Negative side effects: decentralization and the potential for democratic instability in Costa Rica

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Decentralization and state reform are generally seen, at least by proponents, as catalysts for rectifying perceived shortcomings in the economic and political systems to which such reforms are applied. On the economic side, decentralization tends to be incorporated into a broader framework of state reform that is informed by the market-oriented critique of traditional statist development models. Fiscal decentralization, wherein the central government transfers both substantial spending and taxing authority to subnational entities, is designed to achieve the archetypal market goals of efficiency, rationalization and discipline. (See, Artana & López Murphy 1994; Dillinger 1994) In the political realm, decentralization is seen in the larger context of democratization where it is seen as playing a key role in enhancing participation, responsiveness and accountability. (See, Abers 1996; Blair 2000; Campbell 1993; Faguet 2001)

It is precisely because decentralization was associated with such ‘virtuous’ effects that it came to be seen in Latin America as the best, if not the only, solution to systemic economic and political crises of the 1980s and 1990s. The catastrophic economic declines of ‘la década perdida’ and the hemispheric transitions away from authoritarian rule combined to create a widespread decentralizing impulse throughout region. The speed and scope of the reforms ultimately undertaken, of course, varied widely across countries. To a certain extent, this variation was linked to the depth and nature of the specific crisis each nation was experiencing. Decentralization reforms driven more by political motives, for example, tended to be concentrated in countries where democracy was either newly minted (e.g., Guatemala, El Salvador) or in serious disrepair (e.g., Colombia). By contrast, countries which did not experience profound crises tended to be much slower and more limited in approaching reform. Costa Rica is one such country. While the nation’s economy suffered sustained and serious declines throughout the 1980s and 1990s, it did not experience the disastrous freefall that befell some of its Latin American neighbors. And though the political system was battered to a certain extent, particularly in relation to the military conflicts that engulfed Central America in the 1980s, its long-standing democracy was never in danger. Because of this, and because Costa Rica has historically been one of the most highly centralized countries in the hemisphere, it is not surprising that decentralization has only relatively recently, and somewhat reluctantly, been taken up seriously by political leaders. As elsewhere, many of the arguments in favor of reform concentrate primarily on the aforementioned economic benefits that are predicted to accrue from decentralization.

This paper, however, will concentrate primarily on the political aspects of decentralization, focusing attention on potential consequences of the process which could act to undermine, rather than bolster, Costa Rican democracy. Specifically, I will examine the prospects for four possible negative side effects of the ongoing decentralization process: party system fragmentation; reinforced or mutated clientelism; inter-municipal conflict and polarization; and local government instability. I begin with a brief overview of the current status of decentralization reform in Costa Rica.

Decentralization in Costa Rica

Numerous analysts of intergovernmental relations in Costa Rica have argued that the centralist tradition in that country is among the strongest in Latin America. Efforts to move away from this tradition over the
past 25 years can be almost uniformly characterized as tepid, disjointed and ultimately futile. There seems to be broad agreement among observers that such failures can be attributed primarily to the staunch resistance of central political leaders and functionaries. Even as decentralization became de rigueur in international circles, the commitment of the Costa Rican political class to reform was almost exclusively rhetorical. The decentralization discourse was characterized primarily by ambiguity, as Rivera notes:

…on the one hand, in their verbal and written statements [central political leaders] would affirm their support for decentralization and strengthening municipal government while in institutional practice they acted to strengthen the classical centralist model….One is left with the impression that [these leaders] are in agreement with decentralization in any form that does not touch centralism. (Rivera 1998, pp. 22-3)

During the latter part of the 1990s, though, mounting internal and external pressures succeeding in prodding an apparently reluctant political leadership toward meaningful reform. Domestically, these pressures arose from lingering economic stagnation and rising popular discontent while internationally they grew out of stepped up demands for change by multilateral lending agencies and donor nations.

Some of the key elements of the decentralization process which have already been enacted include the Ley del Impuesto sobre Bienes Inmuebles (1996), the restructuring of the Instituto de Fomento y Asesoria Municipal (1998), the promulgation of a new Código Municipal (1998),and the Ley de Control de Partidas Específicas con Cargo al Presupuesto Nacional (1998). At least three other very significant components of the process are still on the table. Two of these (the Proyecto de Ley ‘Transferencia de Competencias y Fortalecimiento de los Gobiernos Locales’ and reform of Article 170 of the Constitution) are legally complementary and will almost certainly go into effect in 2002. The first deals explicitly with the transfer of functional responsibilities to local governments while the second mandates incremental increases in municipalities’ share of the national budget.

The third proposal’s future is considerably less clear. In February 2001, the Tribunal Supremo de Elecciones (TSE) submitted a package of proposed reforms that would significantly alter the country’s electoral system to the National Assembly. Among the changes included in the proposal were a shift from closed party list ballots to open preferential voting, a relaxation of the registration requirements for new parties, and a clause that would allow independent (i.e., non-party) groups to field candidates at the local level. Not surprisingly, legislators from the two dominant parties, Liberacion Nacional (PLN) and Unidad Social Cristiana (PUSC), responded with near apoplexy. Ovidio Pacheco, a PUSC deputy and member of the Electoral Reform Commission, said of the proposal, ‘It is totally unjust and irrational. It’s not designed to give representation to the minority parties but to take it away from the majority parties.’ (La Nacion 16/02/01)

Obviously, many of the details of the overall reform remain to be specified. Generally speaking, the functional and fiscal components of decentralization reflect similar initiatives elsewhere, with a gradual devolution of responsibilities, authorities and resources from the national government to municipalities. In the area of political decentralization, there are a number of significant changes, primarily embodied in the new Código Municipal, which could result in a fundamental redefinition of both center-local and constituent-representative relations. Among the reforms are:

♦ Creation of Directly Elected Alcalde and Consejos de Distrito: under the pre-1998 system, citizens were only allowed to vote for municipal council members (regidores), who then selected a municipal executive. In the 1998 elections, the post of municipal executive was replaced with that of alcalde and beginning in the 2002 contests, this office will be filled through direct election, as will every other non-civil service municipal position including members of the likewise newly
created *Consejos de Distrito*. The *Consejos* are sub-municipal entities designed primarily to facilitate the identification and communication of district level priorities to the municipal government.

- **Plebiscite, referendum and ‘cabildo’:** several new modes of direct participation have been introduced in the reformed municipal code, including plebiscites (where citizens vote on issues transcending the municipality or on the recall of the *alcalde*), referenda (where voters are asked to approve changes in municipal regulations or practices) and ‘*cabildos*’ (open meetings of the municipal and district councils designed to solicit public comment).

- **Staggered elections:** elections for local officials will no longer be held simultaneously with national elections, but roughly ten months later during the same year in a four-year cycle. Though empirical research suggests that turnout tends to be lower in ‘strictly local’ elections, some observers suggest that disconnecting the national from local races helps focus attention on municipal level issues, which tend to be obscured in national level campaigns.

While these and other political reforms have an inherent potential to effect important changes, when viewed in the broader context of both current conditions in Costa Rica and the larger decentralization process, the significance of this potential becomes more readily apparent. Unfortunately, it also becomes evident that the changes wrought by decentralization may not be as ‘virtuous’ as reformers had hoped.

**Current Conditions: Context as Predictor**

Even the most ardent proponents of decentralization generally recognize that such reforms are not a panacea for a nation’s historically accumulated social and political ills. Likewise, they tend to see the ‘virtuous cycle’ associated with the process as yielding fruit in the medium-term rather than overnight. Nonetheless, a central assumption among decentralization advocates tends to be that the design and, to a somewhat lesser extent, implementation of the reform package are the principal determinants of eventual success. Put differently, when decentralization initiatives fail to produce the anticipated benefits or result in negative unintended consequences, the first tendency among policymakers and analysts alike is to look for flaws in the original design. To be sure, a good many reform packages are indeed poorly crafted and ill-conceived, the product of political exigencies and dealmaking rather than deliberative and informed policy design. Yet while post-hoc autopsies of decentralization failures can occasionally yield insights that aid in policy architecture, they provide little guidance for those seeking to predict the consequences of a given reform package (flawed or otherwise) prior to its implementation.

Evaluating the prospects for reform success involves more than assuming that a properly designed policy package will inexorably deliver the ancillary benefits associated with decentralization. The most frequently overlooked factors that could help policymakers and analysts gauge such prospects all relate to the context into which the policy shifts are being introduced. What follows is a discussion of what I see as three key variables in this regard: existing sociopolitical realities, the dynamic of the reform process, and the timing/sequencing of the proposed reforms.

**Constructing Local Legitimacy: How High Is The Hurdle?**

Obviously, any project which aims to deepen democratic legitimacy is situated in and fundamentally shaped by a prevailing social reality. The challenges associated with Costa Rica’s reform process are in many ways different than those facing many other Latin American reformers. Legitimacy gains stemming from decentralization which might be considered substantial in countries where democratic governance has either been historically absent or has been subject to authoritarian interruption, would
likely be perceived as marginal in Costa Rica’s long-consolidated (if highly centralized) democracy. In this sense, decentralization in Costa Rica aims not to introduce legitimacy into a system which had little or none before, but rather to redefine existing structures of legitimacy.

To a certain extent, then, Costa Rica has initiated its reform process from an advantageous position: it is an established democracy with a strong participatory tradition and relatively high levels of system legitimacy. Yet while Costa Ricans continue to lend strong support to democratic principles in a broad, systemic sense, this does not translate to the local level. In fact, legitimacy and/or support at the municipal level is probably as weak or weaker than system-level legitimacy in newly inaugurated democracies. In essence, then, the challenge is to construct and legitimate local democracy in an environment where it has virtually never existed.

The depth of the ‘legitimacy vacuum’ at the local level in Costa Rica is substantial, as indicated clearly by the data obtained in a recent study conducted under the auspices of the *Estado de la Nación* project. William Brenes and René Matorrel conducted both random sample surveys of the general population and elite interviews in seven municipalities representing a normal range of developmental strata. (Brenes & Matorrel 2000) What they found is that among both local officials and the population at large, municipal government is widely seen as unaccountable, corrupt and incompetent.

- **Satisfaction/Accountability**: Does the municipal government…(agree/strongly agree)
  - inform the community about how resources are being used: 9.7%
  - consult citizens about important decisions: 15.6%
  - attend to important community needs: 26.9%
  - organize citizens to participate in community affairs: 22.6%

- **Trust**: Municipal officials are generally honest. (agree/strongly agree)
  - Citizens: 40.6%
  - Local officials/Community leaders: 26.4%

- **Confidence**: If it was possible for the municipal government to administer the education budget for this community, would you be in favor of this? (agree/strongly agree)
  - Citizens: 35.8%
  - Local officials/Community leaders: 36.4%

- **Legitimacy**: The municipality is the government of your community. (agree/strongly agree)
  - Citizens: 57.6%

This paucity of trust, confidence and support for municipal government among both general public and elite is hardly surprising given the scope and duration of the centralist tradition in Costa Rica. Neither is yet another indicator of how greatly that tradition has warped the lens through which citizens view their relationship to the state. Asked whether elected officials at various levels were accountable (‘*sí rinde cuentas*’) to the people, 31% said the president was accountable, while only 7% said *alcaldes* were. (*Estado de la Nación* 1999) Of course, it is precisely this sort of imbalance that decentralization is designed to remedy. But how local officials are expected to repair, or more accurately construct, a democratic relationship with a constituency so jaded and skeptical while simultaneously re-defining their identity, function and role within the state apparatus remains difficult to predict.

*Process Dynamics: Grass Roots Or ‘Continuation Of Centralism By Other Means’*
A second key contextual factor relates to the nature of the decentralization process. There is a rather ironic and unfortunate reality reflected in the general Latin American decentralization experience: though one of the central goals of the reforms is democratization, rarely if ever has the deepening of democracy been the primary stimulus of decentralization. Rather, in the vast majority of cases, the process has been initiated in response to prolonged systemic crisis, usually economic, occasionally political, is often accompanied by strong external pressure, and is nearly always top-down rather than bottom-up. What we tend to see, then, is a process that is center-driven and designed in consultation with (or some would say, at the behest of) actors who are not, ultimately, stakeholders in the outcome, such as NGOs, donor states and international lending agencies. Both the presumed beneficiaries (constituents) and operators (local officials) of the new system tend to play a marginal role at best in crafting it. Costa Rica is no exception in this regard.

Decentralization in Costa Rica is largely, if not exclusively, a top-down process implemented by the center rather than in response to a vision emanating from the local level itself. As a result, the reforms themselves tend to be viewed by municipal authorities more as a mandate being ‘imposed’ by the center than as a collaborative redefinition of the local-national relationship. Worse yet, there is little understanding among municipal officials of what exactly the very concept means. According to Rivera, for such functionaries, “[decentralization] is a ‘noise’ generated from beyond the localities and from the heart of the Center…the discourse of intermediaries (bureaucrats, technocrats), generally divergent and never well-structured, produces a cacophony which only increases the level of confusion in the political environment where local council members and municipal employees operate.” (Rivera 1999, p. 16)

In a wide-ranging series of interviews with local officials, Rivera finds startling levels of misinterpretation, misunderstanding and basic unawareness regarding both the concept and reality of the decentralization process in Costa Rica. Not only do virtually all of his interviewees lack a basic understanding of what decentralization means, many are also largely ignorant of the substantive reforms as both proposed and even enacted. For example, only 35% of municipal executives and 42% of regidores knew about the law creating a new level of local government, the Consejo de Distrito; more than a fifth of municipal executives (22%) were unaware of the proposal (later enacted) to make their office an elected post; and an astonishing percentage of both executives (93%) and regidores (86%) had no knowledge of the comprehensive decentralization law (‘Ley Orgánica para la Descentralización Territorial’) under consideration by the National Assembly. (Rivera 1998, pp. 112-3)

Rivera attributes this lack of awareness not to the apathy or ineptitude of local officials, but to what he calls the, ‘centralization of information’ relating to the reform process. According to him, ‘It is indisputable that the diputados do not fulfill the role of a transmission mechanism linking the Assembly to the communities; on the contrary, there is an absolute separation between the representatives and the represented. This is clearly observable in the case of initiatives dealing with decentralization and municipal reform: generally, the groups, sectors or collectivities with whom such a proposal would deal only learn of its existence after it has been approved and, if it is rejected, many times never know it existed at all.’ (Rivera 1998, p. 111)

Reform Timing & Sequence: Patience Is A Virtue, Not A Given

The final key contextual variable is the timing and sequence of the reform implementation. Essentially, what matters here is the ‘what’ and ‘when’ of decentralization: what functions, finances and capacity
will be transferred to municipalities and in what order and time frame. There is broad recognition among policymakers and analysts alike that even the most carefully crafted reforms are likely to fail if they are implemented without equally careful attention to the temporal relationships between resources, responsibilities, and abilities. In Latin America, this recognition has come only after some notable failures related to the sequencing of reform, as Burki, Perry and Dillinger note:

The recent history of decentralization in Latin America has been plagued by a lack of synchronization. Countries have failed to synchronize the decentralization of functions with the decentralization of revenues. In Brazil, for example, federal transfers to municipios doubled, while their expenditure responsibilities remain undefined. ...in Colombia, the central government committed itself in 1999 to transfer 22 percent of central government revenues by 2002, without defining the responsibilities that would be correspondingly devolved. The opposite has also occurred. In Argentina, the federal government transferred its remaining secondary school and health programs to the provinces. While the federal government guaranteed a compensatory payment, the payment was financed not by the federal treasury, but from the provinces’ own share of participaciones. (Burki, Perry & Dillinger 1999, p. 33)

Unfortunately, the process of decentralization in Costa Rica does not appear to have taken such hard-learned lessons into account. To be sure, the details of the reforms to be enacted remain ill-defined, and the question of timing or sequencing is vaguer still. What is clear, though, is that local governments will be called upon to perform an increasing array of functions now carried out by central authorities. As of this writing, then, it appears that in the short to medium term, the bulk of what the Costa Rican central government will ‘give’ to municipalities is responsibility. Again, I hasten to add that many of the specifics are still being worked out. Nonetheless, one piece of legislation already enacted and scheduled for implementation next year gives both a clearer picture of the likely timing of reforms and a cause for concern.

On July 3, 2001, amid great fanfare, President Miguel Angel Rodriguez signed into law an amendment to Article 170 of the Costa Rican Constitution. The new clause mandates that 10% of the national budget be transferred directly to municipal governments, a substantial increase over the approximately 1% that localities have historically received. On the face of it, this appears to be a significant step toward realizing greater local autonomy, at least in the area of spending. Yet serious contradictions or flaws relating to the timing of and criteria for the new transfers become evident upon close inspection of Article 170 and its companion legislation, the Ley de ‘Transferencia de Competencias y Fortalecimiento de los Gobiernos Locales’ (In order for either bill to take full effect, the other must be approved as well.)

First, it will be a relatively long time before the municipalities begin receiving the full amount of their new-found ‘bounty.’ The plan calls for a phasing in of the 10% figure at the rate of 1.5% per fiscal year. Given that the reformed Article 170 will not enter into effect for at least one and perhaps two more years, it will be a minimum of eight years before local governments will receive one-tenth of the national budget. Second, the allocation criteria and mechanisms spelled out in the Ley de Transferencia could conceivably be interpreted as making it all but impossible for many local governments to receive the augmented funding. For example, one of the ‘guiding principles’ outlined in the bill indicates that devolution of functional responsibilities will take place only when a given municipality has demonstrated (to whom is not clear) its ability to perform such a task:

Article 5- Principio de Selectividad y Proporcionalidad: For the transfer of functions to the municipalities, their capacity for effective management, which will be determined according to a
procedure based on objective criteria, will be taken into account.

Yet later, in the section outlining the annual budgetary increases, there is a clause which seems to indicate that no additional funding will be forthcoming until these new functions have already been assumed:

*Article 27-Transitorio Segundo* [the Budget office will annually allocate an additional 1.5% of the national budget for local governments]… as long as the municipalities have assumed functional responsibilities in effective form equivalent to such allocations of resources.

Thus, evidently, no functions will be transferred until capacity is demonstrated, and no finances will be transferred until functions have been assumed. Indeed, in the prologue the bill notes explicitly, ‘…the fact that a national function is transferred to a municipality that has demonstrated the capacity to assume it does not mean that the rest of the municipalities have the right to demand the transfer of the same function.’ (‘Exposicíon de Motivos’) If this is an accurate reading of the reform’s intent, it would appear to entail a sequencing of decentralization that is deeply flawed. It is widely recognized in the literature that the most frequently used argument by those opposed to decentralization, namely that local governments lack the capacity to effectively manage new responsibilities and resources, is spurious at best. More practically, it begs the question: How is a local government which has neither meaningful authority nor resources supposed to acquire capacity?

The reforms in Costa Rica appear to be the product of a historic centralist paradigm that is unable to conceptualize local government as a partner rather than a subject. As a report issued by the Instituto de Fomento y Asesoría Municipal (IFAM) notes,

For a long time, [central authorities] have asked, ‘Are the municipalities prepared to assume [new functions]? These same technocrats in charge responded with a resounding no. But in a process of decentralization the proper question to ask is, ‘What should be done, what authorities, capacities and resources should be transferred to the municipalities with the object of making them technically able to assume such functions?’ (Cañas Pinto 2000, p. 5)

As currently conceived, then, the reform sequence is likely to produce political consequences which will be differential in nature but equally problematic in impact. For the largest municipalities, there is already a reasonably well-developed reserve of capacity, which should enable them to assume many if not all of the panoply of functions slated to be transferred. Yet the almost glacial pace at which these cities’ budgets will increase creates a distinct potential for rising cynicism and dissatisfaction on the part of constituents. In effect, popular support for and trust in municipal government will probably have decayed substantially by the time the municipalities acquire the financial resources necessary to carry out their newly assumed mandates. For the smaller towns, which constitute the large majority of Costa Rica’s 81 municipalities, the problem may be even more acute. More than a quarter (21) of all local governments in Costa Rica do not have a single employee with any university training, while the capital San José has 110. Given that the vast majority of responsibilities scheduled to be decentralized (e.g., education, health care, roads, water treatment, etc.) require a not insignificant level of technical expertise and that such expertise is not necessarily transferable across functional areas, it is apparent that a great many localities will be quite simply left behind.

**Potential for Negative Side Effects**

Given the contextual problems framing the Costa Rican decentralization process, it is all too easy to
envision scenarios in which such reforms ultimately weaken rather than strengthen one of the region’s more enduring democracies. In this section I will explore four such scenarios: party system fragmentation; reinforced or mutated clientelism; inter-municipal conflict and polarization; and local government instability.

Party System Fragmentation

One potential problem area in the Costa Rican case is the possibility that decentralization will not produce a more vigorous and responsive political party system, but will instead lead to fragmentation and instability. One of the positive aspects of a hegemonic two-party system is the stabilizing effect produced by the ‘pragmatism’ characteristic of such systems. While this stability is undoubtedly purchased at the cost of stifling popular demands, it nonetheless tends to produce a degree of responsibility (if not responsiveness) on the part of politicians. One virtue of such systems is that they not only tend to enforce a moderating influence on the governing party but on the opposition as well.

For the governing party, the general preference for caution and incrementalism in policy making stems from the recognition that sweeping change is both difficult to achieve and highly risky. Proposals for fundamental change tend to simultaneously threaten governing party unity and galvanize the opposition. Likewise, while such initiatives carry with them attractive potential political dividends (in terms of popular support by policy beneficiaries), they also contain substantial latent risks. As a rule, opponents of change become energized and vocal much more quickly than potential supporters, legislation stalls and/or is diluted to the point of meaninglessness. In short, then, the short-term perspective so common to politicians everywhere leads them to exaggerate the potential costs of failure and underestimate the potential benefits of success.

Opposition parties in stable two-party systems are also governed by a moderating impulse, for while they must maintain a critical, even moderately obstructionist, stance vis-à-vis the government, they also have a vested interest in cooperating with their opponents in maintaining the status quo from which they both benefit. Thus, while they are vigorous in seeking to curb initiatives of the governing party, they are also reticent to elaborate bold or fundamental alternative policy visions. The extraordinarily cyclical nature of alternation in power that has characterized Costa Rican politics for the last 50 years has only served to amplify this tendency.

Of course, to reiterate, the stability engendered by such systems is, to a certain extent, purchased at the cost of greater representativeness. Highly centripetal systems tend to have two serious flaws. First, they strictly circumscribe the arena of policy debate, which can effectively marginalize a significant portion of the electorate. Over time, this can generate potentially dangerous undercurrents of discontent and eventually delegitimization. Second, related to the first, such systems are generally ill-equipped to deal with social, political or economic crises that require bold or innovative responses.

Stable multiparty systems, by contrast, tend to exhibit a higher degree of flexibility, both in terms of adapting to new demands or constituencies and in responding to systemic shocks. Unfortunately, the transition from a two-party to a multi-party system is rarely a smooth one. The example of Uruguay is a case in point. The emergence of the Frente Amplio as a viable challenger to the historic Colorado-Blanco hegemony, and ultimately the consolidation of a stable multiparty system, only took place in the aftermath of the authoritarian interlude of the 1970s-80s. More recently, Mexico appears to be moving toward a consolidated tripartite system, though the transition there was not from a stable two-party democracy but from a one-party system whose democratic credentials were dubious.
The much more common trajectory in situations of bipartite decomposition involves fragmentation of the party system resulting in immobilism at best, and uncontrollable centrifugal dynamics at worst. Worse yet, in the context of decentralization, is the fact that while there are certain factors inherent to highly centralized national level party systems that can curb fragmentation (e.g., high entry costs, communication barriers, etc.), such constraints are much weaker at the local or regional level. It is simply much easier for ‘flash’, populist or personalist parties to get a foothold in smaller constituencies, particularly those with highly focused and particularized demands and grievances, than it is at the national level. To be sure, it is not at all likely that a breakdown of the PUSC-PLN hegemony in Costa Rica would produce a rapid disintegration of the party system and, by extension, the democratic system in the short or even medium term. It could well, however, result in a sort of creeping dysfunctionality within the political class which would leave the system increasingly vulnerable to internal and external shocks.

Over the last decade, there appears to be a distinct trend toward the decomposition of hegemonic control by the two major political parties in Costa Rica, the PUSC and the PLN. It seems highly likely that the process of decentralization will reinforce and perhaps accelerate this trend. The number of parties running candidates at the national (president), provincial (diputado) and municipal (regidor) level rose from 7 in 1994 to 13 in the most recent elections of 1998. More interesting, and perhaps more alarming in light of the arguments made above, has been the rapid growth of parties competing exclusively at the provincial or cantonal (municipal) level. In 1998, there were a total of nine provincial level and eight cantonal level parties competing. For the upcoming 2002 contests, there are 16 national, 9 provincial, and 20 cantonal parties formally registered with the Tribunal Supremo de Elecciones with an additional half dozen or so still awaiting inscription. This means that at a minimum there will be a total of 45 separate parties fielding candidates in 2002, a 50% increase over the 30 parties competing in 1998.

Recent opinion data clearly reflects the significant headway that opposition parties are making, particularly at the local level. A January 2001 poll, for example, found not only that Costa Ricans are seriously considering lending support to ‘minority’ parties in the upcoming 2002 elections, but also that this potential support grows substantially as one moves from national to local offices. Of those polled, 52% said they would consider voting for a minor party candidate for president, 66% for diputado, and nearly three-fourths, 72%, for municipal office.

While this rapid growth in alternatives to the dominant parties is certainly broadening the option set for voters, it may also be cause for concern. Regrettably, evidence of both the speed with which seemingly stable party systems can disintegrate and the deleterious consequences for democracy stemming from this process is all too available in Latin America. While there are many factors responsible for the collapse of some of the more venerable ‘partidocracias’ in the region, there are at least some indications that decentralization has accelerated, if not caused, the process. In Venezuela, for example, the two major parties which had dominated politics for most of its democratic history have suffered staggering electoral losses since the introduction of significant decentralization reforms in 1989. In that year, AD and COPEI captured a combined total of 17 of 20 governorships. A little more than a decade later, they only managed to win a total of three out of 23 governorships.

Rapid fragmentation of previously coherent party systems can not only have a dangerous destabilizing effect on governability, but can also result in devastating declines in political participation, particularly electoral participation. In Venezuela, for example, the collapse of the two-party dominant system noted above was accompanied by a truly alarming rise in voter abstention. In a span of little more than a decade, between 1988 and 2000, voter turnout dropped from 82% to 57% in presidential elections (-
25%), and from 82% to 55% in congressional elections (-27%).

The apparently growing willingness of Costa Ricans to look beyond the dominant parties for solutions to the country’s problems is almost certainly driven in part by the rising perception that these parties are neither willing nor able to produce such solutions. Mounting frustration with the traditional political class has already produced two noticeable trends: electoral gains by emerging parties and decreasing voter turnout. Between 1990 and 1998, the total percent of the vote captured by ‘minority’ or emerging parties more than doubled at the legislative (diputado) and local (regidor) level, from roughly 10% to 23%. These parties even made gains at the presidential level, increasing their vote share from 1% in 1990 to 8% in 1998. These most recent elections also saw the most dramatic decline in voter turnout in Costa Rica’s democratic history. The rate of abstention, which had been virtually unchanged for more than 30 years, jumped by more than 10% to reach 30.1% in the span of a single electoral cycle (1994-1998). In one province, Limon, it actually reached 40%. If early projections based on opinion polls hold up, the rising tide of abstentionism appears ready to continue during the next elections.

Reinforced or Mutated Clientelism

It is almost certain that the historical pattern of political recruitment by the major parties will be fundamentally altered as a consequence of the reforms. The convergence of a number of factors will make the prevailing hyper-centralized practice of local candidate selection politically inviable. Among these are the decoupling of local and national elections, the shift from an appointed to a popularly elected alcalde, and the increasingly vigorous competition from emerging parties noted earlier. After years of what Rivera calls the ‘malnutrition’ of political life at the local level, the hegemonic parties will be facing a serious challenge when they attempt to recruit competent and competitive candidates for municipal office. (Rivera 1999, p. 26)

The shifting balance of power that results, wherein such viable local candidates obtain a degree of leverage relative to the central party apparatus, may well produce results that run counter to the democratizing vision of decentralization advocates. Specifically, instead of a withering away of the long-standing system of clientelism that reformers expect, we may see a mutation of that system into something that could be called a parallel clientelistic structure. In this scenario, rather than disappearing as decentralization proponents had hoped, the centralized clientelist structure remains basically intact but is supplemented by a parallel network (or series of networks) operant at the local level. As the political class begins to bifurcate into those who circulate primarily or exclusively within the municipal orbit and those who operate (or seek to operate) at the national level, conditions will become conducive to the emergence of a new species of patron with control over local sources of patronage. Given that the new municipal budgeting scheme largely removes discretionary allocation authority from the hands of national legislators, these new patrones locales could realize a fairly high degree of autonomy from centralized control.

Still, it is important to note that even after the reforms are fully implemented, the vast majority of budgetary decisions (90%) will remain in the hands of the central government. While this may stem the emergence of a parallel clientelist structure, it is unlikely to fundamentally alter the prevailing centralized clientelist network but may instead reinforce it. Thus, though local officials will come to control (and be held accountable for) basic municipal functions, the sorts of large-scale expenditure decisions (e.g., infrastructure, social programs, etc.) which generate more lucrative sources of patronage will continue to be made at the national level. In effect, in this scenario we would see a simple grafting of an additional layer to the existing clientelist network as previously ‘irrelevant’ local functionaries acquire control of a slice of the patronage pie.
In either the parallel or expanded scenario, though, the long-standing patterns of patron-client relations will deepen rather than wane. What is more, the resulting disarticulation arising from the ‘clientelistic colonization’ of the local sphere will have an asymmetrical impact along both socioeconomic and geographic lines. Those social sectors with sufficient resources will be able to negotiate across both local and national networks, while those at the base will be largely restricted to pressing demands at the municipal level owing to differential mobilizational and resource capacities. The net result will be further polarization along socioeconomic lines, a process paralleled across geographic lines as a result of the next potential consequence.

**Inter-municipal Conflict & Polarization**

Just as decentralization will facilitate effective demand articulation for some social groups while hindering it for others, so too will certain municipalities be better positioned to benefit from the new ‘rules of the game’ than others. Those municipios which are larger, urbanized and more economically developed almost by definition have a greater capacity (in terms of both human resources and political capital) for accessing the national budgetary process than their smaller, rural counterparts. This distortion is likely to be aggravated by a provision in the reforms that, ironically, was designed to give communities a more direct role in both defining local priorities and securing funding for these projects. Historically, one of the more significant sources of patronage for diputados has been the so-called ‘partidas específicas’ which are used to fund designated projects in specific constituencies. While the partidas específicas appear to account for a fairly negligible percentage of overall central government spending, representing an average of 1.8% of all expenditures between 1974-1990, it is important to recall that the percent of the national budget transferred to all municipalities is only slightly higher. In 1999, for example, municipal spending only accounted for 3% of total government spending. The extent to which the two hegemonic parties exploited this funding mechanism for political advantage is truly impressive. As a matter of course, the funds were distributed more or less exclusively among ruling party legislators who in turn doled them out along purely clientelistic lines. One study found that diputados from the governing party accounted for an average of 97% of all such expenditures, while the major opposition party and minor parties were left with the remainder. (Carey 1998)

As part of the overall process of decentralization reform, significant changes were introduced relating to the allocation of the partidas específicas in 1998 with the passage of Ley 7755 (‘Control de Partidas Específicas con Cargo al Presupuesto Nacional’). Under the new system, these funds were to be assigned on the basis of locally initiated requests submitted by individual Consejos de Distrito following popular consultation at the district level. The intent of the new legislation is clearly consistent with decentralization’s democratizing agenda, that is to say, it is designed to give citizens the ability to define local priorities and the means to address these needs. In practice, however, the capacity deficit which prevails in many (perhaps most) Costa Rican municipal governments will make it exceedingly difficult to meet the technical requisites of the request process. The enormous disparities in terms of capacity which exist across municipalities and regions in Costa Rica are evident in any number of indicators. For example, in 1998 there were a total of 438 municipal employees with a university degree in Costa Rica. As noted earlier, more than 25% (110) of these were concentrated in the capital city of San José, while more than a quarter of the country’s 81 municipalities had no university trained personnel. All told, in terms of both total employees and university trained employees, the Central Valley province of San José accounted for more than the remaining six provinces combined, even though it represents a little more than a third of the nation’s total population. It seems reasonable to assume, then, that the partidas específicas will disproportionately flow toward the larger urban areas of the Central Valley.
Governability

Because many of the reforms associated with the decentralization process in Costa Rica have yet to be fully implemented, most of the potential problems arising from them remain simply possibilities. The final problem, however, may already have begun to manifest itself. There seems to be a very distinct prospect that one of the first crises facing newly empowered and endowed municipalities is that of governability. The combination of increasing inter-party conflict and rising constituent expectations promises to significantly raise the stakes in local politics, with the alcalde squarely in the middle.

Contentious city councils, insufficient resources and unrealistic voter expectations have, in fact, already produced a strikingly high turnover rate among Costa Rica’s first generation of alcaldes. In the first two and a half years since the creation of the office, more than 45% of the municipios experienced some form of turnover in that post. A total of 40 alcaldes left office during that period, 16 of them resigned while 24 were removed from office by the their respective consejos. In fact, in nine municipios, there have been at least three different alcaldes in 29 months since the posts were created. According to news reports, the turnover is the result of an imbalance between the expectations generated by the reforms on the part of both constituents and regidores and the scant resources available to alcaldes to meet those demands. (La Nación, Jan. 8, 2001) A similar pattern of instability has been seen in Bolivia, where 29% of mayors were forced from office in 1997 and 25% in 1998, following sweeping decentralization reforms in 1994. (Grindle 2000, p. 133) This high rate of turnover is all the more striking because Bolivia has a ‘constructive censure’ clause requiring the designation of a successor prior to the removal of a sitting mayor, something the new Costa Rican Código Municipal does not provide for.

Conclusion

I have attempted in this paper to explore the potentially negative consequences of decentralization in Costa Rica. As a result, of course, the picture painted has been a pessimistic and bleak one. There are any number of reasons to believe that the gloomy scenarios outlined herein will not come to pass, foremost among them the resiliency that Costa Rican democracy has demonstrated over more than half a century. Nonetheless, the ongoing experiment in decentralization unfolding in that country, like any experiment, remains riddled with uncertainties. The national political leaders who are crafting the reforms have been reluctant architects at best and the outcome has been a hodgepodge of legislation that reflects the continued sway of the centralist mindset. Those in the front lines of decentralization, current and future municipal functionaries, remain ill-informed and ill-prepared in most cases to fulfill the enormous obligations to their constituents that will accompany the devolution of responsibility. And for the overwhelming majority of the Costa Rican people, decentralization appears to remain little more than a buzz-word bandied about by politicians and foreign consultants, a vague promise yet unfulfilled. Whether or not this promise is ultimately realized may depend on the recognition of all these parties that they ignore the dangerous undercurrents of decentralization only at their own peril.
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