (Ministerio de Fomento, Industria y Comercio, MIFIC):

Those indexes are like the face, what you see now. We recognize that there are still serious, serious, serious challenges and some weaknesses that make the country less attractive than we would have liked to.<sup>3</sup>

The effort to procure a positive image is akin to a “nation branding” campaign, a term that circulates in management and marketing literature. It captures strategies to cultivate and promote ideas about a place and its culture or attempts to refashion a country’s reputation. Simon Anholt, often described as the “guru” of nation branding, publishes the Nation Brands Index, which measures the power of countries’ brand names by comparing exports (images of products and services from each country), governance (perceptions of national governments’ competence), culture and heritage, people (the population’s reputation for education and friendliness), tourism, investment and immigration (potential to attract people for leisure, work or study) (see Anholt and GfK Roper 2008). In a global “attention economy” where information is lavish but interest difficult to attract, countries, like products, are promoted as brand names through marketing tactics (Aronczyk 2008).

In Nicaragua, the challenge has consisted in distancing the country from its violent past. Negative evaluations potentially obstruct pledges of safe and profitable investment possibilities. Indeed, nation brandings are monologic articulations that cannot accommodate nuance, contradiction or disagreement (Jansen 2008). A strategy in this context can be to partly relativize the content of the indexes:

On the issue of competitiveness there has been a critique, we as government have frequently criticized many of the indicators of competitiveness that are used today [...] The thing is that we have some problems to answer the questionnaires that are the basis for the calculations of competitiveness [...] I am not trying to say that if we did everything right we would have been evaluated as the best ones, no. But the country would not have been as off as it is now apparently perceived to be.<sup>4</sup>

Struggling with negative representations that in the view of the MIFIC official did not correctly reflect all the positive aspects of the country or the progress that had been made, the official also described how the ministry was planning to develop their own

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3 Interview, MIFIC, 29 July 2011.

4 Interview, MIFIC, 29 July 2011.

competitiveness indicators to avoid producing information based on misunderstandings. Similarly, a representative at the investment agency PRONicaragua described the indexes as desktop products that risked giving a lopsided perception of the country:

The companies that contract a consulting firm to do a pre-selection, that's the case when those indexes affect the most because that firm does not do field work. We have discovered that our principle aim must be to make them come to the country. 90 per cent of these companies leave Nicaragua with a completely different view than they had before they visited. There are many publications that give negatively manipulated images of the country, based on a few indicators taken out of context.<sup>5</sup>

Here, Nicaragua is depicted as particularly affected by persistent adverse preconceptions that allegedly tended to change when visitors encountered a reality not captured by the report indicators that diverged from their expectations of war and political turmoil. The opposite problem was faced by private sector representatives in Costa Rica: it was often argued that the reputation that the country has acquired might be more positive than the actual conditions. Costa Rica is perceived to have failed to adopt proactive policies to maintain its positive image created in the past:

When you hear about Costa Rica in other countries, a lot of people say "Ah, great country, oh, high-tech, oh, high literacy levels!", but when you look a bit under the surface, it's not really like that. I think that the country is living off its old merits. If you look at the studies of the World Bank, it is really sad, the position that Costa Rica has. This country differs a lot from Nicaragua and the rest of Central America, but every time less! Nicaragua, El Salvador, Guatemala, Honduras, those are countries that are totally stagnated.<sup>6</sup>

Within the competitiveness logic, high rankings are easily framed as a national interest, but the indexes do not refer to the level of a nation. Although Nicaragua is represented as being unfairly judged and Costa Rica as falling towards the level of its Central American neighbors, what the reports attempt to measure is not the economic strength of nations but business effectiveness within and across their territories. A central aspect of competitiveness is the functionalist role it ascribes to regulatory frameworks and state policies when the facilitation of firm operations is to be ensured. In the view of Paul Cammack, this represents an endeavor aiming to the "completion of the world market". Thereby, international organizations as well as states are to ensure

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5 Interview, PRONicaragua, 3 August 2011.

6 Interview with competitiveness consultant, 17 August 2011.

the institutionalization of the “general conditions for capital accumulation”, rather than focusing on local or national variations or conflicts generated in economic relations (Cammack 2009: 37).

### 3. The Competition State

Good investment climates are nurtured by broad public support: a consensus in favor of building a more productive society can facilitate policy improvements regardless of the political party or group in office [...] Open and participatory policymaking and efforts to ensure that the benefits of a better investment climate extend widely in society can help to build that support (World Bank 2005: 7).

In the above quotation, the World Bank urges the establishment of a broad consensus beyond contentious political positions. Through policymaking (that comes closer to administration than to political decisions) and public support, the investment climate and the general economic agenda is not to be revoked by election results or social disruption. In Latin America, the threat of disorder is often assigned to the rise of populist left-wing governments. The Inter-American Development Bank (IADB) describes the dangers of populism in one of its reports: “dysfunctional leaders can hold an irresistible attraction for the public” as they claim to have “the answer to all problems, while promising to spare society as a whole and individual citizens from confronting their own problems and taking responsibility for them” (IADB 2001: 14-15).

In the context of Central America, the United States has long used trade and investment policies in attempts to foster specific political powers and to combat leftist radicalism (Rosen 2002; Villafuerte Solís 2008: 137-8). The Free Trade Agreement between the United States, Central America and Dominican Republic (DR-CAFTA) is in the following quotation described by the US government as an efficient tool to ward off war, chaos and communism:

In the 1980s, Central America was characterized by civil war, chaos, dictators and Communist insurgencies. Today, Central America is a region of fragile democracies that need U.S. support. Elected leaders in the region are embracing freedom and economic reform, fighting corruption, strengthening the rule of law, battling crime, and supporting America in the war on terrorism. But anti-reform forces in the region have not gone away. CAFTA is a way for America to support freedom, democracy and economic reform in our own neighborhood (USTR 2005).

Synergetically, free trade will enhance “economic reform” in Central America, benefit the interests of the United States in its “own neighborhood” and ensure that the “anti-reform forces” in the region are kept away from political influence. The kind of state that is asked for in the quotations above is one that actively takes responsibility for reforms, which in development rhetoric is often referred to as country ownership. In these efforts, international institutions may serve as strategic partners, providing knowledge and “sound policy advice”, whereby particular political projects are propped by expert authority (Charnock 2008).

Theories of the Competition State focus on transformations of state-market relations that generalize the competition imperative to a transnational level.<sup>7</sup> The politics of competitiveness are given consistency and legitimacy through its relation to the discourse of “good governance” that has been widely promoted in development rhetoric as key to improve enterprise climate, to open economies for trade and investment, to enhance primary education and to ensure infrastructural adequacy. For instance, in the report about challenges for competitiveness in Central America, Rivera and Schatan (2008: 10) write that measures of deregulations have proved insufficient to counter market distortions such as corruption, monopoly and trusts: “trade liberalization in and of itself does nothing to eliminate the propensity of firms to adopt anti-competitive practices. Similarly, privatization in no way assures that companies will behave better than their public sector predecessors as they are capable of erecting private anti-competitive barriers in the place of state ones”. In the light of the perceived failings of such market reforms in the “Third World”, Greig Charnock detects a need for extra-economic explanations amounting to a new consensus that development is dependent upon institutions that facilitate or hinder the functioning of markets (Charnock 2009). That is to say, a new institutionalism in development politics depicts institutional failures to stand in the way for “equitable growth” and poverty eradication.

As pointed out by Marcus Taylor, and as mirrored in the World Bank’s call above for consensus beyond contending political positions, the Competitive State is ideally a depoliticized and depoliticizing state that from a technical horizon responds to economic “facts” such as inflation rates and balance of payments (Taylor 2010). In interviews with both private and public sector representatives in Costa Rica, political stability was often put forth as one of the main incentives for foreign investment. The lack of major political conflicts was perceived to locate the general economic direction beyond ideological differences:

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<sup>7</sup> See special issue of *Policy Studies*, 31, 1 (2010).

So regardless of the party that is in the government, it is clear that the country needs to continue to attract foreign investment. What's more, and this is my personal view, ideologically there isn't a very strong difference between one party and the other, among the ones that are traditionally in power. The governments have always had their eyes on foreign investment and we have always counted with their support.<sup>8</sup>

The ideal absence of competing political positions is here described by an representative of CINDE (Coalición Costarricense de Iniciativas de Desarrollo, Costa Rican Investment Promotion Agency), an organization that is in many ways emblematic for new forms of political governance. Founded in 1982, CINDE was the outcome of an alliance between (trans)national private sector interests in Costa Rica and the United States. With civil wars in El Salvador and Guatemala and the revolution in Nicaragua, US financial support to Costa Rica substantially increased, and CINDE was fully funded initially by USAID (United States Agency for International Development). Massive public relations campaigns were carried out, underlining connections between exports, employment and social welfare; the establishment of CINDE in Costa Rica can be regarded as an experiment – it was the largest and most ambitious private-sector business promotion project that the US State Department had financed abroad at the time (Clark 1997). In this constellation, the Costa Rican state was a spectator rather than a participant in the development and implementation of this new agenda of export-led growth. State-market relations depicted in theories of the Competition State suggest that it is not only the political content that is at stake but also the very form that politics can take as the division between public and private actors in policymaking is being altered. Thus, the state becomes a primary subject and object of restructuring in competitiveness endeavors (Taylor 2010; Lemke 2001).

In conversations with business representatives in both Costa Rica and Nicaragua, a proactive state responding swiftly to private sector demands was perpetually characterized as an unattained vision:

Every fourth year, a new commission of competitiveness is created, and a new program of linkage, and they talk about the importance, we compare ourselves with “look at that country and the relations between the universities and industrial sector!” They do a few little things, but there is no clear medium or long term orientation.<sup>9</sup>

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8 Interview, CINDE, 6 July 2011.

9 Interview, Costa Rican Chamber of Industry (Cámara de Industrias de Costa Rica), 7 July 2011.

Just as her predecessors had done, Laura Chinchilla initiated her presidency in 2010 with the formation of a new Competitiveness Council. In the view of the representative of the Costa Rican Chamber of Industry, a pronounced commitment to the promotion of competitiveness is part of the obligatory discourse of every new administration, resembling a ritual more than concrete actions and future plans. If a legitimacy principle resting on the government's ability to promote export-led growth is adopted, the commitment to competitiveness will be part of political claims, which then risk being drained of specific political content.

While private sector representatives in Costa Rica tend to critique the state for the lack of more palpable and future-oriented effects of public-private dialogues, a sense of shared sets of values is generally expressed. By contrast, in the case of Nicaragua, common baselines are to a larger extent still under contestation. With the return of Daniel Ortega and the Sandinista Party to power in 2007, the interchange between the government and the public sector dramatically changed, at least to begin with. Returning anew to power, the party attempted to carve out its political identity through reconnecting to an alleged origin; in public speeches and policy documents the current regime is portrayed as the second stage of the revolution that began in 1979 and was then interrupted by 16 years of neoliberalism. In the following quote, the political direction of the FSLN is characterized by business representatives as a reversal of political and economic advances:

There is no political will, or rather there is a negative political will. The negative will is that competitiveness is neoliberalism, that it shouldn't exist in Nicaragua. That it would make the companies poorer and drive them out of business. Well, very mistakenly, this is a negative attitude that is very mistaken. With this there practically cannot exist a program of competitiveness.<sup>10</sup>

Business representatives claim here that the FSLN government situates competitiveness in opposition to the national interest, as part of a neoliberal agenda that it is attempting to dismantle. On a similar note, a business school representative and competitiveness consultant portrayed the national interest promoted by the government as threatening to foreign investments, the basis of economic progress. The state that is being described is far from approaching the ideals of a competition state. Rather it comes close to the "populist state" that competitiveness reports warn about, which creates conflicts and blames national problems on external forces:

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<sup>10</sup> Interview, Nicaraguan Chamber of Commerce (Cámara de Comercio de Nicaragua), 2 August 2011.

But we are an unstable, corrupt country with little transparency and are inefficient in many things. We even have to change the message that we deliver publically to the investors. We have to tell them, “come, we are going to treat you well and if there is a problem we will try to solve it”. We shouldn’t call them exploiters, capitalist and [...] how do you say? Neoliberals. Then, who is going to invest?<sup>11</sup>

With time, however, the relation between the public and the private sector in Nicaragua after the return of the Sandinista party turns out to be less confrontational than it is commonly portrayed to be. While in the first years, nearly all private sector representatives interviewed described government-business relations as characterized by interrupted communication and mutual mistrust, later developments smoothed the initial tensions somewhat. The narrative of conflict serves most clearly the interests of both sides in claiming faithfulness to their values. Even in the early years, shortly after the FSLN came to power, COSEP (Consejo Superior de la Empresa Privada en Nicaragua, Higher Council on Private Enterprise), the most influential association for private enterprise and a vocal opponent of the revolution in 1980s, published a development plan described as the result of a historic agreement between the government and the private sector. A rapprochement between the government and the public sector, manifested in several joint commission meeting frequently, can then be represented as the result of a gradual process towards dialogue. In an interview with two COSEP officials, it was described how the government had come to realize that collaboration is a “question of win-win”. Just as several other private sector representatives did, they even described the interactions with the current government as actually more regular and productive than they had been during the preceding governments of the Liberal Party, despite the ideological orientation that was then shared:

Thus I say, and it is my slogan, that for the first time I think that COSEP forms part of the social and economic fabric of Nicaragua, but also politically. But politically in the sense that it is very oriented towards the condition of the nation. That’s to say, our political party is Nicaragua. The best proof of this is that sometimes one needs courage in a country as polarized as Nicaragua; if the government makes a good decision economically speaking – applaud it. Publicly. To say that we agree. But to do that in this country you need courage. And we should never break this bridge of communication because that is where the solutions are found. In a culture that isn’t used to dialogue. In country where dialogue is criticized.<sup>12</sup>

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11 Interview, INCAE Business School (Instituto Centroamericano de Administración de Empresas), 25 July 2011.

12 Interview, COSEP, 12 August 2011.

Here, COSEP is described as having won political influence at a level that it did not previously have. To express public approval of the economic policies of its former enemy is portrayed as an act of courage and as a way to overcome deadlocked positions. Therefore, the representatives explained, COSEP would break with precedent and abstain from endorsing any of the political parties in the presidential elections of 2011, which in effect can be read as a silent approval of the government.

Though business representatives in both Nicaragua and Costa Rica underline the importance of a functional state and public-private governance, the private sector is often represented as more apt to promote a national common good impartially (“our political party is Nicaragua”). Whereas the state is represented as unable to define viable economic agendas, or even to hinder their viability, the private sector is said to stand for continuity and public credibility, here in the words of COSEP and a representative of a Costa Rican think tank focusing on the expansion of innovation and high-tech production:

In a nutshell, the name of the game doesn't change, regardless of the government. I have a phrase: the governments change, the governments rise and fall, but what never falls and always remains is the private sector. In Sweden you must have companies more than 100 years old, and there is no government, not even a political party that has lasted for a 100 years.<sup>13</sup>

What we have is very interesting I think, not a lot of countries have this. In many countries it's propaganda, it's what the government does, these issues are managed by the government. But then there is often mistrust and the people think “ah, just politics!” and the initiative is lost.<sup>14</sup>

In contrast to volatile and self-interested governments, the private sector is represented as unbiased. The values that allow for the private sector to play a political role have twofold effects. Not only is the private sector gaining a larger political space, but the public sector is increasingly being influenced by market logics and values (Crouch 2004). Overlaps between economic and political elites are then expectable. In the view of a trade union representative, the recent deregulation of large state institutions and companies in Costa Rica, such as the social security agency and telecommunication company have spurred the fusion of public and private sector values:

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13 Interview, COSEP, 12 August 2011.

14 Interview, Estrategia Siglo XXI, 11 July 2011.



The mutation of politics goes from the statist politician to the politician who is a businessman, who as a politician has commercial interests and all of that. And the last mutation is the businessman that turned himself into politician. This is the kind of politician who dominates today. He's representing the interests of commercial groups and he is not a statist. All the efforts to changes the laws are to the benefit of the economic sector.<sup>15</sup>

These transformations of state-market relations, the union leader argues, imply an alliance between the state and capital interests that effectively blocks the influence of the labor movement. Indeed, in discussions of the Competition State, the entanglements of national and transnational capital as well as the merging of economic and political power are analyzed in terms of elite notions of globalization (Cerny 2010; Evans and Lunt 2010). If the traditional role of social democratic governments was to balance the demands of capital and labor, a more solid alliance between the state and the private sector creates shared interests that exceed the power of the labor movement. There is of course a possibility that a corresponding alliance could be formed between labor and the state, something that is feared by a representative of the American Chamber of Commerce in Nicaragua (Cámara de Comercio Americana de Nicaragua, AMCHAM):

So what are the fears, the risks? Above all because of the past of the Sandinista government. They were in power for 10 years and they turned the economy into a disaster. An extremely important issue is the legal security. The Sandinista party has a tremendous control over the judicial authority and the Liberal Party's control is rather reduced. This means that every issue that is brought to discussion at the judicial authority can be solved politically. That is to say, if IKEA comes to make an investment and fills out all the documents and do all their work correctly, but then there is a claim from a group of workers against the investors from IKEA, and if this group of workers has any party connection, precisely to the Sandinistas, and present a judicial claim, then it is *very* likely the company will lose.<sup>16</sup>

Based on the FSLN's politics in the past, the AMCHAM representative mistrusts the government's commitment to legal frameworks, arguing that it could unpredictably and unlawfully support workers' (unjustified) claims in a dispute with a transnational company. This fear can perhaps be ascribed to the apparent existence of parallel agendas within the Sandinista government. Analogously, a vocal project of integration with Venezuela, Cuba and the other nations within ALBA, the critique against

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15 Interview, Asociación de Servicios de Promoción Laboral (ASEPROLA), 16 August 2011.

16 Interview, AMCHAM in Nicaragua, 8 August 2011.

neoliberalism and the search for an alternative development trajectory are carried out along with a more “hushed” project where CAFTA and the emphasis on foreign investment and export-led growth remains (Tornhill 2010: 108).

Some questions arise in relation to theories of the Competition State: if they suggest that such states already exist, and if so, which states fit the description, and is it, after all, of significant importance? Certainly, companies have not avoided countries as sites of investment even though their politics diverge from notions of “good governance”, China being a notable example (Taylor 2010). The relative unimportance of whether a state complies, or not, with all the desirable characteristics that the competitiveness indexes list was noted by the representative of the AMCHAM in Nicaragua who expressed his alarm above:

Many times, and this is perhaps not so ethical on behalf of the companies but it is the reality and not so positive for competition. If Nicaragua does not have a very good reputation, why do they come here to invest? There is an enormous potential for growth. If you go to visit the manager of Hotel Intercontinental, he is Dutch, a very nice guy, you'll find him smiling. Because he has an occupancy rate of 85 per cent and sometimes there is not a single vacancy. Those people are all business people; they've come to look for business in Nicaragua. I'm not lying! Despite the government and the political situation, despite the president who is attacking everyone, the investment doesn't stop.<sup>17</sup>

As long as profitable business opportunities await, the AMCHAM representative argues, investment will keep finding its way into the country. This, perhaps, indicates that the emphasis on competitiveness can be read more as a discursive rationale that provides policy-makers who navigate tensions within today's capitalist relations with justifications for macroeconomic discipline, rather than as a blueprint for microeconomic decisions on investment and production allocation.

#### **4. Opportunity as Legitimacy**

A competition economy is contingent upon a competition society, prescribing particular social relations and forms of conduct for citizens as workers, consumers, entrepreneurs and as political subjects at large. It therefore becomes imperative to “win the hearts and minds” of the population, to foster consent for a political project of competition. An important foundation of legitimacy, reflected in various competitive reports, is by Neil Lunt described as the “opportunity society state” (Lunt 2010). For instance, the World

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<sup>17</sup> Interview, AMCHAM in Nicaragua, 8 August 2011.

Bank opens its report *A Better Investment Climate for Everyone* by stating that it is “about creating opportunities for people to escape from poverty and improve their living standards” (World Bank 2005: xxiii). Everyone, from farmers and microenterprises to multinational corporations should “have opportunities and incentives to invest productively, create jobs, and expand, and thereby contribute to growth and poverty reduction” (World Bank 2005: xiii).

If opportunity figures as the “big idea” in politics of competitiveness, it also aligns individuals to unequal market effects. In comparison to conceptualizations of opportunity in terms of outcome within for example the Keynesian welfare state, the focus here is placed on procedural considerations. Competition is thus organized around the notion of opportunity, with largely individualized, supply-side explanations for failure and success. While competition policies are often depicted in inclusive terms that allegedly will contribute to the well-being of all, lines of conflicts are sometimes discerned. These lines go both between capital and labor and between different groups of workers and contending capital interests. The World Bank presents a diagram over “winners and losers from reform” that explains how competitiveness reforms will benefit “new entrants” on the market while the position of state-sector workers and “oligarchs and insiders” will be undermined (World Bank 2002: 93). In their report about competitiveness in Central America (Schatan and Rivera 2008a), the influence of oligarchs and other interest groups that attempt to capture the state are represented as a crucial problem that turns the region into a “fertile land for anti-competitive practices” (Schatan and Rivera 2008b: 1). In this way, competitiveness politics is represented to be in line with consumer interests, but often colliding with corporate, monopolistic interests.

The notion of winners and losers was also often reflected in interviews with private sector representatives. In efforts to achieve economic growth through privatization, deregulation and increased focus on export production and free trade agreements, it was presumed that producers unprepared for competing on global markets would face difficult times:

We have to make priorities. We have to support the successful and stop subsidizing the failures. We have to identify those who have the capacity to compete on the international level and support them. And then, well “those exporters are already the big capital!” Some of them have accumulated wealth etcetera, etcetera, but that is precisely what we eventually want! What you want are successful companies that manage to transform the lives of those who work hard. Being successful, they can pay higher salaries, more taxes and there is

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progress for the entire society. Sometimes the losers die, it could be, but that's normal.<sup>18</sup>

Emphasized in the quotation above is that protectionist measures are unjustified or doomed to fail. Objections on the grounds that large corporations will benefit while small-scale producers are driven out of business are dismissed on the grounds that successful firms have a positive effects on society at large. In order not to compromise with the common good, the “failures” will have to be sacrificed. The argument mirrors the point made in the competitiveness indexes that the comparison of states should not be perceived as a call for competition at the level of countries. Citing Paul Krugman's description of competitiveness as a “dangerous obsession”, the IADB warns against a national, protectionist drive that could be taken to imply that economic strength is measured by external trade surplus, that imports are undesirable because the displacement of national employment and that lower salaries in other countries constitute a threat (IADB 2001: 1).

Contrary to the ideal promoted in the indexes of competitive business climates that does not correspond to the nation level, however, several private sector representatives depicted a conflict between national and transnational interests. The privileging of transnational levels, and the inconsideration of national ones, is denounced below by a representative of the Costa Rican Chamber of Industry. In a context where a national industrial policy is perceived to be lacking, the government is criticized for jeopardizing national production, in particular that of vulnerable small scale producers, through carelessly signing a free trade agreement with a major rival:

You often feel like, for example when they take decisions that are of a political kind, that from the point of view of a national vision, you say “but in what direction are we going?” For example, a case where the Chamber did not agree was the free trade agreement with China [...] What are the true opportunities for us? From our perspective, they are very few. It can affect the competitiveness above all for the small and medium companies that will probably not be able to compete against the industrial production of China, that great factory of the world. Or the issue of quality. We know that in China the products range from excellent to trash. Has the state of Costa Rica the capacity to prevent that? Products of bad quality that will compete with national products? And this within a framework where we do not have a clear politics of support for the national production.<sup>19</sup>

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18 Interview, INCAE, 25 July 2011.

19 Interview, Costa Rican Chamber of Industry, 7 July 2011.

As pointed to here, the portrayal of state and private sector interests as merging in competition agendas must be modified. The private sector, of course, encompasses an array of actors and activities with divergent locations within the circuits of production. When the “common good” is equated with the prioritizing of successful companies, the scope to denounce unequal conditions or to maintain opposed interests – that are still recognized as legitimate – is arguably delimited. Union leaders in both Nicaragua and Costa Rica described the difficulties in putting labor relations on the agenda. Their claims that the current economic agenda should be evaluated in relation to harmful working conditions were often dismissed with reference to broader national interests:

To link the health of the workers to the hours they work, the movements that they make, the psychological and fiscal harm and to point out that this is not considered within the regime of labor risks and to link it to politics; the truth is that they are really annoyed by us. So the campaign has been very criticized in this sense. That we obstruct progress, the development of the country. That we are looking for problems, that we don't let the country advance and that the labor relations stagnate.<sup>20</sup>

The issue of competitiveness, it's an argument that they use, that our struggle goes against the competitiveness, which is totally false. Because they are the ones who are damaging the competitiveness, because when the lower the standards of work, when they give up on the aspirations of decent work, they are violating this principle, because it is to compete with inequality. So then don't blame us.<sup>21</sup>

Certainly, the struggle for legitimacy is taking place in a context marked by social and economic divisions. In *The New Spirit of Capitalism*, Luc Boltanski and Eve Chiapello contend that the expansion and durability of the capitalist system is contingent upon its ability to continuously present itself as an acceptable order (Boltanski and Chiapello 2005). Indeed, the pursuit of persistent profit accumulation arguably makes little sense to the many, upon whose commitment the system is nonetheless dependent. The spirit of capitalism, Luc Boltanski and Eve Chiapello argue, is not something constant, but rather something that must be rephrased. Since its “internal” logic (profit accumulation) cannot stand on its own, it is dependent upon “external” morals. More recently, arguments in development rhetoric are repeatedly articulated on behalf of

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20 Interview, Unión de Personal del Instituto Nacional de Seguros (UPINS), Costa Rica, 15 July 2011.

21 Interview, Confederación Sindical de Trabajadores José Benito Escobar (CST-JBE), Nicaragua, 9 August 2011.

groups that used to be largely absent from middle-of-the-road accounts of economic growth. “The women” and “the poor” have made their way into development reports, where they are fitted into the alleged connection between progress and integration into globalized economic relations (World Bank 2000; 2001). Increased global economic interactions are portrayed as bringing opportunity to those with the loosest grip on the labor market. In an interview, an official of an organization that promotes linkages between multinational corporations and small-scale producers in Costa Rica described a project on female entrepreneurship, financed by the Coca Cola Company:

A: That the women are, well that they can strengthen themselves as women, as mothers and as leaders of other women. They can for instance be mentors for other women, so that they become like them. And on the other hand and within parenthesis, although it's true that it's not within the main objectives, but in the medium term it could be that if the store sells more, then Coca Cola can also sell more products, which is after all a business [...] These kinds of things, I would say, are not bad. Some people might get upset. But unfortunately, or luckily, that's how things are, because it is the only way to finance a project like this one [...] If we make the small companies more competitive and at the same time make the big company richer [...] well, that's how it is.

Q: But when you are helping Coca Cola, maybe next door there is someone selling juice who'll lose costumers [...]

A: But the point is, we will begin this with the objective that the women are empowered as women. [The representative of Coca Cola] said, and I agree a lot with what he said; “if this is not sustainable, we can't finance a project of a thousand stores because at the moment when I show my numbers they'll tell me ‘well, you invested so much money and there is no result for the business’. Therefore, this has to be a result”.<sup>22</sup>

Here, the empowerment of women – and rather in terms of gender relations (“as woman, as mother, as leader”) than in terms of class or labor relations (it does not matter if the large company improves their market share at the expense of smaller actors) – serves as a legitimating postulate that downplays the conflict between expansion by multinational companies and the ability of small-scale producers and vendors (many of whom are women) to stay in business. Then, with reference to an ethical commitment, the potential outcome of extensive marketing strategies, that smaller actors are driven out of competition, can still be framed in terms of corporate social responsibility. Such

<sup>22</sup> Interview, FUNDES, 16 August 2011.

a detachment of women's alleged empowerment from economic and labor relations has also been used to counter the arguments of the campaign against flexibilization. A trade union representative describes how women's interests are being invoked to justify the deregulation of the labor market, at the same time reproaching unions for not acknowledging the importance of women's possibilities to advancement:

They discredit us to the point that they say that we are lying, that the flexibility is something good. The other day we saw the chamber promoting home-based work, saying that the people will rest more. Yes, it's in the newspaper. So, what can we say to counteract this? For them, it is very easy. They find Maria who is a professional and who wants to develop herself professionally but she is a housewife and she has her children. So she says that it is an option for her, "I can work from my home, I make my own schedule and I maintain a relation with my children". And that's how they sell this idea.<sup>23</sup>

Working irregular hours, in practices often innumerable and unpaid, without contract, social security or the possibility of social interactions is framed as in line with women's interests. The recent rise of the discussion about the precariat (a neologism that combines "precarious" and the "proletariat", see Standing 2011) is perhaps foremost an indication that the kind of insecure, temporary and informal conditions that have long characterized women's and migrants' labor have now, with the deterioration of unions and the relative security of Fordism, come to affect previously more protected groups. As Ivor Southwood points out, a possible difference between the precariousness of post-Fordism and its earlier variants is the enthusiasm that surrounds it; both by politicians and the private sector it is celebrated as liberation from restraining contracts and conformity (Southwood 2010).

The extra-economic, social focus that induces economic transformation with legitimacy must therefore be scrutinized, not the least with emphasis on the strategic role that conceptions of "women" and "poor" seem to play. Nancy Fraser argues that feminist theory has inadvertently come to be part of the legitimization of capitalism in its flexible, transnational version (Fraser 2009). The feminist critique, she contends, of androcentric, state-organized capitalism (manifested, for example, in the "family wage" that presupposes a male breadwinner) now furnishes flexible capitalism with an element of moral authority. Professional women's attempts to break through the glass ceiling as well as women's struggle to make ends meet through low-wage jobs may all be read as signs of the dismantling of traditional structures of domination that increases opportunities for women. A proto-feminist agenda comes to coincide with the

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<sup>23</sup> Interview, UPINS, 15 July 2011.

demands of capitalism when the supposed interests of micro-borrowers or workers in labor-intensive export production are evoked as a justification for current development measures (Spivak 2000).

With the establishment of the market as the primary domain where social demands should be met, the notion of opportunity is perhaps most markedly incarnated in the figure of the entrepreneur, as mirrored in the conversation above. Mike Davis interrogates the image of the “heroic self-employed”, a favorite figure among development agencies: with a small loan, the poor, almost always women, are turned into entrepreneurs, supposedly enabling them to leave poverty behind (Davis 2006). This strategy was critically evaluated by a representative of Costa Rica’s Chamber of Industry:

The issue of entrepreneurship, it is not subsistence, something that is unfortunately often mixed up. In all the institutions of social support, they create programs; “let’s make businesswomen!” The big solution for single women in trouble is to turn them into businesswomen. So a lot of resources are dedicated to try to turn women into entrepreneurs although she has neither the capacity nor the skills to solve a problem which is of a different kind. It is a social problem. We have women, single mothers and the more problems they have: “we have to turn her into an entrepreneur!” In the end, the outcome is very limited. Probably not a single woman will be pulled out of poverty. When you think about it, the success cases are always the same. Haha! It’s the same! It’s the same lady that you showed me three years ago! It’s the same lady with the handbags! In many cases it only creates frustration. Because at the end of the day, we can’t turn people that don’t have the possibility to run a business into businessmen or businesswomen.<sup>24</sup>

The somewhat scornful tone reveals, perhaps, a misgiving that the ideals of entrepreneurship might be tainted by the failures of female subsistence producers. But the answer also suggests that the expectations placed on the entrepreneur might be threatened by self-employment within the informal economy, marked by displacement from rather than connection to the global economy. In a context where structural adjustment programs have resulted in the stagnation of the formal economy and an explosion in the informal economy, Davis contends that such self-employment is better conceived of as “forced entrepreneurialism”. When a risk-taking entrepreneur who accumulates her own value is elevated to a moral example, the distinction between productive and unproductive subjects is being inscribed through global and national projections of the self (Skeggs 2004). Indeed, individualized explanations for success as

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<sup>24</sup> Interview, Costa Rican Chamber of Industry, 7 July 2011.



well as for failure on the levels of states, sectors and subjects suggest no links to diverse positions within global economic interactions and uneven developments. Mismanaged resources and lack of entrepreneurship, then, account for the predicaments of those who have failed to capitalize on their opportunities.

## 5. Flexibility and Labor Relations

Labor markets play critical roles in agendas of competitiveness and constitute arenas of continuous transformation and struggle. Advantages yielded by laxer regulations are easily copied and therefore not permanent; actors who seek increasing profits by means of the flexibilization of employment are thus constantly compelled to refine their strategies (Dörre 2010). In discussions with public and private representatives in Costa Rica and Nicaragua, “human capital” was often represented as one of the most important factors for economic growth. But the labor force and the labor markets are also regarded as an actual or impending threat: the labor force as inadequately educated and the labor market as too rigid or prone to cause social unrest. During an interview at PRONicaragua, the official presented a diagram comparing labor market risks. The bars, indicating for instance the strength of unions, labor market conflicts and wage-restrictions, where low numbers equaled low risk, constituted, according to the official, a useful tool in emphasizing secure and profitable investment opportunities.<sup>25</sup>

Similar assessments in competitiveness indexes reward the absence of regulations that hinder reorientations of labor markets. The WEF maintains that labor market flexibility is imperative to ensure that workers “are allocated to their most efficient use in the economy and provided with incentives to give their best effort in their jobs” (WEF 2011: 7). Flexibility here denotes minimum wage levels that stimulate job creation, low obstacles for hiring and firing so that workers can be shifted between different economic activities and wages that may fluctuate “without much social disruption”. In this way, the composition of the labor market comes to constitute a comparative advantage or a competitiveness obstacle:

The Costa Rican labor market has a great advantage. It is a very flexible labor market, it has always been very flexible, it's very quickly adjusted to new conditions. Versus how it is in other countries [...] But also we don't have the politics, which is the case in Europe and the US, that generate unemployment,

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<sup>25</sup> Costa Rica was, according to the diagram, the most secure country, with an estimated labor risk of just above 30 on a scale of 0 to 100, followed by Nicaragua with an estimated risk of 50. Honduras was considered to be the country with the highest risk in region, just above 80 in the diagram (PRONicaragua 2011).

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for example unemployment benefits. In Spain there is an insurance that makes it convenient to be unemployed. There isn't that kind of incentive in Costa Rica.<sup>26</sup>

The Costa Rican labor market is here described as comparatively capable of fast adaptations. Despite a much more far-reaching social security system than in neighboring countries, unemployment security remains low, which in the view of the interviewee serves to counteract institutionally-fuelled tendencies for workers to withdraw from the labor market. The virtual absence of private-sector trade unions accounts for low estimations in the labor risk diagram for Costa Rica. After the civil war in 1948 and the banishment of the Communist Party, left unions were strongly repressed and the social democratic branch with its close ties to the government was also weakened. Since the 1940s, all except five of the hundreds of strikes that have taken place have been declared illegal, exempting employers from responsibility in case of dismissals (Castro Méndez and Martínez Franzoni 2010: 86).

Through comparisons of flexibility, insecure working conditions and weakened trade unions become part of the observations of the “virtual watch towers” (De Angelis 2001). Wages may be held down when all nodes compete by means of the quantity and quality of labor. However, private and public representatives in Costa Rica and Nicaragua insisted that competition centered on low salaries was not a desirable path. Especially in Costa Rica, it was claimed that the country was beyond low-cost labor competition. Still, the costs for labor seemed difficult to keep out of the calculation:

It is also a country that in comparison to the other countries in Central America has a production cost, a cost of the labor power that because of the social system, excellent to maintain, but this from the point of view of competing on the international market [...] it becomes more expensive for us to produce and maintain a social system than what it is in the countries that we compete with. We have a cost for social taxes that weigh heavy on the sector in terms of competitiveness.<sup>27</sup>

The dilemma is here spelled out as one where the social security system (“excellent to maintain”) implies that the competitiveness of the country is crumbling under its pressure. Welfare has to be weighed against competition within an antagonism that is not often readily recognized. Indications of increased income gaps and social inequalities in Costa Rica are also framed, partly, as signs that steps in the right direction have been taken:

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26 Interview, Costa Rican Competitiveness Council, 15 July 2011.

27 Interview, Costa Rican Chamber of Industry, 7 July 2011.

There is an oversupply of human capital exactly at the moment when we are losing competitiveness in low-skill production. So we have an oversupply and the wages are very low. On the other hand, for those who have studied there is an excess of demand and their salaries are going up. So there is a polarization, and that's what's happening at the moment. It's an effect of the model, but it's not a result of the politics of liberalization. The model of the country that hasn't bothered to eliminate loads of jobs so that they transform faster to really sophisticated companies.<sup>28</sup>

The existence of low wages are not represented to be so much an effect of today's economic relations, of that which currently makes the country competitive, but rather as backlogs within the system and a remainder of an outdated model built on earlier production relations. It also seems as if wages appear to be low when compared to the higher wages that are the result of successful transitions to more effective, qualified and profitable production. Thus, political responsibility for wide income gaps is relinquished, as low wage jobs will disappear when the labor market is properly adjusted. The focus should instead be placed on the elimination of less "sophisticated" jobs. Education was commonly portrayed as one of the most fundamental challenges in such a process. In Costa Rica as well as in Nicaragua, private sector representatives called for a transformation of the entire educational system in order to make the labor force compatible with corporations' demands:

We have to stop educating poets, although we are the country of Rubén Darío; we need people in the areas where the country is competitive. The universities should educate their students so that they fulfill the necessities of the companies. In the US, there is an education program in wine, in which all courses are about the production of wine. We should do the same here; we should have schools specializing in peanuts, sugar, tourism, maquila, out-sourcing and those kinds of things; the sectors where there is a real prospect of competitiveness.<sup>29</sup>

Through meticulous specialization, the entire person should be adapted to its role in production; everything not immediately applicable to the logics of accumulation is deemed redundant. However, the idea that wage gaps are the result of outmoded production relations and that proper education will entail the eradication of low-paid and informal forms of labor is clearly counteracted by the rapid increase of such sectors in most countries. Rather than reminders of the past, the polarization between "high-

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28 Interview, Costa Rican Competitiveness Council, 15 July 2011.

29 Interview, INCAE, 25 July 2011.

skill” and “low-skill” work can be regarded as decidedly constitutive of contemporary economic relations and competitive positions within global orders of production.

The relation between competitiveness and wage levels came to the fore in Nicaragua when the FSLN gained power. In accordance with the labor law, the minimum wage was then revised every six months, something that was rarely enforced during the previous governments. In the Free Trade Zones (FTZs), wage levels were significantly raised, which several private sector representatives described as part of the initial conflict with the government.<sup>30</sup>

Those were decisions that were not taken from a technical or economic point of view but from a political one. It was decisions that were often taken at the main square or at a political meeting. In our view, that’s not the correct way to promote investments or to promote the productive sectors of the country. Not in the sense that there should not be wage increases, but that the economic-productive factor would have to be taken into account in order not to generate problems of competitiveness on the international markets. Then the crisis came. The closing down of companies implied the loss of employment and the government started to worry about how the sector could be strengthen and then the politics started to change.<sup>31</sup>

After the initial raises, increases have continued only modestly and with the participation of and in agreement with the private sector. The COSEP representatives contended that their involvement in the regulation of wages has had widely positive effects, not the least to the benefit of those within the informal economy:

Because those who benefit are those who are already employed but it creates walls that disallow that more people are contracted or that those who want to formalize can. But with the increase of 24 per cent, formal employment went up. So it must be recognized that COSEP doesn’t do this in its own interest. The fruits of these constructive dialogues between the government and COSEP have entailed the well-being of all.<sup>32</sup>

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30 Between 1995 and 2006, the increase in the minimum wage in the FTZs was 18 percent. Between 2007 and 2010, the minimum wage was increased four times and amounted to 137 USD per month (compared with 85 USD per month in 2006). By comparison, the cost of living in Nicaragua in 2009 was about 400 USD per month (Canales Evest 2010: 4B).

31 Interview, Nicaraguan Chamber of Industry, 3 August 2011.

32 Interview, COSEP, 12 August 2011.

Here, business representatives allude to a conflict between those in relatively secure positions and the weakest segments of society. In solidarity with the unemployed and those within the vast informal sector, salaries must be kept down so that rising prices of consumer goods do not worsen their situation. Those temporarily or more permanently excluded from capitalist production thus come to represent a latent pressure to reduce labor costs and to provide investment incentives (Dörre 2010: 59). Omitted from this account of the connection between minimum wages, inflation, unemployment and informal labor conditions is the impact of the elite's own demands for profits and deregulation. In a similar way, the World Bank argues that labor market regulations may constitute a clash of interests between workers and potential workers. As the economy is increasingly opened to competition, new job opportunities within the private sector, often under less regulated conditions, will be created, at the same time displacing jobs within the state sector characterized by higher levels of security. Suggesting that there is a trade-off between labor protection and the cost of doing business, the Bank contends that strict labor laws can have a negative effect on job creation. Thus, the aim would be to find a middle course between "workers' preference for "employment stability" and corporations' "need to adjust the work force" (World Bank 2005: 11-12). This, it is, argued, will also eventually counter social inequalities:

More job stability for some workers often implies fewer job opportunities in the formal sector. So it is not surprising that stricter employment laws are not associated with a more equal labor market. If anything, income disparities tend to be greater in countries with stricter regulations [...] Women, young people, and the unskilled – facing greater difficulties in obtaining a job in the formal sector – are more frequently unemployed or engaged in informal activities (World Bank 2005: 149).

In accordance with this line of reasoning, measures to enhance flexibility, though perhaps contrary to the interests of "privileged" workers, can be regarded as tools to improve the situation of marginalized groups, in correspondence with the interests of women, youth and the unskilled. However, at the same time as the supposed interests of particular groups are being evoked, the argument is also part of an effort to foster a competitive individualism within the framework of marketized social structures that in effect disband groups and the basis for collective action (Taylor 2010). Indeed, in the wake of political and economic restructuring of production and labor markets, bargaining strategies of trade unions have been undermined (Anner 2009; Pillay 2007). In this way, labor market reforms can be viewed in the light of the struggle over the meaning of women's/workers' interests as well as over in which arenas and by which means

such interests are to be advanced – market mechanisms or collective bargaining and political regulations?

The disintegration of collective identifications and increased conflicts between workers was described by union leaders as an effect of the extension of one set of market principles to all social interactions: “competitiveness also creates competitiveness between people”.<sup>33</sup> Within such a context, to make collective claims becomes problematic, leaving the unions largely without a strategy in the wake of the altering organization of production and employment that are intertwined with changing values and expectations:

If someone complains, the rest will say: “the horror! Why did you do it? Now they’ll come and they’ll start to bother us. They’ll close the factory and throw us all out. Don’t complain! Work or rights; choose, what do you want!?” The people go for work, that’s the sad thing. We live at a very critical moment. And the unions don’t have a clear strategy. Now we see the informalization of formal work, and it is going to be the general rule. This is, in my view, capitalism’s paradise: no barriers, no barriers.<sup>34</sup>

When legal regulations and traditional unions are losing strength, drawing attention to problems may be perceived as leading to even more problems. The scope for imagining what kind of conditions a job should entail is shrinking. As the deputy stated in a matter of fact fashion in the video discussed in the introduction, the choice is increasingly limited to that between a job and no job at all. This was, of course, always a reality for the majority of workers, but it is arguably becoming more generalized with the consequence that it is difficult even to visualize labor relations differently. Without legal, social and political protection and in the absence of collective strategies, labor becomes suitable for flexible production “by an openness to capital(ization)” (Cherniavsky 2006: xx). Indeed, the fear among workers that leads them to defend their jobs rather than to make demands coincides with employers losing their fear for the unions; as the bases for collective strength are being undermined, the possibilities of impact is largely enabled primarily by lingering memories of a past struggles – but perhaps not for long:

Here the unions say: “we still frighten them with the skin of the tiger”. There isn’t anything anymore, there is no tiger but the skin can still frighten. And it is

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33 Interview, UPINS, 12 July 2011.

34 Interview, ASEPROLA, 16 August 2011.

true, the roar of some unions can still scare them. But that's as far as it gets; to delaying and defending.<sup>35</sup>

## 6. Conclusion

In order to approach the differentiating conditions and outcomes of the politics of competitiveness, it becomes important to make explicit the kind of interests that are being underpinned within its discursive frame. Simultaneous processes of legitimization and delegitimization have been discernable in the discussion here. On the one hand, a discourse of competitiveness encourages a condensation between economic and political spheres and an alignment of interests at the elite level. Against the backdrop of this alliance, the strategies and claims of labor movements, on the other hand, may be isolated when relations between capital and labor are increasingly dominated by the organization of production. Opposed positions in economic and ideological terms are negated, and national interests are portrayed as converging with those of the (trans)national companies for which the model fits. When the visual field of the state is narrowed to capture the sectors and individuals that correspond to the ideals of competitiveness, such as innovation and entrepreneurship, other jobs and sectors tend to disappear from political agendas as well as from the understanding of complex, polarized economic structures that are inherent to principles of competitiveness.

Part of the fostering of legitimacy rests on invoking the interests of “marginal groups” as “women” or as “the poor”, rather than as “workers”. For them, an insecure job is represented as an improvement in relation to their perceived alternatives. Along the lines of the logic, however, these groups can be recognized as such upon entering paid labor, but once within the system they are not to act collectively upon such possible identifications. With reference to opportunity, unequal positions of nations, sectors, groups and individuals can also be depoliticized by the same gesture that disconnects them from structural explanations. If richness and poverty are regarded as mutually independent conditions, precarity can be considered to be a condition that can be alleviated through education or improvement of “human capital” in ways that do not cost privileged groups nearly as much as redistribution or protection of workers’ rights. The politics of competitiveness, as it has been discussed here, can therefore be conceived of as simultaneously fuelling the polarization between privileged and subjugated groups, as well as negating their interconnectedness within a framework of structural inequalities.

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<sup>35</sup> Interview, ASEPROLA, 16 August 2011.

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