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Mitchell A. Seligson; Edward N. Muller

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Democratic Stability and Economic Crisis: Costa Rica, 1978–1983

MITCHELL A. SELIGSON

University of Pittsburgh

AND

EDWARD N. MULLER

University of Arizona

This article explores the relationship between economics and politics by examining the impact of economic crisis on democratic stability. It attempts to test the thesis proposed by Seymour Martin Lipset that economic crisis is not directly linked to political stability but is mediated through two fundamental components of the political culture: effectiveness and legitimacy. Previous empirical research on this hypothesis has been limited by four interrelated factors outlined in the article. The study overcomes these limitations by using a refined measure of legitimacy (called “political support-alienation”) and focusing on Costa Rica, a country that has experienced a severe economic crisis but has nonetheless maintained democratic stability. The article reviews the historical process of building democracy in Costa Rica, describes the nature of the economic crisis, and traces its impact with a series of cross-section surveys.

When historians of Latin America look back on the decade of the 1980s, they are likely to point to the unprecedented wave of democratization as the period’s most noteworthy feature. Throughout the region there have emerged formal, constitutional democracies replete with open elections, active party competition, and noticeable increases in freedom of press and expression. Even human rights violations, so widespread in the 1970s, seem to be declining in many nations. Even among those who are most deeply impressed by these developments, however, there remains a deep skepticism of the long-term viability of these newly democratic regimes. Central to this skepticism is the fear that the deepening economic crisis that has afflicted

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the region will likely sweep away these new regimes and cause them to be replaced by authoritarian ones.

Empirical democratic theory places considerable emphasis on economic development and its relation to the emergence and stability of democracy. The theory therefore might serve as a guide to help predict the probable longevity of the new democracies in Latin America. We know, for example, that cross-national evidence strongly supports the hypothesis that a minimal level of economic development is a necessary, although clearly not sufficient, condition for the establishment of democracy.¹ So it has seemed logical to conclude that if some economic growth is good for the establishment of democracy, a lot of growth ought to be better. The empirical evidence, however, does not support this conclusion. Beyond the issue of what are the minimum levels of economic development required for the establishment of democracy, there is much debate over the impact of further growth. It is known, from these same cross-national studies, that there is an upper threshold beyond which further increases in economic development seem to yield little or no additional gains in the level of democracy.² And, although some studies (e.g., Olson, 1963) have suggested on the basis of impressionistic evidence that rapid economic growth can have even a deleterious impact on political stability and therefore can negatively influence the stability of democratic regimes, a review of the cross-national evidence by Zimmerman (1980: 182–83) concludes that rapid economic growth has no clear-cut relationship with political instability.³

Given the precarious state of the economies in the democracies of Latin America, research on the relationship between economic *decline* and democratic stability would be of greater direct relevance. Crane Brinton (1938), one of the early theorists on the subject, argued that a government financial crisis was one of the key elements needed to bring about a revolution. Other theorists regard such crises as being the crucial catalyst that ignites “revolutionary situations” (e.g., Johnson, 1966). James Davies (1962) has proposed a “J-curve” of revolution, which focuses on the “revolutionary gap” between rising expectations and falling economic performance. These theories, however, are generally focused on nondemocratic systems and therefore may not be of much use in the contemporary Latin American situation.

Of more direct relevance is de Tocqueville’s well-known argument that democratic regimes have within them the seeds of their own destruction. What de Tocqueville (1966: 9–42) feared the most was the rise of a powerful central state, because social pluralism, which he considered to be essential for the maintenance of democracy, might disappear under the onslaught of industrialism. Modern theorists, however, have stood him on his head, seeing the expansion of democracy as having an adverse

¹ Much cross-national research points to an economic threshold of about \$250 per capita, in 1957 U.S. dollars, beneath which the chances for democracy are very slim. This research is reviewed by Seligson (1987b and 1987c).

² Jackman (1975: 75) shows most clearly the curvilinear nature of the curve first suggested by Neubauer (1967).

³ Similarly, the thesis postulated by O’Donnell (1973) that economic growth resulting from import substitution industrialization in developing countries would lead to the destabilization of democratic governments and their replacement by bureaucratic-authoritarian regimes generally has been refuted by empirical evidence from the Latin American cases on which it was originally based (see Collier, 1979; Seligson, 1982; Muller, 1985). Indeed, the emergence of democratic regimes in the formerly “bureaucratic-authoritarian” states in Latin America (e.g., Brazil, Argentina, Uruguay) has led to a reconsideration of the impact of economic growth on the emergence of such regimes.

impact on economic growth.⁴ There is some evidence to support this claim. A crude test by Huntington and Dominguez (1975) found that one-party political systems, where participation could be more strictly controlled than in competitive party systems, had a better record of economic growth. More recent and methodologically more sophisticated research by Erich Weede (1984) has found that among developing nations, democracy appears to slow economic growth, although the effect is noted only among strong states (i.e., states that have a high ratio of government expenditures to national income).⁵

Whatever the nature of the linkage between democracy and economic growth, that democracies experience economic crises is a fact of life. Hence, even if research shows that democracy is not, ultimately, a cause of economic decline, potentially culminating in economic crisis, when such crises do occur, the stability of democracy may be endangered. Some theoretical work has been done on this subject as discussed below.

The first major theoretical work on the link between economic crisis and the stability of democracy appeared in Seymour Martin Lipset's seminal work, *Political Man*. In that book, written over 25 years ago, Lipset suggested that economic crisis is not directly linked to political stability. Rather, the impact of economic crises on stability is mediated through two fundamental components of the political culture: effectiveness and legitimacy, where "effectiveness means actual performance, the extent to which the system satisfies the basic functions of government as most of the population and such powerful groups within it as big business or the armed forces see them. Legitimacy involves the capacity of the system to engender and maintain the belief that the existing political institutions are the most appropriate ones for the society" (Lipset, 1959: 77). The stability of a given democracy depends directly on the interaction of effectiveness and legitimacy. Lipset hypothesized, based primarily on his observation of the impact of the Great Depression on Europe, that systems viewed by their citizens as being legitimate would survive a crisis of effectiveness, but those that were seen as illegitimate would tend to collapse under the stress of economic crisis. Lipset refers specifically to Germany, Austria, and Spain as examples of fundamentally illegitimate systems that experienced breakdowns of democracy when buffeted by a crisis of effectiveness. The United States and Great Britain, however, survived the Depression without political breakdown, because of the legitimacy of these systems.⁶

Lipset recognized that once a system achieved a high degree of legitimacy, there was no guarantee that it would not eventually lose it. Just as systems could undergo a crisis of effectiveness, so too could they undergo a crisis of legitimacy. Indeed, Lipset (1959: 78) explicitly pointed out that long-term crises of effectiveness could erode

⁴ According to Huntington and Nelson (1976), for example, the widening of participation, especially in resource-poor nations, leads to an increasing demand for jobs and social welfare benefits, which is beyond the capacity of the economy to respond to effectively. As a result, the productive sector of the economy is weakened as the state grows to become its largest employer, providing sinecures for job-seekers, who will fill paper-shuffler roles in the growing proliferation of state social service agencies.

⁵ Weede uses a sample that includes as many as 75 developing nations and employs regression techniques incorporating a large number of control variables, whereas Huntington and Dominguez rely on cross-tabulation and use only one control variable.

⁶ These systems achieved their legitimacy, argues Lipset (1959: 81 n. 5), after they had successfully dealt with three fundamental challenges, which are discussed later in this article.

legitimacy because legitimacy itself depended on the ability of the system to “sustain the expectations of major groups.” Consequently, “a breakdown of effectiveness, repeatedly or for a long period, will endanger even a legitimate system’s stability” (Lipset, 1959: 80).

Other analysts have concerned themselves with the potential for the erosion of legitimacy. Writing in the 1960s, David Easton (1965: 124) coined the term “diffuse support,” to refer essentially to what Lipset had called “legitimacy,” and introduced the concept of “specific support,” that is, support for the incumbent leaders. According to Easton, citizens carefully distinguish between specific and diffuse support, but over time low levels of specific support may eventually reduce diffuse support, which then is likely to result in a breakdown of the system: “When such [diffuse] support threatens to fall below a minimal level, regardless of the cause, the system must either provide mechanisms to revive the flagging support or its days will be numbered” (Easton, 1965: 249). In a similar vein, Arthur Miller (1974: 951), reflecting on the protracted crisis of confidence brought on by the assassination of President Kennedy, the Vietnam War and, ultimately, Watergate, stated that, “When such support wanes underlying discontent is the necessary result, and the potential for revolutionary alteration of the political and social system is enhanced.” And Juan Linz (1978: 16) makes much the same point in his treatise on the causes of the breakdown of democracies: “Obviously no government is accorded legitimacy in this sense by all its citizens, but no government can survive without that belief on the part of a substantial number of citizens. . . .”

There is a considerable body of theoretical literature, therefore, that suggests that the stability of democratic systems can be adversely affected by protracted crises of effectiveness. However, as noted by Linz (1978: 38) in his massive study of the breakdown of democratic regimes, “Unfortunately, there has been relatively little research on the links between economic and political crises” and his volume does not include any “systematic comparative data” (Linz, 1978: 55) on the subject. The paucity of empirical data on the relationship between effectiveness, legitimacy, and stability is due to four interrelated factors.

First, the great bulk of research on democratic systems has been conducted in Europe and North America.⁷ The great majority of cases of breakdown since World War II, however, have been in the developing countries of Asia, Africa, and Latin America. Hence, research on democratic systems is most extensive where the cases of breakdown are the least common, whereas the instances of breakdown are the most frequent where the research is the thinnest.

Second, most of the detailed studies of breakdown that we do have are on cases thought to have exhibited very low levels of legitimacy prior to crises of effectiveness. Lipset focuses on the Weimar Republic, Austria, and Spain during the 1930s but stresses that in each of these cases, the systems had serious legitimacy problems. Dahl (1971: 129–32), who also places considerable emphasis on the importance of belief in the legitimacy of the system as a key condition for democratic stability, examines the case of Argentina.⁸ He argues that “Argentineans appear never to have devel-

⁷ See the collection by Weiner and Ozbudun (1987) for a recent treatment that attempts to offset this imbalance in research.

⁸ Dahl (1971: 127) stresses the importance of the beliefs of the “political activists” over the mass of the population, but says that “This concern does not mean that the beliefs held among the less influential strata are irrelevant, but only that a stronger case can be made for treating the beliefs of the politically most active and involved strata as an important explanatory factor.”

oped a strong belief in the legitimacy of the institutions of polyarchy [i.e., democracy]" (Dahl, 1971: 135).⁹

But even in these illustrations there is no direct evidence that clearly establishes the legitimacy of the system, or lack thereof, for the cases of breakdown that have been investigated.¹⁰ There is, of course, some indirect evidence that has served as the basis of much of the theorizing discussed above, but that evidence is ambiguous. The evidence cited by Dahl to support the contention that Argentine democracy was not legitimate and that breakdown therefore was to be expected is a survey conducted in 1966, which in fact showed that only 19 percent of the residents of greater Buenos Aires would have approved banning Peronist participation in elections. It is unclear how, from these data, Dahl (1971: 140) derives the conclusion that a basic norm of Argentine politics is: "I believe in elections as long as I can be sure that my opponents will not win."¹¹ Indeed, a radically different interpretation could be given to these data. A wealth of survey data in the United States consistently demonstrates broad-scale and frequently majoritarian opposition to allowing disliked groups to participate in politics, and survey research in other stable democracies has uncovered similar patterns of attitudes.¹² Thus, the 19 percent opposition to Peronist participation in Argentina is, by these international comparisons, quite low.

Third, we have no data whatsoever (except those based on an unreliable and invalid measure as discussed below) that might demonstrate the dynamics of the hypothesized link between a crisis of effectiveness and a crisis of legitimacy. What is clearly needed are longitudinal data on system legitimacy, derived from nations that are undergoing a breakdown of effectiveness.

Fourth, much of the limited data available is seriously flawed by problems of reliability and validity. The only longitudinal data thus far available on legitimacy have been those provided by the Trust in Government measure used continually since the early 1960s in the U.S. National Election Studies of the Survey Research Center of the University of Michigan and included intermittently in some European surveys. Those who have used this measure have claimed that the trust items, "are generally seen as indicators of diffuse support for the political regime . . . trust is a concept which deals with an assessment of whether or not political authorities and institutions are functioning in accordance with the normative expectations held by the public" (Miller and Listhaug, 1984). If this were true, then the Trust in Government measure would certainly seem to encompass what Lipset had in mind when he defined legitimacy. Unfortunately, however, that measure has been shown to be both unreliable and invalid. An examination of the responses for the 1972, 1974, and 1976 national U.S. samples uncovered reliability levels that were distressingly low.¹³

⁹ After reviewing Argentina's political history Dahl (1971: 139) concludes: "The upshot of Argentina's political development, then, is that belief in the legitimacy of the institutions of polyarchy—and particularly the binding character of elections—is shallow, especially among the elites, but perhaps also among the people as a whole."

¹⁰ Peter Smith's (1978: 33) study of Argentina in the 1920s leads him to conclude that the political changes that occurred there "delegitimized the structure" of politics, but evidence supporting the presumed prior existence of legitimacy is not presented.

¹¹ Even among the best-educated respondents, who presumably were least supportive of Peronism, only 35 percent favored a ban on Peronist participation in elections.

¹² Much of this evidence for the United States is summarized in Sullivan, et al. (1982). International comparisons appear in Shamir and Sullivan (1983), Seligson and Caspi (1983), and Caspi and Seligson (1983).

¹³ Nunnally (1967) suggests a reliability level of 0.80 or higher for use in basic research. The 1972–74–76 National Election Surveys yield an alpha of 0.73, 0.70, and 0.67, respectively. The cumulative (i.e., Guttman)

Cross-national studies of the measure's validity revealed that it was not significantly associated with antisystem political behavior, such as aggressive political participation (Muller, Jukam, and Seligson, 1982; Seligson, 1983b). In short, as a measure useful in studying system stability, Trust in Government appears to be of little value.

There are, indeed, daunting obstacles to research on the interrelationship between crises of effectiveness and breakdowns of legitimacy. In addition to the well-known limitations of the survey research method (especially sampling error, nonresponse bias, lack of indicator homology), *cross-cultural* survey research poses particular problems (especially that of item translation),¹⁴ not to mention the further difficulty of establishing the micro-to-macro linkage between individual attitudes and system stability. For all these reasons we embark on this project with considerable trepidation and a great deal of humility. Nonetheless, we have been unable to resist the temptation presented by a set of serendipitous circumstances that, we believe, allow us to overcome problems that have thus far stymied empirical research in this area. Specifically, we have been able to collect longitudinal, reliable, and valid data on a developing nation undergoing an unprecedented economic crisis, where the legitimacy of the political system had been firmly established in the public mind prior to the onset of that crisis. The case is Costa Rica. The period of analysis is 1978–83.

The Building of Legitimacy in Costa Rica

The resolution of three key issues, according to Lipset, is central to establishing the legitimacy of a democratic regime. These are (1) the conflict between Church and State, (2) the struggle over the inclusion of the lower strata into the political and economic system, and (3) the dispute over the distribution of income (Lipset, 1959: 83).¹⁵ Many explanations have been given for the stability of democracy in Costa Rica, but the timely and successful resolution of these three issues may well lie at the very core of the matter.¹⁶

Church-State Relations

The Church in Costa Rica historically has been far weaker and more socially progressive than in most other countries of Latin America. The explanation for this can be found in economic factors that indirectly caused the peripheralization of the Church. The absence of a large Indian population and any significant quantities of gold and silver forced most colonists to earn their living from subsistence agriculture. As a result, dispersed population settlement became the rule, as colonial settlers lived on their farms rather than in towns and cities. In an effort to assert its author-

scaling model shows similar results. Additional samples for specialized research projects in other national settings proved similarly disappointing. A sample in Costa Rica produced an alpha of 0.62, and two samples in Mexico yielded 0.63 and 0.67 (see Muller, Jukam, and Seligson, 1982 and Seligson, 1983b).

¹⁴ An excellent discussion of the problems of cross-cultural survey research is found in Verba et al. (1978: 32–45).

¹⁵ More recent statements of this idea are found in Lipset and Rokkan (1967), Binder et al. (1971), and Grew (1978).

¹⁶ Some of the more significant studies that attempt to explain democracy in Costa Rica include Trejos Quirós (1939); Rodríguez Vega (1953); Kantor (1960); Pacheco (1961); Busey (1962); Aguilar Bulgarelli (1970); López Gutiérrez (1975); Arias Sánchez (1976); Stone (1979); Zeyala, et al. (1979); Booth (1984); and Peeler (1985).

ity, at one point in the colonial period the Church apparently threatened to excommunicate those who refused to move into more central locations, where they would be apt to attend church more often (Seligson, 1980: 7). But the effort was unsuccessful. Church power was seriously weakened toward the end of the colonial period, when much of its property was auctioned off in 1804–05. The introduction of coffee cultivation a few years later proved to be the final blow to the power of the Church. In the 1830s the newly independent government passed several measures designed to stimulate coffee cultivation, including one that exempted coffee profits from the tithe. Since coffee was to become the principal source of income for Costa Rica throughout the nineteenth century, the exemption meant a major loss of income for the Church.

In its greatly weakened state, the Church had very little influence on politics. When it did make pronouncements on political matters, it sometimes took a socially progressive stand, supporting labor movements and other social reforms (Backer, 1974). As early as 1893, for example, the Costa Rica Catholic Church declared itself in favor of a “just wage.”¹⁷ In the twentieth century, such key political figures as Jorge Volio, leader of the Partido Reformista (Volio, 1973), and President Calderón Guardia, responsible for introducing a wide range of social reforms in the 1940s, were both influenced by the reformist religious doctrine then being propagated in Europe (Creedman, 1971). And in the Civil War of 1948, Church leaders played a crucial role in bringing about a negotiated settlement (Aguilar Bulgarelli, 1969; Bell, 1971). In sum, the role of the Church vis-à-vis the government was circumscribed very early in Costa Rica, so that there was little question of state supremacy by the early years of the independence period.

Expansion of Participation

Although admirers of Costa Rica often believe that it has been a stable, participatory democracy since Independence, this is not the case. In fact, the nineteenth century was punctuated with frequent military interventions in politics. Booth (1984: 159–60) calculates that from 1824 to 1899 over one-third of Costa Rica’s presidents resigned before completing their term of office, and nearly a fifth were victims of coups. The military ruled in Costa Rica for nearly half of the first seventy-five years of independence.

Despite this rather poor record of civilian control over the military during the nineteenth century, democratic institutions, especially participation, were slowly built and strengthened. The poverty of colonial Costa Rica meant that Costa Rica played an insignificant role in the Spanish colonial empire, as a result of which a greater margin of self-rule was allowed there as compared to the larger, richer colonies. Self-rule, although dominated by the elite,¹⁸ was thus established during the colonial period. In the early independence period, constitutional norms for indirect popular participation were established and, when the military was not in power, were generally adhered to. By 1844 direct election of the president and other major officials was established constitutionally, although there were property and other

¹⁷ As early as 1840, according to Fallas Monge (1983: 347–48), there are signs of Church interest in fair wages.

¹⁸ It is reported that local government offices were sold to the highest bidder during the colonial period (Aguilar Bulgarelli, 1979: 33–34).

restrictions on suffrage that considerably limited the size of the electorate (Seligson, 1987a).

Much of Costa Rica's twentieth-century political history has involved the expansion of the electorate. In 1918 the government formalized the voter registration system under which all voters were issued a *cédula*, or registration card. The ability of Costa Rica to maintain honest elections has in large measure depended on this registration system and its continual refinements. The secret ballot was introduced for the first time in 1925 and the supervision of elections was taken over by a special election commission. Over the years this commission, today known as the Tribunal Supremo de Elecciones, has grown in power and respect. Six months prior to elections in Costa Rica, police power is turned over to the control of the tribunal in order to prevent the incumbent regime from using the police to intimidate voters.

The final stage in the expansion of participation occurred as a result of the Civil War of 1948, which was fought, in large measure, to foil the efforts by the incumbent party to tamper with the electoral process.¹⁹ The new Constitution of 1949 removed all property, literacy, and sex qualifications for suffrage.²⁰ The army was also outlawed as an institution thereby removing the armed forces from politics and further opening the path to civilian participation. All of these elements together combined to produce steady growth of popular participation in elections (see Figure 1). Starting from a low of only a few percent of the population voting in the early independence years, by the last election nearly the entire voting-age population (56 percent of the entire population) was registered to vote, and more than three-quarters of those persons actually cast a ballot.

Distribution

The distribution question is a dynamic one that can never be resolved as definitively as the Church and participation issues. It is for this reason, no doubt, that Lipset (1959: 83) refers to the issue as the “*continuing* struggle over the distribution of the national income” [emphasis added]. At a given historical moment, however, progress on the question of the distribution issue relies, in the first instance, on the resolution of the production issue. If the production of goods and services does not expand, then income redistribution must result in a net loss to some sector of the population. In contrast, in the context of a growing economy, all sectors can benefit while equity questions are being addressed through redistribution.

Until the economic crisis of the 1980s, Costa Rica had been comparatively successful in its progress toward resolving both the production and distribution issues. After experiencing an economic slowdown during the depression years of the 1930s, Costa Rica saw a rapid resumption of growth, so much so that it far outdistanced its

¹⁹ The prominence of Communist penetration and influence in the government was also a key issue in the Civil War, but many of those who took up arms against the government did so to defend the electoral process.

²⁰ Exclusion by reason of race, so important in many Latin American countries with large Indian populations, has been a less serious problem in Costa Rica. The Indian population, never large to begin with, disappeared almost entirely in the early years of colonization. Indians have comprised only a tiny minority in modern Costa Rica. The only significant racial minority are blacks from the Caribbean who migrated to Costa Rica's east coast during the construction of the railroad to the port of Limón. By 1927 they amounted to 4 percent of the population of the country, but by 1950 had shrunk to less than 2 percent (Hall, 1984: 105). Even so, economic and social discrimination against blacks was not uncommon (Seligson, 1980: 68–73). A detailed discussion of blacks in Costa Rica can be found in Meléndez and Duncan (1972) and Casey (1979).

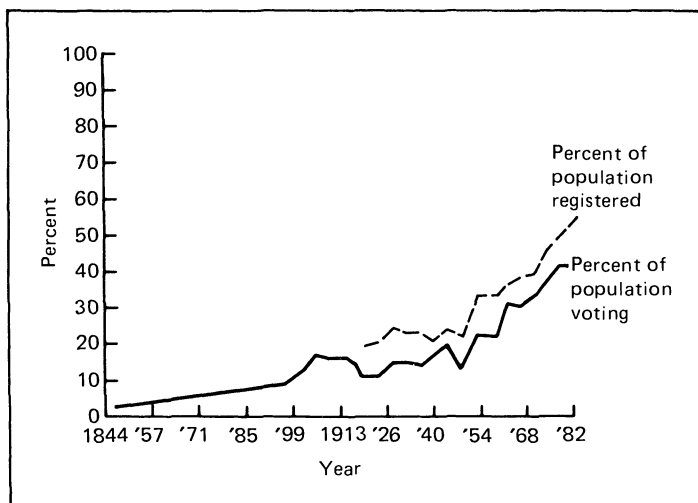


FIG. 1. Expansion of electoral participation, 1844-82. Sources: Jiménez Castro (1977; 1979); Creedman (1977: 61-62); Romero Pérez (1979: 95); H. Hernández (1981); Booth (1984); and Seligson (1983b). Population data from Dirección General de Estadística y Censos (1979a: 11; 1979b: 1; and 1982). Note that different sources report slightly different vote totals in the pre-1953 period. Population from census year closest to election is used for calculations.

neighbors in Central America, as is shown in Figure 2 (Seligson, 1987c). Between 1920 and 1979, gross domestic product (GDP) per capita in constant dollars increased by 147 percent (calculated from Bulmer-Thomas, 1983: 276). In the 1960s and up through 1978, growth averaged over 6 percent annually, exceeding all other countries in Latin America except oil-rich Ecuador and rapidly industrializing Brazil, which grew at over 9 percent in the 1970-78 period (World Bank, 1980: 112).

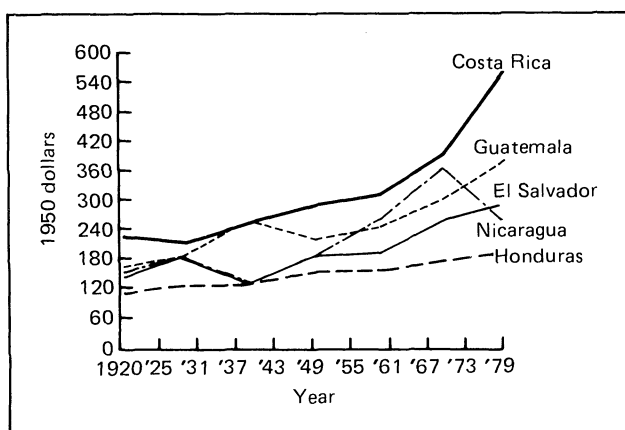


FIG. 2. Growth of GNP per capita in Central America, 1920-79. Source: Bulmer-Thomas, 1983: 276.

The benefits of growth were being enjoyed by the great majority of the population. A recent review of social progress shows how impressive the gains have been (Mesa-Lago, 1985). In education, Costa Rica has long been at the forefront, having made education compulsory 90 years prior to adoption by the state of Mississippi. By 1980 illiteracy had dropped to 10 percent, and enrollment in higher education for the college-age population (20–24 years of age) was higher than in the United Kingdom, Finland, Austria, and Switzerland (World Bank, 1982). Gains in health have been equally impressive, with infant mortality dropping by 47 percent between 1960 and 1980, and life expectancy increasing by 12 years. Social security protection was expanded from covering only 25 percent of the population in 1960 to 68 percent in 1980.²¹

These social indicators are a sign that the benefits of growth have been redistributive in nature, since the increases in literacy, life expectancy, and social security protection have been more important for the less fortunate than for those who were already well-off. But redistribution has not been limited to social services; income also has been substantially redistributed in Costa Rica. Over the period 1961–71 the share of family income earned by the upper quintile of the population (including both urban and rural sectors) declined from 60.0 percent to 50.6 percent (Céspedes, 1979: 47). Few other developing nations in the world have been able to achieve economic growth while at the same time reducing income inequality, the other notable exceptions being Taiwan and South Korea.²² Although the reduction in income inequality in Costa Rica in the 1961–71 period still left a distribution that was more highly skewed in favor of the rich than that found among the industrialized nations, the distribution no longer matched the typical pattern of extremely high inequality found in most developing nations.²³

The successes of Costa Rica in reducing absolute poverty and income inequality are impressive in any comparative context. It would be a mistake, however, to conclude that in absolute terms Costa Rica has eliminated poverty and constructed an egalitarian paradise. For example, underemployment affected 40.3 percent of the urban and 59.7 percent of the rural working age population in 1977 (Céspedes, Di Mare, and Jiménez, 1985: 67). Substantial portions of the population live in substandard housing, and the rural landless population has increased in spite of the existence of a land reform program that has been in effect for more than 20 years (Seligson, 1980, 1984b).

Despite these serious problems, however, Costa Rica has confronted and overcome the three major issues that tend to divide societies and inhibit the establishment of legitimacy. We do not, of course, have surveys of public opinion that would allow us to trace the growth of legitimacy as each of these issues was being resolved. We do, however, have data that allow us to measure the degree of legitimacy established after all three of these issues had been resolved but before the system was shaken by the economic crisis of the 1980s. It is to that data which we now turn.

²¹ For an analysis of the expansion of social security protection, see Rosenberg (1980).

²² The evidence and explanations for the failure of most developing nations to experience reduced income inequality can be found in Seligson (1984c).

²³ According to data from the early 1970s, the mean share of income earned by the upper quintile for the industrialized nations was 42.2 compared to 58.0 for the primary producing developing nations (Muller, 1984: 266).

Diffuse Support on the Eve of the Crisis: A Comparative Perspective

In the introduction of this article, we argued that the study of the relationship between a breakdown of effectiveness and a breakdown of legitimacy has been hampered by the dearth of data on cases in which the system was unambiguously viewed as legitimate prior to the breakdown of effectiveness. We also argued that prior research on legitimacy has been hampered by the use of seriously flawed indicators. In this section we attempt to demonstrate that our present study has overcome both of these problems.

The measurement issue has been attenuated through the employment of a new measure of diffuse support, which we elsewhere have called "political-support alienation (PSA)." The measure focuses on the basic institutions of the political system, including the courts and the legislature, rather than on the performance of individual incumbents, a more superficial concern that earlier measures seemed to be tapping. Seven items are included in the series, each measured on a scale that allows the respondent to provide an indication of the intensity of his or her support for the political system and some of its key institutions.²⁴ Respondents are asked, for example, "To what extent do you believe that the courts in Costa Rica guarantee a fair trial?" The full set of items appears in the notes to Table 1. We have been experimenting with this measure for over 10 years and have been able to employ it in several cross-national studies (including West Germany, Mexico, the United States, Israel, and, of course, Costa Rica). We have published several papers that explore the reliability and validity of the PSA measure as contrasted with the Trust in Government measure (Muller and Jukam, 1977; Muller, Jukam, and Seligson, 1982; Seligson, 1983b). What we have found is that the measure is cross-culturally reliable (with alpha coefficients consistently above .80 and sometimes as high as .90). We have also established the dimensional and construct validity of the measure.²⁵ Suffice it to say that we are convinced that the PSA measure provides a reliable and valid indication of the respondent's belief in the legitimacy of the political system under which he or she lives and is, therefore, a good indicator of the degree of diffuse support present in a given population.

Having established the reliability and validity of the PSA measure, it is now necessary to demonstrate that prior to the onset of the economic crisis in Costa Rica, its citizens accorded it a high level of diffuse support. This of course immediately begs the question, "What is high?" We recognize the dangers of attempting to establish, a priori, criteria for high, medium, and low scores for any given measure. We prefer, instead, to compare the results in Costa Rica with those from other nations in order to get some intuitive feel for the meaning of the term "high diffuse support."

In Table 1 we present comparative data from several of our surveys, all of which

²⁴ In some administrations we have used an eighth item ("To what extent do you feel that your own political values differ from those of our political system?"), but we eventually dropped it because it tended to lower the reliability of the overall scale.

²⁵ Dimensional validity was established through the use of factor analysis following Kerlinger (1966: 454) in a study comparing data sets from Mexico and Costa Rica (Seligson, 1983b). Construct validity was established by external validation. Specifically, the relationship of political support-alienation (PSA) to several participation measures was hypothesized and tested for data sets from Germany, the United States, Mexico, and Costa Rica (Muller and Jukam, 1977 and Muller, Jukam, and Seligson, 1982). A detailed examination of both reliability and validity of the 1983 survey in Costa Rica, reported on in greater detail in this article, was conducted by the Escuela de Estadística of the Universidad de Costa Rica. For details see Cruz (1984).

TABLE 1. Diffuse support in Costa Rica, Mexico, Israel, and the United States: 1978–79.^a

Item	Percent supportive ^b			
	Costa Rica	Mexico	Israel	New York
Courts	69.9	39.9 ^c	—	65.3
Institutions	88.2	56.4 ^c	—	82.5
Basic rights	70.2	41.3	67.2	68.1
Pride	91.5	53.6	70.0	88.3
Best system	84.0	46.2	—	85.0
Support	84.5	64.0	—	89.8
Represented	66.8	54.6	—	53.8
(N=)	(201)	(430)	(490)	(778)

^a The seven items, each of which made reference to a seven-point scale handed to the respondents, were worded as follows in the Costa Rican study.

1. To what extent do you believe that the courts in Costa Rica guarantee a fair trial?
2. To what extent do you have respect for the political institutions of Costa Rica?
3. To what extent do you believe that the basic rights of citizens are well protected under the Costa Rican political system?
4. To what extent are you proud to live under the Costa Rican political system?
5. To what extent do you believe that the Costa Rican political system is the best possible system?
6. To what extent do you believe that one ought to support the Costa Rican political system?
7. To what extent do you believe that you and your friends are well represented in the Costa Rican political system?

^b Includes those who selected scale positions on the supportive end of the continuum. In Costa Rica and New York the scales ranged from 1 (low support) to 7 (high support), and scale positions 5, 6, 7 encompass the supportive end of the continuum. In Mexico the scale ranged from 1 to 10, with scale positions 6 through 10 encompassing the supportive end. In Israel, the scale ranged from 1 to 9, with positions 6 through 9 being counted as supportive.

^c Only the working-class component of the sample was included for this item, but on the other items no significant differences emerged between working- and middle-class respondents.

were conducted in the 1978–79 period. The data are from Israel, the United States, Mexico, and Costa Rica. All are probability samples of urban areas, but their representativeness is not the same in each case.²⁶ Despite their differences, the samples provide a broad base of comparison enabling us to make some assessment of the level of diffuse support reflected in these data sets. In order to facilitate comparison, Table 1 compares, for each item, the proportion of each sample that is supportive of

²⁶ Information concerning the sample design for the Mexican data is contained in Booth and Seligson (1984), for the Israeli data Caspi and Seligson (1983) and Seligson and Caspi (1983), for the United States data Muller (1979), and for the Costa Rica data Muller, Jukam, and Seligson (1982). The samples all are cross-sectional in nature except for the Mexican, which is a combined working-class and middle-class sample and represents only several

the system.²⁷ The results seem unambiguous: diffuse support in Costa Rica in 1978 was very high. On every item a higher proportion of Costa Ricans expressed support for their system than did respondents in Mexico and Israel, and, with the exception of two items, respondents in New York City. Indeed, although it is not directly related to our purpose here, the variation in the responses makes a good deal of intuitive sense. The Mexicans expressed the lowest support for their system, a finding not surprising for an “inclusive authoritarian regime” (Stepan, 1978) that allows only limited participation in democratic politics. After all, the outcome of major elections in Mexico is never in doubt (the PRI always wins) and abstention, a political act of protest in a country where voting is compulsory and abstention interpreted by the ruling party as a sign of disloyalty, runs as high as 50 percent (see Coleman, 1976; Handelman, 1979; Seligson, 1983b: 13–17). Israelis expressed considerably higher support than did the Mexicans (on the two comparable items). Since the sample excludes Israeli Arabs, it eliminates the major component of the population that would be expected to express low levels of diffuse support. At the same time, Israelis are extremely critical of some of the myriad compromises that have been forged in their multiethnic society, perhaps explaining why the “pride in the system” item does not get a higher level of support. The New York City data show a very high level of support for the system on most of the items when compared to Mexico. New Yorkers feel that their basic rights are about as equally protected as do Israelis (item 3), but a considerably larger proportion expresses pride in their system of government. By comparison, Costa Ricans exhibit levels of support that very closely parallel those found in New York; on most of the items only a few percentage points separate the two sets of responses. The only substantial difference is that a larger proportion of Costa Ricans feel that they are “well represented” by their legislative body.

By any standard of comparison, Costa Ricans in 1978 manifested very high levels of diffuse support. It was a system in which over 90 percent of the respondents expressed pride in their system of government. That is certainly a sound footing for any system that is about to confront a crisis of effectiveness of the magnitude experienced in Costa Rica.

The Crisis of Effectiveness, 1978–82

Although most analysts of Costa Rica’s economic crisis of the 1980s believe that its seeds had been sown many years earlier, there is an equally strong consensus that the administration of President Rodrigo Carazo Odio (1978–82) greatly accelerated its

cities in northern Mexico and the metropolis of Guadalajara. The data from the United States only represent New York City. The Israeli sample is of the urban Jewish population and, hence, excludes Israeli Arabs.

The Costa Rican samples, which serve as the basis of the analysis for the remainder of this article, merit further discussion. The surveys were multistage, stratified-probability samples covering the Metropolitan Region of greater San José, Costa Rica, and its surrounding suburbs and towns. This is the principal urban area of the country, incorporating 80 percent of the nation’s urban population and 40 percent of the population of the country as a whole. Only individuals 18 years and older, the minimum voting age, were interviewed. The questionnaires were administered by trained interviewers in face-to-face interviews. The 1978 survey included 201 respondents, the 1980 survey included 280 respondents, and the 1983 survey 501 respondents.

²⁷ In some cases the metric used to measure intensity of feeling differed from our standard format of a seven-point scale. For this reason, comparison of the means on an item-by-item basis is difficult. Adjustments can be made, however, if all of the items for a given nation are summed into a single scale and the range then collapsed to match the seven-point range.

pace and deepened its long-term impact. Carazo came to power after two consecutive terms of office by the Partido Liberación Nacional (PLN); it was the first time since the Civil War of 1948 that an incumbent party had succeeded itself in office. Costa Ricans consciously seem to have preferred to see the PLN alternate in power with a coalition of opposition groups in order to reduce the chances of hegemonic rule by the most highly institutionalized political party.²⁸ By the last few years of PLN rule, many voters were worried about charges of corruption and felt that a “new broom” was needed to sweep clean the house of government. Particular concern was expressed over the continued failure of the PLN to rid the country of Robert Vesco, a U.S. financier and fugitive from justice who had been given special treatment by key figures in the PLN.²⁹

Carazo promised Costa Ricans that he would cleanse the country of the corruption of the PLN, get rid of Vesco, and slow the growth of government while stimulating the productive sector of the economy. Carazo won the presidency with slightly over 50 percent of the votes, a far greater margin of victory than that attained by the PLN in the 1974 elections, when it won only just over 43 percent of the votes.

Despite widespread popular support and a strong sense of national optimism, Carazo quickly ran into difficulties resulting from errors of administration and a rapidly worsening economic environment. Carazo’s management style and disagreements with his staff caused some of his most competent advisers to abandon him early in his administration. Rather than reach out for assistance, Carazo retreated into increasing isolation from his critics. His policy of lowering import duties, for example, resulted in the flooding of the economy with imported luxury goods, especially color televisions and automobiles, and caused a rapid increase in the outflow of dollars. The problem developed especially quickly because in the period 1975–77 the world coffee boom resulted in a dramatic increase in the local availability of spendable income. Carazo attempted to deal with the situation by controlling public expenditures, but years of steady growth in the public sector, especially in semiautonomous agencies partially immune from government budgetary control, made this an extremely difficult task. A devaluation of the currency that would have increased the value of imports was clearly called for, but Carazo viewed such a step as a personal embarrassment and refused to authorize a devaluation, resorting, instead to making ever larger short-term loans at spiraling interest rates to maintain international liquidity. Debt-service expenditures increased dramatically, forcing further foreign borrowing and increasing inflationary pressure. Local investors and businessmen, seeing what was coming, quickly began shifting their savings into dollars, thereby accelerating capital flight even further.

But other factors help explain the severity of the economic crisis that was building. After the coffee boom in the last years of the previous administration, coffee prices plummeted and greatly reduced government tax revenues and dollar income from the export of this crop. Banana exports, the second traditional mainstay of the export economy, also suffered a decline as a result of the impact of banana diseases

²⁸ A president may not run again for the office according to Article 132 of the Constitution, but parties may succeed themselves in office.

²⁹ Vesco had come to Costa Rica under the administration of “Pepe” Figueres (1970–74) and invested heavily in various cattle farms and other projects. The U.S. sought his extradition to face the charge that he had defrauded investors in an offshore mutual fund of over \$200 million, but the Costa Rican courts denied the petition on technical grounds.

and labor disputes. The second round of OPEC oil price increases hit Costa Rica at precisely the moment when its export income was rapidly declining, and, therefore, a trade imbalance was almost inevitable unless imports were restricted. Unwillingness to use devaluation to curb imports, however, made doing so extremely difficult. Added to these difficulties was the impact of rapidly rising interest rates imposed by the international banking system. The combination of declining export income, increasing imports, and a rise in foreign debt-service payments produced a lethal combination for the tiny Costa Rican economy, far beyond its means to control. But the failure of the Carazo administration to implement a "damage control" system exacerbated the effects of these factors.

In December 1980, only after Costa Rica's monetary reserves had been exhausted completely and the limit of foreign borrowing had been reached was the exchange rate policy altered and the official parity of the *colón* with the dollar suspended. Unfortunately, however, in July 1981, the Costa Rican Supreme Court ruled the fluctuating system unconstitutional, making a shambles of the exchange rate policy. By the end of 1981, the exchange rate situation had become chaotic, the *colón* falling from 8.6 to the dollar to over 60.

The magnitude of the economic crisis was unprecedented.³⁰ The foreign debt grew from \$840 million in 1978 to \$3 billion in 1982, the equivalent of \$1,300 per capita, or approximately the equal of the entire annual GNP of the nation. Monetary reserves dropped from \$358 million in 1978 to a negative \$153 in 1982. Inflation, historically single-digit in Costa Rica, rose to its highest level in thirty years in 1981–82, and the rise in the wholesale price index reached 108 percent in 1982 (Céspedes et al., 1985: 103–4). The GNP per capita, which in 1976–77 had grown at 6.1 percent, fell to a negative 2.0 percent in 1979–80, a negative 4.8 percent in 1980–81, and an unprecedented negative 11.5 percent in 1981–82 (Céspedes et al., 1984: 56). Economists estimate that Costa Rica lost an entire decade of economic growth and that it will take until the early 1990s for the country to return to the levels of 1979 (González Vega, 1984: 43).

The impact of the crisis on the population was dramatic. Unemployment and underemployment had risen from 11.2 percent in 1977 to 23.8 percent in 1982; the number of un- or underemployed persons increased from 71,000 in 1978 to 166,000 in 1982, this in a country of less than 2.5 million persons (Céspedes et al., 1984: 74–79). The proportion of households living below the poverty line increased from 17.3 percent in 1979 to 29.4 percent in 1982 (Altimir, 1984: 264). Severe infant malnutrition, which had become almost unknown in Costa Rica, was once again a problem. Marriages were being postponed and housing construction dropped by more than half; there was an increasing feeling that the social fabric was deteriorating (Seligson, 1984a: 470).³¹

In February 1982 elections were held and Carazo's Unidad coalition was soundly defeated. The PLN was voted into office in its most overwhelming victory since it first came to power in 1953. Led again by Luis Alberto Monge, who had been defeated by Carazo in the 1978 election, Costa Rica was in the hands of a seasoned politician. Known as a party workhorse, Monge had served as minister of the presi-

³⁰ The figures presented here are taken from Seligson (1983a and 1984a). See those articles for further details of the economic crisis.

³¹ One study, for example, reported an 87.7 percent increase in child abuse, but it is impossible to verify the accuracy of these reports (see Seligson, 1984c: 470).

dency, ambassador, president of the Legislative Assembly, and secretary general of the Inter-American Labor Organization. Supporting Monge was an impressive array of widely respected ministers and a legislative assembly that, for the first time since 1970, had a PLN majority.

Monge sought to restore both domestic and international confidence in the Costa Rican economy but had to do so while imposing unprecedented austerity measures. He began his administration with a dramatic “100-Day Plan” reminiscent of Roosevelt’s first months in office. Crucial to the plan was regaining control over the exchange rate, cutting the budgets of the governmental and semiautonomous institutions, removing a series of subsidies on basic consumer goods, and raising taxes. Only in this way could negotiating teams, sent to meet with private creditor banks, be taken seriously. Similarly, these measures were required by the International Monetary Fund for reopening the stalled negotiations.

A major external factor that helped explain Monge’s ability to stabilize the economy was the role of the United States. As Monge took office, concern was growing in the United States with the leftist character of the Sandinista regime in Nicaragua, Costa Rica’s northern neighbor. The civil war in El Salvador only added to these concerns. The Reagan administration sought to strengthen the hand of its friends in Central America and approved a massive foreign aid program directed largely at El Salvador, Honduras, and Costa Rica. The U.S. Agency for International Development alone increased its assistance from \$2.7 million in 1981 to \$165 million in 1983 (Céspedes et al., 1985: 124). Throughout the Monge administration, foreign aid reached Costa Rica in unprecedented volume.

Monge’s program coupled with massive injections of foreign aid allowed the government to regain control over the economy. The rapid decline in the value of the *colón* was halted and the exchange rate actually improved. Inflation dropped to about 11 percent annually, and unemployment declined to 19.9 percent. But Monge’s efforts could not reverse the enormity of the crisis, nor could it reduce the pain that Costa Ricans would have to feel as the country began paying for its economic errors of the past. Taxes were increased dramatically, with the levy on income, consumption and sales increasing between 60 and 170 percent. Compared to 1978, Costa Ricans faced a drop of 29 percent in their disposable income, depressing private consumption to the levels of 15 years before. Industrial wages dropped to levels similar to those in Haiti, the poorest country in all of Latin America, and, according to one report, 71 percent of all Costa Rican families had incomes below the poverty line of basic food costs.³²

Monge’s success at stabilizing the economy, despite the sacrifices that he imposed on the population, was reflected in a dramatic rise in specific support. Fully 68 percent of those interviewed after Monge’s first year in office thought that he was doing a “good” to “very good” job in office. Less than 1 percent rated his performance as “very poor.”

The Impact of the Crisis of Effectiveness on Specific and Diffuse Support

By the time Carazo left office in 1982, specific support had fallen dramatically. An 11-year series of public opinion data gathered from survey samples covering the

³² The information in this paragraph is based on Céspedes et al. (1984) and Gudmundson (1984).

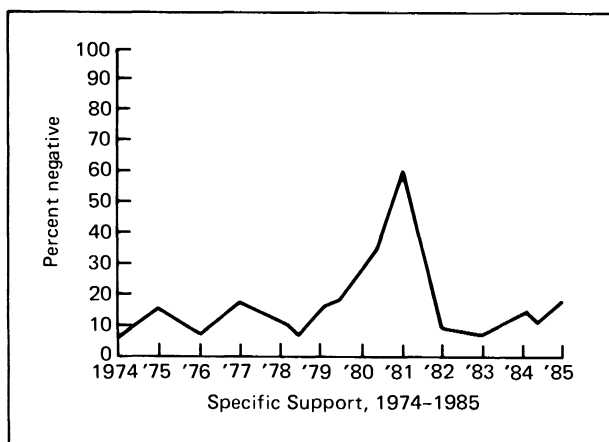


FIG. 3. Negative evaluations of incumbent administration, 1975-85.

same population as that sampled for this study, shows how serious the decline in specific support had become (see Figure 3).³³ In August 1978, a few months after Carazo had taken office, 10 percent of those interviewed thought that he was doing a "poor" or "very poor" job. That was a slightly lower proportion of negative evaluations than his predecessor had received (18 percent negative) toward the end of his term of office, and about on par with evaluations over the preceding four years. By November of 1978, after about eight months in office, negative evaluation of Carazo had fallen very close to a five-year low. But in the following months evaluations began to turn decidedly negative. By June of 1980 the proportion of negative evaluations had risen to 32 percent, higher than for the preceding six years. At the end of 1980, nearly half of the public (44 percent) gave Carazo a negative evaluation, and in July 1981, nearly two-thirds (60 percent) of the people interviewed held a negative opinion of his presidency. Compared with his predecessor, Carazo was negatively evaluated by more than three times as many respondents.

Opinions on the performance of the Carazo administration were not confined to his presidency alone. Negativism spilled over into (or perhaps was caused by) evaluations of the health of the economy (see Figure 4).³⁴ In 1977, under the PLN administration of Daniel Oduber, over 60 percent of those interviewed were satisfied with existing economic conditions, and nearly half were optimistic about the economy's future. By the end of 1981, however, satisfaction with economic conditions had dropped to an 11-year low, with less than five percent of those interviewed satisfied.

³³ These data are a compilation prepared by Miguel Gómez B. and are based on samples of the Metropolitan Area equivalent to greater San José (Costa Rica's capital) and the surrounding major urban provincial capitals. The question asked was: "Speaking generally of the present government, would you say that President _____ is doing a very good job, a good job, a fair job, a bad job, or a very bad job?"

³⁴ Respondents were asked the following two questions: "Talking about economic matters, would you say that you find yourself better off, the same, or worse off than five years ago?" "Do you believe that over the next five years you will be better off, the same, or worse off than you are now?"

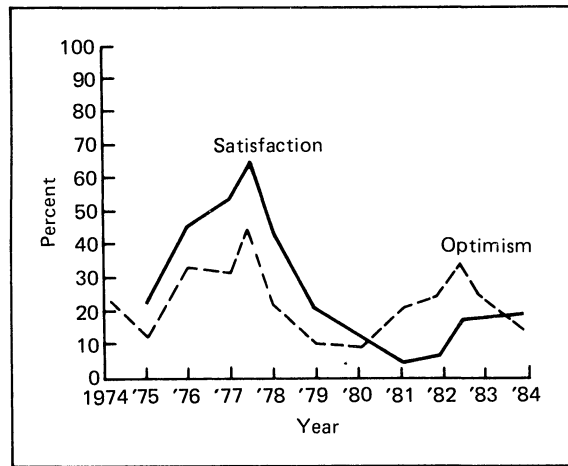


FIG. 4. Optimism and satisfaction with the economy, 1974–84.

Optimism regarding future economic conditions likewise took a dramatic nosedive, reaching an all time low in 1980.³⁵

If there ever was an illustration of a regime gripped by a breakdown of effectiveness, the Carazo administration was such a case. Did this breakdown of effectiveness begin to erode diffuse support? Or, did diffuse support remain high independent of the decline in effectiveness? The data in the surveys from 1978, 1980, and 1983 help determine what impact the crisis of effectiveness actually had in Costa Rica.

The theoretical material reviewed in the first section of this paper would lead one to conclude that effective governance helps to build system support. Conversely, since the theory suggests that political cultures build levels of system support through the effective management and resolution of key issues, such support should erode as effectiveness breaks down. On a priori grounds, however, one would not expect a linear relationship between effectiveness and system support. In stable democracies there ought to be many instances of individuals who are dissatisfied with the effectiveness of incumbent performance but, nevertheless, are supportive of the political system. Thus, the form of the expected relationship ought to be a type of *corner correlation*,³⁶ such that positive and neutral incumbent evaluation would tend to be associated with high system support, while negative incumbent evaluation would be a necessary but by no means sufficient condition of low system support. Movement away from this type of corner correlation toward a linear relationship would indicate that negative evaluation of incumbent performance had eroded system support, signifying an increasing potential for system instability.

In Costa Rica, prior to the economic crisis, levels of system support were very high by any standard of comparison (see Table 1). A summated scale of the seven system-

³⁵ Some increase in optimism regarding future economic conditions is noted toward the end of the Carazo administration. Since specific support for the Carazo government itself did not increase, it is likely that this rise in optimism can be attributed to anticipation of the impact of a PLN victory and its expected positive impact on the economy.

³⁶ With regard to quantitative variables, system support scored from high to low would be a positively accelerated function of incumbent evaluation scored from positive to negative.

support items used in this study shows that in 1978, nearly four-fifths of the respondents scored in the high end of the continuum (see Table 2).³⁷ As a measure of perceived effectiveness, one can use evaluations of the effectiveness of the incumbent government.³⁸ In 1978 nearly half (46.9 percent) evaluated the incumbent's effectiveness positively, and only 10 percent of the respondents evaluated it negatively.

As expected, perceived effectiveness (as measured by incumbent evaluation) and system support are positively and significantly associated and, more importantly, the relationship is in the form of the expected corner correlation. Less than two percent of the cases are located in the lower-left cell and the great bulk of the cases are on or above the diagonal. The Gamma coefficient is twice that of the Tau_b , a clear indication of corner correlation. The very strong Gamma (.70) is largely a function of the high concentration of cases in the upper left cell.

By 1980, evaluations of the incumbent had become far more negative, no doubt in response to the crisis of effectiveness described above. As shown on Table 2, positive evaluations had slipped to less than one-third (31.2 percent), and negative evaluations had risen to one-third (33.0 percent). Incumbent evaluation continues to be significantly and positively associated with system support, and the pattern of the relationship is very similar to that encountered in 1978. That is, corner correlation is in evidence and the Gamma coefficient continues to be twice that of the Tau_b , although the magnitude of the Gamma has fallen because of the reduction in the proportion of cases in the upper-left cell.

Given this pattern, it is not surprising that system support fell between 1978 and 1980 from 79.7 percent to 70.2 percent in the high category. But it is of considerable importance that the decline resulted almost entirely in a shift from high support to intermediate support rather than to low support. The low-support category increased from only 2.3 percent to 3.7 percent, even though negative incumbent evaluations had more than tripled between 1978 and 1980.

The restoration of what was evidently perceived as effective government in Costa Rica in 1982 is reflected dramatically in the 1983 survey. Positive incumbent evaluations had risen from less than one-third in 1980 to over two-thirds (71.2 percent) in 1983, and negative evaluations had dropped from one-third to only 5 percent. The pattern of the relationship between incumbent evaluation and system support is once again the same, with the Gamma coefficient more than twice that of the Tau_b . Indeed, by 1983, the pattern of corner correlation is even more exaggerated than in earlier years, with not a single case of positive incumbent evaluation and negative system support. The high Gamma (.78) is a reflection of the very high concentration of cases in the upper-left cell.

Perhaps the most important observation regarding the 1983 sample is that the restoration of effective government appears to have restored levels of system sup-

³⁷ The scale was created by scoring the seven-category political support-alienation items, from positive to negative, 0 to 6. The seven items were then summed and the ranges trichotomized into three categories—high, intermediate, and low. For additional coding details and comparison with other nations, see Muller, Jukam, and Seligson (1982: 260–62).

³⁸ Respondents were asked the following question: "Talking about the present government, would you say that President _____ is doing a very good job, a good job, an average job, a poor job, or a very poor job?" For the purposes of the cross-tabulation presented in Table 2, the two positive categories were combined into a single positive category and the two negative categories were combined into a single negative category.

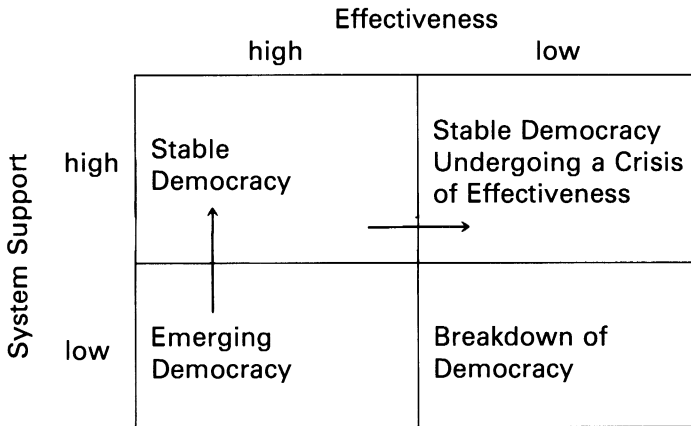


FIG. 5. System support, effectiveness, and democratic stability.

port. In fact, the proportion of cases with high system support actually exceeds the level encountered in 1978 *prior* to the economic crisis.

A broader perspective can be given to the data just presented by placing them within the context of the macro-theoretical discussion with which this article began. Lipset hypothesized that systems in which the legitimacy of the political system is established prior to the onset of a crisis of effectiveness will weather the storm, whereas those that have not established their prior legitimacy are apt to be washed away. In terms of a two-by-two table (see Figure 5), stable democracies are ones located in the upper two cells. Crises of effectiveness, at least those that are not permanent, will not seriously affect stability in those systems. Such democracies undergoing a crisis of effectiveness are ones that move to the upper-right cell in Figure 5. On the other hand, systems that have not established their legitimacy but in which effectiveness is high are in transition, moving toward stable democracy (i.e., a movement from the lower-left to the upper-left cell). The critical cell for system stability is the lower right, that is those systems in which legitimacy has not been established and effectiveness is low. Such systems would be expected to experience breakdown.

The data presented in Table 2 can be recast into two-by-two tables so as to relate directly to the argument presented by Lipset (see Table 3). In 1978, prior to the crisis, over four-fifths of the Costa Ricans interviewed were in the upper-left cell, i.e., the cell characteristic of stable democracies. Less than 1 percent of the respondents manifested the combination of low system support and low incumbent evaluation that would be the expected combination for systems on the brink of breakdown. This mix of political culture in 1978 was certainly an ideal position, from the perspective of system stability, from which to enter a crisis of effectiveness. By 1980, the magnitude of the "stable democracy" cell (upper-left cell) had declined from four-fifths to two-thirds of the respondents. As predicted by the theory, however, the decline in this cell involved almost entirely a migration of individuals to the "stable democracy undergoing a crisis of effectiveness" cell (upper right). The "breakdown" cell did increase, but only from 0.8 percent to 2.3 percent, still a tiny proportion of the respondents. By 1983, with effectiveness restored, the "breakdown" cell shrank in size to less than 1 percent, slightly lower than it had been in 1978, prior to the crisis.

And the proportion of individuals in the "stable democracy" cell had increased to nearly 95 percent of the respondents.

Discussion

The data from Costa Rica seem to confirm Lipset's thesis. Democratic political systems can remain stable when undergoing crises of effectiveness as long as they enter those crises with the legitimacy of the system firmly established. We hasten to emphasize, however, that we cannot directly determine what the impact of a protracted crisis will be on democratic stability. In Costa Rica, President Monge's administration rapidly restored public support for the incumbent, but he did not resolve the enormous economic problems facing the country. Pessimistic economists feel that the foreign debt is so large, and the productive capacity of the country so small, that the economic crisis may persist for decades. Indeed, without the extensive foreign assistance that Costa Rica has been receiving in recent years, all foreign debt repayment would be halted and nearly all components of the industrial economy would rapidly come to a grinding halt. Should international circumstances change and foreign assistance be greatly attenuated, it would become immediately apparent to all Costa Ricans that they would have to suffer long-term economic depression. What would happen to system support under those circumstances is hard to tell, but the severity of the Third World debt crisis makes this an important issue for further study.

We do have limited indirect evidence that seems to demonstrate that even protracted economic crises can be withstood by legitimate democracies. The cases of Israel and Jamaica are two illustrations. Israel has been plagued by many years of triple-digit inflation, a huge foreign debt, and an erosion of consumer purchasing power. Jamaican economic growth throughout the 1970s was negative, agricultural production and manufacturing declined substantially, and unemployment was in the 25 to 30 percent range. Both of these systems have continued to hold free and open elections, allowing the voters to select leaders whom they believe might be more capable of managing the crisis. Both have avoided breakdown. In Costa Rica, flagging specific support showed signs of eroding system support in 1980, but the maintenance of democratic procedures allowed both to be restored. On the basis of this evidence, one can suggest that legitimate democratic systems are highly resilient and resistant to breakdown. Even long-term severe economic crisis is unlikely to cause their demise.

The broader implications of this analysis relate directly to the regional trend toward democratization in Latin America, the subject with which we began this article. The newly emerging democracies are faced with a serious dilemma (Seligson, 1987b). On the one hand, since most have come to power after long periods of military rule in which political parties and popular participation were severely repressed, they have little firm basis for making claims to their legitimacy. In order to build that legitimacy they must satisfy pent-up demands for political and economic participation by making broad concessions to these demands. Demands of labor unions, middle-class groups, and peasants must all be at least partially satisfied if these regimes hope to build their legitimacy. On the other hand, nearly all have taken power precisely at the moment of one of the most serious economic crises in the region's history. The International Monetary Fund is firmly demanding that these same fledgling democracies severely restrict consumption so that a fresh start can be made on international debt repayment. Policies to implement such a program are

almost certain to increase inequality in the distribution of income and thus undermine a major requisite for building legitimacy (Muller and Seligson, 1987).

The newly emerging democracies in Latin America have arrived on the scene, our theory would tell us, at the worst possible moment. Their ability to legitimize themselves is limited by the reality of the economic crisis that, in many cases, was responsible in the first place for the withdrawal of the military and their subsequent coming to power. International actors such as the IMF and private creditor banks need to recognize that these newly emerging democracies have a highly restricted space in which to maneuver. A satisfactory resolution of international debt obligations may make good sense for the stability of world financial markets, but may mean political suicide for the fledgling democracies that impose the required austerity programs. The breakdown of these democracies and a return to the military domination of the 1960s and 1970s may well be the outcome of the adoption of hard-nosed austerity measures in Latin America, a region whose poor majority is already suffering the consequences of economic crisis. Ironically, it was these very same military regimes who were in power when the debt crisis arose in the first place. Perhaps the civilians will do no better a job of managing the economy than did the soldiers, but many may prefer democratic rule nonetheless.

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