Peasant Participation and Mobilization during Economic Crisis: The Case of Costa Rica

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Introduction

For most of the post-World War II period prior to the 1980s, Costa Rica enjoyed high levels of economic growth and produced a standard of living which was unique in Central America and among the most satisfactory in all of Latin America. Social programs institutionalized following the Civil War of 1948 provided adequate coverage of the health care, educational, and social security needs of the vast majority of the population, and the liberal democratic political system allowed for wide spread participation in the formal political process. The combination of political openness and social progress maintained social peace, an essential element for the creation of a robust and healthy economy. The state played a major role in guiding the mixed economy of the period, and the nationalization of the banking system in 1948 provided the state with a powerful tool to guide development policy and to assure that the benefits of economic growth did not become overly concentrated in a single social sector. Industrial sector growth was stimulated by the protection of the Central American Common Market, but the economy continued to rely on the agricultural sector as the primary source of both export income and employment. While needed foreign exchange was generated through the export of coffee, beef, bananas, and sugar cane, peasant producers of basic grains, primarily corn, beans, and rice, were subsidized by a government system which maintained an economically active peasant sector and guaranteed low cost basic foods for the urban population.

With the changes in the global economy in the 1970s, Costa Rica, like most of the rest of Latin America, suffered from declining rates of economic growth which evolved into economic stagnation and eventually crisis. The oil shocks of the 1970s, increased international interest rates, declining terms of trade, and the collapse of the Central American Common Market brought an end to the reformist development model pursued by Costa Rica for the thirty years subsequent to 1948. Costa Rica's continuous internal deficits and foreign trade imbalance dramatically increased its foreign debt, and, by the early 1980s, created a situation in which Costa Rica was forced to adopt measures designed by international financial organizations in order rescue the beleaguered economy.

The new economic orientation of Costa Rica in the 1980s represents a distinct break with the previous development model and has profound economic, political, and social implications. The neoliberal economic model adopted by Costa Rica, a model supported by international financial organizations, USAID, and the internal economic and political elites, is a model based on economic efficiency, comparative advantage, support for exports, and the opening of the economy to the forces of the international market. Social programs have been curtailed, and state agencies which previously supported peasant producers have had their budgets cut and their programs reoriented to concentrate on export products. The reduction in social programs and the emphasis on low wage labor in order to compete with other Latin American and Third World nations in the export of assembled industrial products (the maquila industries) has created greater social stratification than was previously the case in Costa Rica. The standard of living of peasant producers has deteriorated
markedly, and it is doubtful that the peasant class will have any significant role to play in the future development of the agricultural sector.

The deterioration of conditions in the countryside stimulated the creation of almost 100 peasant organizations in the 1980s. These organizations were founded in the hope of altering Costa Rica's agrarian policy and organized in direct response to policies formulated by the International Monetary Fund, the World Bank, and USAID, policies which are supported by both of the major political parties in Costa Rica. The newly formed peasant organizations thus faced a well organized and powerful opposition that coordinated its efforts and succeeded in implementing structural changes in the Costa Rican economy. In order to challenge and modify these structural changes, campesino organizations attempted for the first time to form cohesive national level organizations to coordinate their efforts to save the peasant way of life and bring pressure to bear to defend their interests. Prior to the late 1970s, the working class and peasant sectors had remained largely unorganized in Costa Rica. Organizational efforts were seen, for the most part, as unnecessary given the generous social programs and support for peasants provided by the central government. In addition, the reformist program of the post-1948 period was strongly opposed to the formation of autonomous popular sector organizations and actively discouraged organized activities of the popular sector.\textsuperscript{1} The newly organized peasant groups were therefore formed in a climate of adversity and lacked organizational and analytical skills which might have assisted them in their efforts.

This paper examines the attempts of the Costa Rican peasantry to organize and influence economic policy in the rapidly changing conditions of the 1980s. While much of the paper is concerned with the campesino organizations themselves, and their perception of the changing economic reality, the first two sections examine the economic crisis which engulfed Costa Rica in the early 1980s and the stabilization and structural adjustment policies that were employed to confront the economic crisis.

The Economic Crisis

Following two decades of economic growth that averaged 6.4 percent per year,\textsuperscript{2} in 1981 and 1982 Costa Rica suffered negative rates of growth of GNP of 4.6 percent and 8.9 percent respectively.\textsuperscript{3} The economic crisis of the 1980s began a process of erosion of the previous social gains in Costa Rica and levels of income distribution and other social indicators began to reflect the growing polarization of society and the declining standard of living. In 1983, 10 percent of the poorest families received only 2 percent of total income while the wealthiest 10 percent of all families received 37 percent of all income. Almost half of all family income was received by the wealthiest 20 percent of families and the distribution of income became more concentrated in the 1970s and early 1980s, as indicated by the following table.

\textsuperscript{1} For a discussion of the lack of popular sector participation in the reformist development model of the 1950s, 60s, and 70s, see Schifter, 1985; Solis y Esquivel, 1984; Donato y Rojas, 1987; Camacho, 1983; and Menjivar, et al, 1985.

\textsuperscript{2} Weeks, 1985, p. 51

\textsuperscript{3} Villasuso, 1986b, p. 26
<table>
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<tr>
<th>Families</th>
<th>Percentage of Total Family Income</th>
<th>1971</th>
<th>1983</th>
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<tr>
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<td></td>
<td>5.4</td>
<td>4.5</td>
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<td>20 percent wealthiest</td>
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<td>50.6</td>
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In addition to the increasing concentration of income, the social programs that sustained a style of living that made Costa Rica unique among the Central American nations also suffered due to the economic crisis. Spending on social programs, as a percentage of the public sector budget, fell from 52 percent in 1978 to 41 percent in 1984. This reduction of expenditure most heavily affected programs in the areas of health care and education. Access to social programs was a substantial subsidy to the income received by the majority of Costa Rican families and represented 32 percent of family income in 1980. The impact of the economic crisis, and the reduction of accessibility and increasing cost of social programs, contributed to the rapidly rising rate of poverty in Costa Rica. Families considered poor, that is, those unable to satisfy their basic food requirements, increased from 41.7 percent of all families in 1980 to 70.7 percent in 1982. In the rural areas the rates of poverty were more severe than in the nation as a whole and the proportion of poor rural families increased from 57.7 percent in 1980 to 88.9 percent in 1982.

The impact of the economic crisis of 1980-1982 is dramatically revealed by the following series of economic indicators: GNP declined by 10 percent; national income fell by 22 percent and per capita income was reduced by 25 percent; real salaries fell by 45 percent; prices increased by 180 percent; unemployment doubled to 9.4 percent while underemployment increased to 21 percent; public investment declined rapidly while foreign investment reached negative levels; and, in 1982, the cost of the basic market basket consumed 86 percent of the average salary, 24 percent of national income in left the country through payments for foreign investment, debt service, and due to the deterioration of terms of trade, and exports fell by 13.1 percent. The economic crisis and the reduction of social programs created a declining standard of living for most low and medium income sectors and levels of expectation that were generated during the economically prosperous years of the 1960s and early 1970s were no longer attainable. Consumption of certain goods and services were no longer within the reach of many Costa Ricans, aspirations of social mobility were reduced, and access to higher education was less available for the majority.

While the cost of Costa Rica's welfare programs has often been blamed for the collapse of the economy, public sector spending was probably not the most significant

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4 Trejos y Elizalde E., p. 15
5 Universidad Nacional, 1986, p. 67
6 Donato, 1987, p. 58
7 Villasuso, 1986b, p. 41-42
culprit behind the economic debacle. This argument is put forth by John Weeks, who states the following:

Through the 1970s, state expenditure on current goods and services rose at the same rate as national income in real terms. In 1980, public consumption expenditure was the same in constant colones as it had been the year before, and fell by 7 percent in 1981. It is true that deficits were high, but this was because real tax revenues did not increase, a common consequence of reduced levels of economic activity. In any case, the Costa Rican deficits were no higher than those of Guatemala and Honduras, countries never accused of excessive social expenditure. The Costa Rican economic collapse can be explained as a straightforward case of a mounting debt burden combined with unfavorable international prices.10

Costa Rica's economic crisis was caused by structural, not transitory, factors which resulted in a continuous deficit in the balance of payments (even during periods of rapid economic growth), an increase in external debt, the lack of integration of productive structures, economic and technological dependence, as well as pressures created by the growth of the public sector.11

Under President Carazo (1978-1982), the persistent and growing public sector deficit was financed through the acquisition of short term foreign loans, often at high rates of interest, and through the utilization of the international monetary reserve. These two sources of foreign exchange allowed President Carazo to maintain an overvalued exchange rate for the colon. This policy encouraged imports, contributed to the deficit in the commercial balance, and created increased levels of foreign debt.12 The economic crisis in Costa Rica was further aggravated by the rapid decline in the terms of trade of Costa Rica's primary exports. These products fell in value by 1/3 in comparison to the country's imports between 1977 and 1981. As a result of balance of payments and internal budget deficits and declining terms of trade, Costa Rica's foreign debt increased from $800 million in 1977 to $3 billion in 1982, when debt service accounted for 60 percent of the value of exports.13 The economic burden created by debt service payments and the economic stagnation created by the collapse of the Central American Common Market and the limited growth potential offered by Costa Rica's traditional agricultural exports made it clear that substantial changes would have to be made in Costa Rica's economic structures, changes which would necessarily have a social and political impact as well. Beginning in 1982, newly elected President Monge began the process of reorienting Costa Rican society along policy lines advocated by neoliberalism. This approach was strongly supported by international financial organizations and Costa Rican political and business elites, but popular sector organizations were all but excluded from the debate surrounding this new policy direction and have paid the highest costs of the economic and social reorganization.

10 Weeks, 1985, p. 186
11 Fallas, 1984, p. 24
12 Villasuso, 1986b, p. 24-25; Rodriguez, 1988, p. 27-29
13 Weeks, 1985, p. 186; Villasuso, 1986b, p. 35
Economic Stabilization and Structural Adjustment

The Monge administration (1982-1986) faced two immediate challenges: the renegotiation of the foreign debt and the restructuring of the economy to achieve economic growth. Unlike President Carazo, who signed two agreements with the IMF, both of which were suspended by the IMF due to lack of completion of the terms of agreement on the part of the Costa Rican government, President Monge firmly believed that the tremendous burden generated by the foreign debt could only be alleviated through the support of the IMF and other international financial organizations. Beginning in 1982, the policy orientation of the Costa Rican government concentrated on first achieving economic stabilization through complying with an IMF designed program, and secondly, focused on achieving economic growth through the promotion of non-traditional exports to third markets (that is, those outside of the Central American Common Market).

President Monge signed an agreement with the IMF in December of 1982 which included many of the traditional IMF requirements: the elimination of ceilings on interest rates and quota restrictions for imported goods; devaluation of the colon and the elimination of multiple exchange rates; the end of subsidies to industry and agriculture; the reduction of government spending; and an increase in revenues and the cost of government provided services.14 As a result of measures undertaken by the Costa Rican government, particularly through the combination of increased government revenues and reduced government expenditures, the fiscal deficit declined from 14 percent of GNP in 1981 to 2.5 percent of GNP in 1984. However, the increase in state revenues was achieved through regressive measures which had their greatest negative impact on the popular sectors. Not only did the cost of government services increase for such items as electricity, water, telephone, gas, and social services, but the tax structure became increasingly dependent on indirect taxes. The structure of state tax revenue changed from 40 percent income taxes and 60 percent indirect taxes in the 1960s to 15 percent income tax and 85 percent indirect taxes in the 1980s, a change that strengthened the regressive tax structure.15

Meeting the demands of the IMF meant that Costa Rica entered a period of austerity, but the IMF itself did not demand many structural changes to the economy. The IMF interpreted the economic disequilibrium of the Costa Rican economy as being caused by the impact of the expansion of aggregate demand. This demand was expressed through increased consumption and government spending, which, in turn, created inflation, balance of payments deficits, and slow rates of growth in production and employment, according to the IMF. To resolve these problems, the IMF promoted a stabilization program of monetary policies in order to steady prices, achieve a balance of payments equilibrium (imports and exports), and reduce consumption and government expenditures. While the IMF traditionally sought solutions for economic problems through the control of demand for goods and services, in the case of Costa Rica it added supply side modifications such as reduction of income taxes and the elimination of market regulations. These changes fostered market liberalization, and put IMF policy in line with the neoliberal

14 Weeks, 1985, p. 186
15 Villasuso, 1986b, 12-13, 51-53; interview with Juan Manuel Villasuso, Minister of Planning, Monge Administration, September 23, 1988
orientation which was rapidly attaining a dominant role in the formation of Costa Rica's economic policy.16

Within two years of the implementation of the stabilization policies, Costa Rica had contained inflation, implemented a manageable program for the devaluation of the exchange rate, reduced the public sector deficit, and was progressing in the process of debt renegotiation. However, the success of the stabilization program was contingent upon one factor of overwhelming importance, the dramatically increased level of U.S. financial aid. According to Gomez and Seligson, the collapse of the Costa Rican economic, social, and political systems was prevented due to the massive levels of U.S. economic assistance.17 Costa Rica became the second highest recipient of U.S. aid per capita in the world, behind Israel,18 and the immediate improvement in economic performance was due to this massive infusion of funds rather than to the new economic orientation based on the increase of exports.19 Given the debt service requirements, declining terms of trade, and other economic problems, the receipt of foreign aid and donations was of crucial importance in order to maintain social cohesion during the process of economic stabilization. Without these resources, the social cost of adjustment would have been much higher and may have had an unforeseen impact on the political and social systems. During the first three years of the Monge administration, economic assistance from the United States, through AID, totalled $634 million, compared to $67 million from 1978-81. In terms of all assistance received by Costa Rica in the 1983-1984 period, AID accounted for 47 percent of new resources received in 1983 and 44 percent in 1984. If international organizations over which the U.S. has strong influence are included, such as the IMF, the Interamerican Development Bank, and the World Bank, then totals increase to 83 percent in 1983 and 65 percent in 1984.20 The success of the Costa Rican economic program depended on this aid and the pivotal role played by the U.S. government greatly increased its influence in the formation of Costa Rican economic policy. However, the ultimate cost of this assistance was the reduced ability of national authorities to develop a national project for economic reactivation. The requirements of the various international agencies involved in the resuscitation of the economy reduced the number of economic policy alternatives that could have been considered in Costa Rica in the 1980s.21

The signing of an agreement with the IMF in 1982 helped to put in place a development strategy based on neoliberal economic principles, an economic policy that implied a redistribution of economic, social, and political power. The economic crisis of the early 1980s bolstered the critical arguments of conservative groups within Costa Rican society who argued that Costa Rica could no longer continue to maintain the previous social democratic structure, a structure which created a society which consumed more than it produced and thus caused deficits and debts. State intervention in the economy was viewed by these groups as the principle cause of economic problems and the proposed cure was a neoliberal program based on

16 CENAP, et al, 1988, p. 39
17 Gomez and Seligson, 1986, p. 9-28
18 Sanders, 1986, p. 45; Crosby, 1987, p. 18
19 Gudmundson, 1984 a, p. 1
20 Villasuso, 1986b, p. 57
21 ibid, p. 58-60
comparative advantage, the promotion of exports, the restriction of internal demand, the reduction of real salaries, the reduced role of the state, a reliance on market forces, and the promotion of foreign investments.\textsuperscript{22} According to the neoliberal approach, the forces of the free market guarantee maximum efficiency in the assignment of economic and social resources and also promote individual liberty and the democratic character of economic decision-making. The neoliberal approach was further justified by the belief that an emphasis on exports, particularly those favored through comparative advantage, would stimulate the non-export sectors of the economy through the creation of backward and forward linkages and would eventually create rapid self-sustained economic growth.\textsuperscript{23} Opponents of neoliberal policies criticized the approach by claiming that its previous implementation in other Latin American countries promoted the concentration of the means of production and wealth, allowed for the indiscriminate opening of the country to foreign investment in a manner that precluded the formation of a coherent economic plan, failed to create democratic participation in the economy, often forced small producers out of the market given their inability to compete with internationally funded large producers, created a declining standard of living for the majority, and resulted in reduced levels of social services.\textsuperscript{24} The neoliberal approach typically contained no mechanisms to redistribute the benefits of economic growth and, according to the critics, created export sectors that were isolated from the rest of the economy and therefore could not contribute to economic integration. Even though broad sectors of society were viewed as being opposed to the neoliberal model, the Costa Rican political and economic elites supported the approach and found powerful allies in the international financial organizations.\textsuperscript{25}

The imposition of the neoliberal model was, in part, the result of a political offensive by the business sector to recuperate, maintain, and guarantee their accustomed levels of income.\textsuperscript{26} Since 1978, powerful though minority groups in society had been redefining the role of the state in the attempt to reduce its economic and social role.\textsuperscript{27} These conservative groups maintained that Costa Rica's economic problems were the result of state intervention and that democratic control over the state should not be responsible for the determination of national development or social policies. Progress in these areas, it was reasoned, should be left to individual enterprise and self-interest should determine the direction of development and provide for the satisfaction of social needs.\textsuperscript{28} With the onset of the economic crisis, the industrial elite withdrew its support from the state dominated system and formed an alliance with the traditional agricultural elite, thus clearing the way for the introduction of neoliberal policies.\textsuperscript{29}

\textsuperscript{22} Garnier, 1987, p. 34; Zuniga, 1987, p. 94
\textsuperscript{23} Bulmer-Thomas, 1987a, p. 278
\textsuperscript{24} Fallas, 1984, p. 13; Garnier, 1987, p. 41; Zuniga, 1987, p. 95
\textsuperscript{25} Zuniga, 1987, p. 96
\textsuperscript{26} Universidad Nacional, 1986, p. 40
\textsuperscript{27} Vega, 1983, p. 406-407
\textsuperscript{28} Rodriguez, 1987, p. 168
\textsuperscript{29} Rivera Urrutia, 1982, p. 57
The change in perspective of the economic elites created a significant impact on the political system. Acting through their well organized chambers in industry, agriculture, commerce, and construction, economic elites exerted a strong influence on political decision-making and, with the support of the international financial organizations, were able to reorient economic structures. Due to changing international and internal circumstances, the Partido de Liberación Nacional, the force behind the creation of the interventionalist state, altered its policies and drew closer to the views of the conservative Partido Unidad Social Cristiana. By 1982, both of Costa Rica's major political parties embraced the neoliberal approach and the economically dominant class gained control over the political and economic agenda. Thus an alliance and coordination of interests was created between international financial organizations and internal economic and political elites that succeeded in determining a new direction for economic activity and reoriented the development of the productive sectors.

International financial organizations directed the reorganization of the Costa Rican economy through a policy of "intertwined conditionality" which made access to programs of debt relief contingent upon the fulfillment of a variety of economic, social, and political demands put forth by several distinct organizations. Economic adjustment with conditionality can be traced to the signing of the agreement with the IMF in December of 1982 and for all intents and purposes Costa Rican economic policy decisions were dominated by the demands and constraints imposed by the IMF, the World Bank, and U.S. AID beginning in 1983. The coordination of these agencies in the management of Costa Rica's economic affairs meant that the continuation of the IMF program, viewed by Costa Rican politicians as absolutely necessary for the solution of the debt crisis, depended not only on the fulfillment of the requirements of the IMF but on those of AID and the World Bank as well. The continuation of the crucially important assistance provided by AID thus depended on the maintenance of a satisfactory relationship with the IMF and the implementation of the structural adjustment policies advocated by the World Bank. This coordinated conditionality restricted the access to international funds and required Costa Rica to complete the programs for all three international organizations in order to receive funds from any of the three. The international financial organizations coordinated their efforts to impose a neoliberal economic program.

The short term goal of the IMF to achieve economic stability was thus complimented by policies of the World Bank and AID that focused on the reduction of the role of that state and the protection of the economy. For its part, AID strongly supported the privatization of the banking system and made the continuation of its assistance contingent upon the creation of a private banking structure. Perhaps the most important result of the 1948 Civil War was the

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30 Interview with Edwin Ramirez, Sub-Director of Global Planning, Ministry of Planning
31 Rovira Mas, 1987, p. 160-162; interview with Manuel Baldares Carazo, Director, Instituto de Investigaciones en Ciencias Economicas, Universidad de Costa Rica
32 Universidad Nacional, 1986, p. 38
33 Bulmer-Thomas, 1987, p. 248-249; Rovira Mas, 1987, p. 76
34 Vega M., 1984, p. 60-61
35 Rodriguez, 1988, p. 105-106
36 Villasuso, 1986b, p. 62-63
nationalization of the banks in Costa Rica. This act allowed the government to use internal savings, international loans and assistance, and other more direct government control over the economy (such as control over the growth of the money supply) to coordinate the development of the nation. The freedom provided by a nationally controlled process of development allowed political and social factors to weigh heavily in the formation of development policy and created the admirable standard of living enjoyed in Costa Rica through the 1950s, 60s, and 70s. Development policy was not based solely on economic criteria and state control over the process, including the financial system, opened the development process to political control through the democratic system. AID's insistence on the creation of private banks reduced democratic participation in development and required a change in Costa Rican laws (la Ley de la Moneda y la Ley del Banco Central) which was finally achieved after 16 months of legislative conflict. In addition to the creation of private banks, AID also conditioned its assistance on the privatization of many of the Costa Rican government supported, though semi-autonomous, development agencies (CODESA). To achieve this end, AID created a $140 million fund which was used for the purchase of CODESA companies which were then resold to the private sector.37

The World Bank conditioned the extension of a $300 million structural adjustment loan on the successful completion of a series of demands that included the modification of tariff rates to reduce the protection of industry in order to force Costa Rican manufacturers to be competitive on the international market.38 In addition, the World Bank supported the elimination of internal subsidies and promoted the use of Costa Rica's comparative advantages to produce export products which could be successful in the generation of foreign exchange.39 In 1985, the Costa Rican government reached an agreement on a financial package with the participation of AID, the World Bank, and the IMF which included new loans but for which the government had to adapt the specific economic policies outlined above. This general policy orientation was continued under President Arias through the signing of new agreements with the IMF and the World Bank in 1987. As a result, the state lost the ability to guide the development process and was weakened vis a vis the power of the international organizations and the private banks.40 The conditionality confronted by Costa Rica reduced the government's ability to formulate economic policy, weakened formal political institutions, and undermined the authority of the government.41

In 1985, when Costa Rica reached agreement on a financial package with its international creditors, the government issued a Declaration of Development Policy that accompanied the structural adjustment agreement with the World Bank. This declaration committed Costa Rica to a plan to reactivate the economy without destabilization and to transform the productive system by developing a new export sector.42 The development plan encouraged the opening to the international market,
promoted exports as the engine of economic growth, proposed to gradually eliminate barriers to imports, and encouraged foreign investment. The structural adjustment policies pursued in Costa Rica redefined the role of the state and reduced subsidies for economic activities oriented towards the internal market in order to support the promotion of exports. In short, the policies of structural adjustment created profound changes in the rules of the game that had far reaching political and social impact as well as the intended alteration of economic structures. Structural adjustment was more than mere economic change. It involved the reordering of society and its true cost was to be found in the social and political transformations that result from the restructuring of productive activities and processes.  

The process of structural adjustment spawned by the debt crisis caused Costa Rica to restructure its economy to concentrate on exports in order to generate much needed foreign exchange. The industrial sector was transformed through the introduction of maquila style assembly industries that process imported inputs for re-export and make use of Costa Rica’s comparative advantage of low industrial wages. But the strongest impact of the reorientation of Costa Rica’s economy was in the agricultural sector. In order to comply with the export orientation mandated by the World Bank and others, the Arias administration introduced a new agricultural policy called agricultura de cambio, although the changes in the agricultural sector dated back to the beginning of the economic crisis in the early 1980s. The Arias administration broadly defined agricultura de cambio as a program that would seek to fulfill the following goals: increase production and productivity of traditional exports; develop non-traditional export products; guarantee adequate credit for all agricultural needs; increase delivery of land to landless peasants and accelerate the titling program for those who worked untiiled land; generate more employment and income in the agricultural sector; offer the consumer a greater variety of foods at reasonable prices; and continue with the production of basic foods required for internal consumption. However, many of these stated goals failed to receive the attention of the government and in practice the program of agricultura de cambio was accurately characterized as active government support for the increased production of exportable agricultural products, either traditional or non-traditional in nature. Aspects of the program, as defined by the Arias administration, that would have benefitted the peasant sector, such as the extension of credit, support for the production of basic foods, or improvements in the agrarian reform program, were never acted upon and the actions taken by the government had an adverse affect on the peasantry.

While failing to address the needs of the peasant basic grains producing sector, the state actively supported agricultural exports through a variety of policy changes and incentive programs including the following: the reduction of commercial taxes; the introduction of preferential interest rates for export products; the orientation of technical assistance towards non-traditional export crops; the reduction of agricultural protection and the alignment of national prices with international prices; the elimination of subsidies to consumers and producers; the abandonment of support for the internal production of those food products that the government determined were cheaper to purchase on the international market; the support for the increased use of technology; the provision of marketing and support

43 CEPAS, 1989, p. 9-10
44 Universidad Nacional, 1986, p. 36
services for new export crops; and a continuous devaluation of the colon to encourage exports. All of these changes worked to the detriment of those who produced for the internal market.

Costa Rican producers of basic grains, primarily peasants who cultivate corn and beans, and, to a lesser extent, rice, had previously been protected by government programs which guaranteed the purchase of basic grains at fair prices. The grains were then sold to consumers at below market value which meant that the government was subsidizing both the production and consumption of basic grains. These subsidies contributed to the public sector deficit and the reduction of the deficit demanded by the IMF caused this program to be phased out. The Ministry of Agriculture supported the termination of producer subsidies by reaching the conclusion that small producers would never be able to lead Costa Rica to self-sufficiency in basic grains because they lacked the appropriate technology to improve productivity. In light of this conclusion, the Ministry supported the increased importation of basic grains in order to satisfy the demands of the internal market. The import of corn, beans, and wheat was arranged through the PL 480 program of the U.S. government. The first agreement with the PL 480 program was signed in 1982 and the program has been renewed in each subsequent year.

The demands of the international financial organizations, and particularly the structural adjustment agreement with the World Bank, resulted in the restructuring of Costa Rica's productive sectors based on outward looking development, comparative advantage, economic efficiency, and international competitiveness. Critics have charged that as a result of the economic crisis and mounting debt problems, Costa Rica sacrificed its sovereignty and ability to formulate nationally oriented development policies and that economic decision-making was taken over by the international financial organizations. The new development model has not been subject to public debate or approval and is therefore anti-democratic, the critics argue. The immediate impact of the neoliberal orientation was detrimental for the majority of the economically active population, wage labor and small and medium producers, and has the additional disadvantage of promoting the decline in food self-sufficiency, a change that resulted in increased international dependence. Structural adjustment in the agricultural sector threatens the existence of the peasantry who are unable to match the prices of basic grains offered through the subsidized PL 480 program and are therefore considered to be inefficient producers. Economic policies that result from an emphasis on private enterprise and initiative are incapable of organizing national production to meet the economic and social needs of the Costa Rican people. According to the critics, reduced state participation in the distribution of wealth, previously accomplished through social programs and economic subsidies, promotes the monopolization of production, the private appropriation of collectively produced profit, the concentration of wealth, and the deterioration of the standard of living.

46 CEPAS, 1988a, p. 11
47 CENAP, et al, 1988, p. 29
48 Universidad Nacional, 1986, p. 18
49 Universidad Nacional, 1986, p. V
50 Reuben Soto, 1982, p. 148
The international financial organizations, working in conjunction with powerful economic and political interests within Costa Rica, are changing the landscape of the country by promoting the cultivation of non-traditional export crops. As a result, resources have been centralized, production has been concentrated in large enterprises, technological developments have reduced labor requirements, and capital resources available for small producers have declined.\(^5\) The promotion of agricultural exports creates favorable conditions for agribusiness enterprises and encourages the concentration of land holdings.\(^5\) According to the National Bank, at least 50 percent of the new non-traditional export crops (citrus, ornamental plants, flowers, and pineapples) are controlled by foreign owners.\(^5\) Since the processing and marketing of these products is concentrated in foreign hands, it is unclear to what extent Costa Rican producers are benefiting from the new agricultural orientation. The concentration of land ownership presents a serious challenge to Costa Rica since, from the colonial period, social peace has been maintained by the relatively egalitarian access to the ownership of the means of production.\(^5\) For the Costa Rican peasantry, the new economic orientation presents a serious challenge to their continued existence as a productive group.

The Peasant Sector: Mobilization, and Organization

The structural adjustment of the Costa Rican economy, beginning in 1982, has had a tremendous impact on the basic grains producing peasant sector. The outward orientation emphasizing exports, embodied in the policy of agricultura de cambio, and the import of basic grains through the PL 480 program, has jeopardized the very existence of the Costa Rican peasantry. However, given the changes in international economic relations and the restructuring of the Costa Rican economy in the 1980s, it is relevant to question whether or not the continuation of a peasant class is important for the future of Costa Rica as a stable, democratic society. Oscar Arias, in his role as a political scientist before becoming president of the republic, addressed this primary concern. In his opinion, the strengthening of political democracy was only possible through the establishment of an improved system of economic democracy, a process which depended upon the egalitarian distribution of the ownership of the means of production.\(^5\) The concentration of the means of production was, in his view, a serious problem. Since Costa Rican democracy was historically supported by an economic structure which included the participation of small property owners, the democratic system itself was viewed as being threatened by the diminution of this sector and the strengthening of small producers was therefore necessary.\(^5\) According to Arias, significant progress in the attempt to reduce poverty in the rural areas could only be achieved through an increase in the

\(^{5}\) Universidad Nacional, 1986, p. 39
\(^{5}\) Weeks, 1985, p. 63
\(^{5}\) CEPAS, 1988a, p. 18
\(^{5}\) Villasuso, 1986a, p. 68-69
\(^{5}\) Arias, 1984, p. 121
\(^{5}\) ibid, p. 75-76
productivity of the small producer. The improvement of the standard of living of this group would slow the rural-urban migration and it was therefore imperative to find the means to keep campesinos rooted to the land and create a situation in which they could obtain sufficient income to live a dignified life.\footnote{Arias, 1984, p. 120, p. 60}

In order to facilitate the process of development, Arias maintained that it was indispensable to achieve greater participation of all social sectors in the economic, social and political aspects of the process. He advocated a new development model that demanded the democratization of the means of production and the improved distribution of property in agriculture, industry, and services. Such a model would depend on the strengthening of small enterprises and the author maintained that democracy was more stable and just when it consisted of many owners of means of production rather than a preponderance of proletariat.\footnote{ibid, p. 141-143} In the early 1980s, this point of view maintained that the possibility of overcoming the economic crisis depended in large part on formation of representative organizations by the majority of the population and on the willingness of the government to allow for greater participation in the perfecting of the economic, political, and social systems. It was proposed that every important development activity undertaken should include the active and critical participation of interested groups and that society should strive to increase economic democracy.\footnote{Ministerio de Planificacion Nacional y Politica Economica, 1982, p. 50}

The meaningful participation in the process of development by sectors which had previously been excluded from the decision-making process became an important developmental goal. This type of participation was necessary in order to increase access to property and create social well being that did not depend solely on wages.\footnote{Rodriguez, 1987, p. 169} The broadening of democratic liberties depended upon the capacity of disadvantaged groups to participate in existing institutions and was contingent upon the acceptance by the dominant class of the need to incorporate other groups into the political decision-making process.\footnote{Sojo, 1986, p. 40} The organization of campesinos into effective interest groups was necessary in order to broaden their participation and the continuation of peasant production was understood to serve social and political, as well as economic, purposes. The decomposition of this class would deepen the situation of poverty in Costa Rica and increase social pressures and conflicts. The survival of the peasantry was therefore essential in order to avoid the deterioration of economic and political conditions and this could only be achieved through the implementation of policies that met their needs.\footnote{Mora A., 1988, p. 35-36}

Despite the recognized economic and social needs of the peasantry, the fragile economic recuperation of recent years has not affected all sectors of society equally and for the campesino not only has there been no recuperation but the situation has continued to deteriorate. The declining standard of living for small and medium producers was aggravated by problems of land tenancy, credit, prices, and production costs.\footnote{CEPAS, 1985a, p. 19} Prior to the 1980s, the state supported the campesino sector

\begin{footnotes}
\footnote{Arias, 1984, p. 120, p. 60}
\footnote{ibid, p. 141-143}
\footnote{Ministerio de Planificacion Nacional y Politica Economica, 1982, p. 50}
\footnote{Rodriguez, 1987, p. 169}
\footnote{Sojo, 1986, p. 40}
\footnote{Mora A., 1988, p. 35-36}
\footnote{CEPAS, 1985a, p. 19}
\end{footnotes}
through a conservative program of land distribution and titling, intervention in agrarian conflicts, the extension of credit at preferential rates, and the maintenance of institutions responsible for the commercialization of agricultural products. Previous state support for the campesino sector sustained the social system but in the 1980s peasant concerns were subordinated to private financial and commercial interests as well as to new state policies regarding land, credit, and other support services. The neoliberal opening to the international economy did not benefit most Costa Ricans and small producers were not participating in the new development strategy. Privatization and the reduction of the role of the state produced changes which were difficult to adjust to for various sectors of society and the central concern of the peasant sector was to protect the mechanisms which guarded against the widening of social inequities while surviving as a productive family unit.

In response to the neoliberal development strategy, organized movements developed in support of those producing for the internal market. The economic crisis of the early 1980s increased rural poverty and threatened the decomposition of the peasant sector and the growth of the campesino movement was directly tied to the implementation of the new development policies. Beginning in the late 1970s, peasant groups formed throughout the country to oppose policies that displaced campesinos and reduced the production of corn, beans, rice. Small, medium and large producers of basic grains (rice is often produced by large producers) began to coordinate their opposition to the export oriented government policy. The common outrage shared by these diverse groups characterized the general nature of the crisis of those producing for internal consumption. The peasantry slowly came to the conclusion that the government no longer conceived of the campesinos as a necessary sector of society. They viewed the government as using a carrot and stick approach to the situation by sustaining the campesinos when politically necessary or advantageous, but subsequently implementing policies that were detrimental to the interests of the sector. The only options for the peasants were to struggle to maintain their positions as independent producers or face the undesirable prospect of working as wage labor. It was commonly believed that the neoliberal emphasis on exports and efficiency left no room for peasant producers.

From the perspective of the Costa Rican peasantry, the agrarian crisis was caused by a series of factors including the following: insufficient access to credit; the slow reduction in area planted in crops for internal consumption; the under financing and dismantling of institutions responsible for providing services to the campesinos, such as the Instituto de Desarrollo Agraria (IDA), the Consejo Nacional de Produccion (CNP), and the Ministerio de Agricultura y Ganaderia (MAG), due to reductions in public spending caused by the agreements with the international financial organizations; declining income for basic grains producers due to insufficient price policies beginning with devaluation of 1982; the lack of

64 Mora A., 1988, p. 5
65 CEPAS, 1988a, p. 8-9; Mora A., 1986, p. 40
68 Interview with Guido Vargas, Director, and Jorge Luis Hernandez, Coordinator of Training and Promotion, UPANACIONAL
69 Interview with Ottón Solís, Minister of Planning, Arias Administration
technical training and support for small producers; unjust conditions of commercialization; and increasing small producer debt. Basic grains producers were hit hard by the rapid devaluation of the colon in the early 1980s, an economic shock that increased production costs but did not produce an equivalent compensation in prices since most basic grain prices were regulated by law. Thus it became increasingly difficult for basic grains producers to repay their bank loans, and the already tenuous relationship between the peasantry and the banks suffered a further decline.

The major agricultural program of the 1980s, agricultura de cambio, has not benefitted peasant producers. The general orientation of this program has been limited to the support of both non-traditional and traditional agricultural export crops and to the improvement of the technical aspects of production to allow those exports to compete in the international market. The requirements for participation in the program of agricultura de cambio all but precluded campesino involvement. Barriers to campesino participation included: lack of access to the technology and agricultural chemicals necessary for high quality production; limited guarantees regarding the purchase of export products by companies in charge of commercialization; and the lack of guaranteed international prices. The importance of processing and commercialization of the new export crops reduced the autonomy of producers and, it was feared, would create a new form of campesino subordination. Participation in the program under those conditions would have reduced peasant autonomy, jeopardized the ability of the peasant sector to develop a survival strategy, and increased dependence on the international market over which they have no control.

Despite the potential problems with agricultura de cambio, the majority of peasants were not firmly set against the program and realized the importance of diversifying Costa Rica’s exports. What most disturbed the peasant sector was the lack of clear government guidelines regarding the cultivation of new products, the conditions for financing and commercialization, and the level of future risks. In order for the peasant sector to participate in agricultura de cambio, they would need better access to capital investment and technology, but the small size of peasant plots of land made it impossible to guarantee needed loans. In addition, the agricultural expertise of the peasant sector was oriented towards the production of basic grains and they lacked the resources necessary to survive during the slow maturation time of the new export crops. Peasants needed alternative forms of productive organization in order to continue the production of basic foods while developing new crops. They therefore supported a slow process of the introduction of new export crops which would include a guaranteed system of commercialization, the conservation of the mixed nature of peasant production combining export products with the cultivation of basic grains for the internal market, and the creation of equal incentives for production of products for internal consumption and for exports. Campesinos were therefore not against the concept of agricultura de cambio, but

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70 CEPAS, 1988a, p. 6
71 ibid, p. 12
72 Mora A., 1988, p. 37-38
73 CENAP, et al, 1988, p. 55-56
74 Mora A., 1988, p. 43-44
were unable to participate given the circumstances. The basic goal of the peasant family was to continue to produce on land which they owned, and thus avoid becoming salaried workers for multinational corporations, even if they had to produce crops for export instead of the traditional basic grains.75

The increasingly difficult economic situation faced by the peasant sector was exacerbated by the historic inability of peasants to play a meaningful political role in the process of economic decision-making. By the late 1970s, stagnant economic conditions had created a decline in the standard of living in the rural areas and agricultural production had already been reoriented to benefit of capital intensive technology and multinational corporations. Agricultural development created a concentration of land holdings and contributed to the increasing lack of integration between Costa Rican production and the needs of the population.76 Any hope of having a significant enough impact to forestall the negative consequences of this approach lay in political institutions out of the reach of peasant influence. Most peasants felt politically powerless and were so alienated from the political system that they did not participate in any way to try to change the situation.77 The rural sector lacked organized groups which may have been able to defend the interests of the rural poor, and thus little was done to try to limit the increased concentration of social and economic benefits in Costa Rican society.78 While well educated and influential Costa Ricans actively participated in the decision-making process through organized interest groups and their close connection to the political parties, the majority of the population, including the peasantry, limited their political participation to voting in elections for political parties that shared the same basic economic program.79 Peasant organizations sometimes emerged to demand specific actions by government authorities, demands which usually went partially or wholly unmet, but this was not a frequent nor widespread occurrence through the 1970s.

The struggle for survival among the Costa Rican peasantry produced an expansion of the campesino movement. Beginning in 1978, primarily landless peasants began to broaden their previous organizational efforts and to intensify their endeavor to obtain land. The attempt to gain access to land became increasingly difficult as Costa Rica reached the end of the agrarian frontier and as the distribution of land holdings became more concentrated. Landless campesinos formed region level organizations and increased their coordination so as to create a broader social force.80 In addition to land, these groups demanded access to credit and state services, the maintenance of state subsidies, and reduced production costs. In the struggle to achieve these goals, little distinction could be made between the economic and social demands of the campesinos and the political struggle to achieve those demands. The threat to the continuation of the peasant way of life produced the

75 Carlos Campos, Representative of UPAGRA, Speech to U.S. Citizens in Costa Rica for Peace.
76 Reuben Soto, 1982, p. 89-90. The historic egalitarian distribution of land in Costa Rica had ceased to representative of the agricultural situation long before the 1970s. According to the agricultural census of 1984, 6.3 percent of the largest farmers worked 61.2 percent of all farmland while 46.9 percent of producers worked only 2.5 percent of land in agriculture.
77 Seligson, 1980, p. 121, p. 169
78 Fallas, 1984, p. 51
79 Peeler, 1985, p. 109
80 Escuela de Economia, Universidad Nacional, 1986, p. 2; Mora A., 1986, p. 17
conditions necessary for a more integrated peasant movement and stimulated the call for direct action which resulted in road blockages, the seizure of institutional offices, and campesino marches. Between 1980 and 1982, 3,350 land invasions were reported and the continuation of land seizures in 1983 marked the new level of organization and coordination achieved by campesino groups. By this time, peasant organizations had spread beyond the efforts of the landless and included small and medium producers as well.

By September of 1986, the peasant movement realized that it would never be able to successfully achieve its demands unless the national level criteria for the management of the economic crisis were changed and until a way was found to mitigate the influence of the international financial organizations. According to peasant leaders, economic policies needed to be redirected to respond to the national interest, to meet the needs of the popular classes, and to guarantee social justice. On September 1, 1986, ten of the most important peasant organizations sent a letter to President Arias which protested government policy towards the basic grains producers and demanded that a new policy be implemented. In the letter, the campesino organizations made it clear that they objected to the agricultural policies of the international financial organizations, policies that they viewed as being opposed to the patriotic and democratic development of Costa Rica. They demanded improvements in the functioning of democratic institutions and stated that agricultural policy should meet the following objectives: guarantee the right of peasants to continue producing in just conditions; provide technical assistance to small and medium producers; allow for the meaningful participation of campesino organizations in the definition, planning, and implementation of agricultural policy; improve the distribution of wealth produced by the agricultural sector; provide sufficient and timely credit; and guarantee sufficient land for peasant producers.

The letter went on to suggest that the government should support small and medium producers by not importing any agricultural product that could be produced in the country, that institutions supporting peasant producers (IDA, CNP, MAG) should be strengthened, and that production for export should be redirected to benefit small and medium producers.

The demands made in the letter to Oscar Arias were backed up by a march by 700 campesinos in San Jose on September 17, 1986. Although the march was broken up by tear gas fired by the Guardia Civil, a compromise was eventually reached with the government that was initially viewed favorably by the peasant organizations. The government promised to pursue an agrarian policy that corresponded to the needs of Costa Rican producers and consumers and to initiate a process of permanent dialogue with peasant leaders. In October, the Arias administration released a document that stressed the importance of the concept of permanent dialogue but that also officially introduced the program of *agricultura de cambio*. The permanent dialogue recognized that food security should be in the hands of

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81 Mora A., 1988, p. 41
83 CENAP, et al, 1988, p. 52-53
84 Escuela de Economia, Universidad Nacional, 1986, p. 9-10; Mora A., 1986, p. 57-59
85 Mora A., 1986, p. 59-60
86 CENAP, et al, 1988, p. 3
Costa Rican producers and that food self-sufficiency was of fundamental importance in the maintenance of independent and sovereign decision-making for the nation as a whole.87

Despite the optimism generated by the permanent dialogue, the conditions confronting the peasant sector failed to improve. In August of 1987, the major campesino organizations sent another letter to President Arias in which they stated that they confronted a situation in which production was becoming impossible and that they were being subjected to unemployment, misery, and the loss of their land. They demanded credit and technical assistance, and called for an end of the agrarian policy imposed by international financial organizations. Peasant organizations denounced the failure of the government to fulfill its previous promises, criticized the persistent destimulation of the production of basic grains, and stated that agricultura de cambio only benefitted those who produced for export. A second march on San Jose was held on September 15, 1987 and peasant organizations involved in the march demanded that the agreements with the IMF, the World Bank, and AID be suspended or revised. In addition, the marchers demanded that economic policy be changed to respond to the needs of the popular sectors and that organizations which traditionally assisted small and medium producers, such as the Instituto de Desarrollo Agricola (IDA), the Ministerio de Agricultura y Ganadería (MAG), and the Consejo Nacional de Produccion (CNP), be strengthened and refinanced.88

In response, the government rejected the possibility of altering the international agreements and claimed that it was fulfilling the rest of the campesino demands. For the peasant organizations, the attitude expressed by the government was but one more example of the failure of the state to live up to promises made to the small and medium producers. In January of 1988, 23 organizations representing small, medium, and large producers of basic grains formed the Union Nacional del Sector Agropecuario (UNSA), and threatened to paralyze production if the government did not change its policies regarding credit and prices and guarantee the right of the peasantry to continue producing basic food items.89 Once again, the government made a series of promises that defused the immediate situation, but little changed for peasant producers.

The creation of UNSA was the culmination of almost a decade of organizational activity in the peasant sector. This activity resulted in the registration of 99 agricultural organizations with the Ministry of Labor and Social Security by 1986, 70 percent of which were small producer organizations. Fully 2/3 of these organizations were formed in the post-1984 period and almost 20 percent of the peasant organizations were independent, that is, did not belong to any confederation or central union.90 The most important peasant sector organization was the Union Nacional de Pequeños y Medianos Productores Agropecuarios Costarricenses (UPANACIONAL) which formed in 1981 with 13,769 initial members. Other significant groups included the Union de Pequeños Agricultores del Atlántico (UPAGRA), which was formed in 1978 by 5,000 corn producers in the Atlantic region.

87 Union Nacional del Sector Agropecuario (UNSA), 1988, p. VI
88 CENAP, et al, 1988, p. 9-10
89 ibid, p. 13-15
90 Mora A., 1986, p. 20-22
and the Union Campesina y de Trabajadores Agrícolas del Norte (UTAN) which was founded in 1982 and concentrated its efforts on seeking land titles for those who worked untitled land.\textsuperscript{91} While these organizations gradually saw the need for a coordinated approach to improve the agricultural situation, the diversity of interests formed a barrier to the creation of an effective central organization. Some groups worked primarily for land reform, such as the Federacion Sindical Agraria Nacional (FESIAN) and the Federacion Nacional Campesina (FENAC), while others, such as UPANACIONAL, concentrated their efforts on gaining access to credit and technical assistance. Many of these groups tried to form a national organization in 1984, the Coordinadora Agraria Nacional, but this attempt failed due to differences in the definition of the types of action should be undertaken.\textsuperscript{92} The differences in orientations and ideologies made it difficult for these groups to work together.

UPANACIONAL became one of the most important popular sector organizations in the country and grew to a total of 22,000 members, all of whom are small and medium producers.\textsuperscript{93} In contrast to organizations of basic grains producers, approximately 50 percent of the members of UPANACIONAL are coffee growers while 35 percent produce vegetables. The organization was originally formed to address the problems encountered by small and medium coffee producers during the economic crisis. Most of these producers had previously relied on state programs to address their economic and social problems but their declining standard of living created the need for an organized effort to protect their interests.\textsuperscript{94} They found that they could not press their claims against government policy through their traditional organizational forms, usually coffee cooperatives, due to legal and economic reasons, and therefore found it necessary to form a new organization.\textsuperscript{95} The objective of UPANACIONAL was to defend the interests of the small and medium coffee, and later vegetable, producers and the organization sought to maintain the following positions: political independence; avoid political ideology and communist or totalitarian tendencies; maintain Christian standards; and seek to strengthen democracy, peace, and social justice.\textsuperscript{96}

The primary goal of UPANACIONAL was to channel the participation of small and medium producers in order to demonstrate that they were capable of making decisions with respect to development issues that affected society as a whole. This goal arose from the lack of state support for small and medium producers, a situation that was primarily caused by the absence of representation of these sectors in the political power structure. The lack of political representation created obstacles for small producers and prevented them from defending their interests against those who had political and economic power.\textsuperscript{97} It was for this reason, according to UPANACIONAL, that campesinos needed to use unorthodox methods to bring pressure to bear on the government, especially when negotiations failed.

\textsuperscript{91} Mora A., 1986, p. 23-24
\textsuperscript{92} ibid, p. 24-29
\textsuperscript{93} Interview with Guido Vargas, Director, and Jorge Luis Hernandez, Coordinator of Training and Promotion, UPANACIONAL
\textsuperscript{94} Mora A., 1986, p. 34-35
\textsuperscript{95} Cartin y Castro, 1986, p. 12-13
\textsuperscript{96} ibid, p. 43-44
\textsuperscript{97} Cartin y Castro, 1986, p. 44-45
While UPANACIONAL recognized that there were no quick solutions for the problems in the agricultural sector, the organization defended the goal of food self-sufficiency, stressed the need for increased prices for campesino produce, and supported changes in *agricultura de cambio* that would allow for the incorporation of small and medium producers. The organization also criticized the increasing role of multinational corporations in the country and believed that their strong presence gave them the potential to control Costa Rican agriculture.98

During 1982 and 1983, UPANACIONAL mobilized its members and confronted the government by blocking roads in order to show the seriousness of the discontent with the agrarian situation. The mobilizations of 1982 resulted in improved access to credit but new difficulties soon arose with the Monge administration concerning the lack of the fulfillment of previous agreements regarding input prices and commercialization. This resulted in the mobilization of 10,000 UPANACIONAL members in March of 1983, and the government promptly agreed to negotiate the organization's demands.99 These negotiations continued through the second half of 1983 but in January of 1984 the government increased the prices of agricultural inputs, a move which was protested by UPANACIONAL. However, by this time the ability of the organization to mobilize its members had dissipated and, instead of trying to reform government policy, the organization began to prioritize the administration of its own projects involving the importation of agricultural chemicals and the improvement of the commercialization of vegetables. This orientation detracted from any serious effort to improve the overall agricultural situation and the government continued to promise actions which were never undertaken and failed to develop a response to the demands of small and medium producers. By 1985, UPANACIONAL all but abandoned its efforts to achieve policy reform and seemed content with the limited concessions that it had previously achieved.100

UPAGRA, the Union de Pequeños Agricultores del Atlantico, is the major campesino organization in the Atlantic region and its membership consists primarily of corn producers. The organization is part of a loosely organized confederation consisting of ten peasant groups in the region and the structure of UPAGRA itself is informal and relies on the participation of its members on an as needed basis. However, the strength of the movement has steadily increased due to the unfavorable situation confronting basic grains producers in Costa Rica and the continued failure of the government to deliver on its promises.101 UPAGRA has maintained political independence and considers itself to be a class based organization attempting to build a popular movement through mobilization and democracy. The major objective of the organization is to assure the continuation of the peasant way of life and to achieve a better distribution of wealth as well as supporting the right to land, the right to produce basic grains, and the right to receive a fair price for peasant production.102 Support by UPAGRA for the

98 Interview with Guido Vargas, Director, and Jorge Luis Hernandez, Coordinator of Training and Promotion, UPANACIONAL
99 Cartín y Castro, 1986, p. 25-29
100 ibid, p. 38-42
101 Interview with Ricardo Arralla Piedra, Representative of UPAGRA
102 Escuela de Economía, Universidad Nacional, 1986, p. 3-5
continued production of basic grains and the improvement of conditions of commercialization of those products put the organization in direct confrontation with the pressures exerted by the international financial organizations which have demanded the destimulation of corn production. Yellow corn imported through the PL 480 program has directly affected local production and many producers in the Atlantic region have had to sell their land and have either become part of the poorly paid rural proletariat or have migrated to urban areas.103

The active participation of peasants in the search for solutions to their problems is considered essential by UPAGRA and this belief resulted in a series of road closures and mobilizations as the organization confronted the government with its demands. In January of 1986, for example, peasant corn producers in Guapiles blocked the main artery to the Atlantic coast to protest the lack of government action on a previous agreement concerning payments for losses caused by a hurricane in May of 1985. The blockade ended when the government once again promised to fulfill it obligations.104 In addition to indemnification for previous losses, UPAGRA's demands included the reduction of interest rates for basic grains producers, the termination of corn imports, and the revitalization of government agencies which have traditionally assisted basic grains producers.105

Prior to 1985, the majority of mobilizations in the countryside were undertaken by landless peasants who demanded land on which to produce basic grains. These manifestations were coordinated by groups such as UTAN, FESIAN, and FENAC, among others, and consisted of land invasions, hunger strikes, and marches as well as dialogue and negotiation with government representatives.106 As the economic situation of small and medium producers deteriorated, they became increasingly involved in the movement to protest government agricultural policy through organizations such as UPAGRA and many others. In January of 1988, the Union Nacional del Sector Agropecuario (UNSA) was formed and became the first national level organization to incorporate small, medium, and large producers. Given the diversified membership of UNSA, the organization attempted to encompass and represent a broad range of views and to force the recognition of the general nature of the agricultural crisis. By April of 1988, approximately 30 associations, federations, small producer organizations and other groups joined UNSA and began a series of activities to publicize the nature of the problems in the rural areas and to develop social awareness.107 UNSA provided a national level forum through which small producers could negotiate with the government. Local and regional protests had proven ineffective in terms of having an impact on government policy and peasants hoped to achieve better results through active participation in a national organization. It was thought that unification through UNSA would obligate the government to respond to peasant concerns.

The fundamental demands of UNSA varied little from the demands which had been made by peasant organizations throughout the 1980s, and included the following: increased access to credit; a guarantee that the government would

103 Escuela de Economia, Universidad Nacional, 1986, p. 8
104 ibid, p. 5-6
105 ibid, p. 15
106 CEPAS, 1985a, p. 25
107 CEPAS, 1988a, p. 3
support the production of basic grains and provide sufficient land for peasant producers; increased producer prices for basic grains; and the formation of commissions consisting of government representatives and UNSA members to search for solutions to the agricultural crisis. In addition, UNSA representatives wrote a long document analyzing the agrarian situation and proposed solutions to the crisis. This document was presented to the government in April of 1988 and UNSA indicated that they expected a government response within ten days. According to UNSA's analysis, the government should support a policy of self-sufficiency in basic grains, develop a coordinated agricultural policy to be directed by a single agency, and a method should be developed to allow for small producers to become involved in *agricultura de cambio* in order to prevent multinational corporations and large producers from completely dominating the agricultural sector.108 The government response to UNSA's proposals focused mostly on the cattle industry, which was dominated by large ranchers, and on traditional and non-traditional export crops in which the peasantry was unable to participate. UNSA viewed the government response as insufficient and wrote a letter directly to President Arias expressing their concerns. In response to the lack of government concern for the plight of basic grains producers, 2,500 small and medium producers blocked roads and bridges and seized buildings in Parrita, Guacimo, Santa Cruz, and Cañas from July 8-13, 1988. As a result of this mobilization a new round of negotiations was begun and joint commissions were formed to study the agricultural situation, but conditions in the countryside remained unchanged.109

CONCLUSION

The inability of the peasant sector to have a significant impact on economic policy making in Costa Rica was the result of several seemingly insurmountable barriers. The economic crisis and increasing debt service payments caused the Monge and Arias administrations to turn to the assistance offered by the International Monetary Fund, the World Bank, and AID. However, this assistance was tied to a series of conditions which forced the Costa Rican government to substantially alter its previous development model and the resulting neoliberal orientation had a strong negative impact on basic grains producers. The policies proposed by the international financial organizations found strong local support in the well established and influential commercial, agricultural, and industrial groups of the wealthy business elite. These groups enjoyed ready access to the political decision-makers and, in combination with the international organizations, were able to end the previous mixed economic model in which the state played a significant role. In addition, the peasant sector had little organizational history in Costa Rica and by the time they were able to create potentially powerful organizations they faced a situation in which the new economic policies were already well entrenched. The state had always taken care of the basic needs of the popular sectors in Costa Rica and the favorable conditions created by the expanding economy of the thirty year period prior to the late 1970s postponed the need to for the peasantry to form

108 CEPAS, 1988a, p. 19
109 ibid, p. 22-24
autonomous organizations to defend their interests. Thus they were totally unprepared to challenge the structural adjustment which directly affected their lives in the 1980s.

The diverse nature of peasant organizations in Costa Rica made it very difficult for them to coordinate together in order to increase their influence in society. Some organizations concentrated on land reform (UTAN, FESIAN, FENAC), others supported the demands of small basic grains producers (UPAGRA), and still others, whose constituents were coffee and vegetable producers (UPANACIONAL), confronted a different set of concerns and government policies. The difficulty of coordinating the concerns of these groups was well illustrated by the relationship which developed between UPANACIONAL and UNSA. UPANACIONAL attended the first meeting of UNSA but subsequently withdrew from the organization to pursue a separate settlement with the government. Representatives of UPANACIONAL claimed that the organization supported the peasant movement but that they lacked a clear understanding of UNSA. While the two organizations expressed similar concerns, a clear difference existed in their perspectives of how to solve the agrarian crisis. While groups such as UPAGRA and others emphasized the need for structural change to defend the interests of the peasantry, more conservative organizations, such as UPANACIONAL, were content to try to improve their situation within the export dominated economic framework. The compromising position of UPANACIONAL reflected the strong role of coffee producers in that organization and the importance of coffee exports to the Costa Rican economy. However, even given these different perspectives and circumstances, representatives of UPANACIONAL don’t discount the possibility of working with UNSA in the future.110

The peasant sector has not played a significant role the debate surrounding the structural adjustment of the economy and the imposition of neoliberal policies in Costa Rica. Despite the numerous mobilizations and protests of recent years, no alternative position has emerged and the government has made few concessions to the basic grains producers. An important factor contributing to the impotence of the peasant movement is that the impact of the economic changes of the 1980s is just beginning to make itself felt. While the leadership of the campesino organizations is well aware of the full extent of the negative consequences of the neoliberal policies, the peasantry in general lacks a clear understanding of the depth of the changes confronting them. The agreements with the international financial organizations prohibit the return to previous customs and social conditions in Costa Rica and limit the sovereignty of decision-making necessary to incorporate the concerns of the peasant sector into an integrated development model. The changes of the 1980s have created a polarization of society such as has not been previously experienced in Costa Rica. The new development model lacks any mechanism to spread the benefits of economic growth and the result has been a concentration of income and wealth. The cuts in social programs and the privatization of state enterprises, particularly the banks, has reduced the space in which political participation might have an impact on economic policy and has resulted in the concentration of political and economic

110 Interview with Guido Vargas, Director, and Jorge Luis Hernandez, Coordinator of Training and Promotion, UPANACIONAL
power. While no studies have investigated the structure of land tenure since 1983, it is well known that peasants are selling their lands and migrating to urban areas because they can no longer succeed economically.

While the peasant movement encountered a well organized opposition, it was still in the initial stages of development and has yet to clearly articulate its goals and to solidify its organizational structures. For the most part, the demands of peasant organizations focused on how to create marginally better conditions for survival within a system which clearly did not meet their needs. The lack of political and ideological development limited the search for practical alternatives to the neoliberal model. Participation in the peasant movement was sporadic and opportunistic and the lack of coordination between organizations limited their impact. The lack of unity and a stable organizational structure limited the effectiveness of UNSA which remained a temporary alliance of peasant groups rather than an organization with a permanent membership. Organizations constantly entered and departed from UNSA which prevented the creation of a defined strategy or a platform of demands. During the latter part of 1988, UNSA experienced an internal power struggle and was forced to temporarily suspend its efforts on behalf of the peasant sector. The government took advantage of this lack of unity among peasant organizations and simply ignored the demands of the sector as a whole and concentrated its efforts on solidifying the position of those who cultivated export crops.

111 Interviews with Juan Manuel Villasuso, Minister of Planning in the Monge Administration; Luis Armando Gutierrez, Director, Confederacion Costarricense de Trabajadores Democraticos; and Ludwig Guendell, Professor, Instituto Centroamericana de Administracion Publico
112 Interviews with Alsimiro Herrera Torres, General Secretary, Confederacion de Trabajadores Costarricenses; Francisco Salas, Researcher, Ministerio de Planificacion; Guido Vargas, Director, and Jorge Luis Hernandez, Coordinator of Training and Promotion, UPANACIONAL; Lucia Chinchilla Fonseca, Director of the Department of Planing and Evaluation, Sistema de Planificacion Sector Agropecuario (SEPSA); and Virginia Valverde de Molina, Assistant Director, Consejo Nacional de Produccion (CNP)
113 CEPAS, 1985a, p. 28
114 CEPAS, 1988a, p. 18-19
115 Interview with Carlos Campos, Representative of UPAGRA
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