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Decentralization in Costa Rica:

A Report on Current Prospects and Research Possibilities

A report submitted through the United States Agency
for International Development Mission, San José

by

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I. Summary and Recommendations

Costa Rica provides a favorable setting for further research on the problems and prospects of decentralization. While the country is endowed with some remarkable achievements in its standard of living by contrast to much of Latin America, it is not without serious problems of underdevelopment such as extreme public debt and export dependence, declining productivity, urban migration and underemployment, and excessive centralization. Moreover, new crises may be looming in the current fiscal strain imposed on the central government and what that portends for the once successful pact with the working classes based on a strong state welfare system.

Under these circumstances we would suggest three timely, if not exclusive, research strategies that resonate with the widely perceived need to decentralize.

A. Case study and advisory work on the immediate future of the current decentralization initiatives of OFIPLAN and IFAM with particular attention to how these might be harmonized at an interstitial level between the traditional municipality and the sub-national regions.

B. More fundamental analyses of regional development and underdevelopment focused on the economic, productive, and institutional forces that have contributed to the present situation and must be reckoned among the constraints on any realistic possibilities for future deconcentration, decentralization, or devolution.

C. Studies from the "bottom up" of popular participation within and outside of official mechanisms and how this can have a genuine impact on

the planning and execution of development projects beyond the conventional role of "mobilization" and paternalism.

Both the professional quality and the potential practical implications of this research would be enhanced through strategic comparisons with the other Central American countries and decentralization experiments.

II. A Brief Statement of Mission and Activities During the Research Trip.

From January 24 through February 8, 1980 we engaged in a preliminary investigation of the possibilities for research in Costa Rica on the general question of decentralization in conjunction with the University of California, US/AID, and various institutions in the country. We arrived with only a general notion of our mission owing to the exploratory aims of the project at this stage and the somewhat oblique interests of the various parties whose concerns we bridged. On the one hand, we represented the UC Project on Managing Decentralization with the charge of conducting a wide-ranging exploration of fertile avenues for subsequent research related to the theme of decentralization. On the other hand, we wanted to be responsive to the much more concrete and advisory interests of US/AID in connection with the structure and viability of municipal government. This was further complicated by the fact that US/AID in Costa Rica is entertaining three research team visits whose tasks should have some coherence: Syracuse University focusing on municipal finance, Cornell University concerned with rural participation, and ourselves.

Within this panorama US/AID in Washington characterized our mission in broad strokes with the following two cables:

DS 0873

From Berkeley, also in January, to pursue the non-revenue issues in a decentralization analysis (functional/structural issues; administrative capacity issues; legal framework for alternative devolution-decentralization approaches, etc.).

DS 7367

DS/RAD and UC Berkeley are prepared to assist ICAP in developing data base and sound analytic framework for determining the potential of alternative approaches to decentralization in Costa Rica.

Pursuant to this objective DS/RAD suggest a two person team for a two week TDY beginning January 24 to assist ICAP* in identifying issues crucial to decentralized administration and government in Costa Rica, and in developing a strategy to focus on and resolve them in the context of Costa Rican priorities and conditioning.

Note that the second cable stresses assisting ICAP (a Central American institution for training and research on public administration), thus adding another constituency to our coordinating responsibilities.

Our initial task, therefore, was to clarify our own purpose in a manner that touched on these divergent (though, obviously complementary) charges, at the same time defining a distinctive role we could play given our own interests and expertise. This report reflects a blend of all those considerations.

Our research strategy involved several straight-forward approaches:

1. To collect and read as much relevant literature (i.e. other research studies, public documents, reports, technical material, newspapers) as we could borrow or purchase.
2. To travel to several regional centers and secondary cities endeavoring (without much success) to meet with local representatives.
3. To interview people in relevant institutions and organizations (see Appendix A for a list).

* See Appendix B for the complete names of all those institutions referred to in this report with acronyms.

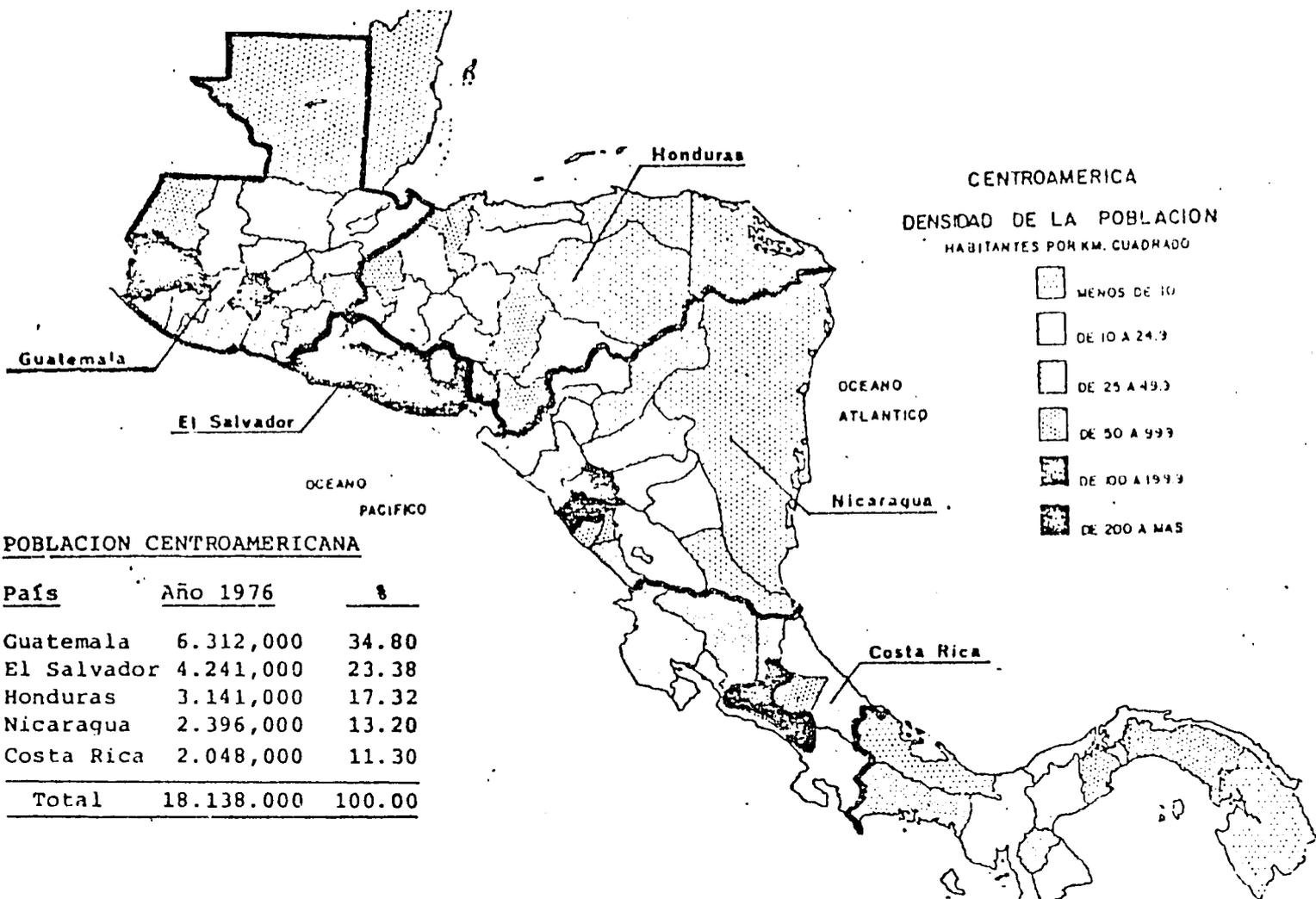
4. To digest this information and in a "second round" of interviews to cross-check facts and disparate views.
5. On returning to California, to research further some of the broader contextual issues in the history and economic development of Costa Rica.

Our report is organized in a fashion that reflects these procedures. It begins with some background on the country for those (e.g. participants in the U.C. Decentralization Project) unfamiliar with the terrain. We then indicate something of the contemporary reality of Costa Rica--the political situation, the institutional complex, and the socio-economic problems. Finally, in connection with our research, we report on the actual activities of various agencies and institutions that relate to decentralization--the actors involved, their plans and initiatives, the problems they hope to address, and the methods they see as efficacious. This topic reflects much of the concrete substance of our field work. In combination with the foregoing background (political-economic) material we endeavor to arrive at some evaluations of decentralization prospects under present circumstances. We conclude with a set of recommendations for future research of a short-term, advisory sort and some of a longer range, development focus.

It should be noted that we are fully aware of the limitations of this "research" based on a brief encounter with contemporary issues in Costa Rica. We do not presume to be experts, nor to advise from a privileged position those closer to the situation. We bring other expertise, based on research and praxis in Latin America, to the role of modestly informed observers whose standpoint is unique and of potential interest

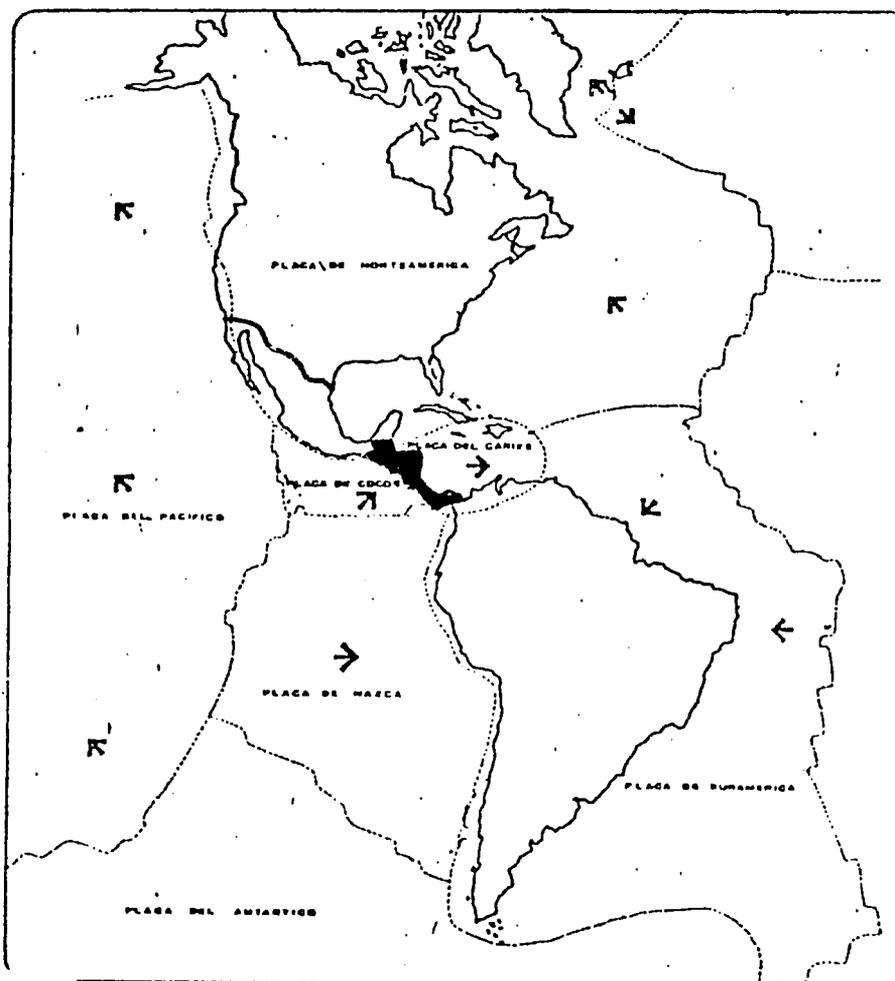
to those embroiled in on-going issues as well as those who (through proposed research) would like to be.

By way of an initial summary, we have concluded that Costa Rica offers a promising site for further research on the problems and prospects for decentralization. Although there is little political consensus on the appropriate mechanisms, there is wide agreement on the need for decentralization in a more rational developmental strategy and a better distribution of services. How the mechanisms may be fashioned and the obstacles they confront are inviting questions for continuing research. Certain limitations on the generalizability of research findings associated with the small scale and unique political system of Costa Rican society could be turned to an important advantage if this research also incorporated strategic comparisons with other Central American countries and decentralization experiments.



POBLACION CENTROAMERICANA

| <u>País</u> | <u>Año 1976</u> | <u>8</u> |
|--------------|-------------------|---------------|
| Guatemala | 6.312,000 | 34.80 |
| El Salvador | 4.241,000 | 23.38 |
| Honduras | 3.141,000 | 17.32 |
| Nicaragua | 2.396,000 | 13.20 |
| Costa Rica | 2.048,000 | 11.30 |
| Total | 18.138.000 | 100.00 |



REFERENCIAS

----- LIMITE DE PLACA

→ DIRECCION DEL MOVIMIENTO DE LAS PLACAS.

Fecha: 1978

Mapa: Tectónica general de América

Elvén

Centro de Investigación en Ciencias y Tecnología

UNIBAC

Instituto para el Desarrollo Científico y Tecnológico

III. General Background on Costa Rica--with Special Reference to the Decentralization Question.

A. General Impressions.

Costa Rica is widely reputed as a "model" country among the Latin American Republics, the Switzerland of Latin America as some would have it--a disconcerting reference to those who recall the same being said of Uruguay only a few years ago, but no more. Like all stereotypes, there are elements of fact and fancy in these descriptions. In this short space it will be useful to characterize contemporary Costa Rica in terms of three general features: its relative prosperity, democratic tradition, and centralization.

Relative to some Central and South American countries, there is no doubt that Costa Rica enjoys a high standard of living. That standard is more than a statistical artifact averaging the very rich and poor mass. It is, to greater and lesser degree, the genuine experience of a broad middle class. This is not to say that poverty is absent, but simply that it is less the rule than elsewhere. True poverty does exist among the urban lower classes outside the formal economy and in the neglected and commercialized agricultural regions.

Second, since the late Nineteenth Century, Costa Rica has evolved a democratic political system based on competitive political parties, an increasingly broad franchise, and directly elected members of a unicameral legislature, municipal officials, and president. Although this system was interrupted twice in this century by coups (in 1917 and

1948-49), the country soon returned to democratic methods with minimal political repression. Indeed, some view as "excessive" democracy the system of multiple parties involved in shifting coalitions between closely spaced elections.

Third, the country is highly centralized along all pertinent dimensions: population, economy, political power, public expenditures, migration patterns, and so forth. The San José metropolitan area embraces roughly half the nation's population and the surrounding "Meseta Central" (two adjacent mountain basins roughly 25 by 75 miles) includes over 70 per cent. Distinctive regions do exist in the country (e.g. in Limón on the Caribbean coast or Guanacaste province in the northwest bordering the Pacific and Nicaragua), but they are politically and economically dominated by the capital.

Naturally, there are other important features of the country that will become apparent in subsequent sections. By way of introduction, however, the important question is how to explain these key characteristics. Stated differently how do we account for Costa Rica's "exceptionalism" from the broad vantage of historical development?

B. Some Critical Historical Points.

Ironically, much of Costa Rica's current prosperity and democratic ambience derives from its previous (pre-colonial and colonial) poverty and isolation. Although encountered by Columbus on his final voyage in 1502, it was more than sixty years before the first permanent settlement took root. Hostile Indian tribes menaced settlers and there were no

compensating lures such as the gold and silver mines that helped motivate the conquests of Mexico, Colombia, and Peru. The area was sparsely populated and did not offer a potential native labor force. In consequence, no hacienda system was created. The traditional encomienda (land and labor granted in trust to Spanish colonists) and repartimiento (required labor on "public" projects), so important to the evolution of colonial society elsewhere, were virtually non-existent in Costa Rica. Moreover, the colony was geographically isolated from the seats of colonial government in Colombia, Nicaragua, and Guatemala, themselves dependencies of Peru and Mexico initially.

The important legacy of this situation was a system of small property holders, owner-cultivators, and a relatively equitable distribution of land. This form of agricultural production, in turn, gave rise to a more egalitarian class structure. In the absence of a quasi-feudal social order, a political system evolved based on more enlightened precepts of civic duty and paternalism. Far from democratic, or even benign, at this stage civil government nevertheless took on the trappings of well-intentioned elitism.

Following independence from Spain in 1821 Costa Rica was briefly associated with the United Provinces of Central America. Prior to joining this pact a short-lived civil war erupted between those colonial cities preferring alliance with Mexico (the colonial capital of Cartago and Heredia) and those drawn to Colombia (San José and Alajuela). Politics revolved around these small cities of the Meseta Central with a serious conflict occurring over which should be the capital. Briefly, the capital rotated among the four, but the superior forces of San José assumed the distinction in 1823 and later led the country into full independence.

Coffee, Costa Rica's best known product, was introduced in the late 1820's and soon became the major industry and export item. Government did a great deal to promote coffee production (e.g., construction of cart roads, free land to willing cultivators). While this intervention broadened the number of cultivators and small-holders, the very success of the enterprise led to the acquisition of large estates by wealthy families and the political elite. In the latter half of the nineteenth century the large coffee growers had become the dominant force in national politics.

Representing these interests and the spirit of nineteenth century liberalism, political regimes from 1870-1889 (esp. those of Tomás Guardia and Bernardo Soto) took decisive steps in the creation of the system that exists today. Under Guardia the railroad linking San José and the coffee regions of the Meseta Central with the Caribbean port of Limón was begun. To make the railroad pay for itself with revenues in addition to the modest coffee trade, purveyors of the project were granted extensive lands developed as banana plantations and later combined to form the United Fruit Company. All this reinforced the trend toward large scale commercial agriculture for export, although the small holder persisted (including in coffee)--the egalitarian pattern was tempered, but not reversed. In social and political areas the "generation of 1889" also instituted genuine popular elections and the system of free and compulsory education.

The early years of the twentieth century witnessed a series of conservative, yet progressive regimes (with the temporary exception of the

1917 coup). The active political parties were non-ideological, except in the broadest sense, and typically organized around individual personalities representing the dominant coffee, banana, and cattle interests.

Yet, times were changing. The effects, by now, of some 40 years of universal education were taking hold. Serious inequalities were appearing as a result of land concentration, working conditions on the plantations, the distribution of income, and regressive taxation. In 1919 Costa Rican communists organized the "Workers and Peasants Bloc," and large strikes were held in Limón and the banana areas in 1924 petitioning for better working conditions and a minimum wage.

Under successive administrations of the National Republican Party in the 1920's and 1930's government began responding to organized demands. In 1924 a national bank of insurance was created to provide broader and cheaper coverage. The first minimum wage law was enacted in 1933. United Fruit was encouraged to "donate" 250,000 acres of coastal land for distribution to small farmers.

Perhaps the most fundamental changes in the country's history to date came with the regimes (likened to the New Deal) of Rafael Angel Calderón Guardia (1940-44) and his chosen successor Teodoro Picado Michalski (1944-48). Although Calderón was a medical doctor from a wealthy, traditional, and strongly Catholic background, he soon demonstrated a very progressive bent. Among the many reforms credited to his regime were the creation of the country's extensive social security system, a new labor code, and constitutional amendments affecting the rights of property (e.g. the famous "parasites" land law that provided for the transfer of title to persons actually working land that its legal owner did not have in regular production). Calderón quickly drew the wrath of conservative and landed

interests which led him into a coalition between the National Republicans and the Workers and Peasants Bloc (renamed under the circumstances the Popular Vanguard Party in 1943) that ensured a majority in the legislature necessary to approve the reform programs.

Conservatives were but one source of the opposition to Calderón and, ultimately, not the most decisive. With the changes outlined there was developing simultaneously a new stratum of young, educated, and technically oriented leaders. This was the group based on the quasi-academic Center for the Study of National Problems (Centro) and the minor Democratic Action Party that later merged in the Social Democratic Party as supporters of José Figueres Ferrer. This new group presented itself as socialist, scientific, nationalistic, and generally more competent at serving the people. It charged the Calderón government (without convincing evidence) of waste, mismanagement, corruption, communist subversion, and allegiance to a "civil oligarchy."

Ironically, since this split was at the root of the 1948 revolution, the substantive policy differences that separated the two political factions were slight. Both favored progressive reforms and an interventionist state-- a mixed economy with strong social welfare guarantees that still did not stray too far from liberal capitalism. For that reason the revolution is to be understood more as a conflict of classes and generations than as an ideological struggle seeking fundamental transformations of the state.

The details of the 1948 revolution are readily available elsewhere and will not detain us (e.g., Bell, Acuña). Although Figueres had been advocating the violent overthrow of the Calderón government since 1943, it was only in the Spring of 1948 that a contested election and the cancellation

of its apparently unfavorable results by the party in power provided the insurgents with a pretext for armed revolt. With the help of weapons from Guatemala and the forces of the Caribbean Legion, Figueres led a successful take-over--aided by the reluctance of the Picado government to precipitate wholesale violence in preference to capitulation to superior organization.

The revolutionary Junta that Figueres headed from 1948-1949 (before acquiescing gracefully to an elected government) instituted yet another set of sweeping reforms. Besides restoring the "legitimately elected" government of Ulate in 1949, the Junta nationalized the banks, introduced a 10 percent tax on private capital, dissolved (again) the army, and created the first of a series of powerful, centralized autonomous institutions for infrastructure development in the National Electricity Institute (ICE). Although the subsequent elected administrations of Figueres (1953-1958 and 1970-1974) did not match the innovative achievements of the Junta, they did continue in this mold with additional autonomous institutions such as the one for housing (INVU), a renegotiated arrangement with United Fruit increasing its tax burden, and increases in the minimum wage.

C. Interpretations.

Historically Costa Rica enjoyed certain "perverse advantages" that laid the structural basis for a relatively egalitarian system of property and social class. The centralization of population in the Meseta Central is a condition dating from the colonial period. In the nineteenth century,

with the active participation of the state, the economy was converted to the ends of export production in coffee and bananas. This produced growing inequalities of land and income, a more sharply defined class system headed by a landed elite, and a highly coincident political elite. As social inequalities became exacerbated, the state adopted a role of paternalistic intervention and reformism at the behest of traditional elites. This provoked a revolutionary transformation of bourgeois and technocratic groups that institutionalized reformism in a pact with the working class based on strong welfare state measures administered by a rationalized bureaucracy of centralized, autonomous agencies.

IV. The Contemporary Situation

Following the developmental model initiated in the 1940's and institutionalized with the revolution of 1948, Costa Rica has established a social contract between the state and various classes. This pact is based on the maintenance of traditional agrarian economic structures (e.g. large coffee growers, foreign-owned banana plantations, cattlemen) combined with the urban entrepreneurial sector involved in commerce, export, and relatively small scale manufacturing. With state support this economy achieved a level of accumulation sufficient to finance a rapid expansion of the state sector, providing employment for middle class professionals and functionaries in charge of implementing the welfare state.

As a mechanism for absorbing some of the contradictions of economic development under the present norms (i.e., providing state-financed jobs and projects for those squeezed out by capital intensive agriculture or newly graduated from educational institutions) and for accommodating directors of the dominant political factions, the state has become self-perpetuating. However, by now it may have reached its capacity to fill these functions by out-distancing the economic capacity of the country and creating a situation of political tension. The latent tensions in this once-successful state policy are aggravated from two sources: a) a deteriorating position in the Central American and international economy, b) developments in neighboring Nicaragua where post-revolutionary experiments are being fashioned to deal with certain problems familiar to Costa Ricans.

Moreover, the present administration is not on sure-footing in meeting these challenges. The Unidad coalition now in power replaced eight years of government by the largest single party (PLN) which, nevertheless, is

still strong in the legislature and in top civil service positions. With the Unidad government not quite half-way through its four-year term, there is already evidence that political gaming strategies are developing with the consequence of flagging coordination and ability of government to act.

Economically, Costa Rica is vulnerable to changing (and worsening) conditions in the international economy owing to its dependence on agricultural exports and the industrial substitution model based on a heavy component of foreign capital. Membership in the Central American Common Market and recent convulsions in that system (e.g. the El Salvador-Honduras conflict, the Nicaraguan revolution) have had a strong negative effect on the Costa Rican balance of payments. As a result of this and related conditions mentioned, the external indebtedness of the country has risen seriously and dramatically in recent years (to 1.3 billion U.S. dollars in 1978) resulting in a much diminished capacity for investment at home.

Another consequence of the economic model has been its inability to generate new sources of employment, particularly in agricultural and industrial activities that are linked to the export economy. This failure, in turn, is closely related to inter-regional and urban migration conducive to diseconomies at the metropolitan level.

In combination the forces described add up to a genuine fiscal crisis of the state--an inability to capture internal resources sufficient to maintain simultaneously the costly (and not always efficient) social services with which to pacify disadvantaged sectors and to sustain previous levels of investment in infrastructure works and economic development. Indeed, the external indebtedness problem will probably result in a reduction of

investment in these areas. As a consequence the government has already begun to implement austerity policies beginning with reductions in state personnel and budgets for programs viewed as uneconomical (e.g. cultural functions, services to children of poor families).

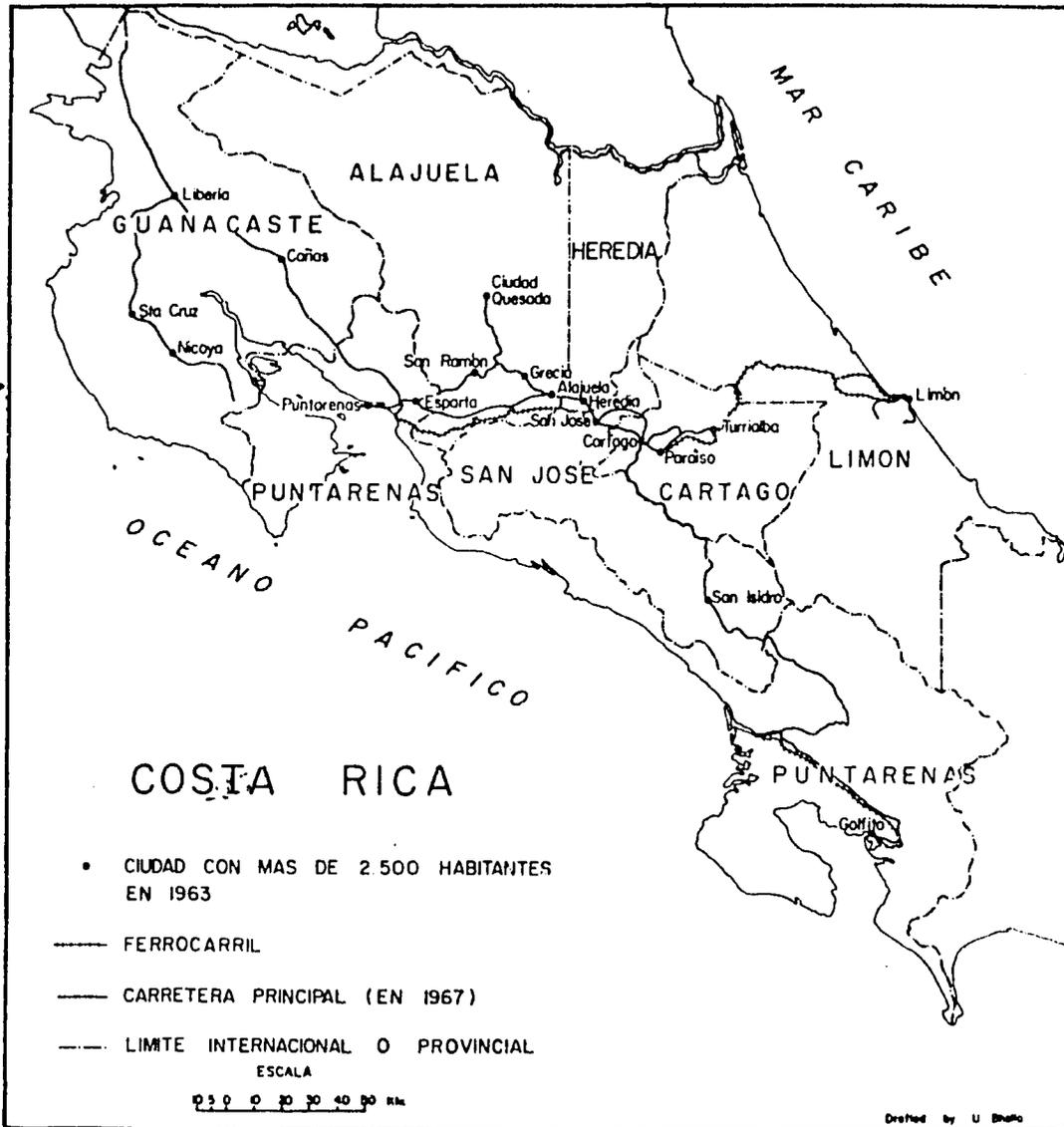
This situation of austerity and incipient fiscal crisis may lead to serious institutional strains. Under the social pact and developmental model evolved over the past thirty years the autonomous state institutions have acquired a great deal of autonomy (approximating, perhaps, papal states).

Through their expanding activities, superior bureaucratic and technical structure, and certain independent revenues sources, the autonomous institutions are able to develop their own plans and operational strategies. This leads to a situation in which the separate institutional policies are unarticulated or even in conflict among themselves and, worse, with the central government. While some of these institutions operate at a high level of efficiency (e.g. social security, electricity, health), others exhibit diverse failings that cannot be easily corrected owing to their autonomous character.

A characteristic result of these problems is the lack of articulation between regional and local needs. As an arm of the Presidency, the Office of National Planning (OFIPLAN) must depend in large part upon the policies and works developed within each of the autonomous institutions. That is, OFIPLAN can plan but not implement. What is implemented depends upon considerations internal to the institutions and whatever influence OFIPLAN can bring to bear. However, in addition to their unique autonomy, the institutions are also influenced by political considerations and parties, having traditionally used their institutional patronage as a basis of power in electoral politics.

MAP 3

Costa Rica -- Provinces and Major Cities



V. The Institutional Nexus of Centralization and Decentralization.

During our visit there was evidence in Costa Rica's open political dialogue of mounting problems associated with centralization--the country's dependence in economic, social, and political matters on the central region. Examples are abundant. Imbalances in the exploitation of natural resources produce a situation in which perhaps three-quarters of the arable land is insufficiently cultivated, while land in the central region is depleted through over-use. Adequate facilities for commerce and services are lacking in the peripheral areas, but abundant, sophisticated, and efficient in the San José metropolitan area. The transportation system (mainly highways and a much less developed railway) is dense and integrated in the central region with the others depending on a weak system of secondary roads.

Despite this pattern of centralization, there are distinct regions that differ among themselves and with respect to the nature of their dependent ties to the center. An illustration of regional imbalance related to the broader pattern of centralization is found in the provincial (Guanacaste) capital of Liberia (pop. = 24,500). Several luxury hotels front the city's access to the main highway servicing the needs of wealthy local cattlemen and metropolitan visitors including representatives of the central government. This provides a marked contrast with the modest furnishings of the city and its alternative investment needs.

Today almost exactly 50 percent of the population (or about one million persons) lives within the 2,642 square kilometers (approx. 1000 sq.mi.) comprising the Central sub-regions of San José, Heredia, Alajuela, and Cartago--an area equivalent to five percent of the national territory. By the year 2000

it is estimated that the same area will contain two-thirds and the population (i.e., two of the three million projected for the nation in 20 years). Similarly, considering only the country's urban population, the central region now embodies about 85 percent. As a result, the San José metropolitan area is experiencing agglomeration diseconomies in the areas of housing, transport, services, etc.

We are faced, therefore, with an apparent failure of the very institutional system that once aspired to balanced development of population, economic growth, and political participation. There is a growing recognition of the need for spatial and political decentralization owing more to pressures from regional forces than the numerous scholarly studies that have documented the trend. These pressures have taken the form of overt political demonstrations, local pleas for more autonomy, and general disenchantment with the national system. The following points illustrate the principal responses to this situation.

A. Regional efforts in Limón: a case for sustained contradictions.

Puerto Limón on the Caribbean coast is the country's major port and in 1979 was the scene of strikes and public demonstrations (including riots) demanding more economic attention and better services from the central government. As noted previously, Limón has a history of political organization and protest owing to its proximity to the banana plantations and its colony of Jamaican workers imported in the nineteenth century for work on the railroad and since become a settled feature of the local population.

Since the early 1960's the national government has tried to correct problems of regional neglect through the creation of various institutions

to manage economic activities and promote general developmental plans. JAPDEVA (Regional Port, Railway, and Development Authority) is one such agency we visited. Unique among Costa Rican institutions, it is charged with both managing the port and preparing new plans for economic development. Subsequent to the creation of JAPDEVA and further agitation over unfulfilled promises, additional and related entities were begun, e.g., the Regional Development Council (CRDPL) and a group for Comprehensive Regional Planning (PIDRA). In each case the agencies languished for lack of funds and the execution of proposed works by the central government. One analysis (Raine) concludes that the demonstrations and strikes of 1979 were immensely more effective in getting local works completed. It would appear that regional development in Limón has proceeded erratically in proportion to the level of local protest.

B. The regionalization schemes of OFIPLAN: technocratic planning.

OFIPLAN (Central Office for National and Economic Planning), a technical body directly dependent on the President of the Republic, has been preparing careful studies of the regional imbalances and developmental prospects. It demonstrates a high standard of competence, occasionally calling on the help of advisory foreign experts. OFIPLAN has developed a detailed scheme for regional and sub-regional planning structures recently formalized through a presidential decree. The problem that we observed deals not with the more or less accurate diagnosis of particular regions and their potential for development, but with the approach of its executive personnel to the behavior of national and local institutions that are covered by the regionalization schemes. OFIPLAN appears to be trying to

impose its model on other public bodies, themselves pursuing many parallel efforts in terms of regional decisions for investment and services (e.g. the national autonomous institutions) some of them quite successfully and some very inefficiently. On the other hand, no matter what rationale OFIPLAN may present for coordinating national and local initiatives in order to avoid the fragmentation of effort, it is viewed suspiciously by local forces and communities as another governmental and paternalistic effort to dominate regional and local matters. In other words, the OFIPLAN approach appears lacking in political sensitivity and the tactical means to convince others of the merits of its regional schemes.

C. The municipal restoration approach: a formal and autarchic reaction.

Through our interviews with some local representatives, active politicians, and technical personnel of IFAM (the Institute of Municipal Administration Development) we became informed on the main alternative to the OFIPLAN approach. Here we have the other side of the coin conceived, interestingly enough, by another national autonomous institution, IFAM. Created in 1970, IFAM has until recently been in charge of technical training of municipal personnel and of the administration of AID grants for local projects like roads and slaughterhouses. In the last two or three years it has been expanding its vistas calling for a redefinition of the municipal role--one that in the distant colonial past was of greater importance. While we believe that there is abundant reason in their criticism of the monopoly of state institutions in servicing local needs (and consequent bureaucratism and inefficiency of some programs), we also see

imposing political difficulties facing any effort to reverse the trend of state participation in local life--except through measures such as a modest increase in the share of the national budget.

D. Problems confronting the several approaches and their integration.

Taken separately none of these approaches will provide an effective solution to the diseconomies of centralization discussed above. If anything, they simply replicate an important part of the present problem of institutional proliferation and overlap. Central government response to regional efforts as in Limón tend to be erratically timed with local protests and do not follow any rational national plan. Short-term responses followed by more typical indifference simply perpetuate longer term grievances. The OFIPLAN approach is somewhat disembodied and almost implies the massive task of creating a new national social structure and the mobilization of people within its norms. Conversely, the municipalist approach is essentially defensive, attempting to reclaim resources without any new ideas on how they would be employed. It is weak and as yet unorganized. Worse, the three approaches are in conflict with one another in terms of both a logic of planning and at the level of inter-agency competition.

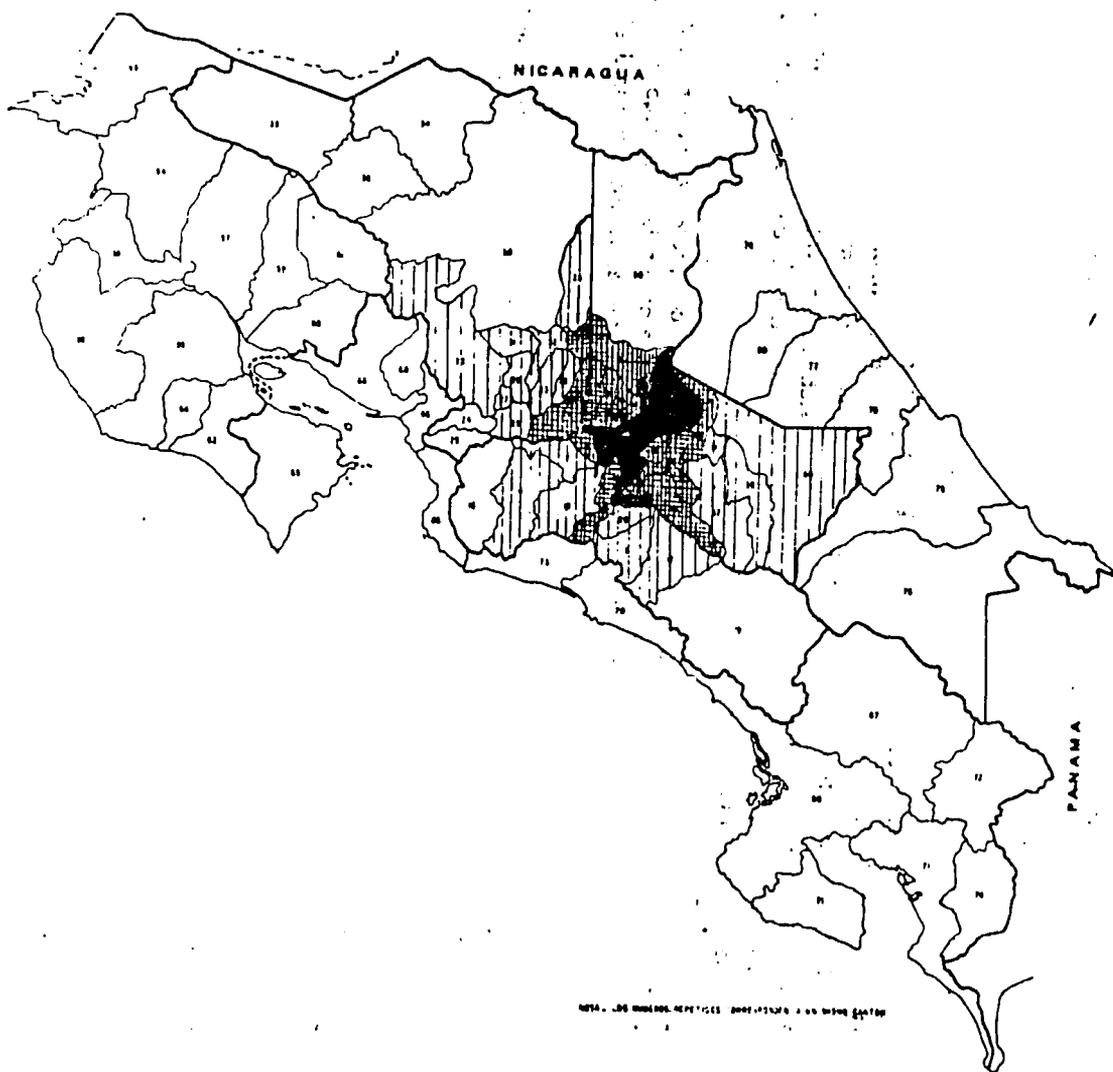
This institutional-level competition is further complicated by a good deal of indecision and flux at the national political level owing partly to the coalitional character of the present regime and partly to the imminence of the next elections. At bottom what is

lacking is a firm national commitment to decentralization that would reckon with the established power of the autonomous institutions. This issue would have to be the starting point for a new and comprehensive strategy. Second, what is needed is a simpler and organizationally manageable approach. The strategies presently under discussion alternate between piecemeal programs and hopelessly complicated syntheses of every interest group or constituency.

After some discussion, we feel a better option would combine the regional and sub-regional levels of operation (i.e. OFIPLAN) with the IFAM goals, in order to define the best operational level for concentrating forces to effect local and regional development. What should be kept in mind as positive in the approach of the "municipalistas" is their knowledge and contacts at the local level, a condition of paramount importance for any decentralization policy, and therefore they should play a key role in the decision-making structures under discussion.

MAP 4.

Costa Rica -- Cantones (Municipalities)



DIVISION ADMINISTRATIVA 1978

| | |
|---------------------------|-----------------------------|
| PROVINCIA SAN JOSE | PROVINCIA HEREDIA |
| CANTONES | CANTONES |
| 1 SAN JOSE | 44 HEREDIA |
| 2 ESCAZU | 45 SARVA |
| 3 DEBAMPARADOS | 46 SANTO DOMINGO |
| 4 PURISCAL | 47 SANTA BARBARA |
| 5 TARRAZU | 48 SAN RAFAEL |
| 6 ASERRI | 49 SAN ISIDRO |
| 7 MORA | 50 BELEN |
| 8 GOICOECHEA | 51 FLORES |
| 9 SANTA ANA | 52 SAN PABLO |
| 10 ALAJUELITA | 53 SARAPIQUI |
| 11 CORONADO | |
| 12 ACOSTA | PROVINCIA GUANACASTE |
| 13 TIBAS | CANTONES |
| 14 MORAVIA | 54 LIBERIA |
| 15 MONTES DE OCA | 55 NICOYA |
| 16 TURRUBARES | 56 SANTA CRUZ |
| 17 DOTA | 57 BAGACES |
| 18 CURRIDABAT | 58 CARRILLO |
| 19 PEREZ ZELEDON | 59 CARAS |
| 20 LEON CORTES | 60 ABANGARES |
| PROVINCIA ALAJUELA | 61 TILARAN |
| CANTONES | 62 NANDAYURE |
| 21 ALAJUELA | 63 LA CRUZ |
| 22 SAN RAMON | 64 HOJANCHA |
| 23 GRECIA | |
| 24 SAN MATEU | PROVINCIA PUNTARENAS |
| 25 ATENAS | CANTONES |
| 26 NARANJO | 65 PUNTARENAS |
| 27 PALMARES | 66 ESPARZA |
| 28 POAS | 67 BUELNO Y RES |
| 29 OROTINA | 68 MONTES DE ORO |
| 30 SAN CARLOS | 69 OSA |
| 31 ALFARO RUIZ | 70 AGUIRRE |
| 32 VALVERDE VEGA | 71 DOLFITO |
| 33 UPALA | 72 COTO BRUS |
| 34 LOS CHILES | 73 PARRITA |
| 35 QUATUBO | 74 CORREDORES |
| PROVINCIA CARTAGO | PROVINCIA LIMON |
| CANTONES | CANTONES |
| 36 CARTAGO | 75 LIMON |
| 37 PARAISO | 76 POCOCI |
| 38 LA UNION | 77 SIQUIRRIS |
| 39 JIMENEZ | 78 TALAMANCA |
| 40 TURRIALBA | 79 MATINA |
| 41 ALVARADO | 80 GUACIMO |
| 42 OREAMUNDO | |
| 43 EL QUARCO | |

-  -- San José Metropolitan Area
-  -- Central Urban Region
-  -- Central Rural Region

VI. Proposed Research.

A policy of spatial and social deconcentration and decentralization that proposes economic as well as democratic goals will have to deal with the issues previously described in this report in a way that somehow enhances the articulation of regional and local interests with national (central) objectives. This suggests many areas for applied research and advice. We would like to offer some ideas concerning our perception of priority areas. These proposals reflect our conclusion that Costa Rica certainly deserves to be considered by the UC project as a very interesting case for research involvement--especially if comparative work within Central America is built into the research design.

A. Institutional structures and strategies for regional and local decentralization.

The situation of dissatisfaction with the historical spatial concentration of Costa Rican development resembles that described by Stephen Cohen for Colombia in the October 1979 UCB/USAID paper, in the sense of a simultaneous criticism of the problem on the part of local advocates, national planners and the private sector. Current efforts by OFIPLAN to implement sub-regional offices in some of the recently created 22 planning sub-regions pay little or no attention to local efforts to recover some degree of power and financial support for municipal bodies. Therefore, public agencies advocating some form of decentralization are involved in a competitive relationship without a clear understanding of the need for

joint efforts if some change is going to affect the present policies of the many autonomous institutions serving and investing in the very regions that OFIPLAN and the municipal system want to reinforce. The divergent strategies of OFIPLAN and IFAM--the latter trying to express the municipal interest while being at the same time one of the criticized autonomous institutions--will probably result in wasted energies and worse, a failure of the central idea of both strategies. Therefore, we would suggest a case for UC involvement in two ways:

1) To develop a short-term research and advisory role in order to identify the possible contradictions of the strategies followed until now by OFIPLAN and IFAM (with its supporting associations such as UNGL), and to advise them with regard to more articulated paths towards common goals. A formal request for such advice was presented to us by IFAM executives. This activity for UC personnel should be initially focused on the institutional potential of the present mechanisms for decentralization, the demands of human resources at sub-regional and local levels and the political and bureaucratic constraints of such strategies for decentralization.

2) Assuming that a minimum agreement develops on more refined strategies to join forces and views of the different actors mentioned, research and training actions should follow in order to select some specific areas for the initial testing of such strategies. Here we believe the study of regional decentralization should address at least three different situations:

a) the case for decentralization within the central region where the metropolitan agglomeration of San José is creating a pattern of excessive dominance with regard to the system of cities and towns

b) the case for decentralization at inter-regional levels, where the two main ports of the country (Limón and Puntarenas) as well as two or three regional cities (Liberia, San Isidro) present particularly critical problems of economic, social and environmental deterioration;

c) the case for decentralization of rural cantones and sub-regions with a potential for development of agro-industries at a scale and technological level that fosters employment and income-distribution goals.

Some of these situations have already been the subject of a substantial amount of basic research by both governmental and academic groups providing a solid basis for evaluation. Moreover, we have identified potential counterparts. An interesting option for conducting research within one or more of the three cases described is provided by the new program offered by ICAP, a masters program in public administration to begin next June. We were told of the interest of the institution in applied decentralization research as part of the students' research requirements for the semester beginning in 1981.

In terms of UC involvement, this applied research and advisory operation should consist of at least one person to work initially on the institutional strategy component for two to three months in Costa Rica. The second part of the project should consider following the progress--or stagnation--of the decentralization strategies, while at the same time initiating work at one or more of the regional levels with local counterparts and one or two persons from Berkeley. Assuming satisfactory initial progress on the project this year, we would propose following the process in '81 and '82, considering the evolution of the Costa Rican democratic process and the installation of a new administration in the latter year.

B. Historical patterns of regional development and underdevelopment.

In this area of research, we shift the focus from an advisory concern with institutional practices, to a consideration of the underlying forces that have produced over-centralization in Costa Rica from a socio-political and economic perspective. To some extent this second area expands the field of the previous one in terms of the context in which decentralization strategies must operate. We consider it important to assess the development process in recent times with historical analysis dating from the 1948 revolution that brought the Costa Rican modernization model into effect. A very interesting and unique process of populism and a modernizing elite has been responsible for economic development based on a mix of export crops and some level of industrialization, while the autonomous institutions of the state consolidated the dominance of San José.

This process has established a technical-administrative elite with imitative consumption patterns based on the more developed societies. This reinforces regional and social imbalances as well as an increasing dependency on foreign investment for the development of industrial and rural enterprises.

The research would focus on the class structure of modern Costa Rica with special attention to the middle sector born under the welfare state model already described, a sector that has been growing successfully at the expense of the lower income groups and nurturing the two main political parties that compete for the central government. A second focus would be the socio-political process which seems to be stalemated--an "immovable society" with growing inefficiency that produces negative consequences in terms of the distribution of public goods to communities and regions outside the central region.

It would also be important to analyze the regional organization of key economic activities, like the evolution of the export economy and its effect on the social structure and political climate in a plantation region like Limón or a cattle raising region like Guanacaste. The linkages between private and public organizations and interests, and their articulation with transnational corporations, are some issues to be explored in order to understand regional and local stagnation. To what extent, for example, does an increase of economic activity in the agro-industrial sector generate more employment opportunities in rural areas thus diminishing unwanted migratory processes, or on the contrary, push more farmers off their land towards the urban centers? Such research requires a careful exploration of markets, financial mechanisms, and political decisions at the national level. We visualize interesting comparative studies of other Central American societies with regard to similar efforts to regionalize and decentralize economic activities, in order to broaden an understanding of the powerful obstacles to a more balanced development.

This project should begin by an in-depth study of available material, to be followed by a selection of cases and agreements with local counterparts within this year.

C. Local and community participatory forms and mechanisms in Costa Rica.

The two areas of research already outlined deal with the institutional actors and the broad socio-economic forces that interact in the Costa Rican development process--actors and forces that we consider as independent

variables with regard to the local and regional prospects for a better distribution of public goods. In this third proposal we are interested in evaluating the experience of local communities and the common citizens in three related areas: first, citizen interactions with the formal mechanisms of government represented by the many institutions purportedly providing them services and guidance, including local institutions like the municipalities or DINADECO committees; second, an investigation of the additional participatory and productive practices in which common citizens engage outside formal mechanisms, eventually creating individual or collective resources of their own consumption; third, an assessment of ways to encourage and make more efficient the articulations of community potential with the new structures under discussion for general decentralization purposes.

The idea underlying this research is that Costa Rica is a country of scarce resources to be distributed in collective consumption. This lends great importance to improved performance of the intricate welfare apparatus at the local level in order to attain efficient distribution, as well as to foster the creative potential of local communities. The AITEC proposals for small rural productive units or the IMAS experiments with low-income housing projects are examples of this alternative approach which should complement more than compete with the efforts from the institutional sector.

We assume that by supporting organizational and problem-solving activities at the local level a healthy participatory exercise will gradually lessen the overwhelming dominance and bureaucratization of central institutions, while generating real political participation.

This area of research should select two or three communities or groups of communities following perhaps the OFIPLAN sub-region proposals, and ideally integrating all three topics in specific settings. One example would be the provision of housing and infrastructure services for low-income families, a case where we can follow strategies and actions from the very top level--MVAH, INVU, ICAA and ICE--to local interest and organization for location and program decisions, and eventually to employment and productive opportunities within the building process. In rural areas, new agro-industries with local development concerns seem to be of paramount importance to link the land resources with industrial growth while attacking the historical trend to urban concentration.

This research proposal should remain at an intermediate or bridging level with regard to central institutions such as those mentioned and locally active organizations, probably working with some academic unit at the Costa Rican universities. We recommend beginning a preliminary study of the prospects for this area within the present year.

D. Other areas of research and advice.

It seems clear to this team, even after a short visit to Costa Rica, that many other areas deserve consideration in the vast field of decentralization policies and strategies. We have mentioned a few examples of those closer to our particular interests and perceptions, and we believe that within the three topics outlined further work should identify many questions for expanded action. We are aware also of the changing conditions of Costa Rican society, a fact that gives to this country additional attraction and the need for a flexible approach to research and advisory actions in the decentralization approaches.

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Appendix A

LIST OF INTERVIEWEES BY DATE, POSITION, AND ORGANIZATION

| | |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 1/25/80 | David Ollinger, Head of Regional-Urban Division, US/AID Bastian Schouten, Acting Director, US/AID |
| 1/25/80 | Mario Bermudez, Head of Planning Division, IFAM Germán Aranda, Sub-Head of Planning Division, IFAM |
| 1/28/80 | Carlos Bogantes, OFIPLAN and Ex-Executive Director, IFAM |
| 1/29/80 | Gilberto Flores, UN Planning Advisor to ICAP Hector Vidal, Consultant, ICAP Warren Crowther, Project Advisor on Public Administration, ICAP |
| 1/29/80 | Claudio Gonzalez, Director, Academia Centroamericana Eduardo Lizano, Sub-Head, Academia Centroamericana |
| 1/29/80 | Oscar Rodriguez, Executive Director, DINADECO |
| 1/29/80 | Carlos Raabe, Head of Department of Regional Plans, Division of Regional Planning and Coordination, OFIPLAN |
| 1/30/80 | Otto Starke, Executive Director, INVU Leonardo Silva King, Head of Urban Division, INVU |
| 1/30/80 | Armando Arauz, Deputy to Congress and Ex-President IFAM |
| 1/30/80 | Oscar Arias, General Secretary of PLN and Ex-Executive Director of OFIPLAN |
| 1/30/80 | Miguel Morales, IPGH |
| 1/31/80 | Bill Burris, Director of Operations, AITEC Martin Raine, AITEC |
| 2/1/80 | Mario Castro, Sub-Director, JAPDEVA |
| 2/5/80 | Francisco Arcoyo, Executive Director, IFAM |
| 2/5/80 | Danilo Carvajal, President, UNGL |
| 2/7/80 | Gaston Peralta, Executive Vice-President, CODESA |

Appendix B

GLOSSARY OF ACRONYMS

| | |
|----------|------------------------------------------------------------------------------------------------------------------|
| AI TEC | Acción Internacional Técnica Technical International Action |
| CODESA | Corporación Costarricense de Desarrollo Costa Rican Development Corporation |
| CRDPL | Consejo Regional de Desarrollo de la Provincia de Limón Regional Development Council of the Province of Limon |
| DINADECO | Dirección Nacional de Desarrollo de la Comunidad National Directorate of Community Development |
| ICAA | Instituto Costarricense de Acueductos y Alcantarillado Costa Rican Institute of Aqueducts and Sewers |
| ICAP | Instituto Centroamericano de Administración Pública Central American Institute of Public Administration |
| ICE | Instituto Costarricense de Electricidad Costa Rican Institute of Electricity |
| IFAM | Instituto de Fomento y Asesoría Municipal Institute for Municipal Technical and Financial Assistance |
| IMAS | Instituto Mixto de Ayuda Social Mixed Institute of Social Aid |
| INVU | Instituto Nacional de Vivienda y Urbanismo National Institute of Housing and Urbanism |
| IPGH | Instituto Panamericano de Geografía e Historia Pan American Institute of Geography and History |

| | |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JAPDEVA | Junta de Administracion Portuaria y de Desarrollo Economico de la Vertiente Atlántica Atlantic Region Economic Development and Port Administration Authority |
| MVAH | Ministerio de Vivienda y Asentamientos Humanos Housing and Human Settlement Ministry |
| OFIFLAN | Oficina de Planificacion Nacional y Política Economica National Planning and Economic Policy Office |
| PIDRA | Plan Integral de Desarrollo de la Región Atlántica Integrated Development Plan for the Atlantic Region |
| PLN | Partido de Liberacion Nacional National Liberation Party |
| UNGL | Unión Nacional de Gobiernos Locales National Union of Local Governments |

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