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# THE GROWTH OF A SECONDARY CITY IN COSTA RICA: A CASE STUDY OF THE DEVELOPMENT OF PUNTARENAS

María del Pilar González Pantaleón

Department of Sociology  
McGill University  
Montreal

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## ABSTRACT

Despite the growth of secondary cities, there is still little written about these intermediate cities in the literature. This thesis addresses this gap by examining the growth of Puntarenas, one such secondary city in Costa Rica.

Within the framework of dependency theory and an historical background, this case study examines several factors which have affected the development of this city over the last three decades. An undiversified economy based on fishing, migration patterns, and Puntarenas' dependent relationship with the capital, San José, are analyzed in depth.

The study, which is based on interviews, statistical data, and published literature, suggests that although there has been some effort to limit the concentration of resources in the centre of the country and to develop secondary cities, these cities continue to be neglected by central powers and, for the most part, are only taken into account when they serve the interests of the centre.

## RÉSUMÉ

Malgré la croissance des villes secondaires, peu de choses ont été écrites à leur sujet. Cette thèse cherche à combler ce vide en examinant le développement d'une de ces villes secondaires: Puntarenas au Costa Rica.

Dans le cadre de la théorie de la dépendance et à partir d'une perspective historique, cette étude examine plusieurs éléments ayant joué un rôle dans le développement de la ville lors des dernières trois décennies. Les flux migratoires, la relation de dépendance qu'entretient Puntarenas par rapport à San José et la réalité de cette économie très peu diversifiée axée sur la pêche sont autant de facteurs examinés en profondeur.

Cette étude, utilisant les entrevues, les données statistiques ainsi que la littérature écrite sur le sujet, suggère que, malgré les efforts faits pour développer les villes secondaires et limiter la centralisation nationale des ressources, ces villes continuent d'être négligées par les pouvoirs centraux et la plupart du temps ne sont prises en considération que lorsqu'elles servent les intérêts du centre.

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Professor in the Faculty of Geography and History at the University of Salamanca, who encouraged me to expand my horizons; and to the late Dr. Victor Ouimette, former Chairman of the Department of Hispanic Studies at McGill University, who made my initial time in Canada easier and who provided me with the opportunity to work in his department.

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Secondary cities ... have generally been ignored both in the scholarly literature on urbanisation in the Third World and in the applied research of international agencies and national governments (Rondinelli, 1982:357).

## CHAPTER 1

### INTRODUCTION

Latin American countries have experienced spectacular urban growth during the 20th century, especially since the end of the Second World War. The capital city of Costa Rica,<sup>1</sup> San José, is a good example of this dramatic growth, as more than a third of the country's population is concentrated in that metropolitan area.<sup>2</sup> Within this general process of urban growth, intermediate cities have grown too. Thus, for example, the six secondary cities of Costa Rica have doubled their population during the past three decades (Lungo et al., 1992:49; Portes et al., 1994:14-16). However, the subject of intermediate-city growth has been overshadowed and neglected in comparison to the more dramatic metropolitan growth, despite the importance of secondary cities in economic and political terms.

Although most of the studies of urbanization in the Third World during the 1970s concentrated on the growth of the primary cities, some authors were already questioning the role of secondary cities in the development of a country (Morse, 1971; Rondinelli and Ruddle, 1978; Stöhr,

---

<sup>1</sup> Costa Rica lies in the Central American isthmus, bordering Nicaragua in the North and Panama in the South, with the Caribbean Sea lying to the East, and the Pacific Ocean to the West (see Figure 1.1). In an area of 51,100 km<sup>2</sup>, live an estimated population of 3,232,526 (Market Data, 1994:5-6).

<sup>2</sup> In May 1994, the estimated population of metropolitan San José was 1,183,572 (Market Data, 1994:5-6). As compared to its population figures for 1963 (320.4) and even 1973 (540.1), this represents an enormous growth (Lungo et al., 1992:49). Total population figures for all of Costa Rica in 1963 and 1973 were 1,379.8 and 1,871.8 respectively (Rottenberg, 1993:17).

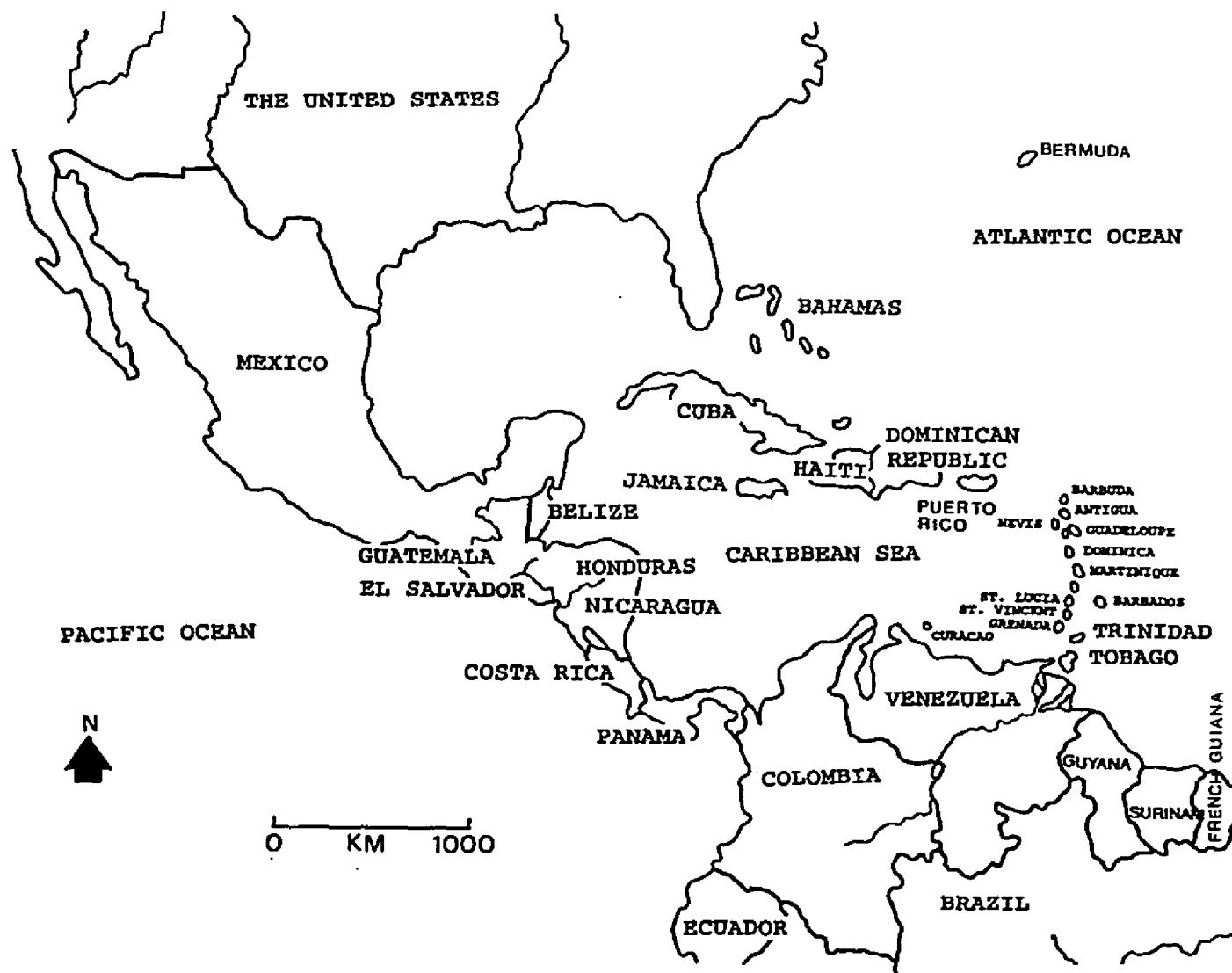


Figure 1.1: Central America and the Caribbean  
Source: Facts on File, 1987

1974). These initial questions resulted in more systematic attention to intermediate cities during the 1980s (Blitzer et al., 1988;<sup>3</sup> Hardoy and Satterthwaite, 1986; Portes 1989; Rondinelli, 1982, 1983) and the 1990s (Ma and Lin, 1993; Portes et al., 1994; Lungo et al., 1992). Nevertheless, intermediate cities continue to be neglected. What is especially lacking are interdisciplinary case studies.<sup>4</sup> This thesis attempts to fill this gap by examining some of the factors contributing to the economic and demographic growth, development and underdevelopment of one such neglected city: Puntarenas, in Costa Rica.<sup>5</sup>

The theoretical approach of this thesis is based on dependency theory, which considers the interrelationships between economic, social, and political structures at both international and national levels which lead to underdevelopment of the periphery. In contrast to older dependency studies, characterized by a high level of abstraction and a focus on general patterns of dependency, this thesis draws on new dependency studies with an historical-structural methodology, and focuses on the concrete situation of Puntarenas (So, 1990:138). This thesis will address how dependency is related to underdevelopment in Puntarenas. Specifically, it attempts to identify the main factors affecting the development of Puntarenas as a secondary city, and examines in detail the lack of a diversified economy, the effects of migration, and dependency on the

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<sup>3</sup> The work of Blitzer et al. (1988) is an excellent guide to the study of intermediate cities, with clear definitions, theoretical analyses and illustrative case studies. This annotated bibliography presents almost all studies realized on small and intermediate cities in the Third World until 1987.

<sup>4</sup> See Rondinelli (1983:275) about the abundant need for research on secondary cities.

<sup>5</sup> As yet another indication of the neglect of secondary cities, there are many studies on the metropolitan area of San José, but I have been unable to find a recent study of Puntarenas, with the exception of the book by Argüello and Ramírez, 1983.

capital city and international market. In this process, I will do the following:

(1) Present a general overview of development theories, focusing mainly on dependency theory.

(2) Provide an historical account of the development of Puntarenas within the context of the history of Costa Rica in order to understand how its development has, in the past, always been determined by decisions made in the centre of the country and by the needs of the international market.

(3) Analyze the recent economic development of Puntarenas, focusing on how its overwhelming reliance on the fishing sector is an example of dependency theory and how this has been an obstacle to the city's development.

(4) Analyze the causes and developmental consequences of migration patterns in Puntarenas in the last twenty years, as an illustration of dependency theory.

(5) Examine the dependent relationship between Puntarenas and San José at political, economic, and social levels.

The goal of this research project is twofold: first, to explain how secondary cities, although neglected by scholars and politicians, contribute to the development of a country, and second, to explain how the development of such cities is dependent on the decisions made in the centre of the country.

Given the shortcomings of the statistical data and bibliography on Puntarenas, it was necessary to rely on respondents. The qualitative methods used in the collection of data were a combination of formal and informal interviews, as well as participant observation. I carried out twelve formal interviews in Puntarenas during August 1994. The respondents were key informants, some of whom were directly related with the economic sectors of Puntarenas while others had a good knowledge of the problems,

history, and economy of Puntarenas.<sup>6</sup>

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<sup>6</sup> The respondents were: an ex-consultant of the United Nations, the assistant of a Deputy for Puntarenas, the President of the Cámara Puntarenense de Pescadores, the temporary director of the Sede Regional del Pacífico de la Universidad de Costa Rica, a sociologist, an accountant and treasurer of the Cámara Puntarenense de Pescadores, the ex-President of the Cámara de Turismo, the Director of San Luis School, the President of the Cámara de Comercio e Industria in Puntarenas, the President of the Cámara Puntarenense de Pesca Artesanal, the transactions manager of the Free Trade Zone in Puntarenas, and finally one of the editors of the local newspaper, La Voz del Pacífico.



During the 1950s economists, political scientists and others began directing their attention towards the practical and theoretical problems of development.... Since then, thousands of scholarly papers, articles and books have been established. Magazines on all aspects of development have been established. Specialized institutes of development studies and research have been founded, and theories of economic and social development have proliferated (Burkey, 1993:26).

## CHAPTER 2

### THEORETICAL FRAMEWORK

#### 2.1. The Emergence of Development Theory

Following the Second World War, several theories emerged aiming to explain development or lack of development in the Third World. It is aptly noted that "the field of development studies is a veritable jungle, inhabited by theories, counter-theories, approaches, paradigms and programmes of all sizes, shapes and colours" (Burkey, 1993:27). However, there are basically three distinct approaches to the study of the nature and contradictions of the development process in the Third World: modernization theory, mode of production theory, and dependency theory.

The present chapter begins with a brief discussion of these three competing theories. Then dependency theory, which forms the basis for the theoretical framework in this study, will be discussed in terms of its origins, definition, general characteristics, and urbanization. The final part of the chapter will explore the possible applications as well as the implication of dependency theory in the case study. One reason for this theoretical selection is that this theory best accounts for the dependent relationship observed in the case study of Puntarenas. Another reason is that dependency theory is one of the few theories that can be used for both international and intranational regional analyses (Gagné, 1994:5).

## 2.2 Theories of Development

### 2.2.1. Modernization Theory

Early theories, which emerged soon after the Second World War, defined development as being essentially economic growth since economic factors were considered to be the key forces for modern development theory (Blomström and Hettne, 1984:8). Modernization theory explains development in terms of value systems, individual motivations, and capital accumulation. The Western model of industrialization is taken as the ideal model for development throughout the world. Thus, different degrees of development depend on the level of penetration of that Western model into developing countries (Webster, 1990:53-54).

The main assumption of modernization theory is that external economic policies based on market forces and external linkages lead to development (Deyo, 1992:12). However, this theory does not take into account the internal history of Third World countries, their traditions and values, as these elements are considered to be major barriers for development. In addition, the existing social relationships that determine the introduction of factors of economic growth, such as new technology or market dynamics, are not considered (Webster, 1990:62; Kandal and Martin, 1989:374; Appelbaum and Chambliss, 1995:226).

With regard to urbanization and the development of secondary cities, modernization theory recommends "development from above" and centralization. According to Stöhr and Taylor (1981:1), the spatial manifestation of this theory is the growth of a big centre due to foreign demand and innovations. This economic perspective sees the concentration of investment in the metropolitan area as the most efficient strategy for

development. Modernization theory holds that the benefits experienced by the centre will trickle-down to the rest of the country (Rondinelli, 1983:14).

The growth of a large centre is achieved through migration (rural-urban and urban-urban) and population increase (London, 1987:30). According to the classical economic approach, push factors in rural areas (e.g., agricultural crisis) and pull factors in urban areas (e.g., the expectation of higher wages) lead to migration (Bradshaw, 1987:224-225; Lee, 1966:193). The "push-pull" model assumes that there is a positive relationship between increased urbanization and economic growth (Bradshaw, 1987:225).

#### 2.2.2. Mode of Production Theory

The mode of production theory (MOPT) of underdevelopment is based on Marx's conception of the mode of production (Kandal and Martin, 1989:374), which may be defined as the manner in which a group of people produces, appropriates, and distributes its means of subsistence (Johnston, 1975:1-8).

The MOPT explains underdevelopment in terms of exploitation and the appropriation of surplus from the poor countries by the rich and developed countries. Seeking new opportunities for profitable investment, capitalism established itself in the Third World, albeit gradually and unevenly, at the expense of precapitalist modes of production (Harvey, 1982). The colonial state assisted in this process in various ways, ranging from the appropriation of land to legislating taxation as a means of ensuring indigenous participation in the capitalist economy, either as migrant workers or as commodity producers. This process of exploitation has its

roots in the European colonialism during the fifteenth and sixteenth centuries (Webster, 1990:69). This pattern of exploitation has continued after independence among many Third World states.

According to MOPT, migration is a medium of accumulation of human capital in some places. Migration is considered to be a political and economic phenomenon which depends on the different levels of development between the area of origin and the area of destination (Lavigne, 1987:27). According to this theory, colonialism was based largely on a migrant labour system. Mining, railway work, plantation work, and primary production facilities absorbed capital investment and became enclaves of development. Just as these industries absorbed capital, they also absorbed large quantities of labour from the rural areas (Crush, 1984; Gugler, 1968).

### 2.2.3. Dependency Theories<sup>1</sup>

Dependency analysis began to emerge as a theoretical body in the 1960s. However, due to the different perspectives from which dependency analyses have been approached, they do not form a well-integrated body of explanations.<sup>2</sup> The common characteristic of all of the analyses is the unequal and dependent relationships between the developing countries in the periphery and the industrialized countries of the core, and that these

---

<sup>1</sup> It is not clear where dependency theory fits. For some authors, dependency theory is one of several variations of Marxist theory (Appelbaum and Chambliss, 1995:228-230). For others, dependency theory is the same as world-system theory (Stark, 1994:518). In this study, although recognizing that dependency theory is different from world-system theory, many of the concepts of the latter will be used to explain the dependency of Puntarenas.

<sup>2</sup> There are three main perspectives of dependency theory. First is the neo-Marxist dependency analysis, whose main theorists are André Gunder Frank and Theotonio Dos Santos. Second is structuralism, which tried to reformulate the thought of ECLA, and whose main representatives are Celso Furtado and Osvaldo Sunkel. Finally, there is dependent development, whose main representatives are Fernando Henrique Cardoso and Enzo Faletto (Hunt, 1989:198-215).

dependent relations restrict development in the periphery (Hunt, 1989:198).<sup>3</sup>

#### 2.2.3.1. Origins

The dependency school was the product of two earlier theoretical trends: the neo-Marxist school and the United Nations' Economic Commission for Latin America (ECLA).<sup>4</sup> In contrast with Marxist thinking, which has a Eurocentric view and focuses on the concept of development, the view of neo-Marxist thought is from a Third World perspective, and it focuses on the concept of underdevelopment, explaining the latter as a result of the exploitation of poor countries by wealthy nations (Blomström and Hettne, 1984:27; Hardiman and Midgley, 1982:52; So, 1990:95).

The neo-Marxist school originated in Latin America (Hulme and Turner, 1990:46). Until 1929, Latin America had experienced a process of growth because of exports to Western countries. However, after the 1929 economic depression, Western countries drastically reduced their imports from Latin America. Consequently, Latin American countries realized how vulnerable they were with an economic growth directed towards exportation. This realization led to the implementation of inward-looking development strategies in order to reduce the dependency on exports to generate foreign currency. Nevertheless, until the Second World War, ideological support for the inward-looking or inner-directed development was not formulated. This support, and a program of action, finally came from the ECLA established

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<sup>3</sup> For a detailed explanation of the differences among dependency analyses, see Hunt, 1989:198-215.

<sup>4</sup> Referred to as Comisión Económica para América Latina (CEPAL) in Spanish.

in Santiago, Chile, in 1948. The Argentinean neo-Marxist economist Raúl Prebisch<sup>5</sup> played an important role in this Commission (Hulme and Turner, 1990:46; Blomström and Hettne, 1984:39; So, 1990:93).<sup>6</sup> Prebisch thought that the export of primary commodities was not providing the suitable stimulus for economic growth. Instead of mobilizing capital for development, export prices had stagnated (Hardiman and Midgley, 1982:54). Subsequently, periphery countries then had to import more expensive manufactured goods from the industrialized countries, which generated a balance of payments crisis for the Latin American economies (Hulme and Turner, 1990:47).<sup>7</sup>

The ECLA believed that the capitalism of developed countries had been harmful for Latin American countries, since the system of international free trade acted as a tool for encouraging and maintaining underdevelopment. This ECLA analysis of Latin American development has made two important contributions. First, the world could be perceived in terms of a core of developed industrial nations and a periphery of underdeveloped nations. Second, the core and the periphery were closely linked economically, especially in trade and investment. These links hindered

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<sup>5</sup> Much of Prebisch's contribution has been synthesized in an important work entitled Capitalismo Periférico: Crisis y Transformación, 1981.

<sup>6</sup> Prebisch considered that the nineteenth-century concept of international division of labour was still sustained. Thus, Latin America, as a periphery of a world system economy, was specialized in the production of food and raw materials for the core industrialized countries. Prebisch concluded that the underdevelopment of Latin America was due to its reliance on exports of primary products (Blomström and Hettne, 1984:40), and its adoption of liberal capitalist economic policies (Barnett et al., 1975:9).

<sup>7</sup> Hardiman and Midgley (1982:54) observe that ECLA attributed the trade deficit to the manipulation of commodity prices by industrialists in wealthy countries. Faced with rising labour costs in their own countries, these wealthy countries dropped the costs of raw materials to maintain a comparative advantage; this was possible because the plantations, mines, and distributive networks which produced these commodities were controlled by Western multinational corporations (MNCs).

development in the periphery, since they were designed to work only to the advantage of the centre. A developmental strategy based on import-substitution industrialization (to promote national industrial growth and to reduce the need for importing manufactured goods) was seen as a more inward approach for breaking the inequitable relationship of dependence. With this economic policy, real development would transpire. However, in the 1960s an increasing dependency was observed as a consequence of the role of foreign capital in the creation of new industries (Hulme and Turner, 1990:47; Marshall, 1994:237; So, 1990:93-94).

#### 2.2.3.2. Definition of Dependency<sup>8</sup>

Dependency can be defined as a situation in which less developed countries are incorporated into the global capitalist system (Muñoz, 1981:44). This situation implies: (1) external reliance not only on trade, capital, and technology, but also on political and economic decisions of the core countries, (2) a concentration of external linkages that results in vulnerability and restricted choice, and (3) internal fragmentation, meaning that the different sectors of a dependent economy are weakly connected (Caporaso, 1978 as cited in Muñoz, 1981:48-50). Dependency is not only the result of external forces, but also of internal forces operating in conjunction with those external forces (Cockcroft et al., 1972:19; Caporaso, 1978, as cited in Muñoz, 1981:46). At the national level, the result of this situation of dependency is internal inequality between

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<sup>8</sup> Some authors distinguish between dependency and dependence. Dependence is defined as simply external reliance (Caporaso, 1978, as cited in Muñoz, 1981:44). The dependence trend focuses on the international influences over nation-states, while the dependency orientation focuses on the process of integration of the periphery into the international capitalist system and its implications for development (Muñoz, 1981:4).

economic sectors, urban and rural areas, and classes (Caporaso, 1978, as cited in Muñoz, 1981:46). At the international level, dependency results in the backwardness of the less developed countries, since their economy is conditioned by the development and expansion of developed countries (Dos Santos, 1970:180; as cited in Muñoz, 1981:25-26; Dos Santos, 1970:231; as cited in Chilcote and Edelstein, 1986:20).

#### 2.2.3.3. General Characteristics of Dependency Theory

Despite the differences between approaches in dependency theory, there is agreement on two points. First, the world's economy is seen as an integrated capitalist system (Hunt, 1989:213). This system is formed by two kinds of economies, developed and underdeveloped, or central and peripheral.<sup>9</sup> Both economies are linked by their mutual yet unequal relationship, which is required for development of the advanced economies (Lehman, 1979:87; Jaffee, 1990:152). Second, dependency theorists consider that the economic and political conditions in the Third World are determined by the interaction of internal and external factors (Hunt, 1989:213).

Thus, dependency theorists consider underdevelopment to be the result of an historical process characterized by the unequal relationships between interdependent economies, in which metropolis countries expropriate the

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<sup>9</sup> The differential development leads to a classification of countries from the most developed called: core, metropole, or centre, to the least developed: satellites, periphery, or hinterland. The terms semicore or semiperiphery are applied to those countries with an intermediate position (Chirot, 1977, as cited in Allahar, 1989:85).



wealth of the satellite countries (Hardiman and Midgley, 1982:55).<sup>10</sup> The structure of the world capitalist system helps some countries to develop while hindering the development of others. Those dependent countries are economically, politically, and socially disadvantaged as compared to the countries upon which they are dependent (Allahar, 1989:85). Dependency theorists state that the process of underdevelopment began with the "discovery" of America and continues to the present time. In this process, the economic and political structures of the colonial and ex-colonial areas have been distorted to meet the needs of the metropolitan countries (Allahar, 1989:89; Chilcolte and Edelstein, 1986:20).

One characteristic of a state of dependency is the inability of countries in the periphery to develop independently (Allahar, 1989:85), as illustrated by the lack of industry, the lack of control over technology, the lack of ownership of capital for local reinvestment, and low salary levels, meaning cheap raw material prices for the dominant central economies. As a result, internal markets do not have any special significance (Goldthorpe, 1975:153; Alavi and Shanin, 1982:112-114). In addition, a dependent country is specialized in the production of only a few commodities, so many underdeveloped countries are importers of primary commodities (Hooguelst, 1983:76). Furthermore, underdeveloped countries export raw materials to foreign metropolitan centres where they are manufactured, and later re-exported to the Third World at higher prices (Allahar, 1989:89). Even when there are increases in food and raw material

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<sup>10</sup> Dependency theorists distinguish between underdevelopment and undevelopment. Undevelopment is defined as the lack of development, whereas underdevelopment is the result of an historical process leading to the development in one part of the world and underdevelopment in another (Blomström and Hettne, 1984:43). All countries have at one time been undeveloped; however, underdevelopment is the result of the capitalist international network of trade (Chiot, 1977, as quoted in Allahar, 1989:85).

prices (seemingly to the benefit of underdeveloped countries), the prices of manufactured goods are in turn increased, so the benefits from commodity trade are reduced.<sup>11</sup> Moreover, a considerable proportion of underdeveloped countries' export commodities is produced by multinational corporations (MNCs) or other foreign investors (Hooguelst, 1983:76). Thus, the major production and pricing decisions are made outside the producer countries, depriving them of the ability to determine their own economic structure. Under such an export-oriented economy, local needs and markets tend to be neglected, and the peripheral countries' needs for capital, technology, and expertise increase their dependence (Allahar, 1989:90).

Another element contributing to dependency is foreign investment. Dependency theorists consider foreign investment as the central mechanism by which the advanced capitalist states dominate, exploit, and retard the development of less-developed nations. Investment dependence alludes to the negative role of the MNCs in the peripheral countries, and is seen as a promoter of underdevelopment, stagnation, and economic backwardness. The trade structure of dependent countries is organized around the characteristics of export dependence, primary product specialization, and commodity and partner concentration (Jaffee, 1990:174-184). Further, foreign investment leads to an increase in urbanization (at the expense of rural development of the country), expansion in the service and informal sectors, and retards economic development. These results are due to foreign investment in agriculture and urban industries which push farmers townward. Furthermore, the economies of many Third World countries engaged in

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<sup>11</sup> In addition, the foreign exchange reserves are necessarily held in dollars or sterling (Hooguelst, 1983:76). This hurts peripheral economies by lowering the value of local monetary units on international markets.

agricultural exports can be negatively affected by low international market prices or by natural disasters, which affect agricultural production. This trend leads to migration and inhibits economic growth (Bradshaw, 1987:226-227).

In conclusion, the main points of dependency theory are (1) that a powerful core of countries are the primary decision-makers for underdeveloped countries (external dominance); (2) that the underdevelopment of a country results from the historical dependency relationships that it has had with core countries (Hoffman, 1990).

#### 2.2.3.4. Dependency Theory and Urbanization

Dependency theory places urbanization within an historical context, using historical methods such as periodization and structural analysis, and hence maintains that urbanization in Third World countries is a consequence of the expansion of the capitalist world-economy (Nemeth and Smith, 1985:103-206; 1986:124). In Latin America, for example, the urban structures resulted from the historical interaction first with Spain and Portugal, then with Great Britain, and later with North America (Gilbert and Gugler, 1989:16). That interaction was characterized by three main aspects. First, the developed countries wanted to extract a surplus of primary products; second, they wanted to expand the market for their own goods; and third, they were willing to keep the stability of indigenous political systems that were supporting the capitalist system (Potter, 1985:33).

The exploitative nature of the expansion of the capitalist world-economy has led to the creation of centres and peripheries at both the

national and international level. According to Frank (1967; 1969; as cited in Gilbert and Gugler, 1989:16) at the world level, Latin America became a periphery, that is, a source of raw materials to and a recipient of manufactured products from the centre, the developed countries. At the national level, the major cities became the main link in this chain of surplus extraction. These cities then acted as the centres and relegated the provinces and rural areas to a peripheral status, becoming peripheries of the periphery.

In dependent countries, the allocation of economic sectors, industry, agriculture, and commerce tends to concentrate in a few regions; therefore, economic development favours only some geographic areas. Consequently, population also becomes more concentrated in those regions as migrants are attracted by the economically dynamic regions, going from rural to urban areas, from small cities to large. This concentration of population and economic resources in some regions has led to rural-urban and regional disparities--in income, standard of living, and provision of services--and to urban primacy (Gilbert and Gugler, 1989:27-30).

Lipton's (1977) concept of urban bias is relevant here. Urban bias can be defined as the location of the main economic sectors and investments in the main city of the country in order to benefit the national elite, who at the same time is an ally of international capital. Urban bias policies increase inequalities due to the concentration of investment, labour, and capital in a few areas, widening the rural-urban gap and hindering the development of the periphery (Lipton, 1977:231; London and Smith, 1988:455; Gilbert and Gugler, 1989:164). Due to the existence of voracious urban elites and pressure exerted by groups such as industrialists, small-scale

capitalists, and urban workers, underdeveloped nations put in place investment, tax, or pricing policies which favour urban areas. These areas then enjoy the most part of development aid and exploit the surrounding rural regions (Webster, 1990:92).<sup>12</sup> The policy bias has created disparities in consumption, wage, and productivity levels between the urban areas and the countryside, resulting in higher standards of living for urban citizens, and in rural-urban migration (Bradshaw, 1987:225). Urban bias is also seen as a cause of economic backwardness for some regions within the same country (Bradshaw, 1987:227; London and Smith, 1988:455). In most Third World countries there is a lack of towns which would otherwise function to provide services for the rural areas and stimulate agricultural and commercial development. This lack, combined with distant market centres and the absence of suitable transportation, storage facilities, and credit, impedes the sale of agricultural products and encourages the emergence of exploitative middlemen. Poor producers can neither move their products to the city nor store them until prices improve (Gilbert and Gugler, 1989:167; 1:11).<sup>13</sup>

Dependency theory considers urban bias within Third World countries as a reproduction of the core/periphery bias at the international level. Thus, major cities of Third World countries function as cores in relation to the smaller, peripheral cities. This system of dependency is maintained through the alliance of an elite in the underdeveloped country with

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<sup>12</sup> London and Smith consider "urban bias as an intranational cause of economic stagnation, while dependency is an international determinant" (1988:455). For a more detailed review of the concept "urban bias" see Lipton, 1977; and for a revision of the concept, Lipton, 1993, and Bates, 1993.

<sup>13</sup> All references that appear as 1:11 refer to the number and page of the interviews held in Puntarenas during August 1994.

industrial and commercial powers in the developed nations (Walton, 1976:48-49).

André Gunder Frank adds the notion of metropolitan-satellite relations to dependency theory. Using Latin America as an example, he believes the uneven development in that region is the result of the metropolitan-satellite relations of exploitation, which lead to unequal inter-regional transfers of capital (Long, 1975:253). Frank's analysis considers that the establishment of a market economy leads to metropolitan-satellite relations which operate to maintain a structure of unequal relationship at international and national levels (Long, 1975:261). He assumes that metropolitan-satellite relations are arranged in a simple hierarchical ordering. According to Frank, there is a chain of metropolises and satellites linking the world metropolitan centres from national, regional, and local satellites to the lowest level of the isolated peasant (Long, 1975:263). These metropolitan-satellite relations also imply that changes in the development of the satellites depend on stimuli from the metropolitan centres (Long, 1975:264; Potter, 1992:14),<sup>14</sup> as illustrated in the following diagram:

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<sup>14</sup> Another explanation for unequal development is Friedmann's model of 'centre-periphery', which explains it as the result of the expansion of capitalism (1966, as cited in Potter, 1992:17-18; 1985:54-55; Gilbert and Gugler, 1989:32-35). Friedmann presents four stages in the process of development of an urban hierarchy, from a sparsely populated and newly colonized system to an integrated urban and regional system in a developed country. The first two stages of Friedmann's model relate to the history of dependency of many Third World countries. In the last two stages Friedmann envisages a theoretical process towards urban equality; however, "historical evidence does not support it" (Friedmann, 1966:14, as cited in Potter, 1985:55). Friedmann's main point is that the dominance of the core is a self-reinforcing process since innovations in technology or culture tend to be developed first in core regions. The main factors that make the centre an economically strategic point are its proximity to government organizations, the presence of the largest consumer market of the country, its being the terminal point of transportation systems (airport, railway and roads) and its superior access to organizational resources for innovations (Roberts, 1978:15).

Satellite ..... surplus .....> Metropolis - Merchants - Farmers - Peasants - Local satellite - Regional satellite - National capital city <... manufactured goods-
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Accordingly, the dominance of the core reinforces the backwardness of the periphery (Roberts, 1978:16).

Another element of dependency theory and urbanization considers that not only are primate cities not creating centres of development, but that they are hindering the development of the rest of the country. This is called primate city parasitism, which is linked to internal colonialism and uneven development (London, 1985:208). The effects of multinational corporations (MNCs), a new form of dependency or neo-colonialism, illustrate this uneven development. Because MNCs concentrate their production in primate cities in the Third World, the benefits to the rest of the country are sparse, leading to dependency (Potter, 1985:77; 1992:19).

According to Walton (1975:34-48, as cited in London, 1985:208-209; Walton, 1976:59) internal colonialism is defined as a hierarchical process that perpetuates social and geographic inequalities through the exploitation carried out by national economic structures of power. This internal colonialism originates "in the relationship of structural dependency between advanced metropolitan and underdeveloped periphery societies". It can be seen in different practices of the state, such as

foreign investment policies, infrastructural expenditures, fiscal policies, and social policies; with regard to the agricultural sector, production for export, credit and land tenure policies, and the encouragement of agribusiness; with regard to manufacturing, the presence of transnational corporations; and, with specific regard to trade and commerce sectors, encouragement of monoculture and unilateral exchanges. All these practices generate uneven development due to their exploitative character.

In summary, we have seen that the main propositions of dependency theory with regard to secondary city growth are that: (1) urbanization in Third World countries is a consequence of the capitalist world-economy, which is exploitative in nature; (2) international dependency is reproduced at the intranational level, creating a chain of dependency linking the main urban centre with the peripheral urban centres, and these centres with the rural periphery; (3) and finally, such exploitation leads to the backwardness of the periphery.

### **2.3. Costa Rica, Puntarenas, and the Chain of Dependency**

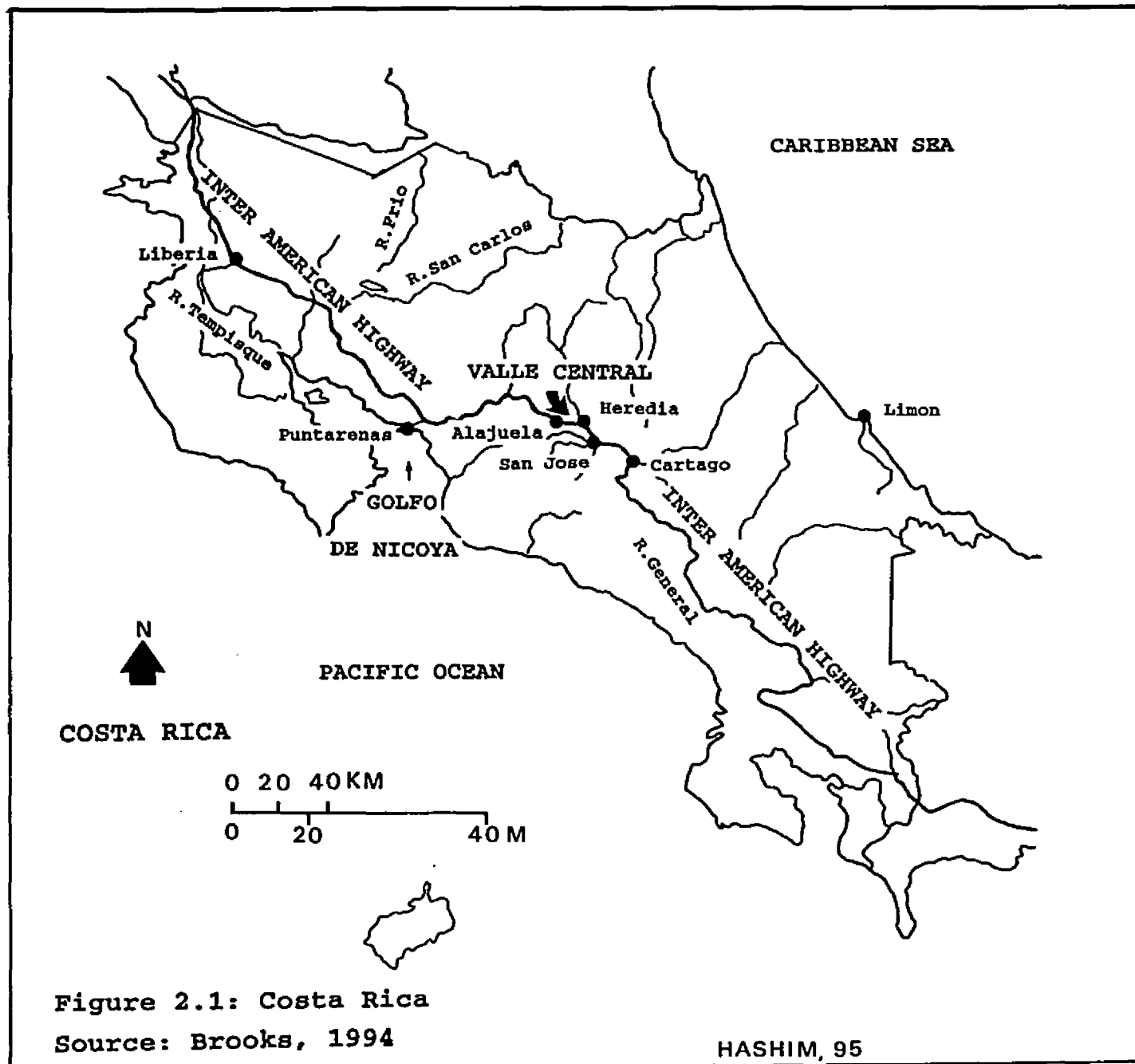
The dependent relationship occurring between the Developed World and Third World may also occur within a given country. Some regions are dependent on another, with particular reference to rural areas which depend on the larger urban centres (Gagné, 1994:13). In Latin America, each region of a given country is linked in a chain of dependency, characterized by the exploitation by big cities and ports of their internal sources of food and labour (Galeano, 1973:12, as cited in Allahar, 1989:85-86).

Costa Rica's status as a peripheral country began with the Spanish conquest in the 16th century, continuing with British influence in the 19th



century, and characterized today by a heavy dependence on the United States. In addition, dependent relationships exist within Costa Rica, which itself can be divided into the more industrialized and developed urban centre, and the periphery. The centre has a relatively dense population, the largest urban areas, an integrated transport network, the highest levels of wealth and welfare, and contains the major centres of political decision-making. In contrast, the periphery is less-developed, predominantly rural, sparsely populated, and has access to basic social services. As well, the periphery is generally specialized in the production of a few commodities, with its main economic activity being farming. This creates heavy dependence on the national centre and on international market decisions. The political decision-making of these peripheral areas depends on the central government of San José. Within the centre of Costa Rica are located the capital city San José and three secondary cities: Alajuela, Cartago, and Heredia. These three cities together with the capital city form the Metropolitan Area of San José, which is included in a wider central geographical area called Valle Central or Meseta Central (see Figure 2.1). The secondary cities located in the periphery are Liberia, Limón, and Puntarenas (Hall, 1985:243-245).

Puntarenas (see Figure 2.2) was selected as the secondary city for study because it possesses many of the characteristics of a dependent area. Its underdevelopment is due not only to the greater development of the centre, where investment is concentrated, but also to its almost exclusive specialization in the fishing sector. Furthermore, the fishing sector focuses on fish species demanded by the capital city of the country, especially to satisfy the demands of the international market. Though there



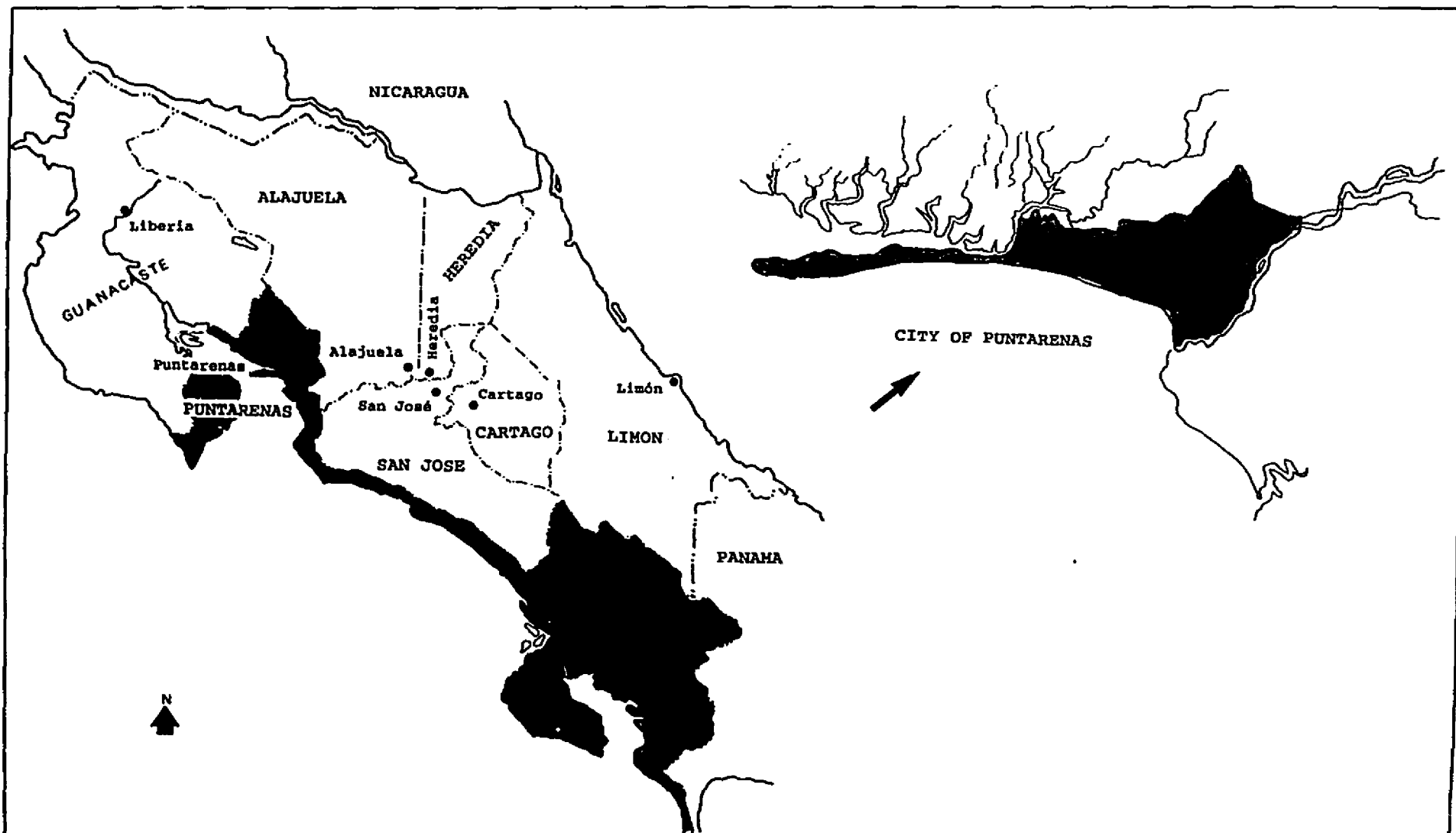


Figure 2.2: Provinces and provincial capitals in Costa Rica  
Source: Silva King et al., 1984

is internal consumption, the local market is very small. As noted earlier, one of the main consequences of dependent relationships is migration from the least developed areas to the most developed areas, though proximity of the destination is also a migratory factor. An interesting aspect of Puntarenas is that while it is a dependent periphery in relation to San José, the rural areas around Puntarenas are also in a dependent relationship with this secondary city. This has led to the steady migration of peasants and banana workers from rural areas to Puntarenas over the last thirty years, expecting to find jobs in the fishing industry. In turn, there has been a steady migration of professionals and skilled labourers from Puntarenas to more developed areas in the country's centre.

The dependent relationship of Puntarenas is also illustrated by the presence of a Free Trade Zone. This is an industrial enclave set up by MNCs to take advantage of the cheap and abundant labour in peripheral regions (Muñoz, 1981:67). These foreign enterprises benefit from the use of cheap labour and raw materials, and also from government incentives.

Three aspects of dependency theory will be demonstrated in this thesis. First, there are two levels of dependency (international and intranational) between the centre and the periphery which hinder the development of Puntarenas. Second, because of differing economic activities in the centre (manufacturing and services) and the periphery (agriculture and fishing), there is an internal division of labour, which is hampering the growth of other economic sectors in the periphery. Third, the decisions taken at national and international level affect the economic, demographic, and urban processes of Puntarenas.

As discussed earlier, dependency theorists emphasize the historical

context within which intra- and inter-national relationships arise. In order to situate this case study of the secondary city of Puntarenas, in the following chapter I will give a general historical account of the Costa Rican economy from the 16th century to the mid-seventies, highlighting the specific history of Puntarenas when appropriate.

(1) The vulnerability of the Costa Rican economy, originating in the dependency that ties it with the exterior in terms of prices and market matters, is one of the most outstanding characteristics of the productive system. Traditionally Costa Rica has been an export country of primary products.... the sector depended on two products, coffee and banana, whose prices in the international markets were not stable and which therefore exposed the country to constant economical problems (Arias Sánchez, 1984:56).<sup>1</sup>

### CHAPTER 3

#### HISTORICAL DEVELOPMENT OF THE ECONOMY OF COSTA RICA AND PUNTARENAS

This chapter focuses on the changes that have taken place in the economy of Costa Rica throughout the 19th and 20th centuries up to 1978 and which have influenced Puntarenas and its present dependency. These changes reflect the general process of dependent economic development experienced in the rest of Costa Rica. Specifically, the objective of this chapter is to situate the economic evolution of Puntarenas in the larger historical context of Costa Rica.

The economic sectors in Puntarenas have changed throughout the nineteenth and twentieth centuries. For the purposes of this study, the economic history of Costa Rica and Puntarenas can be usefully divided into five periods. The first period precedes Costa Rica's independence from Spain in 1821. During the second period, from 1821 to the 1890s, Puntarenas was the most important Costa Rican port for coffee and banana exports. The third phase lasted from the 1890s to 1948, with an important break marked by the 1929 Crisis which greatly affected Costa Rican exports and led to new policies to reduce reliance on these two agro-export products. The fourth phase began after the 1948 Revolution, which brought about the most

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<sup>1</sup> All quotations have been translated from Spanish. The original quotations appear in the Appendix, listed by chapter, page, and quotation number.

stable and peaceful democracy seen in Central America until today. The democratic governments followed policies oriented towards the internal development of the country in order to minimize foreign dependence. However, Costa Rica continued to be a primary commodity producer (Hall, 1985:78-79). Finally, a fifth phase began in 1978, with the economic crisis that took place during Rodrigo Carazo's government (1978-1982) and subsequent adjustment policies (6:3). This last phase will be analyzed in the fourth chapter.

### 3.1. Spanish Conquest (1502-1821)

The unique situation of Costa Rica in Central America has its roots in the arrival of the Spanish conquerors in 1502, who christened it Costa Rica, "the Rich Coast" because it was thought that in those lands there was a lot of wealth (Hall, 1985:72). However, Spanish colonizers lost their interest in Costa Rica when they realized that there were no readily exploitable resources and little gold. Consequently, Costa Rica remained the smallest, poorest, and most isolated of the provinces of the Audiencia de Guatemala (Sick, 1993:28).<sup>2</sup>

Costa Rican production was also another element of contrast with the other Central American countries. While Central America of the late sixteenth and early seventeenth centuries specialized in the production of cacao, Costa Rica produced beef, suet, flour, tallow, and hides (MacLeod, 1973:274-5, as cited in Sick, 1993:29). Only when the production of cacao

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<sup>2</sup> Until the 1560s, most colonists avoided settling in Costa Rica because of its insignificant economic importance to Spain and the small indigenous population. This meant colonists had to work by themselves instead of administering from cities as was commonly the case in other areas (Sick, 1993:28; Woodward, 1985:213).

in other areas of Central America was in crisis by the mid-1600s did Costa Rica begin to grow cacao. Tobacco was also an important Costa Rican commodity for export by the second half of the seventeenth century (Sick, 1993:29). Nevertheless, during the eighteenth century, the economic situation worsened for the country. The unhealthy climate, pirate and Indian invasions, scarcity of labour, and heavy taxes imposed by Spain made it more profitable for Costa Ricans to engage in smuggling rather than in export production (Sick, 1993:29).

The first mention of Puntarenas appeared during this period, in a 1720 communication in which Puntarenas is called "Punta de Arena" (point of sand).<sup>3</sup> From 1765 on, Puntarenas was well-known as a port and in 1814 Puntarenas was declared port of the Pacific (Aguilar de Zúñiga, 1961:15, 17; Cabalceta Zapata, 1974:9-11; Rodríguez Sibaja, 1990:24). Puntarenas' location made it the most important port of the country during the nineteenth and early twentieth centuries, because it opened the Valle Central to the rest of the world (Aguilar de Zúñiga, 1961:8).

### 3.2. Beginning of the Export-Oriented Growth (1821-1890)

After its independence from Spain in 1821,<sup>4</sup> Costa Rica's economic development focused on exports. The new republic forged economic ties with Great Britain, and later became heavily dependent on it (Hall, 1991:37;

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<sup>3</sup> Puntarenas, located in the Golfo de Nicoya on the Pacific side of Costa Rica, is a small peninsula formed in the mouth of the Barranca river by the materials dragged along by sea currents and by the Barranca river (see Figure 2.2). The emergence of Puntarenas is very recent, dating from the early eighteenth century. In a 1529 map of the region Puntarenas does not appear (Aguilar de Zúñiga, 1961:8; González Víquez, 1933:4, 7; Rodríguez Sibaja, 1990:23).

<sup>4</sup> In 1821, most Costa Rican lands were uninhabited and unexploited. The population of Costa Rica was around 65,000 people. 84% of that population was concentrated in the Meseta Central; the Golfo de Nicoya contained 9%; and the remaining 7% was spread out over the country (Hall, 1991:14; 1985:99).



1985:74). Costa Rica was one of the first countries in Latin America to establish a neocolonial export economy. In the 1840s the country began to export coffee to the United Kingdom and Germany. Market relations with the United Kingdom stimulated the economic development of Costa Rica: more land was allocated to the cultivation of coffee, and money was allotted to the improvement of the transportation system in order to secure exports. In particular, construction began on the road linking San José and Puntarenas (Facio Brenes, 1990:51-53). At the same time, Costa Rica began to import manufactured products from Great Britain (Hall, 1991:39).

Until the 1870s all the coffee production was exported through Puntarenas, but because of its geographical location on the Pacific, it took a long time to arrive to Europe. Thus, the Costa Rican State began to build a railway to the Atlantic coast in order to facilitate exports to Europe by reducing both the time and cost of transporting commodities (Acuña Ortega y Molina Jiménez, 1991:140-141; Hall, 1985:128). Despite British credit for financing the railway, technical and financial difficulties hindered its construction for a long time, until the United Fruit Company (UFC) completed construction in return for the exploitation of the banana lands in the Atlantic area (Acuña Ortega y Molina Jiménez, 1991:141; Woodward, 1985:214). The UFC's enterprise led to a greater importance of the Caribbean coast in Costa Rica and had a significant effect on Puntarenas. The development of this railway, which encouraged trade via Limón on the Atlantic coast, reduced the importance of the Pacific port of Puntarenas in the twentieth century. Thus, Limón grew as Puntarenas declined (Woodward, 1985: 214).

In the 1890s bananas became the second export commodity, its main

destination the United States (Hall, 1985:74-75). With the increase in production of coffee and bananas, other crops such as wheat, rice, beans, maize, animal fats, and vegetable oils decreased. This led to a scarcity of basic products for the national market, which meant the importation of basic products and manufactured goods (Hall, 1991:69; Hall, 1985:77; Flores Silva, 1992:281).

### 3.3. The Consolidation of Export-Oriented Growth (1890-1948)

The export economy of Costa Rica that had developed in the 1800s, based mainly on bananas and coffee, was consolidated during the first half of the 20th century. On a national level, this meant that the lack of economic diversity in exports made the country very vulnerable to any change in the international market, as was the case in the 1929 Depression.

At a local level, in Puntarenas, agriculture and fishing were limited to a few products destined primarily for family consumption, and secondarily, for a limited local market (2:11; 3:3),<sup>5</sup> with the exception of profitable pearl fishing (Guevara Rivera, 1976:8). The importance of Puntarenas stemmed from its being the main centre of coastal shipping commerce (comercio de cabotaje), which linked the centre of the country by sea to the peripheral areas of the Pacific coast (2:11; 3:3). Thus, until the second half of the twentieth century, the main route from the Valle Central to Guanacaste was by train to Puntarenas, and then by boat up the

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<sup>5</sup> During the first half of the century, agriculture was more important than fishing for Puntarenas' economy. Rice was one of the dominant crops, grown by the Chinese population that arrived at the end of the nineteenth century and in the first years of the twentieth century (2:13). Only the urban poor fished, with rudimentary techniques for daily consumption (1:5). The lack of an appropriate transport network and conservation techniques hindered the development of fishing as an economic activity (Soto Acosta et al, 1993:25; Blondin, 1992:10). However, some fish products were sold in Puntarenas, and also in the Meseta Central (6:2; 3:4). See also López Estrada and Breton, 1991:5-6.

Golfo de Nicoya to the small ports (Benazera, 1992:32; Hall, 1985:128-129).

One respondent described the economic exchange:

(2) When the central part of Costa Rica began to develop, it was through the port of Puntarenas that all important products passed, as much those that came as those that went out of the country. When there were no roads, or very few, all the basic grains, fruits, and vegetables arrived from the different cultivation places of Costa Rica in launches, in coastal shipping boats. And from here they were moved, by oxcart ... to San José.... Here we received all the production from San José. In the same way coffee was brought from the Meseta Central in oxcart, in caravans (6:1-2).

### 3.4. The Internal-Oriented Development (1949-1978)

With the revolution of 1948<sup>6</sup> and the establishment of a democracy, the economy moved in the direction of import substitution, following ECLA postulates. According to Rodrigo Facio, Rector of the University of Costa Rica between 1952 and 1961, the objective of the economic policy of this period was to increase and diversify Costa Rican production. In order to do this, it had to decrease the importance of coffee as well as the dependency on external markets. (Facio, 1982:168; as cited in Rottenberg, 1993:79). In addition, strong state intervention promoted the development of infrastructure such as electricity and transport, and new agencies were established to promote economic development. In this period began the first efforts at industrialization and agricultural development. The banking system was nationalized in order to take the economic and political power away from the traditional exporting elite, and to redirect it towards new economic activities. In 1963 Costa Rica joined the Central American Common Market (CACM). Until 1973 Costa Rica experienced stability and fast

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<sup>6</sup> After the February 1948 elections, in which conservative Otilio Ulate was elected president, a military coup d'etat directed by José Figueres triggered a two-month civil war. This ended with the triumph of Figueres' Junta and the establishment of a social-democratic government (Rottenberg, 1993:75; Vega Carballo, 1986:344-346).

economic growth. However, the 1973 international petroleum crisis threatened that economic growth and Costa Rica had to open itself towards an export economy in order to cope with its increasing foreign debt (Rottenberg, 1993:79-106).

In contrast with the Costa Rican economic policy of diversification of production during the third quarter of the twentieth century, Puntarenas began a tendency towards specialization in fishing, since other economic activities--tourism and coastal shipping commerce--declined (6:2).<sup>7</sup> Until the 1970s, Puntarenas had been the main destination for national tourism, due to its proximity to the Valle Central, and the lack of appropriate roads to reach other places. However, the opening of new roads to facilitate the export of beef to the United States (Houde, 1991:33-34) increased access to other beaches. As a result, tourism, as well as coastal shipping commerce, in Puntarenas decreased (Benazera, 1992:16; Breton et al., 1991:29). As one respondent pointed out,

(3) Because Puntarenas was the closest beach to the Meseta Central, it was the most visited. However, in the 1970s new roads began to be built and new beach areas were opened. Many hotels were built and [the importance of Puntarenas] was diluted. The worst was that Puntarenas did not update itself, and now [1994] it is difficult to do so because there are already other areas, such as Monteczuma, Jacó, Manuel Antonio, Monteverde, whose hotel occupation rate is more important (7:1).

The main change in the economy of Puntarenas during this time period was the evolution of fishing from rudimentary production primarily destined for family consumption to large-scale production destined for both national and international markets. The development of fishing began with the

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<sup>7</sup> Agriculture decreased while the importance of fishing increased. In addition, the population increase from the late 1960s led to a change in land use. Land that had previously been used for agricultural activities (rice, sorghum and cattle) was allocated for housing purposes (6:9).

camaroneros, shrimp fishing ships, in the 1940s. Before and during that time an American-based firm, the Bank Sea Food Company, was already fishing tuna on the Pacific side of Costa Rica (1:3), and used Puntarenas for loading and unloading activities because some tuna processing plants were located there (6:3; Porras, 1994:1).

Fishing developed into an important activity in Puntarenas with the arrival of a Spanish family from Galicia in the 1940s, interested in shrimp fishing (2:11; 3:8). Furthermore, the fact that traditional fishing countries such as Sweden and Norway were invaded by Germany in the Second World War prevented them from doing as much fishing as before. This meant they were unable to supply their markets as they had previously. As a result, countries such as the United States were forced to look for new suppliers of fishing products (1:4). The development of the industrial fishing activities during the 1950s, especially shrimp and sardine, was linked to the increase of demand from the international market (Blondin, 1992:14). According to one respondent, this meant developed countries began to exploit fishing resources in Latin America by initially fishing in Latin American waters, and later by buying fish from Latin America,

(4) At the international level, all the European developed countries, the United States, Canada, are countries that consume a lot of seafood, where in their waters the sea products have already finished. So they have come to Latin America to look for these products. This is why we are strong exporters of seafood. However, at the local level, there has also been an increase in the consumption of fish. This all means an increased development of fishing (6:6).

Between 1952 and 1977, fishing activities experienced a marked

overall increase,<sup>8</sup> although with noticeable decreases during the periods 1959-1960, 1965-1966 and 1976 (see Table 3.1). However, these decreases differed on the two coasts depending on the type of fish. Thus, in 1959-1960, while the Pacific Coast saw a decline in the fishing of shrimp and pescado de escama (scale fish), the Atlantic Coast saw an increase in lobster fishing (see Table 3.1) (Chacón, 1978:1).

There was a general trend in the growth in production on the Pacific side, especially in the third period, 1967-77 (see Table 3.1). In contrast, the production on the Atlantic side tended to decrease in the second phase (1962-66) and above all in the third phase. The Pacific coast decrease in 1976 is attributed to the overfishing of shrimp, sardine, and tuna (see Table 3.1). These periods of crisis subsequently led to the search for new fishing areas and species (Chacón, 1978:1-2).

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<sup>8</sup> The increase of the international demand resulted in an increase in the number of fishermen. In the 1950s some species of shrimp began to be exported to Miami, USA, where a good price was obtained. At the same time, due to the increasing number of fishermen, in 1958 the Cámara Puntarenense de Pescadores was created to protect fishermen's interests. In the same year the Golfo de Nicoya was declared a protected area, since this Gulf is considered the major fish reproduction centre on the Pacific coast (El mundo de la Pesca, 1988:24).

Table 3.1: Total Fishing Production, Costa Rica, 1952-1977

YEAR	PRODUCTION PACIFIC COAST (Kgs.)	PERCENTAGE %	PRODUCTION ATLANTIC COAST (Kgs.)	PERCENTAGE %	TOTAL (Kgs.)
1952	188,605	62.1	115,079	37.8	303,684
1953	385,368	92.8	29,503	7.1	414,871
1954	401,637	98.1	7,389	1.8	409,026
1955	596,899	98.8	6,647	1.1	603,546
1956	736,207	93.2	53,140	6.7	789,347
1957	766,657	78.3	212,426	21.6	979,083
1958	992,079	90.9	99,278	9.0	1,091,357
1959	1,281,533	94.9	67,744	5.0	1,349,277
1960	1,250,159	46.5	1,437,224	53.4	2,687,383
1961	1,704,972	62.5	1,018,676	37.4	2,723,648
1962	1,709,878	84.1	321,267	15.8	2,031,145
1963	1,596,378	92.4	129,987	7.5	1,726,365
1964	1,930,781	70.6	802,357	32.2	2,733,138
1965	5,298,215	93.1	391,456	6.8	5,689,671
1966	2,160,794	89.5	252,442	10.4	2,413,236
1967	2,524,651	90.9	250,739	9.0	2,775,390
1968	3,842,396	90.9	383,275	9.0	4,225,671
1969	5,012,418	99.2	39,382	0.7	5,051,800
1970	6,993,649	98.5	100,343	1.4	7,093,992
1971	8,207,290	98.4	131,918	1.5	8,339,208
1972	10,767,002	99.1	92,498	0.8	10,859,500
1973	10,804,272	99.5	49,879	0.4	10,854,151
1974	13,381,049	99.0	134,669	0.9	13,515,718
1975	13,590,869	96.9	424,644	3.0	14,015,513
1976	12,329,088	96.4	452,921	3.5	12,782,009
1977	12,727,019	98.0	253,140	1.9	12,980,159

Source: Chacón, 1978: cuadro 2.2.

It is also important to point out that during this period, there were two main types of fleet, each targeting different species. While the industrial fleet concentrated on the main products for export--shrimp, tuna, and sardine--the artisanal fleet<sup>9</sup> targeted scale fish<sup>10</sup> (see Table 3.2). Since the seventies, the percentage of scale fish caught by the industrial fleet has been decreasing, while that caught by the artisanal fleet is increasing (Chacón, 1978:2).<sup>11</sup>

Table 3.2: Production of Scale Fish, Pacific Coast, Costa Rica, 1971-1977

YEAR	INDUSTRIAL (Kgs.)	PERCENTAGE %	ARTISANAL (Kgs.)	PERCENTAGE %	TOTAL (Kgs.)
1971	1,020,663	59.49	695,164	40.51	1,715,827
1972	1,122,736	63.18	654,413	36.82	1,777,148
1973	1,070,249	46.74	1,219,761	53.26	2,290,010
1974	1,392,263	44.45	1,690,073	54.83	3,082,336
1975	1,461,607	44.98	1,787,238	55.01	3,248,845
1976	1,544,984	44.51	1,926,193	55.49	3,471,177
1977	1,515,338	37.12	2,569,835	62.87	4,087,173

SOURCE: Chacón, 1978: cuadro 2.3.

<sup>9</sup> Artisanal refers to those fishermen living on the coasts, who subsist through small scale fishing using rudimentary techniques (Soto Acosta et al., 1993:30, 54). For a definition of artisanal fishing, see also Blondin, 1992:4-7.

<sup>10</sup> Other authors consider that artisanal fishermen, unlike industrial fishermen, do not have set goals for the species of fish they catch (Soto Acosta et al., 1993:54).

<sup>11</sup> This trend continued in the same manner in the following stage, 1978-1994, when the artisanal fleet reached more than 70% of the production of scale fish, due not to an improvement in the effectiveness of their techniques, but rather to the increase of labour.



As a result of the expansion of the fishing industry, the number of people employed directly and indirectly in this industry has increased. This includes the canning and processing industries, which have been important sources of employment, especially for the women of Puntarenas (El Mundo de la Pesca, 1988:24), as well as commerce associated with supplying fishermen with the necessary equipment and materials.

During this period there were also some ships under foreign flags that fished in Costa Rican waters, mainly for tuna. This exploitation of Costa Rican resources was not represented in the national production (see Table 3.3) (Chacón, 1978:2). This fact is important to dependency theory because while developed countries increase their benefits by fishing in Costa Rican waters, national fishermen with less advanced technology see their catch decrease. An example of the detrimental consequences of this type of foreign exploitation was the decline of the tuna canning factory in Puntarenas in 1976. In order to make the business profitable, it is necessary to process a minimum amount of tuna. The scarcity of tuna fished by Costa Rica meant that this factory had to buy tuna from other countries to make their efforts worthwhile. In addition, the Costa Rican government did not understand the need for development of the fishing industry and therefore contributed to the foreign exploitation of Costa Rican waters by granting fishing licenses to foreign entrepreneurs (Rodríguez Gutiérrez, 1976:7).

**Table 3.3: Tuna Fished by Foreign Ships, Pacific Coast, C. R., 1965-1977**

YEAR	PRODUCTION (Kgs.)
1965	---
1966	919,305
1967	93,158
1968	---
1969	1,041,043
1970	---
1971	1,450,026
1972	1,797,517
1973	2,428,320
1974	2,099,479
1975	1,697,352
1976	3,581,878
1977	3,192,735

SOURCE: Chacón, 1978: cuadro 2.4.

### 3.5. Conclusion

This historical overview illustrates the dependent nature of Costa Rica's development, which has basically been in the interest of the developed core, rather than in its own interests. From the moment of the arrival of the Spanish, Costa Rica became a periphery, politically and economically. Its production, although to a lesser degree than that of other regions in Central America, served the interests of the metropolis. After independence from Spain, Costa Rica continued to serve the interests of other dominant countries, mainly the United Kingdom and the United States. Despite the internal-oriented strategies for development, dependence has been reinforced this century by the specialization of the national economy in agriculture, and in fishing in the case of Puntarenas.

Focusing specifically on Puntarenas, until the 1890s its growth was due to its role as the main port of export of Costa Rican coffee towards

the core markets. From 1890 to 1948, the main economic activity of Puntarenas was coastal shipping commerce. This served two kinds of dependence, with Puntarenas coming to depend on San José while acting as a centre itself with regard to the areas surrounding it. It was noted how the growing influence of the United States in the 1950s stimulated the increase of beef production, which was translated into the disappearance of the coastal shipping commerce and in a decrease of tourism in Puntarenas in the following stages. The emergence of fishing was due to external forces, especially the increasing demand and high prices of fish products in the international market.

In the next chapter, which focuses more specifically on modern-day Puntarenas, we will see how fishing continued to increase in importance, how the economic diversity of Puntarenas decreased, and how new ways of coping with the crisis of the 1980s were found through the establishment of Free Trade Zones.

## CHAPTER 4

### RECENT ECONOMIC DEVELOPMENT OF PUNTARENAS (1978-1994)

In the most recent stage, the tendency towards specialization seen in the previous phase (1948-1978) was accentuated when the port was moved to Caldera in 1982,<sup>1</sup> and tourism continued decreasing. Subsequently, fishing became the main and almost only source of employment, upon which other activities such as commerce and industry, were dependent. However, in the 1990s, a new source of employment appeared with the establishment of a Free Trade Zone. This chapter will analyze the recent economic development of Puntarenas, looking in detail at the fishing industry and how an overwhelming reliance on this industry has come about, as well as how this has been an obstacle to the city's development. This phenomenon, along with a discussion of the recent emergence of a Free Trade Zone, will illustrate an important aspect of dependency theory.

#### 4.1. Tourism

Tourism could play a significant role in the economy of Puntarenas, and in fact, has played this role in the past. However, it has been declining since the 1970s due to a number of factors. First, other tourist areas have taken on greater importance. Second, there is bias against the city of Puntarenas, especially related to health problems. Some infectious diseases are present in the city and surrounding areas, such as malaria and

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<sup>1</sup> Until the early 1980s, Puntarenas was the main port of the Pacific coast, representing an important source of employment and economic activities. In 1982 the port activities were moved to Caldera, for no apparent reason other than political interests (Canesa Murillo, 1985:4; 6:2). Subsequently, a source of employment was lost. The port, now in Caldera, belongs to the municipality of Esparza, although part of the labour is still from the city of Puntarenas, as well as from surrounding areas (6:2, 8).

dengue fever, which reappears periodically during the rainy season.<sup>2</sup> However, it should be noted that some of the health concern was caused by the false alarms of cholera in the 1990s. Nevertheless, beaches in Puntarenas are reputed to be dirty and polluted, although recent studies have pointed out the high quality of the water there. Another reason for the decline of tourism in Puntarenas is the lack of national policies to stimulate the development of tourism in the region. Efforts are directed instead to the area of Guanacaste. Finally, individualism in business leads to lack of organization and cooperation of the different tourist sectors (Baltodano et al., 1994:31-32). As pointed out in the following:

(1) Tourism has gone down in Puntarenas for many reasons, the main ones, I would say, because of some powerful people and companies, owners of hotels and the like, that are only interested in their hotel.... The politicians of Puntarenas have been, to a large percentage, irresponsible (1:2).

#### 4.2. Fishing

Between 1949 and 1978, the Costa Rican fleet could be divided into two main categories: the artisanal fleet and the industrial fleet. In the late 1970s, fishing began to grow significantly, and this had an effect on the make up of the Costa Rican fleet. The artisanal fleet of the Pacific coast experienced a tremendous expansion, producing large catches for export. Along with its expansion and the introduction of new technologies during the late 1970s and the 1980s, new categories of artisanal fishing were created: traditional, medium-sized, and advanced. The traditional artisanal fishing sector fishes in the coastal waters of the Golfo de Nicoya and employs 5,000 fishermen. This sector has grown at a rate of 10%

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<sup>2</sup> Dengue fever was present during the summer of 1994 when this research was carried out.

annually (from 600 boats in 1979 to 1,100 in 1987). Its growth has meant the over-exploitation of the Golfo de Nicoya. The medium-sized and advanced artisanal sectors fish at greater distances from the coast, the latter reaching ocean waters. These two artisanal sectors have grown at a rate of 27%, from 320 in 1979 to 1,100 in 1987, and employ around 6,000 fishermen (Gumy et al., 1992:vi, 15-19, 37). Yet, despite its economic and social importance, artisanal fishing has received little attention from the government and international agencies (Blondin, 1992:1).

In contrast with the growth experienced by the artisanal fleet, the industrial fleet has gone into crisis due to an exhaustion of the resources and a need for more investment. The industrial fishing fleet is formed by camaroneros, sardineros, and atuneros (shrimp, sardine, and tuna) ships fishing in the oceanic waters. The destination of its products is both international and internal markets. The shrimp fleet is oversized, and its profitability is low. Though it has grown by 25%, from 69 to 87 ships, employing around 500 fishermen, this increase in size has not meant an increase in the haul. On the contrary, the catches of the shrimp fleet have decreased due to over-exploitation as well as natural changes, such as the Corriente del Niño<sup>3</sup> in 1983 and 1990. In order to solve this problem, the Costa Rican government is limiting the number of fishing licenses, and attempting to enforce a veda (closed season) from May to July. In addition, some shrimp ships are being adapted for the fishing of other species in ocean waters. The tuna and sardine fleet have become stagnant due to the need for higher investments and new technologies. In addition, the sardine

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<sup>3</sup> La Corriente del Niño is a cyclical phenomenon that makes water warmer and consequently, fish move to colder waters. Therefore, fishermen also have to move further away from the coast to fish.

population, over-exploited during the 1970s and early 1980s, is now in period of recuperation (Gumy et al., 1992:4, 16-18, 37).

The increasing price of fish has meant a greater importance of the fishing sector in the national economy, although, in fact, the catch per person has decreased (Soto Acosta et al., 1993:16). In 1992, the value of fishing exports was 6,288 million colones (Chacón, 1993:12).<sup>4</sup> Fishing contributes significantly to the foreign exchange balance and it is also a source of employment in the coastal regions. In 1992, agriculture, forestry, and fishing contributed 16.1% to the GNP. Commerce was 20.9%, industry 20.3% and government 13%. Out of the total exports of non-traditional commodities in 1991, fish represented 3.2% (Soto Acosta et al., 1993:8). Between 1975 and 1987, the contribution of fishing to the GNP grew from 0.16% to 0.68%. Within all agricultural production (of which fishing is considered a part), fishing grew from 0.78% to 3.62% (JICA, 1989:10; as cited in Blondin, 1992:10-11).

The early 1970s trend to increased artisanal fishing production has continued in this fifth stage (1978-1994). In 1989 artisanal fishing represented 57.4% of the total of the Costa Rican catch, in 1990 it was 75.7%, and in 1991 it reached 76.8%. In the same period the shrimp and sardine (industrial) fleets reduced their hauls (Porrás, 1994:9). The artisanal fleet is now responsible for 74.6% of the captures, while the industrial fleet is responsible for 25.4%. The area that contributes most to the fishing production is the Golfo de Nicoya, with 73.8% of captures

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<sup>4</sup> In 1980, the value of fishing exports was 128 million colones, and in 1987 it reached 1,271, but this increase may be deceiving since the colón depreciated during the 1980s (Blondin, 1992:11).

(Baltodano et al., 1994:28).<sup>5</sup> For the 1988-92 period, fishing production from the industrial fleet was 30.52%, while from the artisanal 69.48%. The industrial fleet has experienced a negative growth of -1.07%, compared to a growth rate of 5.25% for the artisanal fleet (Chacón, 1993:9). At the same time, the production of scale fish has increased, while the production of shrimp has declined (Chacón, 1993:10).

On the Pacific coast,<sup>6</sup> there are two main fishing centres, Puntarenas and Quepos. Puntarenas contains 90.1% of the fishing fleet, while Quepos has the remaining 9.9%. In addition, out of the total fishing fleet, 96.5% is artisanal, and only 3.5% is semi-industrial or industrial (Baltodano et al., 1994:27). Chacón (1993:Annexe, cuadro 2) noted that in 1992, the artisanal fleet represented 97.5% of all fishing vessels, with the industrial fleet representing only 2.5%.

It is estimated that some 3,000 people are dedicated to fishing, 86.5% of whom are from Puntarenas and the remaining 13.5% from Quepos (Baltodano et al., 1994:27-28). In another study, it was considered that the number of economically active Puntarenas inhabitants depending directly on fishing is 7,000 (UCR, 1991:3).<sup>7</sup> During the 1980s the number of fishermen increased from 3,500 in 1982 to 7,000 in 1986 (Breton et al., 1991:16). The size of the fishing fleet in 1993 is indicated in Table 4.1.

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<sup>5</sup> Artisanal fishing seems to be more dynamic in terms of growth than industrial fishing, but this is due to the quantitative increase of fishermen in the artisanal sector and an over-exploitation of the fishing resources (Soto Acosta et al., 1993:16, 21; Blondin, 1992:11-12).

<sup>6</sup> The Pacific coast represents 97% of the total catch for the country, 87% of the fishing boats and 89% of fishermen (Houde, 1991:39), and also represents 90% of artisanal boats (Soto Acosta et al., 1993:10).

<sup>7</sup> According to a respondent, if this number is multiplied by a household average of six, we have 42,000 people dependent on fishing. Considering the direct and indirect employment (dockworkers, people who repair ships, freight transporters, etc.) related to fishing, we have an additional 15,000 people dependent on fishing (10:2).



However, the real number of artisanal fishermen is unknown. It is said that in the Golfo de Nicoya there are fishermen from all over the country (Soto Acosta et al., 1993:31).<sup>8</sup>

Table 4.1: Fishing Fleet, Pacific Coast, Costa Rica, 1993

TYPE OF BOAT	Puntarenas	Quepos	Total
ARTISANAL			
<u>Traditional</u>			
Small boats	1,730	--	1,730
Artisanal in small scale	150	178	328
<u>Medium</u>	125	35	160
<u>Advanced</u>	50	22	72
INDUSTRIAL			
<u>Camaroneras</u>	80	--	80
<u>Sardineras</u>	2	--	2
TOTAL	2,137	235	2,372

SOURCE: Oficina de Pesca de Puntarenas, 1994 (in Baltodano et al., 1994: annexe).

Each fleet focuses on different species. The artisanal fleet focuses mainly on scale fish (pescado de escama), while the industrial fleet focuses on shrimp (Chacón, 1993:9). For example, in 1985, the industrial fleet, out of a total catch of 7,744 tons, fished 89.6% (6,896 tons) of sardine, tuna, and shrimp, while the remaining 10.9% was scale fish. In contrast, the artisanal fleet fished a total of 6,612 tons that were mostly scale fish (Chacón, 1986:v). The artisanal fleet also fishes shark and shrimp and some molluscs. Sardine fishing was a resource that experienced

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<sup>8</sup> The number of fishing boats varies from one source to another. In contrast with the data from the official report of the Oficina de Pesca (in Baltodano et al., 1994:annexe), one said that there are 4,000 pangas (small boats) in all the Pacific coast that fish daily (2:12). Another informant said that there are at least 800 illegal boats fishing shrimp in the Golfo de Nicoya (10:3). Others said that the number of fishermen changes depending on the season, due to the veda and to combining fishing with agricultural activities.

high production in the 1970s. However, due to over-exploitation and environmental changes, it has been in crisis since the mid-1980s. The sardine fleet is formed by two sardineros that employ around 20 fishermen.<sup>9</sup> Tuna has been exploited since the 1940s by foreign companies. Now, there are two atuneros that employ around 30 fishermen. However, this activity has stagnated from the mid-1980s, due to the high costs and low profits of this activity (Gumy et al., 1992:6, 11, 14, 16-17).

In recent years the Costa Rican production of fish has fluctuated (see Table 4.2) from a peak of 21 thousand tons in 1978, to a big depression in 1983 and 1992 due to the Corriente del Niño. The production decline between 1986 and 1990 was due mainly to the low production of sardine, tuna, and some types of shrimp (Gumy et al., 1992:5, 36).

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<sup>9</sup> These two ships do not appear in the fleet census mentioned earlier in Table 4.1 (in Baltodano et al., 1994:annexe).

TABLE 4.2: Fishing Production, Costa Rica, 1978-92

YEAR	PACIFIC (Tons)	PERCENTAGE %	ATLANTIC (Tons)	PERCENTAGE %	TOTAL (Tons)
1978 <sup>(a)</sup>	20,679	98.3	343	1.6	21,022
1979	20,661	99.4	110	0.5	20,771
1980	14,374	99.0	131	0.9	14,506
1981	12,016	98.8	141	1.1	12,157
1982	10,218	97.8	228	2.1	10,447
1983	8,464	97.0	254	2.9	8,717
1984	11,216	95.3	549	4.6	11,765
1985	13,956	97.2	400	2.7	14,356
1986	15,946	98.1	299	1.8	16,245
1987	14,490	94.6	364	5.3	15,304
1988	11,480	92.0	990	7.9	12,470
1989*	9,833	90.8	990	9.1	10,823
1990*	9,438	90.4	990	9.5	10,429
1989 <sup>(b)</sup>	14,116.0	96.5	511.2	3.4	14,627.2
1990	17,417.3	96.4	639.7	3.5	18,057.0
1991	13,801.7	96.9	433.0	3.0	14,234.7
1992	13,549.0	98.1	261.0	1.8	13,810.0

\* The quantities of 1989 and 1990 differ from other sources.

(a) Source: Dirección General de Pesca y Agricultura, MAG, in: Gummy et al., 1992:40-42), for the years 1978-1990.

(b) Source: Centros Regionales de Pesca (in Chacón, 1993: Annexe, Cuadro 3.3) for the period 1989-1992.

Shrimp is one of the main fishing resources of the Pacific coast, and the main fishing product demanded by the international market. This orientation towards export contributed to the over-exploitation of shrimp during the early 1980s. This over-exploitation resulted in a strong increase in the production of shrimp during the mid-1980s, and a marked decline in the following years (see Table 4.3 and Figure 4.1).

Table 4.3: Shrimp Production, Pacific Coast, 1952-1992, in tons

1952 <sup>a</sup>	43	1962	1,026	1972	1,544	1982	2,261
1953	50	1963	1,070	1973	1,780	1983	1,325
1954	55	1964	1,273	1974	1,822	1984	2,191
1955	159	1965	1,153	1975	1,766	1985	4,330
1956	238	1966	1,145	1976	1,467	1986	4,355
1957	166	1967	1,183	1977	1,073	1987	2,990
1958	416	1968	1,530	1978 <sup>b</sup>	1,196	1988	2,426
1959	614	1969	1,107	1979	1,445	1989	1,779
1960	491	1970	1,713	1980	1,716	1990	1,577
1961	986	1971	1,960	1981	2,320	1991 <sup>c</sup>	1,176
						1992	1,488

(a) Source: Chacón, 1978, for the period 1952 to 1977.

(b) Source: Gummy et al., 1992, for the period 1978-1990.

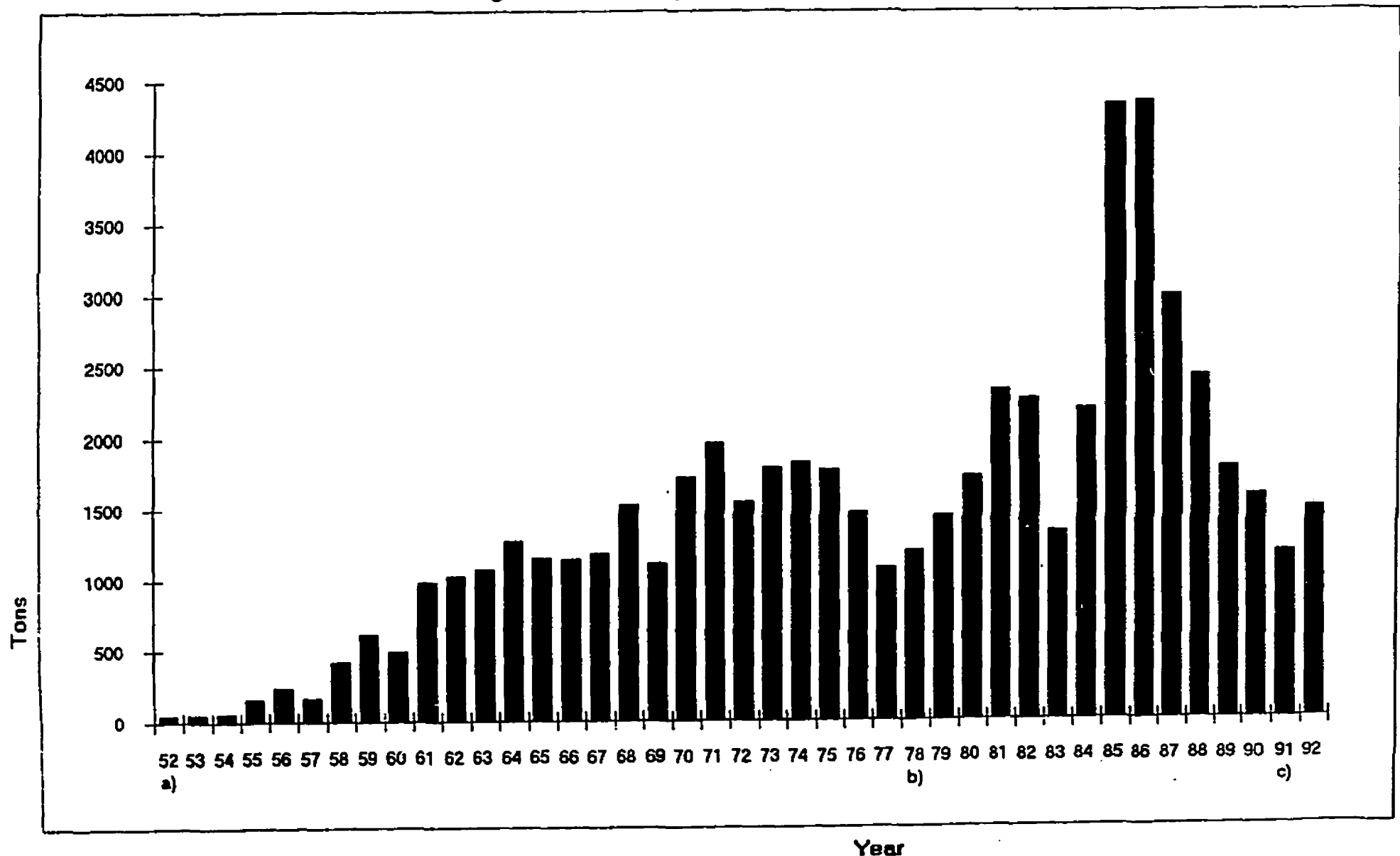
(c) Source: Chacón, 1993, for 1991 and 1992

Depending on the species, and the price in the international market, fish production is either for the national or for the international market. The internal market for fish products is small,<sup>10</sup> since it is more profitable for the fishermen to export their products than to sell them in the national market (Gummy et al., 1992:25). As illustrated by the words of a respondent,

(2) Shrimp for the most part is exported. Due to the price increase

<sup>10</sup> It is important to note that there has been a decrease in the availability of fish products in the internal market due to exports, while at the same time there has been an increase in the imports of fish products (Gummy et al., 1992:25).

**Figure 4.1: Shrimp Production, Pacific Coast, Costa Rica, 1952-1992**



a) Source: Chacon, 1978, for the period 1952 to 1977.

b) Source: Gummy et al., 1992, for the period 1978 to 1990.

c) Source: Chacon, 1993, for 1991 and 1992

since last year, shrimp has become an expensive product. Therefore at the local level, it is consumed, though very little. [For national consumption] the cheapest species are always looked for; as for the rest, most of it is exported.... Other varieties of fish--fresh tuna, marlin, dorado, "el fardo"--these species sell for a high price, so they are exported. Most shark ... is consumed here in the country, but the fin is processed, or partly processed and 100% of it is exported. The fibre is very valuable and is exported to the United States. And in the last two years the head and cartilage of the shark is being used ... for medicinal uses ... that is why it is higher-priced (6:6).

Until the 1970s, export focused on shrimp and sardine. However, later on the export of scale fish increased, and was directed towards the foreign market.<sup>11</sup> During the 1980s, the exportation of fish showed continued growth, as illustrated in Table 4.4, where the percentage of export increased from 16.3% to 39.7% (Blondin, 1992:14-15).<sup>12</sup> Between 1984 and 1986 Costa Rica exported 8,000 tons of fish. The main destination of the international market is the United States and Japan (Gumy et al., 1992:25).

Table 4.4: Fish Export, Costa Rica, 1985-1988

YEAR	PRODUCTION	EXPORT	% EXP./PROD.
1985	14,356	2,345	16.3%
1986	16,244	4,227	26.0%
1987	15,039	5,224	34.7%
1988	11,039	4,386	39.7%

Sources: Producción, MAG; Exportación: Banco Central de Costa Rica; in Blondin, 1992:15.

<sup>11</sup> Normally, the product of the best quality is for export, and the worst or the quality least in demand is for the national market (Blondin, 1992:14). As one respondent stated, "para el consumo nacional queda lo peor y para exportar va lo mejor" ("the worst is for national consumption and the best goes for export") (1:12).

<sup>12</sup> Some other sources state that the production for export is more than 50% (Blondin, 1992:15).

Small fishermen do not greatly benefit from export, since they continue supplying the national market, which is dominated by middlemen. Subsequently, the industrial fleet benefits from the high prices of fish in the international market and also from the government's incentives for export (Blondin, 1992:15; Soto Acosta et al., 1993:26; 10:5). Furthermore,

(3) Everything depends on the game of the market. It cannot be said that it is more profitable to focus on export products. The person who really gains from this game of only-for-export is the exporter because he is the one who earns the cash and he is the one who obtains all the incentives that the government gives to export; in contrast, the producer only receives what he is paid for his product (10:5).

#### 4.2.1. Causes of the Growth of the Fishing Sector

There are a number of factors that have contributed to the increase of the number of fishermen, especially in the artisanal sector. These factors include the decline of agriculture, an increased demand for fish products, foreign assistance, and an improved commercial network.

First, the decline of agriculture<sup>13</sup> in the region of Puntarenas and Guanacaste has resulted from the structure of land holding that tends to concentrate ownership in a few hands, the introduction of new techniques and machines which reduce the need for as many labourers, and the expansion of extensive cattle raising, especially in the region of Guanacaste (Gumy et al., 1992:19, 29; Porras, 1994:9). These changes in agriculture have led to an increase of unemployment in the rural areas and, combined with the

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<sup>13</sup> In the 1960s, agriculture was the main economic sector of Costa Rica. It represented 25% of the GNP, and employed 35% of the labour force. From that time, it began to decrease until the early 1990s when agriculture contributed 19% to the GNP and represented only 20% of the labour force (Gumy et al., 1992:29).

low amount of capital needed to fish,<sup>14</sup> have encouraged internal migration towards the fishing industry.

The second factor that has contributed to the growth of fishing activities is the increase in the international and national demand as well as the high prices of fish products. As some respondents stated,

(4) There is a big scarcity of seafood products in the international markets. This leads to price increases ... the international market has more demand (3:6).

(5) People from the Meseta Central did not use to eat seafood. Now because of diet and health concerns, more importance is given to sea products; therefore fish consumption has increased (6:6).<sup>15</sup>

Foreign assistance is another factor that has helped the development of fishing in Puntarenas. One example is the Technical Mission from the People's Republic of China (Misión Técnica de la República de China), a cooperation agreement for the development of Costa Rican fishing. Although there is a generally positive view of this assistance (Presidencia de la República, 1982:121), some of the respondents complained that it did not help at all, and that the Chinese merely exploited Costa Rican waters, noting that even though they had brought new technologies, they also kept these technologies for themselves (3:8; 6:11):

(6) [The Chinese missions] have brought new technologies, but they have kept them for themselves. These people have come with aid from the government, with a bunch of privileges to get established here, and today they are big entrepreneurs, and many of the techniques that supposedly they were to teach us, to the Costa Ricans ... they did

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<sup>14</sup> The basic equipment needed to fish is a small boat, an outboard motor and a net, costing approximately 300,000 to 350,000 colons (around 3,000-3,500 Canadian dollars) (Porrás, 1994:10; Gony et al., 1992:19).

<sup>15</sup> However, fish consumption was also determined by the fluctuations of the market. For instance, from 1990 fish declined in the national market because it was thought that cholera was related to its consumption (Porrás, 1994:8). In addition, the international demand decreased due to some complaints about the quality of Costa Rican fish (Porrás, 1994:14). All this led to difficult moments for fishing due to unstable prices and stagnation of exports (Letter from the Cámara Puntarenense de Pescadores, October 4th, 1990).



not give anything.... At the end of the 1970s and early 1980s they began with the schools of the Chinese mission. I believe that what they taught to Costa Rican people was rustic work.... It was a mistake to accept their help. With government help they came here, and the ships with the biggest production are theirs, because they know everything, because they have been in fishing longer. They are 40 or 50 years ahead of us, and they come to steal the fish on our coasts, because on their coasts there is nothing left (3:8).

Finally, another factor that has helped the growth of the fishing sector is the new commercial network which has established major competitiveness among buyers and thus, higher prices for producers (Gumy et al., 1992:19-20). Still, some authors (e.g., Porras 1994:2) are critical of the poor marketing infrastructure and the exploitation of fishermen by capitalist middlemen.

#### 4.2.2 Consequences and Problems

The increase of fishing activities has not occurred without problems. Five of these--over-fishing (especially of certain species), pollution, lower incomes from fishing, exploitation by middlemen, and lack of legislation in fishing matters--can be classified as man-made consequences of increased fishing. The sixth element, natural environment changes, has exacerbated the other problems.<sup>16</sup>

One of the main consequences of increased fishing activities is over-fishing of the most profitable and accessible species (e.g., shrimp).<sup>17</sup> This over-exploitation has been due to both the increase in number of artisanal fishermen, and the introduction of new technologies which makes

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<sup>16</sup> For a more detailed list of fishing problems, see Winter et al., 1994: Anexo III, 2-3.

<sup>17</sup> 285 artisanal fishermen have permission to fish shrimp. However, there are at least other 800 fishermen fishing illegally (10:3).

fishing easier, cheaper, and more accessible to more people (López Estrada and Breton, 1991:57; Soto Acosta et al., 1991:55-56). In addition, the increasing number of fishermen has led to major competition between them, and a clash between the artisanal fleet and the industrial fleet. The latter accuses the former of using environmentally-damaging techniques which are ending production, especially in the area of the Golfo de Nicoya. As one respondent from the industrial fleet described,

(7) The problem of agriculture in the country has meant that fishing has become a buffer, so we have thousands of people on the coast catching shrimp, fish, with practices that are damaging and this has finished the fish population (3:4).

In order to solve the problem of over-fishing, The Cámara Puntarenense de Pescadores asked for a period of veda (closed season), especially for shrimp species in the Golfo de Nicoya:

(8) We ask from the Minister of Agriculture and Livestock a closed season of one fishing area of vital importance for the shrimp fleet.... Above all, the protection of the reproduction of the species inside of the Golfo de Nicoya must be considered (Letter from the Cámara Puntarenense de Pescadores to the Governor of the province of Puntarenas, November 1st, 1990).

The pollution of the coastal areas has also contributed to the reduction of the fishing resources, especially in the Golfo de Nicoya (Blondin, 1992:9; Gummy et al., 1992:7; Porras, 1994:10). This pollution results, among other reasons, from the disposal of domestic and human waste into the sea. As one respondent pointed out, (9) "Puntarenas.... is now a reservoir of excrement. The excreta of 80,000 people comes here. The sea tide brings all that to La Punta in Puntarenas (1:2)". In addition, industrial waste from the compost factory FERTICA also goes into the sea (Winter et al., 1994: Anexo III, 2). Furthermore,

(10) Today fishing is quite scarce. It is necessary to sail quite a few hours to arrive at a place where there is even a little bit of

fishing. Here near our coasts there is almost nothing, for a lot of factors: the massive catches, the pollution, natural changes such as La Corriente del Niño (3:4).

A third consequence of the increased number of artisanal fishermen and increased pressure on fishing resources is the decrease in fishermen's income due to a decrease in the quantity of their catches (Gumy et al., 1992:29-30; Soto Acosta et al., 1993:55-56; Blondin, 1992:8-9). This serious problem, which began in the mid-1980s, led members of the Cámara Puntarenense de Pescadores to complain about the increased number of fishermen and to ask for a limit, especially in the interior of the Golfo de Nicoya:

(11) Before continuing to think about the "Law of the Poor", and continuing to "share" poverty, we must make all the necessary efforts to protect the real breeding grounds such as the waters inside the Golfo de Nicoya. We would then see the growth of catches in that area, as much in quality as in quantity (Letter from the Cámara Puntarenense de Pescadores, October 31st, 1990).

A fourth problem of increased fishing has been exploitation by middlemen, who take advantage of the financial commitments of the fishermen by lending them money to acquire fishing equipment. Further, higher commodity prices do not greatly benefit the small fishermen, who depend on middlemen to market their production. It is these middlemen who fix the prices and obtain larger benefits than the small producers (Soto Acosta et al., 1993:56).<sup>18</sup> This issue is raised by some respondents:

(12) The problem here is the regulation of the fishing prices.... For example, the price of pargo [a kind of fish] today can be at 400 colones, and people go to fish and when they come back, the price has already gone down to 100 or 75 colones per kilo, and nobody can say anything.... Here there is no refrigeration, nothing, so the fisherman who comes with his product has to sell it no matter what

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<sup>18</sup> Some have recommended that artisanal fishermen organize their activity through cooperatives and community organizations, in order to decrease dependency on the middlemen (Soto Acosta et al., 1993:76).

the price, because otherwise the fish goes bad; otherwise he loses it (1:11).

(13) Sometimes the associated producer is not allowed to sell the fish, because maybe the associated capitalist has the boat, because a middlemen lent him the money to buy it. Then it is mandatory for him to sell the fish at the price that the associated capitalist gives him. This is another problem here, that most of the entrepreneurs depend on the middlemen, who fix the price of fish (2:18).

The lack of an appropriate legislation is yet another problem of the Costa Rican fishing sector (3:9). Some laws have been established, such as the Law of Fishing (Law 190), which dates from 1948. In 1972 a section for fishing affairs was created within the Ministry of Agriculture and Livestock (Porrás, 1994:1). Finally, in March 1994 INCOPESCA (Instituto Costarricense de Pesca y Acuacultura), an organization whose only focus is fishing, was established in Puntarenas.<sup>19</sup> However, there has been very little legislation regarding the exploitation of fishing resources, especially in the Golfo de Nicoya. Regulations were promulgated to support the vested interests of the fishing sector, rather than to support a rational use of fishing resources (Blondin, 1992:87; Porrás, 1994:1). In addition, there is also a lack of local professionals specializing in Maritime Law. Therefore, whenever legal problems over fishing arise, authorities must call in maritime lawyers from Panama (2:15). In general, the government's attention is focused on agricultural export products and cattle ranching, which means that the fishing industry receives little help from the authorities (Porrás, 1994:2). This fact does not go unnoticed by fishermen:

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<sup>19</sup> This action seems to be the first step to decentralize the political decisions about fishing affairs, since a common complaint of the fishermen is that so far all the political decisions related to fishing have been made by specialists in agriculture and cattle ranching from the Meseta Central, who do not know much about fishing (2:7).

(14) Without a real policy from the government and credit plans, [the development of fishing] has been carried out with the determination and effort of three generations of fishermen who have left a legacy of work and progress for Puntarenas. Imagine where fishing would be if it received the financial and political support that agriculture enjoys. We have become the ninth shrimp exporter to the United States. We only ask to those who govern us to allow us to continue producing (El mundo de la pesca, 1988:24).

The sixth element, natural environmental changes, has exacerbated the five problems already described. In 1983, fishing production experienced a deep decline due to the Corriente del Niño, a natural phenomenon that makes waters warmer and causes fish to migrate to colder waters. This led to a crisis in the fishing industry (Porrás, 1994:5, 6, 8). One respondent explained that (15) "in the years from 1985 to 1991 [fishing] was disastrous ... [because of] the Corriente del Niño, prices, the international market. The decrease in production brought about a decrease in prices (3:10)".

When the Corriente del Niño reappeared again in 1992, the Government of Costa Rica declared a state of emergency in the fishing sector because of the decrease in the catch, and the emergence of cholera in the province of Puntarenas. This epidemic was associated with the consumption of fish, leading to a decrease in the national markets by more than 60% (Decree N. 21277-MP-MAG-MOPT in Gaceta N. 92, May 14th, 1992). In detail,

(16) The critical situation that fishing is suffering [is] due to the decrease in the consumption of fish in the national market and a decrease in more than 50% in the fish catch due to the Corriente del Niño which has moved away fish from our coasts. Due to these reasons the government of the Republic has declared ... the state of emergency of fishing (Letter from the Ministerio de Agricultura y Ganadería, San José, July 6th, 1992).

#### 4.3. Industry and Commerce

Most of the industry in Puntarenas is linked to fishing. In the 1980s and 1990s the processing industries have suffered crises due to the high cost of production, leading to the closing down of some of them (Baltodano et al., 1994:28). The frozen fish industry includes approximately 32 firms, which are supplied by the artisanal and industrial fleet. This industry exports the major part of its production. Some of these enterprises also have their own ships for fishing. There are also three canning factories, two for sardine and one for tuna, which are also supplied by imported production (Gumy et al., 1992:4). Although linked to fishing, these processing industries in Puntarenas depend directly on the Valle Central, where more employment is generated than in Puntarenas, as several respondents complained:

(17) -[The industry] is very limited. Apart from that, here there are big industries whose plants are directly managed from San José. Coope Montecillos, which exploits seafood products, has its plants in San José.

- And in Alajuela, and there they give employment (1:11).

(18) The problem of fishing in Puntarenas is that it does not create more employment because the aggregated value of the fishing product is given in the Meseta Central, in San José. Here, the only thing to which they are giving aggregated value is shrimp and tuna, which are processed here, but the rest of seafood, scale fish, shark is being done outside Puntarenas. So that employment stays in the Meseta Central (2:2).

Commerce in Puntarenas is also mostly linked to fishing activities, since it sells equipment for fishing (6:8).<sup>20</sup> Although most of the fishing production is concentrated in Puntarenas, it is in San José where the

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<sup>20</sup> In the words of one respondent.

(19) Commerce revolves around fishing. If fishing is doing well, commerce goes well because the fisherman spends, the wife spends, the taxi driver drives the fisherman to his house. The bar owner also does well because of the fisherman's culture--the fisherman likes his liquor and "happy girls". It can be noticed when fishing is doing well, and when it is not (6:8).

production is marketed (Gumy et al., 1992:4). One could also mention the production of boat materials, reparation and maintenance (6:7; UCR, 1991:3) as economic activities which depend upon the fishing industry itself.

#### 4.4. Free Trade Zone<sup>21</sup>

The Free Trade Zone (Zona Franca), created in Puntarenas in 1992 and which employs a Costa Rican labour force, is expected to play a central role in economic growth.<sup>22</sup> The objective of the Free Trade Zone was to eliminate the concentration of industries in the centre of the country and to help the development of peripheral areas. Thus, the establishment of these foreign companies in disfavoured areas such as Limón and Puntarenas was made a priority. However, the fact was that Free Trade Zones were established first in the Valle Central during the 1980s, and only when this area was saturated, with no more possibilities for expansion, were Free Trade Zones allocated in the periphery (Lungo et al. 1992:84-85).<sup>23</sup> In detail,

(20) It can be said that the Free Trade Zone in Barranca was the first Free Trade Zone, together with the one in Limón, opened in the country by law. The first Free Trade zones that were opened were in Limón and Puntarenas; however, because of the lack of political interest, the Free Trade Zones of Limón and Puntarenas did not develop.... In 1980 these Free Trade Zones began to be opened. The one in Limón I think that it was not developed and the one in Puntarenas only since about three or four years ago.... The objective

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<sup>21</sup> For more detailed information about the establishment of Free Trade Zones in Costa Rica, see Lungo et al. 1992:78-92.

<sup>22</sup> The population working in the Free Trade Zone was 1,200 in August 1994, mostly women. Of those 1,200, 800 were from Puntarenas and the other 400 from surrounding areas such as Esparza and Miramar. In an eight-year period it is expected to have 60,000 employees. In August 1994, there were four companies from the United States in Puntarenas (Carters, Warners, Mountain Hiking, and Sierra Corporation) (11:1-3).

<sup>23</sup> In a new law about Free Trade Zones presented in 1990, the priority to establish these Free Trade Zones in Limón and Puntarenas was eliminated (Lungo et al., 1992:85).

was that this Free Trade Zone would solve the unemployment of Puntarenas. Puntarenas is the place with the highest unemployment rate in the country (6:11-12).

(21) Puntarenas has had to wait for more than ten years to see the development of the Free Trade Zone of Santa Rosa in Barranca.... So far it has been easier for foreign investors to choose a Free Trade Zone located in the Meseta Central, where there are fewer risks. [In Puntarenas] the special incentive and the guarantee of having a big labour force is insufficient [to attract foreign investors] (Letter to the President of the Republic, Rafael Calderón from twelve representatives of Puntarenas, May 11th, 1992).

The creation of Free Trade Zones, appearing in Costa Rica in the early 1980s, was considered a way to cope with the economic crisis that the country was experiencing. Attracting foreign investments and alleviating unemployment were the main reasons why the Costa Rican and Puntarenas authorities were so favourable to foreign penetration (Comercio Exterior, 1985:25).. as reported in a letter to the President of the Republic:

(22) We know that a big number of officials from important transnational enterprises have visited Puntarenas and will soon be making a decision about where to establish their factories.

The organizations, institutions, and community of Puntarenas in general are convinced that this is a big opportunity for you to help us, giving us the means to make a living through honest work that allows our people to excel, leaving behind hunger, disease, and misery (Letter to the President of the Republic, Rafael Calderón from twelve representatives of Puntarenas, May 11th, 1992).

Puntarenas has been always in a disadvantaged position in relation to the Valle Central, where most of the investments are concentrated. Thus, some representatives from Puntarenas specifically asked for the establishment of foreign companies in Puntarenas and not in the Valle Central in order to solve the problem of unemployment in Puntarenas. Furthermore,

(23) We need jobs and we know that in the coming months more than 6,000 jobs will be generated in our country, with the establishment of five new companies. If these companies settle in the Valle Central, they will cause more problems than benefits, since there is no unemployment there and the services are saturated. If, in



contrast, they settle in the Free Trade Zone of Puntarenas, 6,000 people would have jobs and at the same time, this would generate work for more people (Letter to the President of the Republic, Rafael Calderón, May 11th, 1992).

This internal competition to attract foreign companies also happens among Central American and Caribbean countries. This high competition results in abundant incentives being offered to foreign companies, including tax breaks, a cheap and abundant labour force, fast and simple bureaucratic procedures, financial facilities, and fast and cheap access to export markets. Among the incentives that Costa Rica offers companies for establishing themselves in its territory are duty-free imports of machinery, equipment, raw materials, packing materials, and other items needed for operations; no consumer, sales, or export taxes; tax holidays; free handling and repatriation of funds; and a one-stop office for bureaucratic procedures and services (Comercio Exterior, 1985:25, 27).<sup>24</sup> This point is illustrated by a respondent,

(24) It is excellent because there is a law about Free Trade Zones, the 72/10, and the industries that are here take the status of Free Trade Zone, which gives them tax breaks. The companies that are here do not pay rent, sales tax, or any other kind of tax, nothing (11:4).

Moreover, as the Costa Rican government is responsible for these workers' salaries for their first year of training, foreign companies do not pay anything for training workers (11:2).

In addition, it has been argued that even more economic incentives should be given for the establishment of foreign companies in Puntarenas.

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<sup>24</sup> Although to date (August 1994), these companies are allowed to leave 40% of their production in Costa Rica, they have exported all of it to the United States (11:1-2). It is likely more profitable to export everything since Western countries can demand higher prices than the country of manufacture, where costs have been so low that consequently prices should also be low. Moreover, there may not be enough demand within Costa Rica. As well foreign companies may not want to compete with national industries, because foreign companies already enjoy more advantages, such as a cheap labour force and government benefits.

such as a three-year exemption from having to pay the monthly 22% social benefit charges to employees in companies with more than a hundred workers. Following is an excerpt of a letter from twelve representatives of Puntarenas to Rafael Calderón, President of the Republic:

(25) We know that your government succeeded in including in its Law of Free Trade Zones a special incentive for less developed areas, that is, a certificate equivalent to 15% of the personnel, paid by the entrepreneurs that operate under this system....

[In addition, to attract new businesses to Puntarenas], incentives must be boosted to make Free Trade Zones located in less developed areas more attractive. We suggest, for example, that instead of the 15% of the Employment Certificate (BONFREX), that the 22% monthly payment paid by the employer for social costs (for a three year period for each business with more than 100 employees) be eliminated. This incentive would be much more attractive because it means a monthly and immediate benefit, and not only after five years, with a colon depreciated by devaluation, as is the case with the current incentive (Letter to the President of the Republic, Rafael Calderón from twelve representatives of Puntarenas, May 11th, 1992).

Despite the desire of the authorities to attract foreign investment, many people see the Free Trade Zone as an exploitation of the labour force, only benefitting the foreign companies, as one respondent eloquently pointed out,

(26) What (the Free Trade Zone) really does is exploit the employees.... So that the foreign companies do not leave, the Labour Ministry goes crazy, allowing all kinds of irregularities. It is a sly exploitation. Those big enterprises that come here, they come to make money and to reduce costs. The development is for them. In the end, it is they who capitalize on their surplus of production, not the people (5:4).

As explained by one of the directors of the Free Trade Zone of Puntarenas, foreign companies choose Puntarenas for a variety of reasons. First is its location, and therefore easy access. Puntarenas is an hour and a half from the national airport, Juan Santa María, located in the Valle Central. In addition, the Caldera Port is very close to the Free Trade Zone in Puntarenas. Second reason is the availability of a cheap, abundant, and

high quality labour force that otherwise would be unemployed because of no alternative employment in fishing. As well, the foreign companies save a lot of money because they do not need to invest in the one-year training of the labour force as this is paid by the government. A final reason for choosing Puntarenas is that it provides a large area for expansion, in contrast to the Meseta Central where the Free Trade Zones have less space (11:2-4).

#### 4.5. Conclusion

We have looked at the economic development of Puntarenas from 1978 to 1994 and observed that fishing became the main economic activity of Puntarenas, with other activities dependent on it. This expansion of the fishing industry, combined with the world economic crisis of the late 1970s which affected dramatically the poorest of the poor, especially in the rural surrounding areas of Puntarenas, led to a tremendous phenomenon of rural migration towards the city of Puntarenas. However, the economic dependency on fishing brought about many problems, such as over-fishing, lower income for fishermen, and exploitation by middlemen. These problems and others such as pollution and the Corriente del Niño contributed to a major scarcity of fishing resources.

In an attempt to alleviate unemployment, the Free Trade Zone of Puntarenas was established in the early 1990s. However, these Free Trade Zones can be taken as another example of dependency, since investment is through foreign capital, and the decision to locate the Free Trade Zone depends upon the central government in San José and the foreign companies.

In summary, we can see how the economic evolution of Puntarenas has

been determined by the needs of the centre of the country (coffee export, end of coastal shipping, and decrease in tourism because roads were built in order to export easily the cattle from Guanacaste and Península de Nicoya), which in turn were determined by demands of the international market. At the same time, rural areas tried to adapt to the demands of the centre and, in turn, of the core countries, leading to a phenomenon of rural-rural and rural-urban internal migration. In the next chapter we will focus on migration, specifically on internal migration to and from Puntarenas, as a response to world and national economic problems.

## CHAPTER 5

### MIGRATION

#### 5.1. Theoretical Issues

According to dependency theory, the migration pattern of peripheral countries is shaped by the economic and political penetration of developed countries and the incorporation of dependent nations into an asymmetrical world economic system. Thus, labour migration in the countries of the periphery follows the demands and requirements of the core, which sets the rhythm of the entire world economy and the conditions of international and national boundary-crossing (Wallace and Wolf, 1991:76; Hamilton and Stolz Chinchilla, 1991:78-79; McLean Petras, 1983:5). Internal migration at the national level can also be explained by the penetration of domestic and foreign capitalism into regions of lower levels of development (Hamilton and Stolz Chinchilla, 1991:78). The restriction of access to land for peasants forces them to migrate in order to work as wage labourers in capitalist enterprises, such as infrastructures,<sup>1</sup> mining, and plantation agriculture. This concentration of activities in a few centres is due not only to the capitalist preferences for minimizing costs, but also to deliberate government policies (Parnwell, 1993:73-74).

As Timberlake and Kentor (1983:489, 497, 504) point out, economic dependence on a core leads to over-urbanization<sup>2</sup> and to a decrease in per

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<sup>1</sup> This was the case of the construction of the railway in Costa Rica at the end of the nineteenth century.

<sup>2</sup> Marshall (1994:549) says over-urbanization is a term "applied to Third World cities which have a large urban population that cannot be absorbed into the formal economy". This will be seen in the case of Puntarenas, especially in the Barranca district.

capita economic growth. The higher the penetration of foreign capital, the higher the level of urbanization, leading to an imbalance in the distribution of the labour force. In addition, over-urbanization slows down economic growth in the peripheral regions. Over-urbanization is also an outcome of policies favouring the urban areas where the economic and political elites are settled. The lack of appropriate economic and political decisions for rural areas pushes the population towards industrial, administrative, and commercial centres (Lipton, 1977; Gilbert and Gugler, 1989; and Gugler, 1982, as cited in Timberlake and Kentor, 1983:505; Argüello, 1981:71-81). One of the effects of out-migration is increasing inequalities between receiving and sending areas, as the development of sending areas is slowed (Abadan-Unat, 1976; Penninx, 1982; and Schiller, 1976; as cited in Martin, 1991:32).

This chapter seeks to demonstrate five major points: First, that urban bias in Costa Rica's economic policies has resulted in a lack of attention to agricultural and fishing sectors in the peripheral areas of the country, which in turn leads to migration; second, that rural-urban migration experienced in Puntarenas in the last three decades is further linked to the economic decisions taken in the core developed countries, especially in the United States; third, that Puntarenas as a centre of attraction for other more peripheral areas has led to over-urbanization and an over-concentration in fishing, giving rise to further problems such as over-fishing and housing in dangerous areas; fourth, that in-and-out-migration exchanges have led to a polarization of classes in Puntarenas; and finally, that internal out-migration from Puntarenas constitutes a "brain drain" that further hinders the development of the city.

In order to demonstrate these points, I will first describe population growth in Puntarenas. Then both the reasons for and the consequences of these migration patterns will be analyzed.

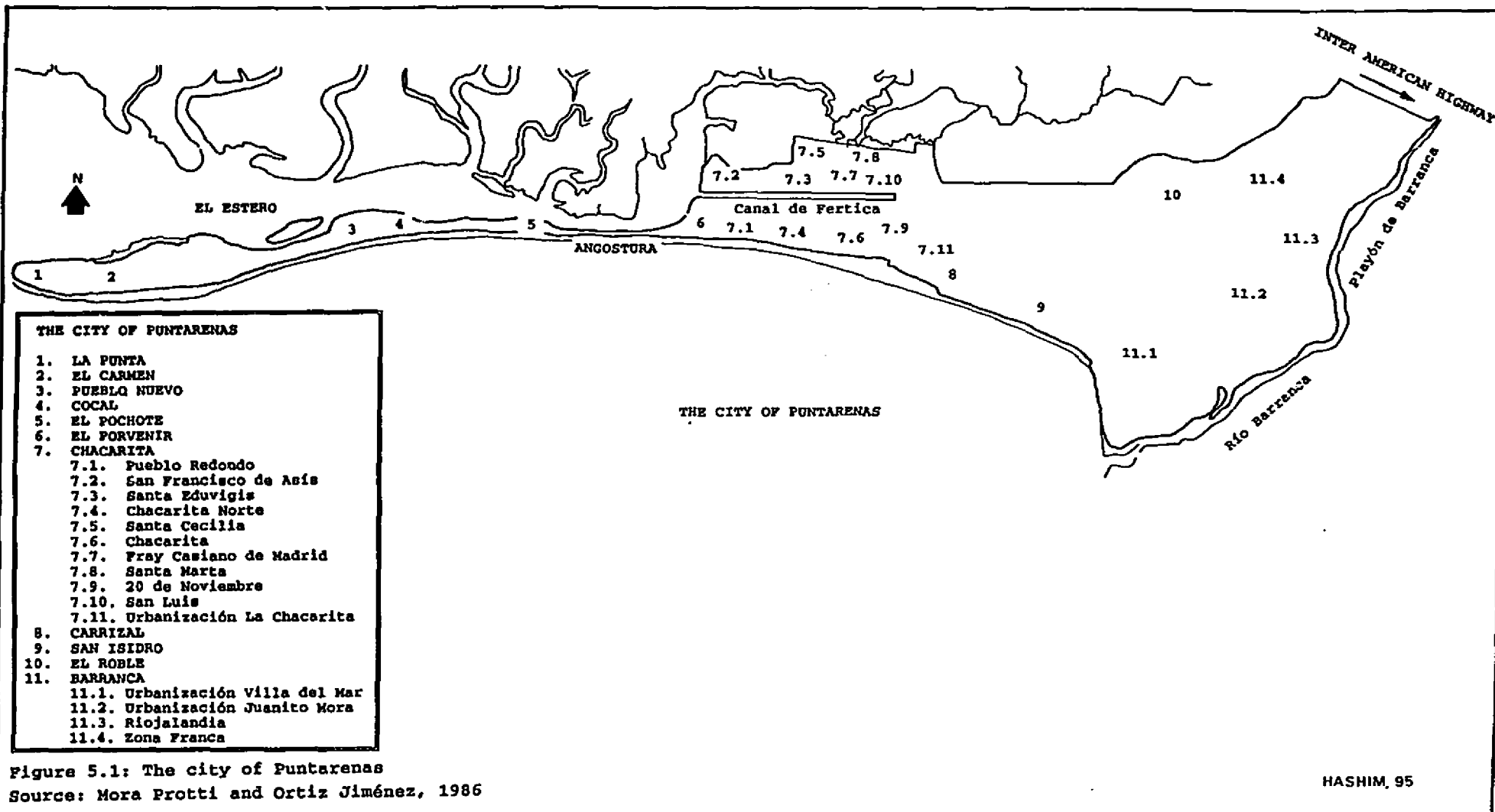
## 5.2. Population Growth

Puntarenas has historically always been a point of migration. A census of 1837 reported 238 people living in Puntarenas. By 1892 the population increased to 2,530 (Cabalceta Zapata, 1974:14, 23), 90% of which were foreigners--Nicaraguans, Colombians and Cubans (Gatjens, n.d.:38)--who probably were attracted to Puntarenas by its port activities, especially the opportunities associated with the export of coffee. By the 1930s the population was about 8,000 inhabitants. In the 1940s, the city increased its commercial, fishing, and tourist activities, drawing families from rural areas, attracted by the employment opportunities (Blondin, 1992:28). In 1950 the city of Puntarenas had 15,660 inhabitants and in 1973, 26,794, experiencing an increase of almost 58% (Cabalceta Zapata, 1974:88). According to a 1993 study of the population, the city of Puntarenas, which extends from La Punta to the Barranca district inclusive,<sup>3</sup> had a total population of 60,672 (see Figure 5.1).<sup>4</sup> This is double the population of two decades earlier, an increase due not only to natural growth, but also to a strong migration to Puntarenas. In 1993 the canton of Puntarenas had

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<sup>3</sup> The city of Puntarenas includes two districts: Puntarenas (from La Punta to San Isidro) and Barranca (El Roble and Barranca) (see Figure 5.1).

<sup>4</sup> This number varies from one source to another, with estimates ranging roughly between 52,000 and 62,000. A 1992 study reported the Puntarenas population at 55,084 (DGEC, 1992:17), though interview sources magnify that number to 250,000 (2:9). The population may be greater than 62,000 because the 1984 census has been used as the basis for the estimate, and this only takes into account vital statistics, not migration. It will be interesting to contrast this data with the 1994 census, which will be available in 1996.





97,289 inhabitants, and the province of Puntarenas had 357,103 (DGEc, 1993:150) (see Figure 5.2).<sup>5</sup>

It is important to note that a problem with most studies of Costa Rican migration is that they do not focus on Puntarenas city (see Figure 5.1), but rather consider the province of Puntarenas (see Figure 5.2).<sup>6</sup> Since the province includes eleven, mostly rural cantons that are "population push" areas with negative net migration, it is likely that immigration to the city of Puntarenas is higher than out-migration from there (see Figure 5.2).

During the 1973-1993 period the growth of Puntarenas was especially significant in the suburbs of Chacarita, El Roble, and Barranca, which comprise the east side of Puntarenas and its only possible area of growth. Until the 1950s, Chacarita was sparsely populated, mostly dedicated to agricultural activities. From 1953, it began to grow through "land invasions" by families that had experienced housing problems in the centre of Puntarenas. Between 1970 and 1981, the creation of new barrios (neighbourhoods) was very intense. In 1973, Chacarita had a population of 8,454 inhabitants, and in 1985, 16,848. Its population grew steadily, and by 1989 had 17,974 habitants (Blondin, 1992:28-31). After 1981, when little space remained in Chacarita, the population of Barranca also increased. One

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<sup>5</sup> Costa Rica was traditionally divided into seven major administrative units called provincias (provinces), each of which were divided in cantones (cantons), and these cantons were divided in distritos (districts) (see Figure 2.2). By a 1985 decree, Costa Rica was divided into six regions. Puntarenas is in the region called Pacífico Central, which has 168,187 people (DGEc, 1993:6, 13) (see Figure 5.3).

<sup>6</sup> Recent studies (Baltodano et al., 1994) follow the 1985 administrative division, in which the city of Puntarenas is within the region called Región Pacífico Central (see Figure 5.3), which includes the cantons of Aguirre, Parrita, Garabito, Esparza, Montes de Oro, and Puntarenas from the Puntarenas province, and the cantons of Orotina and San Mateo from the province of Alajuela. In the period 1973-1984 most of these cantons (Aguirre, Parrita, Garabito and Montes de Oro) and some of the districts of Puntarenas canton (Lepanto, Paquera and Cóbano) were push areas (Baltodano et al., 1994:1, 5).

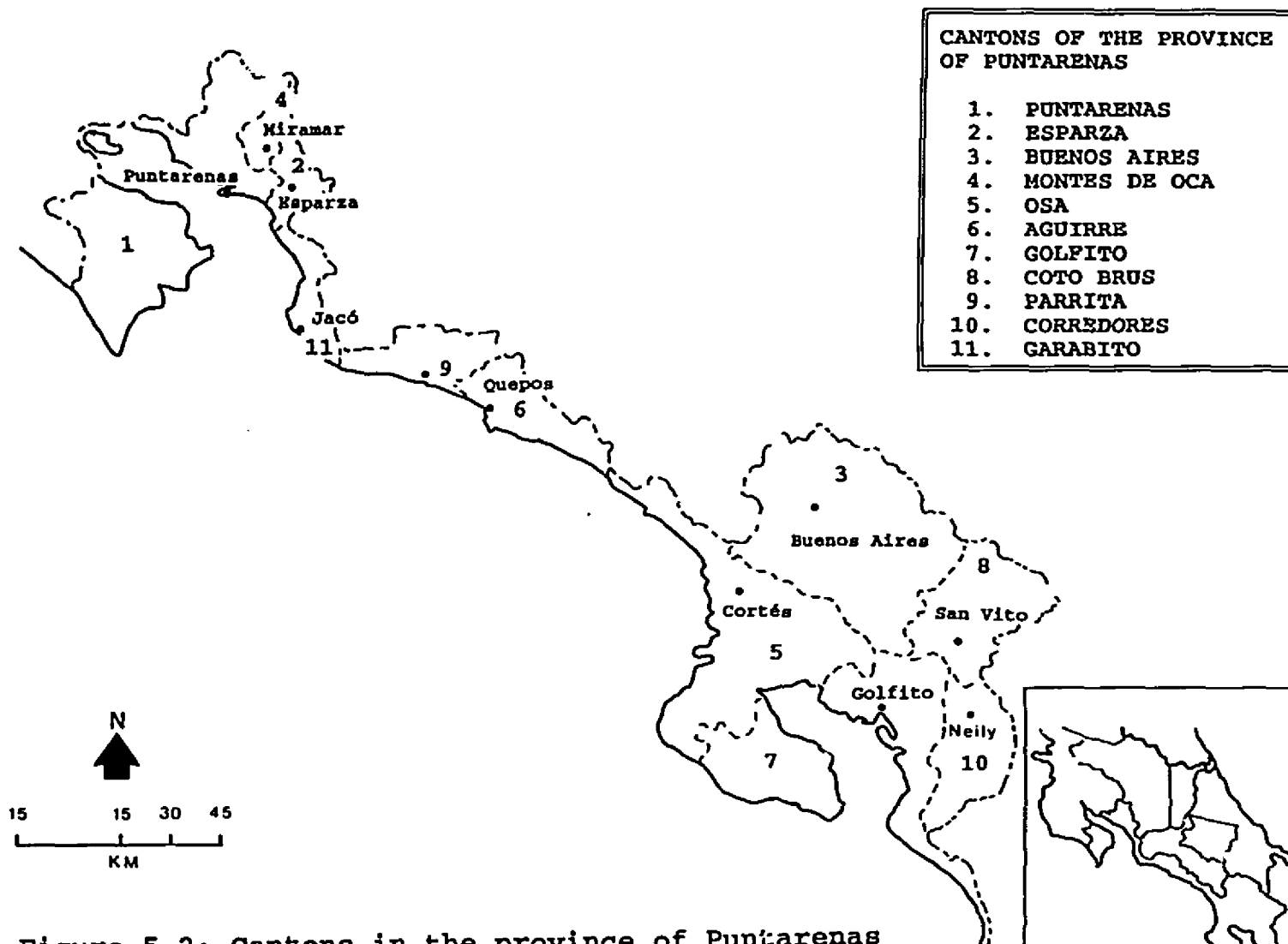
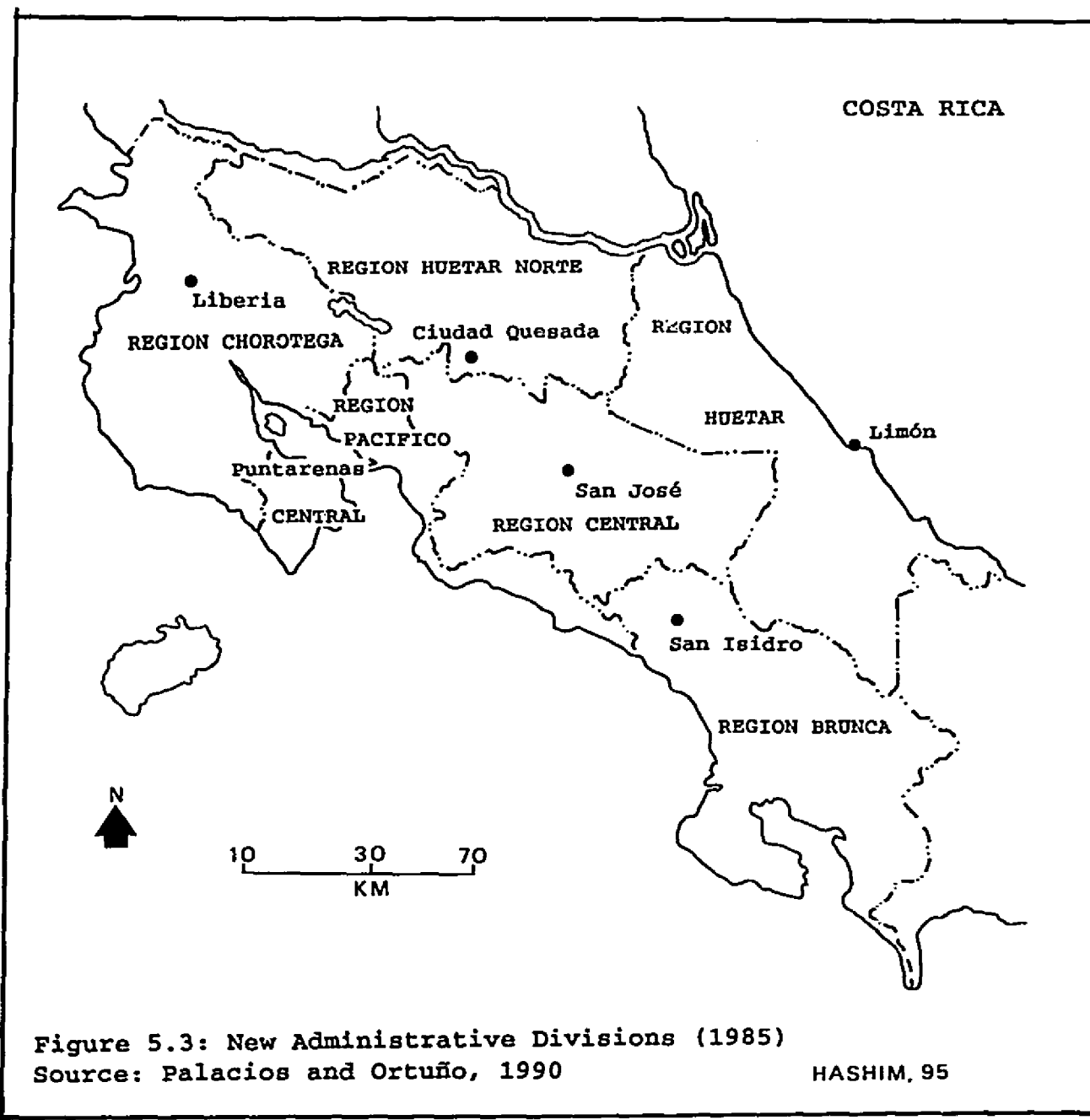


Figure 5.2: Cantons in the province of Puntarenas  
Source: Palacios and Ortuño, 1990



boom occurred in the early 1970s when inhabitants from the centre of Puntarenas migrated to outlying areas; in the 1960s, Barranca had a population of less than 500, but by 1974 it was over 5,000 (Argüello 1981:85-87) (see Table 5.1). A second boom occurred after 1981, when migrants from surrounding areas and neighbouring countries migrated to Puntarenas; by 1989, the population of Barranca was 19,105 (IFAM, 1992:145), and in 1993 it had increased to 21,122 (DGE, 1993:15), although some informants say the population living in Barranca is even higher (2:4). From 1981 the Barranca district (El Roble and Barranca) has grown at a much higher rate than the Puntarenas district (from La Punta to San Isidro) (see Table 5.2). However, the increase in population in some areas of the city (e.g., Carrizal and San Luis, within the suburb of Chacarita) between 1973 and 1981 was even more dramatic (see Table 5.3).

Table 5.1: Population of Puntarenas by District, 1950-1993

	1950 <sup>a</sup>	1963 <sup>b</sup>	1973 <sup>c</sup>	1981 <sup>d</sup>	1984 <sup>e</sup>	1993 <sup>f</sup>
PUNTARENAS	15,660	19,582	26,940	33,416	29,224	39,550
BARRANCA	-	-	5,883	7,056	15,882	21,122
TOTAL	-	-	32,823	40,472	45,106	60,672

Sources: <sup>a</sup>Cabalceta Zapata, 1974:88

<sup>b</sup>DGE, as cited in Silva King et al., 1984:45

<sup>c</sup>DGE, as cited in Silva King et al., 1984:59

<sup>d</sup>DGE-OFIPLAN, as cited in Silva King et al., 1984:6

<sup>e</sup>Ministerio de Gobernación y Policía, 1986:5-6

<sup>f</sup>DGE, 1993:15

**Table 5.2: Population Growth Rate of Puntarenas  
and Barranca Districts**

	1973-1981	1981-1993
PUNTARENAS	24.0%	18.4%
BARRANCA	19.9%	199.3%

Compiled from Table 5.1

**Table 5.3  
Absolute Population, Density (Inhabitants per hectare), and  
Growth Rate (in Percent) within Puntarenas, 1973-1981**

AREA	ABSOLUTE POP.		DENSITY		GROWTH
	1973	1981	1973	1981	
Santa Cecilia-Santa Marta	527	1,200	44.2	100.7	125.9%
San Luis	491	2,909	16.5	97.7	490.7%
Carrizal	372	2,041	2.7	20.6	649.2%
Urb. la Chacarita- camino arreo	295	1,252	4.9	20.8	324.8%
Del Roble a Barranca	597	2,770	2.3	11.0	371.5%
Playón de Barranca	566	1,296	48.8	111.9	128.9%

Source: Silva King et al., 1984:67, 70

### 5.3. Reasons for migration

The factors leading to migration to Puntarenas are mainly economic: the decline in banana plantations; the decline of agriculture in surrounding areas, such as south of Puntarenas province, and the province of Guanacaste; and the economic crisis of late 1970s and early 1980s pushed people to Puntarenas to seek work. Although the main factors leading to migration to Puntarenas are economic, political forces also account for the strong presence of Nicaraguans and Salvadoreans.<sup>7</sup>

#### 5.3.1. Decline in Banana Plantations

In 1938, the United Fruit Company (UFC) left the plantations on the Atlantic coast and moved to the Pacific. Labour unrest on the Pacific side, which saw strikes occurring as early as 1939, later became chronic. During the 1980s, UFC abandoned banana cultivation in the Puntarenas province and turned to palm oil and pineapple production, which required less labour and therefore was less vulnerable to prolonged strikes (Rottenberg, 1993:68). The shift to palm oil, with its lower labour requirements, the expulsion of small and medium farmers, and the concentration of land in the hands of large landowners made the southern cantons push their population to other areas (Baltodano et al., 1994:5). The decline in banana plantations in the southern region of the Puntarenas province, and especially in the cantons of Aguirre and Parrita (see Figure 5.2), led to migration of labourers to the city of Puntarenas, as one respondent describes below:

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<sup>7</sup> Torres Rivas and Jiménez (1987:164) estimate that in 1984 in Costa Rica there were a total of 38,706 refugees: 10,000 from El Salvador, 25,000 from Nicaragua and 1,000 from Guatemala. Estimates of refugees in 1986 in Costa Rica were: 21,495 Nicaraguans, 6,170 Salvadoreans, 2,499 Cubans, and 190 Guatemalans (Contra Punto, 2 November 1986; in Basok, 1993:27). It said that there are also 210,000 illegal foreigners living in Costa Rica (La Nación, 22 September 1986; as cited in Basok, 1993:27).

(1) People from Guanacaste, from the [Nicoya] Peninsula, from the South came to Puntarenas because during the period of 1982 and 1986, the South of the country, where Golfito and Coto Brus are ... there was a banana concentration held by the "gringa" [American] companies ... [these companies were] very big and powerful. Then began a process of labour adjustments, with strikes demanding.... So the companies left the country and left the crops.... When the banana companies left, Golfito and all those areas had a problem of unemployment. Then all those people began to migrate towards Puntarenas.... People from the South came because of the banana issue, but the thing is that most of the people who went to work in the South, came from Guanacaste. This is a country with agricultural vocation, and the people with the most agricultural vocation were from Guanacaste and the Meseta (2:3).

According to the same respondent, between 1991 and 1994, the government tried to reactivate banana production in the southern Puntarenas canton in order to avoid the migration to the Valle Central or to the city of Puntarenas. This has been a successful effort in the canton of Golfito (2:8).

#### 5.3.2. Economic Crisis

Much of the migration during the 1980s was due to the economic crisis that Costa Rica suffered between 1978 and 1982 (during the presidency of Rodrigo Carazo)<sup>8</sup> and led to an increase in activities in the fishing sector. The 1980s crisis and its consequences are described by a respondent,

(2) From 1980 there was a big explosion of fishing activity. From 1978 to 1982, Costa Rica suffered an economic crisis. This is the period of Rodrigo Carazo. There were very high interest rates in the banks.... That had a big impact on the economic development of the country. There were also factors at the world level, and because we are a small country, we suffered major consequences. From 1982, many

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<sup>8</sup> In the late 1970s, producers of both export crops and staple crops lost money due to low prices. Subsequently, they were unable to cover production costs. Further, credit was very difficult to obtain, and in the mid-1980s Costa Rica began to import food crops that previously had been domestically produced. This situation affected the poorest most of all, as landless agrarian labourers lost the employment that small producers had offered them in previous years (Anderson, 1991:114-115).

small farmers, mainly from Guanacaste, began to sell their lands ... because their crops were not sufficient to support their family, and they saw that the sea ... was more profitable than their agricultural activity.... Or the labourers--because of the recession in the crops ... production lowered ... many labourers were fired, and so they also looked to the sea. Thus, there was a very strong impact of many small boats, that began to increase the artisanal fishing fleet, but with small boats (6:3).

Cruz et al. (1992:7) argue that the early 1980s crisis in employment and wages also led migrants to leave the larger centres and seek refuge in rural areas. For example, between 1979 and 1984, San José experienced a negative net migration.

### 5.3.3. Decline of Agriculture

The rural-urban immigration to Puntarenas, beginning in the 1970s, can be largely explained by three agriculturally-related factors:<sup>9</sup> cattle ranching, land concentration, and unemployment.

The first of these factors, ranching, developed in Guanacaste and Península de Nicoya and had low labour force requirements while occupying much land (cf. Houde 1991:29-31).<sup>10</sup> This pushed many peasant families away from Guanacaste and the northeastern part of Puntarenas province (Anderson, 1991:115; Breton et al., 1990:88-89; Houde, 1991:32). The process began in the 1960s, when the U.S., multinational companies, and the Costa Rican government began promoting beef production for export (Brown and Lawson, 1985:423; Benazera, 1992:32; Hamilton and Stölz Chinchilla, 1991:92;

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<sup>9</sup> See also the case of Chomes about the decline of agriculture and its influence on migration (in López Estrada and Breton, 1991:5).

<sup>10</sup> The estimate of average employment needed in cattle ranching is one worker per 46.7 hectares, while in crop production it is one worker per 2.5 hectares (Benazera, 1992:32).



Kutsche, 1994:12).<sup>11</sup> The boom in beef exportation<sup>12</sup> led to a shift from crop production to ranching,<sup>13</sup> increased unemployment and, consequently, to the migration of small farmers from ranching areas to either other peripheral areas or to urban centres (Hamilton and Stölz Chinchilla, 1991:92; Kutsche, 1994:12, 30; Benazera, 1992:32).<sup>14</sup> As illustrated by one respondent,

(3) Many people from the interior of the country, [because] previous governments did not take care of agriculture, people came to live on the coasts to become fishermen ... 40% of the people are not native, they are not fishermen.... Many people became fishermen because of necessity, because they migrated ... they come from the interior of the country, many people come from San Ramón, from Palmares, from Alajuela, from San José, Guanacaste ... because in these places the labour force is very hard. Agriculture was ruined and there are no jobs, people have emigrated a lot. Fishing has been the support of all the social problems of this country (3:5).

The second factor which explains rural-urban migration to Puntarenas is land concentration. Land, and hence employment scarcity, are due to the introduction of agrarian capitalism<sup>15</sup> with its capital-intensive

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<sup>11</sup> With foreign help, especially from the U.S., the Costa Rican government could carry out the construction of roads and create a credit system for the cattle ranchers in order to modernize their haciendas (Benazera, 1992:32).

<sup>12</sup> The increase of beef export caused a decrease in the national consumption of beef. Due to the high prices of beef in the international market, the government determined the quantity of beef for domestic consumption (Edelman, 1985:346; in Benazera, 1992:46; Breton et al., 1990:88). The increase of cattle raising also meant deforestation, which led to severe drought and hurt agriculture production (Houde, 1991:34; Breton et al., 1990:80).

<sup>13</sup> Those who obtain the greatest profits from cattle raising are urban professionals, who have savings which they can invest, and who can more easily acquire credit than can small landholders (Kutsche, 1994:13).

<sup>14</sup> Hall (1985:207) notes that migration is higher in those cantons where land is used for extensive cattle raising than in cantons where plantation agriculture creates better and well-paid jobs.

<sup>15</sup> Moreover, foreign investment in agriculture reduces the land available for peasant agriculture and stimulates rural-to-urban migration (Ledogar, 1975; as cited in Timberlake and Kentor, 1983:495).

techniques<sup>16</sup> (Kutsche, 1994:23, 30). Anderson (1991:114-116) notes that 60% of rural Costa Ricans are landless and, in the past three decades, the number of landless Costa Ricans has tripled, owing especially to the economic crisis during the late 1970s when many farmers went into debt. The central government has yet to develop an adequate land reform policy (Hall, 1985:207),<sup>17</sup> and most of the agricultural land in Guanacaste remains concentrated in a few hands (Parnwell, 1993:79).<sup>18</sup>

(4) Those migrations happened because there was a lot of pressure in the countryside, Chomes, Zapotal, Cóbano, Lepanto, Jicaral.... All those people had land problems and then people migrated towards the city, and that city was Puntarenas. This pressure happened above all from 1981. From 1979 to 1984 that process happened, all those migrations (5:2).

Finally, the modernization of agriculture, with the shift from labour-intensive to capital-intensive technology, has led to a surplus of labour force because machine cultivation requires less labour while utilizing larger parcels of land (Möller, 1987:24-25). With greater access to new technology, large landowners have become richer, while small farmers using traditional forms of production receive lower prices. As a result, many small farmers are forced to sell their land to large landowners and seek wage labour in the area, work as seasonal labourers, or permanently migrate elsewhere (Bilsborrow et al., 1984:19). This tendency was observed

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<sup>16</sup> With the introduction of coffee, small farmers became peasants; with bananas they became rural proletarians. Moreover, with the introduction of other crops, the need for labour decreased. The estimated days per year per hectare required for some crops are: coffee = 166.2, bananas = 220.8, sugarcane = 81.3; cacao = 52.5; and cattle raising = 6.9 (Kutsche, 1994:20-23).

<sup>17</sup> Some policies in the 1960s tried to implement an agrarian reform, but their success was very limited. The implementation of these policies was due to the influence of the United States, who strongly recommended them to Costa Rica in the Conference of Punta del Este in 1961 (Houde, 1991:31-32).

<sup>18</sup> Similarly, taking Costa Rican data as his basis, Shaw (1974) shows that in Chile and Peru the structure of land tenure influences migration; the higher the presence of latifundios (large landholdings) in Latin America, the higher the rates of out-migration.

between 1950 and 1973 in Central America generally, where regions with agricultural modernization tended to expel population, except in frontier areas (CSUCA 1978, 322-27, as cited in Hamilton and Stoltz Chinchilla, 1991:92).<sup>19</sup>

#### 5.4. Consequences of Migration

##### 5.4.1. Squatter Settlements<sup>20</sup>

One consequence of immigration to Puntarenas has been the invasion of lands and the growth of barrios espontáneos (spontaneous settlements), from the early 1970s in La Gran Chacarita, and from the late 1970s in the area of Barranca (5:2).

Argüello (1990:65) maintains that the creation of barrios is a direct consequence of the development of a capitalist economy. The barrios builders collectively appropriate the land and build their houses there. The population concentrated in those barrios belongs to the working class, and in many cases this is the population who migrates from the countryside. But, because they usually lack the economic means, they cannot afford houses, and seek refuge in abandoned areas which are of little value for business, or in areas belonging to the state. The location is generally poor, often on steep hillsides, close to rivers, industrial and polluted areas, and in garbage dump areas (Argüello, 1990:66).

The illegal appropriation of land began in Puntarenas in 1953, but intensified beginning in the late 1960s, due to the housing shortage and

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<sup>19</sup> Parnwell (1993:82) points out that the introduction of machinery and the improvement of cultivation techniques in a hacienda in Ecuador resulted in the displacement of half of the resident population from the plantation.

<sup>20</sup> For a more detailed description of squatter settlements, see Butterworth and Chance 1981:151-157.

high rents. Substantial intrusions occurred in 1965 and 1968 within the area of Chacarita, which carried out the construction of the neighbourhoods now called Fray Casiano, and 20 de Noviembre, respectively (Blondin, 1992:28).<sup>21</sup> These two barrios received most of the migrants during the 1970s. In 1974, migrants began to move into the Barranca district (the eastern extreme of the city of Puntarenas), a trend which continued until the mid-80s (2:22; 5:3).

In order to avoid social strife, the State has not strongly opposed those intrusions: "el gobierno ha sido complaciente para bajar la tensión social y económica" (the Government has allowed [these intrusions in order] to lower the social and economic tension) (6:14), even though large numbers of occupied areas belong either to the state or to state enterprises. One such area is El Barrio de San Luis, in the Chacarita suburb. This barrio emerged in 1978 through a collective intrusion into the municipal rubbish dump, very close to the FERTICA compost industry which generates a lot of pollution leading to a very high incidence of respiratory illnesses among the residents. Flooding is also frequent in the barrio because it is very flat land and near the sea (Acosta Mena, 1992:1-2, 5).

#### 5.4.2. Increased Pressure on Fishing Resources

A second consequence of migration has been the dramatic growth in artisanal fishing, as described in the previous chapter. This growth has led to over-exploitation of marine resources and a consequent decline in the catch-per-unit-of-effort, even while the number of fishermen (and thus,

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<sup>21</sup> These two barrios were called at that time "Camboya" and "Vietnam" respectively, symbolizing the pueblos en lucha (people in struggle) (5:3).

families dependent on fishing) has increased dramatically. Cruz and Repetto (1991, cited in Cruz et al., 1992:11) suggest much the same scenario for the Philippines, following the crisis in the late 70s and during the 80s.

Moreover, the changes in agriculture described previously also contributed to the increase in the artisanal fishing fleet (cf. Benazera, 1992:36) through internal, rural-urban migration to Puntarenas. The city and fishing are pull factors that attract peasants, who become fishermen. In detail,

(5) The fisherman of Puntarenas was at the beginning a farmer who came from the rural areas. He worked on his lands. But he could not stand any more, so he came because it was said that the sea in those times, supposedly gave more income, but really it did not (5:3).

Another factor which contributed to increased pressure on fishing resources was the arrival of Nicaraguans to Puntarenas during the 1980s. Unlike less experienced Costa Rican fishermen (many of whom had previously been farmers), Nicaraguans were more experienced in fishing techniques (10:5) and were willing to take more risks (3:6). Employers were therefore more inclined to hire them:

(6) Until the 1980s our fisherman did not go beyond 20 miles from the coast, but with the crisis that occurred in Nicaragua with the Revolution, and the subsequent migration of many Nicaraguans--here [Puntarenas] there are many--forced the national fishermen to go further, to 200 and 300 miles out to sea to fish because the owners of ships began to employ Nicaraguan captains, who were used to fishing in those areas (2:19).

#### 5.4.3. Polarization of Classes

Migration in Puntarenas goes in two directions.<sup>22</sup> On the one hand, there is the phenomenon of immigration of mainly agricultural lower class

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<sup>22</sup> A third side to migration is the seasonal migration from Puntarenas to the Valle Central during the coffee harvest, from November to January (2:14).

people to Puntarenas. They left their lands because individual farming is no longer profitable and arrive in Puntarenas thinking that fishing is a faster and easier way to make money. These immigrants live in the peripheral areas of the city, in the suburbs of Chacarita and Barranca. The situation of immigrants to Puntarenas is very well described by one respondent,

(7) The peasant many times because of lack of low-interest credits to continue working the land, because of lack of technical help, aid, seeds to grow, he sees himself strangled by the same banks. Credit is very high. Then he loses his lands because he put them as collateral, so he is left with nothing. Then he migrates towards urban areas where he thinks he can reach. So he migrates to the capitals of a canton, of a province, but he does not dare to reach the central area of the city, because he knows that he is going to strengthen the ring of poverty around [the city].... In the case of Puntarenas, Chacarita and Barranca, they have been formed with this kind of people, who have come from Guanacaste and other places.... They have not dared to go to the capital to settle because they are limited. So instead they take over lands (12:4).

On the other hand, the population migrating from Puntarenas to San José tends to be better-educated professionals aware of the better career opportunities in the capital, in part because through education, individuals expand their awareness of the economic alternatives available to them in San José (Carvajal, 1974:110):

(8) Those who are fishermen do not [migrate], but people in general migrate to San José because Puntarenas does not have the infrastructure or opportunities in the social aspects, as the Meseta Central does (4:3).

(9) Those who study yes, those who can make it in San José.... The intellectual of Puntarenas does not stay here. He does not produce anything for Puntarenas. He migrates because it is the only way--San José is the best possibility that he has, and abroad. Here there are no opportunities for the intellectual. A sociologist here dies of hunger. He has to open a shop, as I did. Because here, in what is he going to work if there are no sources of employment, if research is not done? (5:5).

(10) Before, one went to study to San José and stayed there five or more years studying, and also working, and then one began to make

their life, get married and then it is more difficult to come back. For those who go to study there it is not easy to come back. In addition, those professionals who obtain a job there have more opportunities than here. That is one of the disadvantages of Puntarenas ... there there are more possibilities for professional development (6:15).

The combination of these in-and-out migratory phenomena has meant a class polarization in Puntarenas, since the lower class has increased in size dramatically, while the middle class, supposedly leading the development of the city, has decreased. Of a total of 55,084 people, 73.1% (40,280) is considered to belong to the lower class, with 26.8% (14,804) in the middle and upper classes (DGEC, 1992:17). Pointing to the supply of low-wage jobs as a key factor in increased immigration, Sassen-Koob (1985:255) argues that not only can this polarization be seen in income and occupational distribution, but it can also be observed in the geographical location of the classes, with the middle and upper classes concentrated in the centre of Puntarenas, and the lower classes in the suburbs of Chacarita and Barranca.<sup>23</sup>

(11) In Puntarenas there is a big polarization of classes. We have a big lower class, mostly due to the immigration, and we have a relatively small upper class. Thus, our middle class in Puntarenas is very small compared with the average of the country. The middle class, which is the one that leads to the development of a country, is relatively small here (6:10).

#### 5.4.4. Brain Drain

Another important aspect of Puntarenas migration pattern is an out-migration of students and professionals to San José, as they lack opportunities in a secondary city like Puntarenas. As a consequence, Puntarenas has experienced an internal version of "brain drain". Although

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<sup>23</sup> Portes and Lungo (1992:19-22) explain this geographical distribution of classes as a result of rapid urban growth in Latin America and the Caribbean.

this term is normally applied to the migration of qualified labour and the non-return of students from advanced study abroad, that is, from periphery countries to core countries (Fernández Lamarra, 1992:314; Mundende, 1989:183; Keely, 1986:192), we may see a parallel phenomenon occurring within a country, between central, more developed areas and peripheral, less developed areas. This impedes the city's development, since it removes potential leaders and people most receptive to change (Parnwell, 1993:113). In detail,

(12) Professionals, good medical doctors go to the Meseta Central, because there they are better paid.... There are more facilities for a doctor to be trained better in specializations in San José because there are more seminars, meetings, etc., but here there is nothing (2:21).

(13) Many of these young people stayed there because they found many opportunities, many options once they had a profession. They realized that it was more profitable to stay in the Valle Central than to come back to Puntarenas where perhaps salaries were not so high. Because of the lack of young thinkers, I believe that there had been a lack of awareness in the population (12:3).

(14) If these young people leave Puntarenas, study, get trained and come back to work to Puntarenas as professionals, things would be different because they would awaken the conscienceness of those here, they would come to direct. This [Puntarenas] would not stay in the hands of the usual politicians.... If these professionals come back, what they learned they would leave in this area, and then the puntarenense [a person from Puntarenas] would be different (12:6).

## 5.5. Conclusion

The internal migratory movements experienced in Puntarenas are due to a complex constellation of factors, in which foreign and national capitalist penetration into Costa Rican periphery has played a crucial role.

First, the apathy of the central government towards the peripheral areas (for example, the lack of appropriate agricultural, fishing, and



housing policies) and decision-making which favours the urban elite and the centre of the country generally (for example, promoting livestock in Guanacaste province), have contributed to migration as those who have been neglected seek a means of subsistence by moving elsewhere.

Second, foreign penetration (for example, in the banana plantation and cattle raising cases) has affected the patterns of migration in Costa Rica. Further, the migratory movements in Costa Rica, and especially in Puntarenas, are linked to the world economy. Thus, the increased international demand for fish products since the 1950s has led to an expansion of fishing in Puntarenas, while international crises, such as the 1973 oil crisis, have greatly affected many periphery countries, including Costa Rica. The Costa Rican crisis of 1979-82 especially affected the poorest classes, prompting them to seek better means of subsistence elsewhere.

Third, from the 1970s on, the city of Puntarenas attracted many rural migrants. This migration was followed by disorganized urban growth in poor areas and the excessive expansion of the fishing sector, resulting in over-fishing and decreased catches.

Fourth, in- and out-migration has resulted in a class polarization, with an increased percentage of people in the lower class. The lack of a middle class especially, is considered to slow down the development of Puntarenas (6:10; 12:6).

Finally, out-migration from Puntarenas, especially students and professionals heading to the Valle Central looking for further education and better opportunities, represents an internal "brain drain".

As we have seen, migration in Puntarenas has been the result of

economic policies from both the central government of Costa Rica and core developed countries. In the next chapter we will analyze how the dependency of Puntarenas with regard to San José is slowing the development of Puntarenas.

(1) There are two Costa Ricas, the Costa Rica of the Meseta Central and the Costa Rica of the periphery (4:3).

## CHAPTER 6

### THE DEPENDENT RELATIONSHIP BETWEEN PUNTARENAS AND SAN JOSE

#### 6.1. Theoretical Issues

Having presented an historical description of Puntarenas' development within Costa Rica, with a more detailed look at its more recent economic development and migration patterns, it is now time to examine more carefully how all this fits into dependency theory as described in chapter 2. In order to do this, this chapter will focus on the dependent relationship between Puntarenas and San José. First, the centre-periphery relationship will be analyzed. Second, the urban bias characteristic of dependent countries is presented in the Costa Rican context, where investments are concentrated in the centre of the country. Linked to the concept of urban bias are the concepts of internal colonialism and urban primacy. Finally, given the dependent relationship between Puntarenas and San José, it is surprising to discover that Puntarenas' growth is accelerating, at the same time as San José has been growing steadily since the 1980s. Though a seeming contradiction to dependency theory, the growth of this secondary city will also be briefly examined.

#### 6.2. The Centre-Periphery Relationship

In terms of centre-periphery relationships, Puntarenas is located at several levels. At the international level, Puntarenas is dependent on the core countries because it is in Costa Rica, which is dependent on them. Nationally, Puntarenas, located in the periphery of Costa Rica, is

dependent on San José. At the regional level, Puntarenas acts as a centre with regard to its surrounding rural areas. For this discussion, however, we will focus on Puntarenas as a periphery of San José.

"Classical dependency" refers to the unequal terms of trade between centre and periphery. However, there is also the so-called "new dependency", referring to investment and dependent industrialization (London and Smith, 1988:457), which is present in Puntarenas, since the funds and industries allocated in the city depend on both national and international decisions. Dependency and world-system theorists see the concentration of economic resources in a national centre as a way in which the core appropriates surplus value from the periphery (Armstrong and McGee, 1985; and Timberlake, 1987; as cited in Kasarda and Crenshaw, 1991:473). This metropolis control over the hinterland leads to labour specialization (London, 1985:223). In the Costa Rican context, San José (with the partial exception of the Valle Central's agribusiness coffee export) specializes in the industrial and service sectors, while Puntarenas specializes in the production of raw materials like fish for national consumption and export. As we saw in chapter 4, this has led to complaints that while Puntarenas only benefits from actual fishing, San José benefits from the processing (Rodríguez Gutiérrez, 1991; 1:11; 2:2). Lungo et al. (1992:62) point out that Costa Rica is a highly centralized state, meaning that most government institutions, services, and urban infrastructure are concentrated in the capital. When the capital city is at the geographical centre of a country, it can become the nexus of communications, transport,

and trade.<sup>1</sup> As an illustration of the gap between Puntarenas and San José, one respondent stated,

(2) Puntarenas does not have infrastructure or social opportunities as does the Meseta Central. There are two Costa Ricas, the Costa Rica of the Meseta Central, and the Costa Rica of the periphery. But the problem is that the gap continues to grow. In San José or Alajuela everything is near at hand, but in Puntarenas having a school or a hospital have been historic landmarks (4:3).

The dependency of Puntarenas on San José takes many forms. It is not only about the unequal economic exchange but also about the centralization<sup>2</sup> in San José of administrative institutions. Not all the legal authorities have a representative in Puntarenas, which is a disadvantage since enterprises prefer to establish themselves in San José, where all the bureaucratic matters can be solved:

(3) We have the saying that "San José is Costa Rica" and the problem is that there are many functions that Puntarenas could be doing, but many government offices and institutions are centralized in San José. Despite a small opening, everything is centralized in San José ... there are many ministries which do not have representation here in Puntarenas, so many times it is necessary to go to San José. Therefore, we say that "San José is Costa Rica", because many of the services that one needs are in San José.... This is why enterprises feel it is easier to establish in the Meseta Central, where they have all the facilities (6:12).

Another way in which Puntarenas is dependent on San José is for the funding of development projects and infrastructure. In most elections, the elected representative of Puntarenas is from a different party from the one in San José. This means very little financial aid to Puntarenas for four

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<sup>1</sup> Lungo et al. (1992:66) consider that the only alternative to the urban primacy represented by San José would be the development of the future "Gran Área de Puntarenas", which would extend from the western part of the city of Puntarenas to the Port of Caldera. This second urban concentration would break the traditional pattern of five secondary cities of similar size.

<sup>2</sup> Kasarda and Crenshaw (1991:491) point out that the centralization of government social services and administration prompt the development of the primary city, but not of the secondary cities.

years, until the next electoral promises. One respondent noted that (4) "some municipalities run up against the central government and then what they obtain is no help, the government does not give them money, and then during four years they do not receive any money (2:7-8)". Another example of the precarious situation of Puntarenas with reference to funding was illustrated by the national strike of school teachers in 1990. This strike was solved through the transfer of money for the provincial budget of Puntarenas to cover the wage increase of the school teachers (Rodríguez Gutiérrez, 1990:2).

Puntarenas is also dependent on San José for health care. Although the city hospital of Puntarenas, "Monseñor Sanabria", was only recently built, it does not have the necessary specialists, who prefer to live in San José with its better education and work opportunities (2:21).

Central policies do not take into account the interests of the periphery. The issue of the garbage dump is one such example. In the early 1990s, when the Valle Central garbage dump became saturated, a decision was made to relocate it in Esparza, a district 16 km. east of Puntarenas, in spite of popular opposition.<sup>3</sup> One respondent observed how the issue of the garbage dump was another example of centralization, since (5) "[These] are decisions that are made in San José. See the case of the biggest fishing port of Costa Rica being Puntarenas, and the fishing policies are dictated from San José (2:7)". These fishing policies are another example of the centralization in San José, as we saw in chapter 4. The city of Puntarenas

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<sup>3</sup> In the election of February 1994, the party Unión Liberal, which won the national election and also won in Puntarenas, promised Puntarenas that the garbage dump would not be located in Esparza. It was said that this party won the national election because of the votes from Puntarenas, and so the city was expecting a lot in return (12:2).

complained that it was experts in agriculture and cattle ranching from San José who dictated fishing regulations (Rodríguez Gutiérrez, 1991). In May 1994 the creation of INCOPESCA (Instituto Costarricense de Pesca y Acuacultura), whose headquarters are in Puntarenas, was an attempt to decentralize the decisions related to the fishing sector, which had been part of the MAG (Ministerio de Agricultura y Ganadería) since 1970.

### 6.3. Urban Bias<sup>4</sup>

The result of urban bias is the economic and political marginalization of the periphery, which is reflected in the uneven living conditions of the peripheral areas. One respondent, acutely aware of this bias, noted that (6) "this is the Latin American problem. The case of Costa Rica does not differ from Guatemala, Peru, Argentina, Nicaragua, Chile. People living in the provinces always are marginalized by the governments (12:4)".

Another result of urban bias has been the concentration of 80% of the Costa Rican industry in the Valle Central. In addition, financial credits are more easily given to the industry and agribusiness allocated in the Valle Central than to the fishing industry of Puntarenas (Rodríguez Gutiérrez, 1991). For the people of Puntarenas, there is not much hope that the discrimination of the periphery will be rectified: (7) "the power is always going to be in the Valle Central, the periphery is going to continue receiving, drop by drop, the benefits that the Valle Central receives (2:7)".

Colburn (1993) argues that Costa Rica and Cuba are exceptions to

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<sup>4</sup> See chapter 2, pages 16-17.

urban bias in Latin America, due to a vigorous democratic regime and peace in the former, and to the socialist ideology of the invulnerable elite in the latter. Colburn (1993:72) states that the Costa Rican government has provided social services to the rural poor and has avoided economic policies detrimental to the agricultural sector. Colburn idealistically states that public investments in social services and infrastructure have allowed rural areas to live not very differently from the urban areas. Colburn's contention that urban bias is not a problem for Costa Rica is relatively true if rural people from Costa Rica are compared with other rural people from Central America. For example, the rural rate of extreme poverty for Costa Rica in 1990 was 17%, while for Nicaragua and El Salvador this rate was 52% and 70% respectively. However, Colburn's argument is misleading if urban and rural Costa Ricans are compared. For example, the same rate of extreme poverty in urban Costa Rica is 6%. The access to drinking water is another indicator of inequality. In 1985 100% of urban Costa Ricans had access to water, while only 83% of rural Costa Ricans had this same access. This inequality was greater in the past. For example, in 1969 only 53.6% of rural Costa Ricans had access to water as opposed to 100% of the urban population (Figueroa Sarti, 1993:12-13, 31).

Related to urban bias is the concept of internal colonialism, a hierarchical process that sees national economic structure of power exploit peripheral regions, thus generating uneven development (Walton, 1975:34-48, as cited in London, 1985:208-209; Walton, 1976:59). This study found that there are many elements of internal colonialism which affect Puntarenas. In chapter 5, we saw how land tenure policies, the promotion of beef for export, and the lack of credit for small farmers were detrimental and led



to rural-rural and rural-urban migration. In addition, the foreign penetration of capital is present in transnational companies which are nurtured by cheap labour.<sup>5</sup>

The concept of urban bias is linked to the concept of urban primacy, which means that a city possesses the most important functions, such as being the political capital, the main centre of commerce and economic activities, and also a large majority of the national population concentrates in that city (Portes and Lungo, 1992:17). An example of urban primacy is the case of the establishment of Free Trade Zones in Costa Rica. The original purpose of the Free Trade Zone law in Costa Rica was to reduce urban primacy through the allocation of foreign companies in the peripheral areas as a motor for their economic growth, ultimately leading to an economic decentralization. However, as we saw in chapter 4 this did not transpire. Hence, in Costa Rica the creation of export-oriented industries has reinforced the economic concentration in the Metropolitan Area of San José, which includes the cities of Cartago, Heredia, and Alajuela (Lungo et al., 1992:78; Portes et al., 1994:16).

In the case of Costa Rica, there are several reasons why industries prefer to locate themselves in San José rather than in the periphery. One is that they can cut costs such as transport. Another is that, if their products are directed to the national consumption, San José contains a third of the Costa Rican population and so a greater retail market. Finally, it is easier to find a specialized labour force in San José than

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<sup>5</sup> A respondent defined the presence of these companies in the Free Trade Zone of Puntarenas, as an exploitation of the labour force (5:4).

elsewhere.<sup>6</sup> As a respondent noted,

(8) This is a vicious circle because while these areas are not well developed compared to the Meseta Central, and with the economic problems of the government, it is difficult to transfer resources to this area. But in fact, it requires very little, because there is little demand for these services.... But at the same time many of these services would help in the long run, because many enterprises would be able to establish here (6:12).

Another example of the concentration of resources in the centre of the country at the expense of the periphery is the relatively late establishment of the university in Puntarenas. It was not founded until 1975, through a municipal tax from fishing activities (7:4). Furthermore,

(9) Puntarenas has been the last region of the country for universities to settle. Universities were first established in the Valle Central: Cartago, Alajuela, San José and Heredia. The periphery of the country is Guanacaste, Limón and Puntarenas. Within that periphery, it was in Puntarenas that universities were last to arrive (2:6-7).

This late establishment of the university that offers only limited programs<sup>7</sup> has contributed to the internal brain drain discussed earlier in chapter 5.

#### 6.4. Changes in Urban Primacy Trends: Why Puntarenas is growing

As we have seen throughout this study, there exists a gap between Puntarenas and the capital city, or centre of Costa Rica. For the most part Puntarenas has developed in the shadow of, or in spite of, increased development of the urban centre, fitting into dependency theory.

As Rondinelli (1982:390) contends, the large gap between the national

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<sup>6</sup> The city of Puntarenas has also some disadvantages because of its climate and location. For example, the telephone rate paid in Puntarenas is higher than in San José, since the maintenance of the telephone cable is higher due to corrosion by sea salt (2:16).

<sup>7</sup> The University of Costa Rica in Puntarenas only offers some degrees, and in some cases not complete. Therefore, many students have still to move to San José.

capital and middle-sized cities puts the latter in a vulnerable position with regard to job opportunities, economic activities, and social services. This disadvantageous position of intermediate cities makes the capital city more attractive for professionals, skilled workers, and entrepreneurs who prefer to move to the big city. As pointed out in the previous chapter, this could be defined as a case of national brain drain.

However, Puntarenas is growing (see Table 6.1). According to Portes et al. (1994:15), the annual population growth rate of Puntarenas during 1960-70 was 3.1%, and during 1984-90 reached 16%.<sup>8</sup> A similar tendency was observed in the other coastal city, Limón, which in the same periods passed from 4.8% to 15.8%. The growth rate for San José, by way of contrast, decreased from 6.2% in the 1960s to 3.3% in the late 1980s (see Table 6.1). In addition, the urban primacy ratio,<sup>9</sup> which had reached 6.0 in 1980, decreased to 4.7 in 1990.

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<sup>8</sup> According to the data in Table 6.1, the annual population growth rate of Puntarenas between 1963 and 1973 was 3.4.

<sup>9</sup> The urban primacy ratio is the division of the population in the primary city between the sum of the population in the next three larger cities (Portes and Lungo, 1992:28). For the period 1980-90, Portes utilized the population of San José (861.3), Limón (66.1), Puntarenas (55.7), and Cartago (61.4) (Portes et al., 1994:14-15).

Table 6.1  
Population of the Main Cities in Costa Rica  
(in thousands)

	1950	1963	1973	1984	1990
San Jose	190.3	320.4	540.1	719.6	861.3
Alajuela	13.9	19.6	34.3	42.8	65.0
Heredia	12.0	19.2	26.0	41.4	55.8
Cartago	12.9	18.0	34.6	34.0	61.4
Puntarenas	13.8	19.6	26.3	28.4	55.7
Limón	11.3	19.4	29.6	33.9	66.1
Liberia	3.4	5.8	10.9	12.3	28.5

Source: Compiled from the Dirección General de Estadística y Censos by Lungo et al. (1992:49).

Does this growth of secondary cities represent a reversal of the traditional tendency towards urban primacy? In their study on urbanization in the Caribbean Basin, Portes et al. (1994:6) suggest this might be the case, pointing out that during the 1980s some countries experienced a deceleration and even a reversal of the traditional tendency towards urban primacy.<sup>10</sup> In the case of Costa Rica, Cruz et al. (1992:7) pointed out the same tendency, as the crisis of the early 1980s led migrants to rural

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<sup>10</sup> See also Portes (1989) about Latin American urbanization during the 1980s, with case studies from Chile, Uruguay, and Colombia.

areas. Thus, between 1979 and 1984, the number of migrants arriving to San José was smaller than the number of population leaving the metropolitan area.

The crisis of the 1980s changed the traditional direction of domestic migration. Instead of people going to the metropolitan area of San José, where employment in the old import-substitution industries<sup>11</sup> had decreased, they were heading instead towards the new growth areas created by export agriculture, export fisheries, export-oriented industries, and tourism. This change in migration flows led to a rapid growth in secondary cities, especially in Puntarenas and Limón, and to slower growth in the metropolitan area (Portes et al., 1994:7, 15; Portes and Lungo, 1992:17-18, 27, 29; Portes, 1989:33).<sup>12</sup> This suggests that investments oriented to new exports in the periphery are having demographic consequences, leading to the growth of secondary cities (Lungo et al., 1991; in Portes et al., 1994:16).<sup>13</sup>

This helps explain in part why Puntarenas is growing. However, its growth cannot be explained solely by the establishment of export-oriented industries, or by the decline of import-oriented industries in San José. It is necessary to take into account other factors, such as the decline of

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<sup>11</sup> The import-substitution industries tended to be located in the larger cities, which reinforced urban primacy. During the 1970s and 1980s, the shift to export-oriented industries was accompanied by the move of industries away from the larger cities, such as in the case of industries of commercial agriculture, forestry, mining, and product assembly (Portes, 1989:34).

<sup>12</sup> Portes observes also a decrease in urban primacy in other Latin American countries, such as Uruguay, Chile (1989:34), Jamaica, and the Dominican Republic. However, in some other countries, such as Haiti or Guatemala, urban primacy during the 1980s continued unaltered (Portes et al., 1994:12-17).

<sup>13</sup> Some analysts of the deceleration of growth in big cities say this is due to rapid declines in fertility. Portes does not accept this demographic explanation, because changes in fertility behaviour are too recent to have affected migration flows, and because urban primacy can expand even in the absence of population growth (Portes, 1989:33-34).

agriculture, the policies promoting cattle ranching in the Guanacaste and Puntarenas provinces, and the crisis of the 1980s, which have pushed people from outlying areas to Puntarenas. Furthermore, it is necessary to consider the natural increase of the population, and also the added natural increase of population due to the presence of young migrants. Taken together, these factors explain the growth of the city of Puntarenas and have caused Puntarenas to become the "centre" in relation to the surrounding rural areas, the new "periphery".

However, does this growth in Puntarenas and other secondary cities mean a more balanced urban system, and ultimately, more equal development of centre and periphery? A closer look at which secondary cities are growing and how suggests this balance has not yet been reached. The largest concentration of export manufacturing industries are still located in the Valle Central, close to the metropolitan area of San José. In the Valle Central there are three other secondary cities--Cartago, Heredia, and Alajuela--which are all satellites of San José. These cities also grew during the crisis of the 1980s, and should continue to grow, they may well result in a megalopolis. Thus, there is the danger of a return to urban primacy (Portes et al., 1994:16).

## 6.5. Conclusion

From what we have seen, economic development in Puntarenas--in the forms of fishing expansion and establishment of a Free Trade Zone--are happening as results of the dependent nature of core-periphery relationships within Costa Rica and between Costa Rica and developed countries. The analysis of centre-periphery relationship between developed

and developing countries is reproduced at the national and regional level. Puntarenas is exploited by the centre of Costa Rica, since Puntarenas provides it with primary products (mainly fish). However, Puntarenas is also a centre in itself with respect to surrounding rural areas, as illustrated by the migration towards this secondary city.

Despite of the increasing economic importance of Puntarenas, this city is in a dependent and vulnerable position not only in the international market (for example, the unstable price of fish in the early 1990s,<sup>14</sup> and decisions to allocate foreign industries in the Free Trade Zone of Puntarenas), but also in its relations with San José, which dictates policies and administers funding.

Finally, Puntarenas has been marginalized and neglected by the central governments since their priority has been to develop the country's centre, where the elite are located, without taking into account the periphery. Costa Rican governments emphasize the "modernization" of the country through agribusiness, which benefits the national elite (through coffee) and the foreign capital (through bananas). In light of this, Puntarenas has little to offer other than its fish, while many of its more educated individuals and a surplus of cheap labour move to the Valle Central to earn a subsistence wage.

The dependency on San José and foreign capital further hinders the development of Puntarenas through neglect, since there is no serious policy attempting to develop the city of Puntarenas; at best, there are mere electoral promises. Most often, Puntarenas is simply exploited as a source of primary products, educated individuals, cheap labour, and votes, of

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<sup>14</sup> See chapter 4.

course. In some cases, policies affecting Puntarenas are designed with the interests of the Valle Central in mind. For example, during the 1990s the government tried to reactivate the banana plantation in the southern region of the province of Puntarenas in order to keep people in the region and prevent migration to the capital city and the city of Puntarenas (2:8). On other occasions, policies are simply designed with no interest in the periphery whatsoever, as was the case with the promotion of cattle ranching for export in the 1960s and 1970s, which uprooted many farmers and peasants, leading to unemployment.



## CHAPTER 7

### CONCLUSION

Within the general process of rapid urbanization experienced in the Third World during the 20th century, secondary cities have also grown. Common factors account for the expansion of both primary and secondary cities; however, secondary city growth requires specific explanations.

Puntarenas is illustrative of this process of intermediate-city growth. Located in the periphery of the country, it has grown significantly during the last three decades. In order to show its growing importance, several aspects of the city have been examined including its economy, its migration patterns, and its relationship with the capital city, San José. From the outset, it has been maintained that the most adequate theoretical framework for understanding the evolution and present state of Puntarenas is that of dependency theory which was outlined in the context of other development theories in chapter 2. It has also been important to situate this analysis within an understanding of the historical development of the economy of Puntarenas and Costa Rica. The factors leading to Costa Rica's dependency, first on Spain from the 16th century, on the United Kingdom after Costa Rica's political independence in 1821, and later on the United States, were briefly examined in chapter 3. The fourth chapter was devoted to an assessment of the recent economic evolution of Puntarenas from 1978. This chapter indicated how the current leading economic activities, fishing and the Free Trade Zone, involve the penetration of foreign capital. The fifth chapter dealt with the migratory movements to and from Puntarenas, noting the spectacular growth of this city in the past two decades, and identifying the major causes and consequences of these migratory movements.

The sixth chapter examined a final basis of Puntarenas's dependency, this time with regard to San José, and demonstrated that this dependency hindered the development of Puntarenas, and that the economic development--reflected in fishing expansion and Free Trade Zone--was only a response to the interests of the national core and developed countries.

Overall, the lack of a diversified economy (despite the recent establishment of the Free Trade Zone), the in-and-out-migratory movements, and the dependency on San José hinder the development of this secondary city. As stated at the end of chapter 2, this thesis demonstrates three aspects of dependency theory. First, the two levels of dependency, international and intranational, hinder the development of Puntarenas. At the international level of dependency, Costa Rica, as a peripheral country, tries to respond to the market needs of the core countries, but often at the expense of the internal periphery within Costa Rica itself. Negative consequences for this internal periphery are not taken into account, as shown by the promotion of cattle raising in order to export beef to the United States. At the national level, government policies give priority to the centre of the country in terms of allocation of industries, investments, and services (for example, the location of Free Trade Zones). Puntarenas' dependence on San José contributes to the former's underdevelopment, as it must rely on the latter for all bureaucratic, economic, and political matters.

Second, this supremacy of the centre of the country is also reflected in the internal division of labour between the centre (industry and services) and the periphery (agriculture and fishing). This division of labour is responsible for the lack of a diversified economy in Puntarenas.

the periphery. The over-specialization on fishing shows its vulnerability during periods of crisis, when prices are low and the national and international demand is small as shown in the fishing crisis of 1992, when the fishing activity was declared a state of emergency. This lack of a diversified economy in turn results in an internal brain drain from Puntarenas. There are no possibilities for professionals in a secondary city which is specialized in fishing, whose recently-established university does not offer a wide enough variety of degree programmes, and whose hospitals do not have specialities.

Third, the decisions taken at national and international levels affect Puntarenas. For example, the international crisis of the late 1970s brought about a tremendous migration towards Puntarenas, resulting in urban growth, and an increase in the only economic activity there was, fishing. This immigration to Puntarenas has pushed fishing into over-exploitation, resulting in a lower catch per fisherman. Immigration has also led to a polarization of the social classes, since immigrants are mainly from lower classes, while emigrants to San José are mainly from middle and upper classes.

Further studies are needed to deepen our understanding of the role and treatment of secondary cities. The main objective of this thesis has been to demonstrate that the kind of development experienced by Puntarenas has been a result of interests of the Costa Rican central government and core developed countries. The implication of this study is that policies for secondary cities should recognize their contribution to the national economy, and should take into account the interests of these secondary cities, and not the interests of others, when striving for a more equitable

national development. The goal of decentralization would be highly beneficial for the periphery, with the allocation of investments and resources in areas other than the centre of the country leading to a more equal distribution of resources, and ultimately to a more equal development.

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## APPENDIX: ORIGINAL QUOTATIONS IN SPANISH

### CHAPTER 3

#### HISTORICAL DEVELOPMENT OF THE ECONOMY OF COSTA RICA AND PUNTARENAS

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(1) La vulnerabilidad de la economía costarricense, originada en la dependencia que la ata con el exterior en materia de precios y mercados es uno de los rasgos sobresalientes del sistema productivo. Tradicionalmente, Costa Rica ha sido una nación exportadora de productos primarios.... el sector dependía de dos productos, cuyos precios en los mercados mundiales no eran estables y por ello exponían el país a constantes problemas económicos: el café y el banano (Arias Sánchez, 1984:56).

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(2) En Costa Rica cuando se comenzó a desarrollar la parte central del país, el puerto por el que pasaban todos los productos importantes, tanto que venían o iban fuera del país era Puntarenas. Cuando no había carreteras, o muy pocas, venían todos los granos básicos, las frutas, las verduras, llegaban de los diferentes lugares de cultivo de Costa Rica en lancha, en embarcaciones de cabotaje. Y de aquí se trasladaban en carreta ... a San José.... Aquí recibíamos toda la producción desde San José. De igual manera el café se traía de la Meseta Central en carreta, en caravanas (6:1-2).

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(3) Por ser Puntarenas la playa más cercana a la Meseta Central, era la más visitada. Pero en los años 70 se comenzaron a construir carreteras y se fueron abriendo nuevas zonas de playa. Se construyeron otros hoteles y se diluyó. Lo malo fue que Puntarenas no se actualizó, y ahora [1994] se le está haciendo difícil, porque ya hay otras zonas, cuyo volumen de ocupación es más importante, como Montecruz, Jacó, Manuel Antonio, Monteverde (7:1).

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(4) A nivel internacional, todos los países desarrollados de Europa, Estados Unidos, Canadá, son países que consumen mucho marisco, donde ya en las aguas de ellos se han ido terminando los productos del mar. Entonces han venido a buscar a América Latina estos productos, por eso es que nosotros tenemos una fuerte exportación de mariscos. Sin embargo, a nivel local también ha habido un incremento del consumo de pescado. Esto hace que haya un desarrollo mayor de la pesca (6:6).

## CHAPTER 4

### RECENT ECONOMIC DEVELOPMENT OF PUNTARENAS (1978-1994)

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(1) El turismo se ha perdido en Puntarenas por muchas razones, las principales diría yo por ciertas personas y compañías poderosas, dueñas de hoteles y todo, que sólo les interesa su hotel.... Los políticos puntarenenses han sido en un enorme porcentaje unos irresponsables (1:2).

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(2) El camarón en su gran mayoría se exporta. Por el precio que ha tenido desde el año pasado para acá, el camarón se ha convertido en un producto caro. Entonces a nivel local se consume, pero poco. Siempre buscando productos de las especies más baratas [para consumo local] y lo demás una gran parte se exporta.... El pescado de otras variedades, atún fresco, marlin, dorado, el fardo, estas especies tienen un gran precio, por lo que se exportan. El tiburón, la mayor parte ... se consume aquí en el país, pero la aleta se procesa, o se medio procesa y se exporta en un 100%. La fibra es muy valiosa y se exporta a Estados Unidos. Y en los últimos dos años se ha venido explotando lo que es la cabeza del tiburón y el cartílago ... lo usan para usos medicinales ... por eso ha adquirido un precio importante (6:6).

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(3) Todo depende del juego del mercado, no se puede decir que es más rentable dedicarse a productos de exportación. A quien le sirve ese juego de sólo exportación es al exportador porque es el que se gana el cash y el que obtiene todos los incentivos que el gobierno da por exportar; en cambio, el productor sólo recibe lo que le pagan por su producto (10:5).

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(4) Hay una escasez grande en los mercados internacionales de productos del mar. Eso conlleva a que los precios suban ... el mercado internacional tiene más demanda (3:6).

(5) Antes la gente de la Meseta Central no era muy dada a comer marisco. Ahora con la cuestión de la dieta y de la salud, a los productos del mar se les da una gran importancia, por lo que el consumo del pescado ha aumentado.

(6) [Las misiones chinas] han traído nuevas tecnologías, pero se las han quedado ellos. Esta gente ha venido con ayudas de los gobiernos, con un montón de privilegios a instalarse acá, y hoy en día son empresarios fuertes y muchas de las técnicas que supuestamente

tenían que enseñarnoslas a los ticos ... no dieron nada.... A finales de los 70 y principios de los 80 comenzaron con las escuelas de la misión china. Yo creo que lo que le enseñaron a la gente fue trabajo rústico.... Fue un error aceptar su ayuda. Con ayuda del gobierno se metieron aquí, y los barcos que más producen son los de ellos, que lo saben todo, porque son mucho más viejos en la pesca. Tienen 40, 50 años adelante de nosotros, y vienen a robarnos el pescado a nuestras costas, porque ya en las suyas no queda nada (3:8).

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(7) El problema de la agricultura en el país ha hecho que la pesca venga a servir de colchón, entonces tenemos miles de gentes en la costa capturando camarón, pescado, con artes que son dañinas y eso ha dado al traste con la población de pescado (3:4).

(8) Solicitarle al Ministro de Agricultura y Ganadería, la Veda de un área de captura de Vital importancia para la flota camaronera.... Se debe pensar ante todo en proteger la reproducción de las especies en el interior del Golfo de Nicoya (Letter from the Cámara Puntarenense de Pescadores to the Governor of the province of Puntarenas, November 1st, 1990).

(9) Puntarenas.... ahora es un tanque de excrementos, el excremento de 80.000 personas viene a dar aquí, entonces cuando va hacia el mar todo eso va hacia el oeste, hacia La Punta de Puntarenas (1:2).

(10) Hoy en día la pesca está bastante escasa, hay que navegar bastantes horas para llegar a un sitio donde hay un poquito de pesca. Aquí cerca de nuestras costas ya casi no hay nada, por un montón de factores: la captura masiva, la contaminación, los cambios de la naturaleza como la Corriente del Niño (3:4).

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(11) Antes de seguir pensando en la "Ley del pobrecito", y seguir repartiendo pobreza, se deberían dedicar todos los esfuerzos necesarios para proteger las verdaderas áreas de reproducción como lo son las aguas interiores del Golfo de Nicoya, y por su propio peso veríamos crecer las capturas de la zona en mención, tanto en su calidad como en la cantidad (Letter from the Cámara Puntarenense de Pescadores, October 31st, 1990).

(12) El problema aquí es la regulación de los precios del pescado.... Por decirles algo, el pargo hoy puede estar a 400 colones, y se va la gente a pescar y cuando regresan, el precio ya ha bajado a 100 o 75 colones el kilo, y nadie puede decir nada.... Aquí como no hay frigorífico ni nada, el pescador que viene con su producto tiene que entregarlo al precio que sea, porque si no se le pone malo, si no lo pierde (1:11).



(13) A veces al socio productor no se le permite vender el pescado, porque tal vez el socio capitalista tiene la embarcación, porque un intermediario le prestó la plata para comprarla, entonces por obligación él tiene que vender el pescado al precio que él se lo ponga. Este es otro problema que se da aquí, que la mayor parte de los empresarios depende de los intermediarios, que ponen el precio del pescado (2:18).

(14) Sin una verdadera política por parte del Gobierno y planes crediticios, [el desarrollo de la pesca] se ha realizado con el empeño y esfuerzo de tres generaciones de pescadores que ha [han] dejado un legado de trabajo y progreso para Puntarenas, qué no daría la pesca si contara con [el] apoyo financiero y político [con el] que cuenta la agricultura, los hemos colocado como el noveno exportador de camarón hacia los Estados Unidos, sólo les pedimos a los señores que nos gobiernan que nos dejen seguir produciendo (El mundo de la pesca, 1988:24).

(15) En los años del 85 al 91 ha ido fatal ... [a causa de] la corriente del Niño, los precios, el mercado internacional. La bajada de la producción provocó la bajada de los precios (3:10).

(16) La situación tan crítica que está pasando la pesca, debido a la disminución en el consumo de pescado en el Mercado Nacional y una disminución de más de un 50 % en las capturas de pescado debido al fenómeno ENOS (El Niño Oscilacion Sur) que ha alejado el pescado de nuestras costas. Debido a estas razones el Gobierno de la República, ha declarado ... el Estado de Emergencia de la actividad de pesca (Letter from the Ministry of Agriculture and Cattle Raising, San José, July 6th, 1992).

(17) -[La industria] es muy limitada. A parte de eso, aquí hay grandes industrias, cuyas plantas son manejadas directamente desde San José. Coope Montecillos que explota productos del mar tiene sus plantas en San José.

- Y en Alajuela, y allí dan trabajo (1:11).

(18) El problema de la pesca en Puntarenas es que no genera más empleo porque el valor agregado del producto pesquero se lo están dando en la Meseta Central, en San José. Aquí a lo único que le están dando valor agregado es al camarón y al atún, que lo procesan aquí pero el resto del marisco, el pescado de escama, el tiburón lo están haciendo fuera de Puntarenas. Entonces esa mano de obra se queda en la Meseta Central (2:2).

(19) El comercio gira alrededor de la pesca. Si la pesca anda bien, el comercio anda bien porque el marino gasta, la señora gasta, el taxista lleva al marino a la casa. El de la cantina también porque por la cultura del pescador es muy dado al ambiente del licor y de las muchachas alegres. Ahí se nota cuando la pesca está bien y cuando no (6:8).

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(20) La Zona Franca de Barranca se puede decir que fue la primera Zona Franca, junto con la de Limón, que se abrió en el país por ley. Las primeras zonas francas que se abrieron fueron en Limón y Puntarenas; sin embargo, por falta de interés político, las zonas francas de Limón y de Puntarenas no se desarrollaron.... En el 80 se comenzaron a abrir estas zonas francas. La de Limón creo que no se desarrolló y la de Puntarenas sólo desde hace tres o cuatro años para acá.... La intención era que esta Zona Franca absorbiera mucha de esa desocupación que da en Puntarenas. Puntarenas es el lugar de más alto índice de desocupación en el país (6:11-12).

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(21) Puntarenas ha tenido que esperar por más de diez años para ver el desarrollo de la Zona Franca de Santa Rosa de Barranca.... Hasta ahora ha sido más fácil para los inversionistas extranjeros escoger una zona franca unicada [ubicada] en la Meseta Central, donde su riesgo es menor, siendo insuficiente el incentivo especial y la garantía de contar con una gran oferta de mano de obra [en Puntarenas] (Letter to the President of the Republic, Rafael Calderón from twelve representatives of Puntarenas, May 11th, 1992).

(22) Sabemos que una gran cantidad de funcionarios de importantes empresas transnacionales han visitado Puntarenas y estarán tomando la decisión de donde establecer sus fábricas en muy corto plazo.

Las organizaciones, instituciones y comunidad de Puntarenas en general estamos convencidos que ésta es una gran oportunidad para que Usted pueda ayudarnos, brindándonos los medios para ganarnos la vida con un trabajo honrado que permita a nuestro pueblo superarse, dejando atrás hambre, enfermedades y miseria (Letter to the President of the Republic, Rafael Calderón from twelve representatives of Puntarenas, May 11th, 1992).

(23) Necesitamos trabajo y sabemos que en los próximos meses se generarán en nuestro país más de 6.000 empleos directos, al establecerse cinco nuevas empresas. Si estas empresas se instalan en el Valle Central, causarán más problemas que beneficios, ya que ahí no existe desempleo y los servicios están saturados. Si en cambio se instalaran en Zona Franca Puntarenas, 6.000 personas tendrían trabajo y a su vez generarían trabajo para más personas (Letter to the President of the Republic, Rafael Calderón, May 11th, 1992).

(24) Es excelente porque hay una ley sobre zonas francas, la 72/10, y las industrias que están aquí adquieren un status de zona franca, lo cual les da exoneración total de impuestos. Las compañías que están aquí no pagan ni renta, ni impuesto de venta, ningún tipo de impuesto adicional, nada (11:4).

(25) Tenemos conocimiento de que su gobierno logró incluir en la Ley de zonas Francas un incentivo especial para las zonas de menor desarrollo relativo, que consiste en un certificado equivalente al 15% de las planillas [plantillas] pagadas por los empresarios que operen bajo el régimen....

[Además para atraer nuevas empresas a Puntarenas] deben reforzarse los incentivos para resaltar el atractivo de las zonas francas ubicadas en áreas de menor desarrollo relativo. Sugerimos por ejemplo, que a cambio del 15% del Certificado de Empleo (BONFREX), se elimine el pago mensual del 22% correspondiente al patrono por concepto de las cargas sociales, ello durante un plazo de tres años para cada empresa que tenga mas de cien empleados. Este incentivo sería más atractivo, ya que se trata de un beneficio mensual e inmediato, y no a 5 años plazo, con un colón depreciado por la devaluación, como sucede con el incentivo actual (Letter to the President of the Republic, Rafael Calderón from twelve representatives of Puntarenas, May 11th, 1992).

(26) Eso [la zona franca] mas bien lo que hace es explotar a los empleados.... Para que no se vayan [the foreign companies], [en] el Ministerio de Trabajo se hacen los locos, permiten toda esa serie de irregularidades. Es una explotación solapada. Esas grandes empresas que vienen ahí, vienen a hacer dinero y a abaratar costos. El desarrollo es para ellos, a final de cuentas ese excedente de producción, son ellos los que lo capitalizan, no es el pueblo (5:4).

## CHAPTER 5

### MIGRATION

(1) A Puntarenas vino gente de Guanacaste, de la Península [de Nicoya], de la zona sur, porque en el período del 82 al 86, la zona sur del país, donde está Golfito, y Coto Brus ... había una concentración bananera que tenían las compañías gringas ... muy grandes y poderosas. Entonces se empezó a dar un proceso de ajustes laborales, de huelgas para pedir.... Entonces las compañías se fueron del país y dejaron los cultivos abandonados.... al irse las compañías bananeras, Golfito y todas esas áreas entraron en un

problema de empleo. Entonces toda esa gente empezó a emigrar para acá para Puntarenas.... Los de la zona sur vinieron por lo del banano, pero es que la mayor parte de la gente que iba a trabajar a la zona sur, venía de Guanacaste. Este país con vocación agrícola, la gente con más vocación agrícola era de Guanacaste y la gente de la Meseta (2:3).

(2) A partir del año 80 hubo una gran explosión de la actividad pesquera. En los años 78-82, Costa Rica sufrió una crisis económica. Esta es la época de Rodrigo Carazo. Tuvo tasa de intereses altísimas de los bancos.... Eso tuvo un gran impacto en el desarrollo económico del país. También hubo factores a nivel mundial, nosotros como somos un país pequeño sufrimos mayores consecuencias. A partir del año 82, muchos pequeños agricultores, del lado de Guanacaste principalmente comenzaron a vender las parcelas ... porque sus cultivos ya no les daban para mantener a su familia, y vieron que el mar ... era más rentable que su actividad agropecuaria.... O los jornaleros por la recesión que hubo en los cultivos ... bajó mucho la producción ... muchos jornaleros fueron despedidos, entonces también volvieron los ojos al mar. Así que hubo un impacto muy fuerte de muchísimas embarcaciones pequeñas, que comenzaron a aumentar la flota pesquera, pero desde el punto de vista artesanal, las embarcaciones pequeñas (6:3).

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(3) Mucha gente del interior del país que [porque] los gobiernos de atrás desatendieron mucho la parte agrícola, la gente se vino a vivir a las costas a convertirse en pescadores ... un 40% de la gente no son nativos, no son pescadores.... Mucha gente se metió por necesidad, porque emigraron ... vienen del interior de país, mucha gente viene de San Ramón, de Palmares, de Alajuela, de San José, Guanacaste ... porque en esos lugares la mano de obra está muy dura. La agricultura la estropearon y no hay trabajo, la gente ha emigrado mucho. La pesca ha sido el soporte de todos los problemas sociales de este país (3:5).

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(4) Esas migraciones se dieron porque había mucha presión en el campo, Chomes, Zapotal, Cóbano, Lepanto, Jicaral.... Toda esa gente tenía problemas de tierras y entonces la gente emigraba para la ciudad, y la ciudad era Puntarenas. Esta presión se dio sobre todo desde el 81. Desde el 79 al 84 se dio ese proceso, todas esas migraciones (5:2).

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(5) El pescador de Puntarenas al principio era un agricultor, que venía de las zonas rurales, trabajaba en sus parcelas, pero ya no resistía, entonces se vino porque el mar en esos tiempos se decía supuestamente que daba más ingresos, y no (5:3).

(6) El pescador nuestro hasta los años 80 no se salía más allá de las 20 millas de la costa, pero la crisis que se produce en Nicaragua con la Revolución, y la posterior migración de muchos nicaragüenses, aquí [Puntarenas] hay muchos, obligó a los pescadores nacionales a salir a las 200 y las 300 millas a pescar porque los dueños de barco empezaron a emplear capitanes nicaragüenses, que sí se iban a pescar a esas áreas (2:19).

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(7) El campesino muchas veces a falta de créditos blandos para continuar produciendo la tierra, a falta de ayuda técnica, asistencia, que se le brinden semillas para cultivarlas, se ve estrangulado por los mismos bancos. Los créditos son muy elevados. Llega un momento en que pierde sus tierras porque las puso como garantía, se queda sin nada, entonces emigra hacia otras zonas urbanas a las que él cree que puede llegar a alcanzar. Entonces emigra a las capitales de cantón, de provincia, pero no se atreve a llegar a los cascos urbanos, porque sabe que va a llegar a fortalecer más el anillo de pobreza que hay alrededor.... En el caso de Puntarenas, Chacarita y Barranca se han ido conformando con todo este tipo de personas, que han venido de Guanacaste y otros lugares.... No se han atrevido muchos de ellos a ir a la capital a establecerse porque se encuentra que están limitados, entonces se dedican a invadir tierras (12:4).

(8) Los que son pescadores no [no emigran], pero la gente en general sí emigra a San José porque Puntarenas no cuenta con infraestructura y oportunidades en los aspectos sociales como los tiene la Meseta Central (4:3).

(9) Los que estudian sí, los que logran surgir terminan en San José.... El intelectual de Puntarenas no se queda aquí, no le produce para Puntarenas, emigra porque es la única forma, San José es la mejor posibilidad que tiene, y fuera de San José [en el extranjero]. Aquí no hay oportunidades para el intelectual. Un sociólogo aquí se muere de hambre, tiene que poner una tienda, como hice yo. Porque aquí, ¿en qué va a trabajar si no hay fuentes de trabajo, no se hacen investigaciones? (5:5).

(10) Antes uno iba a estudiar a San José y se quedaba cinco o más años estudiando, y además trabajar, y luego uno empezaba a hacer ya su vida, se casaban y entonces era más difícil volver. Para los que van a estudiar allá no es fácil regresar. Además los profesionales que consiguen un puesto allá tienen más oportunidades que aquí. Esa es una de las desventajas de Puntarenas ... allí hay más posibilidades de desarrollo profesional (6:15).

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(11) En Puntarenas existe una gran polarización de clases. Tenemos una gran clase baja, en gran parte por la emigración que se ha dado,

y tenemos una clase alta relativamente pequeña. O sea la clase media nuestra en Puntarenas es muy poca en relación con el promedio del país. La clase media que es la que lleva a desarrollar un país es relativamente poca aquí (6:10).

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(12) Los profesionales, los médicos buenos se van a la Meseta Central, porque son mejor remunerados allá.... Hay más facilidades de que un médico se forme mejor en especialidades en San José porque hay mas seminarios, reuniones, etc., pero aquí no hay nada (2:21).

(13) Muchos de estos jóvenes se fueron quedando allá porque encontraron muchas oportunidades, muchas opciones una vez que tenían una profesión. Se dieron cuenta de que era más rentable quedarse en el Valle Central, que regresar a Puntarenas donde quizá los salarios no iban a ser tan altos. Al carecerse de esos jóvenes pensantes, yo pienso que hubo una falta de conciencia en la población (12:3).

(14) Si estos jóvenes salen de Puntarenas, estudian, se capacitan y vuelven a trabajar a Puntarenas como profesionales, otro gallo nos cantaría porque vienen a despertar la conciencia de los que estan aquí, vienen a dirigir. Esto [Puntarenas] no quedaría en manos de los políticos de costumbre.... Si estos profesionales regresan, lo que aprendieron lo dejan en la zona, entonces el puntarenense sería distinto (12:6).

## CHAPTER 6

### THE DEPENDENT RELATIONSHIP BETWEEN PUNTARENAS AND SAN JOSE

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(1) Hay dos Costa Ricas, la Costa Rica de la Meseta Central y la Costa Rica de la periferia (4:3).

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(2) Puntarenas no cuenta con infraestructura y oportunidades en los aspectos sociales como los tienen la Meseta Central. Hay dos Costa Ricas, la Costa Rica de la Meseta Central, y la Costa Rica de la periferia. Pero el problema es que la diferencia cada vez se amplía más. En San José o Alajuela se tiene todo a la mano, pero en Puntarenas tener una escuela o un hospital han sido hitos históricos (4:3).

(3) Nosotros tenemos el dicho de que "San José es Costa Rica" y el problema es que hay muchas funciones que Puntarenas podría estar realizando, pero muchas oficinas e instituciones de gobierno están centralizadas en San José. A pesar de que ha habido una pequeña

apertura todo está centralizado en San José ... hay muchos ministerios que no tienen representación acá en Puntarenas, entonces muchas veces hay que trasladarse a San José. Por eso decimos que "San José es Costa Rica", porque muchos de los servicios que uno necesita están en San José.... Por eso muchas veces las empresas han visto más fácil instalarse en la Meseta Central, donde tienen todas las facilidades (6:12).

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(4) Algunas municipalidades chocan con el gobierno central y entonces lo que obtienen es que no les ayuden, que no les den dinero y entonces pasan cuatro años sin recibir dinero (2:7-8).

(5) [La cuestión del basurero fue un ejemplo de centralización] son decisiones que se toman en San José. Vea el caso que el mayor puerto pesquero de Costa Rica es Puntarenas, y las políticas pesqueras se dictaban desde San José (2:7).

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(6) Este es el problema latinoamericano. El caso de Costa Rica no difiere del de Guatemala, Perú, Argentina, Nicaragua, Chile. La gente de la provincia siempre es marginada por los gobiernos (12:4).

(7) El poder siempre se va a mantener en el Valle Central, la periferia va a seguir recibiendo a cuenta gotas los beneficios que recibe el Valle Central (2:7).

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(8) Esto es un círculo vicioso porque estas zonas al estar poco desarrolladas en relación a la Meseta Central, y con los problemas económicos que tiene el gobierno, es difícil trasladar recursos a esta zona cuando en la actualidad lo requiere muy poco, porque hay poca demanda de esos servicios.... Pero a la vez muchos de esos servicios a la larga ayudarían, porque muchas empresas se podrían instalar (6:12).

(9) Puntarenas ha sido la última región a la que han llegado las universidades del país a instalarse. Las universidades nacen en el Valle Central: Cartago, Alajuela, San José y Heredia. La periferia del país es Guanacaste, Limón y Puntarenas. Dentro de esa periferia las universidades llegaron en último lugar a Puntarenas (2:6-7).