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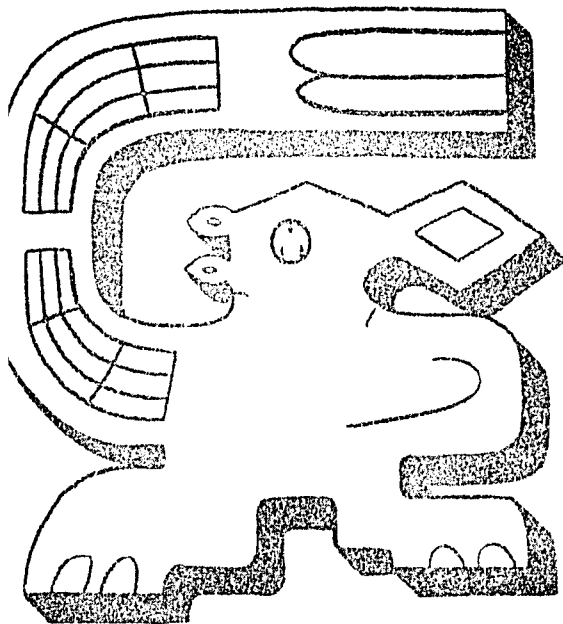
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# The Agrarian Reform in Costa Rica

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## The Agrarian Reform in Costa Rica

By GEORGE W. HILL\*

COLONIZATION PROCESSES of the Court of Charles Fifth and its successors had little influence in implanting the *encomienda* on Costa Rica. The *encomienda* was the apologetic origin of the enslavement of the native Indian population under which much of the Spanish New World suffered — guised in the term “Christianization.” Later it resulted in importation of African slaves where the indigenous population had been decimated. Costa Rica is one of the few countries in which the Spanish governors had to work the land with their own hands. Therefore, there was little incentive to create the extensive holdings which lie at the roots of agrarian problems in most Latin American countries today. And the latifundium was not implanted as the basic land pattern in colonial days.

It was not until the second half of the last century that larger-than-family farms made their appearance and the change occurred because Costa Rica began to become an exporting country. As long as coffee was being produced for home consumption it was a product that could be grown in sufficient quantities on any small farm but, when export markets opened up, this stimulated the accumulation of land and combination of small properties into large holdings because only the large holdings could economically support the large *beneficios* which prepared and sacked the raw coffee for export.

London coffee merchants who advanced money on coffee futures enabled

their local representatives to begin the process of taking over small farmers who had failed to pay previous loans advanced to them to build *beneficios* and to increase production. Thus, simultaneously, says one historian, there grew up the “coffee hacienda, the latifundio, and it seems alongside or rather under, the exporter and the farmer, the peon who was once the small owner now dispossessed.” The extent of land concentration that has resulted in the past three generations as a result of the above trends in coffee production is apparent from the statement of the Office of Coffee, in San José Costa Rica to the effect that 1.8 per cent of the coffee producers have accounted for 58 per cent of the total annual crop in recent years.

Two other factors have made for land concentration in recent years: first, was the series of land laws passed in the second half of the nineteenth century which were intended to pay for public services and to cancel outstanding debts of the government by the granting of public lands. Many of these transactions were of questionable origin but did result in giving away large portions of the public

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<sup>1</sup> Rodrigo Facio Brenes, *Estudio sobre Economía Costarricense*, Editorial Surco, San José, 1942, p. 26. “hacienda cafetalera, el latifundio, y al parecer al lado, o mejor dicho, bajo el exportador y el agricultor, el peón, antiguo pequeño propietario, ahora desposeído.”

(This article was based on studies by the University of Wisconsin Land Tenure Center, and supported in part by the Agency for International Development.)

domain to a relatively small number of favored individuals.<sup>1</sup>

The second factor is but a variation of the first and again concerns the method by which large areas of national lands were acquired by few individuals at very little cost to themselves. This process resulted from the *Ley de Ocupantes en Precario* (Law of Precarious Occupants) promulgated in 1942 which instructed the government to buy from any farmer lands which had been invaded by squatters and to pay for these lands with other lands in the unsettled frontier zones. The foregoing became known as the *Ley de Intercambio* (Law of Interchange) and Salazar cites evidence that whereas the "invaded" farms sold for several hundred colones per hectare (2.471 acres) the new lands were given at a base value of two colones, four colones, six colones and up to ten colones per hectare (one colone is approximately fifteen cents). It was not unusual for a farm of a few hundred hectares to be "exchanged" for one of 10,000 hectares. Because of the abuses to which both of these public land policies were subjected, land concentration was the result. So the phenomenon of latifundia is of recent origin.

Concurrently with the growth of latifundism and large *haciendas* — and the accompanying increase of landless *peones* — there has been an increase in population growth. Although the country is now almost 500 years old, colonization was slow during the first two centuries. Even with European settlers, so few immigrants came in this period that there were fewer total inhabitants — Indian and White — in 1750 than in 1502. The original Indian population was decimated by intertribal wars and disease so that, whereas the population was estimated to have been 27,200 in 1522, it was only 24,000 in 1751. The slow rate of

growth continued for another century. The first official census taken in 1864 showed a population of 120,000.

It was in the second half of the last century that population began to grow significantly, simultaneously with the entrance of the country into the world coffee market. The census of 1892 showed a population of 243,000 which represents a doubling of the population in the single generation that passed between the two census dates. In another generation, or by 1927 when the first census of the present century was taken, the population had almost doubled again; it reached 472,000. The census of 1950 counted 801,000, and the census of 1963 reports a total population of 1,325,000.

The highest rates of growth have taken place in the last generation. For example, in the 28-year period between 1864 and 1892 the rate of growth was 3.5 per cent per year. In the next intercensal period of 35 years, or between 1892 and 1927, the rate of growth was 2.7 per cent per year. In the 23 year inter-centennial period between 1927 and 1950, the rate of growth was 3.1 per cent per year. In the interval between 1950 and 1963, the rate was 5.0 per cent per year. In other words, the stimulus given to the growth of the economy of the country through its introduction into the world coffee market, was accompanied by a very fast rate of growth in the total population in the last three decades of the nineteenth century, then a somewhat slower rate during the first three decades of the twentieth. In the last generation Costa Rica

<sup>1</sup>See Tomás Soley Guell, *Historia Económica y Hacendaria de Costa Rica*, Editorial Universitaria, San José, 1947, as cited in José Manuel Salazar, *Tierras y Colonización en Costa Rica*, Thesis for the Licenciado degree, University of Costa Rica, 1961.

xperienced its sharpest rates of population increase, brought about by the introduction of public health measures, control of communicable diseases, and the resulting drastic reductions in death rates, both in general and infant mortality.

To illustrate the foregoing: the general mortality rate was reported as being 18 per thousand inhabitants in 1940, and only 8.3 per thousand in 1960, which indicates a drop of 54 per cent in these 20 years. The birth rate, which has always been high according to United States standards, averaged around 45 per thousand inhabitants in the period 1930 to 1950 and since that time it has risen to 50.\* In other words, whereas in the 1930-1940 period the number of births exceeded the number of deaths by a ratio of 2.5 to 1, now, twenty years later, the ratio is 6 to 1. Costa Rica is one of the fastest growing nations in the world today and this increase has been the result of a combination of factors that have been operating with increasing force during the past generation.

The Central Plateau on the western slopes of the high mountain range that runs through Costa Rica from the Northwest to the Southwest, has been the favored place of settlement. The inhospitable climate of the Atlantic Coast — excessively heavy rainfall, with a hot and humid climate — was an effective barrier against its settlement until banana production by foreign companies in the late nineteenth and early twentieth centuries developed a part of the region. The region still remains only partially settled. Even in the preferred region, however, the meseta Central, as it is called, finally reached a saturation point. Along with rapid population growth, there was a spreading of the fingers of settlement to

the less desirable areas, such as along the Pacific Coast and the Northwest region which lies toward the Nicaraguan border. Only in the last decade, however, has settlement reached toward the southern highland areas on the Panamanian border.

Coffee, the principal crop of the country, was the major determining factor of the nineteenth century in determining patterns of settlement. It has been admirably suited for cultivation in the Central Plateau where altitudes average between 3,000 and 4,000 feet. As population increased, coffee production was pushed outward from the center of the Plateau in all directions until, at an altitude of 1,500 feet, other crops — sugar chiefly, supplemented by potatoes, beans, corn and a variety of subsistence crops — succeeded in ecological order. With the coming of all-weather roads that have radiated from the demographic center and the Nation's capital, San José, the dairy industry has expanded into the higher reaches of the Plateau, both north and east of the capital city.

The coming of hard-surfaced highways that influenced the movement of dairy farms farther from the center of consumption also was a factor in farm consolidation. Longer hauls required better equipment to transport the milk and when all the fresh milk could not be transported, this led to its separation and processing into cheese and butter. All

\*The rise in the birth rate is another reflection on the results that have accrued from public health. Malaria, which was one of the principal causes of death in the earlier period cited, has been almost eliminated, and it is well known that malaria is a cause of sterility. Likewise other improvements in sanitation and housing have reduced the incidence of tuberculosis. We would know of no other reasons that may have brought about this apparent increase in the previously high birth rate.

of these innovations required larger amounts of capital and militated against the former small dairy farmer so that, while large numbers of dairy farms still remain, commercial production comes principally from the large producers, with many of the former small farmers now employed as *asalariados* (wage-earners) or *peones* (year-round hands) on the larger organizations, or working in the trucking industry, or other urban industries. In other words, the dairy farm has gone through similar metamorphosis as did the coffee farm only a few generations later.

Banana production ranks second to coffee in importance; it is a subsistence crop on the one hand and as such is found widely cultivated throughout the country but its more important contribution is that produced by a vertically integrated industry (two foreign companies). In this second category, production is for export (\$20,000,000 in recent years compared to \$45,000,000 in exports of coffee) but under the system of vertical integration this important export item has not induced spontaneous settlement as has coffee. Trade, commerce and industry have grown up in the Pacific and Atlantic coastal plains in and around the banana plantations. It is not unreasonable to think that the coastal plains might still be without any settlement had it not been for the banana industry.

With an expanding population and increasing consumer demand after the turn of the century, agriculture expanded into the northwest region where lower altitudes favor the growing of rice, cotton and corn. This is the principal beef cattle region, too.

Costa Rica has a total land area of some 20,000 square miles and, as is true

of all Central America and Panama and Mexico as well, it is mountainous with the exception of the two coastal plains. According to the Agricultural Census of 1955, there were 47,286 *fincas* or farms, embracing 4,514,813 acres, which represents a little more than one-third of the total land area of some 12,602,100 acres. By far the largest amount of the land in farms was devoted to pasture (1,761,823 acres) with forest making the second largest land use unit (1,650,628 acres). Only 686,938 acres were tilled, or were temporarily lying fallow and given to the cultivation of annual crops, while 378,063 acres were in permanent crops.

Costa Ricans have always prided themselves in being a country of small property owners. Costa Rica did not experience the scourge of the *encomienda* and *mita* systems say Rojas & Escoto.\* According to the same 1955 census, 35,690 of the farms were in the hands of owners, or 75.5 per cent of the total, and if to this number are added those who were both owners and renters the percentage reaches about 85 per cent of the total farms and more than 90 per cent of the total land in farms.

In citing the above figures it should be pointed out that the records do not include as a *finca* any property having less than one *manzana*, 0.69 of a hectare. That there are many families who live on and work (although they may also work part time or most of the time on other larger farms as salaried workers) units of under one *manzana* is evident

\* Alvaro Rojas E. and Claudio Escoto L., *Respuesta de Costa Rica al Cuestionario de la Comisión Especial para el Estudio de las necesidades financieras que plantea la ejecución de planes de Reforma Agraria*, (San José, Costa Rica: Ministry of Agriculture, 1960.)

to anyone who drives through the countryside and notes the humble homes and small plots of the *asalariados* and *peones*, not reported in the census of farms and farmers.

What was said earlier about Costa Rica being a land of small farmers is borne out by the Agricultural Census of 1955. Of the 47,286 *fincas*, 44 per cent were reported as ranging from 1.7 to 16.9 acres in size, with more than half this number being farms of less than 8.5 acres; another 35.7 per cent of the farms ranged from 17 to 85 acres in size; and, in another 16.8 per cent, the size ranged from 86 to 425 acres. This leaves only 3.5 per cent of the farms larger than 425 acres each and this percentage of farmers controlled 53 per cent of all land reported in farms.

Costa Rica suffers from *minifundio*. The existence of *latifundio*, however, is much less of a problem than in other Latin American countries, such as Bolivia and Venezuela — to mention two examples — in Bolivia 8.1 per cent own or control 95.1 per cent, and in Venezuela 5.1 per cent own or control 91.0 per cent of the land in farms. At the other end of the scale, referring to *minifundio*, the situation was as follows: In Bolivia 80.3 per cent of the farmers operated 0.9 per cent of the land in farms, and in Venezuela 67.8 per cent operated 2.3 per cent.

Costa Rica, it seems, is one of the few Latin American countries where there is any substantial number of medium-sized family farms; furthermore, extensive areas of the country are still available and suitable for agricultural development. Rojas and Escoto, referring to the above situation, have said, "Costa Rica is not faced with the serious social problem that occurs when farmers do not own the land they work."

It has suffered from a lack of an adequate highway system which is borne out by the settlement that has taken place along every new major road as soon as it has been built. Because of the lack of adequate means of communication in the outlying regions of the Nation, the phenomenon that Costa Rica has witnessed for these many past years has been that of "invasion" of properties already held by others. This is a long-standing practice and has led to the term *parasito* a name applied to the individual who moves into and takes steps to make himself a subsistence farm wherever his fancy may have led. Because the only reasonably adequate highway system until recently existed in the Central Plateau, that is the region where the problem of the *parásitos* began. However, when the population explosion already referred to attained its present size in the last generation, the land-hungry families joined the march into newer areas of the country where *parasitismo* is most serious.

There is no reliable figure concerning the number of *parásitos* in Costa Rica as of this year, 1963. It has been variously estimated at from 12,000 to 16,000. Some persons who are now engaged in work on the legal problems which this phenomenon has created and have studied the problem even though superficially have raised the estimated numbers to 20,000.

These squatters take over public domain lands as well as private lands. Since the tradition of Costa Rica has been to help anyone who wants to farm, as has already been mentioned, it is the solution of the problem of these *parásitos* that has been the primary motivation behind Costa Rica's recent agrarian reform legislation. Mention has already been made of the 1942 legislation which tried to solve the problem, but went

awry. The present law, which was passed in practically its present form by the Legislative Assembly on October 14, 1961, and amended September 25 and October 4, 1962, and which created the Institute of Lands and Colonization, has three primary motives: one, to legalize the condition of the *parasito*; two, to bring the practice of squatting to a halt; three, to preserve the Nation's remaining virgin areas.

Each of the foregoing steps is a major undertaking. The first will require extensive legal work and land surveying and, because the country has no adequate cadastral system, lacks civil engineers, agronomists and other technicians, the task looms large indeed. The fundamental agricultural credit programs, which are all public programs because there are no private banking institutions, make ownership a prerequisite for eligibility. Ownership can be established only when one presents a land map of his property and has it duly registered in the national government office.

As is the case with all uneconomic units, credit is needed to bring them into better production and, by legalizing the status of the squatter and making him eligible for credit, it is hoped that the standard of living of the family will be raised. This is at the heart of the program to give the *parasito* legal status.

To try to halt the practice of invasion the present law stipulates that no squatters who might have invaded land after the passage of the above mentioned law are eligible for services under the Institute program. Whether this will eliminate the problem and keep it to its present dimensions will have to be demonstrated. It is possible that so longstanding a practice will need more drastic control measures.

The third aim of the present law will be realized by a system of planned colonization of the remaining public domain which the Land and Colonization Institute determines is suitable for agricultural development. It is hoped that in this manner unguided settlement of the remaining public domain will be controlled. Although the law does not use the actual terminology of zoning, the Institute has power to follow land zoning policies and declare certain areas as suitable only for recreational use, others to be left as water shed, etc.

While there are many specific features of the law the foregoing are its main purposes. One of the specific means toward the goals mentioned is the encouragement of farm co-operatives to combine "the dignity of private ownership with the efficiency of large enterprises." Other means include the construction of access roads, irrigation projects, health and sanitation facilities, rural housing projects, schools, and other amenities.

The law imposes special taxes on idle land (which is an innovation) in its attempt to discourage excessively large holdings by making them economically unprofitable. Idle land in excess of 250 acres is taxed on a sliding scale from 0.25 per cent to 2.5 per cent of the value per year, depending on the size.

Expropriation of privately-owned land is authorized by the law under certain conditions. Payment based on the declared tax value of the property will be made in cash or government bonds although this is one of the features of the new law yet to be definitely interpreted. Lands can be sold to private farmers on a twenty-five year annual installment basis the first payment falling due five years after possession. The annual payments must not exceed 5 per cent of



the value of the annual production of the land. Maximum interest rates are 4 per cent on loans to farm cooperatives and 6 per cent to small- and medium-sized farmers. The initial phases of the program will be financed by a program authorizing up to \$20 million to be borrowed from abroad, and the Institute, with legislative approval, is authorized to issue up to \$20 million in bonds.

In summary it might be said that Costa Rica faces an agricultural development problem in which means and ways must be found to increase production, reduce costs, raise yields and diversify products. The emphasis will be on education, but education buttressed by adequate credit on all levels of farming. Hence, there is every reason to hope that its agrarian program will develop within the framework of democratic processes.

Having said the above, it should not be assumed that the program will necessarily have clear sailing. Quite the contrary, the activities of ITCO have already run into violent opposition in their incipient stages. Even the relatively modest reform program, which has been sketched out as being needed in this country, will run into opposition because planned change must run counter to established norms and mores. Normally, the fundamental mores in society change slowly but they are altered more rapidly in any period of stress or crisis. Costa Rica has not reached a crisis in its land tenure relations but those who have been given the responsibility to direct the new law should expect to encounter resistance because the nature of the planned changes requires definite action in a relatively short period of time—in a period shorter than that under which social change would normally take place.

The newspapers of the country have already aligned themselves as pro or con-

ITCO. Current press notices carry news to the effect that the government now has under consideration the first bond issue of \$25,000,000 that will be presented to the Legislative Assembly for final approval. It is interesting to read the purpose for which the proceeds of this bond issue will be used because it indicates the seriousness with which ITCO plans to attack the problem of *parásitos*: The proceeds of the first issue would not be used for administrative or routine expenses of the Institute, but for solution of the problems of the "precarious occupants."

Another press story tells about negotiation going on between ITCO and the United Fruit Company, whereby the latter offers to sell to the Institute, under certain stipulated terms, some of its abandoned banana holdings—including land, improvements, housing, school buildings, medical center, etc.—which are located in the Atlantic coastal plain, known as the Bataán project. The discussions are being carried on within the procedures established by the law to acquire private properties but, as was indicated earlier, final regulatory procedures still await definite decisions on the part of the government which must then be submitted for sanction by the Legislative Assembly. The preliminary notices state that conditions of sale offered by the private company appear favorable and amenable to successful agreement within the terms of the law.

The first large-scale attack on the problem of legalizing titles of *ocupantes en precario* (precarious occupants)—squatters—is being carried out in the

\*"No podrán ser destinados a gastos administrativos, ni para instalaciones al servicio del Instituto, usándose preferentemente en la solución de los problemas de los ocupantes en precario."

Nicoya Península area where some 90 *finquitas* (small farms) are being surveyed, evaluated, and platted so that their operators can be given permanent and clear title with which they can then apply for participation in the credit programs of the government. Even this minor undertaking—minor when one recalls that the total number of small farms that are under similar conditions might reach 16,000—requires the services of all available civil engineers of the ITCO organization and will make a severe drain upon the Institute's available administrative budget. The undertaking does suggest, however, the manner in which the recently-created agency is beginning to carry out the functions that have been assigned to it.

One of the critics recently writes: "Because we know of the existence of the professional *parásito* who obtains lands through his activities and sells them later to move to other regions to continue his activity as a professional parasite, a census of Costa Ricans who are without land and who are genuinely interested in farming should be taken first."<sup>6</sup>

The Land Tenure Center at the University of Wisconsin,<sup>7</sup> in collaboration with the Instituto Universitario Centroamericano de Investigaciones Sociales y Económicas, has chosen the Río Coto Brus region in Costa Rica where the Italian Colony of San Vito de Java is

located as the site of the first study to be made by the two institutions in Central America. While the purpose of this study has broader aims than those expressed in the above cited article the study will come out with some definite conclusions concerning the problem of *parasitismo*. In addition to these illegal squatters there are many hundreds of voluntary settlers in the region struggling against all the vicissitudes of frontier settlement. A penetrating socioeconomic study of land tenure at various levels should help in the integration of the emerging zone with the development of the total economy of the country. Today the region is as yet so isolated from the remainder of the country that few are aware of its existence to say nothing of the nature of its many problems. The answers which this study will bring from the zone will be offered to the Instituto de Tierras y Colonización and other government agencies concerned with the development of the economy of Costa Rica.

<sup>6</sup>"Lo primero a realizar, es el levantamiento de un censo de quiénes son los costarricenses desposeídos de tierras y *Capaces De Cultivarla* porque todos sabemos de la existencia del *Parásito Profesional*, que se dedica a obtener tierras con esta actividad para luego venderlas, y con su única credencial de proletario trasladarse a otra región para seguir en su actividad de parásito de oficio."

<sup>7</sup>A Cooperative Program of the American National United States Agency for International Development (AID) and the University of Wisconsin.