

AGRARIAN CAPITALISM
and
THE TRANSFORMATION OF PEASANT SOCIETY:
COFFEE IN COSTA RICA

by

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A. The Myth and the Reality

Psychologists have long known that when an individual is confronted with new information which contradicts his previously conceived notions he often rejects the new and retains the old. As with individuals, so with nations. A recent Ph.D. dissertation [Riisman del, 1972], looking at Costa Ricans' self-image, concludes that the nation suffers from a severe case of self-delusion when it comes to its image of the peasant. Although such images may tend to remain unaltered over the centuries, societies do not. Costa Rica is no longer the mecca of the yeoman that it once was in colonial days. A quick look at land tenure patterns in contemporary Costa Rica, compared with those of the other countries of Central America, which themselves have never been noted for their equitable distribution of land, will make this point clear.

In order to make this comparison it is necessary to call upon a measure which summarizes the distribution of land. In this paper I will make use of the Lorenz curve [Lorenz, 1905], which plots the cumulative per cent of farms on the horizontal axis, and the cumulative per cent of land on the vertical axis. There are numerous measures based upon the Lorenz curve, such as the Equal-Share Coefficient, the Minimal Majority Point, and the Schutz Coefficient, to name a few of the more popular ones; but perhaps none has been used more widely than the Gini index of concentration [Alker, Jr. and Russett, 1969], an index which varies between 0.0 in a situation of perfect equality of distribution, and 1.0 in a situation of perfect inequality(1). Although the cross-national data are not precisely comparable due to differences in census years and differences in the widths of the cohorts, a fairly clear picture emerges from an examination of Figures 1 to 5 [Data for these figures are from Costales and Samaniego, 1965]. These indices demonstrate that in the early 1950's Costa Rica's land was more unequally distributed than that of any of the other four Central American countries. An even larger perspective of where Costa Rica stands *vis à vis* other nations can be obtained by examining Table 1 in which data for several countries are compared. Here again Costa Rica comes off poorly.

It should be kept in mind that the Gini index is based on the population of landed individuals; consequently, it excludes all landless peasants. This fact gives some insight into the misconception which many Costa Ricans hold of land tenure in their country. Thus, one finds that many thousands of peasants in Costa Rica do own some land, even if this amounts to a "sub-subsistence" plot, as Powell [1971: ms.] calls it. A survey taken in 1967 [Dirección General de Estadística y Censos, 1968:9] indicates that of

the estimated 207,129 individuals classified as economically active and working in agriculture, 41,744 (or 22%) are landholders (patronos y trabajadores por cuenta propia). From a comparative perspective, one might suspect that this figure of 22% is high compared to the rest of Central America, and it is for this reason that Costa Rica is still known as the land of the small farmer. The data demonstrate quite the opposite, however. In a recent comparative study [Comisión Económica para América Latina, 1973:70] based on the census data from the early 1960's, it was found that Costa Rica has a higher per cent of landless rural dwellers than any other country, and nearly twice the mean per cent of all five countries. It can be concluded that both in terms of the distribution of land that is owned, as well as in terms of the proportion of the rural population without any land, Costa Rica stands at the bottom of the list in Central America.

Costa Ricans, however, do not see it this way. As one coffee grower [Guillermo Arqueda Pérez, 22 mayo 1951:15, letter to la Nación], calculating the size of plots states, "...de cualquier manera, el promedio de tamaño por finca sería de dos a tres manzanas, lo cual afirma aún más mi tesis de que no existen latifundios de café en nuestro país...." From his point of view, the way to calculate the distribution of land is simply to divide the total land area in farms by the total number of owners, thus coming up with a mean. Obviously, this person is unaware of the fact that the mean is a very poor summary measure of distribution when the data are characterized by a fair number of extreme cases (e.g., farms of 5,000 manzanas and larger). Moreover, he,

{1}The Gini index of concentration is a measure of the area between the line of perfect equality (the diagonal) and the Lorenz curve, multiplied by two. When the Gini index equals 0.0, there is no area between the line of perfect equality and the Lorenz curve. The formula for calculating the Gini index is

$$G = \frac{2 \int_0^{100} [X - f(X)] dX}{10,000}$$

where X is the cumulative population in per cent, and $f(X)$ is the height of the Lorenz curve. The computer program used was prepared by Ruth Sabean, whose assistance is greatly appreciated. It should be pointed out that the upper limit of 1.0 is only theoretical since the index is to some extent dependent upon the number of points used in its calculation. Thus, the real upper limit is given by the formula $1(- 1/n)$. When there are many points (over 20), this deviation from the theoretical upper limit becomes insignificant [Ray and Singer, 1973].

like many other Costa Ricans, confuses the sub-subsistence plot, or minifundio, with an economically viable farm, so that even though it is recognized by many that the peasant often owns nothing more than the tiniest of plots, the salient fact for the "tico" (as Costa Ricans like to call themselves) is that he does own something. As Riismandel [1972:114] notes, "The acknowledgment of the minifundization occurring on the meseta led... to a reinforcement of the image. Minifundization provided proof that nearly all Costa Ricans were landholders."

The concern in this paper is not with images but with reality. Consequently, our attention must turn to the question implicit in the previous paragraphs, namely, what caused Costa Rican society to change from one characterized by a strong, relatively large class of yeomen, to one in which the bulk of the peasantry is either landless or in possession of minifundios? The answer to this question cannot be found in an examination of the peasantry alone, for, as Moore [1966:457] puts it, "Before looking at the peasantry, it is necessary to look at the whole society." In the Costa Rican case, it is necessary to look at the aristocracy and its protracted search for a well from which to draw its economic sustenance. Once it is explained exactly where that well was found, and how it was pumped, the answer to the question posed above regarding the reasons for the transformation of the peasantry will become apparent.

B. "Brown Gold" is Discovered in San José

Perhaps no single point has been more carefully studied in Costa Rican historiography than the date and circumstances of the introduction of the first coffee bushes. This fact in itself is revealing since it gives an indication of how important Costa Ricans feel the introduction of coffee has been for them. At the same time, however, the detailed investigation of the introduction of coffee stands in marked contrast to the almost complete absence, until very recently [e.g., Stone, 1969; 1971a; 1972], of any serious investigation of the social consequences of that introduction. This lack of research helps explain, in part, the mistaken image that "ticos" hold of the peasant.

There are at least six separate theories as to the date and circumstances of coffee's introduction. The dates include 1790, "the end of the 18th century," 1808, 1817, 1818 and 1834. According to a careful study conducted by Cleto González Viquez [1933:4-9], famous historian and

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ex-president of Costa Rica, there is no doubt that coffee was introduced in 1808 by Governor Tomás de Acosta, with seeds coming from Jamaica. This is probably an accurate account and, in any event, is the one now accepted in Costa Rica as "the last word." For the purposes of this paper, the salient point is that the introduction of coffee was seen as one more attempt to build the economy of the poverty-stricken colony. This attempt, in contrast to the ones which preceded it (which included gold, cacao and tobacco) was to succeed.

The early expansion of coffee plantings was a slow affair, and little progress was made before 1820. There are three central reasons for this. First, as will be discussed in detail later on in this paper, coffee planting involved a good deal of risk and uncertainty for the subsistence farmer and, at this early date, the incentives were apparently not great enough to override these considerations for most yeomen. Second, in these first twelve years after the introduction of coffee, the government played no role in stimulating its production. Finally, lack of capital made the required investment in the plantation an extremely difficult one. These circumstances, however, were to change completely in the fateful year of 1821, the year that Costa Rica obtained its independence from Spain.

As has been pointed out by Hobsbawm [1967:43], independence meant little to Latin America, at least not in the early years. Things tended to operate much in the way they had under colonial rule. In the case of Costa Rica, independence came as a surprise; while the historic "Acta del 15 de setiembre" was being signed in Guatemala, Costa Ricans went about their business in complete ignorance of the event. In fact it was not until nearly a month later, on October 13, that Governor Juan Manuel de Cañas opened the letter sent by special messenger, and read the historic documents. And it was not until December 1 of that year that Costa Ricans, in the "Pacto de Concordia," officially declared their independence [Honge Alfaro, 1966:149-154; Obregón Loria, 1971]. Yet, despite the rather undramatic introduction of independence, it quickly became apparent to Costa Ricans that the country was now free to develop its own sources of revenue. Attention was immediately turned to the most readily exploitable source of wealth, the Minas del Aguacate, whose production of gold, while insignificant for Spain, was satisfactory enough for the establishment of a small, local treasury. For the first time, Costa Ricans had a source of capital which they could draw on, and, although the records are not very detailed on this point, it is clear that the aristocracy managed to extract a fair amount of wealth from these mines, capital which was later invested in the growing and exporting of coffee. As Carlos Araya Pochet [1971:79] notes,

La importancia de la explotación de las minas del Aguacate, parece haber sido un factor determinante en la formación de capitales importantes en Costa Rica y puede explicar parcialmente la formación hacia 1840 de fortunas importantes que se constituyen para la explotación del cultivo del café....

Thus, the newly found capital made available by independence happily coincided with the demand that coffee was making for it and, therefore, made the development of the coffee industry possible.

A few months prior to independence, the colonial government took its first halting steps to promote coffee growing. On June 29, 1821 the Ayuntamiento de San José passed a decree providing free state land to any individual who agreed to plant coffee on it. This resolution was followed by a similar one from the Ayuntamiento de Cartago on July 9 of the same year, requiring all of the families within its jurisdiction to plant from 20 to 25 coffee bushes in their backyards. These two agreements were the first ones of a long chain of decisions taken by the government to stimulate coffee production. Thus, in 1825, the first chief-of-state of the new republic, Juan Mora Fernández, exempted coffee from the payment of the diezmos tax [Oficina del Café, 1954:7]. In 1831 a decree was issued to the effect that anyone who cultivated coffee on state lands automatically would become the owner of those lands if he worked them for five years [Oficina del Café, 1954:8]. In 1840, President Braulio Carrillo decreed that the land in the area called Pavas, the site of Costa Rica's first international airport a century later, was to be planted in coffee [González Flores, 1933:18]. In addition, don Braulio stimulated production in the areas of Hatillo, Mata Redonda, la Uruca, Zapote, Desamparados, San Juan de Murcia@lago and Escazú [Araya Pochet, 1971:80], areas which today are almost completely urbanized.

With capital now available, and the government taking positive steps to stimulate production, sufficient quantities of the bean became available for exportation. While in 1820 the first small shipment was made, to Panama [Araya Pochet, 1971:80], it was not until 1832, eleven years after the beginning of government intervention, that annual production reached 23,000 kilograms, making sufficient coffee available for a major shipment. It was in that year that a German businessman with offices in San José exported the first substantial quantities to Chile, for reshipment to Europe [Salas Marrero and Barahona Israel, 1973:533; Monge Alfaro, 1966:203]. Although the exports to Chile meant that capital and consumer goods began to flow into Costa Rica at

an unprecedented rate, the profit margin was relatively low. The reason for this is that when the coffee arrived in Chile it was mixed with the locally produced coffee and reexported to Europe under the name "Café de Valparaiso." Consequently, although the quintal (46 kilogram sack) was selling for 20 pesos in Europe, Costa Rica received only 3 [Salas Marrero and Barahona Israel, 1973:533]. It was not until 1844 when the British sea captain William Le Lacheur, commanding his frigate the Monarch, arrived in Costa Rica with a plan of exporting coffee directly to London. Le Lacheur made contact with Santiago Fernández, one of the aristocrats heavily engaged in coffee growing, and contracted for the export of 5,505 quintales (some 253,230 kilograms) of the bean. The deal proved successful, with Le Lacheur paying Fernández 8 pesos per quintal (minus transportation charges from the meseta to the Puntarenas port) to the producer [González Flores, 1933:20]. Thus, nearly two and a half centuries after the discovery of Costa Rica, the aristocracy finally discovered its gold mine.

Before proceeding to discuss the impact that this discovery had on the preexisting social structure, it is important to provide the reader with some notion as to how great the profits in the coffee business were, and how large a share the peasant received for his labor. While it is true that the peasant producer received a higher price for his product once direct exports to the continent began, the profits of the exporters and importers were colossal by comparison. The producer had to pay for the planting, weeding, picking, washing, drying, packing and shipping (to the port), and for all this he received 5 pesos per quintal. Although there is no way to estimate precisely his costs, a conservative guess is that they amounted to half of the price he received. (These costs could be reduced if family labor was used in the production process, but this, of course, meant that the labor would be taken away from subsistence crop production, and put into coffee production. The actual savings therefore, were illusory.) The exporter, on the other hand, received 3 pesos per quintal for his entrepreneurship, his "risks" and the time spent filling out the necessary papers. Clearly, most of those 3 pesos were profit. The importer did even better. In the case of Le Lacheur, for instance, he made profit not only by shipping the coffee to London, but also by setting up his own import house, John K. Gilliat and Co., Ltd., a firm still in operation today. His profit, therefore, was 12 pesos per quintal minus the cost of the sea voyage and expenses. The pattern of profit established at this early date was one which was to continue, with slight modification, up to the present. Another point to make note of is that although the government was active in the stimulation of coffee production, it adopted a *laissez-faire* policy regarding prices in the relationship between grower, exporter and

importer, a policy which was to continue unaltered until 1933. The impact that these facts have had upon the peasantry cannot be overlooked when one attempts to study the history of that sector of society.

C. The Early Impact: Progress and Problems

When the consumer stirs a teaspoon of fluffy instant powder into his cup of boiling water, he is not aware of the fact that coffee in its unprocessed state is a relatively voluminous and relatively heavy crop. Producers are paid for their crop in units of measure called the fanega, one fanega equalling a volume of 400 liters. When processed, this fanega is reduced to one quintal oro, a quintal weighing 46 kilograms. Coffee, then, in order for it to be processed and shipped to the port, requires roads which can sustain a large volume and weight. In most areas of Costa Rica, since the harvest season coincides with the months of heaviest rainfall (generally between September and December), roads become a sea of mud under the never-ending parade of oxcarts with their knife-edge wooden wheels cutting ever deeper into the rain-saturated earth. Consequently, when the first profits of coffee began to roll in, attention was turned to improving the primitive, poorly maintained road network which had been established in colonial days.

In 1843 the Sociedad Económica Itineraria was formed by the largest coffee producers; its function was the promotion of road development. Using as resources the tax of one real per quintal, imposed in 1841 (Oficina del Café, 1954:15), the society focused its attention on the road from the meseta to the Pacific port of Puntarenas, completing it in 1846. In addition, roads were built to Sarapiquí to the north, and Matina and Moín to the east. Finally, the ports of Puntarenas, Caldera and Matina were improved (Araya Pochet, 1971:80-81; González Flores, 1933:19). The prosperity produced by coffee was sufficient even in those early years for funds to be directed toward the creation of other, such needed infrastructure projects. Consequently, the postal service was established, the city of Cartago was rebuilt (having been damaged previously by an earthquake), the streets of San José and Cartago were paved, and in 1844 the University of Santo Tomás was opened (González Flores, 1933).

The cacao bean, used as the medium of exchange in colonial days, and therefore a symbol of the uncapitalized nature of the Costa Rican economy, began to disappear. In

1822 the first national currency, called "americana insurgente," made its appearance, and in 1823 the first silver and gold coins were ordered minted. The mint (la Casa de Moneda) was officially established in 1828 [Núñez, 1971:123]. With this newly found wealth, the Republic was able to pay its debt to the ephemeral Central American Federation established in Guatemala in 1824 [Karnes, 1961]. The public treasury, by 1826, already had an income of 16,000 pesos, which rose to 24,000 in 1826, and to some 120,000 in 1849. The major source of this newly found wealth was the establishment of the first customs duty in 1839, a tax on the mountains of imported goods which filled the holds of the returning coffee ships [Araya Pochet, 1971:81].

Other salubrious consequences of the "coffee miracle" were forthcoming. As already mentioned, the ships which returned from the continent brought with them a wide range of new products, perhaps most important among them being tools for agriculture and construction. These made possible more efficient work in the fields and the construction of more healthful and comfortable homes. Damp adobe walls began to give way to brick and wood, and windows were installed to bring light and air into the once dark dwellings. Iron stoves replaced the smokey open hearth arrangement of the past, and porcelain dinnerware replaced the wooden bowls of poverty. In agriculture the steel hoe, plow, shovel, saw, machete and ax brought about a revolution of efficiency while the corn mill and rice winnower freed the housewife of hours of drudgery [González Flores, 1933:20-22]. The ships also brought new materials for more comfortable clothing, books to stimulate the mind, and medicines to cure the body. And with the cargo came immigrants (not a wave, but a ripple), seeking to take part in the newly found wealth. Doctors, lawyers, engineers and educators: they all came in those golden days of the coffee boom [González Flores, 1933:20-24].

While Costa Rica moved ahead on a wave of progress, the majority of the peasants lost ground. It is true that homes improved, but they were the homes of the aristocrats and the new middle class which was springing up in the cities. The peasant homes remained as dismal as ever, with very little of the newly found wealth "trickling down" to them. This fact can be clearly seen by examining the housing census of 1963 [Dirección General de Estadística y Censos, 1966], which shows that after over a century of the "trickling down" of wealth, a decent home has eluded most peasants. In 1963 2% of the urban homes were without any form of sanitary facility, whereas 38% of the rural homes were in this condition. In the urban areas 98% had piped-in water, as compared to 52% in the rural areas. Only 32% of the urban housewives still cooked with charcoal or wood, but

87% of the rural women were using that smoky system in 1963. Electricity had gotten to all but 6% of the urban dwellings, while 68% of the rural dwellings still were lacking this service. Finally, only 6% of the urban homes still had predominantly dirt floors, as compared to 37% in the rural areas. It should be pointed out that not all those in the rural areas are peasants and, consequently, a substantial number of the well-equipped homes in the rural areas are owned by non-peasants (e.g., landlords, storeowners, school teachers, etc.). In light of this fact the situation of the peasant today looks even more dismal.

What can account for the failure of coffee to improve the life of the masses of peasants? Many factors are involved, but the one that first had an impact was inflation. When coffee was introduced, it should be recalled, Costa Rica was still using the cacao bean as the medium of exchange and, although the aristocracy had managed to accumulate relatively small amounts of capital from the cacao and tobacco trade,⁽¹⁾ most buying and selling was conducted under the barter system. It is a well-known fact that barter systems, because they are not based on currency which may have little sound backing, are largely immune to inflation. In a barter economy chickens are traded for corn, for example, and the rate of exchange can vary as the relative supply and demand of the two products fluctuate. The entire system, however, does not undergo the across-the-board inflation so common in capitalist systems. In Costa Rica, in the first half of the 19th century, the peasant who grew little or no coffee was confronted with an economy that was becoming increasingly based upon cash, of which he had very little. In order to obtain needed supplies, the peasant found, cash was now required for the transaction, and consequently, whether he wanted to or not, he had to plant coffee. This meant, however, that the limited supply of family labor had to be diverted from subsistence crop production to coffee production. As a consequence food supplies began to diminish in an ever-downward spiral as acreage once devoted to food production was turned over to coffee plantings [Monge Alfaro, 1965:204]. Carlos Meléndez [1965:66] reports that Costa Rica had historically been self-sufficient in the production of wheat, so that bread, not tortillas, had been the traditional carbohydrate. By 1854, however, most of the flour was being imported from Chile and later on from California. Only when the world price of the grain went very high, as it did in the period 1880-1890 and during World War I, did Costa Rica return to wheat production, if only on a small scale. Today, no wheat at all is produced in the country, and a loaf of bread costs about 20% of an agricultural laborer's daily minimum wage.⁽¹⁾ An economist

(1) Arias Sánchez [1971:61] reports families with as much as 5,000 pesos in colonial days.

might argue that this system of substituting coffee for primary foodstuffs is a good one, since it moves the world economy in the direction of optimal productivity and a more rational international division of labor. This argument, however, is of little solace to the peasant who finds his income insufficient to permit him to purchase the food supplies he once produced himself. In any event, as production of food dropped off, prices began to rise, resulting in an inflation which directly affected the peasant since the lion's share of his earnings are spent in food purchases, whereas the richer classes spend a proportionately lesser amount on those items of the family budget.

Before the days of capitalist agriculture, Costa Rica had tenuous ties with the international economy and, consequently, the ups and downs of the latter had little impact on her peasantry. Once the country, and consequently the peasant, became linked to the world economic system, this isolation was destroyed. It was once said about Brazil that when New York sneezes, Brazil catches a cold. The same can be said about Costa Rica in the 19th century, but in this case it was Europe whose sneezing was a matter of concern. Thus, the social upheavals in France in 1848, and the depressions of 1882 and 1900, all had severe economic consequences for Costa Rica [Facio, 1972:49]. High prices at the pulperia (general store) prevented the peasant from accumulating any significant savings, and when the crises in Europe forced down the price of coffee, what little savings the peasant had were wiped out as he dug deeper into his pockets to pay for the food he was no longer growing himself and for the imported agricultural implements he needed to maintain his coffee plantings.

Inflation, the fall-off in food production, and the instability of the world price of coffee were three factors which served to prevent the peasant from taking advantage of his country's newly found wealth. To these three must be added a number of others, each of which served to further worsen his position. It is to these other factors that the story now turns.

(1) An interesting sidelight on this story occurred in 1973 when a Mexican-based company opened a mechanized tortilla factory in Costa Rica. The advertising was aimed at the middle class housewife, the company apparently believing that the handsomely packaged, hygienically prepared product would appeal directly to this market. To the surprise of the company, the largest consumers were the poorest groups, since the latter soon discovered that the product was considerably cheaper than bread.

D. The Technological Revolution in Coffee Production

1. Exports Increase

During the first years of coffee growing in Costa Rica, production was handled with a minimum of technology. The cherries, once picked from the bushes, were left to ferment for 48 hours and then were washed in small basins to loosen the pulp. The bean was then extracted by crushing through the use of some heavy weight, such as that of the trampling of oxen. Unfortunately, in this way many beans were damaged. The beans were then set out to dry on the patios adjacent to the grower's cottage. The labor investment was great, but the capital required was minimal. Each family could plant, harvest, wash and dry no more than its own labor resources would permit. For the aspiring aristocracy this system had two distinct disadvantages. First, overall production was kept relatively low, far beneath the strong demand on the London exchange for the high grade Costa Rican variety of coffee. Second, because anyone with a little land could, and did, get into the coffee business, there was scant surplus labor available to tend to the large coffee estates that the aristocracy was envisioning for itself. Neighbors were able to lend each other a hand during the non-harvest time of year, but when the ripe cherries started falling off the trees, all hands were required on the family plot for picking since, once the cherry has fallen to the ground, it immediately starts to ferment and, within a short time, is no longer salvageable.

This situation was to suffer enormous changes when the large growers began opening of beneficios (coffee processing plants), which, through the use of imported new equipment, mechanized the processing of coffee.⁽¹⁾ [Facio, 1972:44]. These machines were capable of processing a huge quantity of coffee in a very short time and doing so in a way which produced a higher quality product than had been available before (i.e., the beans were not crushed). The rapid mechanization of production resulted in greatly increased exports as is indicated in Table 2. Here it can be seen that production, which stood at only 23,000 kilograms in 1832, reached over a million in the 1840's, 4 million in the 1850's, and over 11 million by 1870. In addition to increased production, there was a substantial supply of labor liberated from the processing stage, labor which could dedicate its entire energy to the harvest.

2. Labor Scarcity and Credit

The beneficio was not the quick solution to the problems of low production and labor scarcity that it had been hoped to be. While it is true that the mechanization of production did free a substantial part of the work force for coffee picking, labor still remained in very scarce supply. A report of a foreign visitor traveling in Costa Rica in 1844 states that the peones barely were sufficient to complete the existing demand for work [Dunlop, 1847:116]. Moreover, the new machinery was quite expensive and placed a substantial burden on the nascent fortunes of the aristocracy. Finally, this problem was compounded by the fact that often several beneficios were built close to one another, all competing for the same small supply of coffee. Consequently, the mechanization of production put the beneficio owners into a very difficult position from which they either had to escape or go bankrupt.

In a situation such as the one described above, the natural answer to the beneficio owner's problem would have been to raise the price per sack and, in so doing, stimulate more people to leave subsistence crop production and enter the coffee business. It must be kept in mind, however, that the price of coffee was not then, and is still not now, determined by the internal supply and demand curve, but rather, has always been controlled by the international market. What determined the price paid to producers in Costa Rica was the supply-demand curve on the London exchange. Costa Rica's own internal growth was, from the time it entered the international coffee market, largely dependent upon that market. In effect, then, the independence that Costa Rica won from Spain in 1821 was already being lost to a dependency on the international

(1) It is difficult to pinpoint the year when this machinery was introduced. Facio [1972:44] puts it in 1856-1857 and Stone [1969:184], sets the date at 1856, whereas Saenz [1969:25] uses 1858. Apparently both Stone and Saenz are relying on Facio as their source. However, there appears to be some difficulty in accepting a date this late, since a visitor to Costa Rica in 1844, Robert Glasgow Dunlop [1847], reports that the largest haciendas utilized hydraulic mills and windgalls to process the bean. Apparently, machinery was introduced bit by bit, over the years, and slowly gained in efficiency and capacity, so that by the 1856 date, probably a large percentage of the coffee was produced in beneficios. This is the view that Moretzsohn de Andrade [1966:139] takes. He notes that the wet method (beneficio húmedo) of coffee processing was introduced from the Antilles in 1838.

market, which was dominated and controlled by the industrialized, colonialist powers. Costa Rica from this time forward became what has been termed an "export economy" [Levin, 1960] or, what is perhaps a better term, a "dependent economy" [Cockcroft, Frank and Johnson, 1972].

In this situation of dependency on the world market price of coffee, the producers were hamstrung in their efforts to stimulate local production. There was, however, one escape route: credit. Since Costa Rican coffee was so well-received on the London exchange, buyers there were anxious to guarantee themselves a continuous supply of it. To do so, they would pay the beneficio owners an advance for their crop so as to guarantee delivery the following year. Part of this credit was, in turn, offered to the producers in the form of adelantos, or partial payments in advance, for the unripe berries. The adelantos were then used by the producers as a means of attracting labor during the harvest season.(1) Since, however, the majority of peasants at this time were landed, only those who were either not producing coffee or who were in debt were available for picking. In order to encourage more people to enter the labor force of pickers, extraordinarily high wages were offered. According to the report of the foreign visitor cited above, the peón was paid approximately one shilling a day, or \$75 a year. The selling price of coffee in San José at that time was some \$5.00 a quintal, or 20 shillings, half of which went to pay production costs.(2) With a profit the equivalent of 18

(1) Smallholders who were not attracted by the monetary incentive were, nevertheless, forced to deal with the beneficios for two important reasons. First, the coffee produced by the beneficios was of a better quality than that produced by the old cottage-industry method and, consequently, would receive a higher price. Second, the ultimate sanction imposed against those who refused to deal with the beneficio was refusal to buy the crop. It is not clear that this threat was often acted upon, but it certainly was implicit in the way the market operated at that time since all coffee was sold to the exporters through the beneficios; the exporters simply would not deal with the peasants on a quintal by quintal basis.

(2) This report gives the \$5 price for the year 1846, rather than 1844, the year the author was actually in San José. Since, however, the book was written in Guatemala in the two years subsequent to his trip to Costa Rica, the author may have been citing the correct price for that year as told to him by recent arrivals from San José [Dunlop, 1847:105-106].

shillings a quintal, the small producer would have to have produced 30 quintales a year in order to break even with the wage earner. This was no small quantity of coffee for one individual to produce, since it would have required maintaining under cultivation some 5 hectares of coffee fields(1) and, consequently, would not have been possible without the aid of unpaid family labor. These same family members could just as well have been working on the hacienda for the comfortable wage of \$75 a year.

In all likelihood, few adult coffee farmers at this time were induced by high wages to leave their parcels and move onto the hacienda, since the attachment to the homestead was probably too great. Only those with large debts hanging over them probably took this course of action. It is quite likely, however, that many of the children of these smallholders left the family plot to work on the hacienda while either retaining their small piece of inherited land for subsistence crop production, or selling the plot altogether for a wedding fund. Work on the hacienda did, of course, have its distinct advantages. First, it was secure. The peón was assured that every Saturday he would receive his wage and with that cash he could buy his weekly supply of food.(2) Second, it was worry-free. The small producer, in contrast, had a never-ending list of problems to ponder. Would the crop be a good one? Would disease strike? Would there be heavy rains during the harvest that would cause a loss of many cherries? Would the world price of coffee go down? Would the oxen be healthy enough to haul in the crop? Would the bridge leading to the beneficio wash out? Would the machines at the beneficio break down and leave his unprocessed crop to rot? Worries such as these constantly plagued the smallholder. A final, and perhaps most important, reason why many opted for hacienda labor, was the fact that the high wages paid on the plantation meant that they could at least marginally improve

(1) There are no estimates of yield per hectare for this period, but the Ministerio de Agricultura y Ganaderia (1972:11) estimates that in 1950, the year before any concerted government program of technical assistance to coffee growers began, production was 7 quintales per hectare. It can be assumed that yields were even lower a century earlier when no technical inputs in terms of improved seed, fertilizer, spacing, shade, etc., were being implemented.

(2) Unfortunately, the peón was not accustomed to receiving cash and often spent it foolishly. Thus, a tradition of very heavy Saturday night drinking has grown up around the plantations in Costa Rica, and alcohol consumption per capita is said to be among the highest in Latin America.

their life-style. Remaining on the family plot offered no possibility of such an improvement.

The system of high wages, coming as a direct result of the mechanization of coffee production, was eventually responsible for a massive proletarianization of the Costa Rican peasantry. Although there are no census figures for the period preceding the introduction of coffee, all of the accounts point to the predominance of the smallholder. It should be recalled that, on the one hand, there were no barriers to land ownership; anyone who wanted land simply had to claim it. And it was precisely this commodity, land, which attracted most of the immigrants to Costa Rica in the first place. They had not left Spain only to become peones once again, in the New World. On the other hand, there was insufficient capital available to underwrite the cost of a large peonage system. Fortunately for the purposes of this account, a census was taken in 1864 which gives a clear-cut indication of the occupation breakdown at that time, 56 years after the introduction of coffee. Out of a population of 128,499, 53% made up the economically active sector (i.e., listed as having an occupation). Of these, 46% were employed in agriculture. Thus, it can be seen that at this early date more than half of the population was no longer living directly off the land. Of those employed in agriculture, 49% are listed as wage laborers (jornaleros and chacareros). By 1864, therefore, nearly half the peasants were no longer yeomen. It is not possible to determine if some of those listed as wage laborers actually owned a small piece of land; many probably did. This, however, is not too relevant, for if the individual, in responding to the census taker's question regarding occupation, considered himself to be mainly a wage laborer rather than a small farmer, it meant that his main source of income probably was derived from selling his labor.

Looking ahead some 100 years from the 1864 census, it is surprising to find that according to 1967 estimates [Dirección General de Estadística y Censos, 1968:9], 45% of the economically active population is employed in agriculture, compared to 49% in 1864. According to these figures, the hundred years have left the countryside in solitude, to paraphrase Gabriel Garcia Marquez' famous title. Even more interesting, however, is the fact that by 1967, the proportion of wage laborers in the agricultural labor force had risen to nearly 73%, up from the 49% of the last century. Quite clearly, these figures demonstrate two things. First, the size of the peasant population is only slightly declining relative to the total population of the country. Second, the process of proletarianization begun in the early 19th century with the introduction of coffee, has continued unabated. Costa Rica in the 20th century is faced with a large, unshrinking peasant population whose

composition unceasingly moves in the direction of landlessness.

3. Concentration of Land

It has been mentioned that high wages were a major incentive for the sons of yeomen to become rural proletarians. In addition, there was another factor which stimulated this transition from landedness to landlessness, and that was the high price of land. Earlier, land had had little value and had not really been considered a commodity to be bought and sold. The profits gained in the sale of coffee completely changed this situation so that land quickly came to be viewed as an all-important factor of production. Precisely the same thing occurred in Puerto Rico at this time, since there, too, coffee was gaining in importance. As Carlos Bultrage Ortiz [1972:111] notes, with coffee introduction land in Puerto Rico became,

something that must be sought, consolidated, expanded, improved. Land had become a factor of production, it was perceived as something that could produce wealth, or what I would call by its proper name, capital. I think this is perhaps the fundamental trait of agrarian capitalism.

As in Puerto Rico, the amount of land suitable for coffee cultivation represented only a small percentage of the total land area. In Costa Rica, essentially the only suitable areas were those enclosed by the mountains of the meseta central, for coffee will not grow well at either very low or very high altitudes (below 800 meters or above 1,500 meters). With this fact as a guidepost, land prices in the valley soared. Stone [1969:195] has pointed out that relative to Guatemala, Costa Rican land prices were a good deal higher. He found that in 1858 an acre of good land on the meseta central was selling for the equivalent of \$88, whereas in 1877, in Guatemala, a comparable piece of land sold for \$17.

As a result of these high prices there was a strong incentive for the peasant to sell his land. This was particularly true of the sons of peasants who had to choose between earning a good wage on the plantation, and eking out a living on a small plot inherited from their father. It should be recalled in this regard that, as Rawson [1974] has found, land in Costa Rica is divided up among all the sons

and daughters. Consequently, after even a single generation, the size of the parcel is likely to become quite small and uneconomical to farm.

A study of land sales in Costa Rica [Moretzsohn de Andrade, 1966:138] demonstrates how dramatically coffee converted land into a factor of production. As shown in Table 3, throughout the entire colonial period, land purchases never amounted to more than 139 in a ten-year period (from 2 to 9 per 1,000 population), with the mean price of the land coming to 260 cales. By the period 1830-1839, there were 608 purchases (14 per 1,000 population), at an average price of 368 cales, and by the period 1840-1849 this figure had more than doubled to 1,311 (16 per 1,000 population), at an average of 3,135 cales! These data also reveal that the land was being bought up by a few individuals, which meant that considerable areas were being concentrated in their hands. Moretzsohn de Andrade examines the names of the 3,367 individuals who purchased land in the period represented in Table 4, and finds that there were 62 individuals who bought five or more properties and who sold less than 50% of the total value of their purchases. These individuals he denominates "monopolists" (acaparadores). It can be seen in Table 3 that from 30% to 48% of the value of all land purchases made in the period after the introduction of coffee were made by these individuals who comprised only 1.5% of all the purchasers of land. (1) Unfortunately, no data are available for comparing the overall concentration of land before and after the coffee boom. What is available, however, is information concerning the concentration of coffee production in the contemporary period. Applying the Gini index to these data provides a list of the distribution of coffee by cantón (equivalent to a county), presented in Table 5. The mean index of concentration for all coffee producing cantones in 1971 is 79.48, indicating a highly unequal distribution. Moreover, the correlation between the index of concentration and the intensity of coffee cultivation in the cantón (2) provides a Pearson r of .22, indicating that in areas where coffee cultivation is more intense, production tends to be concentrated in fewer hands.

Credit exercised both a push and a pull on the unwary peasant. The pull toward proletarian status, as has been shown, came in the form of higher wages stimulated by the availability of credit, which in turn was engendered by the mechanization of the beneficios. The push, on the other

(1) In the decade 1770-1779, 18.5% of the land was bought by the monopolists, but Moretzsohn de Andrade [1966:139, n.1] points out that this was a result of the purchase of two large haciendas by one single individual.

hand, resulted from the peasant's inability to cancel credit-induced debts, debts which were pushing him off his farm into landlessness. Let us now turn to this push of debts.

It will be recalled that the beneficios advanced to the small producers adelantos on the forthcoming crop. According to several writers (Facio, 1972:44; Stone, 1969:183-184; Vega Carballo, 1972:33; Cerdas Cruz, 1972:62), it was the failure to pay these loans that caused many producers to lose their land. The reason for this, it is alleged, is that the land was always offered as collateral for the loan, each borrower being required to sign a prenda (pledge) in which it was clearly stated [Certificado de Prenda, 1973] that:

Es condición que la acreedora podrá cobrar toda la deuda antes del plazo y hacer efectivas las garantías constituidas si faltare a la obligación relativa a la entrega del café en todo o en parte en su oportunidad, si no atendiere debidamente la cosecha dada en garantía, sin que en ninguno de estos casos sea necesario requerimiento ni otro requisito previos.

If the producer defaulted in any aspect, he could unceremoniously lose his property. It is not likely, however, that the adelanto was the cause of very many defaults. What the above-named writers fail to take into consideration is that the adelanto never covered more than 40% of the value of the harvest, since the intended purpose of the advance was to provide money only for picking and the care of the cafetal. The producer who had a bad year and turned in a crop 20% to 30% less than expected would still have sufficient coffee to cover the I.O.U. It would have been a highly unusual case for the yield to be so bad that over 60% of the crop was lost, and even then, it is not clear that the beneficio would always have demanded payment.

(1) This measure was constructed by dividing the percent of the nation's total harvest produced in each cantón [Acosta, 1969] by the size of each cantón in square kilometers [Dirección General de Estadística y Censos, 1973:6-8]. The reason for dividing by the size of the cantón is to eliminate the distorting impact that different sized cantones would have upon production figures. Thus, one would not expect small cantones to be able to produce a large share of the nation's total coffee, even if they are intensively dedicated to coffee production.

This must have occurred in some cases, but the failure to pay adelantos was probably not the primary method by which the loss of land occurred.

The fact that a substantial number of peasants lost their land cannot be attributed to the adelanto; what can be blamed is the inability of the peasants to pay their mortgage. It is common practice in Costa Rica to mortgage property for relatively short-term loans. This practice sprang up as a direct result of the introduction of agrarian capitalism. Before coffee's introduction, it will be recalled, the economy operated on a barter system, and inflation was insignificant. With the coming of coffee, prices inflated and a need was created for cash. Since the profits of the smallholders on the sale of their coffee were not large, many owners found themselves in need of loans in order to cover debts at the local general store, for example, or to make an improvement on the farm, marry off a daughter, buy a new stove, etc. The only source of credit was the beneficio, since there were no banks in the country until 1863. The beneficios were, in effect, rural banks.⁽¹⁾ The foreclosing of mortgages was probably quite common throughout the 19th century and became very frequent in times of low coffee prices [Saenz Ulloa, 1973:6; Saenz, 1969:27-28]. For example, in 1892, a year after two successive drops in coffee exports, some 11.1% of all registered property changed hands.

4. Out-migration and Spontaneous Colonization

If the Zapatista uprising is a story "...about country people who did not want to move and therefore got into a revolution" [Homack, 1968:ix], then the story of the Costa Rican peasantry is about country people who did move and thereby avoided one. Some peasants, caught between the push and pull of the advancing capitalist economy, sold out and moved onto the hacienda. Others, refusing to accept the proletarian way of life, moved away in search of new lands

(1) The importance of the banking function for the beneficio owners is evidenced in 1858, during the administration of Juan Rafael Mora, leader of the battle against the adventurer William Walker [Guier, 1971]. Following the signing of a contract with an Argentine, Crisanto Medina, to open the first bank [Núñez M., 1971:126], a coup d'état was arranged by the beneficio owners, who, fearing the loss of their control over the banking function, had Mora thrown out of office in 1859 and, two years later, had him shot [Facio, 1972:46; Fernández G., 1967:110-112; Alvarez, 1954:5; Araya Pochet, 1971:81].

where they could continue their yeomanly existence.

Several factors induced the peasant to search for new lands. The concentration of land in the hands of the aristocracy and the concomitant loss of land by the peasantry has already been discussed. Inflation, mentioned earlier, forced the peasant to seek a way to return to his pre-capitalist existence where he would once again be free from rising prices and never-ending debts in the general store. To do this he would have to find a place where there was enough farm land available for him to be able to make himself self-sufficient once again. Finally, a population explosion put pressure on the family farm, pressure which could only be alleviated by out-migration. The explosion, amounting to a 34% increase in the population in the 20-year period between 1844 and 1864 [Costa Rica, Censo General de la República de Costa Rica, 1868:3], was in large measure a result of the lowered death rates and longer life expectancy attained during the period, since, it will be recalled, the newly found wealth of the country attracted many immigrants, among them doctors, and with the doctors came medicines and improved public health care facilities. Fabian Dobles eloquently describes this population pressure and subsequent migration in his novel El sitio de las abras (1970:16-17), which is set in the year 1875. What happened, in short, is that large families put intense pressure on the land. A study conducted in 1959 in one cantón [Montoya and Reuss, 1960:10] indicates that this pressure persists today. It was found that in 79% of the cases, the father's farm had been divided up among 5 or more heirs, and that in 38% of the cases the division was among 8 or more heirs.

The process of spontaneous colonization began slowly in the middle of the 19th century, shortly after the beginning of the exporting of coffee. Up until that time, the population had still been heavily concentrated on the meseta central (see Figure 6). During the period 1850 to 1900, however, the colonists made their first large-scale moves off the meseta and onto the Pacific lowlands to cultivate bananas, onto the Guanacaste peninsula to herd cattle, and onto the highland regions of the north and south to continue to grow coffee (see Figure 7). The effect of these early migrations, however, was not great in terms of changing the population distribution of the country; in 1864, 84.5% of the populace lived on the meseta central; by 1892 this figure had dropped by only 4%, to 80.1%.

The more active movement off the meseta occurred in the period after the turn of the century, as a result of the ever-spiralling rate of expansion of the plantations. By 1927 the population of the meseta had fallen to 75.3% of the total population. Thus, one fourth of the people no longer lived within its confines (see Figure 8). The period from

1927 to the present has seen the most drastic shifts in population. In 1936, 68.5% of the people resided on the meseta, while by the 1950s that figure had fallen to 54% [Jiménez Castro, 1953].

This out-migration would probably not have been possible if not for the long list of land grants and homestead acts passed by the Congress; these grants and acts not only permitted, but encouraged those who wanted land to go out and take it. Just as the homestead acts in the United States opened up new lands for those with insufficient "elbow room" in the East, so did the Leyes de Terrenos Baldíos and Leyes de Cabezas de Familia serve the Costa Rican peasant. The first of these laws was passed in 1840, when coffee was already beginning to take a solid grip on the economy. Thus, the Decreto-Ley No. 26 of October 16, 1840, came on the heels of the laws mentioned earlier which distributed land in the area of the meseta central. In the 1840 law, land in the area of Matina, Terraba and Sarapiquí were given away to those willing to settle there [Soley Guell, 1947:167]. Colonization in the area of Turrialba, today heavily dominated by large plantations, came as a result of the decree issued in 1841. This law gave the homesteader all the land he could cultivate plus two times that amount if he cultivated it for 10 consecutive years. In 1843, more land was given away in the Turrialba area and in the following year, San Ramón was the target. Similar decrees were issued in 1850, '51, '52, '53, '54, '57, '58 and '59.

Another stimulus for colonization came when the government, both central and municipal, found that it was constantly in debt to the large coffee growers and discovered that state lands could be given away in payment of these debts. Consequently, after the war against William Walker in 1856-1857, the government of José María Montealegre passed a decree in 1860, amortizing its debt with state land. In a similar manner, the cost of a road building project to Limón was covered by land grants to the bond holders in 1861 [Salazar Navarrete, 1962:76-77]. The grants of land to the aristocracy opened these territories to the peasant, who, riding on the coattails of the hacendado, carved out a small piece of jungle bordering on the hacienda, and called it his own. The peasant took the land, since under the Código General of 1841, and the Código Fiscal of 1886, he felt he had a right to it, although legally he had no such right to it. The 1841 code stipulated, as had colonial law, that land could be acquired through possession (prescripción adquisitiva or prescripción positiva), and the code of 1886 continued this procedure, the major modification being that the land so acquired had to be inscribed in the newly created Land Registry [Clark, 1971:23-25]. This, however, was no easy task. First, the

individual had to have occupied the land for ten years. Second, he had to have a survey plot made of the property, which required the hiring of a civil engineer and the paying of his transportation, room and board. Few engineers, it should be noted, were willing to make the long, hard trip out to some remote spot simply to survey a small piece of land. Third, the individual had to hire a lawyer to prepare the necessary legal documents. Fourth, the neighbors whose land bordered on the property in question would have to travel to the county seat, at the expense of the interested party, and testify in his behalf. Fifth, the interested party would have to have published in the Gaceta Oficial, on three separate occasions, his intention to title the property. Finally, the local judge would have to instruct a representative to make a visual inspection of the property, again, at the solicitant's expense [Hill et al., 1964:46]. In theory, it is possible to complete this entire process in three or four months, but in reality, the average time it takes is close to four years, and it is not uncommon to encounter cases that have gone on for more than ten years! Thus, in 1970, in one judicial district alone, some 200 land titling applications that had been initiated in 1950, were still pending twenty years later [Saenz P. and Foster Knight, 1972:154]. A study of titling costs in one rural area indicates that the total can run up to 90 colonos (about \$12) per hectare, a substantial fraction of the entire value of the property.

As a result of this complex, time-consuming and costly procedure, few peasants were able to obtain title to their land. This fact has come to haunt the countryside, making land disputes extremely common. Even more important is the fact that since the government did nothing to make obtaining title easier and more within the grasp of the peasant, titles have come to be viewed by the peasants living off the meseta as somewhat superfluous: nice to have if you can get them, but not necessary. This fact has eased the way for frequent squatting, an activity to be discussed in another paper.

In the 20th century, land give-aways continued under the various homestead acts. In 1909 a law was passed giving up to a maximum of 50 hectares of national land to heads of families. This law was followed by another in 1924, with the same grant of 50 hectares stipulated. According to Clark [1971:28], the later law was designed to relieve the unemployment problem which had been created by the stagnation of the coffee industry, but more than one large landholder took advantage of this law to grab more land. Two more homestead acts were passed, one in 1934 and the other in 1939, each designed with essentially the same purposes in mind as the previous laws.

Perhaps the biggest land give-away of all resulted from the Ley de Ocupación en Precario, passed in 1942. This law was designed to provide relief to landholders on the meseta central whose land had been squatted on. Under this law the government would purchase lands squatted on and, in return, would give the damaged party land of equal value. Land on the tiny meseta, as has already been pointed out, was very expensive in the 18th century and became even more so in the 20th, whereas the frontier regions had very little worth. Consequently, many hacendados used this law to exchange small pieces of territory on the meseta for huge estates in the outlying areas. It is reported that the hacendados even hired squatters to come in and invade their property so that they could then file a claim for the exchange lands [Clark, 1971:32].

It was not until 1959, with the passage of the Ley de Fomento Económico and subsequently, in 1961, with the creation of the Ley de Tierras y Colonización, that Costa Rica embarked upon a formal program of dealing with this reckless distribution of state lands and the problem of squatting. The success of the Instituto de Tierras y Colonización (ITCO), created by the 1961 law, has been at best marginal. The story of ITCO, however, would take this narrative too far afield for it to be included here [see: Hernández Rodríguez, 1970; Denton, 1969; Salas Marrero and Barahona Israel, 1973:805-897; Hill, 1964; Comisión Nacional Campesina, 1965; ITCO, 1972]. One major reason for its lack of success can be cited here; it is, as Riismandel [1972] points out, that urban Costa Ricans still retain the myth of the yeoman in their minds. Those living in San José believe that access to land is no problem--that he who wants it, has simply to go out and work it. Reality is quite different, however, as the ever-increasing level of violence in the countryside well demonstrates.

While it is not possible to fix an exact date as to the closing of the Costa Rican frontier the way Frederick Jackson Turner did with the American frontier, there is no doubt that the Costa Rican frontier is now closed and has been so for at least the past ten years. Up to its closing, the lands "over the next hill" had served for over a century as an escape route from the steamroller of agrarian capitalism. Competition for land up until that point had been a non-zero-sum game since the loser always had an option. Today that is no longer true. The migrants have reached the two coasts and the northern and southern borders, and are now rebounding back off them in a vain search for land that they can no longer find. The search has now become a zero-sum game, and as often happens in such games, the loser may be driven to extreme measures. It is for this reason that the Costa Rican countryside today is dominated by ever-more frequent incidents of squatting.

E. The Apex of the Pyramid: Beneficio Owners and Exporters

To the outsider, the coffee business of the 19th century looks much the same as that of the 20th. There are, however, subtle differences which can, and do, exercise a major influence on the way that business is conducted. In the previous section technological changes in coffee production were demonstrated to have had a major impact on the peasantry. The revolution in technology does not, however, occur all at once; it is continuous, slowly making production ever-more efficient. Similarly, the market for coffee is not a stagnant one and can be drastically altered by changes in the international situation. The pages that follow will discuss the impact that changes in technology and in the world market have had on the coffee industry and, consequently, on the Costa Rican peasantry in the 20th century. In particular, it will be shown how an estimated 60,000 producers are forced to rely on no more than 61 private beneficios to process their coffee, and on only 19 private export houses to send it to the world market.

1. The Beneficio Owners

In 1887, it is reported [Moretzsohn de Andrade, 1966:143], there were 256 beneficios in Costa Rica, or one for every 12.7 kilometers.(1) By 1940 this figure had dropped to 221 [R.I.D.C., 1940: 338-344], which was down to 120 by 1966-67 [Oficina del Café, 1972:15], and by 1972, was reduced to 114 beneficios [Oficina del Café, 1973b]. Since the land area on which coffee is being planted today greatly exceeds that of 1887, each beneficio now services a considerably wider area than it once did. This fact can be appreciated when it is noted that in 1973 there was one beneficio for every 2,252 square kilometers(2), compared

(1) This is based upon the calculation that the meseta central covers 3,246 square kilometers [Dirección General de Estadística y Censos, 1973:1].

(2) This figure is obtained by dividing the area of each cantón that produces at least .1% of the nation's crop, by the number of beneficios. This, of course, is only a rough estimate, since coffee tends to be concentrated in certain areas of the cantón and not in others.

with one for every 12.7 square kilometers in 1887. The concentration of beneficios is even higher than what these figures reveal. This is because the figure of 114 beneficios is misleading, since it gives the impression that there are 114 separate firms. Actually, many of these beneficios are owned by the same families. An inspection of the list of beneficios [Oficina del Café, 1973], and a comparison of the names of the individuals listed as being authorized to sign legal documents in the Oficina del Café, reveal that a number of names appear for more than one beneficio; that is, they repeat, which means that these individuals own more than one beneficio. By this process it is possible to reduce the number of independent beneficios by 21, leaving only 93.(3) It was not possible to reduce the list further by eliminating those individuals having one of their two surnames in common (i.e., those who are possibly related as either father, uncle, cousin, etc.), because although one of the two surnames may be identical in a large number of cases, this is not positive proof that the individuals are in fact so closely related. It is quite likely, however, that many of these people do have family ties [Stone, 1971]. Another limitation of the list is that it does not give the full membership of the boards of directors of the beneficios, so that many more "repeaters" have escaped detection. It is well known, however, that boards of many of these beneficios have interlocking directorates. One final look at the list permits us to eliminate 32 more beneficios, the ones which are operated in the form of cooperatives (to be discussed below), so that the actual number of individual beneficios in private hands stands at 61.

What was the cause of this dramatic decline in the number of beneficios? To answer this question it must be recalled that coffee requires good roads, and while the road network did undergo major improvements in the 18th century, it was still in a rather rudimentary state by the turn of the century. Nevertheless, the roads were adequate for the plodding oxen drawing their heavily laden carts to the local beneficio. Moreover, the distances were never more than a few kilometers between the beneficio and the furthest fields. It is, of course, no coincidence that the beneficios were so closely spaced since, if the distances between them had been greater, the coffee would have begun to ferment before it reached the plant. The age of the automobile was to change all of this.

Trucks made it possible for the beneficio owner to set up what are called recibidores, or sub-stations, over a

(1) Considered to be "repeaters" are those who have the same first name and two last names, or those who merely have the same two last names (i.e., brothers).

wide geographical area. These wooden, box-like structures are set up overhanging the edge of a little hill and have a chute pointing to the road below. The oxcarts are still in charge of hauling the coffee from the farm, but they only bring it as far as the recibidor, where they pull the load up an inclined plane and dump the coffee onto the downward sloping floor of the box. Every few hours a truck comes along and the stored up coffee in the recibidor is emptied into it for carting to the beneficio, which may be located many miles away [Barrenechea Consuegra, 1956:21-22].

At first, the system of recibidores initiated a phase of competition between beneficios which proved to be a distinct advantage to the small producer. With several recibidores in his area he could now choose between beneficios, an option which he had not had when his choice had been dictated solely by the proximity of the beneficio. The choice could now be made on the basis of how each beneficio treated him. Consequently, the richer beneficios, in order to attract customers, increased the size of the adelantos.

This felicitous situation did not last long, however, since the larger, better financed beneficios were able to out-compete the smaller ones in their immediate area, and could thereby drive them out of business. Until World War II, however, many smaller beneficios did manage to survive due to the nature of the world market up to that time. Up until the War most Costa Rican coffee went to the European markets, particularly England and Germany. These markets demanded a very high grade of coffee, quality being determined as much by the appearance of the bean as by its flavor in the cup; nearly all European coffee was marketed to the consumer unground, the grinding taking place only after the consumer had selected the beans he wished to purchase. In response to this market, each beneficio established, back in the 19th century, brand names for the coffee it produced so that the importer could request a particular quality of coffee by its brand name. This system resulted in a confusing array of brand names whose total was over three hundred [Jiménez Castro, 1971:213-214]; but it was well-suited to the European market since purchases were made in relatively small quantities of a few hundred sacks. The brands corresponded to the coffee produced in a specific part of the country, with each area that differed in altitude and rainfall producing slightly different quality beans, and, therefore, different quality brands. Thus, a beneficio was restrained from establishing recibidores over a very wide area by its own unwillingness to process a mixture of grades of coffee coming from different areas, since this would have resulted in the mixing of the less costly brands with the more expensive ones. Such mixtures received low prices in Europe. The nature of the market,

therefore, kept the beneficio from casting too wide a net of recibidores.

This was all to change, however, with World War II. From the onset of the War, the European markets were closed completely to the Costa Rican coffee trade and, for that matter, to nearly all coffee produced in the hemisphere (see Table 5). In order to stave off a severe economic crisis in Latin America (and also to guarantee the loyalty of its allies), the United States agreed, on November 28, 1948, to purchase the bulk of Latin American coffee. In doing so, the United States set a single price for all the coffee coming from each individual country, refusing to distinguish among brands. The reasons for this are two-fold and readily understandable. First, the pressure of the War required as much administrative streamlining as possible for a complex operation such as this, making it unfeasible to establish a coffee exchange in which each brand of coffee would be evaluated and priced separately. Second, and perhaps more importantly, the North American consumer had traditionally been used to buying coffee in the already ground state, so that the appearance of the bean was an irrelevant factor in pricing. The coffee consumed in the United States, therefore, had traditionally been whatever was left over after the European markets were satisfied. Thus, in effect, the North American consumer had long been accustomed to a fairly low grade product [Montealegre, 1948:69-70].

This unified price structure permitted the beneficios to mix all of their coffee together without suffering any loss of income. Now coffee from the lower, less favorable areas could be mixed with the quality coffee coming from higher zones. As a result, the recibidor system spread over a much wider area. Inevitably, competition forced out of business the smaller beneficios and left the producer facing a monopolized market. Once the beneficio owners no longer had to worry much about competition from other plants, they could, and did, lower the prices they paid to the producers. Thus, whereas the smallholding peasant had found a new freedom, using the beneficio of his choice, as a result of the introduction of the truck, this freedom was lost during World War II. Pushed and pulled by the use of credit in the 19th century, the peasant was now being squeezed as a result of a war he little understood.

The introduction of the recibidor system and the subsequent reduction in the number of beneficios affected many larger growers, as well. Because of this, the peasant was not completely alone in his struggle, for the larger producers, having been forced to close down their beneficios due to competition from the giants, found themselves being exploited by them in the same way that they had once exploited the peasants. These larger producers could, as a

group, exercise some pressure on the government and, as early as 1930, began to do so. In that year they established the Asociación Nacional de Productores de Café, whose stated purpose was to pressure for government intervention in the relationship between producer and exporter (Barrenechea Consuegra, 1956:6). They achieved success in 1933 when, in the depths of the economic depression, the government for the first time decided to intervene in the coffee industry, thus ending its century-old policy of laissez-faire. A Junta de Liquidaciones de Café was established, composed of one representative from the government, one from the beneficio owners and one from the producers. The task of this junta was to set the price that each beneficio was to pay the producer, basing its calculations on the quality of the coffee and setting a maximum profit for the beneficio at 12% (Barrenechea Consuegra, 1956:6). At the same time, the Instituto Nacional de Defensa del Café was established, an organization designed to promote the production and sale of Costa Rican coffee.

The establishment of the Junta de Liquidaciones was a serious defeat for the coffee barons. Never before had they been faced with government intervention in their private business affairs. Clearly, 1933 marks the date after which the power of the coffee interests no longer could be exercised with impunity. A further indication of their decline in power came in 1935 when a minimum wage law was established for coffee, sugar, banana and cacao workers (Ley No. 157, of August 21, 1935), setting the wage at 25 céntimos an hour for coffee workers, and guaranteeing a minimum of six hours work a day for all.(1)

Despite these infringements on their power, the coffee barons managed to retain a large measure of control in the coffee industry. In the case of the Junta de Liquidaciones, all they needed for control was two out of the three votes, and since two representatives from the coffee industry were elected by the Instituto Nacional de Defensa del Café, which in turn was dominated by the largest coffee interests, control in the Junta de Liquidación was easy to establish. The minimum wage laws were even easier to evade since there was a totally inadequate enforcement machinery. Consequently, the situation for the small growers continued to become more and more desperate as the number of beneficios shrank and prices dropped. With the coming of the War and the even sharper reduction in the number of beneficios, the situation reached the limits of tolerance. Something had to be done.

(1)The establishment of the minimum wage has often been incorrectly dated as 1943, during the administration of the populist leader, Calderón Guardia (Albertazzi Avendaño, 1951).

The establishment of the first Costa Rican coffee cooperative in the town of Grecia, in 1943, was the growers' response to this desperate situation. Here again the larger, non-beneficio owning producers proved to be an all-important ally of the peasants. In Grecia, at this time, the major sugar refinery and coffee beneficio were in the hands of the German family, Niehaus [Facio, 1943:232]. With the outbreak of the War, the U.S. State Department ordered the confiscation of all Axis-power property in Costa Rica. Consequently, the German interests in Grecia were taken over by the government and some time later turned over to Costa Ricans in the form of a cooperative, appropriately named "Victoria." This cooperative today functions alongside of 32 coffee cooperatives whose total membership is over 12,000, and all but two of which are organized into the Federación de Cooperativas de Caficultores, R.L. [Viquez and López Guzmán, 1971]. Theoretically, the cooperative makes it possible for the small producer to get a fair price for his crop. This is not true in all cases, since several of these cooperatives are financial disasters. In these cases peasants find that the price they receive per fanega is even lower than that which they were getting when the beneficio was in private hands. This occurs in those instances where the previous owner of the beneficio was deeply in debt to the bank, which, when it became clear that the owner would never be able to pay back the debt, would foreclose on the property and offer it to the local producers in the form of a cooperative. The producers would be told that this was their chance to end their years of exploitation. What would not always be made clear, however, was the magnitude of the debt which was now being transferred to their shoulders. Since, up until very recently, the national office of cooperatives was a department of the Banco Nacional, the major creditor of coffee beneficios in the country, it was clearly not in the bank's interest to have the producers made aware, beforehand, of the difficulty that they would face in trying to pay off the debt of the previous owner. As soon as the cooperative would get under way, however, the producers would find that all of their newly found profit was going towards the paying off of the debt to the bank. In one case the debt is now so large that the interest on it grows faster than the producers' annual payments are able to cover. Consequently, the principal grows larger each year, placing the producers deeper and deeper into debt. On the whole, however, the cooperative movement has been of great benefit to many small producers since it has finally been able to establish some equity in the relationship between producer and beneficio [Centro de Estudios Democráticos, 1971].

Before leaving this discussion on the beneficio owners, it is necessary to mention one important beneficial

side-effect that World War II had on the Costa Rican coffee industry. It will be recalled that before the War, credit for coffee production was exclusively in British hands. Each year the London coffee importers would finance the new crop so as to guarantee delivery of Costa Rica's high quality coffee. Since the collateral for the credit was the coffee itself, there was very little risk involved in the transaction; nevertheless, the interest on these short-term loans proved quite profitable for the London firms. Thus, on top of the already substantial profit margins they were earning, the importers made an additional sum by extending low risk loans to finance the crop. For Costa Rica, this meant an additional loss of profit, hence, a loss of capital that would otherwise have been used for domestic development. The mentality of dependancy was so deeply entrenched in Costa Rican circles, however, that the thought of domestic financing seemed ludicrous [Lizano Fait, 1973]. The events of World War II were to prove that the bankers were operating under a delusion.

The first weak attempts of the national banking system to play some role in Costa Rica's most profitable business did not come until 1932 when, due to the scarcity of capital on the world market, the Banco Internacional (today the Banco Nacional de Costa Rica) provided funds for the construction of beneficios in areas where there were none. Coffee plantings had expanded due to outward migration and further expansion into new zones was being hamstrung by the lack of beneficios. Thus, despite the fact that roads had been improved and the truck had expanded the area from which a beneficio could receive its coffee, the fragile nature of the harvested cherries placed limits on that expansion.

Investing in beneficios, however, was not akin to financing the crop itself. The difficulty which Costa Rica was having in obtaining credit in London during the depths of the economic depression finally made it necessary for the Costa Rican government to think seriously, for the first time, about domestic financing. In 1933 a law was finally passed, providing for 2 million colones of credit for coffee production, yet the country was so unsure about its ability to finance this small sum, one-twenty-fourth of the total value of the crop of that year [Facio, 1972:42], that in 1934 this law was rescinded and replaced by another which reduced the financing by half.

By 1940 Costa Rica found that the London credit markets had completely dried up, so that emergency measures had to be taken. In that year a law was passed which, among other things, provided for domestic financing of coffee. As a result of this law, the 1940-1941 crop was financed in its entirety by the national banking system [Alvarez, 1954:21].

This meant that the banks expended their financing from approximately \$250,000 a year in the pre-War years, to over \$7 million in 1942-1943 [Oficina del Café, 1973:23]. The fact that such a drastic change took place so easily demonstrates that Costa Rica's previous reliance on foreign financing for its coffee was based on an economic myth that it could not emit colones unless it had the prior backing of hard foreign currency (e.g., pound sterling), for to issue colones without such backing was believed to result in a violent inflation. There was, of course some validity to this reasoning; and the fact that the War cut off Costa Rica from most foreign imports meant that the unbacked colones issued in 1940-1941 could not be used to unsettle the balance of payments.⁽¹⁾ Nevertheless, the measure could have been taken many years earlier, if the country had been willing to implement import restrictions. Apparently, however, this notion had never been entertained.

2. The Exporters

It has been shown that both technology and the market structure have had a tremendous impact on the relationship between producer and hacendado. While modern technology has had little, if any, impact on the relationship between producer and exporter, changes in the world market have had a great impact on it, permitting the exporter to concentrate his power more tightly than ever before.

In 1933-34, the year that the Junta de Liquidaciones was established and, consequently, the first year for which data are available, there were 194 exporters operating in Costa Rica. By 1941, the first year of Costa Rica's entry into the War, this figure had shrunk to 81, and by 1945 it stood at 13. The reason for this change, as already hinted at above, was the War. It will be recalled that because of the hostilities in Europe, it was impossible for Costa Rica to ship any substantial quantity of her coffee there. Instead, nearly all Costa Rican coffee was sold to the United States (see Table 5). As a consequence, export houses which had long-established ties in Europe but no links to the U.S. market found themselves out of business. What occurred at this point was a general consolidation of the export houses into a few giant operations with firm links to the U.S. market. For example, one new firm, called The Costa Rica Coffee House, unknown in the 1930's,

(1) I would like to thank Lic. Eduardo Lizano Falt, professor of economics at the Universidad de Costa Rica, for making this point during a personal interview (1973).

exported nearly one-third of all Costa Rican coffee in 1944-1945, making it far and away the largest exporter.

One would have expected that with the War over, there would have been a reestablishment of the old European-oriented firms, since Costa Rica once again shifted a large share of its exports back to the lucrative European market. Surprisingly, in 1973, one finds that there are only 24 export houses in existence, even though about 75% of Costa Rican coffee now fills European cups (Oficina del Café, 1973c:25). This demonstrates that even though the export market has returned to its pre-War structure, most of the firms which once did business with Europe have not been revived. Of these existing 24 export houses, at least four have interlocking directorates. Thus, at most, coffee exports are in the hands of 19 private firms plus the federation of cooperatives (which is responsible for approximately one-eighth of total exports).

It is difficult to understand precisely why the export market is restricted to so few houses. When asked why they no longer export, beneficio owners state that it is simply too complicated. One suspects, however, that there must be more to it than that, since complications have never kept eager entrepreneurs from earning a profit. This is particularly true in the case of an export business which is so highly profitable. According to the law enacted in 1965 (Jiménez Castro, 1971:83-134), the exporter is allowed a profit of 2.5% (Jiménez Castro, 1971:110). This would amount to \$1,843,246 or an average of \$92,162 per exporter (counting 20) in 1971-1972. This 2.5% limit, it is generally known, is frequently, if not always, exceeded since it is impossible to learn exactly what price the importer actually paid the exporter. The contracts themselves are strictly confidential according to law (Jiménez Castro, 1971:103), and subject to review only by the Oficina del Café. The board of this agency, however, is composed of five members, one representative each from the government, the producers, the beneficio owners, the local roasters (torrificadores) and the exporters (Jiménez Castro, 1971:121-122). Since there is no stipulation to the contrary, nothing prevents the member representing the producers from simultaneously being a beneficio owner, roaster, and exporter. Since many of the economically strongest coffee barons have operations in all sectors of the coffee business, the "representative" nature of the Oficina del Café is really a facade. The peasant producer, of course, plays no role in any of this. In the 1961 law (Jiménez Castro, 1971:61) there was a stipulation that at least one member of the then six-man board be a representative of the Federation of Cooperatives; but that position was eliminated in the 1965 reform. Apparently the representative of the cooperatives turned out to have

interests quite incompatible with those of the other members of the board and he had to be eliminated. The only other troublesome element on the board was the representative of the government, and although, for political reasons, he could not be eliminated in the way the representative of the cooperative sector had been, the 1965 revision made the government's representative an "ex-officio" member. The Oficina del Café, designed to regulate the relationship between producer, beneficio owner and exporter, turns out to behave as most "regulatory" agencies in the United States do [Edelman, 1964], that is, the regulated end up doing the regulating.

Returning to the question as to why there are so few exporters in this highly lucrative business, one can again turn to the law on exports [Jiménez Castro, 1971:100-101]. As a protection for the beneficio owner who turns his coffee over to the exporter and then awaits payment until the exporter himself is paid, and also to protect the government (which permits exportation before taxes are paid), the law specifies that all exporters must post a bond of between \$5,000 to \$20,000 with the Oficina del Café. Those who post the bond of \$5,000 can export up to twenty times that amount of coffee, and those who post the maximum bond of \$20,000 can export any amount of coffee. It is apparent that the bond is far too small to adequately protect the beneficio owners. At the same time, however, it does serve to prevent small exporters (i.e., potential competition) from getting into the business, since it requires the deposit of a fair amount of cash by Costa Rican standards. Beyond the question of the deposit, one can only speculate as to why the export field is so restricted, but it is quite clear that it is not because the business is unprofitable or too complicated.

F. The Decline of the Coffee Aristocracy

In the preceding section it was demonstrated that the coffee aristocracy, made up of the beneficio owners and exporters, has undergone a consolidation of its ranks in the 20th century by driving out the weaker competitors. In so doing it has increased the pressure of its stranglehold on the peasant, leaving him less and less room in which to maneuver with each passing decade. But just as the peasant has been squeezed in this century, so too has the coffee aristocracy itself, which finds that its once dominant economic and political position is being eroded by the increasingly pluralistic nature of Costa Rican society, a society to which it has not successfully adjusted.

Oddly enough, agrarian capitalism, which had served the colonial aristocracy so well in providing it the economic basis with which to underwrite its political and social power, ultimately proved to be its undoing. To understand why this happened it is necessary to retrace our steps and return to the colonial period once again. It will be recalled that the colony was impoverished, perhaps the poorest in all of Latin America. For this reason, few who left Spain for the New World selected Costa Rica as their destination, and those who did were farmers in search of a piece of land on which to establish themselves as yeomen. Aristocratic families shunned the colony and, as a consequence, few, if any, blue-bloods migrated to Costa Rica once the period of discovery and conquest was completed. The 113 Spanish settlers (no more than 40 families) listed as making up the total population of the colony in 1569, were the nucleus of the Costa Rican aristocracy. These people, isolated from all outside contact, intermarried quite frequently and, consequently, produced a very tightly knit line of descendants. Throughout the colonial period this small group, living mainly in and around the town of Cartago, held the reins of power of the colonial administration. Royal commissions were given to them by default since they were the only aristocrats in the colony and no new members of their "caste" were willing to go there.

With the coming of independence it was to be expected that this same group would take control over the new government. And control it they did. Few democratic systems in the world have had power so tightly concentrated in the hands of so few. A recent study [Stone:1971] has shown that 33 of the 44 people who have served as president of the country from 1821 until 1970 were descendants of three of the original settlers, and that 350 of the 1300 diputados who have served in the legislative assembly during this period are descendants of four of these families. One single family, that of the conqueror Juan Vázquez de Coronado, has produced 18 presidents and 230 diputados. Stone [1969] has also discovered that it was precisely these individuals who became the coffee barons. Since it was this group which had been at the forefront of the search for a source of wealth for the colony, it is not at all surprising that when coffee was hit upon, they would play a dominant role in its exploitation. The picture that emerges of the 19th century is that of a society in which political, social and economic power were coterminous.

This situation remained essentially unaltered throughout the 19th century, except that by the end of that century signs of change could already be noted. Coffee injected an enormous amount of capital into the system and, as a consequence, the simple two-class system of aristocracy

and yeomanry began to become more differentiated. As was pointed out earlier, agrarian capitalism was the prism through which this fused society was passed during the last century. What emerges is a society with an entirely new, pluralistic social structure. The differentiation of the peasantry into landed and landless has already been discussed. Now attention can be focused on what was to become the most important new element in this differentiated system, the middle class, for it was this group which was to successfully challenge the power of the aristocracy.

Before the introduction of coffee there were no urban centers in Costa Rica. In fact, the census data of 1700 report only one town, Cartago, as having a population of over 2,000 (Nunley, 1960:49). One hundred and sixty-four years later, that same town had grown by only some six hundred residents. At that time, in 1864, the largest town in Costa Rica, San José, reported a population of some 5,533 people. Of the 120,499 residents of the country, 81% were living in rural areas. Thus, it can be seen that in 1864 Costa Rica was still a highly rural country. Its provinciality is attested to by the fact that there were only three bankers and seven doctors in the entire country (Costa Rica, 1868:86-87) at this time.

The concentration of people in towns occurred only with the entrenchment of coffee as the mainstay of the economy. As the plantations expanded, and small farmers were squeezed out, many moved to the cities, where they took up jobs in the secondary and tertiary sectors. Thus the towns grew, but the growth was spectacular neither in its rapidity nor in its magnitude (Gibson, 1970). Yet the development of what may be called quasi-urban areas saw the creation of a small "urban" middle class composed of merchants, laborers, and government employees. The merchant sector received its impetus from the import-export business that was generated by coffee. New items were brought to the country by the never-ending stream of ships docking at Puntarenas. An urban labor force developed as a response to the demands created in the population centers. A small group of government employees, mainly bookkeepers and minor functionaries, was created when the government began to exercise a few limited state functions related to the control of the import-export business (e.g., tariff collection). In 1864 we find, therefore, a merchant "class" composed of some 114 wholesalers and 321 retailers; a working "class" composed of 646 bakers, 481 shoemakers, 968 carpenters and 139 artisans; and a bureaucracy composed of 388 public employees (Costa Rica, 1868:86-87).

We see, therefore, that with the coming of agrarian capitalism the towns began to grow, and with them came the development of new social groups. These groups, whose

Interests were often not congruent with those of the coffee aristocracy, began to demand a say in the government. At first, these demands were so weak that they could be successfully ignored by the coffee interests. Furthermore, up to the end of the last century coffee continued to act as the motor of the country's economic growth, and therefore harsh criticism of the oligarchy was perceived as inappropriate. This growth, however, was dependent upon forces external to the Costa Rican system, namely, the world market. As long as that market stayed firm, Costa Rica continued to prosper. Whenever world economic crises produced sudden drops in foreign exchange earnings, that prosperity was seriously eroded. Thus, in 1882, 1900 and 1914, the world prices of coffee declined and Costa Rica experienced major unemployment. The small but growing middle class in the cities was hurt badly by these slumps since its economic position depended on the circulation of capital earned from the sale of coffee. This group now began to have a legitimate basis for its complaints against the faltering coffee oligarchy.

The only sure way that the city dweller could isolate himself from these crises was to obtain a government job. Obtaining such a position meant, above all, security, a commodity desperately desired by the nascent middle class. However, the coffee aristocracy running the government had always sought to keep government small. Expansion of government not only contradicted the classic liberal philosophy of *laissez faire*, which these individuals professed, but it also meant that they themselves would have to bear most of the costs of governmental growth, since they were the only ones with an income large enough to tax. Thus, throughout the 19th century, when the aristocracy held a firm grip on the political system, budgets were kept to an absolute minimum. Expenditures of the central government, which stood at 120,000 colones in 1829, rose only to 1,620,000 colones 46 years later, in 1875 (Quijano, 1937:465), which means that expenditures had gone from approximately 1.7 colones per capita to 13.5 per capita. The fact that any increase at all was possible was due entirely to the income earned through customs duty, and not because of direct taxation of the coffee industry. The first tax on coffee did not appear until 1841 when the symbolic charge of 1 real per quintal was levied. Even though in 1855 this was raised to 2 reales, the tax was still a minor one. It was not until 35 years later that another tax was finally voted on coffee and this was a tax of 20 céntimos a quintal (Oficina del Café, 1954:15) to pay for the construction of the national theater, a long-desired addition to the aristocracy's cultural life. The theater was not designed to provide entertainment for the masses, but was a very exclusive affair.(1) The aristocracy, therefore, was merely taxing itself to provide for its own

cultural needs.

The first radical departure from this "hands-off" policy occurred in 1893 when, due to a severe balance of payments crisis created by world coffee prices, the legislative assembly voted a tax of 6 shillings per quintal in order to help pay the interest on the foreign debt. What is significant about this tax is the reasoning that was used to implement it; Article 4 of the law [Oficina del Café, 1954:20] states the following:

Que no obstante los deseos del Gobierno de proteger la agricultura del país para que alcance su mayor desarrollo, en las actuales circunstancias, aunque accidentalmente, es preciso pedir a ella los recursos que la Nación necesita.

Thus, for the first time, profits in the coffee industry were recognized as an acceptable target of state taxation to help bail out the nation in times of need. It should be added, however, that the proceeds from this tax were destined exclusively for the payment of interest on the foreign debt and, therefore, could not be used for social programs or for the expansion of the state bureaucracy. Moreover, only eight months later, the tax was cut by one-third, "...a fin de mejorar en lo posible la condición de los exportadores..." [Oficina del Café, 1954:20]. Nevertheless, the 1893 law opened the floodgates of taxation, and there was no way of stopping further increases. Thus, in 1898, the state set up its own official coffee classifying agent who was to decide which coffee would have to pay the export tax and which would be exported with no tax (the low quality, low profit coffee called terceras was specifically exempted under that law). The establishment of this agency was crucial since it meant that the government now had the right to challenge the exporters' classification. Thus, from this point on, the government established its role in the previously untouchable area of exporting.

(1) This fact is clearly indicated by the layout of the building, which provides for two separate entrances. The orchestra and lower tier seats are entered by way of the front entrance of the theater, which leads into an ornate marble red velvet carpeted lobby. The upper balcony seats, on the other hand, are reached through an obscure alley entrance which leads to a dimly lit staircase. There is not even a pretense of a lobby. Furthermore, in glaring contrast to the plush, velvet upholstered seats below, the balcony seats are simply long wooden benches.

As a reaction to government intervention in the coffee business, the aristocracy had a law passed in 1914 prohibiting the imposition of any new taxes on coffee for the next 20 years, but in that same year, almost as an indicator of the aristocracy's growing impotence, the law was repealed. Due to the international marketing problems caused by World War I a new tax of \$2.30 was imposed for each quintal of coffee exported. This tax was lowered in 1917 to \$1.50. In 1937 an 8% ad valorem tax with a \$1.50 upper limit was established (Oficina del Café, 1954:24-25). The most stunning blow of all was to hit the landed aristocracy in 1939 when the first land tax in Costa Rican history was imposed. Although the rate was low, what was particularly hard for them to bear about this tax was its progressive nature, since the more valuable was the property, the higher the tax rate became. Moreover, there was a special surcharge levied against uncultivated land, which specifically penalized those hacendados who were not making full use of their estates (Oficina del Café, 1954; Kainins, 1972:7). This latter tax, however, due to difficulties in administering it and a general unwillingness to pay it, has never been collected.

Between 1890 and the first decades of the 20th century, the coffee industry lost its immunity to taxation. It is quite clear that this could not have happened if it had still controlled the political system as completely as it during the first century of the coffee boom. The evidence that it lost this control is provided by Stone (1971:115), who demonstrates that after 1900, the proportion of diputados in the legislative assembly who came from the elite families begins a marked decline. The once unified and omnipotent aristocracy was now beginning to break up and lose its control over the political system. New power bases were developing in urban areas with sufficient power to elect their own representatives to the assembly, and who, once there, would begin to tax the only major source of wealth: the coffee industry. In 1910 Ricardo Jiménez Oreamuno was elected president; and although he was a member of the coffee aristocracy, he was the first president to actively seek the support of the rural areas. Moreover, after becoming elected, Jiménez eliminated the electoral college system and substituted for it the direct election of the president. Thus began a revolution of popular participation which was to further weaken the grip of the aristocracy. By 1927, San José had grown to over 50,000 and the number of diputados in the legislative assembly stood at 52, 32 more than what it had been in the previous century.

By the first quarter of the 20th century Costa Rica was finally emerging into the modern world. In the course of a few short years her isolation from the once irrelevant ideologies of popular participation and socially responsive

government dissolved. The world economic depression of the thirties only accelerated this process. The Communist Party was founded in 1931 (Herrera Garcia *et al.*, 1971:33). The populist leader Dr. Rafael Angel Calderón Guardia, elected president in 1940, established the social security system, the labor code, and social guarantees (eight-hour work day, right to unionize, minimum wage, etc.) (Creedman, 1971). Also in 1940, the Centro Para el Estudio de Problemas Nacionales, the student group which was to lay the ideological foundations for the Revolution of 1948, was founded (Aguilar Bulgarelli, 1969:56). That revolution (Bell, 1971) was to alter fundamentally the nature of Costa Rican politics, initiating a system primarily tailored to meet the needs of an ever-growing middle class by tremendously expanding the size of the government bureaucracy. In this new political system the coffee aristocracy finds itself fragmented and impotent. Its economic power, too, has declined with every passing year. Thus, while in the last century coffee made up 60% to 90% of foreign exchange earnings (Facio, 1972:48), today those earnings have dropped to around 25% (Dirección General de Estadística y Censos, 1972), as other agricultural exports such as bananas, cattle and sugar have increased in importance. Since 1963, with Costa Rica's entrance into the Central American Common Market, a new, industrial sector has been created which has further reduced the importance of coffee. Interestingly enough, Stone (1973) has found that the coffee aristocracy has played an almost insignificant role in this industrialization, indicating that it was incapable of making the transition from coffee to newer, more profitable forms of investment.

Unfortunately, a detailed recounting of the exciting events of the 20th century briefly mentioned above would take us too far afield in this paper, whose focus is not on the national political system, but on the peasantry. Three facts, however, must be kept in mind. First, the coffee aristocracy, once comprising the unchallenged social, economic and political leadership of the country, has now been eclipsed by a new coalition of political and economic interests which cater primarily to the needs of a growing middle class. Second, despite its decline in power in the national political scene, the coffee aristocracy has managed to tighten its already firm control over the coffee industry and, by dint of that control, retains a firm grip on a large sector of the Costa Rican peasantry. Third, despite the fact that year by year, increasing numbers of Costa Ricans are being incorporated into the economically comfortable middle class with its "cradle to grave" social security system and guaranteed security of a bureaucratic position, the peasantry, still composing nearly half of the population, continues to move irreversibly downward. The fitting together of these three factors provides us with the

critical key to understanding the development of modern Costa Rica. That key is the realization that it is the peasantry which has borne the cost of economic development in the past, and continues to do so in the present, and that, therefore, it is on its back that the coffee aristocracy and the growing middle class ride.

Economic development relies upon the generation of an investable capital surplus [Malloy, 1971:24]. Since the introduction of agrarian capitalism in Costa Rica in the beginning of the last century, coffee has produced this surplus and therefore the economy has had the potential for growth. However, the accumulation of such a surplus in economically dependent countries is exceedingly difficult, because by definition, the bulk of that surplus is skimmed off and transferred to the metropoli [Cockcroft, Frank and Johnson, 1972]. To the extent that economic development has occurred in Costa Rica, it has been a product of the ability of the elites to extract an even greater surplus from the underlying peasantry, while at the same time largely preventing the latter from partaking of the benefits of that developed society (i.e., education, health services, electricity, potable water, etc.) The banana industry which developed at the turn of the century, offered the nation a potential source of wealth, which, if it had been properly channelled, would have greatly assisted economic growth. As I will show in another paper, the coffee aristocracy refused to take advantage of this potential, permitting the gargantuan profits brought by banana exports to slip through its fingers. The peasantry, on the other hand, was to find at least temporary salvation on the steamy banana plantations.

Table 1

Land Distribution in Costa Rica
and Other Selected Countries

<u>Country</u>	<u>Gini Index</u>
Yugoslavia	.44
Poland	.45
Denmark	.46
Japan	.47
India	.52
France	.58
Taiwan	.65
South Vietnam	.67
United States	.71
United Kingdom	.71
Panama	.73
Egypt	.74
Nicaragua	.74
Honduras	.76
New Zealand	.77
Spain	.78
Dominican Republic	.80
Uruguay	.82
El Salvador	.83
Brazil	.84
Colombia	.85
Argentina	.86
Ecuador	.86
Guatemala	.87
Peru	.87
COSTA RICA (1950)	.90
Venezuela	.91
Australia	.93
Chile	.94
Bolivia	.94

Sources: Russett, et al., 1964
Arredondo and Costales Samaniego, 1965.

Table 2
Coffee Exports, 1832-1939
(in 1,000s of kilograms)

Year	Exports	Year	Exports	Year	Exports
1832	23	1884	16,630	1915	12,206
1843	1,150	1885	9,150	1916	16,844
1855	3,253	1886	9,037	1917	12,267
1856	3,818	1887	13,082	1918	11,452
1857	4,140	1888	10,318	1919	13,963
1858	2,776	1889	12,948	1920	13,998
1859	4,995	1890	15,395	1921	13,336
1860	4,138	1891	14,142	1922	18,617
1861	5,195	1892	10,798	1923	11,088
1862	4,964	1893	11,442	1924	18,211
1863	3,977	1894	10,777	1925	15,353
1864	5,179	1895	11,090	1926	18,249
1865	6,193	1896	11,716	1927	16,154
1866	8,344	1897	13,871	1928	18,842
1867	9,200	1898	19,486	1929	19,677
1868	9,384	1899	15,367	1930	25,537
1869	9,384	1900	16,101	1931	23,015
1870	11,558	1901	16,574	1932	18,499
1871	8,334	1902	13,749	1933	27,778
1872	11,592	1903	17,333	1934	19,063
1873	9,200	1904	12,578	1935	24,239
1874	10,780	1905	18,048	1936	21,326
1875	4,836	1906	13,774	1937	26,520
1876	11,176	1907	17,326	1938	24,981
1877	8,356	1908	8,978	1939	20,245
1878	11,587	1909	12,030		
1879	10,702	1910	14,397		
1880	7,934	1911	12,641		
1881	11,240	1912	12,238		
1882	7,408	1913	13,019		
1883	9,203	1914	17,717		

Source: Direccion General de Estadística y Censos, 1941:14; Salas Marrero and Barahona Israel, 1973:533; Konge Alfaro, 1966:203

Table 3
Land Purchases, 1700-1840

Year	Total Purchases			Per cent of Purchases made by Monopolists	
	Number	Value (reales)	Per Person	Number	Value(reales)
1700-1709	30	15,987	.008	0	0
1710-1719	32	16,639	.009	0	0
1720-1729	54	15,636	.009	1.8	2.2
1730-1739	30	10,310	.005	3.3	9.6
1740-1749	30	12,869	.003	3.3	10.8
1750-1759	28	8,766	.002	7.1	7.9
1760-1769	36	6,822	.003	0	0
1770-1779	80	15,626	.006	2.5	18.5
1780-1789	105	16,238	.004	0.9	0.3
1790-1799	57	8,387	.002	10.5	6.1
1800-1809	129	56,377	.003	24.0	31.3
1810-1819	139	26,494	.003	17.0	19.9
1820-1829	241	90,136	.005	20.7	41.4
1830-1839	608	222,967	.014	18.7	30.8
1840-1849	1,311	974,876	.016	16.7	30.9

Source: Moretzsohn de Andrade, 1966:138

Table 4
Concentration of Coffee and Land

Cantón	Gini Index		Cantón	Gini Index	
	Coffee	Land		Coffee	Land
SAN JOSE, Cent.	90.0	80.4	Palmares	77.0	67.6
Desamparados	76.3	74.5	Poás	88.1	75.0
Puriscal	85.4	66.8	San Carlos	69.8	75.2
Tarrazá	64.3	63.8	Alfaro Ruiz	62.6	67.6
Aserrí	83.2	72.8	Valverde Vega	93.0	74.5
Mora	74.7	73.2	Los Chiles	56.7	n.a.
Goicoechea	49.9	84.8	CARTAGO, Cent.	87.9	75.5
Santa Ana	72.2	75.8	Paraíso	92.4	83.4
Alajuelita	88.5	70.3	La Unión	88.6	78.6
Acosta	74.0	72.4	Jiménez	90.7	84.8
Tibás	76.3	69.5	Turrialba	92.1	82.3
Moravia	80.4	81.9	El Guarco	88.8	65.1
Montes de Oca	88.1	69.6	HEREDIA, Cent.	87.2	86.7
Dota	62.8	70.9	Berba	89.2	77.8
Curridabat	90.1	72.1	Santo Domingo	83.2	60.6
Pérez Zeledón	63.0	n.a.	Santa Bárbara	68.4	76.2
León Cortés	75.0	68.0	San Rafael	74.3	75.8
ALAJUELA, Cent.	90.1	79.0	San Isidro	73.0	65.2
San Ramón	73.8	79.5	Belén	81.4	74.4
Grecia	87.7	66.1	Flores	84.3	60.2
Atenas	58.8	70.0	San Pablo	86.7	50.9
Naranjo	88.3	72.6	Coto Brus	89.0	70.2

Source: These data were obtained from the Registro de Productores filed in the Oficina del Café in San José. This document, which is filed every year by each beneficio in the country, contained a listing of each producer's name, his county and district of residence, and the amount of coffee he turned in to the beneficio during that harvest. This is the only accurate record of coffee production information available since reports made by individuals to the income tax bureau (Tributación Directa) and to the census bureau are likely to be underestimates of true production. The registro information is accurate (or largely so) since it is filled out by the beneficio and not by the producer, and the totals must coincide with the total coffee actually produced by the beneficio since it is upon this record that export quotas and domestic consumption quotas are assigned.

The use of this source was not without its drawbacks, however. First of all, since there are an estimated 60,000 producers, the drawing of a sample can

be a very tedious job. In this study a 10% sample was drawn (every 10th name on the list was chosen), a task which took the author and his wife over a month's time. Second, since the reporting is not standardized for all beneficios, some reported production in double decaliters (one cajuela), some in double hectoliters (10 cajuelas) and some in two double hectoliters (one fanega). This fact required that each producer's crop be converted into a single standardized measure (in this case everything was converted to double decaliters, rounding off the cuartillos, or 5-liter measure). Third, some producers would report production under several names for the same family, apparently in order to avoid the long arm of the tax collector (copies of these forms are sent to the income tax bureau, a fact which few producers are unaware of). There is no way of eliminating this problem since it was impossible to tell if one farm's production was being divided among several names, or if, in fact, several members of the same family all had their own farms in the area and delivered their coffee to the same beneficio. The Gini index presented in this table, therefore, is likely to be lower than the actual level of concentration of production. Fourth, some producers turn in their coffee to more than one beneficio. This is particularly true of the large owners who have farms in several areas. Here again, there is no way of eliminating this problem since it would have required a cross-checking of names, an utterly impossible task. Because of this fact the Gini index was further deflated from its true values. Finally, for several beneficios there is some doubt as to the accuracy of the information reported regarding the cantón of production. Apparently, in some cases the cantón listed is the legal cantón of residence of the producer and not the place where the coffee is actually produced. It is for this reason, for example, that coffee is listed as being produced in the central cantón of San José, an area which is almost completely devoid of farms.

The land Gini indices were computed from a 100% sample of the 1963 agricultural census. In the case of Coto Brus, however, the 1973 data were used since that cantón was created after the earlier census was taken. I would like to thank the people at the Dirección General de Estadística y Censos for making the unprocessed 1973 data available to me.

Table 5
Coffee Exports
1940-1950 (in kilograms)

Year	England	All Europe	U.S.A.	Others	Total
1940	8,568,377	10,966,087	6,876,056	336,894	18,704,132
1941	0	984,458	16,189,438	1,640,279	21,504,002
1942	2,773	951,948	14,266,255	637,311	20,672,426
1943	820	667,675	18,355,244	2,717,723	24,214,463
1944	0	649,184	14,333,938	787,121	18,778,398
1945	70	876,149	19,179,229	604,705	21,842,894
1950	24,500	6,102,260	11,962,309	758,836	19,055,471

Source: Alvarez, 1954?:14-15.

FIGURE 1

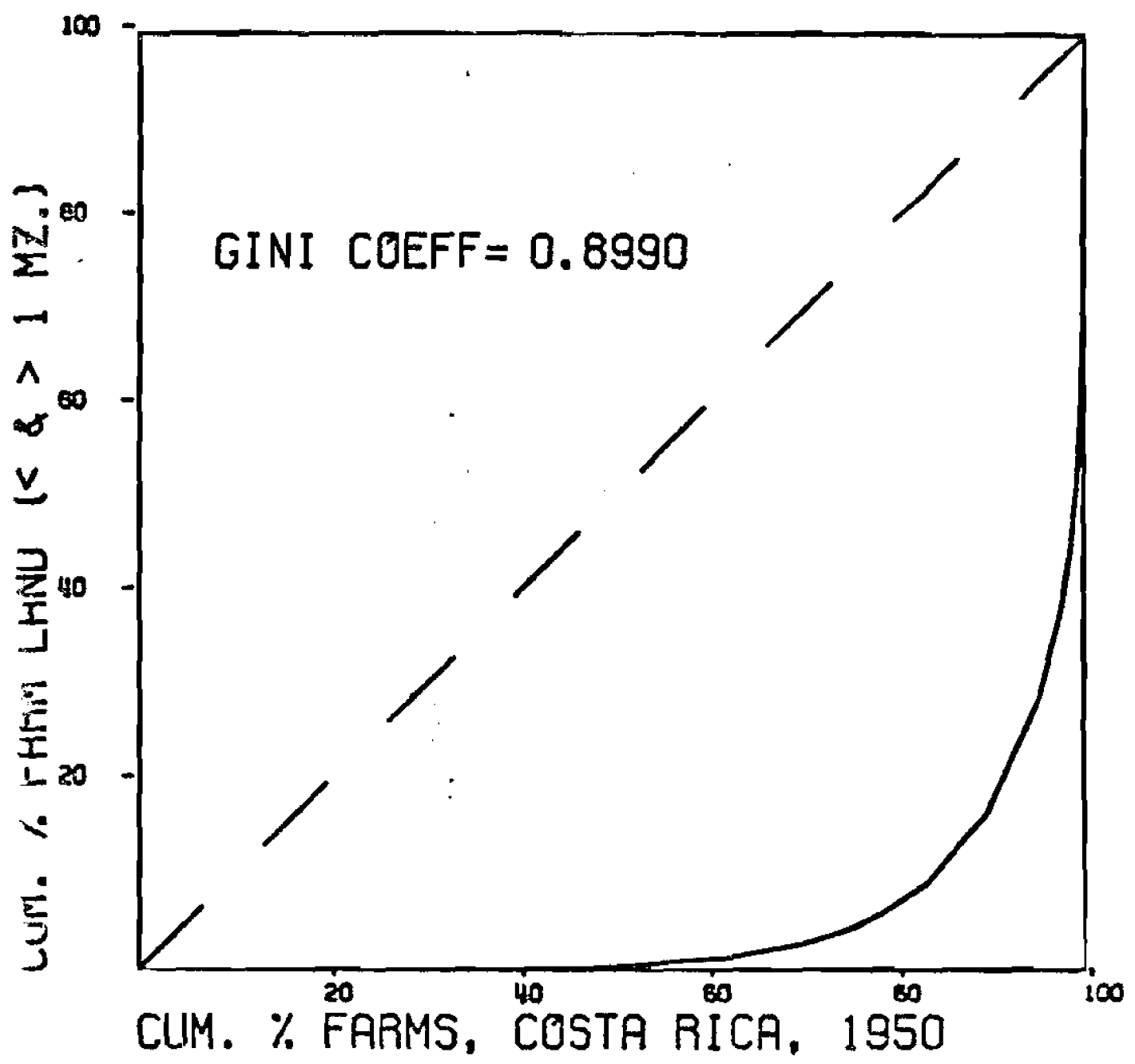


FIGURE 2

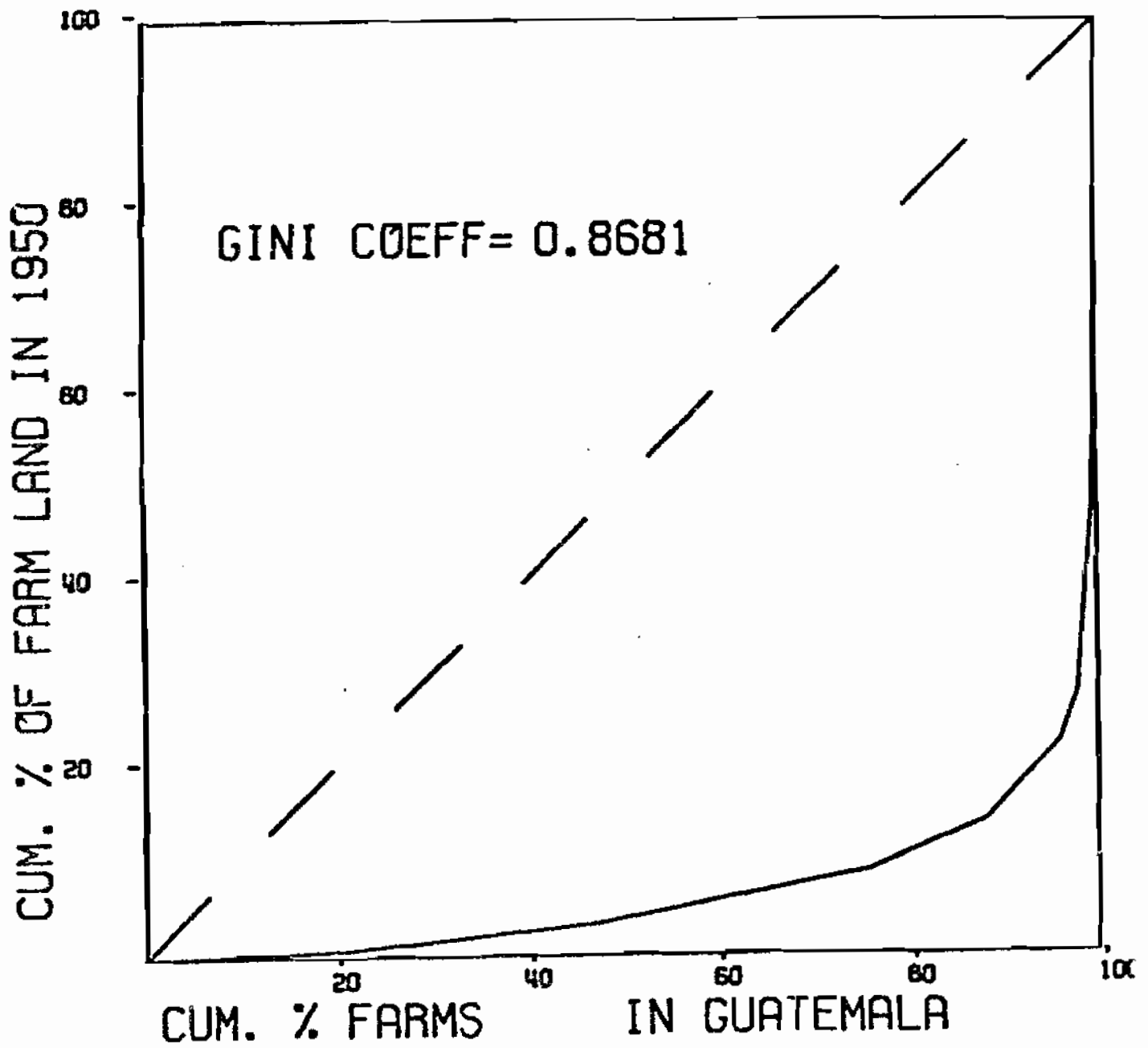


FIGURE 3

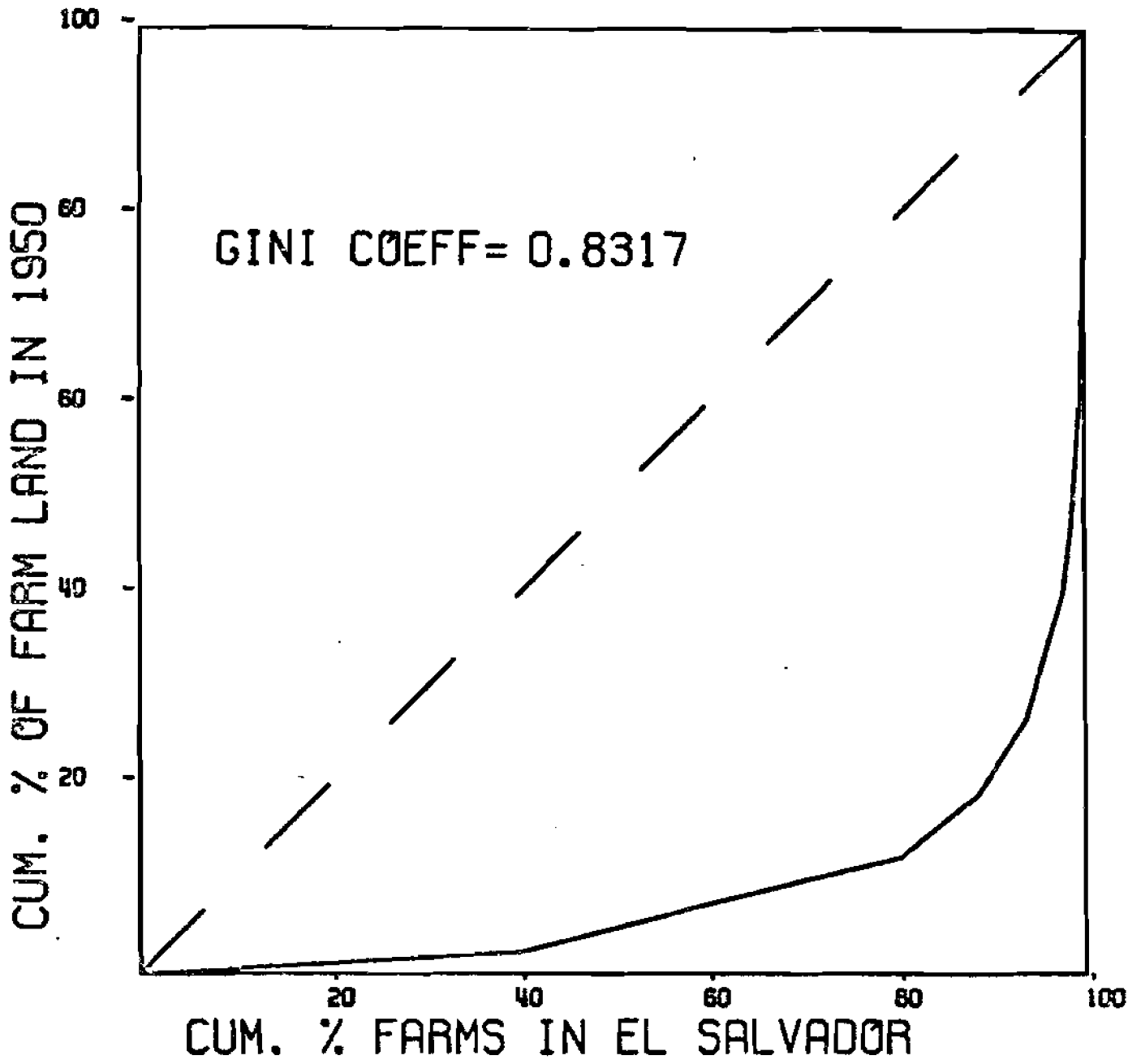


FIGURE 4

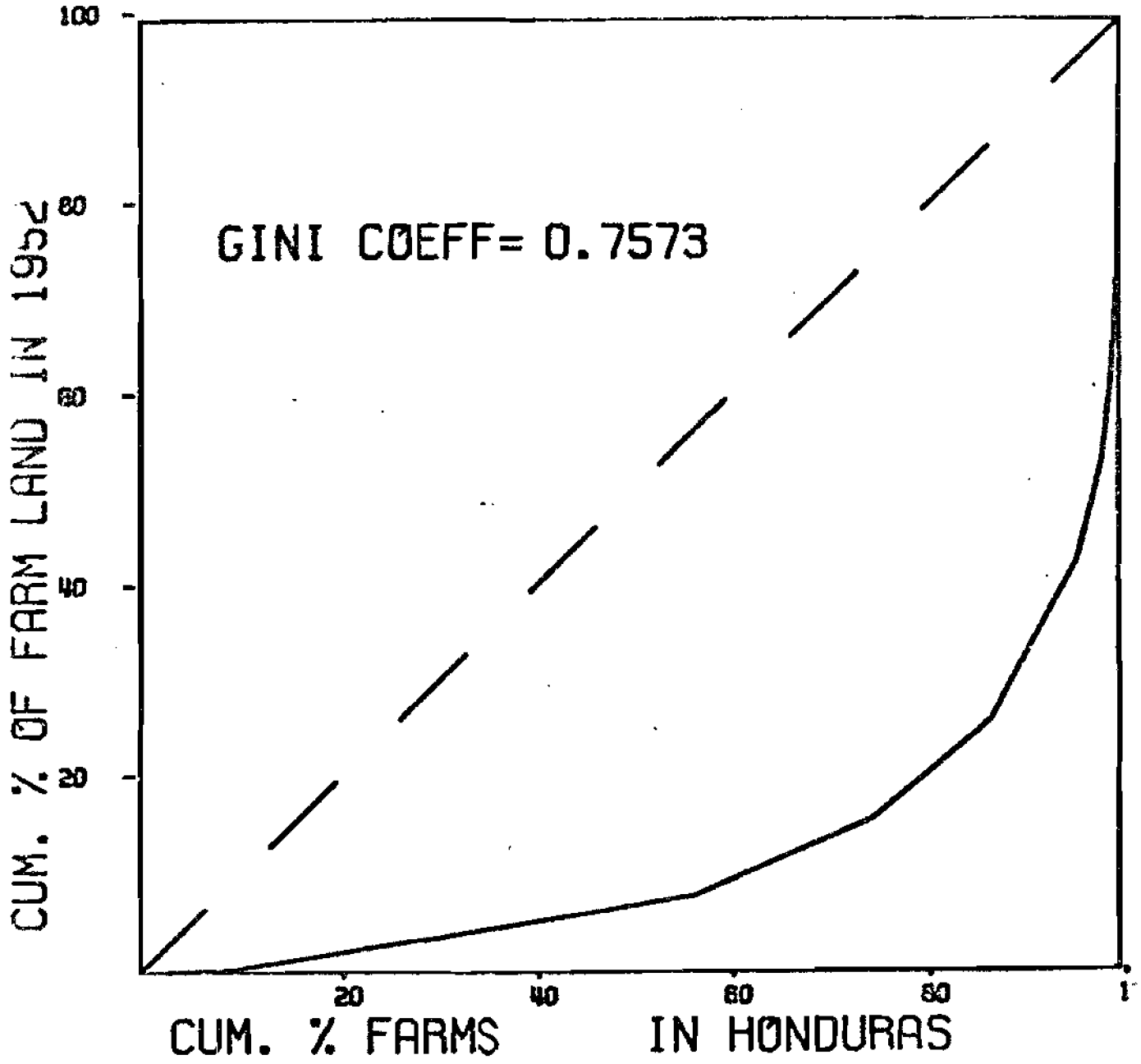
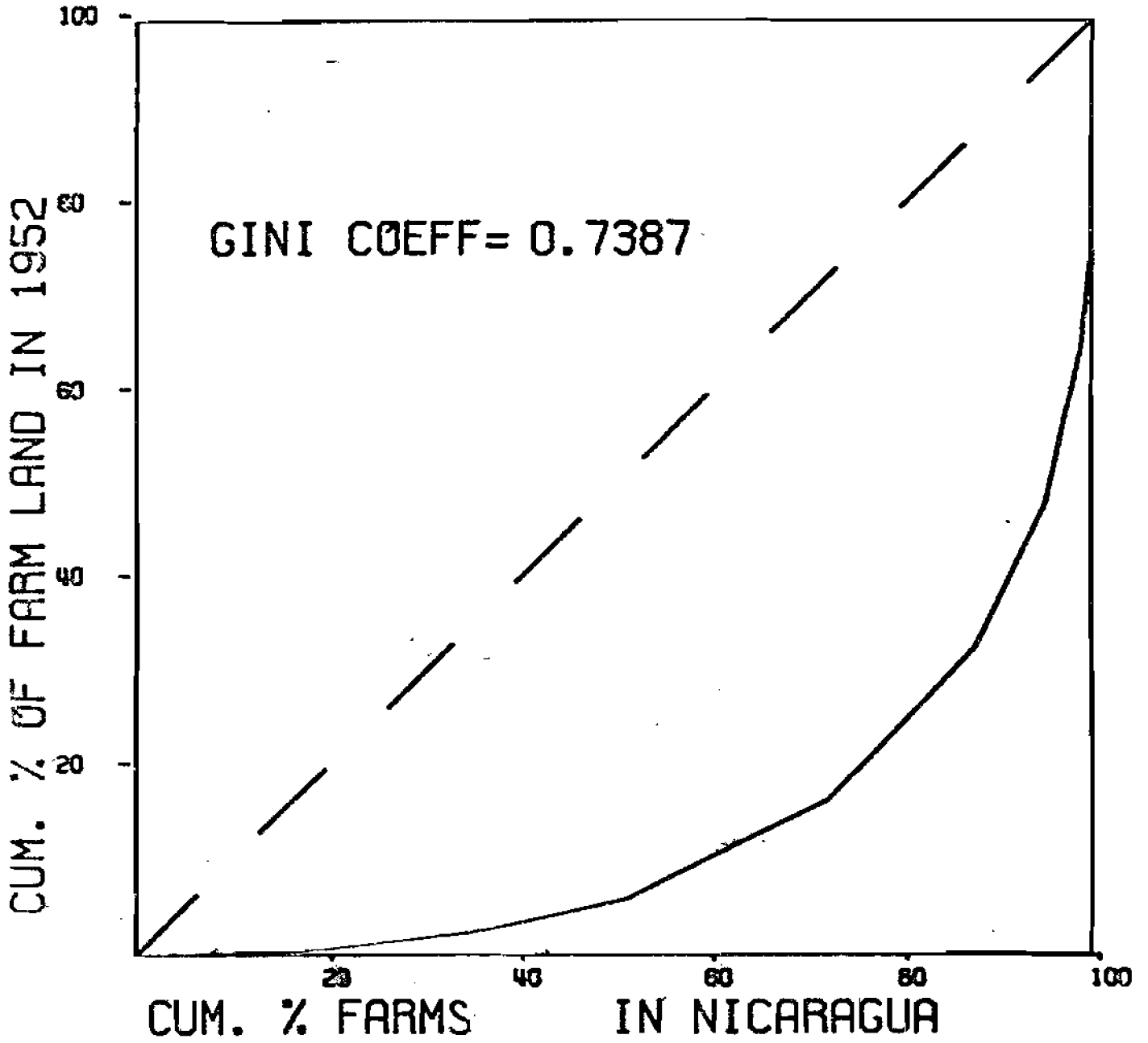


FIGURE 5





Adapted from Nunley, 1960:19.

Population Distribution

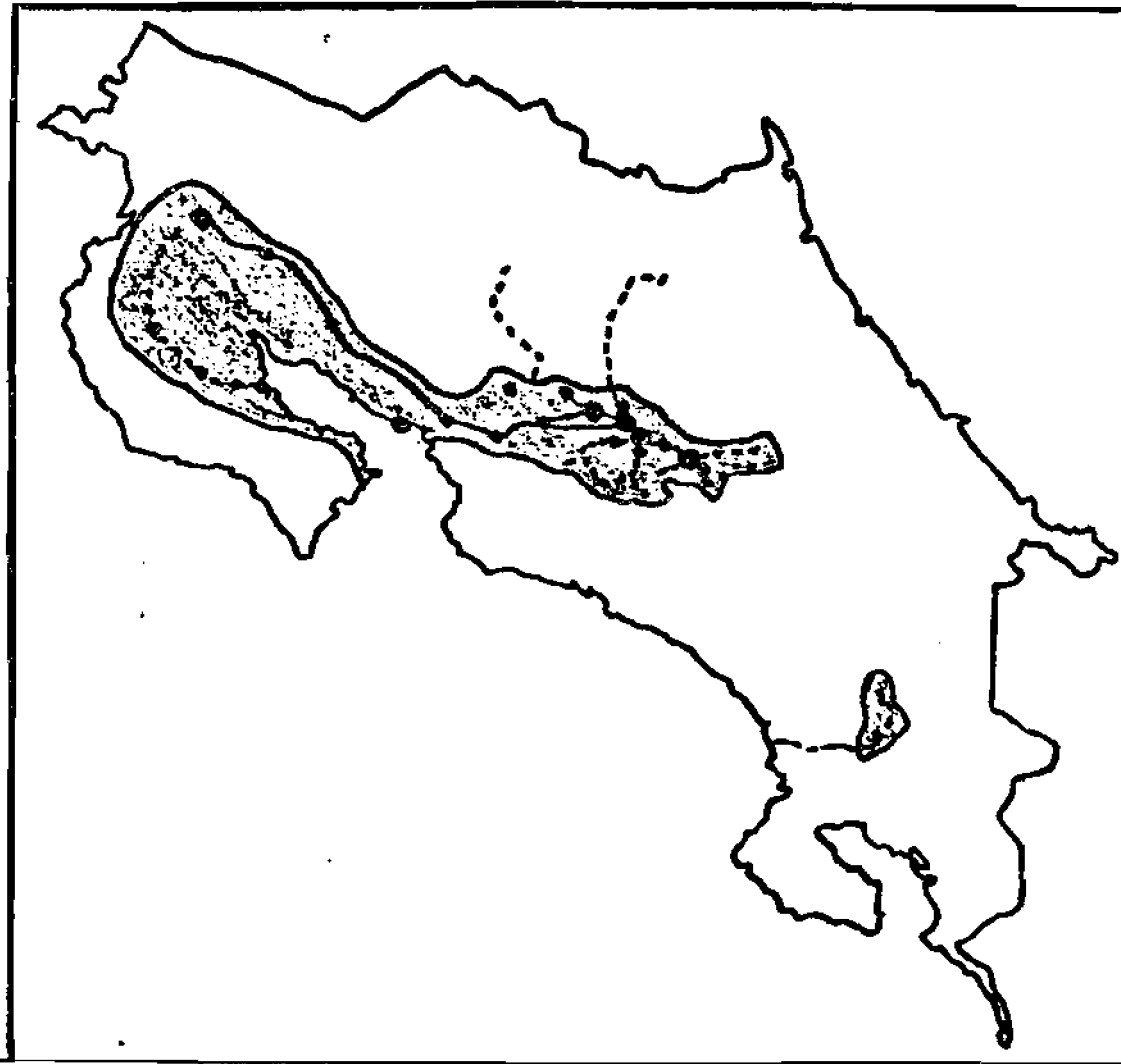
1824

● **Cities**

----- **Trails**

Shading indicates settled areas

FIGURE 6



Adapted from Nunley, 1960:23

Population Distribution

1864

● Provincial and Territorial capitals

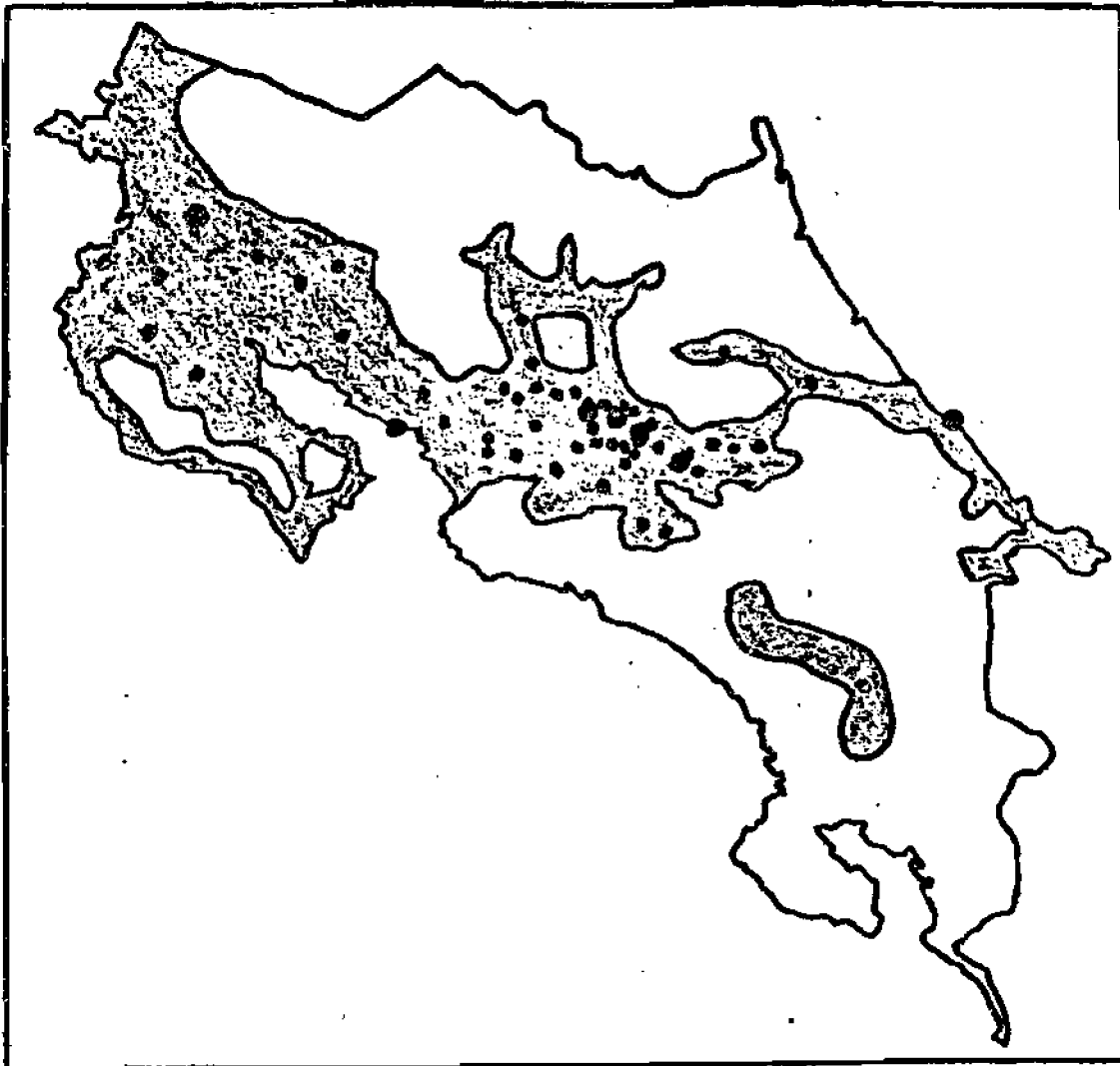
● County seats

— Cart-roads

- - - Trails

Shading indicates settled areas

FIGURE 7.



Adapted from Nunley, 1960:30

Population Distribution

1927

● Provincial capitals

● County seats

Shading indicates settled areas

FIGURE 8

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