Costa Rica

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Virtually all the studies comparing Central American nations contain the phrase, "with the exception of Costa Rica"; travelogues, and even many academic studies, refer to Costa Rica as the "Switzerland of Central America." The propagation of the notion of Costa Rican exceptionalism has become so widespread that the first-time tourist is likely to be surprised to find a Central American nation, not an alpine one. Yet, as with most stereotypes, there is more than a grain of truth in this one: Costa Rica is different from its neighbors in three very fundamental ways.

First, levels of social and economic development are far higher in Costa Rica than elsewhere in Central America. Life expectancy at birth for Costa Ricans was seventy-eight years in 2001, exceeding by one year that of the United States and higher than any other country in Latin America. The under-five infant mortality, a universally used measure for comparing development, stood at eleven per one thousand live births in 2001, compared with forty-three in Nicaragua and thirty-eight in Honduras. In terms of the proportion of college-age students attending an institution of higher education, by 1989 Costa Rica surpassed even Switzerland, with 27 percent enrolled versus 26 percent in Switzerland. Costa Rica's rate also surpassed the United Kingdom (24 percent) and was nearly twice as high as that for El Salvador (17 percent), its closest competitor in Central America in the area of college enrollments.

Second, Costa Rica has the longest and deepest tradition of democratic governance of any nation in Central America. Indeed, experts rated Costa Rica as the most democratic country in all of Latin America for many years. Civil liberties, including freedom of press, speech, and assembly, are widely respected and protected. Free and open elections have become the hallmark of Costa Rica's style of politics, with observers throughout the world seeking to
copy elements of an electoral system that faithfully guarantees against voting fraud and corruption. Human rights, so often brutally abused in other Central American nations, are carefully respected, and one rarely hears of even allegations of their violation.

Third, Costa Rica is a peaceful island in a violent region. It abolished its army over forty years ago and is constitutionally prohibited from forming another one. Although there have been minor incursions and incidents over the years along Costa Rica’s northern and southern borders, border guards and paramilitary units have been adequate to cope with these international conflicts. Costa Rica would be incapable of mounting a credible defense against a determined aggressor, but Costa Rica’s friends in Latin America have often made it clear that they would use their military forces to deter thoughts of any such move. Indeed, on at least one occasion, Venezuela has gone so far as to land some of its air force planes in Costa Rica as a symbol of its readiness to assist. Strikes and protests are rarely violent, and negotiation is the most common mechanism for resolving disputes. Although Costa Rica has not been immune to terrorist attacks, their number and severity have been quite limited.

Costa Rica, then, stands out from its neighbors as being more advanced socially, economically, and politically and as more democratic and peaceful. There have been many attempts to determine why Costa Rica diverges from the regional pattern. Some studies have focused on historical accidents as an explanation, others on the mixture of resources (especially land and labor), and yet others on questions of ethnic homogeneity. To date, no comprehensive explanation has been established, yet partial explanations incorporating each of the mentioned features seem plausible. In this short introduction to Costa Rica these elements will be articulated as factors that seem to explain Costa Rican distinctiveness.

History and Political Culture

Costa Rica, the southernmost country in the group of five colonies that united into a loose federation shortly after gaining independence from Spain in the early 1820s, developed in isolation from its neighbors to the north. This isolation was partially a result of historical factors, since politics pivoted around Guatemala, the colonial seat of power. It was also partially the result of a geographic factor, namely, that the bulk of Costa Rica’s population resided in San José, Cartago, and Heredia, towns located on the meseta central (central plateau), and thus was largely cut off from both the Pacific Ocean and the Caribbean Sea as well as from Nicaragua to the north and from Panama to the south.

Although Costa Rica can boast that it is more than twice the size of El Salvador, its 19,650 square miles (50,900 square kilometers) make it less than
half the size of Guatemala and Honduras and only slightly more than one-third the size of Nicaragua. In U.S. terms, it is tiny—about the size of West Virginia. The usable territory is further reduced by the presence of a mountain chain that cuts through the center of the country, running from north to south. The mountain chain is studded with active volcanoes, and the most recent eruption of one in 1963 caused widespread damage to crops. The net effect of the mountains, volcanoes, and other natural formations is a reduction of arable land to an estimated 53 percent of the total land area.

Costa Rica was further weakened by the absence of large Indian populations widely found elsewhere in Central America. In Guatemala, for example, the conquering Spaniards were able to rely upon a large supply of Indians to undertake heavy labor in the mines and in the fields. Although there is evidence that prior to the conquest there were perhaps as many as four hundred thousand Indians living in the territory that was to become Costa Rica, by the end of the sixteenth century there were fewer than twenty thousand—and according to some estimates, as few as forty-five hundred by 1581.4

Isolation, mountains, volcanoes, and the absence of a sizable indigenous workforce do not seem to add up to a very promising base for the impressive developments that Costa Rica eventually achieved. Paradoxical, however, what seemed like disadvantages turned out to be significant advantages for Costa Rica. Isolation proved a blessing by removing the country from the civil wars and violence that so rapidly came to characterize postindependence Central America. Later, the dictatorial rule and foreign invasions that plagued the region had little direct impact on Costa Rica. Hence, in contrast to its neighbors to both the north and the south (Nicaragua and Panama), Costa Rica has never experienced an invasion of U.S. Marines. The mountains provided altitude and the volcanoes rich soil, both of which were required for what was to prove to be a highly successful coffee industry. Finally, the absence of a large indigenous population meant that the repressive labor systems (especially the encomienda system) that predominated in much of the rest of Latin America could not prosper in Costa Rica.

The colonial period in Costa Rica was one of widespread poverty. Early explorers found little of the gold and silver that so strongly stimulated Spanish migration to the New World. Had they discovered major mines, no doubt they would have found ways of importing a labor force to work them. But the mines were never found, the labor was not imported, and the flood of colonizers who settled elsewhere was only a trickle in Costa Rica. There are reports that as late as 1675 there were only five hundred to seven hundred Spanish settlers in Costa Rica, and by 1720 the number had barely exceeded three thousand. It was not until the mid-1850s that the total population of the country exceeded one hundred thousand.
The small population, both indigenous and immigrant, together with the absence of major gold and silver mines, meant that agriculture became the principal source of economic activity throughout the colonial period. Although the soil was rich and a wide variety of crops grew well, farming was directed toward subsistence agriculture. As a result, Costa Rica had little to trade in exchange for needed goods that were not available locally. The initial poverty reinforced itself by placing beyond the reach of the settlers the farm tools and other implements and artifacts needed for a more productive economy and a more comfortable lifestyle.

Throughout the colonial period efforts were made to add vitality to the fragile local economy. Attention was focused on export agriculture, especially cacao and tobacco. Both crops grew well and fetched high prices on the international market, but both eventually failed in Costa Rica. In the case of cacao, which was grown in the tropical lowlands bordering on the Caribbean Sea, marauding Indians from Nicaragua, in league with British pirates, systematically raided the plantations and stole the crop. Tobacco grew in the highlands and therefore was protected against such raids, but Spain declared a monopoly on tobacco exports and drove down profit margins for producers to the point that the cultivation of tobacco no longer proved worth the effort. By the end of the colonial period Costa Rica had not been able to find a way out of its poverty.

Independence was delivered as a gift to Costa Rica in 1821 when the isthmus, under the leadership of Guatemala, became independent from Spain. Although there was a brief period in which Costa Rica was joined with the other nations of Central America into a federation, shortly afterward independent political rule was established in the nation. Very early on in the post-colonial period the fledgling government took critical steps to help develop a stronger economic base for the country. One of these was the granting of land to all people who were willing to plant coffee on it. As a result, coffee cultivation increased dramatically in the first half of the nineteenth century, and by the 1840s direct exports of Costa Rican coffee to the markets in Europe had begun. The product was well received by the buyers and quickly achieved recognition for its high quality.

Coffee exports soon became the principal engine of economic growth for Costa Rica. The income from these exports made it possible for coffee producers to import new tools and building materials and the state was also able to invest funds in critical infrastructure projects, especially roads and ports to facilitate the production and export of coffee. One major project that grew out of the effort to facilitate coffee exports was the construction of a railroad to the Caribbean port of Limón. Until the completion of this project virtually all coffee exports had been shipped to Europe via the Pacific coast port of Puntarenas, around the tip of South America, and then to Europe. The ship-
ping costs of the lengthy voyage were very high and reduced profits for the producers.

The railroad to the Caribbean served to cut those costs. Its construction was financed by a series of foreign loans, which Costa Rica found itself unable to repay even before the railroad was completed. As a result, the U.S.-owned firm that had contracted to build the railroad began to plant bananas to subsidize its construction. From this small start the United Fruit Company developed, and it became the major economic influence in the Caribbean tropical lowlands of Costa Rica up through the 1930s, after which time the company moved its operations to the Pacific coastal lowlands. Banana cultivation provided employment for the railroad workers who had migrated to Costa Rica from Jamaica and later for job seekers from Costa Rica’s highlands. The Jamaican blacks came to be the only demographically significant ethnic minority in the country, although today they account for less than 2 percent of the population.

Coffee and bananas proved to be the mainstays of the economy through the middle of the twentieth century. Over the years coffee fields were expanded to cover a wide area along the chain of mountains that runs through the country, an expansion caused by coffee farmers in search of new land on which to grow their crop. As the territory suitable for coffee-growing shrank, settlers moved to other areas where they planted basic grains; in the higher mountain regions, they grew vegetables or raised dairy cattle. In the province of Guanacaste the broad flatlands proved suitable for cattle raising, and a major export industry of fresh beef developed between Costa Rica and the United States. When the United Fruit Company left the Caribbean lowlands because of the onset of debilitating banana diseases there, those banana fields lay abandoned until the 1950s, when the discovery of new, resistant varieties allowed other companies to reinitiate the banana industry in that area. The economy of the 1980s, then, rested upon the export of coffee, bananas, and beef. The recent introduction of so-called nontraditional crops, such as flowers, melons, tropical fruits, and vegetables, has also begun to produce significant export earnings. Costa Rica’s natural beauty, accompanied by a wise policy of establishing a large network of national parks, has produced a major source of income through the establishment of a rapidly growing eco-tourism industry. Tourists come from all over the world to visit Costa Rica’s rain forests and enjoy its incomparable beaches.

Today tourism is second only to bananas and coffee as an earner of foreign exchange. The most recent expansion of the economy has been in the area of high technology, especially the manufacture of computer components for such giants as Intel, as well as in the export of software.

Although agriculture has been the traditional base of the economy, Costa Rica’s joining the Central American Common Market in the early 1960s led
to significant industrialization. By 1990 agriculture was producing only one-sixth of the gross domestic product, and industry and manufacturing nearly one-half. The growth of industry has paralleled the growth of urbanization, and today over half of the population is urban.

Politics and Parties

Poverty and the absence of a wealthy ruling class that derived its power from a slave or Indian population proved to be factors that favored the development of democracy in Costa Rica. Local government had its origins in colonial Costa Rica when local cabildos (city councils) were established in 1812. When independence was announced a procedure was established that involved the popular election of delegates to a constitutional convention, and indirect, representative democracy was established in the first constitutional arrangements. A weak presidency was created, with the term of office limited to only three months, within a rotating directorate.

But all was not favorable for democratic rule. The system was weakened by regional rivalries between the two major population centers, San José and Cartago, and civil wars punctuated the first twenty years of independence, as did coups, assassinations, and invasions. In 1844 a new constitution was drafted and approved, and it divided the government into three separate branches: legislative, executive, and judicial. Voting rights were established, but restrictions were many: To be eligible to vote, one had to be married, male, a property owner, and at least twenty-five years of age. Less than 3 percent of the population voted in the first elections under this new constitution. But even this limited form of democracy was extinguished by a coup within two years.

Additional efforts at constitution making, more coups, and countercoups occurred until 1890. In that year a period of political stability and democratic rule was initiated that lasted, virtually unbroken, until 1948. Direct elections were instituted in 1913, and a new constitution drafted in 1917 granted numerous social guarantees to the working population. Although this document was to be replaced in 1919, in the years that followed Costa Ricans made continual improvements in the election laws and procedures. In 1925 the secret ballot was instituted, and in 1927 the Civil Registry, which made a verifiable voter-registration system possible, was established.

Political parties were first organized in the nineteenth century, but they were little more than loose, personalist coalitions built around the leading economic interests until 1940. In that year the coffee oligarchy elected Rafael Angel Calderón Guardia to power and was surprised when he quickly moved in a populist direction. Calderón, a physician who had developed a large following among the urban poor, embarked upon a major program to introduce
social legislation. In 1942 he began a social security program and approved a minimum wage law. He also established an eight-hour workday and legalized unions. In 1943, after the Nazi invasion of the Soviet Union, he formed an electoral alliance with the Costa Rican Communist party, known as the Popular Vanguard party. This party, organized in 1929, had attempted to run candidates for local office in the 1932 elections, but after it was barred from doing so, it became increasingly involved in labor protests that took place during the Great Depression, especially among banana workers.

The alliance between Calderón and the Communists caused great concern and division within Costa Rica, but in the 1944 elections the alliance forces won, supporting a candidate of Calderón’s choosing. With World War II over and the Cold War beginning the wartime alliance of convenience with the Communists became the target of increasingly strong protests within Costa Rica, and in 1948 a coalition of the traditional coffee oligarchy in league with young reformist social democrats defeated Calderón, who was once again running for the presidency. The legislature, however, had the responsibility of declaring the results of the election, and with Calderón’s supporters in the majority, it annulled the election.

The reaction to the maneuver was swift and violent. An armed group led by José (Pepe) Figueres Ferrer organized in the mountains to the south of the capital and, aided by unionized banana workers, began a series of skirmishes with the government forces. After a brief but bloody civil war, Figueres triumphed. He took over the government and ran it for a year and a half, during which time a new constitution was drafted and approved. Although it was a modern constitution, guaranteeing a wide range of rights, it outlawed parties that were perceived as threatening to democratic rule, such as the Communist Party.

Four major consequences of the civil war of 1948 have served to shape Costa Rican politics ever since. First, the new constitution abolished the army and replaced it with a paramilitary force of civil guards. Without an army, it is far more difficult for dissenting forces to engineer a coup, and indeed, there have been no successful attempts to dislodge civilian rule since 1948. Second, Figueres did what no other successful leader of a coup in Latin America has ever done: He voluntarily turned the control of the government over to the victor of the annulled election. By doing so, he firmly established a respect for elections that had been growing in Costa Rica since the turn of the century. Third, the civil war largely delegitimized the Communist Party, and since that time, even after the elimination of the constitutional prohibition on Communist candidates’ running for office, the voting strength of the Communist party has not exceeded three percent of the total presidential vote. Fourth, Figueres ushered in with him a group of social reformers who in many ways merely expanded upon programs begun by Calderón, yet also
sought to spur economic development and social progress without resorting to outright socialist schemes.

Once Figueres relinquished power he began to build a new party, called the National Liberation party (PLN), to compete in the 1953 elections, which he won handily. From the moment of that election through 1998 the presidency has oscillated between control by the PLN and control by a coalition of opposition forces.

Since 1998, however, party politics in Costa Rica have been shifting. New political parties, often forming coalitions with other minor parties, have entered the electoral arena in force. At the same time, electoral abstention has been increasing substantially. The result has been that the PLN has lost much of its firm grip on the presidency. In 2002 for the first time ever, elections went into a second round because of a strong run by a third party. At the local level, that of the cantón, voting for third parties has become even stronger. There has also been a rapidly growing increase in the number of females in politics, first at the local level and more recently, after the approval of a quota law, at the level of the national legislature.

Governmental Structure

Since 1949 Costa Rica has operated under the constitution that grew out of the 1948 civil war. Power is shared among the president, a unicameral legislature, and the courts. Members of the Legislature and the president are elected every four years. Presidents cannot be reelected, and victorious deputies cannot run for reelection in the next election but must wait a full four years. Candidates for the legislature, representing each of the seven provinces of the country, are selected by party conventions. The ability of a sitting president to implement programs has always depended upon the strength of congressional support.

In order to implement the wide range of social and economic development programs envisioned by the leaders of the PLN, numerous autonomous and semiautonomous agencies have been created. Hence, one agency handles electric and telephone services, another water supply, and yet another automobile and home insurance. These agencies have been a positive force for development and have spawned many creative ideas. For example, the automobile and home insurance agency also runs the fire department, which guarantees that it is in the insurance agency’s interest to have an efficient fire-fighting service. The autonomy of these agencies has helped to isolate them from partisan political pressure. Yet, along with their autonomy has come the problem of an excessive decentralization of control. As a result, central planning and budgetary control have become extremely difficult as agencies and their functions have proliferated over the years.
Policymaking

The modern state that Costa Rica has evolved into can be largely credited with the achievements that were noted at the beginning of this chapter. The high standard of living that has been attained, however, has been built on an economy that remains largely agrarian-based. Most industrialization is of the assembly type, and as much as 90 cents of each dollar of output is made up of imported materials. The continuously growing government and parastatal (part private, part state-run) bureaucracies further increased costs without adding to production.

By the mid-1970s it was beginning to become clear that the growth model of the post-civil war period was running out of steam and that the economy could no longer support the expense of a widespread social welfare net and a bloated public sector. Yet little was done to correct the system under successive PLN presidents. Then, beginning in 1980, under the leadership of an opposition president, the system began to come apart. In order to shore up local production and consumption, and taking advantage of cheap loans being offered by foreign banks that were awash in petrodollars as a result of the dramatic rise in world petroleum prices, Costa Rica began to borrow wildly. Over a very short span of time the country's foreign debt grew to the point at which it exceeded the equivalent of the total annual national production, and by 1982 Costa Rica had one of the highest per capita foreign debts in the world. The local currency was devalued again and again, inflation and unemployment rose, and the system seemed headed for a crash.

By late 1981 the future seemed grim indeed. Yet, while similar circumstances have led to coups in other Latin American countries, Costa Ricans waited patiently for the elections of 1982, and once again voted in the PLN. A dramatic plan for recovery was put in place by the victorious president, and the plan proved successful in stabilizing the economic picture. Inflation dropped, employment rose, the currency was revalued, and an effort was made to rationalize the foreign debt. These actions restored confidence in the system, but they did not return to the citizens the benefits of the growth that had been lost during the 1980–1982 period. Belts had to be tightened, taxes were increased, and prices rose. Economic growth picked up a bit, but there was no dramatic recovery.

Throughout the 1980s Costa Rica followed a slow path to economic recovery. Under the leadership of the Central Bank's president, Eduardo Lizano, the PLN conducted a strenuous and ultimately successful effort to renegotiate important components of the foreign debt. The recovery would have been stronger if it had not been for the precipitous decline in coffee prices brought on by the collapse of the International Coffee Organization's system of quotas
and prices. Throughout the period, and on into the 1990s when the opposition again took office as a result of the 1990 election, Costa Rica operated under a strict International Monetary Fund (IMF) mandate to cur public expenditures and hold down inflation. Although the IMF goals have not always been met, by 1993 the economy had essentially recovered to its pre-1980 levels, and has enjoyed modest growth ever since.

The International Arena

In 1986 the PLN broke the pattern of electoral victory that had normally oscillated between the opposition party and itself by winning the election. It did so under the leadership of Oscar Arias Sánchez, and Arias took power in an increasingly threatening international environment brought on by the crisis in Nicaragua.

When the Sandinista revolutionaries were fighting to overthrow the Somozorda in the late 1970s, they found extensive support in their neighbor to the south. Although Costa Rica remained officially neutral in that conflict, there was a long-standing antipathy for Somozorda and the harsh dictatorial regime that he represented. Public support for a Sandinista victory was overwhelming, and there is much evidence that the government of Costa Rica did what it could to help.  

Once the Sandinistas took power, however, relations between Costa Rica and the new regime rapidly deteriorated. Costa Ricans perceived the revolution as having a Marxist-Leninist orientation, and as such, it presented two threats to Costa Rica. First, it was a threat because of the fear that Communist “expansionism” would mean Nicaragua would eventually attempt to take over Costa Rica. Second, it presented a threat to internal stability because it was feared that disgruntled Costa Ricans, especially among the university youth, would turn to revolutionary activity. In fact, in a small way the second expectation was realized. Terrorism, which had been almost unknown in Costa Rica, erupted with a number of ugly incidents in which lives were lost, and several clandestine “people’s prisons” were discovered that were apparently designed to be used to hide victims of political kidnappings. With the Reagan administration in the White House, yet a third fear gripped Costa Ricans. This was the fear that the United States would invade Nicaragua, possibly using Costa Rican territory as a base of operations. Such an event would thrust Costa Rica into an international military conflict for which it was not prepared and that it did not want. Indeed, as the Iran-Contra hearings were later to demonstrate, a clandestine airstrip was built in Costa Rica to help ferry arms to the contra rebels, and a plan was developed for a so-called Southern strategy, also involving Costa Rican territory.
On top of all of these concerns was the growing problem of Nicaraguan refugees. As the contra war grew in ferocity and the Nicaraguan economy deteriorated, waves of refugees joined those already in Costa Rica who had fled the initial takeover of the Sandinistas. If the contras or a direct U.S. invasion were able to overthrow the Sandinistas, it was feared there would be yet another, far larger wave of immigrants made up of the defected Sandinistas, who, it was not doubted, would begin planning for a new invasion. In short, Costa Ricans mortally feared being caught up in an impossible international conflict that could only result in deep harm being done to their country’s national economy, society, and moral fiber.

Upon assuming office Oscar Arias dedicated himself to bringing peace to the region. Bringing peace was not only appropriate for a country that had long been noted for its internal peace and lack of an army but it was also urgently needed if Costa Rica hoped to avoid the problems noted above. Arias managed to draw together the leaders of all of the Central American countries and develop a peace plan that was not only to involve Nicaragua but would also serve to end the civil war in El Salvador and the guerrilla war in Guatemala. For his efforts Arias was awarded the Nobel Peace Prize.

In recent years there has been an effort to focus on trade relations with the U.S. While Costa Rica has always remained skeptical of joining with its neighbors in the region, in 2005 the Central American Free Trade Agreement (CAFTA) was approved by the U.S. government. If all nations in the region ratify it, Costa Rica will form part of a growing trade bloc.

Conclusions

In the 1990 elections the PLN lost the presidency to an opposition coalition led by the son of Calderón Guardia. Within a few months of this loss the Sandinistas in Nicaragua were defeated in an upset election. These two elections saw the new decade emerging with new leadership in these two Central American neighbors. The dominant parties of the decade of the 1980s, the PLN in Costa Rica and the Sandinista National Liberation Front in Nicaragua, were being asked by the voters to take a backseat and allow fresh faces to try their hand at economic development, democratization, and peace. The dramatic changes in the Soviet Union and Eastern Europe did not go unnoticed in Central America, as capitalism and democracy rapidly began to replace socialism and dictatorship. In this context, peaceful, democratic Costa Rica faces new opportunities for regional leadership as the one country in Central America with a long tradition of democracy. On the domestic scene the ability of coffee, banana, and beef exports to cover the costs of financing growth is clearly limited. Nontraditional exports and tourism are helping,
however. Costa Rica’s open, democratic style of governance seems to enable the country to withstand crises that would cause others to wilt. If the past is any guide to the future, Costa Rica will rise to the test and overcome its problems.

New challenges faced Costa Rica as the century drew to a close. Democratic rights were being expanded as a result of the creation of the “Sala IV,” a constitutional court, which has been augmenting individual liberties at a rapid pace. Yet, many Costa Ricans wonder if this movement has gone too far, and there are signs of growing discontent. In the new century Costa Rica has had incidents of mass protest that it had not experienced before. As already noted, voting abstention, historically never very high, has increased markedly, a sign for some of growing disenchantment with the political system.⁷ Political leaders have been sensitive to this shift in voter sentiment and have begun a new process of institutional reform that promises to maintain Costa Rican politics on an even keel, but many feel that the old parties are not capable of real democratization. Corruption scandals have become more widespread and have reached higher than ever before, implicating several former presidents. If past is any guide to the future, however, Costa Ricans will find a way to retain their democratic and peaceful traditions.

Suggestions for Further Reading


Notes


2. See the various years of the Freedom House index.

3. The Latin American Studies Association reports that the National Reconciliation Commission established as part of the Central American peace accord of 1987 found that "no one in Costa Rica claimed that there were systematic violations of human rights or denial of freedom of expression in the country" (Latin American Studies Association, "Final Report of the LASA Commission on Compliance with the Central America Peace Accord" [Pittsburgh: LASA, March 15, 1988], 8).


