Institutional Weakness as a Blessing: The Origins and Development of Costa Rican Exceptionalism Vis-à-vis Central America’s Structural Disadvantage Within the Capitalist World-System

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Thanks to Rob and Tom for their invaluable supervision. Thanks to my mother for proofreading my work and to my father and grandpa for helping to finance my trip to Costa Rica. Thanks also to the faculty of the Department of Politics and International Relations, especially Jim and Tod.
The person entering an authority system no longer views himself as acting out of his own purposes but rather comes to see himself as an agent for executing the wishes of another person. Once an individual conceives his action in this light, profound alterations occur in his behavior and his internal functioning. These are so pronounced that one may say that this altered attitude places the individual in a different state from the one he was in prior to integration into the hierarchy.

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Abstract

On the eve of the Spanish colonization of Central America, the most uncentralized area in the region was the meeting point of Mesoamerican and South American civilisations, which subsequently became known as Costa Rica. Unlike the centralized city-states to its North and South, the Spanish found this area one of the most difficult to conquer, and had to postpone their settlement ventures in certain parts of the region. It is apparent that the political organization of pre-Hispanic Costa Rica had a significant impact on the future development of the country. Once the poorest colony in Central America, Costa Rica has become the most prosperous country in the region and is often described as the Central American exception. Using world-systems analysis, this thesis conducts an institutional analysis of Costa Rica within its regional and systemic contexts in order to explain the origins and development of Costa Rican exceptionalism. The evidence demonstrates that Costa Rica has had weaker political institutions from pre-Hispanic to modern times. Strong, authoritarian institutions have been extremely beneficial for imperial powers operating in Central America. This explains why they have either employed authoritarian methods of control, or have supported regimes that have employed such methods on their own citizens. This thesis will elucidate how Costa Rica’s comparative lack of authoritarianism, has meant that the country has experienced less structural disadvantage than the other Central American republics. Costa Rica presents an interesting case where a peripheral country has managed to escape Central America’s colonial legacy of extreme poverty and violence.
Introduction

Costa Rica, which means ‘Rich Coast’ in Spanish, was named as such because the early conquistadors believed there to be an abundance of gold in the region. These initial reports turned out to be false, however the name stuck despite its initial position as the poorest colony in Central America.\(^1\) Some have even described the colony as the poorest in all of Spanish America (Hall, 1985: 59).\(^2\) Yet today, Costa Rica not only has the highest level of human development in Central America, but ranks amongst the most prosperous in all of Latin America. Given its unique position within the region, Costa Rica has commonly been described as an exception in Central America. Whilst there are many aspects to Costa Rican exceptionalism, the country is primarily known for being peaceful, democratic and for its noteworthy levels of human development. In contrast to the rest of the Isthmus, Costa Rica has been a stable representative democracy since the mid 20\(^{th}\) century. It was also the only Central American country to escape the death squads during the 1980s, and was instrumental in facilitating the Central American peace accords later in that decade.

Costa Rica, the oldest representative democracy in the region, has proven to be a success story for the social democratic model. Unlike other countries in Latin America, Costa Rica has managed to maintain successive social democratic governments from the beginning of the Cold War until neoliberalism emerged in the country during the 1980s. The study of Costa Rican exceptionalism demonstrates how detrimental authoritarianism has been for human development in Central America. This thesis analyses the correlation

\(^1\) As a result of Costa Rica’s poverty, the appellation ‘Rich Coast’ “became a standing joke” during the colonial period (Munro, 2012: 140).

\(^2\) One Spanish governor even claimed in 1719 that Costa Rica was the “poorest and most miserable colony in all America” (cited in Shafer, 1994: 185).
between authoritarianism and development in Central America by examining Costa Rica, a country that, as I will argue, provides a model by which peripheral countries can potentially reduce their structural disadvantage within the capitalist world-system.

When discussing Costa Rican exceptionalism, it is important to attempt to distinguish between myth and reality. Traditional explanations for the country’s exceptionalism have been based on a number of national myths which helped shape the image of the country “as an idyllic democracy without violence or poverty, a so-called ‘Switzerland of Central America’” (Creedman, 1977: x). Although there is an element of truth to this image, historical revisionism has debunked the traditional portrayals of Costa Rica as a classless, egalitarian and ‘white’ society. In light of this historical revisionism, there have been numerous recent explanations for Costa Rican exceptionalism using different theoretical perspectives which emphasise different aspects of the Costa Rican case. There are those authors who highlight coffee as integral to understanding Costa Rica’s relative prosperity in Central America. Others emphasise Costa Rica’s turn towards social democracy and the abolition of its military in the 1940s. Some also identified Costa Rica’s political culture and the disposition of Ticos (which is what Costa Ricans call themselves) as a crucial factor.

There are two primary shortcomings that are common to all of the extant explanations for Costa Rica’s uniqueness. The first is the failure to situate Central America within an appropriate international context by conducting a class analysis of the international system that is crucial for understanding the reasons for inequality between nation-states. The second is the failure to seriously investigate Central America’s pre-Hispanic history in order to account for Costa Rica’s unique colonial experience. In short, the existing
literature on this topic has underestimated the importance of the international and historical contexts in which Costa Rica should be viewed in order to account for its level of development. In order to redress the shortcomings of the extant accounts, this thesis will employ Immanuel Wallerstein’s version of world-systems analysis (WSA). This paradigm holds not only that social change occurs primarily within the world-system, but also, that such change should be studied over the longue durée (long-term). The longue durée, most commonly associated with the work of French historian Fernand Braudel, is an integral part of WSA. The study of the longue durée is used to avoid what Francois Simiand termed ‘episodic history,’ by which he meant the tendency of some scholars to emphasise events at the expense of long-term history (Braudel, 2012: 244). However, this thesis does not provide a long history of Costa Rica, but rather adopts a path dependence approach which analyses critical junctures throughout the country’s history. Path dependence refers to the process whereby “once a country or region has started down a track … the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice” (Levi, 1997: 28).

Many authors have failed to identify the origins of Costa Rica’s unique position by tracing them only to colonial times. In order to thoroughly uncover its true origins, one must look back further than this to the pre-Hispanic period to answer why the colonization of Central America took the form that it did. There have been no attempts heretofore to use archaeological research in order to account for Costa Rica’s uniqueness. Such research is crucial to understanding the forms of political organization in pre-Hispanic Central America and to correct a major flaw of the previous explanations of Costa Rican exceptionalism that have not sought to explain this question over the longue

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3 Even though Immanuel Wallerstein is the leading proponent of WSA, there were others who made important contributions to WSA such as Andre Gunder Frank and Christopher Chase-Dunn.
Using this approach, this thesis seeks to contribute to both the literature on Costa Rican exceptionalism and the broad school of thought which holds authoritarianism to be detrimental to development. It also attempts to ease the tensions between institutional analysis and WSA.

The approach taken will be helpful for tracing the origins and development of Costa Rican exceptionalism and for understanding the reasons for Central America’s position as part of the periphery within the capitalist world-economy. While WSA has many strengths, it also has several weaknesses. Perhaps the most serious of these is that by primarily examining the world-system, world-systems analysts neglect the endogenous factors which may explain social change within particular nation-states (Migdal, 1988: 31). The approach taken in this thesis incorporates a regional analysis of Central America (with a focus on the outlier Costa Rica) into a world-systems framework. This approach is necessary to redress the problems regarding world-systems analysts’ neglect of examining endogenous factors that account for inequality between states. It will also seek to redress the lack of analysis within WSA vis-à-vis political institutions and how they affect development.

It is often said that institutions provide the ‘rules of the game’ and therefore are extremely important because of their power to shape both human beings and their social environment. Institutions are often said to be ‘weak’ when they are ineffective at enforcing the rules of the institution. The term institutional weakness is often used in a distinctly pejorative sense and often connotes corruption and authoritarianism. The institutional structure of peripheral countries is often described as weak, whereas the core countries are said to have strong, democratic institutions. However, given their weak
political institutions, peripheral countries such as Costa Rica do not fit with this conception of institutional strength. Therefore, the prevailing conception of institutional weakness is often misleading, primarily because it is apparent that many peripheral zones often contain strong institutions. Likewise, core countries such as the United States do not have uniformly strong political institutions (Levitsky and Murillo, 2005: 271). Institutional strength appears to be another concept that is used to demonstrate the superiority of the core over the periphery.

In light of this, the concept needs to be reformulated. Migdal (1988) points to a more suitable conception of institutional weakness by conceptualizing state strength as the ability of national elites to control their country’s general populations. Classifying institutions not in terms of their effectiveness, but rather in terms of their power to control the general public, clarifies much of the confusion regarding the issue of institutional weakness. Central America has provided a unique case with which to further explore the issue of institutional strength because of Costa Rica’s exceptionally weak state structure. Although they are all located in the periphery, one of the most striking differences between Costa Rica and the rest of Central America is its political institutions.

The countries that will be compared with Costa Rica will be Nicaragua, Honduras, El Salvador and Guatemala. Central Americans do not consider Belize and Panama to be technically part of Central America, given that their heritage is so different (Stone, 1990: 1). Belize was a British protectorate from 1862 until receiving its independence in 1981, and Panama was a Colombian province from 1821 to 1903 whose culture is closer to that of South America. Thus, these two countries should be viewed separately from the other five countries which coalesced from 1823 to 1838 into a single state called the United
Provinces of Central America. Costa Rica will be primarily studied as a block in comparison to El Salvador, Guatemala, Honduras and Nicaragua given that it is primarily exceptional in relation to these four countries. This is not to deny however, the important political, economic and socio-cultural differences that exist between these states.

It could be said that one common factor shared by all of Central American republics is that they all suffer from a kind of structural disadvantage, by virtue of their position within the capitalist world-economy. According to the WSA perspective, this structural disadvantage is a direct result of the function that Central America has served as part of the global periphery. The periphery’s function is illuminated in an elite 1955 study sponsored by the National Planning Association and the Woodrow Wilson Foundation. That function is essentially “to complement the industrial economies of the West” (Eliot, 1955: 42). Within the global division of labour, Latin America has served as a source of natural resources and cheap labour in accordance with its so-called ‘comparative advantage.’ Within the Latin American region, Central America has been especially disadvantaged and today houses some of the poorest countries in the Western Hemisphere. Considering the levels of poverty and inequality facing Guatemala, El Salvador, Honduras and Nicaragua, it is of paramount importance for the future prospects of the region to uncover the reasons for the achievements of the Central American exception, as there may be some ways in which those achievements can be emulated. Until we can properly understand the reasons why Costa Rica has generally escaped the kind of poverty and violence that has plagued Central America, the prospects for development in the region remain bleak.
The key to answering the reasons for Costa Rica’s relative prosperity, as this thesis will demonstrate, is to be found through an analysis of the types of political organization that existed in pre-Hispanic Central America. At this time, there were important differences in the region’s political organization that would have profound implications for the future development of the region. Ferguson and Whitehead observe, the “kind of authority that actually emerges also depends on the prior political organization of the native people and the nature of the contact process” (2005: 13, emphasis added). Prior to the arrival of the Spanish, the political organization of Central America varied greatly. Traditionally, archaeologists who specialize in the study of lower Central America believed that the area primarily consisted of chiefdoms. However, since the 1980s archaeological research has shown that the most common form of political organization in ancient lower Central America was in fact, that of tribes (Creamer & Haas, 1985). In stark contrast to states, tribes can be described “as decentralized with egalitarian interaction and cooperation rather than hierarchical decision-making” (Healy, 1992: 86). Archaeological research now demonstrates that the least centralized, most egalitarian forms of political organization were found in lower Central America, especially in the area that later became known as Costa Rica. The central argument of this thesis is that out of this essentially egalitarian social environment, weaker political institutions emerged, which in turn led to Costa Rica’s advanced development vis-à-vis Central America.

Lower Central America is an interesting geographical area to study because it was once one of the most, if not the most egalitarian region in all of the Americas. The egalitarian tribes that existed in pre-Hispanic Central America have all now disappeared through their incorporation into Latin America, which today is the most iniquitous region in the world (Kingstone, 2011: 11). The forms of political organization that existed in pre-
Hispanic Central America affected the way in which the region was incorporated into the capitalist world-system in the early sixteenth century. The nature of this incorporation had a huge impact on the development capabilities of the five Central American republics.

When the Spanish began their colonization of the region, divisions were forged that previously had not existed. Spain’s colonizers rather arbitrarily drew the modern boundaries by constructing the colonial provinces of Central America, and in many cases, divided pre-existing political systems. Along with the incorporation came the associated hierarchies, inequalities and divisions of labour as the region was peripheralised and placed under the authority of the Captaincy General of Guatemala. Costa Rica was the furthest away from the Spanish colonial capital and had a reputation as a backwater. The colony also had less imperial influence in its internal affairs because it had comparatively fewer natural resources. Fortunately for its inhabitants, Spain’s state and ecclesiastical institutions were less entrenched in Costa Rica than in the region’s other provinces (Edelman and Kenen, 1989: 3).

Chapter one will provide the theoretical framework for the thesis by critically analysing WSA as a paradigm for explaining development and underdevelopment within the international system. The chapter will demonstrate how case studies and comparative analyses can be conducted within a world-systems framework. It will also explain why political institutions are more coercive in the periphery than in the core. The second chapter will consist of a review of the literature on the development of Costa Rican exceptionalism. It will examine the traditional and historical revisionist accounts and demonstrate the importance of inveterate institutions in producing Costa Rica’s exceptional development. The next three chapters will outline the political, socio-cultural and economic factors that will be assessed for their ability to explain the reasons for Costa
Rican exceptionalism. Although Wallerstein dislikes the splitting of social scientific analysis into these three arenas, he acknowledges that WSA has not been able to overcome this legacy (2001: 4). For the purposes of clarity and convenience, the final three chapters will be divided into these arenas, however, in accordance with WSA, they will be treated as interrelated areas of analysis.

The third chapter will analyse the issue of political authority in Costa Rica during pre-Hispanic times and into the modern period. It will adopt the concept of path dependence in order to demonstrate how weaker political institutions have benefitted Costa Rica in comparison to its neighbours. Chapter four will look at the socio-cultural aspects of Costa Rican exceptionalism and address the issue of whether dispositional or cultural factors are important for understanding the reasons for underdevelopment. The chapter analyses the cause of social inequality in Central America and serves as a counterpoint to the argument outlined in chapter four. Finally, the fifth chapter outlines the nature of Central America’s export economies and also discusses the question of whether or not the spread of neoliberalism in Costa Rica has undermined the country’s exceptional status.
Chapter 1: Institutional Analyses Within a World-Systems Framework

Traditionally, scholars have employed the nation-state as their principal unit of analysis in order to explain why some states are more developed than others. This is the method used in modernization theory which has been the orthodoxy in development studies since the discipline’s emergence after World War II. Modernization theorists hold that all states will eventually follow the same stages of development. In the late 1960s, the theory was subject to an increasing level of criticisms by dependency theorists who were located in and/or focused on Latin America (see, for instance, Frank, 1969). Dependency theory held that the centre or core extracted surplus value from the periphery which led to structural underdevelopment of the latter. While the study of US imperialism in Latin America for example, made important contributions for understanding peripheral underdevelopment, the scope of dependency theorists was viewed as being too localized by world-systems analysts, who argued that the ‘world-system’ rather than the nation-state should be the principal unit of analysis. By using this methodological approach to trace the origins of the capitalist world-system, world-system analysts believed that they could provide intellectually convincing explanations for long term global social change. This chapter will evaluate Immanuel Wallerstein’s version of world-systems analysis for understanding the Costa Rican case and assess its compatibility with institutional analyses. It will also demonstrate why coercive methods of control are more necessary in peripheral regions such as Central America.

World-Systems Analysis:

Since the 1970’s, WSA has developed as part of a growing recognition of the interrelationship between economic development and structural underdevelopment.
World-systems analysts reject state-centric theories of development and instead argue that national development and underdevelopment should be seen within the context of the ‘world-system.’ Wallerstein has identified two possible world-systems that have existed to this date: world-empires and world-economies. Both world-systems consist of numerous cultures with a single division of labour. However, what distinguishes a world-economy is that it also contains numerous political centers, unlike world-empires which only have one (Wallerstein, 2004a: 99). Along with world-systems, there are also mini-systems which have all now disappeared after having been incorporated into the modern system of nation-states. A state’s position in the global hierarchy is determined by the class position of that state in the international system. At the first level of approximation, the capitalist world-system is divided into three classes: the core, the periphery, and the semiperiphery. It should be noted, however, that the international class structure is incredibly complex and core and peripheral zones do exist within some states, regardless of their overall position within the global class structure.

Wallerstein first articulated WSA in his seminal multivolume work *The Modern World-System* which gives an alternative history of the development of capitalism (2011a; 2011b; 2011c; 2011d). The origins of this system, in his schema, lie not in the industrial revolution but during the ‘long sixteenth century’ (1450-1640). What is often referred to as the ‘second’ stage of feudalism was, in Wallerstein’s view, a whole new system that began in Europe but gradually expanded so that it now encompasses the majority of the world’s geographical surface. During the long sixteenth century, production for profit had really begun to replace production for use. Thus, for Wallerstein, the defining feature of this capitalist world-system is the perpetual accumulation of capital. Exponents of

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4 Wallerstein and other world-systems analysts use the terms world-system and world-economy interchangeably.
capitalism may reply that its defining feature is “the freedom of each individual to pursue [their] own good”. Yet, it is important to recognise, “the pursuit by each individual of his [sic] interest precisely requires efforts by him to constrain the freedoms of others through control of the state” (Wallerstein, 1984: 154).

If one holds the common conception of capitalism as a system of non-interference by the state into market processes, then it is apparent that such a system has never existed (Wallerstein, 2004a: 25; 2011a: 348). This is partly because the majority of ‘free market’ capitalists have never seriously proposed such a system. To be sure, advocates of laissez-faire capitalism are opposed to forms of state intervention which conflict with their interests, but are supportive of instances of state intervention which work to their advantage. Under such a system, the factors of production have never been free, especially labour, which has been subjected to constant state interference in order to weaken the bargaining power of workers in relation to capital. Moreover, as economist David Landes (1999: 520) points out, “the state can be very useful as the servant of business.” Not only do states protect property rights and open up markets, they also help to privatize profits and socialize the costs which are paid for by the public. Thus, capitalism is perhaps best described as a system which combines a partial “free flow of the factors of production” with the “selective interference” of the state into market processes (Wallerstein, 2000: 260, emphasis in original).

World-systems analysts believe it is incorrect to label an individual state as ‘capitalist’ or any other system, given that the mode of production which allows capitalism to function,

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5 Rothbard (1978) is one example of a so-called ‘anarchocapitalist’ who advocated capitalism without a state.
6 The first to seriously promulgate the myth of the self-regulating market was Polanyi (2001) in his seminal work *The Great Transformation*. 
is global in nature. Building on dependency theory, they stress this point in order to demonstrate that the wealth of the core is contingent upon the poverty of the periphery. However, world-systems analysts do not suggest that the wealth comes purely from surplus value extracted from the periphery but is in addition to the core states’ lucrative domestic markets. Many have treated wealth and poverty as if they were completely unrelated phenomena and one often hears much about the superior economic performance of ‘capitalist’ countries. For instance, Novak (1993: 156) deduces that economic development “seems to have been realized almost exclusively among the relatively few capitalist nations of the world”. This is true in the same sense that in the days of absolute monarchies, the majority of wealth was concentrated primarily amongst the aristocracy. WSA argues that a similar situation occurs in the current world-system, given the level of surplus that flows from the semi peripheral and peripheral zones to the core states.

If one employs Novak’s conception of capitalism, then only the ‘developed’ areas of the world-system are deemed to be ‘capitalist.’ However, this label obscures understanding of how capitalism actually functions. According to Wallerstein, “the process of the accumulation of capital has led to its concentration in some geographic zones, since the unequal exchange which accounts for this has been made possible by the existence of an interstate system containing a hierarchy of states” (2011e: 61). Consequently, different forms of capitalism have emerged in different regions throughout the world (core, semi-

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7 This is why many world-systems analysts do not believe that ‘socialist’ economies can exist within the current world-system. In this view, every socialist movement has been unsuccessful in operating according to a logic that is not based on capital accumulation. Although world-systems analysts such as Wallerstein, (1979: 73-74) have often made this argument, others have also recognised the dilemma faced by anti-capitalist movements. For instance, Minns (2006: 47) observes: “In the modern capitalist world, the ultimate basis for the existence of states is the ability of the society of which they are a part to generate an economic surplus. Short of some form of socialist production, this surplus must be generated by wage labour in a capitalist fashion. Nation states which persistently block the production of this surplus and halt the accumulation process face huge penalties and, in some cases, ultimate destruction – either through external military competition, or because stagnation is likely to lead to loss of domestic legitimacy and internal upheaval, or both.”
peripheral and peripheral capitalism). Many social scientists seem to miss “the fact that a small group of countries has more wealth and a more liberal state,” is “precisely the consequence of the deep inequalities in the world-system as a whole” (Wallerstein, 2003: 163). The mischaracterization of capitalism and the belief that wealth and poverty are unrelated phenomena has led to deficient explanations for inequality between individuals and nation-states. Many authors, not only fail to recognise that the core countries are largely responsible for the poverty of the periphery but that the former are concerned with alleviating peripheral underdevelopment. The assumption that states develop independently of each other is one of the primary flaws of modernization theory.

By the 1970s, modernization theory had come under serious attack by dependency theorists. Both world systems analysts and dependency theorists have criticized modernization theory (both in its liberal and Marxist manifestations) for its assumption that all societies would go through the same stages of development. While the Marxists held that communism would be the final stage of development after feudalism, capitalism and socialism, liberal modernization theorists believe that capitalism is the ideal and final stage in the development process. According to world-systems analysts, the method used by modernization theorists has resulted from and has contributed to a lack of understanding how capitalism has actually functioned as a historical system. Wallerstein (2004b: 93) points out that by conducting comparative analyses of states, modernization theorists found “that different countries had different modes of compensating labor” which led them to mistakenly “draw from this the conclusion that one day the poorer zones might replicate the structure of the richer zones.” On the contrary, it is precisely the

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8 One often hears about the core countries’ development aid to the periphery, which, despite noble intentions, often fails to produce significant results (Easterly, 2006; Deaton, 2013).

9 The term “historical system” was coined by Wallerstein in order to emphasize that all systems should be viewed in their historical context.
differential and hierarchical nature of labour compensation which allows “the endless accumulation of capital” and the surplus value to flow from the periphery to the core (*ibid.*). Thus, contrary to popular belief, capitalism is a system which combines both ‘free’ and ‘coerced’ labor (Wallerstein, 2011a: 127). Naturally, the most arduous forms of labour are assigned to the peripheral countries where cheap labour abounds, fulfilling part of their function within the capitalist world-system. In light of this, despite the claims of modernization theorists, the periphery is structurally unable to become as wealthy as the core.

Dependency theorists have often pointed out that peripheral countries cannot follow the core countries for the latter have not gone through centuries of colonialism and neocolonialism. It is unlikely that liberal modernization theorists would seriously advocate that the Central America republic, or the entire periphery for that matter, should copy all of the policies of core countries such as the United States. Even if it were possible, another reason why individuals in the periphery would not want to model their countries in the image of the core states is that the former “are increasingly more convinced that the status of the latter is the fruit of injustice and coercion”, as liberation theologian Gustavo Gutiérrez (1988: 14) observed. Some may cite the success of the so-called Asian Tigers (South Korea, Taiwan, Singapore and Hong Kong) as discrediting the claims of world-systems analysts. However, as Wallerstein (1979: 101) explains, this is not evidence of ‘development,’ but rather “successful expropriation of world surplus”. “Of course some countries can ‘develop’”, however, “the some that rise are at the expense of others that decline”(*ibid.*, 73, emphasis in original). This is not to suggest that wealth creation is a purely zero-sum game (although it is to a large extent). Nevertheless, it is clear that not all states can exist on the top of the global hierarchy, where opportunities for
surplus value extraction are the greatest.

**Criticisms of World Systems Analysis:**

Despite the strengths of WSA, there are also significant weaknesses within the paradigm. Some have posed the question whether WSA’s flaws are great enough to warrant it being discarded, or at least certain aspects of it (Benton, 1996; Sanderson, 2005). However, as Kuhn (1996) famously argued, paradigms are dispensed with once a newer and better explanatory paradigm has taken its place. A paradigm “need not, and in fact never does, explain all the facts with which it can be confronted” (*ibid.*, 18). Since its inception, WSA has generated much criticism from a variety of different sources.\(^{10}\) This thesis cannot deal with all the criticisms of the paradigm, but will with some of the key criticisms, particularly those directly relevant to this thesis.

One major criticism of WSA is that world-systems analysts have reified the world-system. For instance, Sanderson (2005: 186) gives as an example the “use of expressions like ‘the role of the semi-periphery’ assumes that the world-system is an organismic type of system in which ‘the system’ has virtually a consciousness that tells it how to allocate tasks on a global level.” This criticism is unfounded and, as with much of the criticism of WSA, stems from the authors’ misunderstanding of the paradigm. World systems analysts have never maintained, as Sanderson suggests, that it “is the world-system as a whole that acts” and not individuals within it. As Wallerstein (2011a: 51) explained vis-à-vis the European world-system in the sixteenth century: “There was no central agency which acted in terms of these long-range objectives. The real decisions were taken by groups of men acting in terms of their immediate interests” (emphasis added). This observation is still applicable

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\(^{10}\) For a good summary of the criticisms of WSA see Shannon (1996: Ch. 6).
to the capitalist world-system today.

WSA has also been criticized by some orthodox Marxists such as Robert Brenner (1977: 27) for supposedly sidelining class as part of their analysis of capitalist development. This criticism is similarly misguided. WSA does indeed employ class analysis; it simply has taken on more of a global character. World-systems analysts have realized that due to intensification of the international division of labour, the most important class divisions exist not within, but rather between states. As Wallerstein (1979: 291) points out, “at a certain level of expansion of income and ‘rights’, the ‘proletarian’ becomes in reality a ‘bourgeois’” in the sense that they are “living off the surplus value of others” (his emphasis). Other socialists have also noted the point that in global terms the so-called ‘working classes’ in the core are benefiting from the expropriation of surplus value from the periphery.\footnote{For instance, Orwell wrote about how British “workers were won over to Socialism by being told that they were exploited, whereas the brute truth was that, in world terms, they were exploiters” (Orwell, 2000: 456, emphasis added). Also, the libertarian socialist historian Rudolph Rocker (2004: 71) explains: “No doubt some small comforts may sometimes fall to the share of the workers when the bourgeoisie of their country attain some advantage over that of another country; but this always happens at the cost of … the economic oppression of other peoples. The worker in England, France, Holland, and so on, participates to some extent in the profits which, without effort on their part, fall into the laps of the bourgeoisie of his country from the unrestrained exploitation of colonial peoples.” Given that this passage was written in 1933, one could replace the phrase “colonial peoples” with peripheral populations.}

The basic point here is that the issue of class reveals some major weakness in traditional Marxist theory. Another major problem with orthodox Marxism is that it shares the similar developmentalist assumptions of liberal modernization theorists. For instance, Marx (1990: 91) stated: “The country that is more developed industrially only shows, to the less developed, the image of its own future.” While they disagree with liberals regarding what is the ultimate stage of development, they nonetheless, agree that the ‘development’ of individual nation-states is inevitable. For reasons already discussed, this position is now untenable in light of the extensive criticism of modernization theory.
There have been several critiques of WSA by scholars who are working from inside the paradigm. Some have argued that Wallerstein has not traced the origins of the modern world-system back far enough. Abu-Lughod (1989) contends that it originated in the thirteenth century, whereas Frank (1998) believes that there has been a continuous ‘world system’ for the past 5000 years. A great deal of this debate is concerned with the true nature of capitalism.12 There does seem to be an overemphasis by Marxist scholars on the issue of capitalism when explaining the reasons for social inequality. It is obvious that social inequality predates the rise of capitalism and therefore one needs to look at the precapitalist societies in order to properly answer questions such as the one posed in this thesis. Consequently, one must look at the archaeological and anthropological research which deals with this issue.

In the 1980’s, WSA was adopted by several archaeologists who began to employ it as a framework to help in their understanding of what they refer to as the “Mesoamerican World System” (Blanton & Feinman, 1984; Smith & Berdan, 2003; Carmack & Gonzalez, 2006; Blanton & Fargher, 2012). Although they adopted many of its key assumptions, these archaeologists disagreed with Wallerstein over the issue of whether exchanges of preciosities (i.e. luxury goods) constitute integration into a world-system. Schneider (1991) was the first to criticise Wallerstein for arguing that the trade of preciosities (i.e. luxury goods) does not constitute systemic integration. Others have concurred that Wallerstein has underestimated the impact that luxury goods have had on the functioning of power structures within pre-capitalist systems (Blanton & Feinman, 1984; Chase-Dunn & Hall, 1997: 52). Wallerstein’s position is that it is important to distinguish between ‘luxury’ and ‘essential’ exchanges “if we are not to fall into the trap

12 Frank (1998: 332) even suggested that capitalism is no longer a useful concept and that it would be preferable to excise this “Gordian knot” completely.
of identifying every exchange activity as evidence of the existence of a system” (Wallerstein, 1979: 14, his emphasis). In his view, the trade of luxury goods is largely inconsequential given that “staples account for more of men’s economic thrusts than luxuries” (Wallerstein, 2011a: 42). Given his position, it is clear that Wallerstein’s schema is not entirely helpful for analysing mini-systems and world-systems prior to the sixteenth century. As Kepecs & Kohl (2003: 16) put it, using Braudel’s analogy of models being like ships, a great deal of “Wallerstein’s framework capsized in the rough empirical waters of pre-modern political economies.”

Unlike the archaeologists who have adopted a modified version of WSA, Wallerstein would not classify pre-Hispanic Mesomerica as either a world-empire or a world-economy. In his schema, the forms of political organisations that existed in ancient Central America would be classified as ‘mini-systems’ given that they had a single culture, policy and economy (Wallerstein, 1984: 148). While Wallerstein has occasionally written about mini-systems, his main concern has been to trace the development of capitalism which he believes originated in Europe during the ‘long sixteenth century.’ Therefore, the fact that his schema is not suitable for studying pre-capitalist societies is certainly understandable.

As previously mentioned, perhaps the most well founded criticism of WSA is that by analysing the world-system, its proponents neglect the endogenous factors that may explain social change within individual nation-states. Yet, given that WSA is largely characterised by its replacement of the nation-state with the world-system as a primary unit of analysis, this neglect is not surprising. While world-systems analysts believe that social change primarily occurs within the world-economy, they do not deny the role of
states, which do have “limited power (albeit real power, none the less) to affect” how the capitalist world-system operates (Wallerstein, 1984: 35). Therefore, given the power that states have, it is apparent that one cannot understand Costa Rica’s relative prosperity in Central America by only studying the nature of the capitalist world-economy. In the same way, one cannot account for Costa Rica’s distinctiveness without studying the country in its appropriate historical, regional and systemic contexts. A solution to the tendency of world-systems analysts to overemphasise the world-system for explaining social change within individual nation-states is to conduct an institutional or comparative analysis within a world-systems framework. Wallerstein (1979: 36) argues that within a world-systems framework, one can productively conduct comparative analyses of the subunits (states) that comprise the world-system. One such approach was employed by Itzigsohn (2001) in his comparative institutional analysis of Costa Rica and the Dominican Republic. However, there is no reason why such analyses have to involve a comparison of two or more states. This thesis is similar in the sense that it conducts an institutional analysis of Costa Rica within the context of both Central America and the capitalist world-system. Incorporating institutional analysis into a world-systems framework can help lessen the tendency within WSA to overemphasise economic factors and underemphasize the importance of political institutions.

**Institutional Strength and Development:**

Institutional weakness is often defined as institutions that are poorly enforced and unstable (Levitsky & Murillo, 2005: 270-271). However, this definition of institutional weakness does not suit Costa Rica which has clearly had stable but also weak institutions since its 1948 civil war. Given that strong institutions are often said to comprise the institutional
apparatus of core countries, it is not surprising that they are often associated with economic
development and democracy. However, if one views weak political institutions not in
terms of their ineffectiveness, but rather in terms of their power to control the general
public, then many peripheral and semi-peripheral countries would be classified as having
strong institutions. For instance, the Soviet Union certainly had strong institutions such as
the politburo, the KGB and the Red Army. Yet, how many people would regard these to be
‘good’ political institutions? For classical liberals and libertarians they certainly are
undesirable. While classical liberals subscribe to the maxim – “That government is best
which governs least”; whereas anarchists take this idea one step further and say: “That
government is best which governs not at all” (Thoreau, 1983: 385). The term strong
institution sounds anathema to libertarians because they hold a philosophical belief that in
order to be truly free, human beings must not be forced to live under the authority of the
coercive institutions that comprise the state apparatus. The anarchist Michael Bakunin
believed that “the State and all its institutions … corrupt the minds and will of its subjects
and demand their passive obedience” (1980: 256). Within the prevailing conception of
institutional weakness is the underlying assumption that human behaviour requires
curtailment. The strength of a country’s political institutions also appears to be simply
another area used to imply the superiority of the core over the periphery.

Much of the problem with this issue is the way in which state or institutional strength is
often conceptualized. Isbester (2011) is one analyst who has described Costa Rica as
having a “strong” state that arose because of its role in mediating social conflict and
facilitating economic development. However, it seems inappropriate to describe Costa
Rica as a strong state, even on Isbester’s own observations. She herself notes that after

13 As Tolstoy (1990: 24) put it: “Freedom, not imaginary but actual, is attained not by barricades and
murders, nor by any new kind of institution coercively introduced, but only by the cessation of obedience to
any human authority whatever.”
independence “there was no need for a coercive state” with “repressive labor policies” given the fewer amount of Amerindians living in the region (ibid., 185). Perhaps Costa Rica is considered to have a strong state because it has stable representative institutions similar to those found in the liberal democratic core countries. Social democratic governments are often considered to be ‘bigger’ than liberal democratic governments, just because they have higher levels of social spending. However, this appears to be an exercise in rhetoric more than anything else. As Milton Friedman (2002, vii) noted, the two pioneering neoliberal governments of Margaret Thatcher and Ronald Reagan “were able to curb leviathan” but unable to reduce its size. In reality, neoliberal policies have merely redistributed wealth towards privileged individuals. However, there is no genuine basis on which to suggest that neoliberalism increases individual liberty and makes states less coercive.

Migdal (1988) sought to determine the reasons for the differences in the ability of states to control their populations and to facilitate the will of its leaders. He defines a strong state as one which has a great capability to expropriate resources, and to penetrate and regulate society (ibid., 4, 15). Using this more suitable definition, Costa Rica would be classified as having a weak state. This confirms the observations of other authors who have noticed the weakness of the Costa Rican state (Mahoney, 2001: 142; Edelman, 1992: 28; Chomsky, 1998: 171). Since its inception, Costa Rica has clearly had weaker political institutions including the presidency, the police and the military. The country has a tradition of having a weak presidency which has continued under the 1949 constitution that placed several limitations such as the lack of power to enact legislation by decree (Carey, 1998: 27-28). Costa Rica has had a historically small military prior to its abolition in 1948 (Ehrenreich, 1983: 257). One exception was the period between 1915 and 1920
when army personnel increased to over 1000 members (Yashar, 1997: 51). The strength of the military reached its zenith in 1918 under the Tinoco dictatorship (1917-1919), when the army increased to a force of 5000 soldiers. Its size dropped to around the 500 mark during the 1920s and 1930s (ibid.), most likely as a result of the end of World War I and the collapse of Tinoco’s regime. In addition to the military, the country’s police forces have never contained huge numbers. In 1923, for instance, there were only 61 police officers in all of Guanacaste which had a population of over 50 thousand. Edelman views the state’s lack of presence in Guanacaste as produced negative consequences for that province such as the widespread rustling of livestock (Edelman, 1992: 120). Nonetheless, as one Costa Rican official surmised, some rustler’s only stole occasionally in order to combat their hunger (Castro cited in Edelman, 1992: 123). While the state’s lack of presence may have increased the rates of crimes such as rustling, these pale in comparison to the crimes that have been perpetrated by the Central American governments that have maintained firm authoritarian control over their citizens. While this thesis is arguing that Costa Rica’s weaker political institutions have been beneficial for the country, it would be incorrect to assume that weak institutions always lead to higher levels of economic and human development. The perfect example is Germany during the Third Reich which had an extremely strong state that helped it emerge out of the Great Depression through its major re-militarization programme.14 Instead, this thesis is proposing that the strength of a country’s political institutions can have both positive and negative effects on development depending on that country’s position within the world-system.

The issue of state strength is one area that deserves greater attention within WSA. The

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14 Of course, this was all achieved at great human sacrifice, which is why one should be wary about concentrating too heavily on the benefits of economic growth.
topic is only briefly discussed in volume I of the *Modern World System*. According to Wallerstein, a strong institutional apparatus refers to strength with regards to a state’s political units and its power in comparison to other states (2011a: 355). He sees differential state strength as crucial to the functioning of the capitalist world-system:

> Once we get a difference in the strength of the state-machineries, we get the operation of 'unequal exchange' which is enforced by strong states on weak ones, by core states on peripheral areas. Thus capitalism involves not only appropriation of the surplus-value by an owner from a laborer, but an appropriation of surplus of the whole world-economy by core areas (Wallerstein, 1974: 401).

Wallerstein (2011a: 355) contends that the current world-system “develops a pattern where state structures are relatively strong in the core areas and relatively weak in the periphery. Which areas play which roles is in many ways accidental. What is necessary is that in some areas the state machinery be far stronger than in others.” Yet, Wallerstein fails to adequately explain why differential state strength exists throughout the world-system.

In all states, there is both an internal and an external basis for governmental power. While state structures in the periphery are generally weaker in relation to the core countries, they are often very strong when it comes to controlling their own populations. Take Guatemala for instance; in global terms the country is weak in comparison to the core states. But in terms of its power to coerce its citizens, Guatemala has an internally powerful state. If one does not make the distinction between a country’s internal and external power, then the concept of institutional strength creates confusion. The following section will help to clarify this issue.
Methods of Control:

While it is well understood that governments employ force in order to compel obedience, the more subtle methods of control are less understood. Given that systems of authority are only effective if the subjects obey the directives of authority figures, then mechanisms are put in place in order to compel obedience. Traditionally, governments have used force in order to ensure their citizens obey authority. This method has been largely effective for governments attempting to control their populations, however, a major problem is the resentment and opposition that it fosters. It has been well understood that it is preferable for governments to acquire the consent of their citizens through ideological indoctrination. This involves limiting not only what information citizens have access to, but also the establishment of a framework for what ideas and opinions are socially acceptable.

Indoctrination occurs in every state, regardless of the extent to which it is democratic. As the ‘father of public relations’ Edward Bernays explained, “The conscious and intelligent manipulation of the organized habits and opinions of the masses is an important element in democratic society” (2005: 52). Bernays was an instrumental figure in the Committee on Public Information (CPI) which was a propaganda agency established during World War I to sell the war to reluctant US citizens. In the 1920s, US corporations began employing propaganda experts such as Bernays to apply the CPI’s techniques to the peacetime conditions. The CPI developed sophisticated propaganda techniques used today that were also adopted by the Nazis during World War II (Bernays, 1942). However, it is important to note that indoctrination operates some what differently in a representative democracy. In such regimes, it is important that “force does not overwhelm consent but
rather appears to be backed up by the consent of the majority, expressed by the so-called organs of public opinion” (Gramsci, 1992: 156).

Noam Chomsky has repeatedly made the argument that there is much greater necessity for indoctrination in a representative democracy than in an authoritarian regime (1987a: 136). This is largely because individuals or states that are further up in the hierarchy tend to be more obedient given that they reap much greater benefits under the prevailing order. They are obedient in the sense that they are more likely to obey domestic laws etc. because it is more advantageous for them to comply. On the other hand, disadvantaged individuals and states are generally less satisfied with their position, and therefore it is often necessary to employ much greater levels of force against them. This is clearly demonstrated via an analysis of Central America.

The core countries have promoted a kind of capitalism in Central America, as in all of the periphery, that is disliked by their general populations. Therefore, authoritarian means have been necessary to impose this type of capitalism on the populace. Authoritarianism was extremely beneficial for the Spanish Crown, which employed authoritarian political tactics in order to utilize the resources of the region. The same is true for other the other imperial powers which have intervened in the region, including Britain, Germany, France and the United States. The rise of liberalism in the seventeenth century did not change this trend. While many leaders in the core have advocated liberalism and representative democracy in their own country, this is often not the case in the periphery. During the Cold War for instance, US foreign policy makers understood the promotion of democracy in some countries would not help serve their policy objectives. As the father of the containment policy George Kennan (2011: 188) explained in 1950, “harsh governmental measures of
repression may be the only answer” for preventing “communist” gains in Latin America, even if such measures emanate “from regimes whose origins and methods would not stand the test of American concepts of democratic procedure.” Kennan was largely correct in his assessment. Latin Americans have understandably attempted to resist the authoritarian regimes imposed on them, which necessarily dealt harsher forms of discipline so that ‘order’ could be maintained.

In the core states, the disciplining of the public is achieved with limited force, whereas in the peripheral states, much greater force is required to achieve this same objective. According to Wallerstein (1998: 11), states that attempt to operate according anything other than a capitalist logic are punished. This punishment is usually meted out by the core states that have economic and political interest in that country. This was well demonstrated when the Marxist candidate Salvador Allende was elected during the 1970 Chilean Presidential election. The US Ambassador to Chile Edward Korry stated: “Once Allende comes to power we shall do all within our power to condemn Chile and all Chileans to utmost deprivation and poverty” (cited in Sklar, 1980: 29). A similar situation occurred in Nicaragua during the early 1980s. The Reagan administration trained and funded the contras, which, in combination with a number of economic and diplomatic sanctions had largely reversed the policy successes of the early Sandinista period. However, this sort of violence was unnecessary in Costa Rica, a country with greater political liberty and higher social indicators. The methods of control used in Costa Rica are much closer to those found in the core countries, that is, a greater reliance on control of opinion. As one Costa Rican academic put it, “we don’t have repression with bullets, we have control by the news” (Morales cited in Barry, 1991: 58). Just like the United States, Costa Rica has a press that is largely owned and controlled by private corporations unaccountable to the
public. Essentially, it is the “manipulation of the political and ideological superstructure that makes Costa Rica seem distinct from other Central American societies where coercion prevails and veils the similarities that impose a common neocolonial condition” (Palma, 1989: 136).

Foreign policy makers and leading IR scholars in the United States have recognized the degree of US control over Central America. For instance, Undersecretary of State Robert Olds, explained in 1927: “we do control the destinies of Central America, and we do so for the simple reason that the national interest dictates such a course” (cited in Bergman, 1986: 293). Hans Morgenthau (2006: 33) has made a similar observation: “When we speak of the political power of the United States in Central America, we have in mind the conformity of the actions of Central American governments with the wishes of the government of the United States.” Indeed, the nature of the Central American governments and their policies were constantly subject to US scrutiny. This was perhaps most vividly demonstrated in Honduras where the efforts to maintain the impression of sovereignty often stretched the bounds of plausible deniability. For instance, in 1961, Honduran President Villeda Morales was informed by the US Ambassador Charles Burrows that his proposed agrarian reform should not be passed without the State Department’s consent (LaFeber, 1993: 180).

Of course, this kind of interference is so commonplace that many do not see any problem with a peripheral country having to seriously surrender it sovereignty. As one Costa Rican economist correctly observed, “Without national sovereignty, it makes little sense to talk of democracy” (quoted in Barry, 1991: 4). Interventions by countries such as the United States are often justified, especially during the Cold War, as necessary for the promotion
of democracy, despite obvious contradictions. This justification collapses upon an analysis of US foreign policy in the region. The United States has overthrown democratically elected governments, interfered with free elections, and brutally crushed popular movements, not to mention, provided regular economic and military aid to authoritarian regimes.\textsuperscript{15} Despite the country’s reputation as ‘making the world safe for democracy’ via its foreign policy, its political leaders have pursued policies that benefit US investors over those that may benefit the general populations of the countries in which it intervenes.\textsuperscript{16}

**Democracy in the World-System?**

Given that many believe the core aspect of Costa Rican exceptionalism is its democratic nature, it is important to clarify the nature of democracy. It is common practice to make a distinction between democratic and authoritarian regimes even though the criteria used to differentiate between the two types of regimes is often ill defined. Many on the other hand, often stress “free and fair” elections as the “inescapable sine qua non” of democracy (Huntington, 1991: 9). Democracy means literally, ‘rule by the people’ and is derived from Ancient Athens which is often considered to be the first example of democracy in history. Although women and slaves could not vote, there was a form of direct democracy in which Athenian citizens could participate in decision-making in their city-state. It is now often claimed that direct democracy is not a viable option given the sheer numbers that are

\textsuperscript{15} Among others, the US has participated in the overthrow of democratically elected governments in: Guatemala, (Schlesinger & Kinzer, 2005), Brazil (Parker, 1979), Chile (Blum, 2004: Ch. 34). For a detailed history of US interventions since 1945 see *Killing Hope* (Blum, 2004).

\textsuperscript{16} As US President Woodrow Wilson explained in 1919: “Since trade ignores national boundaries and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed against him must be battered down. Concessions obtained by financiers must be safeguarded by ministers of state, even if the sovereignty of unwilling nations be outraged in the process. Colonies must be obtained or planted, in order that no useful corner of the world may be overlooked or left unused” (cited in Chomsky, 1987b: 14).
located within the modern nation-state. Therefore, it was necessary to create a representative form of democracy whereby a country’s leaders derive their authority from the consent of the governed. However, this argument begins to fall apart upon inquiry, and can be seen as a justification for the centralization of power. Electing representatives that, in theory serve the interests of the general population also has the conspicuous property of centralizing decision-making power amongst privileged elite groups.

The distribution of wealth and power within the capitalist world-system raises questions about democracy. Chomsky (1987c: 291) provides a definition of what might be called ‘really existing’ democracy:

It refers to a system of governance in which elite groups that dominate the private economy are ensured control, with the public permitted to ratify elite decisions periodically. If the public becomes organized to enter the political arena and participate in shaping affairs of state, that is not “democracy,” but rather a “crisis of democracy,” which must be overcome, whether by death squads as in Central America or by more subtle means at home.

The more subtle means refers to the ‘manufacture of consent,’ which is essentially a technique used for controlling public opinion. This term was coined by Walter Lippmann, who provides a refreshing analysis compared to those who insist that representative democracy actually equates to ‘government of the people.’ He argued that the public do not actually direct the affairs of state, and nor should they because they do not possess the required knowledge and expertise to exercise control over the government (Lippmann, 1993). Therefore, he believed that the “ignorant and meddlesome outsiders” (i.e. the public) “must be put in its place” (ibid., 188-199, 145). According to the prevailing conception of democracy in the US and other core countries, the general populace is supposed to have an extremely minimal role, generally limited to voting. Samuel Huntington accurately encapsulates this conception of democracy in his chapter of the
Trilateral Commission report entitled *The Crisis of Democracy*. He argued that the “democratic surge” in the 1960s, characterized by an increase in political participation and a significant reduction in governmental authority, was a threat to democracy in the United States (Crozier et al., 1975: Ch. 3). Many do not appear to recognise the contradiction of simultaneously advocating democracy and minimal public political participation. Others stress the importance of political participation as the key to creating democracy in a real meaningful sense of the word. As Honduran Bishop Luis Santos Villeda pointed out: “All we have is an electoral system where the people get to choose [from] candidates … chosen by the rich … we can’t talk about real democracy because the people don’t participate in the decisions” (cited in Leonard, 2011: 163). This phenomenon is found throughout the world-system, but it is particularly detrimental in peripheral countries such as Honduras where the poor majority do not have access to the kind of resources enjoyed by the general populations in the core. A representative democracy is perhaps more accurately described as ‘polyarchy’ or rule by the many. Polyarchies allow more political participation than a dictatorship or oligarchy but less than the kind of direct democracy found in stateless societies.

In the modern period, the term ‘democracy’ has been transformed from a subversive idea to a legitimizing byword. From the 1830’s to the 1840’s, a number of left-wing political organizations used the word ‘democracy’ to denote the nature and goal of their organisations. Thus, the label ‘democrat’ was used in a pejorative sense to describe these subversive radicals; kind of like how the label ‘communist’ was used in the West after World-War II (Wallerstein, 2003: 149). Around that time, Alexis de Tocqueville (2010) wrote and published *Democracy in America*, in which he warned against the dangers of the

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17 For further arguments on the negative effects of political participation see Huntington & Nelson (1976); Huntington (2006); Schumpeter (2011: Part IV).
18 For more information on this concept see Dahl (1971).
“tyranny of the majority.” While this phrase is often interpreted as classical liberals expressing concern about majorities imposing their will on minorities, Tocqueville’s famous phrase can also be interpreted in another way, namely to prevent the majority from serving their interests at the expense of the propertied elites. In the United States for instance, founding father James Madison stressed the need for the US constitution “to protect the minority of the opulent against the majority” (cited in Holton, 2008: 196). In this sense, the land-owning elites were quite understandably worried about the “tyranny of the majority”. Democracy was viewed as a subversive idea because it was believed that it would inevitably transfer wealth from the privileged to the subaltern classes. In hindsight, they need not have been so worried. After universal suffrage began to be implemented in the core countries, the exploitation of the periphery intensified but decreased in the core so therefore, even the ‘lower class’ citizens of the core were becoming reasonably wealthy. This boded well for Western political leaders because anti-capitalist movements were becoming considerably popular on account of the visible inhuman effects of exploitation such as the use of child labour in industrial factories. This kind of exploitation still occurs today, just not in core countries. Gradually the word ‘democracy’ started to be viewed differently and “the very groups that had dreaded the word in the first half of the nineteenth century came to adopt it by the end of the century and were using it as their theme song by the second half of the twentieth century” (Wallerstein, 2003: 161-162). This issue becomes more complicated on the global level and therefore requires greater analysis.

One key argument within WSA is that the fundamental economic processes of the capitalist world-system “are not totally responsive to the set of political decisions of any state” because such processes “are located in a zone far larger than that of any political

19 For details of these conditions see Engels’ (1999) classic study of industrial factories in nineteenth century England.
authority” (Wallerstein, 1984: 105, his emphasis). If social action and change does indeed primarily occur in the world-system, then the nation-state seems to be an inappropriate unit of analysis for determining the degree to which a system is democratic. World systems analysts envisage democracy in global terms. Wallerstein (2003: 163) contends that democracy has proven rather meaningless for approximately 80% of the world’s population given that they “have received very few of the presumed benefits, whether political, economic or social.” On the other hand, “the fact that a small group of countries has more wealth and a more liberal state” … is not the cause but precisely the consequence of the deep inequalities in the world-system as a whole. And this is why the rhetoric rings true in some parts of the world-system and seems so hollow in other parts, the larger parts” (ibid., 163). In this sense, the global capitalist system is not only inegalitarian, but also undemocratic. Now one might also question this on the grounds that representative democracies are commonly assumed to operate within a single state and where the majority of citizens give their consent to the governed. This however, is precisely the primary objection of WSA: that state-centric explanations provide an incomplete picture, which in and of themselves are insufficient for understanding how the modern world works.

**Conclusion:**

This chapter has laid out the parameters within which an institutional analysis of Costa Rica can be fruitfully conducted within its systemic and regional contexts. Like any other paradigm, WSA has its strengths and weaknesses. The great strength of WSA is that it provides an explanation how capitalism functions as a whole. The approach taken in this thesis redresses the overemphasis on exogenous factors in determining a state’s position
within the capitalist world-system. WSA should be commended for its insistence that capitalism is a global phenomenon which concentrates wealth within certain geographical zones of the world-system. By studying social change over the *longue durée*, WSA gives a historical context which helps explain the structural exigencies placed upon individuals and states within the world-system. The approach taken has also demonstrated that authoritarianism has been extremely beneficial for the imperial powers that have intervened in Central America, which explains why they have either employed authoritarian methods of control, or have supported regimes that have employed such methods on their own citizens. In the case of Costa Rica, I will argue that a weak state structure enabled the country to escape the coercive institutions utilized by core countries to promote their development in the periphery. Demonstrating the validity of this argument requires much deeper analysis of the literature on this topic, which is where we now turn.
Chapter 2 – Other Accounts of Costa Rican Exceptionalism

Prior to the 1970s, there was not a great deal of scholarship on Central American politics available to outsiders of the region. Today however, there is a considerable amount of literature available (Macleod, 1973; Wortman, 1982; Bulmer Thomas, 1987; Pérez-Brignoli, 1989; Gudmundson & Lindo-Fuentes, 1995; Woodward, 1999; Hall & Pérez-Brignoli, 2003). Unfortunately, many of the works written by Central American scholars are still only published in Spanish. One notable work of socioeconomic history that has been translated into English is Torres-Rivas’ (1993) History and Society in Central America. In his book, Torres-Rivas traces the national and international factors that have caused the region’s inveterate dependency and underdevelopment. First published in 1969, it was written at the time of great suppression of intellectual expression in Central America (excluding Costa Rica), and was released just prior to the explosion of North American academic interest in the region during the late 1970s and 80s. The increase in the study of Central American politics can be largely attributed to the fact that the region became a geopolitical ‘hot spot’ in the closing years of the Cold War as civil wars raged in Guatemala, El Salvador and Nicaragua.

Now that these wars have ended and all the countries on the isthmus have become representative democracies, academic interest in Central American politics has declined significantly. Some have argued (Burrell & Moodie, 2013) that the “disappearance” of Central America was necessary for constructing a particular image of the Post-Cold War order, one that stressed the success of neoliberal economic policies. The level of decrease in concern for Central American politics, however, is not an adequate reflection of the problems facing the region. The lack of academic interest in Central America is
understandable, but disappointing. Although Costa Rica has been somewhat overlooked, there are many lessons that can be learned through studying Costa Rican exceptionalism. This chapter endeavours to review the literature on this topic in order to demonstrate the lack of articulation regarding the role of institutions in creating Costa Rica’s exceptional development vis-à-vis Central America.

**Traditional Accounts:**

In comparison to Costa Rica, a greater amount of literature exists on development in the other four Central American republics. This is primarily a reflection of Costa Rica’s comparative lack of poverty and political violence. There have been a number of works which include specific sections on Costa Rica within their larger analysis of the region (Munro, 2012; Dunkerely, 1988; Barry, 1991; Bethell, 1991; LaFeber, 1993; Walker & Armony, 2000; Holden, 2004; Burrell & Moodie, 2013). One early work is the *History of the Discovery and Conquest of Costa Rica*, written by historian and Costa Rican statesman Ricardo Fernandez-Guardia (1913). He describes the apparently “bellicose” nature of the Amerindians which made the conquest of the region particularly frustrating for the conquistadors (*ibid.*, 15). Published in 1918, Munro’s (2012) *The Five Republics of Central America: Their Political and Economic Development and Their Relations With the United States* was the earliest work written in English regarding the political economy of Central America. In his chapter on Costa Rica, Munro (2012: 139) observes, “The Spanish pioneers who founded the city of Cartago in the latter part of the sixteenth century were unable from the outset to establish a colony [in Costa Rica] similar to those in other parts of the Isthmus.” He believed that the reason why the Spanish found the
region more difficult to conquer was due to its lack of a “dense agricultural population to be divided up as laborers among the settlers” (ibid., 139). He continues:

Elsewhere, the Indians, already living in large towns and devoting themselves to agriculture, had been forced with surprisingly little difficulty to work for their new masters; but in Costa Rica there were only a few scattered tribes, in a low stage of civilization, who cultivated the soil in a rude way simply to supplement their natural food supply by hunting. Unaccustomed to steady labor, they were not promising material for a serf class like that existing at the time in Guatemala and Nicaragua.

While Munro may have underestimated the amount of aboriginals living in the region, his observation confirms the change in human behaviour regarding labour, once they have been socialized under the institutions of the state.

Today there exist several historical analyses of Costa Rica from both US American and Costa Rican scholars (Molina and Palmer, 2007; Rankin, 2012). The issue of exceptionalism permeates much of the literature on the country (Sanders, 1986: Ch. 3; Edelman & Kenen, 1989; Barry, 1991; Palmer & Molina, 2004; Sandoval-Garcia, 2004: Ch. 3; Sandbrook et al., 2007; Booth et al., 2010: Ch. 4; Seligson, 2014). In his political history of Central America from colonial to modern times, Dunkerely (1988) notes the deficiency in the previous accounts for Costa Rican exceptionalism:

[N]one of the customary explanations of the peculiarities of the country can in themselves provide a persuasive case ... the stock answers have increasingly been shown to be either exaggerated or tautological constructions imbricated with a healthy dose of wishful thinking. They should not, however, simply be discounted as rank myth since historical revisionism has yet to deal a wholly decisive coup de grâce on any count (Dunkerley, 1988: 594).

This is by no means an easy feat given the complexity of this topic. While there has been a great deal of literature either written in or translated into English, there are some texts on Costa Rica that are only available in Spanish. Of primary importance are texts such as
Monge-Alfaro’s (1959) *Historia de Costa Rica*,\(^{20}\) which provide the foundational basis for the mythical elements of Costa Rican exceptionalism.\(^{21}\) These texts have all been largely discredited in light of the historical revisionism which has exposed the myths on which the traditional accounts are based.

There are four core mythical elements to the traditional explanations of Costa Rican exceptionalism. The first two related arguments are that there was a scarcity of “Indians” at the time of conquest and that the settlement of the region was peaceful. The third is what Theodore Creedman (1977: x) called Costa Rica’s ‘white myth’ or legend and the fourth is the renowned ‘rural democracy’ thesis. Firstly, contrary to traditional accounts, contemporary research demonstrates that the indigenous population stood at roughly 400,000 on the eve of the Spanish conquest. Secondly, the subjugation of the aboriginals in the area was anything but peaceful. Preceding the genocide and enslavement was the introduction of European diseases which are believed to have been instrumental in the wiping out much of the Native American peoples (Molina & Palmer, 2007: 19). After approximately a century of contact with the Spanish the indigenous population in Costa Rica had been reduced to just 10,000 by 1611 (*ibid.*).

Costa Rica’s ‘white legend’ has been influential in the construction of the country’s national identity and consequently has led many to describe Costa Rica as mainly comprised of ‘whites’ (see for e.g. Dwyer, 1983; May et al., 1952: 23). Contrary to what some authors maintain, the country is in fact made up primarily of *mestizos* - a

\(^{20}\) Monge-Alfaro’s work is only available in Spanish. His work has been regularly summarised in the literature on Costa Rican exceptionalism and therefore his ideas are not completely inaccessible to non-Spanish readers. There are some excerpts of his renowned *Historia de Costa Rica* available in English. For instance, see Monge-Alfaro (1989).

\(^{21}\) One can find portions of some of the traditional texts translated into English and are included; for instance, in the two Costa Rica readers which both begin with chapters on the genesis of the country’s exceptional nature (Edelman & Kenen, 1989; Palmer & Molina, 2004).
combination of Spanish and Native American heritage. It is true that most Ticos are visibly lighter-skinned than the majority of people from Nicaragua, El Salvador, Honduras and Guatemala but there is no evidence that such biological differences have any significance whatsoever. Contemporary scholars only imply rather than seriously contend that racial composition explains Costa Rica’s uniqueness (Bowman, 2002: 76). According to Bowman, Harrison (2000a: Ch. 3) has come the closest in this regard by suggesting that a predominantly ‘white’ Costa Rica is more prosperous than Nicaragua, primarily because of its culture. While it is unclear how Costa Rica’s whiter population can explain its prosperity, it is apparent that the white legend has had certain pernicious effects on Nicaraguan immigrants. In Threatening Others, Sandoval-Garcia (2004) argues that the “hegemonic version of Costa Rican national identity,” which emphasises the country’s “whiteness,” has resulted in the demonization of the “Nicaraguan other.” Similarly, Campo-Englestein & Meagher (2011) also find that the white legend has led to the discrimination of Nicaraguan immigrants in Costa Rica with regards to healthcare access.

As with the first three myths, the rural democracy thesis evidently contains enough resemblance to reality to be considered plausible. The rural democracy thesis holds that a sparse native population had led to a creation of small land holdings run by yeoman farmers because they lacked the required labour to create the kind of large plantations that were found in other parts of Central America (Bell, 1971: 3-10; Sandoval-Garcia, 2004: 70-79). Perhaps the most influential exponent of the rural democracy thesis was Costa Rican historian Carlos Monge-Alfaro who stressed the importance of the yeoman farmer which he described as “the axis, backbone of our history, the nucleus of Costa Rican society” (Monge cited in Paige, 1997: 220). In what is now recognized to be an exaggeration, he claims the economic circumstances of colonial Costa Rica were such that
“social classes or castes did not arise. There were no despotic officials who arrogantly kept themselves apart from the populace” (Monge Alfaro, 1989: 12). Isbester (2011: 202) makes the same mistake as those made in the traditional accounts regarding the notion that Costa Rica was a ‘classless’ society with her assertion that a “strong state was needed to balance relations between the classes, because no one class was dominant.” Historical revisionism has demonstrated that Costa Rica’s level of egalitarianism has been significantly exaggerated and that the country did indeed have a ruling class during the colonial period.

**Historical Revisionist Accounts:**

Historical revisionism, however, has undermined the traditional accounts of the country’s ‘egalitarian’ rural democracy. A well-known critique of the rural democracy thesis is Lowell Gudmundson’s (1983) article *Costa Rica Before Coffee: Occupational Distribution, Wealth Inequality, and Elite Society in the Village Economy of the 1840s* (subsequently extended to book form). Gudmundson (1986) constructs the argument that wealth was not distributed as equally in colonial Costa Rica as had been previously maintained. He believes this is a fallacy perpetuated for political reasons by proponents of the rural democracy thesis. In “Land Tenure in Colonial Costa Rica,” Meléndez-Chaverri (1989) contends that land distribution only partially confirms the rural democratic model. He concludes:

Bereft of their seigniorial illusions, many colonists had no choice but to take tools in hand, face the sun, and plant what they needed to survive. Although this had a leveling effect on colonial society, daily life was nonetheless based on status differences defined in accordance with Spanish tradition. The original colonists and their descendants behaved as a landed gentry, albeit a poor one. Social differentiation persisted but, in practice, each colonist lived on what he produced. Pressed by agrarian poverty, the colonists became more democratic (*ibid.*, 18).
Thus, it is not that the rural democracy thesis is completely false, but rather it is evident that the country’s egalitarian nature has been significantly exaggerated and therefore has contributed to the mythical elements of the story behind Costa Rican exceptionalism.

The issue of exceptionalism has largely been framed in relation to Costa Rica’s democratic tradition. Several authors identify Costa Rica’s social democratic policies as a primary reason for its uniqueness. In his Privatization in Costa Rica, Chamberlain (2007: 144) concluded that the country “can credit much of its ‘exceptional’ status in Central America to public ownership of a wide range of productive means, … to policies to allow local industry to develop for the sake of internal markets” and to intervention by the state to benefit labour. In much of the literature, the 1940’s are identified as being a watershed in the development of Costa Rican democratic exceptionalism (see for e.g. Schifter, 1989; Booth, 1998; Wilson, 1998: 81). It is certainly true that the 1940s were a turning point for Costa Rica in terms of the social reforms, the 1948 Civil War and the subsequent abolition of the military that occurred during that decade. One could say that after 1948, Costa Rica became even more exceptional, especially in light of the Central American crisis in the 1980’s. However, the pre-1940’s history of the country also attests to Costa Rica’s exceptional character.

One author who has constructed a substantial counterargument to this position is Kirk Bowman. In his PhD dissertation, Bowman (1998) identifies the dissolution of the army in 1948 as important causal factor for explaining Costa Rican exceptionalism. Bowman (2002) further strengthens his argument in Militarization, Democracy, and Development: The Perils of Praetorianism in Latin America. Here Bowman conducts a comparative
analysis of Costa Rica and Honduras in order to illustrate his central claim that large, professionalized militaries have been detrimental for development in the Latin American countries. While Bowman’s argument is fundamentally sound, the primary weakness of his position is that it exaggerates the strength of the Costa Rican military prior to 1948. Bowman (2002: 108) claims that between 1850-1950 the “least militarized” Central American country “was not Costa Rica but rather Honduras.” The cited evidence for this claim was that in 1922 both countries had 300 soldiers but that because Costa Rica had a smaller population than Honduras, the latter had, per capita, fewer soldiers. Bowman’s claim runs counter to others who have studied Costa Rica’s military history such as Holden’s (2004) study of the Central American militaries from independence until 1960. From the 1930s to the 1980s, the state apparatuses of Central America “could be largely understood as the ‘armed forces’” with the exception of Costa Rica (Holden, 2004: 41). This is why Holden describes the Central American states as “armies without nations.” Although Holden confirms that Costa Rica has always had the weakest military in the isthmus, he does not subscribe to the view that Costa Rica has actually abolished its army. Instead, “What it did not have was a force that anyone dared to call an army” (ibid., 219). This issue really comes down to a matter of interpretation. However, it is apparent that Costa Rica’s police units would be a poor substitute for a military in the case of an invasion. Although Costa Rica’s Civil, Rural and Frontier Guards have, in the past, performed functions that would normally be carried out by a military, they should be really be classified as police forces. In any case, it is clear that Costa Rica has had weaker coercive institutions compared to its neighbours on the isthmus.

Contrary to the central claim of this thesis is the school of thought which emphasizes culture as an explanation why Costa Rica is so different. Many authors hold that there is
something unique about Costa Rican culture which explains its exceptionalism. For instance, Harrison (2000) in *Underdevelopment is a State of Mind: The Latin American Case* identifies culture as the “principal determinant of development.” In his comparative analysis of the two countries, Harrison (2000a: Ch. 3) attempts to explain why Nicaragua is so far behind Costa Rica given the many factors in favour of the Nicaraguans, such as a greater endowment of natural resources. He concludes that the primary reason is the “differences between the ways that Nicaraguans and Costa Ricans see themselves, their compatriots and the world.” Remember, Harrison stresses, “we are talking about two very different cultures” (*ibid.*, 36). The main weakness with these arguments is that they demonstrate a fundamental misunderstanding of how states actually operate. In this view, states are reflections of the political culture and wishes of the general populace, even in countries without formal democratic trappings.

Similarly, Seligson (2001) claims that the reason for Costa Rica’s democratic exceptionalism is that *Ticos* have a greater preference for democracy than their fellow Latin Americans. This claim is based on a 1996 study which stated that 84.5% of Costa Ricans believe that “democracy is preferable to any other form of government”; compared with Nicaragua (63.9%), El Salvador (62.2%), Guatemala (55.9%) and Honduras (49.2%). Moreover “variables such as respect for the rule of law and willingness to hold government accountable for its actions are factors that make Costa Ricans different from their counterparts elsewhere in Latin America” (*ibid.*, 93, 106). This argument defies logic because it assumes that a politico-economic system is merely a reflection of the values of a society’s citizens. By doing so, it vastly underestimates the structural exigencies placed on individuals and states within the world-system. The validity of this argument also largely depends on one’s conception of democracy. The degree to which
governments actually express the will of their citizens is highlighted in the debate regarding neoliberalism in Central America. Some have argued that the explanation for Costa Rica’s uniqueness originates from its leaders redistributive policies implemented by the country’s political leaders (Booth et al., 2010: 22-23; Reding, 1986: 301). While this again identifies another effect of Costa Rican exceptionalism, their argument is more plausible than any suggestion that Costa Rica is a social democracy because a majority of its citizens support such a model.

Neoliberal policies have been implemented with significant resistance in Costa Rica. The implementation of neoliberalism has led to increasing discussion in the literature over the ‘Central Americanization of Costa Rica,’ a phrase used to convey the argument that this comparative ‘paradise’ of a country is being undermined (see for e.g. Seligson, 2002; Lehoucq, 2005). In her analysis of US foreign policy towards Costa Rica during the 1980’s, Honey (1994) describes the efforts of the Reagan/Bush Administrations to remilitarize the country to support its war against Nicaragua. There was much discussion in the late 1980’s about what President Oscar Arias’s advisor John Biehl called the ‘parallel state.’ Biehl was referring to the group of private institutions established by the US agency AID, which he believed were designed to circumvent the country’s political institutions in an effort to remake Costa Rica in a neoliberal fashion (Honey, 1994: Ch. 5). Other authors have also argued that neoliberal policies in Costa Rica are threatening to undermine the Central American exception (Sandbrook et al: 2007).

While it is generally taken for granted that Costa Rica is an exception in Central America, some authors have questioned this characterization of the country. For instance, Costa Rican historian Mario Samper (1990: 18-19) contends:
The alleged singularity of the Costa Rican case involves both a mythical element and one which is based on distinct historical processes. On the other hand, certain specific features tend to be exaggerated, and characteristics in common with other rural areas of Latin America are left aside or underemphasized, so as to stress differences rather than affinities. This leads to idealized versions of Costa Rican rural history, which in turn substantiate the collective illusion that “Costa Rica is different” in Central or Latin America.

While Samper is correct that similarities between Costa Rica and the rest of Latin America have been underemphasized or neglected, it is clear that Costa Rica is different in terms of its comparative lack of violence and poverty. Just because mythical elements have been used to construct the country’s unique image, does not mean that one should throw the proverbial baby out with the bathwater. Nevertheless, a certain degree of skepticism is warranted given that some countries have been described, often with little justification, as ‘exceptional’ in one way or another. For instance, one often hears about so-called American exceptionalism, meaning that the country is committed to spreading liberty and democracy throughout the world. Lipset (1996: 31) characterizes the ideology of the US as the following: laissez-faire, liberty, populism, individualism and egalitarianism. In response to this position, historian Niall Ferguson stated that the United States is just as ‘exceptional’ as every other empire throughout history (cited in Stone and Kuznick, 2012: xvi). Unlike with the United States, there is a definitely a case to be made for the validity of Costa Rican exceptionalism. Costa Rica is clearly exceptional, not only in Central America, but throughout the entire Latin American region. As Seligson (2014: 361) notes, “Virtually all the studies comparing Central American nations contain the phrase ‘with the exception of Costa Rica.’”

While not denying the country’s accomplishments, Shafer (1994: Ch. 6) claims that “Costa Rica is not an exception”, but rather a “perfect coffee case.” Others have also
identified the importance of coffee in Costa Rica’s economic development (Palmer & Molina, 2004: 55-56; Stone, 1989: 20). While coffee has been extremely important for the country’s development since the 1820’s, Costa Rica’s coffee production does not explain, much like all the other accounts of Costa Rican exceptionalism, why the country has experienced so little authoritarianism since its independence from Spain in 1821. There are two recent works that have made significant contributions in this regard. Firstly, in State and Social Evolution, Williams (1994) argues that the differences in the coffee industry have had major impacts on political development in the isthmus.22 The notable differences in Costa Rica were that coffee production developed earlier and was largely in the hands of the Ticos themselves.

Mahoney (2001) constructs a similar argument to Williams in The Legacies of Liberalism: Path Dependency and Political Regimes in Central America, except he does not focus on the coffee industry and analyses the issue of path dependence in much greater detail. Mahoney traced the development of liberalism in Central America which he believes had produced three types of regimes by the mid-twentieth century: El Salvador and Guatemala were “military-authoritarian,” while Nicaragua and Honduras were “traditional dictatorial” regimes. Costa Rica was the only liberal democratic regime in the region. Hayes (2006: 14) incorrectly states that Mahoney concurs with the argument that a greater influence of Spain’s colonial institutions, led to greater levels of authoritarianism and underdevelopment in Central America. Contrary to Hayes’ assertion however, Mahoney actually questions the relevance of colonial institutions for explaining Central America’s political development. He actually identifies the “liberal reform” period that started in the 1870s (for the majority of Central America) as the critical

22 Bulmer-Thomas also argues that the “relative affluence of Costa Rica … can be explained by its head start in developing the export sector” (1987: 10).
juncture in determining the different development paths taken on the isthmus. Nevertheless, the argument regarding the negative correlation for the proximity to Spain is empirically strong. It is especially strong when one tests this thesis with a comparative analysis of Guatemala, with its tradition of authoritarianism and underdevelopment, with that of Costa Rica. Employing this argument as a theoretical foundation, Hayes (2006) analyses female prostitution in Costa Rica from 1880 to 1930, with a focus on the Puntarenas region. She suggests that Costa Rican exceptionalism can best be explained by the country’s labour system, which has been the freest in Central America. Hayes’ argument supports what is the central argument of this thesis; that the stronger the systems of authority in Central America, the greater the adverse effects on the developmental prospects of the country. However, the primary problem with her thesis is that Costa Rica’s labour system is itself a result of its uniqueness. The major flaw of the works of Hayes, Mahoney and Williams is that they do not trace the roots of Costa Rica’s uniqueness back far enough. Despite their flaws, these works (especially Williams’ book) demonstrate the importance of employing a path dependence approach for the political development of the Central American countries.

Perhaps the most famous illustration of the path dependence approach is Barrington Moore’s (1993) classic *Social Origins of Dictatorship and Democracy*, wherein he argued that huge plantations with large coerced labour forces are not conducive to the development of democratic regimes. The region of Central America certainly supports Moore’s thesis. Land distribution is often given as an explanation why Costa Rica is so different (Meléndez-Chaverri, 1989). A related explanation for Costa Rican exceptionalism is the nature of the country’s relations of production. *Tico* historian Ivan Molina believes the answer is to be “found in the balance of social forces between
merchant and farmer: as a result of the province’s poverty, the commercial sector was *structurally weak* and lacked the power necessary to brutally subject the small producer” (cited in Gudmundson & Fuentes, 1995: 74-75, emphasis added). This can help explain why Costa Rica is the least violent country in Central America. Fuentes strengthens this argument by pointing out that in Guatemala the “commercial sector was strongest and the small producer weakest” (*ibid.*, 75). Costa Rica and Guatemala are excellent choices for a comparative historical analysis because of their considerably different paths of political development.

In *Demanding Democracy*, Yashar (1997) compares political reforms in Guatemala and Costa Rica since the liberal reform period beginning in the 1870s. She employs an approach which holds that “historical institutions” do not “dictate future political outcomes” (1997: 3). She concludes that both countries had a similar development path until the late 1940s when Costa Rica founded its social democratic model, and until the 1954 coup in Guatemala initiated a 42-year period of authoritarian rule. In order to construct her argument, Yashar exaggerates the similarities between the two countries. She contends that despite Costa Rica’s “less-coercive state and form of agriculture, the Liberal reforms instutionalized authoritarian rule” from the 1870s until the 1940s (*ibid.*, 50). This argument is misleading for readers who may be unaware of the nature of the Costa Rican and Guatemalan regimes during that period. In contrast to Costa Rica’s relatively mild authoritarian governments, Guatemala has been the most despotic of the Central American states. In 1918, Munro wrote that the Guatemalan government “firmly maintains its authority through a large standing army and police force, and promptly and mercilessly checks the slightest manifestation of popular dissatisfaction” (Munro, 2012: 108).
In light of these differences, the 1940s is not an appropriate period for identifying Costa Rica’s democratic exceptionalism.

It is a common mistake within literature to underestimate the depth of the roots of Costa Rica’s uniqueness. In his book on post-colonial development in Spanish America, Mahoney (2010: 193) writes of Costa Rica: “Comparative evidence from Central America leaves few doubts that Costa Rica’s exceptionalism” can be traced to the early post-independence period. During this time, the colony’s isolation from Guatemala led to Costa Rica’s smaller military because it was not entangled in the kinds of post-independence conflicts to the north. This allowed Costa Rican liberals to “consolidate power and enact enduring reforms without being supplanted by conservatives” (ibid., 195). Although Costa Rica’s isolation is an important factor in explaining the size of its military, there are important differences between Costa Rica and its neighbours such as the scarcity of its indigenous population, that were already evident during the colonial period. Whilst Mahoney’s argument is an improvement on those who emphasise the 1940s period, tracing the roots of Costa Rica’s exceptionalism requires a deeper look back through history. In order to explain later events during the nineteenth century, it is important to investigate why the Spanish colonization took the form that it did. In order to do this, one needs to analyse the archaeological literature on pre-Hispanic Central America.
**Archaeological Literature:**

Although there has been extensive literature written on the Aztec and Incan civilisations, the more egalitarian societies in the Intermediate Area\(^{23}\) have often been neglected by both archaeologists and historians alike. There has been little research conducted on the political organization of Lower Central America. Archaeologists working in this area attribute this lack of interest to the fact that more ‘complex’ societies did not develop in the region’s pre-Hispanic history. Thus, the Intermediate Area did not produce the kind of social upheaval, conflict and other associated effects of ‘civilization’ which are generally considered more worthy of scholarly interest. In “The Pervasive Pejorative in Intermediate Area Studies,” Sheets (1992: 19, 16) discusses how the “ancient people of the region have been regarded as ‘backward,’ pale country cousins of their more ‘civilized’ Mesoamerican contemporaries.” The study of the Intermediate Area “forces us to reconsider issues of development versus equilibrium.” A symposium entitled *Wealth and Hierarchy in the Intermediate Area* provides much of the known information on social inequality in lower Central America (Lange, 1992). The primary finding of the symposium was less that “there was more social parity than marked difference” in the Intermediate Area (*ibid.*, x).

Another key text in this area is *The Archaeology of Lower Central America*, which is co-edited by Frederick Lange, one of the foremost archaeologists in the sub-field of Central American archeology (Lange & Stone, 1984). Lange’s (1996a) *Paths to Central American History* provides the most up to date scholarship on the archaeology of this area. Archaeologists and anthropologists have long assumed that the chiefdoms were the most

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\(^{23}\) Archaeologists refer to the land mass that existed between Mexico and Colombia as the Intermediate Area.
common form of political organization throughout Central America (Snarkis, 1981: 18). It was not until the 1980s that archaeologists began to seriously question these assumptions. Lange (1993: 312) explains, “Too often, archaeologists (myself included) have automatically assumed that the fancy jade, gold pendants, or polychrome ceramic vessels indicate chiefly status, centralized control, and a stratified society.” Archaeologists studying lower Central America, “now realize that the evidence for chiefdoms is not as strong as we thought and the use of the concept is perhaps even inappropriate in Central America—the Intermediate Area” (Lange, 1996b: 312). The archaeological literature on Central America is crucial for uncovering how the forms of pre-Hispanic political organization affected the formation of the regions’ political institutions during the colonial period.

**Institutions and Development:**

There is an increasing awareness that institutions matter in relation to shaping economic organization and human behavior (North, 1990; Berger, 1993). Comparative institutional analysis has been shown to be successful in explaining the rise of the “Asian Tigers” (South Korea, Taiwan, Singapore and Hong Kong) (see for e.g. Aoki et al., 1996). Unfortunately, there is no in-depth study of how Costa Rica’s political institutions have affected its development. The one area that has received particular attention is the country’s armed forces. There are several studies that discuss Costa Rica in their larger analyses of the military in Latin America (Fitch, 1998; Bowman, 2002). The US Department of Army provides a valuable overview of the country’s armed forces and issues relating to Costa Rica’s national security (Ehrenreich, 1983). Costa Rica is often noted for its relative lack of militarization for a Latin American country, presenting
“proof that it is possible to maintain territorial integrity without regular military forces” (Fitch, 1998: 183). The absence of a standing army has had important political implications for Costa Rica’s post-World War II regime, sometimes referred to as the Second Republic. In his study of the world’s militaries, Dwyer (1983: 128-129) writes, “when the development of an export-oriented cash economy and influences from the outside world began to move Costa Rican politics leftwards in the first half of [the twentieth] century, there was no army-landowner alliance to thwart it as there was elsewhere.” Others have also argued (Bowman, 2004: 178; Longley, 1997; Sheahan, 1987: 296) that if Jose Figueres had not abolished the army, Costa Rica’s social democratic regime may have been destroyed much like Guatemala’s reformist government in 1954. The fact that social democrats came to dominate from the 1940s until the 1980s is an indication of Costa Rica’s weaker control structure, a sharp contrast with the rest of the isthmus where progressive political leaders have traditionally been prevented from rising to power.

The only work that takes a similar approach to this thesis is Itzigsohn’s (2001) “World-Systems and Institutional Analysis - Tensions and Complementarities: The Cases of Costa Rica and the Dominican Republic.” In the article, Itzigsohn highlights the primary benefit of his approach, namely to provide a “better understanding of regional differences within the global common processes that affect the system as whole” (2001: 441). While there are many strengths, there are also several weaknesses to Itzigsohn’s argument. For instance, he writes that the Dominican president Rafael’s Trujillo’s “authoritarian and repressive regime enjoyed wide legitimacy because of its centralized authority (ibid., 454).” This is a puzzling statement given that the legitimacy of a state is now generally determined by the degree to which it is ‘democratic’ (Dunn, 1992: 239). A more serious
misjudgment is Itzigsohn’s (2001: 464) following contention: “No amount of institutional strength could move Costa Rica up in the world-system hierarchy; in spite of four decades of industrialization, the position of the country in the world-economy has not changed.” This statement seems to be missing a fundamental point regarding the deleterious effects that strong institutions have had on peripheral countries. It does not occur to Itzigsohn that it is in fact the weakness of Costa Rica’s state machinery that has allowed it to escape the kind of structural disadvantage found in the rest of Central America. Nevertheless, despite these shortcomings, Itzigsohn has demonstrated that institutional analyses can complement WSA in the pursuit of explaining long-term social change within particular states or regions.

**Conclusion:**

A major flaw in the existing literature is the lack of articulation regarding the role of political institutions in determining Costa Rica’s uniqueness. Historical revisionism has made important contributions to deconstructing Costa Rica’s myths about the origins of its exceptionalism. The traditional portrayals of the country as white, classless and egalitarian have now been largely discredited. Yet, these more recent accounts are still unsatisfactory. The existing literature is incomplete as it fails to identify the core reason for Costa Rican exceptionalism. The primary flaw of the previous explanations is that they have underestimated how far these roots extend. Most authors who discuss Costa Rica, point out the country’s different colonial experience to the other Central American republics. They generally attribute this to its isolation and smaller indigenous population. However, this thesis is suggesting that in order to account for Costa Rica’s distinctiveness, it is necessary to analyse the country’s weaker political institutions. The
reasons for this comparative institutional weakness have their origins in the region’s pre-Hispanic history which is why the archaeological literature is crucial for uncovering the origins of Costa Rican exceptionalism. By not studying the country’s political institutions over the *longue durée*, previous accounts have provided reasons for Costa Rican distinctiveness which are themselves the result of the country’s exceptional nature. This has led some authors, for instance, to overemphasise the 1940’s as integral for explaining the country’s democratic uniqueness. Essentially, these authors have mistaken the effect for its cause. This thesis seeks to redress these problems by tracing political authority in Costa Rica since the early sixteenth century.
Chapter 3: Political Authority and Institutional Weakness in Costa Rica

For the vast majority of their history, human beings have lived in stateless societies. Eventually, the egalitarian tribes that existed for millennia began to develop into more ‘complex’ chiefdoms, city-states and eventually the modern nation-state. Far from establishing any kind of social contract, it is apparent that states were forced upon unwilling populations and now all human beings have been all but incorporated into centralized political structures. As the centralization of political power increased so too did social inequality, which in turn led to poverty and conflict. Contrary to the Hobbesian conception of the ‘state of nature,’ it was actually the more uncentralised forms of political organization that experienced the least amount of violence. The case of lower Central America supports this position and is a particularly interesting geographical area to study given that it was one of the most, if not the most egalitarian regions in all of pre-Hispanic America. Evidently, the type of political organization that existed in pre-Hispanic Central America, prior to its incorporation into the capitalist world-system during the sixteenth century, had a significant impact on the future development of the region. This chapter will trace the political development of Costa Rica from pre-Hispanic to modern times in order to explain why political institutions have always been weaker in Costa Rica than in the rest of Central America.

Systems of Authority:

It is apparent that human beings both shape and are shaped by their environment. While human beings do create their own social environment, it is clear that generally, elites create institutions in order to serve their interests. In Central America, the military is a prime
example. Many have failed to recognise the extent to which human beings are shaped by their social environment. This failure has resulted in overly pessimistic view of human nature. As Rousseau (2011: 257) pointed out, the common mistake of philosophers “is to confuse natural man [sic] with men they have before their eyes.” Rousseau was primarily referring to Hobbes here, who famously argued that in the state of nature existed a ‘war of each against all.’ Following Hobbes, many have assumed that humans are inherently aggressive and that states are necessary for preventing ‘anarchy.’ The term anarchy can be defined as both a lack of a centralized authority and its most commonly used definition as a state of chaos or disorder. Many have drawn this conclusion because they hold a distorted view of primitive human beings. However, modern archaeology and anthropology support the credibility of this position from within the libertarian philosophical tradition. In the case of ancient lower Central America, it has only been in recent decades that important developments have occurred regarding understanding of the kind of political organizations that were in existence at that time.

Before one concludes that human beings are inherently aggressive, one needs to analyse the effects of authority on human behaviour. Given its huge implications for how human beings live, authority is a concept that deserves more prominence within the social sciences. It is often assumed that authority is generally legitimate and therefore does not warrant any justification. Consequently, there is a considerable lack of discussion and knowledge regarding how authority affects human behaviour. Weber identified three ideal-types of authority: traditional, charismatic and legal authority. Traditional authority

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24 The modern libertarian position grew out the Enlightenment and holds that individual liberty, as a political ideal is paramount. There are libertarians on both the Right and Left of the political spectrum. It is curious that for right-wing libertarians, “the liberation of [human beings] from the chains of political tyranny is all that matters; [their] suffering at the hands of private exploiters is of little or no significance or concern” (Busey, 1967: 74).
is derived from long-established traditions, whereas charismatic authority rests on the influence commanded by extraordinary individuals. Legal authority provides the basis of state power by granting the “right of those elevated to authority … to issue commands” (Weber, 2012: 328). It is therefore the closest to political authority, which anthropologist Bronislaw Malinowski (1944: 248) defined “as the legally vested power to establish norms, to take decisions and to enforce them through the use of sanction by coercion.” By employing this definition, it seems incorrect to suggest that political authority is “indispensable even at primitive levels” (ibid.). This questionable assumption stems from the common mistake of not distinguishing between the different types of political organization. Political authority did not exist within bands and tribes given that there were no laws, but could be said to emerge with the development of chiefdoms, described by one anthropologist as the “precursor of the state” (Carneiro, 1981). Although there has been much written on the topic, the origin of the state is still an area of great speculation. According to social contract theory, most famously propounded by Hobbes, Locke and Rousseau, human beings willingly agree to a loss of their liberty in return for protection by the state. Contrary to this view, it is apparent that states came about via the use of force. David Hume provides a refutation of this theory by using deductive logic. Hume makes the point that supposing any original social contract existed, it has been nullified by the numerous transitions from one government to another (1987: 471). Hume wrote:

It is vain to say, that all governments are or should be, at first, founded on popular Consent, as much as the necessity of human affairs will admit. … I maintain that human affairs will never admit of this consent; seldom of the appearance of it. But that conquest or usurpation, that is, in plain terms, force, by dissolving the ancient governments, is the origin of almost all the new ones, which were ever established in the world. And that in the few cases, where consent may seem to have taken

26 Carneiro argues, “A close examination of history indicates that only a coercive theory can account for the rise of the state” (1970: 734).
place, it was commonly so irregular, so confined, or so much intermixed either with fraud or violence, that it cannot have any great authority (ibid., 473-474).

A more plausible reason for the creation of the political authority was to protect the advantages of the powerful and privileged. And after the “habits of obedience become established,” Andreski (1968: 24) observed, “it is easy for those in positions of command to use their authority to extend their privileges.”

While one often hears about the dangers of disobeying authority, one hears less often about the dangers of obedience to it. There are two famous social-psychological experiments that empirically demonstrate some of the harmful effects of authority: Stanley Milgram’s obedience to authority experiment and Phillip Zimbardo’s Stanford Prison experiment. In his now-classic obedience to authority studies, Milgram (2009) demonstrated that human beings would engage in the most inhumane acts if they were instructed to do so by individuals in positions of authority. This applies to despotic as well as the most democratic societies because it “is not ‘authoritarianism’ as a mode of political organization” but rather “authority itself” that is the problem (2009: 179). According to Milgram, “Each individual possesses a conscience which to a greater or lesser degree serves to restrain the unimpeded flow of impulses destructive to others.” However, “when he merges his person into an organizational structure, a new creature replaces autonomous man.” The psychological state that is created after people enter into a system of authority is the ‘agentic state,’ under which the individual views themself “as an agent for executing the wishes of another person” (ibid., 188, 133). Milgram understood that human beings

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27 One might have also included the famous blue-eyes/brown eyes experiment here. However, given that third-grade teacher Jane Elliot conducted this experiment in her classroom, it does not classify as a truly scientific experiment. Nevertheless, Elliot noted that if her experiment “proves anything…it proves how vulnerable human beings - and particularly children - are to a voice of authority” (Peters, 1987: 101).
living under a system of authority not only have an external but an internal basis for obedience to authority (ibid., 141).

In *Hitler’s Willing Executioners*, Goldhagen (1997: 383) dismisses Milgram’s findings and describes his whole argument as “untenable.” He argues that the German people’s “eliminationist antisemitism” led to their support of the Nazis’ policies. If this were not the case, ‘ordinary’ Germans would have found ways to adhere to their moral beliefs and not willingly participate in the Holocaust (Goldhagen, 1997). Goldhagen demonstrates a fundamental lack of understanding how human beings behave once they have entered into a system of authority. According to Milgram, an individual’s obedience to authority has nothing to do with “the ‘goodness’ of the person per se but [rather] the adequacy with which a subordinate fulfills his socially defined role” (2009: 146). There are many critics who are unwilling to accept the suggestion that any human being could commit heinous acts under the right circumstances. While there have been many attempts, they have all failed to successfully discredit Milgram’s experiment (Bauman, 2000: 152).

One of the most significant aspects of Milgram’s findings was that the actions of his subjects stemmed from environmental factors rather than dispositional ones. In his experiment, Zimbardo (2007) draws similar conclusions regarding the dangers of authority, except that in his case, his subjects who performed the role of guards had acted inhumanely as a result of the position of authority that had been vested in them. Zimbardo employs the “bad apple” analogy in order to demonstrate that it is not a “few bad apples” that spoil the barrel but rather that it is the “bad barrel” which produces rotten apples. According to Zimbardo, individuals living in countries which “promote individualism, such the United States, … overemphasize personality in explaining any behavior while concurrently
underemphasizing situational influences.” While personality is important, it is “systems matter the most” because they “provide the institutional support, authority, and resources that allow Situations to operate as they do” (ibid., 212, 226). Both experiments lend credence to the classic libertarian position that humans are corrupted by their social environment and question the validity of the Hobbesian conception of human nature. This is also confirmed by an analysis of the Costa Rican case.

**Spanish Colonization of Central America:**

On the eve of the Spanish conquest in the early sixteenth century, there were significant political and cultural differences between the indigenous inhabitants of the Intermediate Area. The forms of political organization ranged from egalitarian tribes to centralized city-states. While there was no locus of power in Central America, the most centralized areas were the Mesoamerican ‘city-states’ located in what is now Guatemala and El Salvador. Unlike in Lower Central America, on the eve of Spain’s conquest of the region, the inhabitants of these areas were perpetually at war with each other (Hall & Perez-Brignoli, 2003: 64-65). It is interesting to note that these areas would also later experience the greatest level of political violence, especially during the turbulent 1980s. This level of violence is not surprising, given that competition and warfare most likely resulted from an augmentation in the “centralization of power within individual communities (Hoopes, 1996: 18). It is likely that, had the Spanish not conquered Central America, there would have been further integration and Costa Rica would have become incorporated into larger political systems. Many tribes were believed to be on the verge of becoming chiefdoms, as were chiefdoms on the verge of becoming city-states.
The area that became known as Costa Rica is situated essentially in the middle of the Andean and Mesoamerican regions and is the point where these two cultures meet. Unlike in the Northern parts of Central America, Costa Rica experienced less external influence because of its distance from Mesoamerica and the Andean region. One major reason given by some archaeologists as to why more centralized systems failed to emerge in lower Central America was the region’s distance from the powerful political centers in Peru, Guatemala and Mexico (Lange, 1984: 191; Helms, 1992: 326). Thus, geographical location appears to play a huge part in forming the types of political organization that existed in pre-Columbian Central America. Given its relative isolation from the major centres of economic and political power, the area that became Costa Rica had not been incorporated into larger political systems. Using Wallerstein’s schema, the forms of political organisations that existed in this area would be classified as mini-systems. These “less complex” societies, which were more common in the Intermediate Area, have traditionally been discussed in a pejorative sense. Namely, they are portrayed as being less “civilized” than their Native American counterparts who had developed city-states and thus were supposedly further along the evolutionary scale (Sheets, 1992).

Within the Intermediate Area, the least centralized forms of political organization were found in lower Central America, which, out of the five Central American republics, includes Nicaragua and Costa Rica. This lack of centralization is best demonstrated by comparing the northern and southern sectors of Greater Nicoya located in Nicaragua and Costa Rica respectively. Archaeologists maintain that there was both a higher concentration of wealth and greater population density in the Costa Rican section of the Greater Nicoya region (Abel-Vidor, 1981: 85; Willey, 1984: 350). This observation is confirmed by the Spaniards who had initially explored the region (Day, 1988: 206). Given
the correlation between population density and centralization, one could assume that egalitarianism was more pronounced in ancient Costa Rica than its surrounding areas (Nicaragua and Panama).

Costa Rica could be said to have contained the least centralized, most egalitarian forms of political organization in the entire region of lower Central America. This region is notable because of the absence of a centralized authority, leading many archaeologists to ignore and dismiss the region as ‘backward’ and less ‘civilized.’ It is often assumed that more centralized systems are better at withstanding an external attack and much has been written about the relative ease with which the indigenous populations of the Americas were defeated by European powers.\(^{28}\) However, contrary to what one might expect, centralization was, in this case at least, more of a weakness than strength. The Aztecs faced this problem before the Europeans had arrived in the New World:

> Although the Aztecs conducted expeditions into the north against non-state groups, these were not successful. They could defeat such groups in battle, but without fixed assets or a centralized political hierarchy, they were unable to control them after conquest. Accordingly, with few exceptions they aimed their campaigns at states and empires (Hassig, 2001: 467).

In a similar vein, many have argued that because of the lack of a centralized authority, the Spanish conquistadors found the region more difficult to conquer (Wilson, 1998: 12; Molina & Palmer, 2007: 20; Rankin, 2012: 17).

By contrast, in Costa Rica, the conquistadors often wrote how difficult it was to subjugate the indigenous population living there. In certain areas of what became Costa Rica, the difficulties faced by the Spanish conquistadors led them, in some cases, to postpone and

\(^{28}\) For instance, Wallerstein (2011a: 338) wrote, “Even the structured states, like the Aztecs and the Incas, were no match for European arms.”
abandon their settlement attempts.\textsuperscript{29} This is perhaps why the Amerindians are still described as “hostile” (Sanders, 1986: 9; Wilson, 1998: 11). One conquistador reported home to the Crown “that in Costa Rica there are no peaceful Indians” (cited in Rinehart, 1983: 6). Another conquistador from the colonial capital Cartago wrote in a letter to the Crown about the “treachery” and “stubborn disobedience” of the Amerindians living in the region (cited in Palmer & Molina, 2004: 14). There are several recorded examples of the intransigence of the Amerindians. For instance, there is the case of Pablo Presbere who was publicly decapitated for leading a rebellion against the Spanish colonists in Talamanca in 1710 (Rankin, 2012: 15). In the eyes of the conquistadors, disobedience to those in authority was as heretical as rebellion. In 1562, the first governor of Costa Rica Juan Vazquez de Coronado, wrote that the “greatest obstacle to the pacification” of the colonial capital Cartago was a chief by the name of Garabito who had urged “others not to show due obedience” to the Spanish Monarch or God. Coronado noted that “war shall be made upon [Garabito] as if he had rebelled” and condemned him to death (Molina & Palmer, 2007: 26).\textsuperscript{30}

Consequently, the Spanish had to postpone their colonisation of the region which was, in fact, never really completed. The Amerindians of Costa Rica remained intransigent. It was not until the 1560s that the Spanish colonists had established a permanent foothold in the country, several decades after the other Central American colonies had been forged. It is interesting to note the relative ease with which other more centralized areas in the region had been subjugated. One historian noted that the indigenous inhabitants “already

\textsuperscript{29} Unlike in the parts of Mesoamerica to the north, “much of Costa Rica south and east of Greater Nicoya was neglected and conquered much later in piecemeal fashion” (Abel-Vidor, 1986: 388).

\textsuperscript{30} Another incidence of inciting disobedience occurred in 1642 in the Costa Rican section of Nicoya. The local friar in Nicoya encouraged the “Indians” to disobey “unlawful commands from their alcade mayor.” The friar subsequently had two of his fingers cut off by the mayor and was later expelled from Nicoya (Wortman, 1982: 29-30).
living in large towns … had been forced with surprisingly little difficulty to work for their new masters” (Munro, 2012: 139).

It does not appear there was anything particular about the dispositions of the indigenous population living in this region. So why did the Spanish have more difficulty in reducing the Amerindians to what Fernandez-Guardia (1913: 15) has accurately described as a “state of permanent submission?” A plausible explanation is that the majority of the indigenous population in Costa Rica were living in tribes and thus were essentially unaccustomed to political authority. Milgram’s argument regarding the agentic state helps explain why Costa Rica was the most difficult region to conquer and why the conquistadors are said to have been particularly brutal with their ‘civilising mission’ in the region (Munro, 1918: 139). Ironically, the scarcity of Amerindians meant that state and ecclesiastical institutions were weaker because there was not the same need to keep a large indigenous population under control. As a result, political institutions were never as “heavily fastened on Costa Rica’s sparse population as on the rest of the Central America” (Woodward, 1999: 214). Within the Andean and Mexican civilisations, the population had grown “accustomed to long centuries of organized slavery at the hands of their own native masters” (Busey, 1967: 57).

Upon successfully conquering the various indigenous populations in the region, Spanish colonists created a formidable framework of authoritarian institutions with which to control the Amerindian population. In western Guatemala for instance, “Hispanic control of the densely populated native states was essentially achieved by replacing native rulers with Spanish administrators” (Helms, 1976: 10). Hall contends that the “nature of the pre-Columbian cultures in Latin America to a large extent determined the type of colonial society that replaced them” (1985: 60). However, it is more accurate to say that it was the
political organization of the region than its various cultures that accounted for the type of society that emerged in the post-independence period.

**Political Development in Post-Independence Central America:**

The colonial period lasted until 1821 when Central America declared formal independence from Spain. The new ‘independent’ governments essentially maintained the old colonial political institutions, in spite of certain liberal reforms (Torres-Rivas, 1993: 8). Costa Rica largely escaped the post-independence conflicts in the region, only experiencing two civil wars in the early 1820s and the mid 1830s. There is a correlation between the strength of political authority and the amount of civil wars and disorder that existed. Costa Rica was the first country to break apart from the United Provinces of Central America which brought together the five republics into a single state from 1823 to 1838. From the sixteenth until the twentieth century, Central America has been ruled by *caudillos* or strongmen. The Spanish Crown sought to eradicate heresy through its Inquisition via torture and imprisonment etc. After Napoleon’s dissolution of the Spanish Monarchy in 1808, Central America was suddenly left without a king (Heckadon-Moreno, 1997: 183-184). In 1821, the region became part of Mexico until 1823 when the United Provinces of Central America was formed. The region of Chiapas, which originally belonged to Guatemala has been part of Mexico ever since.

The Central American federation disintegrated as a result of internal conflict between conservatives and liberals. From 1840 to 1870 there existed what became known as the conservative period in Central America. In Costa Rica, the “closest thing to Costa Rica conservative elite” was located in the capital Cartago where “colonial institutions had
their strongest base.” Yet even in Cartago, the “traditional bases of conservative support—landed elites and the Church—were comparatively weak” (Mahoney, 2001: 78). In 1870, there was a shift to liberal leadership in Central America, even though the Presidents were still generally military leaders who employed authoritarian methods of control. In Costa Rica, liberal reforms actually began earlier during the Carillo administration (1938-1942). The liberal period initiated the gradual divergence of state and ecclesiastical authority. As one might expect, the Catholic Church was the weakest in Costa Rica. Ecclesiastical institutions were less entrenched in Costa Rica because there were less preachers needed to convert the colony’s smaller indigenous population (Edelman and Kenen, 1989: 3). Even though the church hierarchy was often still conservative, this separation of church and state allowed the former to now potentially operate in accordance with Christian principles to a greater degree. For instance, in Costa Rica the Catholic Church would later support President Calderón’s social democratic reforms during the 1940s. Also, several decades later, liberation theology became moderately influential, especially in El Salvador where Oscar Romero was archbishop during the late 1970’s until his assassination in 1980.

After the Central American countries received their ‘independence’ from Spain, it was clear that the ‘sovereignty’ of the Central American republics existed in a formal rather than literal sense. European influence began to wane in Central America in the nineteenth century as the US increased its imperial role in the region. Between 1853 and 1933, the US intervened militarily in Central America (including Panama) a total of 28 times. By 1933, direct military intervention was seen as less necessary given that the

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31 Despite claims regarding the principle of non-interference in other states, the norm regarding the relations between states has been one of ‘organized hypocrisy,’ to use Krasner’s (1999) wonderful term.
United States could now use its considerable economic power to control the region. President Roosevelt subsequently announced the Good Neighbour policy which involved providing financial assistance to governments that would help create a climate favourable to US investment. Since the Good Neighbour Policy, the US has shifted away from the traditional style of imperialism to neocolonialism or what has also been called “imperialism without colonies” (Magdoff, 2003). In every country except Costa Rica, this policy meant supporting authoritarian regimes which would help serve American interests by keeping their countries safe, not necessarily for the general populations of Central America, but for US investors. Martinez in El Salvador and Somoza in Nicaragua were two notorious dictators who brutalized their respective populations with support from the United States. Although authoritarian regimes existed in Costa Rica, they have paled in comparison to the kind of brutal dictatorships seen in the rest of the isthmus. The only period of serious post-independence militarization (and the last period of military rule in the country) was the Tinoco dictatorship which lasted from 1917 to 1919. Woodrow Wilson to his credit, refused to recognize Tinoco’s regime. This was a rare example in pre-1990s Central American history where the US actually did help make it safer for representative democracy in the region.

**Costa Rica’s Modern Political System:**

Costa Rica’s modern representative democratic system was formed during the 1940s. At the beginning of the decade, president Rafael Calderon Guardia began instituting the social democratic reforms which formed the basis of Costa Rica’s post-War political

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1865, 1885, 1903-1914, 1904, 1912, 1918-20, 1925. Also in 1921, the US navy was stationed outside Panama and Costa Rica during a border dispute between the two countries. In Guatemala was also invaded in 1920, for the commonly declared reason of protecting “American interests.” (Blum, 2004: Appendix II).

33 In what was an incredible piece of irony, in 1918 the Costa Rican police were called out to suppress a pro-US demonstration outside the American embassy (Baker, 1965: 19).
system. These reforms included a number of labour reforms which established the eight hour working day and the right to unionise and strike. In order to gain support for these reforms, Calderon had formed an alliance with the government, the Communist Party and the Catholic Church (Miller, 1996). The Calderon government stated that it was driven not by Marxist ideology, but rather, on “the principles of social Christian justice” (ibid., 98). A civil war erupted after the 1948 elections when the Calderonistas claimed that there had been fraud perpetrated by the conservative opposition, prompting Congress to annul the electoral results. Nevertheless, while most authors have accepted the received truth that the opposition party was robbed of the presidency, there is a strong indication that Guardia was actually the victor in the 1948 election (Molina & Palmer, 2007: 113).

The civil war was a minor affair by global standards. Although it only lasted for some six weeks, it nevertheless caused the deaths of approximately 2000 people (Ehrenreich, 1983: 260). Ironically, Figueres had initiated a civil war in opposition to Calderon and his allies, only to maintain a similar course of economic and political development that had been initiated by Calderon’s government.

After the civil war, Jose Figueres led a Junta that ruled by decree for eighteen months at which point the Presidency was assumed by Otilio Ulate who was the official winner of the 1948 elections. In December 1948, in what was perhaps his most famous act, Figueres abolished Costa Rica’s military and proscribed it in new constitution enacted in the following year. The military’s abolition was a strategy largely in order to prevent its opponents from potentially seizing power. Given that that there are so many military

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34 One British Minister who was in San José in February 1948 reported: “On February 19th the [National Tribunal] had only scrutinized the votes of the two smallest provinces of the country (Limon and Puntarenas), and the results seemed to bear out the claim of the government parties, that thousands of voters were unable … to go to the polls. That this should have happened in two provinces in which the electorate would undoubtedly have given the Government parties a large majority – a fact which admitted by the opposition – seems to lend strength and reason to the claims of the vanquished parties” (cited in ibid.).
coup in Latin America, reformist governments such as those run by Jose Figueres, were right to view the institutions as a threat to their rule especially in Central America. Since 1948, every Latin American state has experienced a military coup, except for Mexico and Costa Rica (Mitchell and Pentzer, 2008: 201). And, unlike in the latter, in Mexico there have been brutal campaigns run by the police and military against their own population.35

Costa Rica’s 1949 constitution cemented the country’s social democratic system by establishing one of the weakest executives in all of Latin America (Tartter, 1983: 193; Clark, 2001: 23). The country’s democratic credentials have been widely praised as the best in post World War II Latin America, especially after 1973 when Uruguay and Chile experienced military coups, both of which were known for having strong democratic traditions. Many authors have identified Costa Rica’s social democratic policies as a primary reason for its exceptionalism. There is great strength to this argument. However, it is important to note that social democracy survived in Costa Rica primarily because conservative forces both inside and outside the country, lacked the necessary means with which to destroy it. Attempts at creating more redistributive political systems (i.e. social democracy and socialism) in the rest of Central America have traditionally been crushed by the coercive institutions of the state apparatus.

**Costa Rica’s Armed Forces:**

The police and military are the two institutions that represent the hallmark of all authoritarian or totalitarian regimes and represent the coercive nature of the state found in such regimes. The military in Costa Rica has always been a weak institution compared to

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35 For instance, the Mexican police and military have been quite brutal in their dealings with the Zapatista movement in Chiapas (Livingstone, 2009: 110).
the other Central American countries. This was demonstrated by the very first regime after the collapse of the Central American federation in 1838. The liberal reform period began in Costa Rica during Braulio Carillo’s (1838-1842) second term. Mahoney points out that instead of increasing the size and influence of the army “Carrillo actually dissolved existing military forces” (2001: 147). A century earlier before Costa Rica’s military would be abolished for good, the institution was abolished briefly under the 1848 constitution but was reestablished after a military coup in the following year (Ehrenreich, 1983: 258).

During Guardia’s reign, the military was professionalized and “depoliticized” despite the increase in defense spending (Mahoney, 2001: 147, 154). There was a subsequent decrease in such spending throughout the Fernandez (1882-85) and Soto (1885-89) dictatorships. In 1918, towards the end of the Tinoco period, in contrast with a corresponding sharp decrease in the education budget which stood at a mere 5 percent, military spending increased dramatically to an unusually high figure of 40 percent of the national budget (ibid., 155-156). Therefore, Wilson’s non-recognition is quite significant because if the Tinoco regime had been consolidated, then Costa Rica may have been a much poorer and much more violent place than it is today. During the 1948 civil war, the government had some 300 soldiers who were only aided by an ill-equipped militia consisting of Calderon supporters (Longley, 1993: 163). The lack of a strong military augured well for the later development of representative democracy in the country.

Scholars using a path dependence approach demonstrate that “institutions and structures can persist even when most individuals prefer to change them, provided that a powerful elite that benefits from existing arrangements has sufficient strength to resist their transformation” (Mahoney, 2001: 8-9). Therefore, in some cases, the absence of certain
political institutions has also been beneficial for a country’s development, Figueres’ abolition of the military being a prime example. In Latin America, the military has often prevented the rule of civilian governments, especially those that were democratically elected. In order to protect themselves from mobilizations from the opposition, political “leaders in weak states have taken to pulverizing the very arms of the state that could achieve their goal of mobilization” (Migdal, 1988: 264). It is perhaps not a coincidence that the most developed Central American state has abolished its army. It has often been pointed out that Latin American militaries are unique given their focus on containing internal as opposed to external ‘threats’ (Bowman, 2002: 36-37). One exception was the 1969 conflict between El Salvador and Honduras, dubbed the ‘Soccer War’ as it was reportedly caused by a dispute over two soccer games played between the two countries.36

Unlike in the core, Latin American countries often employ their militaries against their own populations. Considering that Costa Rica was lacking one of its primary coercive institutions used to control the populace, it developed an institutional framework that is closer to that of the core countries. The lack of a military has led to much criticism from US policy makers. For instance, political scientist and former Reagan Administration official Jean Kirkpatrick once stated, “Costa Rica is not a viable country because it has no military” (cited in Bowman, 2002: 150 (14fn)). During the economic crisis of the 1980’s, the US attempted to remilitarize the country, in order to enlist Costa Rica in its war against Nicaragua (Honey, 1994). Yet this effort was largely unsuccessful given the overwhelming support in Costa Rica for keeping the military proscribed (Ehrenreich, 1983: 263). The benefits of abolishing the military are reinforced by the example of Panama which in 1994,

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proscribed a standing army in its constitution. It is interesting to note that Panama is the second most prosperous country on the isthmus.37

The perils of a highly militarized state are shown in a comparison of Costa Rica with Guatemala which has always had the strongest military in Central America. Guatemala has experienced the greatest level of violence in Latin America’s modern history, namely the atrocities which caused the death or ‘disappearance’ of 200,000 people during the Guatemalan civil war. The official Guatemalan Truth Commission report Memory of Silence concluded that the government was guilty of genocide under the UN Genocide Convention (Rothenberg, 2012). It is not surprising that the country with the greatest level of political centralization and colonial contact (i.e. Guatemala) would later experience the greatest level of political violence in Central America. The opposite is true of Costa Rica. Since colonial times, Costa Rica has clearly been the least authoritarian country in the region. Weaker armed forces have allowed social democratic governments to remain in power from the early 20th century until the 1980’s whereas the other Central American republics have experienced authoritarian regimes in power until the ‘Third Wave of Democratization.’ As previously mentioned, it was not only the military but also the police that has been a weak institution in Costa Rica. Between 1915 and 1940, the amount of police officers in the country fluctuated between 695 and 947 members (Yashar, 1997: 51). In 1996, Costa Rica’s police forces (the Civil, Rural and Frontier Guards) were consolidated into the Fuerza Publica (Public Force). The country’s police force has a reputation for being the most professional in the region.

37 This is demonstrated by many social indicators where Panama is second on the isthmus. For instance, Panama has 29% of its people living below the national poverty line - the second lowest percentage in Central America behind Costa Rica (Central Intelligence Agency, 2012: 560).
The military and police have often been extremely brutal in the rest of Central America, especially the US backed death squads that operated during the 1980s.\(^3\) Even though right-wing paramilitary groups did emerge in Costa Rica during the 1980’s, they were not of the death squad variety operating in Guatemala, El Salvador, Nicaragua and Honduras (Hopfensperger, 1989). Between 1979 and 1991 the total killed or ‘disappeared’ in Central America is estimated as follows: Guatemala (75 000), El Salvador (75 000), Nicaragua (40 000), and 10 000 in Honduras (including border conflicts with Costa Rica). If the same percentage of people were to be killed in the United States, the death toll would be some two and half million (LaFeber, 1993: 362). By the mid 1990s, the guerilla organizations in Central America had abandoned insurrection as a political tactic. While some may consider this to be a result of the collapse of the Soviet Union, the words of Adam Smith provide some insight. Smith observed, individuals living in a “defenceless state” from having “been exposed to every sort of violence”, “naturally content themselves with their necessary subsistence, because to acquire more might only tempt the injustice of their oppressors” (1999a: 502). Many Central Americans, especially the Amerindians who are amongst the poorest in the region, appear to suffer from what social psychologists called ‘learned helplessness.’ The poor know all too well what happens to them when they press their demands for social reform too forcefully. Just like during the Conquest, the brutal violence employed during the region’s civil wars had successfully defeated what Ronald Reagan’s Secretary of State George Schultz described as the ‘depraved opponents of civilisation itself.’

\(^{3}\) For instance, some of the activities of the Nicaraguan paramilitary death squads known as the contras were succinctly summarized by former CIA officer John Stockwell (1991: 65): The contras “forced children to watch while they castrated and killed their fathers, while they raped their mothers and slashed off the breasts, or forced parents to watch while they mutilated their children.” Similar atrocities were recoded by Americas Watch which was the most prominent human rights organization that reported on Central America during the 1980s and early 1990 (Americas Watch, 1987; 1989; 1990; 1991). Also see, Brody (1985) and Rothenberg (2012) for explicit details on human rights abuses in Nicaragua and Guatemala respectively.
Central to Western civilization has been the notion of progress. It is often assumed that the centralization of political systems was inevitable progress in the development of human kind. Today, the most centralized form of political organization, i.e. the state, is widely believed to be the highest level of civilization. Since the conquest, the indigenous populations of the Americas have been portrayed as ‘savages’ or ‘barbarians’ and otherwise pejorative terms. According to the renowned Darwinian biologist Thomas Huxley, the “history of civilization–that is, of society–on the other hand, is the record of the attempts to escape” from the “Hobbesian war of each against all” (cited in Kropotkin, 2006: 273). Contrary to this view, some archaeologists have argued that centralization was not a political goal that was pursued. Instead, these less complex societies in the Intermediate Area deliberately avoided the creation of a state (Sheets, 1992: 24-25; Willey, 1984: 375). The notion that tribes attempted to avoid the centralization of political power is strengthened by what happened after a typical conquest. After the European explorers landed in the Americas in 1492, they subsequently committed what Tvetevan Todorov (1984: 5) described as the “greatest genocide in human history.” The conquistadors had subjugated the indigenous population in the Americas via acts of extreme brutality. In the words of Las Casas (1992: 28), “slaughtered by the Spaniards,” the indigenous populations were “stripped of their wealth and wretched, they are driven from their homes, … frightened by the unbelievable terror with which their oppressors have filled them through the monstrous crimes they have committed.”

Prior to the conquest, the region’s indigenous inhabitants were unaccustomed to this level of violence. Lange (1993: 316-317) strengthens this position with his summary on the
nature of pre-Hispanic Central America:

In the present model, what is lacking is any evidence for large-scale diversion of human and material culture resources to nonproductive channels of society. Lacking also is evidence of … socio-economic-political religious competition and conflict; … Also absent is evidence for any form of large-scale warfare, human sacrifice, and the like. … In short, Central America was a kinder and gentler place to live.

Obviously this is a far cry from a war of each against all. If one reviews their history, one would find that the greatest violence actually occurred in what are deemed to be the most ‘civilized’ parts of the Americas. Perhaps the most well known political organisations in the Americas are the Aztec and Incan civilizations, which were known for being extremely brutal and violent. This has inevitably produced a distorted view of primitive human beings. Thus, it is not surprising that many concluded that humans were naturally aggressive. On the basis of these assumptions, the remedy for the violence found in primitive societies was the creation of governments to prevent ‘anarchy.’ Underlying all these assumptions is the belief that political authority is required in order to keep human beings’ aggressive nature in check. This popular argument is essentially that of Dostoevsky’s Grand Inquisitor who declared that human beings are “feeble, depraved, insignificant and mutinous” and will be “persuaded that they will only become free when they renounce their freedom” and submit to those in authority (2003: 330, 336). The Grand Inquisitor rebukes Christ for augmenting rather than “taking mastery of people’s freedom.” To redress Christ’s misdeed, authority, mystery and miracle were established for the purpose of “eternally vanquishing and ensnaring the consciences of those feeble mutineers, for their happiness” (ibid., 332-333).

Perhaps the greatest charge leveled against state-less societies is that they are characterised by disorder. However, not everyone has accepted this characterization. For
instance, Rousseau believed that “elimination of equality was followed by the most terrible disorder” (1984: 120). Also, the French anarchist Pierre-Joseph Proudhon expressed a version of this view with his controversial slogan: ‘Anarchy is Order.’ In this view, there is much truth to the idea that it was actually “civilisation [that] gave birth to barbarism,” according to Owen Lattimore (cited in Wallerstein, 2011a: 98). Contrary to this view, Milgram (2009: 124) contends, “A tribe in which some of the members were warriors, while others took care of children and still others were hunters, had an enormous advantage over one in which no division of labour occurred.” However, a society adept at external defence does not necessarily mean that it is an optimum society in which to live (take the Soviet Union for example). Some state socialists maintain that “there is no freedom under Anarchy” if one contemplates, for example, “how much liberty we gain by the loss of the common liberty to kill” (Wells, 2005: 29). However, far from losing this freedom, the liberty to kill has vastly increased now that it is carried out by states and is sanctified under the rubric of ‘reasons of state.’ Those in political authority are able to carry out the most heinous acts of violence on a scale that would not be possible in stateless societies. Interventions are always carried out with the best of moral intentions, according to those doing the intervening. International law provides no effective protection for states, especially considering how moral intentions are necessarily sacrificed in lieu of greater concerns such as capital accumulation.\(^39\) Irrespective of the facts, any intervention can be justified as ‘self-defence’ by employing double standards.\(^40\)

\(^39\) As John Stuart Mill explained in relation to England, although his observation can be generalized: “It is a generally opinion among Continental politicians, especially those who think themselves particular knowing, that the very existence of England depends upon the incessant acquisition of new markets for our manufactures; that the chase after these is an affair of life and death to us; and that we are at all times to ready to trample on every obligation of public or international morality, when the alternative would be, pausing for a moment in that race.”

\(^40\) States that commit aggression against another state often justify their actions in terms of self-defence. For example, the liberal ‘doves’ of the Kennedy/Johnson Administrations regularly argued during the Vietnam War that the North Vietnamese were committing ‘internal aggression.’ This term refers to the actions of an official enemy state which defends itself against external attack. The reasons why this argument is often presented are obvious. Under international law, states may only legally employ force in the case of self-
John Stuart Mill once wrote, it is “always rightful, always moral, if not always prudent” to intervene in order to “enforce non-intervention” (Mill, 1984: 115, 123). Of course, it is only the powerful states such as England, and more recently the United States that are afforded the right of intervention. This is one feature of civilization that human beings encounter now that they are living under the modern system of nation-states.

The development of ‘civilization’ has had many supporters and detractors over millennia. While it is not clear whether civilization has been beneficial for human kind overall, it is obvious that it has developed to the great detriment of indigenous populations around the world. According to Rousseau, the creation of ‘civilized’ society has “irretrievably destroyed natural liberty” and “established for all time the law of property and inequality” (1984: 122). In Civilization and its Discontents, Freud argued that civilization has rendered people unhappy because it has augmented their feelings of guilt (2010: 71). There are ways, however, in which people’s guilt is alleviated, such as the manufacture of consent. This is more easily achieved now that human beings live in nation-states where citizens living in the core are, in general, not directly exposed to the suffering of people in the peripheral countries. In Milgram’s experiment he discussed the effects which followed from the proximity to their victims. Within tribes, it is unlikely that members would sit by and watch their fellow tribes people die from malnutrition. Prior to their contact with the Spanish conquerors, the tribes living in Costa Rica had not witnessed the levels of violence that often accompany the centralization of political authority. Despite their initial intransigence, the Amerindians were eventually defeated and ‘order’ was achieved. As Costa Rican historian Ricardo Fernandez-Guardia (1913: 401) observed, the “descendants
defence. However, the absurdity of the ‘internal aggression’ argument is revealed if one rejects the use of double standards. Suppose for instance, that during the Cold War the former Soviet Union had invaded Australia, which would have undoubtedly defended itself with military action. Using the above definition, Australia would be guilty of ‘internal aggression.’
of the dreaded warriors of former times have become inoffensive Costa Rican citizens. But in spite of every effort they are still rebellious in spirit, as are all indomitable races that refuse to accept civilization.” Actually, with no other choice, Ticos have accepted ‘civilization,’ yet their struggle for personal independence still continues.

**Conclusion:**

This chapter has analysed the political development of Costa Rica during the pre-Hispanic times and in the modern period. Costa Ricans have been transformed from “disobedient” natives into “inoffensive” citizens over the past five centuries. The indigenous populations of lower Central America were disobedient not because they were biologically dissimilar, but because they had not entered into a system of authority. In the cases of the Spanish conquest of the Aztecs and Incas, greater centralization was not exactly an advantage. The conquistadors found this area one of the most difficult to conquer and had to either postpone or abandon their settlement ventures in certain parts of the region. A dearth of Amerindians led to a more egalitarian social environment which in turn, led to the development of weaker political institutions in Costa Rica compared to the other Central American colonies. The most important of these institutions is the military which was eventually abolished in 1948. It is possible that Costa Rica may have turned out much closer to the Central American mode, if it had developed political institutions as coercive as those found in the other Central America republics. However, many hold a contrary view that there is something particular about Ticos and their culture that is responsible for the country’s exceptionalism. Therefore, it is important to analyse the socio-cultural factors which will provide a greater understanding of this topic. The next
chapter will evaluate these explanations as a counterpoint to the central argument of this thesis.
Chapter 4 – *Tico Culture and Social Inequality in Central America*

There is a perennial debate between scholars over the degree to which inequalities amongst human beings are innate and the degree to which they are products of our social environment. Given its complexity and political implications, this debate is extremely contentious. At its core lie questions regarding human nature. There are two primary camps within this debate – those who stress biology for explanations of human behavior (Eysenck, 1973) and those who emphasise social environmental factors (Lewontin et al., 1984). The structural determinists argue that human beings are largely products of their social environment and that inequality is therefore, primarily a result of structural factors. Those who take a structural determinist position do not deny the role of biological factors; they simply question their significance. On the other hand, biological determinists argue that social equality is an undesirable and unattainable goal given that inequality between humans is ‘natural.’ Another competing perspective known as cultural determinism identifies culture as the principle determinant of development. Cultural determinism has been gaining popularity in the past few decades. Although they are not cultural determinists, there are many who point to the culture or dispositions of Costa Ricans in order to explain the reasons for Costa Rican exceptionalism. Given that this is such a widely held point of view, it is important to assess the socio-cultural factors which may help to explain this question. This chapter will argue that it is Costa Rica’s structural advantages rather than the uniqueness of *Ticos* or their culture that can account for the country’s relative prosperity within Central America.
Biology and Social Inequality:

For many, Darwin’s theory of natural selection has provided the perfect explanation for social inequality. Darwin has undoubtedly made important contributions to our understanding of evolutionary biology. However, it is apparent that he overemphasized the extent to which competition exists between animals and between human beings and underemphasized the cooperative nature of animal and human interaction (Kropotkin, 2006). Nevertheless, Darwin and his adherents are on much safer ground with their analysis of the animal world, than when applying the theory of natural selection to human beings. The former should be viewed differently, as animals, unlike humans, do not create institutions. Social Darwinists arguments to a large extent misrepresented the more scientific work of Darwin. In his Descent of Man, where he addresses natural selection amongst human beings, Darwin wrote, “Man [sic] accumulates property and bequeaths it to his children, so that the children of the rich have an advantage over the poor in the race for success, independently of bodily or mental superiority” (2004: 160). Although social Darwinism was adopted by a large part of the scientific world community,\(^{41}\) it was the Nazis who decided to give mother nature a helping hand and set out to rid the world of ‘inferior’ human beings. The Nazis firmly believed in “human inequality, the notion that humans have differing values depending on their biological characteristics” (ibid., 7). This in no way means that all proponents of this view are Nazis. But, as was demonstrated during World War II, these kinds of ideas can lead to horrific consequences. Understandably, social Darwinism has lost significant credibility after the fall of the Third Reich. Social Darwinism has often been used as a justification for social inequality, summed up by Herbert Spencer’s phrase ‘survival of the fittest.’

\(^{41}\) Social Darwinism was quite popular amongst scientists in the late nineteenth, early twentieth century, especially in Germany. For an analysis on this topic see, Weikhart (2004).
As is often the case with social phenomena, social constructions are often mistaken for laws of nature and consequently, there has been an overemphasis on biological factors for explanations of social inequality. Many authors have assumed that social inequality is an inevitable result of human nature. For example, Freud wrote that, “by her highly unequal endowment of individuals with physical attributes and mental abilities,” nature “has introduced injustices that cannot be remedied” (2010: 53[n2]). This is a commonly held view. However, was it really nature that has introduced these injustices? To assess the veracity of this claim, it is crucial to compare the level of inequality in those societies which did not have state-level forms of political organization within modern nation-states. Rousseau (1984) was the first to employ such a comparison in his *Discourse on the Origins and Foundations of Inequality Among Men* in which he concludes that social inequality is in fact not authorized by natural law but is rather a direct result of the institutionalization of private property and laws (i.e. ‘civilized’ society). He observed:

> Now if we compare the prodigious diversity of upbringings and ways of life which prevail among the different classes in the civil state with the simplicity and uniformity of animal and savage life, where everyone eats the same foods, lives in the same style and does exactly the same things, it will be understood how much less the difference between man and man must be in the state of nature than it is in society, and how much natural inequality must be increased in the human species through the effects of instituted inequality (Rousseau, 1984: 105).

Rousseau’s core arguments remain tenable, even though it is apparent that he did engage in a fair degree of speculation throughout his work. Adam Smith draws similar conclusions in his observation that “the difference of natural talents in men [*sic*] is, in reality, much less than we are aware of” and “seems to arise not so much from nature as from habit, custom, and education.” The differences in human capabilities therefore are “not upon many occasions so much the cause as the effect of the division of labour”
(Smith, 1999a: 120, his emphasis). Although Smith was talking about differences within one state, given the international division of labour, his observations surely hold true for the differences in capabilities of individuals between states. Contrary to this view is the belief that it is the differences in capabilities between states which produces the international division of labour (Waltz, 1979: 105). The basic flaw of Waltz’s argument is that it has mistaken the effect of that division for its cause.

Interestingly, the supposed intellectual heirs of the classical liberals like Smith take the opposite view. They contend that there is ‘equality of opportunity’ under a ‘free-market’ capitalist system and that ‘equality of outcome’ is neither possible nor desirable (Friedman & Friedman, 1990: Ch. 5). It is apparent that neither equality of outcome, nor equality of opportunity is possible in a hierarchical system. Far from any kind of equality of opportunity, there exists a definite “hierarchy of privilege masquerad[ing] as [a] hierarchy of competent performance” (Wallerstein, 2011: 134). The standard justification for the advantages granted to the privileged and its concomitant affect on social inequality is the claim of equal opportunities to pursue a ‘career open to the talents.’ The weakness of this argument is exposed when one makes an international comparison. It is as if interstate inequality is some kind of natural phenomenon that is not even worthy of mention. “As though opportunities to rise”, Tawney (1952: 109) noted, “could be equalized in a society where the circumstances surrounding it from birth are themselves unequal!” It is important to recognise that privileged individuals inherit the social, cultural and economic capital, which allow them to operate at the higher end of the hierarchy. At the same time, it hardly seems fair to blame the poverty of individuals who are born into a position of structural disadvantage. The same could be said regarding states within the global hierarchy. Individuals located at the top of the hierarchy in Liberal Democratic states are often touted
as examples of the kind of wealth that could be achieved by all individuals. In the interests of fairness to those at the bottom of the global hierarchy, it is important to take this into consideration when determining the reasons for interstate inequality.

Some have argued that intelligence is an important factor in determining one’s socioeconomic position. For example, Herrnstein and Murray (1994: 127) claim, “low IQ continues to be a much stronger precursor of poverty than the socioeconomic circumstances in which people grow up.” Given that an individual’s ‘intelligence’ is often based on their level of education, it is obvious why the authors could make such an argument. Similar claims were made regarding the inferior intelligence of women in the eighteenth and nineteenth centuries. Mary Wollstonecraft (2004) convincingly refuted this assertion with her argument that women only appear to have inferior intelligence to men because they were denied an equal access to education. Wollstonecraft was vindicated as soon as education access was equalized for both sexes. However, it appears that some scholars have continued, whether wittingly or unwittingly, to point to the effects of individuals’ structural disadvantages and presenting this as evidence of their diminutive capabilities. The creator of the famous brown eyes/blue eyes experiment Jane Elliot explains this process: “It’s a simple enough equation: chose a group, discriminate against it, force it by your discrimination to look and act inferior, and then point to the way it looks and acts as proof of its inferiority” (cited in Peters, 1987: 101). The validity of Elliot’s observation is demonstrated by the Costa Rican case.

In 1952, the US based Twentieth Century Fund published a study on economic development in Costa Rica which described Ticos as “unusually intelligent” (May, 1952: 20). The Costa Rican state has provided free education for its citizens as early as 1869.
Education for the subaltern classes was generally seen as less of a threat to elite rule in Costa Rica than in the rest of Central America. Unlike in the other Central American republics, a decent public education system was established in Costa Rica in the early twentieth century. In other words, it is not that Ticos are more intelligent than their Central American counterparts; it is just that they have better access to education. The basic point here is that it is not differences in an individual’s talents and ‘intelligence’ that account for the inequality between nation-states. On the contrary, it is rather their opportunities that play a huge role in effecting their position within the global hierarchy.

A much more plausible explanation for social inequality is the role of authority in the creation of social inequality. Despite their efforts to avoid the political authority of the state, human beings have been all but incorporated into centralized political structures. As this centralization increased so too did social conflict and inequality. This inequality however, did not originate with capitalism, but rather, appears to have emerged with the institutionalization of political authority. Thus, the capitalist world-system, which emerged at the beginning of the sixteenth century, was formed on the foundations of pre-existing social inequalities. Considering that such inequality emerged during a prehistoric timeframe, archaeologists are well suited to the task of seeking answers to this question. Archaeologists believe that inequality amongst human beings first emerged when egalitarian bands and tribes developed into chiefdoms. The egalitarian structures of power, started to transform when chiefdoms began exercising political authority over other human beings. As Service (1975: 53) explained, “Authority and equality must be incompatible, since true authority rests on hierarchy.” As previously mentioned, political authority developed with the rise of chiefdoms when inequality first became pronounced. Therefore, one could identify the establishment of political authority as the point when social
inequality truly emerged. Even though there was a degree of inequality within all political systems, it was only when states developed that social inequality became institutionalized and marked (Smith & Masson, 2000: 19).

Cultural Determinism:

While biological factors are widely held as determining social inequality, cultural factors are less well known. Cultural determinism is quite similar to biological determinism in that it assumes that there are fundamental differences between human beings which explain the reasons for social inequality. The primary difference is that instead of analyzing the differences between races or peoples, they analyse the different cultural aspects. The proponents of this perspective believe that liberal democracies are the superior model for creating economic growth. According to Harrison (2000b: xx), the “statute of limitations on colonialism as an explanation for underdevelopment” has long expired and therefore is untenable. In light of such views, cultural determinists have naturally been extremely critical of dependency theory which has been particular popular in its place of origin, i.e. Latin America. It is charged that dependency theorists are partly responsible for the region’s underdevelopment by unfairly blaming the United States and the capitalist politico-economic model (Harrison, 2000a: 162). Consequently, dependency theory has prevented Latin Americans from understanding the true causes of development and underdevelopment and thus has adversely affected the region’s potential for economic growth. As Landes (1999: 328) put it, “By fostering a morbid propensity to find fault with everyone but oneself,” dependency theory has only resulted in “promot[ing] economic impotence.”
Perhaps the most well known cultural determinist is Lawrence Harrison. He maintains that Latin American culture is anti-entrepreneurial, anti-progress, anti-democratic etc. (Harrison, 2000a: 165-166). Essentially, the region is believed to be too anti-capitalist. As a result of its culture, Latin America has “tended to produce the same kinds of authoritarian governments since independence that it knew during three hundred years of colonial status, and one of the thorniest dilemmas U.S policy makers have faced is how to deal with these dictatorships” (ibid., 154). Harrison does not mention the fact that the standard US position prior to the end of the Cold War’s was to fully support authoritarian regimes if they helped serve US foreign policy objectives. He maintains that the US has shown greater concern for human rights, healthcare and education than certain Latin American governments, but does not cite any specific examples of this evidence (ibid., 155). One would be hard pressed finding such evidence in Central America. Of course, US officials appear to be deeply concerned about any human rights abuses conducted by official enemies, but downplay and defend such abuses carried out by the United States and its allies. In a 1968 memorandum, one State Department official expressed concern about his government’s position on human rights in Latin America: “Murder, torture, and mutilation are alright if our side is doing it and the victims are Communists” (cited in Manz, 2004: 22).

During the Cold War, the label ‘communist’ was stretched to include almost anyone, including Catholic liberation theologians. Harrison makes the argument that US interventions in Central America in the 1980s, Chile in 1973, the Dominican Republic in 1965 and Guatemala were all conducted primarily over national security concerns regarding the “communist threat.” However, no evidence is provided for the claim that

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42 Harrison (1992: 21) does not classify himself as such on account of the word determinism attracting a “bad odor because of its link to Marx.”
these countries posed any credible threat to US national security. Harrison notes that these “interventions understandably make many people uncomfortable and appear to buttress the case of the dependency theorists” (ibid., 159-160). They do in fact support dependency theorist arguments regarding the deleterious consequences of US intervention in Latin America; Harrison however, has a different position on this subject. He claims that US foreign policy in Latin America has “consistently shown a preference for the democratic center” (ibid., 154).

One may question whether the military juntas of Guatemala, the Dominican Republic and Chile were closer to the democratic centre than the elected populist governments of Jacabo Arbenz, Juan Bosch and Salvador Allende. One might also question whether US foreign policy in Central America during the 1980s could be said to be promoting democracy in the region. Thomas Carothers (1991: 247), a scholar who worked in the Reagan administration as part of its “democracy enhancement” programs in Latin America, provides some insight. He explained that the Reaganites’ “talk of promoting democracy was largely rhetoric adopted for public relations purposes.” In fact, in the cases of Guatemala, El Salvador and Honduras, US policy was detrimental to the prospects of creating democracy in these countries (ibid., 251). US support for authoritarian regimes is a much more plausible explanation for authoritarianism and underdevelopment in Central America than cultural differences.

One can still maintain the importance of the issue of culture without accepting the assumptions of cultural determinism. An opposing view is the standard Marxist argument that culture is the superstructure that is simply a reflection of the economic base. In this view, culture is not a cause of a particular country’s economic development, but rather the
effect of it. Thus, rather than explaining inequality, cultural determinist arguments serve as a justification for its preservation (Wallerstein, 1991: 166). Contrary to this view, however, it is apparent that culture is not purely determined by economic factors. Perhaps the most accurate explanation is that culture is both the determinant and product of “systems of human social interaction” (Parsons, 2012: 9). Yet, given that many believe that Costa Rica’s exceptionalism has to do with its particular culture, this point of view must be seriously analysed in order to determine its validity.

**Culture and Violence in Central America:**

At the time of the Spanish conquest in the early sixteenth century, there were significant political and cultural differences between the indigenous inhabitants of the Intermediate Area and Mesoamerica. Culture in the Intermediate Area developed much slower than in the more centralized forms of political organization in South America and Mesoamerica. Consequently, this region was characterized by a greater degree of peace and stability (Lange, 2001: 360; Hall & Perez-Brignoli, 2003: 61). Within the Intermediate Area, Costa Rica was distinct even at this early stage. One archaeologist noted that for millennia, Costa Rica has been comparatively stable (Sheets, 1992: 35). The subsequent colonization of the country did have profound effects, such as the rise of instability and conflict.

There is much disagreement about the nature of warfare in primitive societies. Many anthropologists have maintained that warfare was less severe in primitive societies. Hayden (1995: 28) for instance, writes that egalitarian societies experienced only desultory warfare that was most likely a “potential strategy” to be undertaken “if resources and help from allies should fail completely.” Keeley (1996) has questioned this
assumption and instead maintains that warfare was in fact more frequent and intensive in primitive societies. A major weakness of his argument is that he discounts the eyewitness accounts from “untrained observers” that do not support his position. In his view, such accounts are not “worth the paper [they are] written on” (*ibid.*, 182). Perhaps Keeley holds this view because many of the early accounts of the Spanish conquest contradict his argument. Many of these accounts spoke of the peaceful nature of native inhabitants of the Americas. For instance, in 1502, after he arrived in what is today the Costa Rican province of Limon, Columbus wrote that the indigenous population living there “could not be more timid” (1969: 299). Similarly, Las Casas (2004: 6) also describes the Amerindians as “naturally so gentle, so peace-loving, so humble and so docile.”

A common mistake made by analysts is that they do not properly distinguish between the different types of political organizations that existed before the advent of ‘civilization.’ It is important to make such distinctions because human beings clearly behave differently under different types of political organizations. Contrary to what many claim, it is evident that the least centralized and ‘civilized’ peoples were less likely to commit violence. A great deal of confusion arises because the term ‘state of nature’ is used to describe every form of political organization that existed prior to European contact. This problem is exacerbated by the fact that the most studied political units (the Aztec and Incan civilizations) were the most violent and centralized.

The overemphasis on the most centralized primitive societies in the Americas has produced many misrepresentations of the nature of the Native Americans. For instance, Hobbes wrote that in the Americas there were primitive people living at the time in a “brutish manner” characteristic of the state of nature (2008: 89). However, by the 1640s
when Hobbes’ *Leviathan* was written, European explorers had already been transforming the continent for some 150 years. Ferguson (1992: 95) contends that the “wild violence noted by Hobbes was not an expression of ‘man in a state of nature’ but a reflection of contact with Hobbes’ Leviathan – the states of Western Europe. To take the carnage as revealing the fundamental nature of human existence is to pass through the looking glass.” This statement is not quite accurate. Political centralization was already taking place amongst primitive societies long before their contact with Europeans.

Of course, state-less societies did not represent some idyllic paradise. Also, the image of the ‘noble savage’ is now generally seen as untenable. Nevertheless, it is also true that the Amerindians living in Costa Rica hardly fit the image of the brutal ‘savages’ that had helped to justify their subjugation. Of course, after the conquest, the Native Americans fought back against the invaders of their land. Such actions led one participant and apologist of the Conquest to denounce the “cruelties” of the ‘Indians’ who had rebelled against the conquerors “with little or no cause” (Vargas-Machuca, 2010: 39-40). Although they were quite peaceful prior to the arrival of the Spanish, the Costa Rican Amerindians were ultra-rebellious once the conquest began for reasons stated in Chapter 3. What is clear is that the European conquest of the Americas increased the severity of warfare throughout the continent and left a legacy of what is sometimes called Latin America’s ‘culture of violence’ of which Costa Rica substantially escaped.

Some have claimed that Costa Rica’s relative lack of violence can be explained by the dispositions of the Costa Rican people. For example, *Ticos* have been described as having a “natural predilection for internal harmony” (Cruz, 2005: 90). Others have described them as having a natural suspicion of authority (Biesanz et al., 1999: 286-287). This is an
interesting argument and is in stark contrast to German people who are often stereotyped as being inherently ‘authoritarian.’ However, there is no evidence to suggest that Germans are naturally more authoritarian than Costa Ricans. Instead, it is apparent that inveterate institutions evidently help shape a country’s political culture. If the military is any indicator, it appears that Germany has had a more authoritarian political culture in which its citizens have been conditioned. In the 1860s under the rule of Otto von Bismark, the government spent roughly 66% of its budget on the military (Porpora, 1990: 40). Germany subsequently underwent significant militarization under the reigns of Kaiser Wilhelm and Adolf Hitler. This is largely because Germany was, unlike Costa Rica, a major imperial power in the late eighteenth up until the fall of the Third Reich. By contrast, Costa Rica has never maintained a large military budget given the small size of its armed forces. In 1955, US Ambassador to Costa Rica, Robert Woodward (1987: 7) explained that the majority of Ticos are “unsympathetic to the use of force by the authorities, and unless conditioned to it by a strong propaganda campaign would react vigorously against it.” Woodward was absolutely correct. However, there is nothing to indicate that Costa Ricans are innately opposed to violence and authoritarianism. Still, it is common to hear that Ticos are peace-loving given that they have generally chosen social reform and peace over war (Helmuth, 2000: 40). This position is somewhat unfair to the general populations of Nicaragua, Guatemala, El Salvador and Honduras. The general populations surely also would have opted for relative peace and social reform, but have faced greater structural constraints. This was largely due to their country’s colonial inheritance of coercive political institutions which are largely responsible for the extreme poverty and violence that have characterized the region.
Religion in Central America:

Another legacy of Spanish colonization is the widespread Catholicism found in the region. The majority of Central Americans are today at least nominally Catholic. As part of their ‘civilizing’ process, the conquistadors sought to ‘Christianize’ the region’s indigenous population. The ‘Christianization’ process was largely achieved by way of force, however, not all colonists agreed that violent methods were necessary. Since its inception in the first century, there have been two traditions within Christianity. The first is the tradition initiated by Jesus and his disciples which has attracted the support of the oppressed and the poor which explains why Christians were persecuted. There is also the tradition of what liberation theologian Blase Bonpane calls “Imperial Christianity.” This tradition started when Emperor Constantine made Christianity the Roman Empire’s state religion in the 4th century, and “Church people in the Western world have been associated with political power ever since” (Bonpane, 2000: 46). Many within the latter tradition have adopted the trappings of Christianity, but not its core values. Consequently, the original idea of Christianity has arguably been perverted throughout much of the West, almost as badly as that of ‘socialism’ had been perverted in the Soviet Union. It is ironic that an ideology which advocated the disappearance of the state, either through abolition, or its eventual ‘withering away,’ should now become synonymous with total state repression. Just as with socialism, it could be argued that it is actually the perversion of Christianity that has been the subject of intense criticism. The nature of socialism and

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43 The most notable of these was the Dominican friar Bartolomé de Las Casas, who believed that the ‘Indians’ could be converted to Christianity through peaceful means.

44 This is largely thanks to the Bolsheviks who seized power via a coup in October 1917. Upon taking power, the Bolsheviks began abolishing the Factory Committees and trade unions “on the grounds that since Soviet Russia was a ‘workers state,’” the interests of the workers were being served no matter what, “even if [they] happened to think otherwise” (Pipes, 1996: 202). In 1947, Orwell (2006: 112) wrote that “nothing has contributed so much to the corruption of the original idea of Socialism as the belief that Russia is a Socialist country.” Some on the Left have described the Soviet Union as “state capitalism.” This model, which “demands the surrender of all social activities to the state,” is the “most dangerous antithesis of real socialism” (Rocker, 1998: 35).
Christianity are both of course subjects of intense debate.

In *The Protestant Ethic and the Spirit of Capitalism*, Weber (2010) famously argued that Protestantism, particularly its Calvinist variant, was more conducive to capitalism than was Catholicism. Following Weber, some cultural determinists hold that Latin American’s poverty has much to do with their Catholicism. For instance, Novak asserts, “Traditional Catholic ignorance about modern economics may, in fact, have more to do with the poverty of Latin America than any other single factor” (Novak, 1991: 276). In order to construct such an argument it has been necessary to misrepresent aspects of Catholicism, such as the “Catholic conception that work was a curse” (Mendieta cited in Harrison, 2000a: 45). According to Sawchuk (2004: 47), the Catholic position regarding work is actually “there is dignity and honour in work, labour being the means through which one realizes, maintains, and develop one’s humanity.”45 One cultural determinist claims that in “progress-resistant societies” such as those of Latin America, work is not particularly valued (Grondona, 2000: 50). The implication here is that in societies where ‘progress’ is welcomed (i.e. the core countries), there is a greater value attached to work. The opposite is in fact true: it is the poorest individuals in the peripheral countries who are forced to work the hardest.46 Moreover, the general populations of Latin Americans clearly value work in the sense of its necessity for survival for themselves and their family.

It is apparent that countries such as the United States did not become wealthy because they are predominantly Protestant. This is demonstrated by comparative analyses such as

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45 Also see, Leo XIII (2010); Pius XI (2010); John Paul II (2010: 390-392)
46 As Adam Smith pointed out, “The poor, in order to obtain food, exert themselves to gratify those fancies of the rich, and to obtain it more certainly they vie with one another in the cheapness and perfection of their work” (1999a: 269).
Steigenga’s (2001) study of pentacostalized religion in Costa Rica and Guatemala. This comparison presents a strong case for “dropping grand theoretical claims linking religion and democracy or development” (ibid., 2001: 139). Yet, in light of Weber’s thesis, it is important to address the question of whether different types of Christianity have an effect on development in Central America. The United States and other core countries have been amongst the most successful at extracting surplus value from the global periphery. Whereas, some predominantly Catholic countries such as the Central American republics, given their hierarchical position, have been the victims rather than the perpetrators of economic exploitation and thus have experienced the deleterious effects of the expropriation of surplus value from the periphery by the core countries. As Huntington (2003: 51) has correctly observed, “The West won the world not by the superiority of its ideas or value or religion (to which few members of other civilizations were converted) but rather its superiority in applying organized violence. Westerners often forget this fact; non-Westerners never do.” A superiority of force is a much better explanation why Western countries are more developed than religious differences.

While the secular Left is often highly critical of Imperial Christianity, it is clear that they have a common goal: to improve the situation of the poor. The liberation theology movement perhaps best demonstrates this congruence of goals. In the 1970s, liberation theology emerged in Latin America. ‘Subversive’ doctrines also attract much greater popularity in countries such as a poor, predominantly Catholic country like El Salvador. Yet, ideas such as liberation theology attracted much greater popularity than other doctrines, including socialism. Liberation theology, although often dismissed as ‘Christianized Marxism,’ was really an attempt to revive core Christian teachings such as

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47 At 30% of its population, Guatemala has the highest percentage of Protestants in Central America (Steigenga, 2001: 1). However, it is not clear what significance this fact has on the differences between the levels of economic development in the region.
'blessed are the poor.' To add insult to injury, some Liberation theologians used dependency theory in order to explain the causes of underdevelopment in Latin America (Gutiérrez, 1996). The US government had a similar reaction to this ‘heresy’ as that of the Roman Empire (Bonpane, 2000: 78). Anyone who showed a little too much concern for the poor was potentially met with a kind of brutality not seen in Central America since the days of the conquistadors.

**US Interventions and Human Development in Central America:**

It is interesting to note that the two countries that have experienced the greatest amount of US interventions (Haiti and Nicaragua) are also the poorest countries in the Western Hemisphere (Blum, 2005: 173-174). These interventions certainly have been a factor in producing the levels of poverty faced by many Haitians and Nicaraguans. However, it also may be the case that the United States intervenes in countries that are already quite poor, and therefore have greater political disturbances which may threaten US economic and strategic interests. This is perhaps a major reason why the US has never invaded Costa Rica. Another reason why the US has foregone intervention and has permitted social reforms may be because a favourable foreign investment climate has been maintained and labour rights have been stifled⁴⁸ (Chomsky, 2011: 19). The impact of US intervention has certainly been felt on the rest of Central America with regards to social development.

A comparison of Costa Rica and Nicaragua (the poorest country in Central America) is quite illuminating in terms of demonstrating the negative impact of US intervention on human development throughout Central America. In his comparison of these two

⁴⁸ Even though Article 61 of the Costa Rican constitution guarantees Ticos (excluding public servants), the right to strike, from 1969 to 1996, only 3 strikes were declared legal by the Costa Rican government (Sawchuk, 2004: 37).
countries, Harrison concludes that “Nicaragua is in the mainstream of Hispanic-American culture, while Costa Rica’s special circumstances as a Spanish colony … led to significant modifications of that culture” (2000a, 54). Yet Harrison does not adequately explain how culture actually created Costa Rica’s relative prosperity. One Nicaraguan sociologist provides a better argument why Costa Rica is more prosperous than Nicaragua: While the former initiated a revolution in 1948 just as the Nicaraguans did in 1979, the difference was that “Costa Rica was allowed to bring its revolution to successful completion. For a variety of reasons, the United States did not intervene as it did in Nicaragua’s case” (cited in Chamberlain, 2007: 9). Actually, some have argued that the US did intervene in Costa Rica’s 1948 civil war (Longley, 1993). Although, others have questioned whether the US role was significant enough to have any serious bearing on the outcomes of the war (Olander, 1996). In any case, this level of intervention pales in comparison to the US orchestrated Contra war in Nicaragua which had serious consequences for the country.

In its first few years, Sandinista Nicaragua made significant improvements in the area of human development. For instance, a literacy drive reduced the national illiteracy rate from 53% to 13% in just six months. Also, the number of Nicaraguans who could regularly access healthcare rose to 70%, an estimated increase of 25% from 1979 (Melrose, 1985: 16, 19). Nicaragua began receiving praise from organization such as OXFAM, the World Health Organization and the Inter-American Development Bank. In 1981, the Reagan administration sent in the death squads to crush what OXFAM aptly called the “threat of a good example” (Melrose, 1985).

49 Also, when the Nicaraguan dictator Anastasio Somoza Debayle attempted to overthrow Figueres in 1955, some have claimed (including Figueres himself) that this campaign was supported by the CIA (Wise & Ross, 1964: 127-128; Ameringer, 1978: 124-125; Blum, 2004: 83-84).

50 Despite all the claims of Nicaragua’s threat to America’s national security during the 1980s, it is much more plausible that US policy makers were motivated by the threat described by OXFAM. As George Schultz (Reagan’s Secretary of State) explained: If the Sandinista Party were to “succeed in consolidating
towards the United States and the contras, as the Sandinistas began spending a disproportionate amount on defence spending to mitigate the US-directed attacks. The State Department produced a report in September 1985 which made the incredible claim that Nicaragua was guilty of “aggression” because it had supplied arms to the guerillas in El Salvador (United States Department of State, 1985). Just nine months later, the International Court of Justice (ICJ) handed down its decision in the case brought by Nicaragua against the United States in 1984. In its 1986 judgment, the ICJ deemed the actions of the US to be an “unlawful use of force” and awarded Nicaragua reparations (International Court of Justice, 1986: 232). The US ignored the decision and continued its attack on ‘communist’ Nicaragua. The intervention was often justified as being necessary for stopping the ‘communist’ Sandinistas who were supposedly instruments of Soviet imperialism (Sand, 1989). It was a common tactic during the Cold War to portray any government that exercised right to self-determination as agents of the Soviet Union. Although the Sandinista government was often classified as ‘communist,’ throughout the 1980s, approximately half of Nicaragua’s gross national product was attributed to the private sector (Walker and Wade, 2011: 99). The accuracy of ascribing such labels has much to do with one’s interpretation of political terminology.

Even though Costa Rica is often described as a ‘capitalist’ country, if a propaganda campaign had been launched against Costa Rica, then it easily could have been classified ‘communist’ on many occasions. For example, Daniel Oduber (President of Costa Rica between 1974 and 1978) described his country’s post-civil war regime as a Costa Rican form of ‘socialism’ (Chamberlain, 2007: 9). Also, the PLN party founded by Figueres in their power, all the countries in Latin America, who all face serious internal economic problems, will see radical forces emboldened to exploit these problems” (cited in Kornbluh, 1987: 3, his emphasis).

51 Nicaragua’s defense budget had increased from 7% in 1980 (a year before the contra war began) to roughly 50% in 1987 (Burke, 1988: 49).
1951 became a Socialist International (observer) member in 1966 (Ameringer, 1978: 232). Nevertheless, Figueres was clearly a social democrat as opposed to a socialist. This was demonstrated when the Popular Vanguard Party (Communist Party) was made illegal in the 1949 constitution. Figueres’ strategy of ‘flying under the radar’ of the United States was proven to be quite successful. It also helped that he often adopted the US position on issues affecting the region. Figueres liked to boast that he would “achieve more radical economic reforms than” the Popular Vanguard Party, “and in a short time I will achieve more battles against Yankee imperialism than they have won in twenty years” (cited in Schiffer, 1989: 107). Figueres turned out be correct, however, it is clear that other progressive social reformers had to face greater structural restraints.

This is clearly demonstrated with a comparison of Costa Rica and Guatemala where the other experiment in social democracy had taken place during the ‘ten year spring’ from 1944 to 1954. This comparison confirms the argument that Costa Rican exceptionalism is largely due to its turn towards social democracy in the early 1940s. Guatemala, however, also made a similar move in 1944 when Juan Jose Arevalo was elected president. The Arevalo government implemented many social democratic reforms including public health, social security programs, and in 1947 he instituted a Labor Code which gave workers similar rights to those won in Costa Rica during the Calderon administration. In 1951, Jacobo Arbenz was elected on a platform of continuing Arevalo’s social democratic program. The next urgent issue that needed the government’s attention was the issue of land reform. Guatemala’s highly repressive state had created a situation where 72% of land was concentrated amongst just 2% of the population (Schlesinger & Kinzer, 2005: 38). In order to redress the highly iniquitous situation, Arbenz implemented a land reform in April 1952 which involved the expropriation of the United Fruit Company’s land. This
reform was seen by many to be the last straw for United Fruit and for conservative Guatemalan elites. With the help of an excellent propaganda campaign run by Edward Bernays, the social democrat Arbenz was successfully labelled a ‘communist’ and subsequently overthrown via a CIA organised coup in 1954 (Schlesinger & Kinzer, 2005).

The ousting of the democratically elected Guatemalan president is often held up as a “success story” (Sand, 1989: 71). From a tactical standpoint, the coup was indeed a success. The United Fruit Company was hugely successful in achieving its goal of removing a government that threatened its interests in the country. United Fruit however, had less success in Costa Rica. For instance, in 1935, the Oreamuno government was able to expropriate a quarter of million acres from the company (Rinehart, 1983: 35). After the civil war, the Junta led by Figueres nationalized the country’s banks and implemented a 15% tax on the United Fruit Company’s profits (Meso-Lago, 2000: 406). Moreover, the Figueres government renegotiated its contract with the company in 1955 which saw an increase in its worker’s wages. The new contract also involved the transference of the entirety of United Fruit’s medical facilities, schools and housing projects to the Costa Rican government (ibid., 411). Short of some US intervention, the company was forced to make concessions over the years vis-à-vis their business dealings in Costa Rica.

Unlike the experiments with social democracy in Guatemala and Nicaragua, Costa Rica’s Second Republic flourished after the Costa Rican civil war. In fact, sometimes its policies were working too well in the eyes of US policy makers. Costa Rica had accumulated more debt than every other country on the isthmus through its social welfare programmes. But the contributor to its debt was the allocation of 50% of its national budget for education spending. In the mid-1960s, US officials insisted on the immediate implementation of
austerity measures. The US also reduced its loans to Costa Rica which had contributed to the country’s progress towards the goals outlined by US President John F. Kennedy at the announcement of the Alliance for Progress in 1961\(^\text{52}\) (LaFeber, 1993: 188). This ironic situation led LaFeber to remark:

Thus the hemisphere watched the spectacle of North Americans pouring millions of dollars into Nicaragua because Somoza imposed by brute force, a conservative fiscal policy on his people, while the Costa Rican government was publicly disciplined by Washington for educating and providing large-scale welfare programs for its people (\textit{ibid.}).

Despite its achievements, the most vulnerable sectors of Costa Rican society still faced serious problems such as malnutrition. The government helped reduce these problems by investing in public health programmes. For instance, in 1970, the Figueres government initiated a programme which granted free meals to pre-school and primary school children, along with their mothers. By 1976, largely as a result of this programme, deaths from malnutrition had decreased by 70\% (Biesanz et al., 1999: 150). Costa Rica was not negatively codified as a ‘socialist’ country and therefore did not pose the “threat of a good example” in the way that Sandinista Nicaragua did. Therefore, Costa Rican governments could implement state-run health care programmes without incurring the wrath of US policy makers who were pleased that Nicaragua’s successful social reforms in the early 1980s had been undermined by the Contra war.\(^\text{53}\) Costa Rica’s nationalised health care system proved to be remarkably successful. By 1996, the country’s infant mortality rate was one death per eighty-five children, an achievement in Latin America that was second only to Cuba (\textit{ibid.}).

\(^{52}\) Kennedy spoke of the need to “strike off the remaining bonds of poverty and ignorance” in Latin America where so many lack access to education, “decent shelter and protection from disease” (cited in Taffet, 2007: 199-200).

\(^{53}\) For instance, the \textit{Boston Globe} reported in 1986, “Administration officials said they are content to see the contras debilitate the Sandinistas by forcing them to divert scarce resources toward the war and away from social programs” (cited in Blum, 2004: 302).
In neighbouring Nicaragua, the situation was quite different. The contra war and the US embargo initiated in 1985 had devastating effects on the country’s most vulnerable sectors. As health care budgets were slashed, state-run day care facilities that treated children with malnutrition closed down which meant that some 33,000 were left without care. It is not surprising therefore, that infant mortality rates increased by roughly 66% from 1987 and 1994, according to the Nicaraguan Ministry of Health (Prevost, 1996: 318). Nicaragua was recovering in the aftermath of the Contra war which had taken a heavy toll on the tiny Central American country. Apart from the death toll which officially stood at 30,865, the “loss of development potential” was estimated at $2.5 billion by Nicaraguan economists (Kornbluh, 1991: 344-345). The US never paid the reparations that the ICJ had awarded Nicaragua, the claim of which ended up reaching a total of $17 billion (Herman, 1995: 160). Apparently unaware of the impact that her government’s policies had on the tiny Central American country, Kirkpatrick predictably blamed Nicaragua’s failing economy, not on the US-directed contra war, but rather on the Sandinistas, who had “depleted” the country’s “meager public resources” through its “profligate policies” (1990: 229, 235). Instead of facing the reality of the situation, it is often customary to blame the victim. Adding insult to injury, they are often blamed by the very individuals and groups that have caused, or at least contributed to the victim’s misfortunes. “But now with a most inhuman cruelty,” wrote Milton, “they who have put out the people’s eyes reproach them of their blindness” (1883: 153-154).

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54 Nicaragua’s national health budget was cut from by almost 50% between 1989 and 1994 (Prevost, 1996: 317).
Conclusion:

This chapter has rejected the notion that there is something inherently special about the Costa Rican people or their culture that can account for its exceptionalism. While it may be easy to see why individuals located in the upper echelons of the global hierarchy would so easily accept biological and cultural determinist arguments that validate social inequalities, it is less clear how they account for social inequality. Rather than explaining the causes of inequality, both biological and cultural determinism serve as justifications for its preservation. Cultural determinism is fundamentally false for the primary reason that it assumes that a politico-economic system is merely a reflection of a particular society’s values. The cultural determinist perspective stems from a misunderstanding about what actually produced development and underdevelopment. The influence of US intervention in the latter twentieth century is a much more plausible explanation because of its role in destroying social democracy in Guatemala and Nicaragua. Costa Rica largely avoided US intervention, and was able to implement a social democratic regime that put the country even further ahead of its neighbours in terms of its social development. Weaker political institutions in Costa Rica led to its advanced development vis-à-vis Central America because it allowed social democracy to flourish. If Costa Rica had experienced the kind of US interventions that the rest of the isthmus experienced, then it may not be as ahead of its neighbours in terms of social indicators. In the next chapter, the discussion will turn to how Central America’s structural disadvantage has largely resulted from the type of economy imposed on the region by the core countries.
Chapter 5 – Export-Oriented Economies, Neoliberalism and the “Central Americanization” of Costa Rica

The Uruguayan writer Eduardo Galeano once commented that the global division of labour results in some countries specializing in losing and others in winning (1997: 1). Although this is an oversimplification, the basic point here is that by virtue of their position within the world-system, some states have an advantage over others in the competitive process of capital accumulation. It is often assumed that a country’s wealth is primarily due to that state’s particular regime type. Comparisons are then regularly conducted in the process of mounting arguments that certain types of states are superior at wealth creation. The results predictably find that those at the top of the hierarchy are superior in this regard. However, in order to properly understand the reasons for global poverty and inequality, it is necessary to analyse what function a state has within the international division of labour.

In the early sixteenth century, all of Central America was incorporated into the capitalist world-system as part of the periphery. It is apparent that the Mesoamerican world-system played a significant part in determining the nature of this incorporation. By virtue of their position within the world-system, the function of the Central American countries has traditionally been directed towards an export-oriented economy. Since at least the 1950s, there has been discussion in Costa Rica about the potential undermining of its exceptionalism, what has been called the ‘Central Americanization’ of the country. Efforts to replace Costa Rica’s social democratic model with a neoliberal one have, much like in the rest of Latin America, provoked strong resistance from the general populace. This chapter will analyse Costa Rica’s economy in the context of Central America in
order to account for its position as part of the periphery within the capitalist world-economy. It will also answer the question of whether or not the emergence of neoliberalism has undermined Costa Rican exceptionalism.

**The Mesoamerican World-system:**

One of the great strengths of WSA is its adoption of historical analysis over the *longue durée*. Yet, it is apparent that the current world-system and the institutions that comprise it are not simply created spontaneously but rather, they develop over a long period of time. With regards to pre-Hispanic Central America, Babones and Chase-Dunn note, it may not be initially clear how it is “related to twenty-first century global civil society via natural resources and unpaid household labor, but it is” (2012: 5). As previously mentioned, Wallerstein’s schema is not particularly useful for analyzing pre-capitalist societies. If one views the trade of luxury goods to be significant, then, one finds evidence for systemic linkages. Contrary to Wallerstein’s schema, there are several archaeologists who contend that the Mesoamerican world-system constituted a pre-capitalist world-economy. This term refers to a world-economy that is “based principally on exchanges of preciosities” i.e. luxury goods (Blanton & Feinman, 1984: 676). All these archaeologists have agreed that there is evidence of long-distance trade between the core and periphery in the Mesoamerican world-system. On the other hand, there is disagreement about whether lower Central America should be classified as part of the Mesoamerican world-system. This debate, which boils down to what constitutes evidence of integration into a world-system, has important implications, especially in terms of determining how Costa Rica was structurally different to the rest of Central America prior to the Spanish colonization of the region.
There is disagreement over whether Costa Rica was a peripheral zone in the Mesoamerican world-system, or whether it (excluding Southern Nicoya) was part of what Wallerstein calls an ‘external arena.’ Smith & Berdan (2003) believe that in the Postclassic period,55 all of lower Central America was not part of the Mesoamerican world-system. Carmack & Gonzales (2006) disagree and instead propose that the ‘Mesoamerican periphery’ included Lower Central America as far as the Nicoya region. They convincingly demonstrate that apart from Southern Nicoya, the majority of Costa Rica was what they refer to as a ‘frontier zone’ (essentially an external arena). This argument is strengthened by Lange’s (2006) analysis of the Guanacaste region, Costa Rica’s most northern province. The archaeological evidence demonstrates that, although the area that is now Guanacaste “had some contact with Mesoamerica,” it was never “an ‘integrated political or economic part of the Mesoamerican sphere of influence’” (Lange, 2006: 79). Therefore, the land mass now called Costa Rica was the only Central American country to fall outside the Mesoamerican world-system. These structural differences during the pre-Hispanic period had major implications for the nature of the Conquest in the region.

One major consequence of Costa Rica’s position outside the Mesoamerican world-system was the absence of trade. In neither the Gulf of Nicoya or Costa Rica’s Pacific coast was there evidence of any substantial long-reaching trade (Lange, 1986: 169). As Day observes:

These Guanacaste villages may have been way stations on a prehistoric long-distance trade route that led from the Gulf of Nicoya, up the Tempisque Valley,

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55 In Mesoamerican chronology, the Postclassic period lasted from AD 900-1000 up until the early sixteenth century when the Spanish colonisation of the region began.
and into the lakes of Nicaragua. The presence of these villages lends credence to the possibility that the Spanish chose, as they often did, to use already established and well-known routes for their own transportation purposes (1988: 206).

The important point here is that the lack of trade in preciosities is another reason why Costa Rica was so sparsely populated during the colonial period.

In accordance with the rural democracy thesis, the scarcity of colonists and Amerindians led to the ‘equitable’ distribution of landholdings. Although this argument has been largely exaggerated it is true that haciendas and latifundios were comparatively uncommon in Costa Rica. Haciendas and latifundios are both large landholdings, but the latter refers to land that contains significant sections of fallow land. In Latin America, the greatest colonial economic legacy is often seen to be the hacienda (Gudmundson & Lindo-Fuentes, 1995: 14). Yet, the way in which land distribution unfolded can be traced to pre-Hispanic times. The Spanish first arrived in the Pacific Coast of lower Central America in 1522, with an expedition led by Gil Gonzales Davila. According to the reports from this expedition, the Spanish explorers discovered that Guanacaste was underpopulated and poor, prompting the colonization of Nicaragua’s smaller lakes section where there was greater wealth and population density (Day, 1988: 205-206). A lack of natural resources in Costa Rica failed to attract colonizers who gravitated towards the most resource rich areas of Mesoamerica, and especially to the Aztec and Incan civilizations. Thus Costa Rica’s reputation as a backwater during the colonial period evidently has its roots in its pre-Hispanic history.

56 One major exception was the large landholdings found in the northern province of Guanacaste (Edelman, 1992).
**The Economies of Central America:**

Peripheral countries are often described as having a comparative advantage as providers of natural resources and cheap labour. In the case of Latin America, the region has served primarily as a market for multinational corporations and a source of natural resources for core countries. More recently, Latin America has specialised in its supply of services and cheap labour (Itzigsohn, 1996, 101-102). World systems analysts argue that the core shapes the periphery in a direction towards an export-oriented economy (Amin, 1974: 170). The establishment of this type of economy helps facilitate the process known as ‘unequal exchange.’ This process allows surplus value to flow from the periphery to the core and is seen to be a major cause of peripheral underdevelopment. According to the WSA perspective, this structural disadvantage is a direct result of the function that the periphery plays in the global hierarchy. As Amin (1971: 170) explains: “The process of development of peripheral capitalism goes forward within a framework of competition … which is responsible for the distinctive structure assumed by the periphery, as something complementary and dominated.” Even though Central America is only a rather small section of the world-system, the region has nevertheless significantly contributed to the development of certain core countries, especially Spain and the United States. Costa Rica contributed least to this development, largely as a result of its unique colonization experience.

A primary reason for Costa Rica’s different colonization experience was the shortage of indigenous labour and lack of natural resources. The false belief that Costa Rica was abundant with resources most likely came from Columbus’ observation in 1502, when he landed on the east coast of Veragua which is today encompassed in the Costa Rican
province of Limon. Columbus (1969: 299) wrote that he witnessed greater indications of the amount of “gold in the first two days” in Veragua “than in four years in Hispaniola.”

Within Central America, it was only Nicaragua and Honduras that produced significant silver and gold mining operations for Spain (Torres-Rivas, 1993: 1). It is interesting to note that these are the two countries that have experienced the greatest amount of US interventions. Unlike, the other four Central American republics, Costa Rica had very little natural resources and therefore did not become a mining colony to the same extent as Nicaragua and Honduras. However, the amount of minerals found in Costa Rica has often been underestimated (Sanders, 1986: 9). Historian Aviva Chomsky notes, contrary to the claims that Costa Rica had no or extremely little mining operations “minerals were the third-highest revenue-generating product until 1920” (1998: 171). The case of Costa Rica lends credence to the ‘resource curse’ theory, which holds that countries with little natural resources enjoy higher levels of development. The resources themselves are of course not the problem, but when the profits created by these resources are largely repatriated to colonial powers or transnational corporations then resources can indeed be a ‘curse.’

By global comparison, Central America is amongst the most favourable geographical area for agricultural production (Williams, 1986: 13; Porpora, 1990: 71). Throughout ancient lower Central America, food appears to have been easily available (Joyce, 2013: 113; Wortman, 1982: 15). One archaeologist has disagreed, and believes that the indigenous populations of Costa Rica most likely experienced sporadic food shortages (Stone, 1977: 1). Upon successfully conquering the various indigenous populations in the region, the Spanish colonizers implemented the notorious *encomienda* system which granted landlords land and native slaves to work and pay tribute to their owners known as

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57 Hispaniola is now the island containing Haiti and the Dominican Republic.

encomenderos. This tributary system condemned the Native Americans who lived under the encomienda to a life of severe poverty. In Hispaniola, Las Casas notes that the slave labourers working in the gold mines were supplied with food such as grass that did not provide adequate nutrition. Before long, “mothers of young children promptly saw their milk dry up and their babies die” (Las Casas, 2004: 24). This problem continued right throughout the colonial period and persists today. Food shortages were created after indigo-based dye production replaced lands previously dedicated to cattle, wheat and corn (Wortman, 1982: 192). This meant that food had to be imported from foreign lands (ibid., 172). By the early twentieth century, Central Americans found themselves “exporting bananas and coffee, while importing maize, beans, rice etc.” (Bulmer-Thomas, 1987: 69).

Today, many Central Americans continue to suffer not only from hunger, but chronic malnutrition. In Guatemala, 54.47% of children under the age of five suffer from chronic malnutrition. In Honduras it is 30.15%, in Nicaragua - 25.37% and in El Salvador it is 20.66% (World Bank, 2010). The tragic fact is that Central Americans are suffering not because there is a shortage of food but because they lack the financial means to procure it. Once food became a commodity, the poor in Central America had trouble fulfilling their basic nutritional needs. This is partially a result of Central America’s export-oriented economies. The primary export products that existed in colonial Central America were indigo, cochineal, wood, rubber, silver, gold, sugar, cattle, coffee. In the early nineteenth century, the exportation of agricultural products only accounted for a “relatively small part of economic activity” (Gudmundson & Lindo-Fuentes, 1995: 16). However, this would change by the end of the century.

Coffee and Bananas have historically been the two primary exports in Costa Rica. There were important differences however, regarding the development of these industries.
Coffee production began in Costa Rica the 1830s when, the dominant elites were searching for the establishment of viable industries. Britain, the dominant imperial power at the time, was not interested in investing in the region at that time. Consequently, a dearth of foreign investors allowed the fruits of this industry to be retained by Costa Rican producers. (Mahoney, 2001: 152). Moreover, greater access to land, a tiny population,\(^{58}\) as well as “near absence of coercive state or landlord institutions meant that income from coffee exports … was more equitably distributed” (Sandbrook et al., 2007: 96). This was not the case in the other Central American republics whose coffee industries had developed several decades later. By that time, Costa Rica’s coffee industry was well established in domestic hands. Thus, the country largely escaped the kind of siphoning of wealth that was seen in the rest of the isthmus. The banana industry was a different story. As with the rest of the isthmus, US banana companies dominated the industry which meant that most of the profits were repatriated. The United Fruit Company had introduced the construction of the Pacific railway line and a degree of development to the Limon province, yet the “national state itself generated almost no revenues from the banana trade” (Mahoney, 2001: 162). Nevertheless, it appears that foreign investment has produced greater benefits for Costa Rica than for the other Central American republics.

The question of the benefits and disadvantages of foreign investment is a complex issue and requires much deeper analysis. FDI in Central America has generally produced mixed results for the host countries. One example of foreign investment that has been somewhat beneficial for a Central American country in recent years has been the US company INTEL’s operation in Costa Rica. In 1999, only US$200 million of INTEL’s net profit of US$1.5 billion remained in Costa Rican hands (Sandbrook et al., 2007: 116). Thus it is

\(^{58}\) At the time of its independence, Costa Rica only had a population of approximately 60 thousand people (Gudmundson & Lindo-Fuentes, 1995: 46).
important to recognize that FDI has primarily benefitted US investors more than the host country considering that most of profits were repatriated. For instance, The Foreign Investment Advisory Service, a joint facility of the World Bank, produced a report on INTEL’s plant in Costa Rica (Spar, 1998). INTEL was awarded a number of incentives including no taxes on the repatriation of its profits. However, not all the concessions that INTEL sought were granted\(^{59}\) because “government officials were aware of Costa Ricans’ sensitivity to foreign domination” (ibid., 27, 18). Costa Rica is a suitable host country for a high technology industry, but not for the textile industry given that Costa Rican workers receive higher wages and have greater rights. Thus, now that the Central American wars had ended by the 1990’s, Costa Rica had lost its “competitive advantage” (ibid., 14). The foreign investment debate is related to the debate whether greater integration into the capitalist world-system is beneficial for peripheral countries.

Locher (2006: 291) claims that “Costa Rica has become a model of the process deplored by world-systems analysts: the combination of foreign investment, soft state regulation” etc. However, this is not what world-systems analysts actually argue. While some dependency theorists have maintained that a peripheral country can escape their dependency by extricating itself from the world-system, world-systems analysts have pointed out that this is impossible. For instance, Chase-Dunn and Hall (1997: 75), explain that this largely depends on the individual country in question: “If the core is extracting some local resource, such as human captives for slaves, the loosening or severing of that connection would typically allow a return of local prosperity. If, on the other hand, the core supplied some resource for which there was no local substitute, … any prosperity that was a consequence of access of that resource would typically collapse with its loss.” In other

\(^{59}\) These concessions included a complete exemption on excise, local sales, export and profit repatriation taxes (Spar, 1998: 27).
words, the benefits of integration depend on the function of a particular state within the capitalist world-system.

‘Free Trade’ and Neoliberalism:

The ‘neoclassical’ economists, following Ricardo (2005), argue that if every country utilizes their respective ‘comparative advantage,’ then all parties will benefit. Ricardo believed in the sacrifice of profits for the sake of a home country bias and thereby vastly underestimated the imperatives of captains of industry in their quest for capital accumulation. The classic refutation of Ricardo’s theory is Arghiri Emmanuel’s (1972) Unequal Exchange. The book’s central argument was that given production in the periphery awards lower wages than in the core, any exchange in products would inevitably result in an unequal flow of surplus value to the core countries. On the other hand, some extol the universal advantages of ‘free trade.’ Landes has conceded that trade does not equally benefit the countries involved, primarily because “comparative advantage is not the same for all, and that some activities are more lucrative and productive than others” (1999: 522). This is precisely the point. The international division of labour was designed so that the peripheral countries were assigned its least-valued functions, namely as providers of cheap labour and natural resources. When one understands the hierarchical nature of the world-economy, the basic premise of modernization theory is rendered implausible. A world full of Liberal Democracies such as those found in the core would most likely reduce poverty, yet it proves to be nothing more than a chimera for those who propose such a scenario.

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60 Ricardo (2005: 75) wrote, “These feelings, which I should be sorry to see weakened, induce most men of property to be satisfied with a low rate of profits in their own country, rather than seek a more advantageous employment for their wealth in foreign nations.”
Although neoliberalism has grown out of classic liberalism there are substantial points of difference between the two. Adam Smith is one of the central figures in neoliberalism and is widely known for his praise of the division of labour. However, as well as recognizing its role in increasing the output levels of labour, he was also aware of its adverse effects on workers. In the division of labour, the worker who spends their life “performing a few simple operations ... naturally becomes as stupid and ignorant as it is possible for a human creature to become.” And “this is the state into which the labouring poor, that is, the great body of people, must necessarily fall unless government takes some pains to prevent it” (1999b: 368-369). Given the intensification of the international division of labour, Smith’s observation is no longer entirely applicable in a country like England. However, it is certainly as relevant as ever in a global context. Many such as Novak miss this point: “In Latin America, what is called ‘capitalism’ is actually a form of the pre-capitalist, state-sponsored, patrimonial, mercantilism that Adam Smith was writing against” (1993: 156, his emphasis). However, if Smith were alive today he would surely be writing against what has been referred to as ‘corporate mercantilism.’ Proponents of neoliberalism such as Milton Friedman often quote the famous ‘invisible hand’ passage from *The Wealth of Nations:* “By pursuing his own interest he frequently promotes that of the society more effectually than when really intends to promote it” (1999b: 32). While in certain cases it may be true that if one serves their own interest they end up serving the interests of the whole society, there is nothing to suggest that when a state promotes its own interests, it promote the interests of the international community.

Even though core countries often stress the importance of promoting the interests of peripheral countries, they generally operate under IR realist assumptions regarding the
importance of self-help in promoting the ‘national interest.’ This was clearly demonstrated in 1941, when the US War and Peace Studies Project of the Council on Foreign Relations explained that there is a major difference between formulating “war aims for propaganda purposes” as opposed to determining the “true national interest” (cited in Shoup and Minter, 1980: 145). Given that US war aims would reveal Anglo-American imperial ambitions, it “would have a better propaganda effect” if other peoples’ interests were stressed, “not only those of Europe,” but also underdeveloped regions such as Latin America (ibid., 146). The councils’ observations are indicative of statements that are not intended for public consumption. These types of statements in general, contain a high degree of accuracy in comparison to public statements. Yet, many analysts make the mistake of interpreting public statements as if they were actually intended to be true. A similar logic helps explain why economic policies such as ‘free trade’ or a ‘free market’ are often touted as having universal benefits.\textsuperscript{61}

\textbf{Neoliberalism in Costa Rica:}

The reality of who primarily benefits from neoliberal policies was demonstrated during the economic crisis in Costa Rica throughout the 1980s - often referred to as the ‘lost decade’ in Latin America. This was not only a period of economic decline, but also a period of great political violence. Central America (excluding Costa Rica) experienced the worst of the violence. Not even Costa Rica was immune to the poverty that increased throughout much of the region. Instances of the hospitalization of children suffering from

\textsuperscript{61} For instance, Ayn Rand (1967: 148) argues, “If [peripheral] nations were taught to establish capitalism, with full protection of property rights, their problems would vanish. Men [sic] who could afford it would invest private capital in the development of natural resources, expecting to earn profits. They would bring the technicians, the funds, the civilizing influence, and the employment which those nations need. Everyone would profit, at no one’s expense or sacrifice.”
acute malnutrition more than doubled in the early 80s, from 152 cases in 1981 to 322 cases in 1982 (Morgan, 1989: 214). Between 1985 and 1986, Costa Rica was the only Central American country to experience the growth of its economy (Torres-Rivas, 1993: 124). Costa Rica greatly benefitted from the US war against the Sandinistas because it was the ‘capitalist’ showcase in Central America and therefore needed to demonstrate the indicators of ‘successful development.’ As a result, the country received a massive influx of economic aid from the United States. In the mid-1980s, Costa Rica received the second largest amount of economic aid (per capita) from the United States (Wilson, 1998: 120). This aid certainly warded off the worst of economic crisis in the Central American ‘exception.’ By the end of the decade, “neoliberal opponents of ‘statist’ economics began to paint Costa Rica … as a free-market success story.” However, the country’s heritage of state intervention into its economy contributes a great deal in “explaining the ‘success’ of today’s neoliberalism” (Edelman, 1999: 2). It is unquestionable that Costa Rica’s comparatively higher levels of human development can be attributed to its social democratic policies.

There was much discussion in the late 1980’s about the ‘parallel state.’ Biehl had warned that Ticos “must be alert against foreigners and their internal accomplices who wish to design Costa Rican development behind the back of its democracy” (Biehl cited in Chamberlain, 2007: 74). AID’s chief of Costa Rica’s private-sector programs, Richard Rosenberg, acknowledged that “Biehl was dead right.” He added that the parallel state was seen as necessary given “that it is was impossible to do this kind of work with the structure of the Costa Rican government” (cited in Honey, 1994: 75). The circumvention of Costa Rica’s representative democratic institutions was somewhat necessary given that many Costa Ricans have been skeptical about the supposed benefits of neoliberal policies.
In light of this, it is important that particular “elements of economic policy” should not be released to the populace given that they “would be harmful if they were published in full, specific detail,” observed Costa Rican economist Eduardo Lizano (1991: 29). Part of the problem is that such information would “interfere with the implementation of economic policy” (ibid., 29). Here again, we see the manufacture of consent at work.

Given the level of poverty in Central America, the introduction of neoliberal economic policies has understandably provoked widespread resistance. This resistance has proven to be most successful in Costa Rica. For instance, in 2000 there were such vehement protests against a proposed privatisation of the Costa Rican Institute for Electricity (ICE) that the project had to be abandoned (Cerdas, 2004). This is not surprising considering that in 1998, 72% of Costa Ricans believed that the state should have more power than private enterprise (Palmer & Molina, 2004: 363). Some Costa Rican technocrats have complained that their country is “too democratic,” thereby making neoliberal reforms painfully slow to implement (Clark, 2001: 76). Costa Rica delayed the implementation of the Central American Free Trade Agreement (CAFTA) by holding a referendum on the issue in 2007 (the only Central American country to do so). Elsewhere in Central America, there were anti-CAFTA protests which were simply crushed by force. For instance, one fatality was reported in the Guatemalan city of Huehuetenango where the military was dispatched to stifle dissent (Booth et al., 2010: 153).

In Costa Rica, right wing media worked hard to discredit the No Campaign. A month before the referendum a memo was leaked regarding a strategy devised by one of Costa Rica’s Vice Presidents. He advocated a “campaign of fear” in order to convince Ticos how disastrous it would be if the country did not sign the agreement (De la Barra & Dello
Buono, 2009: 74). The referendum passed with just 51.7% of the votes cast. However, given that only about 60% of the population voted, it is difficult to determine whether the majority of Costa Ricans actually supported the ratification of CAFTA. Some have described the 2007 referendum as an effect of the weakness of Costa Rica’s political institutions because the referendum “probably exacerbated” the decline in government support and Ticos’ loyalty to political parties (Willis & Seiz, 2012: 146). What the referendum really demonstrated once again was that more privileged populations generally do not require force with regards to implementing policies that primarily serve elite interests.

Since the 1980s, there has been increasing concern in Costa Rica about the ‘Central Americanization’ of the country. This view is not entirely unfounded. Despite all the discussion about ‘good governance’ from the IMF and other places, neoliberal policies have had certain negative effects on Costa Rica. For instance, according to the World Bank poverty has increased in the country since 2007 (Bussolo et al., 2011: 353). The most dramatic increase occurred after the Central American Free Trade Agreement was implemented in 2009. The percentage of the population below the poverty line in Costa Rica increased from 21.7% in 2009 to 24.2% in 2010 (World Bank, 2012: 66). While Costa Rica is exceptional in many respects, given the country’s significant poverty levels, in this sense, “Costa Rica is exceptional” with regards to Central America, “only in degree, not in kind” (Mitchell & Pentzer, 2008: 230). While the country is surely ranked higher in the global hierarchy than its isthmian neighbours, it would be inappropriate to classify Costa Rica as a semiperipheral country given that the function of the semiperiphery is to “act as a peripheral zone for core countries” as well as “a core country for some peripheral areas” (Wallerstein, 1979: 97). One can easily concur with Williams’
(1994: 4) assessment that the “economies of all five [Central American] countries are connected into the world economy in much the same way, as exporters of tropical agricultural products and importers of finished and semifinished products.” Thus, all the Central American republics would appropriately be classified as peripheral states. Nonetheless, even though it is located within the periphery, Costa Rica is surely ranked higher than the other Central American republics. It is the only Central American country to be classified as having “high human development” in the 2013 United Nations Development Programme’s (UNDP) *Human Development Report* (UNDP, 2013: 175). While it is true that Costa Rica’s social democratic model has been undermined in recent decades, the country has not been ‘Central Americanized’ in the sense that is has become just like the rest of the isthmus. While some social indicators have declined in Costa Rica in recent years, the rest of the isthmus has also experienced declined in certain areas. For instance, except for El Salvador, all the Central American republics have decreased in their UNDP Human Development Index since 1997.\(^{62}\) This decline is significant given the hierarchical nature of the capitalist world-system.

**Hierarchy & Structural Disadvantage:**

While the international system is often characterized as ‘anarchical,’ world-systems analysts insist that it is actually hierarchical. In *1984*, Orwell wrote that hierarchical societies can only be maintained “on a basis of poverty and ignorance” (1990: 198). This is another expression of world systems analysts’ argument that the wealth of the core is contingent upon the poverty of the periphery. Many seek to deny this relationship and

\(^{62}\) In 1997 the rankings were as follows: Nicaragua (127th), Honduras (117th), Guatemala (116th), El Salvador (112th) and Costa Rica (33rd) (Robinson, 2003: 310). By 2013, they have climbed to the following: Guatemala (133rd), Nicaragua (129th), Honduras (120th), and Costa Rica (62nd). The only exception was El Salvador which has decreased to number 107th in the world (United Nations Development Programme, 2013: 203).
reject the validity of the observation made so often by dependency and world-systems analysts: that the wealth of the core is contingent upon the poverty of the periphery. Novak asserts that “there is not a shred of evidence” for this argument (1991: 285). In addition to the evidence provided in this thesis, anyone who is familiar with the nature of colonialism should be able to find ample evidence. Moreover, there are specific examples from Central America which provide more recent evidence on this point. Consider the example of the Alliance for Progress which has been described as a version of the Marshall Plan for Latin America. The Alliance is generally considered to have been ultimately unsuccessful in achieving the stated aims of promoting social justice, economic development and democracy. For instance, unemployment in Latin America increased by 7 million, reaching a total of 25 million by the end of the 1960s (Rabe, 1999: 162). Also, during that decade, agricultural production per capita in Latin America decreased (ibid., 2). In Central America, food production was increasingly directed towards export markets which primarily benefitted US agribusiness at the expense of the general populations of the region. For instance, in Guatemala from 1964 to 1973, only 3% of government credits were devoted to local agricultural production, while 87% went to export-oriented production (Pearce, 1982: 42).

The consequences of these kinds of policies were devastating for many Central Americans, especially the campesinos who were driven off their lands. Although data regarding malnutrition is difficult to obtain, instances of malnutrition are strongly believed to have increased throughout much of Central America during the crisis of the 1970s and 80s. As prime agricultural land was converted into production export-oriented commodities (especially beef and cotton), many campesinos found it harder to

63 Campesino is the Spanish word for a peasant farmer.
64 Malnutrition rates increased even in Honduras (Boyer and Penalva, 2013: 73) and Costa Rica (Williams, 1986: 186), the two countries that were least affected by the ‘Central American Crisis.’
feed themselves (Williams, 1986). Beans and rice are the dietary staples of Central American *campesinos* who often cannot afford more expensive food products such as beef. A lack of food is believed to be a major reason for the rising popularity of the guerilla movements that led to the Central American civil wars. As Williams (1986: 166) points out: “It is not coincidence that the country with the greatest success in expanding cotton and beef exports, and the country with the fastest economic growth rates during the decade of the Alliance for Progress [i.e. Nicaragua], also broke out into civil war first.” It was not, of course, simply US agribusiness that benefitted from the Alliance for Progress, Central American elites also certainly shared in the spoils. However, it is important to understand the level of US complicity in the practice of exporting food while people starve.

The Agency for International Development (AID) Deputy Administrator Frank Coffin helps explain why the Alliance for Progress had such differential success. Coffin stated that the general goal of AID is “not development for the sake of sheer development.” One major concern however, is to make sure that “foreign private investment, particularly from the United States, is welcomed and well treated” (cited in Pearce, 1982: 44). It is apparent that markets do not simply open up themselves, especially in the periphery, where the general populations often strenuously object to foreign investment and intervention. This is the position of Latin Americans, according to a Political Advisor to President Truman’s State Department, who “are convinced that the first beneficiaries of the development of a country’s resources should be the people of that country” (cited in Green, 1971: 188). In this regard, Latin Americans were misinformed according to US policy makers such as George Kennan. He explained to a meeting of US ambassadors to

65 Despite its increased production from the late 1950s to the late 1970s, beef consumption actually decreased in Central America (Williams, 1986: 105).
the Latin American countries that the “protection of our raw materials” should be a
primary foreign policy objective in the region (cited in Burke, 1988: 165). In light of such
views, it is not surprising that given the level of US influence in the region, there is such
poverty and wealth disparity in Latin America. It is also unsurprising that authoritarian
governments throughout the region were supported by the United States in order to
protect ‘its’ resources.

As mentioned in Chapter 1, the control structures tend to be more coercive in the
peripheral countries than in the core. With regards to Central America, the “kind of
dependent economic growth experienced” there “had no use for workers with full labour
rights and citizenship. On the contrary, it needed firm political and social control and low
wages. Costa Rica was an exception, but only a partial one” (Cardoso, 1991: 63). This is
why any casual observer of global politics will see that there is a greater respect for human
rights in the core countries than in the periphery. Some proponents of capitalism have
drawn the wrong conclusions on this issue. For instance, (Novak, 1993: 156) writes,
“Capitalism, for all its faults, is a better system for the poor than any other existing
system.” While this could explain the differential application of human rights throughout
the world-system, Wallerstein provides a better explanation. He observes:

For some it proves that the more ‘capitalist’ the state, the more the acceptance of
human rights, and of course vice versa. But to others it proves in one more way
that the concentration of advantages in one zone of the world-system, and the
concentration of negative effects in the other, itself seen as the outcome of
historical capitalism, in which human rights are precisely not a universal value but
a reward of privilege (Wallerstein, 2011e: 132).

Thus, the citizens of the liberal core states do not enjoy their level of political freedoms
because their leaders have greater respect for human rights. However, these rights are often
extended when in comes to foreign policy towards peripheral countries. There is this
notion that human rights abuses can be justified as long as they are not perpetrated by a government against its own citizens. Thus, US foreign policy makers and other Western leaders can commit human rights abuses in places such as Latin America or support regimes that commit such abuses, while simultaneously being praised for their commitment to ‘freedom’ and ‘democracy.’ This kind of differential treatment is a major cause of the structural disadvantage experienced by peripheral regions such as Central America.

This thesis has attempted to answer the question of why and how Costa Rica has partially escaped the kind of treatment from the core countries that resulted in severe structural disadvantage in Central America. In the past, some have identified the white legend, which is now generally seen to be “as false as it is racist” (Ameringer, 1982: 3). Nonetheless, there may be greater truth to this myth than is commonly recognized. Not in the sense that whites are superior, but in in the sense that its citizens have been treated with greater respect. In Costa Rica, the populations looks much closer to the European Hispanics. By contrast, throughout the rest of Central America there are much greater amounts of darker-skinned peoples. Alexander von Humboldt pointed out that in the Americas, it was skin colour “more or less white, [that] indicates a man’s [sic] rank in society” (cited in Stein & Stein, 1977: 56). Given that the Amerindian population was only about 400 000 on the eve of the Conquest, Costa Rica was somewhat closer to settler colony than the remainder of the isthmus. After the Amerindians were pacified in Costa Rica by the 1560s, the country’s citizens have often been spared the harsh conditions faced by many populations in Central America. Just like with the wealthy, the exploitation of white or essentially white peoples is seen as intolerable given that they are both privileged groups. Thus, there is some truth to the motto of one Costa Rican businessman:
“you can only profit off the poor” (cited in Vargas, 2006: 200). Essentially, human rights abuses can be carried out against disadvantaged populations that would not be tolerated if they were perpetrated against the privileged sectors of the world-system, especially those in the core zones. This was demonstrated during the recent coup in Honduras.

**The Honduran Coup:**

Excluding Costa Rica, there still exists a significant level of human rights abuses and authoritarian strong handling in the Central American republics. In recent years, conditions have especially deteriorated in Honduras since the 2009 military coup which overthrew the democratically elected Zelaya government. A widely held explanation for the coup is that Zelaya was attempting to change the presidential term-limits in the constitution so that he could remain in power after his term ended. In fact, all he was attempting to do was to hold a referendum on whether or not to ratify such an amendment to the constitution. Others such as former US Ambassador to El Salvador Robert White, have pointed to Zelaya’s progressive reforms such as increasing the minimum wage by 60 percent as a more likely reason for the coup (Hallinan, 2012: 65). While there is no evidence that the United States had a major role in the coup, there is a definite US connection. Some of the perpetrators of the coup were former graduates of the Western Hemispheric Institute for Security Cooperation (formerly known as the School of Americas). Moreover, the US Agency for International Development and the National Endowment for Democracy contributed funds to right-wing organizations such as the Peace and Democracy Movement which backed the
coup (*ibid.*). There is also evidence that the Canadian government supported the coup because some of its companies\(^{66}\) have huge investments in the country (Webber, 2011).

Since the coup, over a hundred Hondurans have been killed by death squads spearheaded by the notorious Battalion 3-16 which operated during the 1980s. There are also thousands who have been raped, tortured and illegally detained (Boyer & Penalva, 2013: 64). The country now has the highest homicide rate in the world (91.6 murders per 100 000 people) (UNDP, 2013: 39). Ironically, Honduras is the country that experienced the least amount of political violence apart from Costa Rica during the ‘lost decade.’ Yet, while political violence has reduced significantly in Central America since the 1980’s, poverty remains a major problem in the region. Central Americans sometimes speak about a different type of violence, one that is not carried out by armed forces; namely, the ‘violence of poverty.’ Honduran writer Marco Caceres-di Iorio (2010: 132 [N1]), who incidentally supported Zelaya’s overthrow, captured the nature of this type of violence when he wrote:

> There is no greater violence toward people than severe poverty … the kind that does not allow parents to feed, clothe, or educate their children; … the kind of poverty that makes parents helpless to save their children’s lives because they cannot afford the proper medicines or do not have access to a hospital; the kind of poverty that keeps people enslaved and treated as animals.

Honduras has 65% of its population living below the national poverty line - the highest in Central America (CIA, 2012: 324).\(^{67}\) The recent coup in Honduras clearly highlights the negative impacts of the national militaries in Central America. A major consequence has

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\(^{66}\) For instance, the Canadian textile company Gildan Activewear houses approximately half of its factories in Honduras (Webber, 2011: 331).

\(^{67}\) The percentage of Central Americans living below their respective national poverty lines are as follows: 65% in Honduras, 54% in Guatemala, 46 % in Nicaragua, 36% in El Salvador and 24% in Costa Rica (Central Intelligence Agency, 2012: 324, 302, 528, 226, 177).
been the military’s role in limiting the prospects for establishing social democracy in the region, which is a major reason for Costa Rica’s comparatively high social indicators.

**Conclusion:**

This chapter has analysed Central America’s position within the capitalist world-economy in order to demonstrate the core reasons for the region’s structural disadvantage. During the pre-Hispanic period, the area that became Costa Rica was located outside the Mesoamerican world-system. In addition to its geographical location between the Aztec and Incan civilization, the absence of trade contributed to the scarcity of the indigenous population in the region. Costa Rica’s uniqueness continued right throughout the colonial period when Central America’s export-oriented economies were formed. The colony’s dearth of natural resources meant that coercive political institutions were not necessary to control a large labour force for mining operations. Costa Rica’s weaker political institutions boded well for Costa Rica’s earlier development of liberalism. This meant that liberal entrepreneurs were able to develop the country’s coffee industry earlier, before the foreign investors had become a dominant force throughout the region later in the nineteenth century. Weaker political institutions also meant that Costa Ricans were able to resist the introduction of neoliberalism in the late twentieth century. Given a majority of Ticos prefer to retain their social democratic model; various nonviolent techniques have been employed in order to push through neoliberal policies. Since the emergence of neoliberalism in the 1980s, there has been increasing concern in Costa Rica about the ‘Central Americanization’ of the country. This concern is understandable considering that poverty has increased in the country in recent years. Nevertheless, in spite of the implementation of neoliberalism in the country, it does not appear that Costa Rican
exceptionalism has been significantly undermined, nor does this seem likely to occur in the immediate future.
Conclusion

Costa Rica has transformed from the poorest colony in Central America to the most prosperous. Once a source of ironic amusement, the appellation ‘Rich Coast’ is now rather apt. Ticos have managed to create a relatively successful social democracy with comparatively high levels of human development in a region plagued by extreme poverty and violence. Meanwhile, the other Central American countries continue to rank amongst the poorest in the Western Hemisphere. Guatemala, El Salvador, Nicaragua, Honduras are still dealing with the aftermath of the economic downturn and political violence that characterised the ‘lost decade.’ The mystery of how Costa Rica escaped these problems to such a large extent has led many to ask the question: what makes Costa Rica so different?

Traditional historiography has generally depicted Costa Rica as having a unique experience during the colonial period. Its comparatively smaller Amerindian population meant that Costa Rica was somewhat closer to a settler colony than rest of the isthmus. This different colonial experience led to the creation of several national myths such as the white legend and the rural democracy thesis. While the white legend has largely been discredited, there still remains a pervasive belief that Costa Rica’s biological or cultural superiority accounts for Costa Rica’s exceptionalism. Although there is some truth to the rural democracy thesis, the idealised image of the colony as ‘classless’ or ‘egalitarian’ has been exposed by historical revisionism as mere myth. In the twentieth century, historical revisionist accounts sought to explain Costa Rica’s distinctiveness by analysing either the post-independence period or the 1940s era. Yet while these two critical junctures are extremely significant, these periods merely represent further developments of the country’s unique position within Central America.
This thesis has argued that the origins of Costa Rica’s exceptionalism can be traced back to the pre-Hispanic era. Given its special geographical location as the meeting point between the Mesoamerican world-system and the Incan civilization, the area that became Costa Rica was particularly uncentralized on the eve of the Conquest. Apart from some chiefdoms, the majority of Amerindians were living in tribes in what was an essentially egalitarian social environment. The type of political organization that existed prior to their integration into the capitalist world-system had long-lasting implications for the kinds of control structures that would develop in Central America. The fact that the majority of the Amerindians were tribes people meant they lacked the conditioning of obedience to authority. Milgram believed that once an individual enters into an authority system, they could be classified as being placed under an ‘agentic’ state. A consequence of living in this ‘agentic’ state is that individuals are intransigent, as they have no concept of submitting to a ‘legitimate’ authority. This explains why the conquistadors often complained that the ‘Indians’ would not show due obedience to the Crown. Finding their subjugation surprisingly difficult, the conquistadors are said to have been particularly brutal with their ‘civilising mission’ in an area which already had a relatively small indigenous population.

In addition to Costa Rica’s geographical location between the Aztec and Incan civilization, a dearth of trade and natural resources contributed to the scarcity of the Amerindians living in the region. Its location outside the Mesoamerican world system meant that the conquistadors gravitated towards the more centralized areas to the north where trade routes had already been established and there were greater opportunities to create wealth. The scarcity of Amerindians meant that state and ecclesiastical institutions were weaker in Costa Rica because there was not the same need to keep a large indigenous population
under control. Thus, a formidable police and military never developed in Costa Rica as they did in the other Central American republics.

The lack of strong political institutions allowed the rise of a more progressive leadership that would allow a more equal distribution of the country’s wealth. This was in contrast to the kinds of authoritarian regimes found elsewhere on the isthmus, wherein the interests of the political class would be served whilst leaving the rest of the body politic in destitution. Attempts to break this authoritarian mode were generally crushed with brutal force. The two most promising attempts were Guatemala’s ‘ten years spring’ and the Nicaraguan Revolution. While these two countries did make certain gains during these respective periods, they were not as successful as Costa Rica, especially since its 1948 civil war. In both cases, the United States supported either military or paramilitary groups that were crucial in bringing about the demise of reformist governments that were threatening US foreign policy objectives in the region. By abolishing its military, Costa Rica dismantled one of the primary coercive institutions utilized by the United States to remove Latin American governments that have conflicted with its interests. It is highly probable that the country would have turned out much closer to the Central American mode, if it had developed political institutions as coercive as those found in the other Central American republics.

This thesis has proposed that the concept of institutional weakness needs to be reassessed in order to address some of the problems with its current formulation. According to the prevailing conception of institutional strength, peripheral countries generally have weak institutions that inhibit their ‘development.’ However, confusion often arises when one encounters cases such as Costa Rica that conflict with widely held assumptions regarding
the purported benefits of strong institutions. While strong state structures have been beneficial for the core countries, they have often proven disastrous for general populations in the periphery. If one distinguishes between the internal and external basis for state power, this distinction clarifies the potential benefits and disadvantages of certain types of institutional frameworks. If we take Central America as an illustration, we find that they all have rather weak states in their ability to exert power externally, but are rather strong vis-à-vis the internal use of governmental power. The only exception of course is the Costa Rican state, which is weak both in terms of its internal and external power. Distinguishing between these two bases of state power naturally leads to a redefinition of institutional weakness. We have defined weak political institutions as those that are ineffective at controlling the public by force. This new conception of institutional strength also necessitates an understanding of why there are differential levels of state power within the world-system.

The capitalist world-system is comprised of a complex core-periphery hierarchy in which surplus value flows from the periphery to the core. In order to ensure the sustainability of this hierarchy, the two primary methods of control (force and indoctrination) are employed differentially throughout the world-system. In the peripheral states, greater levels of force are required to compel obedience. While indoctrination is employed in the periphery, it often proves to be largely ineffective. For instance, death squads were required during the Central American Crisis to defeat the guerilla movements that emerged after the cotton and beef export boom during the 1960s and 70s. It is difficult to manufacture the consent of individuals who are threatened with the possibility of watching their children starve to death. On the other hand, in the core states, there is a much greater reliance on the manufacturing of consent as a method of achieving obedience. Privileged populations
generally do not need to be forced to behave in accordance with a country’s laws and socially constructed expectations of behaviour.

Evidently, the type of governance found in core countries has become extremely sophisticated and effective. The political classes in the core have been able to implement policies which primarily serve elite interests but which obtain the support, or at least the acquiescence of the general populace. By focusing on their own country’s economic growth, the political classes of the core countries have been able tell the story to their fellow citizens about the superiority of having ‘capitalist’ national economy. However, the devastating effects of the core countries’ pursuit of economic growth on the periphery are always left out of the narrative. This is crucial to acquiring the ‘consent’ of the masses in the representative democracies of the core, which, as Edward Bernays explained, must be consciously manipulated via propaganda. This gives individuals a certain degree of freedom, yet prevents them from truly acting according to their consciences. In the words of Dostoevsky’s Grand Inquisitor, “only he [sic] can take mastery of people’s freedom who is able to set their consciences at rest” (Dostoevsky, 2003: 332). This kind of manufacturing of consent is crucial to the functioning of the capitalist world-system. Essentially, if people are to support or at least remain indifferent to a system, then they must internalize the values on which that system is based. Yet the degree to which the world-system has been accepted, largely depends on where one is situated within the global hierarchy.

By virtue of their position as part of the periphery, the Central American republics have developed export-oriented economies. This type of peripheral capitalism has often caused much discontent amongst the general populations of the region. On the other hand, these
types of export-oriented economies have helped to ‘complement’ the core countries’ by providing cheap labour, natural resources and markets for multinational corporations. Those who take state-centric approaches (i.e. modernization theory) for understanding peripheral underdevelopment have failed to recognize this point. Instead the core countries, which are understandably superior at surplus value extraction on account of their international class position, are presented as successful development models that are to be emulated. By failing to recognize the hierarchical nature of the world-system, liberal modernization theorists have given peripheral countries the impossible task of replicating the institutions and policies of the core as a solution to ‘underdevelopment.’ Even though many peripheral countries have attempted this strategy for over half a century, they have not succeeded. This has certainly been the case in Central America.

Despite recent moves towards ‘good governance,’ the resources of Central America are still being utilised primarily for the benefit of national elites and foreign investors, at the expense of its general populations. Yet, one cannot presume to have a definitive answer for why the post-Cold War democratization and liberalization of the region has not produced significantly positive results. Exactly why they have failed is an area that demands further analysis of the all the Central American states and their individual political institutions. Unlike modernization theory, this case study demonstrates how the Central American republics, if not all of the peripheral can potentially escape their structural disadvantage. Given that the core states have supported authoritarianism in peripheral countries and utilized their coercive institutions in order to achieve their foreign policy objectives, then it follows that all of the Central American states should reduce the power of their coercive institutions.
Libertarians may sympathise with the neoliberals in their stated objective of creating smaller government. However, it seems rather incongruous to suggest that services such as public health care could seriously be viewed as placing a greater restriction on individual liberty than the police and the military. It is clear that most Central Americans do not object to the state providing people with free healthcare. On the contrary, they are concerned about the coercive institutions of the state apparatus because they have placed the greatest restrictions on their freedom. This was recently demonstrated in Honduras which has experienced a resurgence of authoritarianism since the military coup in 2009. One may suggest that if the other Central American countries abolished their militaries, then they could be like Costa Rica given the role that the military has played in the impediment of development in Central America. This would certainly be a step in the right direction. It is perhaps not a coincidence the two most prosperous countries in Central America (Costa Rica and Panama) have both abolished their militaries. Moreover, wars between Latin American countries are extremely rare. There has not been a war in the region since the so-called ‘soccer war’ between El Salvador and Honduras in 1969.

The disbanding of Central America’s militaries would, at the very least, allow funds that are currently being spent on the military to be spent on education and healthcare instead. However, in order to emulate the Costa Rican model, the social democratic policies which are responsible for creating the country’s comparatively high social indicators would need to be implemented. Yet, it is questionable whether the Costa Rican model could be successfully applied to all peripheral countries given the significance of the country’s unique historical circumstances. Despite the level of attention it has received, the abolition of its military is not the fundamental issue in the Costa Rican case, but rather is merely representative of the larger issue of individual liberty.
The struggle for freedom continues in Costa Rica as throughout the world-system. Unfortunately however, the freedom granted to privileged individuals is often portrayed as evidence of the application of universal ideals. It is difficult to see how individual liberty can be universally attained in a hierarchical and inegalitarian world-system. Those who view social inequality as largely structural, have sought to either reduce or abolish it through intervention by the state. While this has worked in some cases, some of those claiming to attempt this goal (i.e. the Bolsheviks) have only increased state repression. The Costa Rican case should serve as a warning for any peripheral government seeking to increase the coercive power of the state in an aim to reduce social injustice. Evidently, one cannot eliminate oppression whilst simultaneously employing the instruments of oppression. As the feminist author Audre Lorde (2007) once wrote: “the master’s tools will never dismantle the master’s house.”

In the final analysis, it is Costa Rica’s weak political institutions that led to its advanced development vis-à-vis Central America. For Costa Rica, institutional weakness has indeed been a blessing. However, this thesis has presented an idiographic explanation for Costa Rican exceptionalism. It does not presume to make generalizations that weak political institutions will lead to higher levels of development in every peripheral state. This would require a case-by-case analysis. One should be cautious of providing generalizable explanations for why some countries are more prosperous than others given that the contributing factors are incredibly complex. Yet in every explanation, there is constant thread in the history of every country; namely, the eternal struggle between control and independence. As Anthropologist Timothy Earle (1997: 210) concluded in his book *How Chiefs Come to Power*:
Different environments, economies, and societies have fundamentally different evolutionary trajectories. In some cases strong central authorities develop, able to control effectively the multiple sources of power. In other cases control is weak and centralization remains unstable or little elaborated. These represent different levels of success for the leaders seeking personal and group power. Conversely, they represent differences in the failure of counterpoising drives to retain local and personal independence.
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