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country studies

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Foreword

This volume is one in a continuing series of books prepared by the Federal Research Division of the Library of Congress under the Country Studies/Area Handbook Program sponsored by the Department of the Army. The last two pages of this book list the other published studies.

Most books in the series deal with a particular foreign country, describing and analyzing its political, economic, social, and national security systems and institutions, and examining the interrelationships of those systems and the ways they are shaped by historical and cultural factors. Each study is written by a multidisciplinary team of social scientists. The authors seek to provide a basic understanding of the observed society, striving for a dynamic rather than a static portrayal. Particular attention is devoted to the people who make up the society, their origins, dominant beliefs and values, their common interests and the issues on which they are divided, the nature and extent of their involvement with national institutions, and their attitudes toward each other and toward their social system and political order.

The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

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Preface

Like its predecessors, these studies represent an attempt to treat in a compact and objective manner the dominant contemporary social, political, economic, and military aspects of the Dominican Republic and Haiti. Sources of information included scholarly books, journals, and monographs; official reports of governments and international organizations; numerous periodicals; the authors' previous research and observations; and interviews with individuals who have special competence in Dominican, Haitian, and Latin American affairs. Chapter bibliographies appear at the end of the book; brief comments on sources recommended for further reading appear at the end of each chapter. To the extent possible, place-names conform with the system used by the United States Board on Geographic Names (BGN). Measurements are given in the metric system; a conversion table is provided to assist readers unfamiliar with metric measurements (see table 1, Appendix). A glossary is also included.

Although there are numerous variations, Spanish surnames generally consist of two parts: the patrilineal name followed by the matrilineal one. In the instance of Joaquín Balaguer Ricardo, for example, Balaguer is his father's surname and Ricardo, his mother's maiden name. In nonformal use, the matrilineal name is often dropped. Thus, after the first mention, just Balaguer is used. A minority of individuals use only the patrilineal name.

Creole words used in the text may be presented in forms that are unfamiliar to readers who have done previous research on Haiti. The Creole orthography employed in this volume is that developed by the National Pedagogic Institute (Institut Pédagogique National–IPN), which has been the standard in Haiti since 1978.

The body of the text reflects information available as of December 1999. Certain other portions of the text, however, have been updated: the Introduction discusses significant events that have occurred since the completion of research, the Country Profiles and the tables include updated information as available, and the Bibliography lists recently published sources thought to be particularly helpful to the reader.

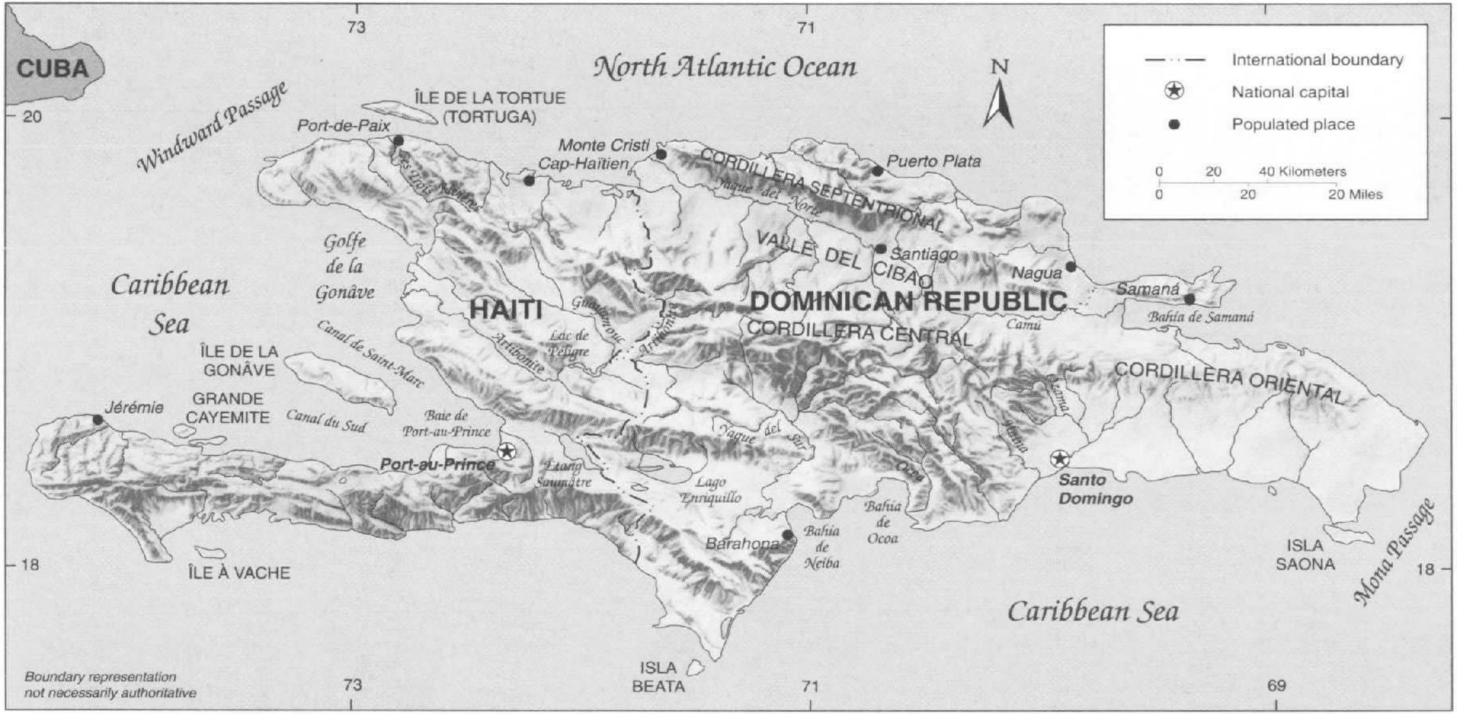


Figure 1. Dominican Republic and Haiti: Topography and Drainage

Introduction

THE HISTORIES OF THE TWO countries on the island of Hispaniola, the Dominican Republic and Haiti, have been inextricably intertwined. However, despite their similarities in some areas, they have important differences. The whole island, the first Spanish settlement in the New World and named Santo Domingo by Christopher Columbus in 1492, experienced decimation of its indigenous Indian, primarily Taino, population as a result of the Indians' treatment by colonial settlers. African slaves were brought to both sides of the island as early as the first part of the sixteenth century to supply the needed labor force for sugar plantations. Spain ruled the entire island until 1697, when, under the Treaty of Ryswick, it ceded the western third of the island, which then became known as Saint-Domingue, to France.

During the eighteenth century, important demographic differences emerged. The population of Santo Domingo grew rapidly as trade reforms occurred, and by 1790 the country had some 100,000 people, roughly equal numbers of whites, free coloreds, and slaves. In contrast, Saint-Domingue, the most prosperous agricultural colony in the Western Hemisphere, had some 30,000 whites, 27,000 freedmen, and 400,000 black slaves. Differences in the economies of the two countries affected the makeup of the population. Santo Domingo engaged primarily in subsistence agriculture, requiring fewer slaves, and Spanish legislation enabled slaves to buy their freedom for relatively small sums. The result was a more egalitarian society than that of Saint-Domingue, which featured a more racially stratified population.

The resultant race-based tensions in Saint-Domingue, combined with the influences of the French Revolution, led to a struggle for independence from France that started in August 1791. The rebellion began as a slave uprising against whites and developed into the Haitian Revolution, headed by such figures as Toussaint Louverture. The uprising ultimately culminated in Haiti's proclamation of independence in 1804. Meanwhile, Spain, which had suffered setbacks on the European continent and was unable to maintain its hold on Santo Domingo, turned the area over to France in a peace treaty in 1795. Toussaint entered Santo Domingo in January 1801 and abolished slavery; later, however, the French reinstituted slavery in the area under their control in the east. The return of Spanish landowners to Santo Domingo in the early 1800s and the blockade by the British of the port of Santo Domingo led to the final departure of the French in 1809 and the return of Spanish rule. This rule was short-lived, however, because Jean-Pierre Boyer, as president of now independent Haiti, invaded Santo Domingo in 1822, and Haiti occupied the country for twenty-two years.

Subsequent Dominican leaders have revived memories of Haiti's harsh treatment of the inhabitants during its occupation of Santo Domingo, fueling Dominican dislike of Haitians. Moreover, during the occupation, Haitians, who associated the Roman Catholic Church with their colonial oppressors, confiscated Dominican Roman Catholic churches and property and severed the church's connection to the Vatican. Such historical experience caused Dominicans to see themselves as culturally and religiously different from Haitians and promoted a desire for independence. Building on this sentiment, Juan Pablo Duarte founded in 1838 a secret movement whose motto was "God, Country, and Liberty," defining Dominican nationality in religious and Hispanic terms. The overthrow of Boyer in the Haitian Revolution of 1843 further helped activate the Dominican struggle for independence, which occurred in February 1844.

Independence, however, did not bring either the Dominican Republic or Haiti a democratic central government organization but rather the rule of a series of strong men, or caudillos. Independence was also accompanied by political instability and interspersed with interference and sometimes occupation by one or another of the major powers, including the United States. In addition to taking charge of the finances of both countries on different occasions to ensure that the United States sphere of influence was not invaded by European powers seeking to recover debts that had not been paid, the United States occupied Haiti from 1915 to 1934 and the Dominican Republic from 1916 to 1924. Although strongman rule was accompanied frequently by liberal-sounding constitutions (since 1844 the Dominican Republic has had thirty-two constitutions, while Haiti has had twenty-four constitutions since 1804), such documents were ignored when it was convenient to do so, altered unilaterally, or negated by sham plebiscites. Major instances of such strongman regimes were those of

Rafael Trujillo in the Dominican Republic from 1930 to 1961, and François Duvalier, followed by his son Jean-Claude Duvalier, in Haiti from 1957 to 1986.

Accompanying these political developments was the grinding poverty of the vast majority of the population in both countries, apart from a small wealthy landowning class. Although the Dominican Republic has succeeded in improving its lot, Haiti today is considered by the World Bank (see Glossary) to be the poorest nation in the Western Hemisphere, and extensive malnutrition continues to be a serious concern. Moreover, a 1998 study done under the auspices of the United Nations Population Fund concluded that at an average of 4.8 births per woman, Haiti had the highest birthrate in the Western Hemisphere, double that of Latin America as a whole. Haiti's infant mortality rate of seventy per 1,000 is twice as high as that of the Dominican Republic, and Haiti's gross domestic product (GDP—see Glossary), variously given as between $200 and $400 per person, is less than one-fourth that of the Dominican Republic.

Haiti's high birth rate has put enormous pressure on the land, given the country's small amount of arable land in relation to the size of the population. National data gathered in 1995 revealed that 48 percent of the total land area in Haiti was being cultivated, although only 28 percent of the country's land is suitable for farming. The situation has resulted in serious soil erosion, loss of forest cover, and meager incomes for rural dwellers, who are estimated to represent some 59 percent of the population. Agriculture produces only about 25 percent of gross national product (GNP—see Glossary), yet agricultural work engages about two-thirds of the national labor force.

Haiti's economy has suffered not only from inefficiency and corruption but also from the three-year United Nations (UN) embargo placed on the country following the ouster of the democratically elected government of Jean-Bertrand Aristide (1991–94). To obtain needed funds from the United States and the International Monetary Fund (IMF—see Glossary), Haiti promised in 1994 to make such reforms as privatization and reductions in the size of its civil service. In practice, however, the Haitian administration found it politically unwise to maintain these commitments. Nevertheless, Haiti continues to receive international aid, including World Bank funding for two projects seeking to assist the poorest elements of the population—an Employment Generation Project and a Basic Infrastructure Project designed to improve social services. In addition, the United States Agency for International Development spent more than US$300 million in Haiti over the period from 1994 to 1999, vaccinating people, providing food for school children, improving hillside agriculture to increase farmer income, grafting fruit trees, and repairing roads. In general, however, since the restoration of democratically elected government in 1994, Haiti has experienced political instability and as a consequence, difficulty in attracting foreign investment or tourists.

Progress in the Dominican Republic's economic sphere, albeit more positive than Haiti's, has been uneven. Such sectors as the free-trade zones in which assembly plants are located and tourism are doing relatively well. Growth in tourism has been significant and steady, featuring an increase of 10 percent in 1999 over 1998 and an announcement by the Secretariat of State for Tourism that the number of tourists for the first three months of 2000 represented a 25 percent gain over 1999. Despite this progress, according to the Third National Survey of Household Expenditures and Incomes announced in November 1999, some 21 percent of the Dominican population is estimated to live in extreme poverty, including 33 percent of citizens in rural areas. Most residents of such areas lack access to potable water and some 25 percent lack electricity. Furthermore, a significant part of the population is affected by deficiencies in health care, housing, sanitation, and education. General dissatisfaction over lack of water supply, power outages, insufficient housing construction, and failure to repair roads led to strikes and popular demonstrations in 1999 and early 2000. The aftermath of Hurricane Georges that hit in September 1998 has aggravated the situation. Recovery is as yet incomplete despite international assistance, including the deployment of 3,000 United States Army personnel in 1999 to participate in Operation Caribbean Castle to rebuild destroyed bridges and rural schools.

The economy of the Dominican Republic is strongly affected by the legacy of the country's troubled relationship with Haiti and its people. On the one hand, Haitian workers are needed for Dominican coffee and sugar harvests and for unskilled construction work. On the other hand, the Dominican government institutes regular deportations of Haitians and Dominico-Haitians born in the Dominican Republic. At present, some 2,000 to 3,000 Haitians are deported monthly. In late 1999, 30,000 Haitians were reportedly deported, causing problems for the subsequent coffee harvest, which usually employs some 35,000 Haitian coffeepickers.

Recognizing that Haiti not only constitutes a significant source of the Dominican unskilled work force but also represents a market for Dominican goods, some Dominican leaders have begun to urge that the Dominican Republic join other countries in providing aid to Haiti. In an address to a graduating class of Dominican diplomats in 1999, President Leonel Fernández Reyna stated that the international community needed to promote Haiti's social and economic development. Earlier, in August 1999, the Dominican deputy minister of state for foreign affairs predicted that Haitians would continue their illegal migration to the Dominican Republic until political stability, economic progress, and a more equitable distribution of wealth were achieved in Haiti. However, in January 2000 the Dominican secretary of state for labor announced that no new work permits would be given to Haitians to enter the Dominican Republic to cut sugarcane. Instead, he advised Dominican employers to improve working conditions in the cane fields in order either to induce Haitians already in the Dominican Republic—500,000 Haitians are reportedly in the Dominican Republic—to work there or to attract indigenous Dominican workers. That a sizeable pool of potential Haitian workers exists in the Dominican Republic is suggested by the fact that in late 1999, the Haitian embassy in Santo Domingo issued 44,000 birth certificates to Haitians living in the Dominican Republic. Although the possession of a birth certificate does not give a Haitian legal status in the Dominican Republic, it enables the person to acquire a Haitian passport, which is a prerequisite for obtaining temporary work. Concern over the living conditions of Haitian workers in the Dominican Republic caused a number of Dominicans in the spring of 2000 to organize a peace march through Haiti to promote better conditions for such workers.

Drug trafficking continues to plague both the Dominican Republic and Haiti. Concern over increased smuggling of cocaine and heroin from Colombia through the Dominican Republic and Haiti, to the greater New York area via Puerto Rico and South Florida for East Coast distribution, has resulted in a series of efforts to disrupt the traffic. One is a coordinated plan by the United States and the Dominican Republic to deploy soldiers in cities and military outposts along the 223-

mile Dominican-Haitian border. The new Dominican interagency border patrol unit, which was formed in January 2000, will also act against illegal Haitian immigration and shipments of contraband weapons. In December 1999, the Dominican and Haitian police agreed to cooperate to fight drug trafficking, car theft, money laundering, and illegal immigration along their common border. To these ends, the Dominican Republic is setting up computerized police posts along the frontier. The chief of the United States Coast Guard visited the Dominican Republic in late March 2000 to coordinate implementation of the anti-drug efforts with the Dominican navy and the Secretariat of State for the Armed Forces. To date the various efforts are reportedly proving ineffective against corruption and the increased assault by traffickers on the vulnerable borders and institutions of Hispaniola. With regard to immigration control, in March 1999, the Dominican president and the governor of Puerto Rico met to strengthen measures against illegal Dominican immigration to Puerto Rico and thence to the United States mainland (Dominicans are the largest immigrant group in New York City).

Political instability and corruption have plagued both Haiti and the Dominican Republic. The problem has been particularly severe in Haiti since the end of the Duvalier regime. Following Jean-Claude Duvalier's ouster in 1986, a group of generals, for years Duvalier loyalists, played a major role in the interim government. During elections in November 1987, Duvalierist supporters killed numerous Haitians waiting to vote, causing all the candidates to condemn the interim government. Several fraudulent elections or seizures of power by military figures followed, prior to the election of a Roman Catholic priest, Jean-Bertrand Aristide, in December 1990. Identified with the poor, Aristide represented a threat to the country's establishment and was overthrown by a military coup after being in office less than a year. Following a United Nations-sanctioned, multilateral military intervention, Aristide was restored to office in October 1994. When Aristide's term expired in 1996, he was succeeded by René Préval. A bitter power struggle between Préval and the parliament, however, paralyzed Haiti's government and resulted in total governmental gridlock in 1997 and 1998. In consequence, Haiti again began to experience popular unrest, opposition-incited incidents, and a stagnating economy. In December 1998, Préval's candidate for prime minister, Jacques Édouard Alexis, was confirmed by a sharply divided legislature. In January 1999, Préval dissolved parliament because the electoral terms for most officials had expired, appointed municipal officials as "interim executive agents" of the Ministry of Interior, and began to rule by decree until elections could be held.

Complexities involved in setting up national elections resulted in three postponements from the original November 1998 election date. To facilitate elections, the United States provided $3.5 million in aid for voter registration and allocated an additional $10–15 million toward the estimated election cost of $18.5 million. Haiti contributed a further $9 million.

Haiti's sporadic violence, including shootings and other political disturbances—and the resulting danger to United States personnel—led Marine General Charles E. Wilhelm of the United States Southern Command, in February 1999 closed-door testimony before a subcommittee of the House of Representatives Appropriations Committee, to advocate the withdrawal from Haiti of remaining United States troops. These 500 military personnel, remnants of the 20,000-strong force that went to Haiti during the international intervention of September 1994, had assisted Haiti by providing medical care to the populace, constructing schools, repairing wells, and training police. The last United States forces permanently stationed in Haiti left in February 2000, but periodic training visits of United States military personnel, including the use of armed forces reservists, continue.

A UN mission continues training the Haitian police force. Haitian faith in the rule of law has been severely tested, however, because of police abuses that are exacerbated by a dysfunctional judiciary. Violence can reach alarming levels in Haiti, as it did in the period preceding the May 2000 elections. Human rights activists have pressured former president Aristide to use his stature to denounce the use of violence. To date, Aristide has been unwilling to follow such a course, preferring to take steps behind the scenes as opposed to making public statements.

In May 2000, Haiti held elections for 7,500 posts, including the entire Chamber of Deputies and two-thirds of the Senate as well as numerous municipal offices. Twenty-nine thousand candidates from a wide spectrum of political parties and organizations participated. Several hundred international observers joined a well organized national network of several thousand domestic observers. Voter turnout was at least 60 percent of the

4 million persons eligible. Despite delays, loud complaints from among the losing parties, some incidents, and various apparent irregularities in voting, the elections held on May 21 were termed "credible" by international and domestic observers and by the Organization of American States (OAS) Election Observation Mission.

Although the Lavalas Family, the party of Aristide, apparently gained a substantial election victory at the ballot box, the OAS subsequently discovered a serious error in the method of determining the winners of Senate races as announced by the Provisional Electoral Council. The OAS asked the Council to recalculate the percentage of votes won by all candidates, an action that could force several declared Senate winners to take part in runoff voting. The runoff election was rescheduled for July 9. The Council, with strong support from the presidential palace, refused to accept the OAS recommendations, however, creating an emerging international confrontation. This conflict is only the latest chapter in Haiti's troubled quest for post-dictatorial democracy.

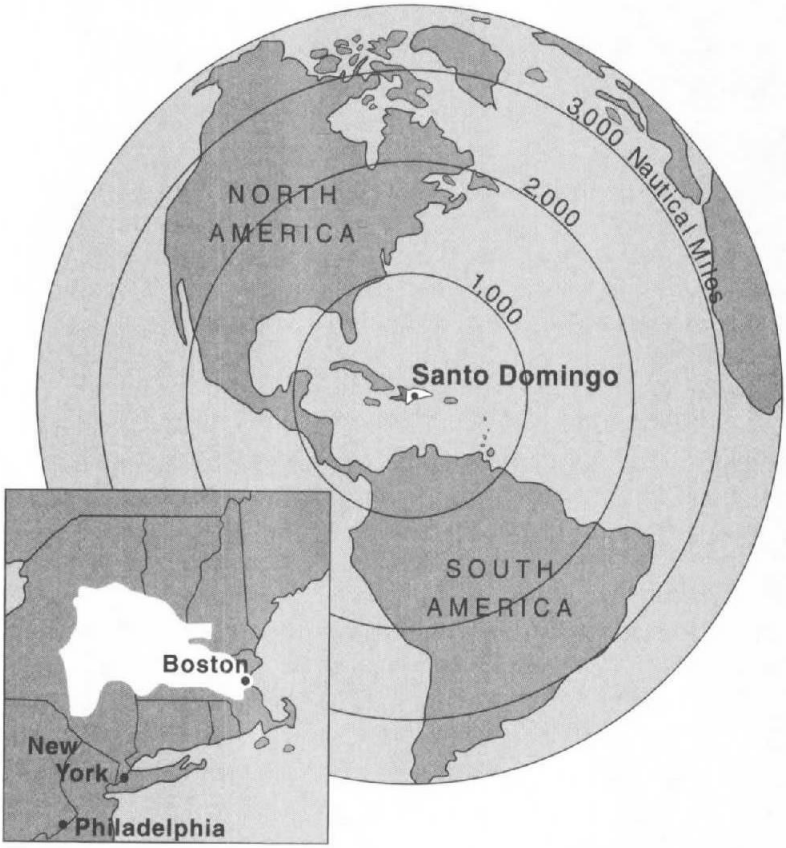
Conditions are somewhat better in the Dominican Republic, although there, too, political instability has existed. Leonel Fernández won the 1996 runoff elections, but he has been unsuccessful in implementing many of his programs because of his party's small representation in Congress. In the 1998 elections, following the death of José Peña Gómez, his opposition party, the Democratic Revolutionary Party (Partido Revolucionario Dominicano—PRD), made sweeping gains. As a result, Congress in 1998 passed a new law abolishing the security of tenure of judges that Fernández had achieved and making judges subject to reappointment every four years. A poll taken in April 2000 showed that no candidate for the May 2000 presidential elections had the just over 50 percent needed for election (Fernández was ineligible to run again). As it developed, with 99 percent of the ballots counted, the Electoral Council announced the evening of May 17 that the opposition PRD candidate, Hipolito Mejía, had received 49.87 percent of the vote. His nearest opponent, Danilo Medina of the governing Dominican Liberation Party, had 24.94 percent of the vote, and seven-time former president Joaquín Balaguer had 24.6 percent. At a press conference on May 18, Medina stated that a June 30 runoff election would cost too much in time, money, and tension and that a continued campaign would hurt the economy. Therefore he "acknowledged the victory of the

PRD," laying the groundwork for Mejía's inauguration on August 16.

The latest round of Hispaniola's elections indicates that while each side of the island has moved away markedly from the strong-man role of the past, the transition to the peaceful, transparent, and capable democratic governance required for much-needed sustained social and economic development will continue to be fraught with problems.

June 30, 2000 Helen Chapin Metz

Dominican Republic: Counry Profile



Country

Formal Name: Dominican Republic.

Short Form: Dominican Republic.

Term for Citizens: Dominicans.

Capital: Santo Domingo.

Geography

Size: Approximately 48,442 square kilometers.

Topography: Mountain ranges divide country into three regions: northern, central, and southwestern. Seven major drainage basins, most important that of Yaque del Norte River. Largest body of water, Lago Enriquillo (Lake Enriquillo), in southwest. Highest mountain peak, Pico Duarte, rises in Cordillera Central (Central Range) to height of 3,087 meters.

Climate: Primarily tropical, with temperatures varying according to altitude. Seasons defined more by rainfall than by temperature. For most of country, rainy season runs roughly from May through October; dry season, from November through April. Rainfall not uniform throughout country because of mountain ranges. Tropical cyclones strike country on average of once every two years and usually have greatest impact along southern coast.

Society

Population: Annual rate of increase has been declining; was 1.6 percent in mid-1990s. Total population estimated at just over 8 million in 1997.

Language: Spanish.

Ethnic Groups: Approximately 75 percent of mid-1990s population mulatto, a legacy of black slavery during colonial period. Approximately 10 percent white; 15 percent black.

Education and Literacy: An estimated 82 percent of population literate in 1997. Education system includes six years of compulsory primary education, an additional six years of secondary education, and higher education at one of more than twenty-seven postsecondary institutions. Major university and sole public institution is Autonomous University of Santo Domingo (Universidad Autónoma de Santo Domingo—UASD), with four regional centers in 1990s.

Health: State-funded health programs reach 80 percent of population in theory (but 40 percent in reality). Facilities concentrated in Santo Domingo and Santiago de los Caballeros (Santiago); service in rural areas suffers accordingly. Main causes of death: pulmonary, circulatory, and cardiovascular diseases. Average life expectancy seventy years for 1990–95 period.

Religion: More than 80 percent Roman Catholic. Protestant groups also active; evangelicals have been most successful in attracting converts.

Economy

Gross Domestic Product (GDP): About US$5.8 billion in 1996, or approximately US$716 per capita.

Agriculture: Declining in significance since 1960s when agriculture employed almost 60 percent of workforce, accounted for 25 percent of GDP, and generated 80 to 90 percent of total exports. By 1992 sector's share of exports had dropped to 43 percent and it employed 28 percent of labor force. By end 1995, agriculture's share of GDP at 12.7 percent and it employed 12.9 percent of workforce. Importance of sugar, traditionally major crop, has declined steadily; other significant crops: coffee, cocoa, and tobacco. Implementation of Caribbean Basin Initiative (CBI) (see Glossary) provided reduced tariff access to United States market for such items as ornamental plants, winter vegetables, spices, nuts, citrus, and tropical fruits.

Industry: Domestic manufacturing and assembly operations in free zones accounted for 18.3 percent of GDP in 1998. Domestic manufacturing, including consumer goods, food, and cigar production, grew by 10.1 percent in first half 1998. Growth resulted partly from dramatic increase in United States demand for cigars, for which Dominican Republic is leading supplier. Industrial free zones numbered thirty-three by 1995 and employed some 165,000 workers in 469 companies; number of employees increased to 182,000 in 1997, but number of firms operating in free zones dropped to 434. Free-zone exports generated needed foreign exchange: US$2 billion in 1996 and US$3.8 billion in 1997—almost 75 percent of total Dominican export earnings.

Services: Tourism leading service industry; generated more than US$1.55 billion in foreign exchange in 1995 and US$2.1 billion in 1997. Sector employed 44,000 hotel workers directly and additional 110,000 indirectly. Number of tourists almost tripled in ten years, from 278,000 in 1975 to 792,000 in 1985, surpassed 1 million in 1987, and jumped to 1,766,800 in 1994 to 1,930,000 in 1996 to 2,211,000 in 1997. In 1997 country became second largest earner of tourism dollars in Caribbean, after Mexico.

Currency: Issued by Central Bank of the Dominican Republic since 1948, Dominican Republic peso (RD$) was officially maintained on par with US$ until 1985, when it was floated (and devalued) against the dollar until it stabilized at US$1 = RD$6.35 in 1989. After experiments with multiple exchange rates, all rates were unified in 1997 on free-market basis and at initial rate of US$1 = RD$14. After Hurricane Georges, official rate dropped to US$1 = RD$15.46. Commercial rate was US$1 = RD$16.25 in January 2000.

Imports: Total imports in 1998: US$3,403.1 million. Deep plunge in oil prices reduced Dominican fuel bill by about 20 percent to US$336 million in first half 1998, but total value of imports increased by 15 percent over 1997 as aftermath of Hurricane Georges, which left 300 people dead and hundreds of thousands homeless. Government officials estimated surge in imports related to reconstruction effort at US$700 million through 1999.

Exports: Total exports in 1998: US$2,457.6 million. Sharp decline in world commodity prices caused by 1997 Asian currency crisis created negative impact on trade deficit. Exports of nickel, major Dominican earner of foreign exchange, suffered 27 percent price drop and fell 38.4 percent in 1998. Coffee exports adversely affected by 10 percent decline in international prices. Export of sugar and sugar products in 1998 decreased 29.6 percent, mainly as result of 24 percent cut in Dominican international sugar quota.

Balance of Payments: Trade deficits continued into 1990s, hitting record US$1.639 billion in 1993, 1.4 percent increase over 1992, and exceeding US$1.5 billion in 1994. Deficits registered continued deterioration: from US$832 million in first half 1997 to US$945 million in first half 1998.

Fiscal Year: Calendar year.

Fiscal Policy: President Leonel Fernández Reyna's campaign against tax evasion (upon taking office in 1996) proved successful: budgetary income in 1997 was 31 percent higher than in 1996. Reforms in late 1990s included strengthening Central Bank's autonomy and tightening credit and wage systems. Inflation plunged from 80 percent in 1990 to 9 percent in 1995. External public debt as share of GDP more than halved (to 33 percent) in same period. Unemployment rate declined from about 20 percent in 1991–93 to about 16 percent in 1995.

Transportation and Communications

Roads: Most roadways of 17,200-kilometer network narrow and flood easily. Worsening conditions prompted World Bank (see Glossary) and Inter-American Development Bank to finance better maintenance systems. Major road construction program initiated in late 1990s to develop intercity routes and urban projects in Santo Domingo.

Railroads: 1,600-kilometer railroad system, one of longest in Caribbean, most of which owned by state sugar enterprise. Several private rail companies also serve sugar industry.

Ports: Of fourteen ports, only five are major. Largest, Santo Domingo, handles 80 percent of imports; has cruiseliner berth enlarged in 1997. Other major ports include Haina, Boca Chica, and San Pedro de Macorís on south coast, and Puerta Plata on north coast.

Airports: Five international airports: Santo Domingo, Puerta Plata, Punta Cana, La Romana, and Barahona. Sixth airport under construction at Samaná in late 1990s. Puerto Plata and Punta Cana main airports for charter flights; Las Américas near Santo Domingo for scheduled flights. American Airlines dominant carrier, with routes to many United States cities, chiefly Miami and New York.

Telecommunications: Industry fastest growing element of economy, doubling share of GDP to 4.6 percent since government opened sector to competition in 1990. In first half 1998, grew by 20.8 percent. Telephone system includes direct domestic and international dialing, toll-free access to United States through 800 numbers, high-speed data transmission capabilities, fiber-optic cables, and digital switching.

Government and Politics

Government: Republic with elected representative governmental system. Executive is dominant branch. Presidents serve four-year terms and, following a 1994 constitutional reform, cannot be reelected immediately. Legislature, known formally as Congress of the Republic, consists of Senate and Chamber of Deputies. Judicial power exercised by Supreme Court of Justice and by other courts created by 1966 constitution and by law. Following a 1994 constitutional reform, Supreme Court judges are chosen by a Council of the Magistrature, with membership from all three branches of government; other judges are chosen by the Supreme Court. Provincial (state) governors appointed by president; municipalities (counties) governed by elected mayors and municipal councils.

Politics: Following independence from Haiti in 1844, country characterized by instability for almost a century. Dictator Rafael Leónidas Trujillo Molina took power in 1930 and ruled in repressive authoritarian fashion until his assassination in 1961. Brief civil war in 1965 between liberal Constitutionalists—supporters of 1963 constitution promulgated during short-lived presidency of Juan Bosch Gaviño—and conservative Loyalist military factions. Subsequent elections brought Trujillo protégé Joaquín Balaguer Ricardo to presidency, an office he held for twelve years. Balaguer's attempt to nullify 1978 elections thwarted by pressure from Washington, allowing Silvestre Antonio Guzmán Fernández of social democratic Dominican Revolutionary Party (Partido Revolucionario Dominicano—PRD) to assume nation's leadership. PRD also won 1982 elections with lawyer Salvador Jorge Blanco as its standard bearer. Both PRD governments plagued by economic difficulties that forced them to institute austerity measures instead of social reforms they initially advocated. Declining popularity of Jorge Blanco government contributed to Balaguer's election for a fourth term beginning in 1986. Balaguer retained power through increasingly conflictual and questioned elections in 1990 and 1994; he agreed to shorten his term in 1994 to two years and accept constitutional reforms including no immediate reelection. Leonel Fernández Reyna of the Party of Dominican Liberation (Partido de la Liberación Dominicana—PLD) won 1996 presidential elections.

International Relations: Diplomatic activities concentrated on Caribbean, Latin America, United States, and Western Europe. Relations with neighboring Haiti traditionally strained as a result of historical conflicts, cultural divergences, and most recently, increased migration into the Dominican Republic from Haiti. Most important international relationship with United States, on which Dominican Republic has political, economic, and strategic dependence.

International Agreements and Memberships: Signatory of Inter-American Treaty of Reciprocal Assistance (Rio Treaty) and all major inter-American conventions. Member of United Nations and its specialized agencies, Organization of American States, International Monetary Fund (see Glossary), Inter-American Development Bank, and other multilateral financial institutions. Also member of World Trade Organization, African, Caribbean, and Pacific Group of Nations, and other regional trade groupings.

National Security

Armed Forces: Dominican armed forces consist of army, navy, and air force. Total personnel in 1999 reported to be 24,300.

Organization: President is constitutional commander in chief. Chain of command extends downward to secretary of state for the armed forces, then to deputy secretaries of state for individual branches of service, each of which administered through a chief of staff and a general staff. Chiefs of staff exercise operational control except in emergencies. Country divided into three defense zones: Southern Defense Zone, Western Defense Zone, and Northern Defense Zone.

Equipment: Army equipment includes twenty-four French and United States light tanks, armored vehicles, half-tracks, and towed howitzers, largely outmoded and poorly maintained. Dominican navy in 1999 consisted primarily of twelve armed patrol vessels, mostly United States-made craft of World War II vintage. Dominican air force organized into three flying squadrons: one of Cessna A–37B Dragonfly jets, one of C–47 transports, and one of helicopters.

Police: Internal security responsibility shared by armed forces and National Police. Total police manpower in 1998 about 15,000. Commanded by director general subordinate to secretary of state for interior and police. National Department of Investigations, a domestic intelligence unit, and National Drug Control Directorate are independent bodies reporting directly to president.

Dominican Republic: Administrative Divisions

PROVINCES

La Altagracia (11)
Azua (20)
Baoruco (27)
Barahona (29)
Dajabón (12)
Duarte (6)
Elias Piña (18)
Espaillat (4)
Hato Mayor (9)
Independencia (28)
María Trinidad Sánchez (7)
Monseñor Nouel (22)
Monte Cristi (1)
Monte Plata (17)
National District (24)
Pedernales (30)
Peravia (21)
Puerto Plata (3)
La Romana (26)
Salcedo (5)
Samaná (8)
San Cristóbal (23)
Sánchez Ramírez (16)
San Juan (19)
San Pedro de Macorís (25)
Santiago (14)
Santiago Rodríguez (13)
El Seibo (10)
Valverde (2)
La Vega (15)

Figure 2. Dominican Republic: Administrative Divisions, 1999

Table A. Dominican Republic: Chronology of Important Events

Period		Description
1492		Columbus lands at present-day Môle Saint-Nicolas, Haiti; establishes first permanent Spanish New World settlement at site of Santo Domingo.
1492–1697		Spain colonizes Hispaniola.
1503		Nicolás de Ovando named governor and supreme justice; institutes *encomienda* system. Importation of African slaves begins.
1586		Sir Francis Drake captures city of Santo Domingo, collects ransom for returning it to Spain.
1697		Spain, under Treaty of Ryswick, cedes western third of Hispaniola (Saint-Domingue—modern Haiti) to France.
1801		Toussaint Louverture invades Santo Domingo, abolishes slavery.
1802		France occupies the Spanish-speaking colony, reinstituting slavery in that part of the island.
1809		Spanish rule is restored.
1818–43		Under presidency of Jean-Pierre Boyer, Haiti invades and occupies Santo Domingo; abolishes slavery.
1821		Spanish lieutenant governor José Núñez de Cáceres declares colony's independence as Spanish Haiti.
1838		Juan Pablo Duarte creates secret independence movement, La Trinitaria.
1844	February 27	La Trinitaria members and others rebel; Santo Domingo gains independence.
	July 12	Pedro Santana's forces take Santo Domingo and proclaim Santana ruler.
1849		Buenaventura Báez Méndez becomes president; Santana expels him in 1853. (Báez resumes presidency 1865–66, 1868–74, 1878–79).
1861	March 18	Santana announces annexation of Dominican Republic by Spain.
1865	March 3	Queen of Spain approves repeal of Santo Domingo annexation.
1882–99		Ulises Heureaux rules as president/dictator.
1905		General Customs Receivership established; United States administers Dominican finances.
1916–24		United States marines occupy Dominican Republic
1930–61		Rafael Leónidas Trujillo Molina, head of National Guard, becomes president/dictator; rules directly or indirectly until assassinated.
1937		Dominican military massacre some 15,000–20,000 Haitians near Dominican-Haitian border.
1942		Dominican women given suffrage.
1965	April 28	United States intervenes, fearing a potential communist takeover because Dominican troops are unable to control a civil war.
1966–78		Joaquín Balaguer Ricardo becomes president in 1966, and United States troops leave.
1978–82		Antonio Guzmán Fernández becomes president; creates a more democratic regime.
1982–86		Salvador Jorge Blanco elected president.
1986–96		Balaguer returns to presidency.
1996		In free elections, Leonel Fernández Reyna is elected in second round.

Table A. (Cont.) Dominican Republic: Chronology of Important Events

Period		Description
1997		Newly created Council of the Magistrature appoints a distinguished new Supreme Court.
1998	May	Fair congressional and municipal elections held one week after death of noted politician José Francisco Peña Gómez.

Chapter 1. Dominican Republic: Historical Setting

Tomb of the three fathers of the Dominican Republic in Santo Domingo

IN THE DOMINICAN REPUBLIC, the past has weighed heavily on current political practices. The country's historical evolution, for example, has proved particularly inimical to democratic development, deviating significantly from patterns viewed as optimum for the development of democracy. Political scientist Robert Dahl has argued that sequences in which successful experiences with limited liberalization are followed by gradually greater inclusiveness appear to favor democracy. The analyst Eric Nordlinger has asserted that the pattern most promising for the development of democracy is one in which national identity emerges first, then legitimate and authoritative state structures are institutionalized, and ultimately mass parties and a mass electorate emerge with the extension of citizenship rights to non-elite elements.

The pattern followed by the Dominican Republic was very different. The country's colonial period was marked by the decimation of the indigenous population, and then by poverty and warfare. National integration was truncated, first by a Haitian invasion and then by the attempts of some Dominican elites to trade nascent Dominican sovereignty for security by having foreign powers annex the country, while enriching themselves in the process. State building also suffered under the dual impact of international vulnerability and unstable, neopatrimonial, authoritarian politics. Both integration and state building were also impaired by bitter regional struggles based on different economic interests and desires for power that accentuated the politics of the country. In this context, the failure of early efforts to extend liberal guarantees and citizenship rights to vast sectors of the population served to reinforce past patterns of behavior. Nonetheless, reform efforts continually reemerged.

Indeed, a Dominican state arguably did not emerge until the late nineteenth century or even the era of Rafael Leónidas Trujillo Molina (1930–61). Trujillo's emergence, in turn, was unquestionably facilitated by changes wrought by the eight-year United States occupation of the Dominican Republic at the beginning of the twentieth century. Trujillo's pattern of rule could not have been more hostile to democratic governance. His centralization of power, monopolization of the economy, destruction or co-optation of enemies, and astonishing constitutional hypocrisy were, however, combined with the forging of national integration, the establishment of state institutions, and the beginnings of industrialization, although in a distorted manner.

Thus, the country essentially had no history of democratic rule prior to 1961, despite the presence of a liberal constitutional tradition. In the context of contradictory and extensive United States actions both to foster democracy and to block perceived communist threats, efforts toward democratic transition following the death of Trujillo ultimately failed. The short-lived democratic regime of Juan Bosch Gaviño (1962) was followed by unstable governments and ultimately by United States intervention in 1965 out of fear of a "second Cuba." A key figure from the Trujillo era, Joaquín Balaguer Ricardo, was to govern the country for twenty-two of the next thirty years, from 1966 to 1978 and again from 1986 to 1996. His rule combined political stagnation with dramatic socioeconomic transformation. The 1978 democratic transition following Balaguer's authoritarian twelve-year period in office ended in return to the pre-democratic status quo. Although Balaguer was ushered back into office through democratic elections in 1986, his increasingly authoritarian rule finally ended when he stepped down from the presidency in 1996.

The Dominican Republic is entering the new millennium bolstered by potential changes in political leadership, significant evolution in the country's social structure, and an international environment more favorable to political democracy. However, the country also faces formidable challenges in terms of continued political fragmentation, difficult economic adjustments, and corruption and criminal violence associated in part with drug trafficking.

The First Colony

The island of Hispaniola (La Isla Española) was the first New World colony settled by Spain. Christopher Columbus first sighted the island in 1492 toward the end of his first voyage to "the Indies." Columbus and his crew found the island inhabited by a large population of friendly Taino (Arawak) Indians, who made the explorers welcome. The land was fertile, but of greater importance to the Spaniards was the discovery that gold could be obtained either by barter with the natives or by extraction from alluvial deposits on the island.

Spain's first permanent settlement in the New World was established on the southern coast at the present site of Santo Domingo. Under Spanish sovereignty, the entire island bore the name Santo Domingo. Indications of the presence of gold—the lifeblood of the nascent mercantilist system—and a population of tractable natives who could be used as laborers combined to attract Spanish newcomers interested in acquiring wealth quickly during the early years. Their relations with the Taino Indians, whom they ruthlessly maltreated, deteriorated from the beginning. Aroused by continued seizures of their food supplies, other exactions, and abuse of their women, the formerly peaceful Indians rebelled—only to be crushed decisively in 1495.

Columbus, who ruled the colony as royal governor until 1499, devised the *repartimiento* system of land settlement and native labor under which a settler, without assuming any obligation to the authorities, could be granted in perpetuity a large tract of land together with the services of the Indians living on it.

In 1503 the Spanish crown instituted the *encomienda* system. Under this system, all land became in theory the property of the crown, and the Indians were considered tenants on royal land. The crown's right to service from the tenants could be transferred in trust to individual Spanish settlers (*encomenderos*) by formal grant and the regular payment of tribute. The *encomenderos* were entitled to certain days of labor from the Indians, and they assumed the responsibility of providing for the physical well-being of the Indians and for their instruction in Christianity. Although an *encomienda* theoretically did not involve ownership of land, in practice it did—ownership was just gained through other means.

The privations that the Indians suffered demonstrated the unrealistic nature of the *encomienda* system, which the Spanish authorities never effectively enforced. The Indian population died off rapidly from exhaustion, starvation, disease, and other causes. When the Spanish landed, they forced an estimated 400,000 Tainos (out of a total Taino population of some 1 million) to work for them; by 1508 the Tainos numbered only around 60,000. By 1535 only a few dozen were still alive. The need for a new labor force to meet the growing demands of sugarcane cultivation in the 1520s prompted an increase in the importation of African slaves, which had begun in 1503. By

1546 the colony had some 12,000 slaves and a white population of under 5,000.

The granting of land without any obligation to central authorities, as was done under the *repartimiento* system, led to a rapid decentralization of power. Power was also diffused because of the tendency of the capital city, Santo Domingo (which also served as the seat of government for the entire Spanish Indies), to orient itself toward continental America, which provided gold for the crown, and toward Spain, which provided administrators, supplies, and immigrants to the colonies. With little contact existing between the capital and the hinterland, local government was doomed to be ineffective, and for practical purposes the countryside fell under the sway of the large local landowners.

As early as the 1490s, the landowners among the Spanish colonists successfully conspired against Columbus. His successor, Francisco de Bobadilla, was appointed chief justice and royal commissioner by the Spanish crown in 1499. Bobadilla sent Columbus back to Spain in irons; Queen Isabella soon ordered him released. Bobadilla, who had proved an inept administrator, was replaced in 1503 by the more efficient Nicolás de Ovando, who assumed the titles of governor and supreme justice. Because of his success in initiating reforms desired by the crown—the *encomienda* system among them—Ovando received the title of Founder of Spain's Empire in the Indies.

In 1509 Columbus's son, Diego, was appointed governor of the colony of Santo Domingo. Diego's ambition aroused the suspicions of the crown, which in 1511 established the *audiencia,* a new political institution intended to check the power of the governor. The first *audiencia* was simply a tribunal composed of three judges whose jurisdiction extended over all the West Indies. The tribunal's influence grew, and in 1524 it was designated the Royal Audiencia of Santo Domingo (Audiencia Real de Santo Domingo), with jurisdiction in the Caribbean, the Atlantic coast of Central America and Mexico, and the northern coast of South America. As a court representing the crown, the *audiencia* was given expanded powers that encompassed administrative, legislative, and consultative functions; the number of judges increased correspondingly. In criminal cases, the *audiencia*'s decisions were final, but important civil suits could be appealed to the Royal and Supreme Council of the Indies (Real y Supremo Consejo de Indias) in Spain.

The Council of the Indies, created by Charles V in 1524, was the Spanish crown's main agency for directing colonial affairs. During most of its existence, the council exercised almost absolute power in making laws, administering justice, controlling finance and trade, supervising the church, and directing armies.

The arm of the Council of the Indies that dealt with all matters concerned with commerce between Spain and the colonies in the Americas was the House of Trade (Casa de Contratación), organized in 1503. Control of commerce in general, and of tax collection in particular, was facilitated by the designation of monopoly seaports on either side of the Atlantic Ocean. Trade between the colonies and countries other than Spain was prohibited. The crown also restricted trade among the colonies. These restrictions hampered economic activity in the New World and encouraged contraband traffic.

The Roman Catholic Church became the primary agent in spreading Spanish culture in the Americas. The ecclesiastical organization developed for Santo Domingo and later established throughout Spanish America reflected a union of church and state closer than that which actually prevailed in Spain itself. The Royal Patronage of the Indies (Real Patronato de Indias, or, as it was called later, the Patronato Real) served as the organizational agent of this affiliation of the church and the Spanish crown.

Santo Domingo's importance to Spain declined in the first part of the sixteenth century as the gold mines became exhausted and the local Indian population was decimated. With the conquest of Mexico by Hernán Cortés in 1521 and the discovery there, and later in Peru, of great wealth in gold and silver, large numbers of colonists left for Mexico and Peru, and new immigrants from Spain also largely bypassed Santo Do-mingo.

The stagnation that prevailed in Santo Domingo for the next 250 years was interrupted on several occasions by armed engagements, as the French and British attempted to weaken Spain's economic and political dominance in the New World. In 1586 the British admiral, Sir Francis Drake, captured the city of Santo Domingo and collected a ransom for its return to Spanish control. In 1655 Oliver Cromwell dispatched a British fleet commanded by Sir William Penn to take Santo Domingo. After meeting heavy resistance, the British sailed farther west and took Jamaica instead.

The withdrawal of the colonial government from the northern coastal region opened the way for French buccaneers, who had a base on Tortuga Island (Île de la Tortue), off the northwest coast of present-day Haiti, to settle on Hispaniola in the mid-seventeenth century. The creation of the French West India Company in 1664 signaled France's intention to colonize western Hispaniola. Intermittent warfare went on between French and Spanish settlers over the next three decades; Spain, however, was hard-pressed by warfare in Europe and could not maintain a garrison in Santo Domingo sufficient to protect the entire island against encroachment. In 1697, under the Treaty of Ryswick, Spain ceded the western third of the island to France. The exact boundary of this territory (Saint-Domingue—modern Haiti) was not established at the time of cession and remained in question until 1929.

During the first years of the eighteenth century, landowners in the Spanish colony did little with their huge holdings, and the sugar plantations along the southern coast were abandoned because of harassment by pirates. Foreign trade all but ceased, and almost all domestic commerce took place in the capital city.

The Bourbon dynasty replaced the Habsburgs in Spain in 1700. The new regime introduced innovations—especially economic reforms—that gradually began to revive trade in Santo Domingo. The crown progressively relaxed the rigid controls and restrictions on commerce between the mother country and the colonies and among the colonies. By the middle of the century, both immigration and the importation of slaves had increased.

In 1765 the Caribbean islands received authorization for almost unlimited trade with Spanish ports; permission for the Spanish colonies in America to trade among themselves followed in 1774. Soon duties on many commodities were greatly reduced or removed altogether. By 1790 traders from any port in Spain could buy and sell anywhere in Spanish America, and by 1800 Spain had opened colonial trade to all neutral vessels.

As a result of the stimulus provided by the trade reforms, the population of the colony of Santo Domingo increased from about 6,000 in 1737 to approximately 100,000 in 1790, with roughly equal numbers of whites, free coloreds, and slaves. The size and composition of Santo Domingo's population contrasted sharply, however, with that of the neighboring and far more prosperous French colony of Saint-Domingue, where some 30,000 whites and 27,000 freedmen extracted labor from some 400,000 black slaves.

The Struggle for Formal Sovereignty

The nineteenth-century struggle for independence of what was to become the Dominican Republic was an incredibly difficult process, conditioned by the evolution of its neighbor. Although they shared the island of Hispaniola, the colonies of Saint-Domingue and Santo Domingo followed disparate paths, primarily as a result of economic factors. Saint-Domingue was the most productive agricultural colony in the Western Hemisphere, and its output contributed heavily to the economy of France (see French Colony of Saint-Domingue, 1697–1803, ch.6.) Prosperous French plantation owners imported great numbers of slaves from Africa and drove this captive work force ruthlessly. By contrast, Santo Domingo was a small, unimportant, and largely ignored colony with little impact on the economy of Spain.

Although by the end of the eighteenth century economic conditions were improving somewhat, landowners in Santo Domingo did not enjoy the same level of wealth attained by their French counterparts in Saint-Domingue. The absence of market-driven pressure to increase production enabled the domestic labor force to meet the needs of subsistence agriculture and to export at low levels. Thus, Santo Domingo imported far fewer slaves than did Saint-Domingue. Spanish law also allowed a slave to purchase his freedom and that of his family for a relatively small sum. This fact contributed to the higher proportion of freedmen in the Spanish colony than in Haiti; by the turn of the century, freedmen actually constituted the majority of the population. Again, in contrast to conditions in the French colony, this population profile contributed to a somewhat more egalitarian society, plagued much less by racial schisms.

With a revolution against the monarchy well underway in France, the inevitable explosion took place in Saint-Domingue in August 1791 (see Fight for Independence, 1791–1803, ch. 6). The initial reaction of many Spanish colonists to news of the slaughter of Frenchmen by armies of rebellious black slaves was to flee Hispaniola entirely. Spain, however, saw in the unrest an opportunity to seize all or part of the western third of the island through an alliance of convenience with the British. These intentions, however, did not survive encounters in the field with forces led by the former slave François Dominique Toussaint Louverture. By mid-1795, Spain had signed a peace treaty with France in which it surrendered the eastern part of the island; the terms of the treaty reflected Spain's setbacks in Europe and its relative decline as a world power. In recognition of his leadership against the Spanish (under whose banner he had begun his military career), British, and rebellious royalists and mulattoes, Toussaint was named governor general of Saint-Domingue by the French Republic in 1796. After losing more than 25,000 troops, Britain withdrew from the island in April 1798. Toussaint marched into Santo Domingo in January 1801; one of his first measures was to abolish slavery.

France occupied the devastated Spanish-speaking colony in February 1802. The Spanish and Dominican elites on the Spanish part of the island allied themselves with the French, who reinstituted slavery in that part of the island. However, the expeditionary force dispatched by Napoleon Bonaparte was defeated by the forces of the former French slaves, led by Toussaint —and later by Jean-Jacques Dessalines. Yellow fever, malaria, and war led to the loss of 52,000 French soldiers. Upon defeating the French, Dessalines and his followers established the independent Republic of Haiti in January 1804 (see Fight for Independence, 1791–1803, ch.6). A small French presence, however, remained in the former Spanish colony, in spite of Haitian pressures.

By 1808 a number of émigré Spanish landowners had returned to Santo Domingo. These royalists had no intention of living under French rule, however, and sought foreign aid and assistance to restore Spanish sovereignty. Help came from the Haitians, who provided arms, and the British, who occupied Samaná and blockaded the port of Santo Domingo in 1809. The remaining French representatives fled the island in July 1809.

The 1809 restoration of Spanish rule ushered in an era referred to by some historians as España Boba (Foolish Spain). Under the despotic rule of Ferdinand VII, the colony's economy deteriorated severely. Some Dominicans began to wonder if their interests would not best be served by the sort of independence movement that was sweeping the South American colonies. In keeping with this sentiment, Spanish lieutenant governor José Núñez de Cáceres announced the colony's independence as the state of Spanish Haiti on November 30, 1821. Cáceres requested admission to the Republic of Gran Colombia (consisting of what later became Colombia, Ecuador, Venezuela, and Panama), recently proclaimed established by Simón Bolívar and his followers. While the request was in transit, however, the president of Haiti, Jean-Pierre Boyer, decided to invade Santo Domingo and to reunite the island under the Haitian flag.

The twenty-two-year Haitian occupation that followed (1822–44) is recalled by Dominicans as a period of brutal military rule, although the reality is more complex. Haiti's policies toward Santo Domingo were induced in part by international financial pressures because Haiti had promised in an 1825 treaty to indemnify former French settlers in return for French recognition of Haitian independence. Ultimately, it was a period of economic decline and of growing resentment of Haiti among Dominicans. The main activity was subsistence agriculture, and exports consisted of small amounts of tobacco, cattle hides, caoba wood (Dominican mahogany), molasses, and rum; the population, in turn, had declined precipitously by 1909 to some 75,000 people. Boyer attempted to enforce in the new territory the Rural Code (Code Rural) he had decreed in an effort to improve productivity among the Haitian yeomanry; however, the Dominicans proved no more willing to adhere to its provisions than were the Haitians (see Early Years of Independence, 1804–43, ch. 6). Increasing numbers of Dominican landowners chose to flee the island rather than live under Haitian rule; in many cases, Haitian administrators encouraged such emigration.

Dominicans also resented the fact that Boyer, the ruler of an impoverished country, did not (or could not) provision his army. The occupying Haitian forces lived off the land in Santo Domingo, commandeering or confiscating what they needed. Racial animosities also affected attitudes on both sides; black Haitian troops reacted with resentment toward lighter-skinned Dominicans, while Dominicans came to associate the Haitians' dark skin with the oppression and abuses of occupation. Furthermore, Haitians, who associated the Roman Catholic Church with the French colonists who had so cruelly exploited and abused them before independence, confiscated all church property in the east, deported all foreign clergy, and severed the ties of the remaining clergy to the Vatican. The occupation reinforced Dominicans' perception of themselves as different from Haitians with regard to culture, religion, race, and daily practices.

Scattered unrest and isolated confrontations between Haitians and Dominicans soon began; by 1838 significant organized movements against Haitian domination formed. The most important was led by Juan Pablo Duarte of a prominent Santo Domingo family who returned from seven years of study in Europe to find his father's business had been ruined under Haitian occupation. Unlike many of the country's subsequent caudillo rulers, Duarte was an idealist, an ascetic, and a genuine nationalist. Although he played no significant part in its rule, he is considered the father of his country. He certainly provided the inspiration and impetus for achieving independence from Haiti.

In July 1838, Duarte led the effort to create a secret movement, dubbed La Trinitaria (The Trinity). Its original nine members had organized themselves into cells of three; the cells went on to recruit as separate organizations, maintaining strict secrecy. At the same time, the name clearly evoked the Holy Trinity. Its motto was "Dios, Patria, y Libertad" (God, Country, and Liberty), and the movement's flag and shield had a cross and an open Bible—all of which became national symbols. Dominican nationality became defined in religious and Hispanic terms, which permitted contrast to Haiti. As the country's principal enemy was the anti-Catholic and non-Spanish-speaking Haiti, and perhaps because the Catholic Church was very weak in the country, Dominican liberals were largely pro-church, in contrast to their counterparts in the rest of Central and South America.

The catalyst that helped set off the Dominican struggle for independence was the overthrow of Boyer in the Haitian Revolution of 1843. Initially good relations between liberal Haitians and liberal Dominicans in Dominican territory, however, soon grew tense. General Charles Rivière-Hérard successfully cracked down on the Trinitarios, forcing Duarte to flee in August 1843. However, Francisco del Rosario Sánchez, Duarte's brother Vicente, and Ramón Mella helped to reestablish the Trinitaria movement. They planned an independence effort built around arms that a returning Duarte was to bring in late December; however, Duarte failed in his efforts to gain the necessary weapons and was forced to postpone his return home because of a serious illness. Concurrently, other conspiracies flourished, particularly one seeking to gain the support of France. When Duarte had not returned by February 1844, the rebels agreed to launch their uprising without him.

On February 27, 1844—thereafter celebrated as Dominican Independence Day—the rebels seized the Ozama fortress in the capital. The Haitian garrison, taken by surprise and apparently betrayed by at least one of its sentries, retired in disarray. Within two days, all Haitian officials had departed Santo Domingo. Mella headed the provisional governing junta of the new Dominican Republic. Duarte returned to his country on March 14, and on the following day entered the capital amidst great adulation and celebration. However, the optimism generated by revolutionary triumph would eventually give way to the more prosaic realities of the struggle for power.

Ambivalent Sovereignty, Caudillo Rule, and Political Instability

The decades following independence from Haiti were marked by complex interactions among Dominican governing groups, opposition movements, Haitian authorities, and representatives of France, Britain, Spain, and the United States. Duarte and the liberal merchants who had led the initial independence effort were soon swept out of office and into exile, and the independent tobacco growers and merchants of the northern Cibao valley, who tended to favor national independence, were unable to consolidate control of the center. Government revolved largely around a small number of caudillo strongmen, particularly Pedro Santana Familias and Buenaventura Báez Méndez (allies who became rivals), and their intrigues involving foreign powers in defense against Haiti and for personal gain. All these factors meant that neither a coherent central state nor a strong sense of nationhood could develop during this period.

The Infant Republic, 1844–61

Santana's power base lay in the military forces mustered to defend the infant republic against Haitian retaliation. Duarte, briefly a member of the governing junta, for a time commanded an armed force as well. However, the governing junta trusted the military judgment of Santana over that of Duarte, and he was replaced with General José María Imbert. Duarte assumed the post of governor of the Cibao, the northern farming region administered from the city of Santiago de los Caballeros, commonly known as Santiago. In July 1844, Mella and a throng of other Duarte supporters in Santiago urged him to take the title of president of the republic. Duarte agreed to do so, but only if free elections could be arranged. Santana, who felt that only the protection of a great power could assure Dominican safety against the Haitian threat, did not share Duarte's enthusiasm for the electoral process. His forces took Santo Domingo on July 12, 1844, and proclaimed Santana ruler of the Dominican Republic. Mella, who attempted to mediate a compromise government including both Duarte and Santana, found himself imprisoned by the new dictator. Duarte and Sánchez followed Mella into prison and subsequently into exile.

The country's first constitution in 1844 was a remarkably liberal document. It was influenced directly by the Haitian constitution of 1843 and indirectly by the United States constitution of 1789, by the liberal 1812 Cadiz constitution of Spain, and by the French constitutions of 1799 and 1804. Because of this inspiration, it called for presidentialism, a separation of powers, and extensive "checks and balances." However, Santana proceeded to emasculate the document by demanding the inclusion of Article 210, which granted him extraordinary powers "during the current war" against Haiti.

Santana's dictatorial powers continued throughout his first term (1844–48), even though the Haitian forces had been repelled by December 1845. He consolidated his power by executing anti-Santana conspirators, by rewarding his close associates with lucrative positions in government, and by printing paper money to cover the expenses of a large standing army, a policy that severely devalued the new nation's currency. Throughout his term, Santana also continued to explore the possibility of an association with a foreign power. The governments of the United States, France, and Spain all declined the offer.

Santana responded to a general discontent prompted mainly by the deteriorating currency and economy by resigning the presidency in February 1848 and retiring to his *finca* (ranch) in El Seibo. He was replaced in August 1848 by minister of war Manuel Jiménez, whose tenure ended in May 1849. The violent sequence of events that culminated in Jiménez's departure began with a new invasion from Haiti, this time led by self-styled emperor Faustin Soulouque (see Increasing Instability, 1843–1915, ch. 6). Santana returned to prominence at the head of the army that checked the Haitian advance at Las Carreras in April 1849. As the Haitians retired, Santana pressed his advantage against Jiménez, taking control of Santo Domingo and the government on May 30, 1849.

Although Santana once again held the reins of power, he declined to formalize the situation by running for office. Instead, he renounced the temporary mandate granted him by the Congress and called for an election—carried out under an electoral college system with limited suffrage—to select a new president. Santana favored Santiago Espaillat, who won a ballot in the Congress on July 5, 1849; Espaillat declined to accept the presidency, however, knowing that he would have to serve as a puppet so long as Santana controlled the army. This refusal cleared the way for Báez, president of the Congress, to win a second ballot, which was held on August 18, 1849.

Báez made even more vigorous overtures to foreign powers to establish a Dominican protectorate. Both France (Báez's personal preference) and the United States, although still unwilling to annex the entire country, expressed interest in acquiring the bay and peninsula of Samaná as a naval or commercial port. Consequently, in order to preserve its lucrative trade with the island nation and to deny a strategic asset to its rivals, Britain became more actively involved in Dominican affairs. In 1850 the British signed a commercial and maritime treaty with the Dominicans. The following year, Britain mediated a peace treaty between the Dominican Republic and Haiti.

Báez's first term established the personal rivalry with Santana that dominated Dominican politics until the latter's death in 1864. President Báez purged Santana's followers (*santanistas*) from the government and installed his own followers (*baecistas*) in their place, pardoned a number of Santana's political opponents, reorganized the military in an effort to dilute Santana's power base, and apparently conceived a plan to create a militia that would serve as a counterforce to the army.

Seeing his influence clearly threatened, Santana returned to the political arena in February 1853, when he was elected to succeed Báez. The general moved quickly to deal with Báez, who had once been a colonel under his command, denouncing him for ties to the Haitians and as a threat to the nation's security. Exercising his authority under Article 210 of the constitution, Santana expelled the former president from the Dominican Republic.

Although he enjoyed considerable popularity, Santana confronted several crises during his second term. In February 1854, a constituent assembly promulgated a new, even more liberal constitution than that of 1844, which also eliminated the dictatorial powers granted by Article 210. However, it was almost immediately modified to place all control over the armed forces directly in the hands of the president. With his control over the army restored, Santana readily forced the adoption by the Congress of a much more authoritarian constitutional text later that year.

On the international front, renewed annexation talks between the Dominican and United States governments aroused the concern of Haitian emperor Soulouque. Motivated at least in part by a desire to prevent the acquisition of any portion of Hispaniola by the slaveholding United States, Soulouque launched a new invasion in November 1855. However, Dominican forces decisively defeated the Haitians in a number of engagements and forced them back across the border by January 1856.

The final crisis of Santana's second term also originated in the foreign policy sphere. Shortly after the Haitian campaign, the Dominican and United States governments signed a commercial treaty that provided for the lease of a small tract in Samaná for use as a coaling station. Although Santana delayed implementation of the lease, its negotiation provided his opponents—including *baecistas* and the government of Spain—the opportunity to decry Yankee imperialism and demand the president's ouster. Pressure built to such an extent that Santana felt compelled to resign on May 26, 1856, in favor of his vice president, Manuel de la Regla Mota.

Regla Mota's rule lasted almost five months. An empty treasury forced the new president to discharge most of the army. Thus deprived of the Dominican rulers' traditional source of power, his government all but invited the return of Báez. With the support of the Spanish, Báez was named vice president by Regla Mota, who then resigned in Báez's favor. Not a forgiving man by nature, Báez lost little time in denouncing ex-president Santana and expelling him from the country. Once again, Báez purged *santanistas* from the government and replaced them with his own men.

Báez had little time in which to savor his triumph over his rival, however. Reverting to the policies of Báez's first term, the government flooded the country with what rapidly became all but worthless paper money. Farmers in the Cibao, who objected strongly to the purchase of their crops with this devalued currency, rose against Báez in what came to be known as the Revolution of 1857. Their standard-bearer, not surprisingly, was Santana.

Pardoned by a provisional government established at Santiago, Santana returned in August 1857 to join the revolution. He raised his own personal army and soon dominated the movement. A year of bloody conflict between the governments of Santiago and Santo Domingo took a heavy toll in lives and money. Under the terms of a June 1857 armistice, Báez once again fled to Curaçao with all the government funds he could carry. Santana proceeded to betray the aspirations of some of his liberal revolutionary followers by restoring the dictatorial constitution of 1854. *Santanismo* again replaced *baecismo*; only a small group of loyalists realized any benefit from the exchange, however. Politically, the country continued to walk a treadmill. Economically, conditions had become almost unbearable for many Dominicans. The general climate of despair set the stage for the success of Santana's renewed efforts to obtain a protector for his country.

Annexation by Spain, 1861–65

On March 18, 1861, Santana announced the annexation of the Dominican Republic by Spain. A number of conditions had combined to bring about this reversion to colonialism. The Civil War in the United States had lessened the Spanish fear of retaliation from the north. In Spain itself, the ruling Liberal Union of General Leopoldo O'Donnell had been advocating renewed imperial expansion. And in the Dominican Republic, both the ruler and a portion of the ruled were sufficiently concerned about the possibility of a renewed attack from Haiti or domestic economic collapse to find the prospect of annexation attractive.

Support for annexation did not run as deep as Santana had represented to the Spanish, however. The first rebellion against Spanish rule broke out in May 1861, but was quashed in short order. A better organized revolt, under the leadership of *baecista* General Francisco del Rosario Sánchez, sprang up only a month later. Santana, now bearing the title of captain general of the Province of Santo Domingo, was forced to take to the field against his own countrymen as the representative of a foreign power. The wily Santana lured Sánchez into an ambush, where he was captured and executed. Despite this service, Santana found his personal power and his ability to dole out patronage to his followers greatly restricted under Spanish rule. As a result, he resigned the captaincy general in January 1862.

Resentment and rebellion continued, fed by racial tension, excessive taxation, the failure to stabilize the currency, the uncompensated requisition of supplies by the Spanish army, heavy-handed reform of local religious customs by an inflexible Spanish archbishop, and the restriction of trade to the benefit of the Spanish metropolis. The Spaniards quelled more uprisings in 1863, but guerrilla actions continued. In response to the continuing unrest, a state of siege was declared in February 1863.

Rebellious Dominicans set up a provisional government in Santiago, headed by General José Antonio Salcedo, on September 14, 1863. Their proclamation of an Act of Independence launched what is known as the War of Restoration. For their part, the Spanish once again turned to Santana, who received command of a force made up largely of mercenaries. However, by this time, his popularity had all but disappeared. Indeed, the provisional government had denounced Santana and condemned him to death for his actions against his countrymen. On June 14, 1864, a broken and despondent Santana saved the rebels the trouble of carrying out their sentence by dying (or, unproven speculation asserts, by committing suicide).

Meanwhile, the guerrilla war against the Spanish continued. The rebels further formalized their provisional rule by replacing Salcedo (who had advocated the return of Báez to rule a restored republic), and then holding a national convention on February 27, 1865, which enacted a new constitution and elected Pedro Antonio Pimentel Chamorro president.

Several circumstances began to favor a Spanish withdrawal. One was the conclusion of the Civil War in the United States, which promised new efforts by Washington to enforce the Monroe Doctrine. Another was that the Spanish military forces, unable to contain the spread of the insurrection, were losing even greater numbers of troops to disease. The O'Donnell government had fallen, taking with it any dreams of a renewed Spanish empire. On March 3, 1865, the queen of Spain approved a decree repealing the annexation of Santo Do-mingo, and by July all Spanish soldiers had left the island.

The Contest for Power, 1865–82

The Spanish left both economic devastation and political chaos in their wake. In the period from 1865 to 1879, there were twenty-one different governments and at least fifty military uprisings. A power struggle began between the conservative, cacique-dominated south and the more liberal Cibao, where the prevalence of medium-sized landholdings contributed to a more egalitarian social structure. The two camps eventually coalesced under the banners of separate political parties. The *cibaeños* adhered to the National Liberal Party (Partido Nacional Liberal), which became known as the Blue Party (Partido Azul). The southerners rallied to Báez and the Red Party (Partido Rojo).

The conservative Reds effectively employed their numerical superiority in the capital to force the restoration of Báez, who returned triumphantly from exile and assumed the presidency on December 8, 1865. However, he was unable to assert the kind of dictatorial control over the whole nation that he and Santana had once alternately enjoyed because power had been diffused, particularly between the opposing poles of the Cibao and the south.

After a successful uprising that forced Báez to flee the country in May 1866, a triumvirate of *cibaeño* military leaders, the most prominent of whom was Gregorio Luperón, assumed provisional power. General José María Cabral Luna, who had served briefly as president in 1865, was reelected to the post on September 29, 1866. The *baecistas*, however, were still a potent force in the republic; they forced Cabral out and reinstalled Báez on May 2, 1868. Once again, his rule was marked by peculation and efforts to sell or lease portions of the country to foreign interests. These included an intermittent campaign to have the entire country annexed by the United States, which President Ulysses S. Grant also strongly supported. However, the United States Senate rejected the 1869 treaty calling for annexation, giving President Grant his first major legislative defeat. Grant continued efforts to annex Dominican territory until 1873. Báez, in turn, was again overthrown by rebellious Blues in January 1874.

After a period of infighting among the Blues, backing from Luperón helped Ulises Francisco Espaillat Quiñones win election as president on March 24, 1876. Espaillat, a political and economic liberal and the first individual who was not a general to reach the presidency, apparently intended to broaden personal freedoms and to set the nation's economy on a firmer footing. He never had the opportunity to do either, however. Rebellions in the south and east forced Espaillat to resign on

December 20, 1876. Ever the opportunist, Báez returned once more to power. The most effective opposition to his rule came from guerrilla forces led by a politically active priest, Fernando Arturo de Meriño. In February 1878, the unpopular Báez departed his country for the last time; he died in exile in 1882.

Both Santana and Báez had now passed from the scene. They had helped create a nation where violence prevailed in the quest for power, where economic growth and financial stability fell victim to the seemingly endless political contest, and where foreign interests still perceived parts of the national territory as available to the highest bidder. This divisive, chaotic situation invited the emergence of an able military leader and a shrewd, despotic political leader who would dominate the country over a seventeen-year period.

Ulises Heureaux, Growing Financial Dependence, and Continued Instability

Ulises Heureaux, 1882–99

Ulises Heureaux, Luperón's lieutenant, stood out among his fellow Dominicans both physically and temperamentally. The illegitimate son of a Haitian father and a mother originally from St. Thomas, he, like Luperón, was one of the few black contenders for power. As events would demonstrate, he also possessed a singular thirst for power and a willingness to take any measures necessary to attain and to hold it.

During the four years between Báez's final withdrawal and Heureaux's ascension to the presidency, seven individuals held or claimed national, regional, or interim leadership. Among them were Ignacio María González Santín, who held the presidency from June to September 1878; Luperón, who governed from Puerto Plata as provisional president from October 1879 to August 1880; and Meriño, who assumed office in September 1880 after apparently fraudulent general elections. Heureaux served as minister of interior under Meriño; his behind-the-scenes influence on the rest of the cabinet apparently exceeded that of the president. Although Meriño briefly suspended constitutional procedures in response to unrest fomented by some remaining *baecistas*, he abided by the two-year term established under Luperón and turned the reins of government over to Heureaux on September 1, 1882.

Heureaux's first term as president was not particularly noteworthy. The administrations of Luperón and Meriño had achieved some financial stability for the country; political conditions had settled down to the point where Heureaux needed to suppress only one major uprising during his two-year tenure. By 1884, however, no single successor enjoyed widespread support among the various caciques who constituted the republic's ruling group. Luperón, still the leader of the ruling Blue Party, supported General Segundo Imbert for the post, while Heureaux backed the candidacy of General Francisco Gregorio Billini. A consummate dissembler, Heureaux assured Luperón that he would support Imbert should he win the election, but Heureaux also had ballot boxes in critical precincts stuffed in order to assure Billini's election.

Inaugurated president on September 1, 1884, Billini resisted Heureaux's efforts to manipulate him. Thus denied de facto rule, Heureaux undermined Billini by spreading rumors to the effect that the president had decreed a political amnesty so that he could conspire with ex-president Cesáreo Guillermo Bastardo (February 27–December 6, 1879) against Luperón's leadership of the Blues. These rumors precipitated a governmental crisis that resulted in Billini's resignation on May 16, 1885. Vice President Alejandro Woss y Gil succeeded Billini. Heureaux assumed a more prominent role under the new government. A number of his adherents were included in the cabinet, and the general himself assumed command of the national army in order to stem a rebellion led by Guillermo. The latter's death removed another potential rival for power and further endeared Heureaux to Luperón, a longtime enemy of Guillermo.

Luperón accordingly supported Heureaux in the 1886 presidential elections. Opposed by Casimiro de Moya, Heureaux relied on his considerable popularity and his demonstrated skill at electoral manipulation to carry the balloting. The blatancy of the fraud in some areas, particularly the capital, inspired Moya's followers to launch an armed rebellion. Heureaux again benefited from Luperón's support in this struggle, which delayed his inauguration by four months but further narrowed the field of political contenders. Having again achieved power, Heureaux maintained his grip on it for the rest of his life.

Several moves served to lay the groundwork for Heureaux's dictatorship. Constitutional amendments requested by the president and effected by the Congress extended the presidential term from two to four years and eliminated direct elections in favor of the formerly employed electoral college system. To expand his informal power base, Heureaux (who became popularly known as General Lilís, thanks to a common mispronunciation of his first name) incorporated both Reds and Blues into his government. The president also established an extensive network of secret police and informants in order to avert incipient rebellions. The press, previously unhampered, came under new restrictions.

In the face of impending dictatorship, concerned Dominican liberals turned to the only remaining figure of stature, Luperón. The elections of 1888 therefore pitted Heureaux against his political mentor. If the dictator felt any respect for his former commander, he did not demonstrate it during the campaign. Heureaux's agents attacked Luperón's campaigners and supporters, arresting and incarcerating considerable numbers of them. Recognizing the impossibility of a free election under such circumstances, Luperón withdrew his candidacy, declined the entreaties of those of his followers who urged armed rebellion, and fled into exile in Puerto Rico.

Although plots, intrigue, and abortive insurrections continued under his rule, Heureaux faced no serious challenges until his assassination in 1899. He continued to govern in mock-constitutional fashion, achieving reelections through institutionalized fraud, even as repression worsened. Like Santana and Báez before him, Heureaux sought the protection of a foreign power, principally the United States. Although annexation was no longer an option, the dictator offered to lease the Samaná Peninsula to the United States. The arrangement was never consummated, however, because of opposition from the liberal wing of the Blue Party and a number of concerned European powers. In spite of protests from Germany, Britain, and France, in 1891 Washington and Santo Domingo concluded a reciprocity treaty that allowed twenty-six United States products free entry into the Dominican market in exchange for similar duty-free access for certain Dominican goods.

Under Heureaux, the Dominican government considerably expanded its external debt, even as there was considerable blurring between his private holdings and the state's financial affairs. Some improvements in infrastructure resulted, such as the completion of the first railroads. Initial attempts at professionalizing the army and bureaucratizing the state were made, and educational reforms were introduced. As a result of favorable state policies, modern sugar estates began to replace catage of customs revenue, but also had been granted the right to administer Dominican customs in order to ensure regular repayment. Stung by the Jimenes government's resumption of control over its customs receipts, the directors of the Improvement Company protested to the United States Department of State. The review of the case prompted a renewed interest in Washington in Dominican affairs.

Cibao nationalists suspected the president of bargaining away Dominican sovereignty in return for financial settlements. Government forces led by Vásquez put down some early uprisings. Eventually, however, personal competition between Jimenes and Vásquez brought them into conflict. Vásquez's forces proclaimed a revolution on April 26, 1902; with no real base of support, Jimenes fled his office and his country a few days later. However, conflicts among the followers of Vásquez and opposition to his government from local caciques grew into general unrest that culminated in the seizure of power by ex-president Alejandro Woss y Gil in April 1903.

Dominican politics had once again polarized into two largely nonideological groups. Where once the Blues and Reds had contended for power, now two other personalist factions, the *jimenistas* (supporters of Jimenes) and the *horacistas* (supporters of Vásquez and Cáceres), vied for control. Woss y Gil, a *jimenista,* made the mistake of seeking supporters among the *horacista* camp and was overthrown by *jimenista* General Carlos Felipe Morales Languasco in December 1903. Rather than restore the country's leadership to Jimenes, however, Morales set up a provisional government and announced his own candidacy for the presidency—with Cáceres as his running mate. The renewed fraternization with the *horacistas* incited another *jimenista* rebellion. This uprising proved unsuccessful, and Morales and Cáceres were inaugurated on June 19, 1904. Yet, conflict within the Morales administration between supporters of the president and those of the vice president eventually led to the ouster of Morales, and Cáceres assumed the presidency on December 29, 1905.

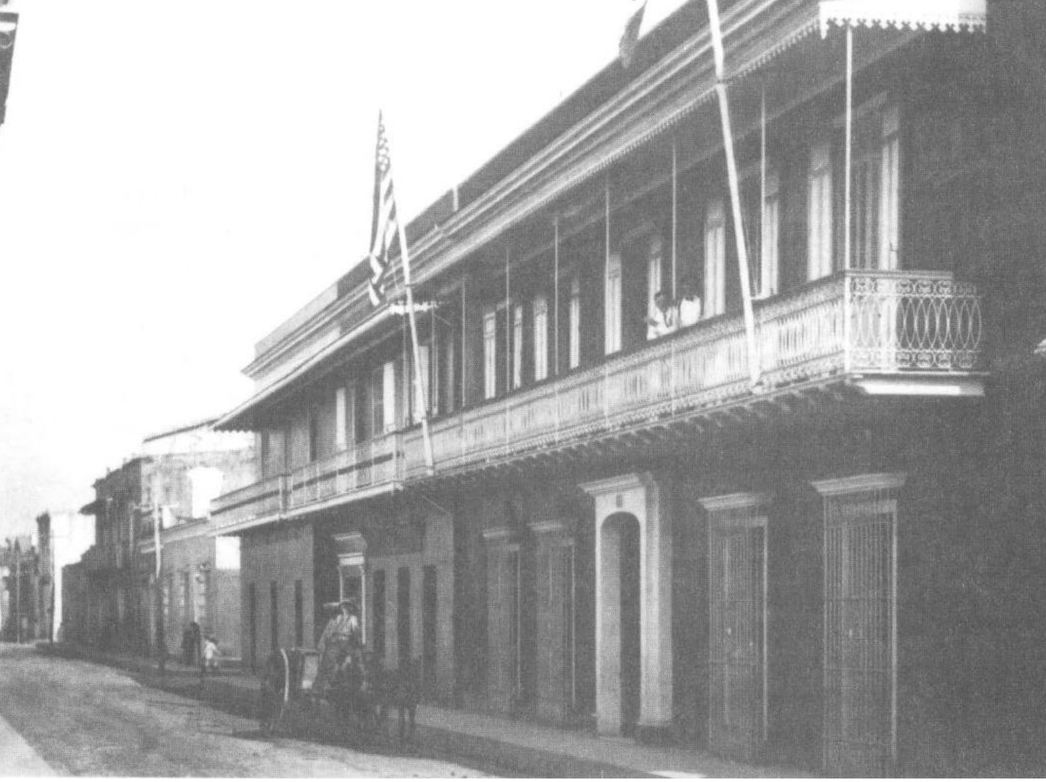
As a backdrop to the continuing political turmoil in the Dominican Republic, United States influence increased considerably during the first few years of the twentieth century. Pressures by European creditors on the Dominican Republic and the Anglo-German blockade of Venezuela in 1902–03 led to President Theodore Roosevelt's "corollary" to the Monroe Doctrine, which declared that the United States would assume the tle-ranching estates, even as exports of coffee and cocoa expanded. Yet, onerous terms on the major external loan, corruption and mismanagement, and a decline in world sugar markets, all exacerbated both domestic budget deficits and external balance of payments shortfalls.

Despite the dictator's comprehensive efforts to repress opposition—his network of spies and agents extended even to foreign countries—opposition eventually emerged centered in the Cibao region, which had suffered under Heureaux's policies favoring sugar interests in Santo Domingo and San Pedro de Macorís. An opposition group calling itself the Young Revolutionary Junta (Junta Revolucionaria de Jóvenes) was established in Puerto Rico by Horacio Vásquez Lajara, a young adherent of Luperón. Other prominent members of the group included Federico Velásquez and Ramón Cáceres Vásquez. The three returned to their plantations in the Cibao and began to lay the groundwork for a coordinated rebellion against the widely detested Heureaux. The impetuous Cáceres, however, shot and fatally wounded the dictator when he passed through the town of Moca on July 26, 1899. Cáceres escaped unharmed.

Growing Financial Dependence and Political Instability

Heureaux left two major legacies: debt and political instability. It was these legacies that finally helped usher in the United States military occupation of 1916. In the six years after Heureaux's assassination in 1899, the country experienced four revolts and five presidents. National politics came to revolve primarily around the conflict between the followers of Juan Isidro Jimenes Pereyra, called *jimenistas*, and the followers of Horacio Vásquez Lahara, called *horacistas*; both men and both groups had been involved in plots against Heureaux.

After a brief period of armed conflict, Vásquez headed a provisional government established in September 1899. Elections brought Jimenes to the presidency on November 15. The Jimenes administration faced a fiscal crisis when European creditors began to call in loans that had been contracted by Heureaux. Customs fees represented the only significant source of government revenue at that time. When the Jimenes government pledged 40 percent of its customs revenue to repay its foreign debt, it provoked the ire of the San Domingo Improvement Company. A United States-based firm, the Improvement Company, had lent large sums to the Heureaux regime. As a result, it not only received a considerable percent-



Offices of the General Customs Receivership,
Santo Domingo, 1907
Courtesy National Archives

police powers necessary in the region to ensure that creditors would be adequately repaid. United States military forces had intervened several times between 1900 and 1903, primarily to prevent the employment of warships by European governments seeking immediate repayment of debt. In June 1904, the Roosevelt administration negotiated an agreement whereby the Dominican government bought out the holdings of the San Domingo Improvement Company. Then, following an intermediate agreement, the Morales government ultimately signed a financial accord with the United States in February 1905. Under this accord, the United States government assumed responsibility for all Dominican debt as well as for the collection of customs duties and the allocation of those revenues to the Dominican government and to the repayment of its domestic and foreign debt. Although parts of this agreement were rejected by the United States Senate, it formed the basis for the establishment in April 1905 of the General Customs Receivership, the office through which the United States government administered the finances of the Dominican Republic.

The Cáceres government became the financial beneficiary of this arrangement. Freed from the burden of dealing with creditors, Cáceres attempted to reform the political system. Constitutional reforms placed local *ayuntamientos* (town councils) under the power of the central government, extended the presidential term to six years, and eliminated the office of vice president. Cáceres also nationalized public utilities and established a bureau of public works to administer them. The curtailment of local authority particularly irked those caciques who had preferred to rule through compliant *ayuntamientos.* The continued financial sovereignty of the "Yankees" also outweighed the economic benefits of the receivership in the minds of many Dominican nationalists. Intrigues fomented in exile by Morales, Jimenes, and others beset Cáceres, who was assassinated on November 19, 1911.

The assassination of Cáceres led to another period of political turmoil and economic disorganization that was to culminate in the republic's occupation by the United States. The fiscal stability that had resulted from the 1905 receivership eroded under Cáceres's successor, Eladio Victoria y Victoria, with most of the increased outlays going to support military campaigns against rebellious partisans, mainly in the Cibao. The continued violence and instability prompted the administration of President William H. Taft to dispatch a commission to Santo Domingo on September 24, 1912, to mediate between the warring factions. The presence of a 750-member force of United States Marines apparently convinced the Dominicans of the seriousness of Washington's threats to intervene directly in the conflict; Victoria agreed to step down in favor of a neutral figure, Roman Catholic archbishop Adolfo Alejandro Nouel Bobadilla. The archbishop assumed office as provisional president on November 30.

Nouel proved unequal to the burden of national leadership. Unable to mediate successfully between the ambitions of rival *horacistas* and *jimenistas,* he resigned on March 31, 1913. His successor, José Bordas Valdés, was equally unable to restrain the renewed outbreak of hostilities. Once again, Washington took a direct hand and mediated a resolution. The rebellious *horacistas* agreed to a cease-fire based on a pledge of United States oversight of elections for members of local *ayuntamientos* and a constituent assembly that would draft the procedures for presidential balloting. The process, however, was flagrantly manipulated and resulted in Bordas's reelection on June 15, 1914.

Bordas reached out to the *jimenistas,* naming one of their leaders, Desiderio Arias, as government delegate to the Cibao. However, *horacistas* soon revolted, declaring a new provisional government under Vásquez. Subsequent mediation by the United States government led to municipal and congressional elections in December 1913. However, these elections were blatantly manipulated by Bordas, leading to renewed tensions with not only *horacistas* but also *jimenistas.*

The United States government, this time under President Woodrow Wilson, again intervened. The "Wilson Plan"—delivered as an ultimatum—essentially stated: elect a president or the United States will impose one. Bordas resigned, and the Dominicans accordingly selected Ramón Báez Machado (the son of Buenaventura Báez) as provisional president on August 27, 1914, to oversee elections. Comparatively fair presidential elections held on October 25 returned Jimenes to the presidency.

However, a combination of continued internecine political infighting and United States pressure made Jimenes's position untenable soon after his inauguration on December 6, 1914. The United States government wished him to regularize the appointment of a United States comptroller, who was overseeing the country's public expenditures, and to create a new national guard, which would be under the control of the United States military, thus eliminating the existing army controlled by Arias. At the same time, Jimenes found himself with less and less political support, as he confronted opposition first from *horacistas* and then from his own secretary of war, Desiderio Arias. Arias spearheaded an effort to have Jimenes removed by impeachment so that he could assume the presidency. Although the United States ambassador offered military support to his government, Jimenes opted to step down on May 7, 1916. At this point, the United States decided to take more direct action. United States forces had already occupied Haiti (see United States Involvement in Haiti, 1915–34, ch. 6), and this time Arias retreated from Santo Domingo on May 13, under threat of naval bombardment; the first Marines landed three days later. Although they established effective control of the country within two months, the United States forces did not proclaim a military government until November.

The country occupied by the United States Marines was one marked not only by weak sovereignty, but also by unstable political rule, fragmented and fearful economic elites, a weak church, and the absence of a central state and of a national military institution independent of individual leaders or loyalties.

From the United States Occupation (1916–24) to the Emergence of Trujillo (1930)

The United States occupation of the Dominican Republic was to be a critical turning point in Dominican history, although not for the reasons intended by the occupying forces. Led by military governor Rear Admiral Harry S. Knapp, programs were enacted in education, health, sanitation, agriculture, and communications; highways were built; and other public works were created. In addition, other programs crucial to strengthening state structures and a market economy were implemented, including both a census and a cadastral survey. The latter allowed land titles to be regularized and United States sugar companies to expand their holdings dramatically, even as infrastructure to facilitate exports was developed. The most significant measure was the establishment of a new Dominican constabulary force.

Most Dominicans, however, greatly resented the loss of their sovereignty to foreigners, few of whom spoke Spanish or displayed much real concern for the welfare of the republic. The most intense opposition to the occupation arose in the eastern provinces of El Seibo and San Pedro de Macorís. From 1917 to 1921, the United States forces battled a guerrilla movement known as *gavilleros* in that area. Although the guerrillas enjoyed considerable support among the population and benefited from a superior knowledge of the terrain, they eventually yielded to the occupying forces' superior power.

After World War I, however, public opinion in the United States began to run against the occupation, and in June 1921 United States representatives presented a withdrawal proposal, known as the Harding Plan. The plan called for Dominican ratification of all acts of the military government, approval of a US$2.5-million loan for public works and other expenses, the acceptance of United States officers for the constabulary—now known as the National Guard (Guardia Nacional)—and the holding of elections under United States supervision. Popular reaction to the plan was overwhelmingly negative. Moderate Dominican leaders, however, used the plan as the basis for further negotiations that resulted in an agreement allowing for the selection of a provisional president to rule until elections could be organized. Under the supervision of High Commissioner Sumner Welles, Juan Bautista Vicini Burgos assumed the provisional presidency on October 21, 1922. In the presidential election of March 15, 1924, Horacio Vásquez handily defeated Francisco J. Peynado; shortly after his inauguration in July, all United States marines withdrew.

The aging Vásquez governed ineffectively and corruptly, dramatically expanding public employment and extending his term in office by two years. As doubts emerged about the fairness of the 1930 elections, an uprising against the president led to the naming of Rafael Estrella Ureña as provisional president pending the elections. Rafael Leónidas Trujillo Molina, the head of the country's newly established military force, had played a critical, secretive role in ensuring the success of the rebellion against Vásquez. Trujillo soon emerged as the only presidential candidate in the elections, winning with 99 percent of the vote.

Trujillo was able to gain power and quickly consolidate a much more solid grip on power than previous Dominican rulers because of domestic and international factors. He now led a far more powerful national military institution than had previously existed while traditional powerholders remained weak and the population was largely disarmed. Moreover, he benefited from the improved transportation and communication infrastructure built during the occupation. In addition, in the 1920s, the United States moved toward a policy of nonintervention, a policy facilitated by the absence of any perceived threat to continued United States influence in the area from an outside power.

The Trujillo Era, 1930–61

Rafael Trujillo was born in 1891 and raised in San Cristóbal, a small town near the capital, in a family of modest means of mixed Spanish, Creole, and Haitian background. In less than ten years, from 1919 to 1928, he emerged from being an obscure minor officer in a newly formed constabulary force to become head of the country's army. Over the period of his rule from 1930 to 1961, he formally held the presidency from 1930 to 1938 and from 1942 to 1952; however, he always retained direct control over the military, allowing pliant individuals such as his brother Héctor to serve as president. His thirst for power was combined with megalomania (for example, Santo Domingo was renamed Ciudad Trujillo and Pico Duarte, the highest mountain in the Antilles, became Pico Trujillo) and a drive to accumulate massive wealth.

Trujillo's regime quickly moved beyond the traditional Dominican caudillo regimes of the nineteenth century. By the end of his second term, it was evident that his regime's totalitarian features went beyond those of Heureaux, its historical predecessor. Occasionally partial liberalizations occurred in response to international pressures. Such liberal episodes were particularly evident in late 1937 and early 1938, following the outcry that came after the October 1937 massacre of some 5,000 to 12,000 Haitians along the Dominican-Haitian border, and in the immediate post-World War II era. But Trujillo's accumulation of wealth and power would continue, reaching a peak in 1955. The regime's deterioration began shortly thereafter, accelerating in 1958.

Central to Trujillo's domination of the country was control over an expanding armed forces and police, which were his personal instrument rather than a national institution; the armed forces and the police grew from around 2,200 in 1932 to 9,100 in 1948 to 18,000 in 1958. In the mid-1950s, Trujillo transferred the best troops and weapons to a military service known as Dominican Military Aviation, controlled by his son Ramfis.

Yet, Trujillo's regime was not based purely on repression, although over time it increasingly became so. Ideologically, Trujillo portrayed himself with some success as a forger of the Dominican nation, builder of the state, and defender of its economic interests. His was the first prolonged period in the country's history when the country was not directly attacked or occupied by Spain, the United States, or Haiti. Trujillo built upon the country's antipathy to Haiti to help articulate a nationalist ideology appealing to traditional Hispanic and Roman Catholic values, aided by intellectuals such as Joaquín Balaguer Ricardo. In the 1930s, especially, he also articulated a vision of discipline, work, peace, order, and progress. As these values became embodied in a number of large-scale public works and construction projects, and particularly as the economy began moving out of the Great Depression of the late 1930s, Trujillo almost certainly gained respect among some elements of the population. In some cases, he also gained support because he presented himself in a messianic form. By the 1950s, and particularly after signing a concordat with the Vatican in 1954, Trujillo often attacked "international commu-

Rafael Leónidas Trujillo Molina
Courtesy Library of Congress

nism" as a threat to the country's traditional values that he claimed he was seeking to uphold.

Trujillo also waved the ideological banner of economic nationalism, although it sometimes cloaked his own personal accumulation of wealth. Trujillo ended United States administration of Dominican customs (in 1941), retired the Dominican debt (in 1947), and introduced a national currency to replace the dollar (also in 1947), even as he amassed a sizeable personal fortune.

Economically, Trujillo eventually became the single dominant force in the country by combining abuse of state power, threats, and co-optation. Trujillo's initial schemes to enrich himself revolved around the creation of state or commercial monopolies. He then gradually moved into industry, forcing owners to allow him to buy up shares, while also enjoying healthy commissions on all public works contracts. After World War II, Trujillo expanded into industrial production. His most massive investments were made in sugar, which was largely foreign-owned. The planning and implementation of Trujillo's sugar operations, however, were so poor that had it not been for the numerous state subsidies they received, they would have lost money.

Although some of the country's economic elite maintained a degree of individual autonomy, no possibility existed for independent organization. Trujillo enjoyed humiliating those who previously had enjoyed both social prestige and economic wealth; they intensely disliked him but were forced to conform. Only in Trujillo's last two years did any concerted opposition emerge from within the economic elite. Indeed, Trujillo's economic holdings at the time of his death were staggering. Almost 80 percent of the country's industrial production was controlled by him; and nearly 60 percent of the country's labor force depended directly or indirectly on him, 45 percent employed in his firms and another 15 percent working for the state. The only organization that retained any degree of autonomy was the Roman Catholic Church; until the very end of his rule, it remained abjectly loyal to him.

Politically, Trujillo combined guile, cynicism, ruthlessness, and co-optation. He cynically deployed constitutional norms and legal requirements, which ostensibly were followed faithfully, and totally dominated a single-party apparatus. In addition, Trujillo engaged in byzantine manipulation of individuals, who were shifted around public offices in a disconcerting fashion as personal rivalries were promoted and tested. At its apogee, the Dominican Party (Partido Dominicano) had branches throughout the country, helping to keep Trujillo apprised of local realities, needs, and potential threats to his rule. The party's charitable activities, homages to Trujillo, and campaign efforts were financed largely by a percentage taken from the salaries of public employees. Trujillo made voting mandatory (not voting could be risky), and in 1942 he expanded the suffrage to women.

International factors were also important in helping Trujillo sustain his grip on power. Trujillo employed public relations firms and assiduously cultivated his military contacts and individual politicians in the United States to enhance his reputation and sustain United States support. He went to elaborate lengths to demonstrate domestically that he retained support from the United States. In some periods, United States diplomats expressed their frustration at being manipulated by Trujillo even as United States military personnel openly praised his rule. At the same time, his complex web of conspiracy, intrigue, and violence extended beyond Dominican borders; he provided support for various regional dictators and plotted against perceived foreign enemies, such as Rómulo Betancourt of Venezuela, who, in turn, provided support for exile groups plotting against Trujillo.

By the late 1950s, Trujillo faced multiple challenges, even as the country's economy was suffering and his own mental acuity was declining. Domestic opposition, agitation by exiles, and international pressures began to reinforce each other. A failed invasion attempt in June 1959 from Cuba helped spawn a major underground movement, itself brutally crushed in January 1960. As a gesture of liberalization, in August 1960 Trujillo removed his brother from the presidency, replacing him with then vice president Joaquín Balaguer.

However, domestic opposition continued to grow, the Roman Catholic Church began to distance itself from the regime, and with concerns mounting about the Cuban Revolution, the United States distanced itself as well. A summary of United States policy intentions during this period is provided in President John F. Kennedy's often-cited dictum that in descending order of preferences the United States would prefer a democratic regime, continuation of a Trujillo regime, or a Castro regime, and that the United States should aim for the first, but not renounce the second until it was sure the third could be avoided. Covert and overt pressure, including cutting off the United States sugar quota and Organization of American States (OAS—see Glossary) sanctions, were applied to the Trujillo regime. Finally, conspirators, who for the most part had largely been supporters of the regime in the past, successfully assassinated Trujillo on May 30, 1961. Following Trujillo's death, attention immediately focused on what kind of regime would replace him. It took additional threats of United States military intervention to force Trujillo's relatives from the island in November 1961 in order to allow opposition elements to emerge.

Democratic Struggles and Failures

As were the years following the assassination of Heureaux decades earlier, the immediate post-Trujillo period was a convulsive one for the country. The preexisting political institutions and practices from the Trujillo regime were clearly inimical to a successful democratic transition. Yet, a clear break with the Trujillos was achieved. In January 1962, Joaquín Balaguer, who as vice president had taken over upon Trujillo's death, was forced into exile by opposition elements. A provisional government was formed to prepare for democratic elections. The upper-class opposition to Trujillo was organized in the National Civic Union (Unión Cívica Nacional—UCN). The UCN dominated the provisional government and expected its candidate, Viriato Fiallo, to win the elections. To the UCN's surprise, it was defeated by Juan Bosch Gaviño, one of the founders of the Dominican Revolutionary Party (Partido Revolucionario Dominicano—PRD) in exile in the late 1930s, and the UCN soon disappeared. The PRD was successfully converted into a mass party with both urban and rural appeal: Bosch campaigned as the candidate of the poor and promised to implement a variety of socioeconomic and political reforms.

The Bosch administration represented a freely elected, liberal, democratic government concerned for the welfare of all Dominicans. The 1963 constitution separated church and state, guaranteed civil and individual rights, and endorsed civilian control of the military. These and other changes, such as land reform, struck conservative landholders and military officers as radical and threatening. The hierarchy of the Roman Catholic Church also resented the secular nature of the new constitution, in particular its provision for legalized divorce. The hierarchy, along with the military leadership and the economic elite, also feared communist influence in the republic, and they warned of the potential for "another Cuba."

As a result, the conservative socioeconomic forces coalesced with political, military, and church figures to overthrow President Bosch on September 25, 1963, only seven months after he assumed office; United States support for his government had also weakened. The institutional changes that Bosch, his new constitution, and his proposed reforms represented, in a situation in which his party possessed an absolute majority, were perceived as too threatening; however, middle-sector and popular-sector groups remained relatively weak and unorganized. If Bosch's regime was overthrown in 1963 ostensibly because of its alleged communist nature, weak radical leftist elements were in fact strengthened by the coup, and the country experienced further polarization over the next several years.

Following the coup, a civilian junta known as the Triumvirate, dominated by the UCN and headed by Emilio de los Santos, was formed. However, Santos resigned on December 23 and was replaced by Donald Reid Cabral, who increasingly became the dominant figure. His regime lacked legitimacy or strong support, however, and on April 25, 1965, a civil-military conspiracy sought to return Bosch to power. The Dominican government's action provoked a series of events leading to the "constitutionalist" uprising in support of Bosch. Three days later, on April 28, the United States intervened because the "loyalist" Dominican military troops led by General Elías Wessin y Wessin were unable to control the growing civil-military rebellion, often referred to as a civil war. The intervention was the result of an exaggerated fear on the part of the United States regarding a potential "second Cuba." Its unilateral nature was subsequently modified by the creation of an OAS-sponsored peace force, which supplemented the United States military presence in the republic.

Ultimately, negotiations during 1965–66 arranged a peaceful surrender of the constitutionalist forces, which were surrounded by foreign troops in downtown Santo Domingo. The negotiations also prevented a new outbreak of hostilities and provided for elections, which were overseen by a provisional government led by Hector García Godoy. However, many Dominicans viewed these elections, which permitted the United States to extricate its troops from the country, as tainted. Bosch and Balaguer (who had returned from exile in June 1965) were the two main candidates. Bosch felt betrayed by the United States, which had blocked his possible return to power and turned on his military supporters, and he ran a lackluster campaign. Balaguer, at the head of his own conservative Reformist Party (Partido Reformista—PR), campaigned skillfully and energetically, promising peace and stability. Balaguer was clearly the candidate favored by most conservative business interests and by the officer corps that retained control of the armed forces; most Dominicans also were convinced he was the candidate strongly favored by the United States. Although the civil war had been confined to urban areas, it left some 3,000 dead and the country polarized. Thus, for many Dominicans, Balaguer's administration lacked legitimacy.

Authoritarian Balaguer, 1966–78

In his authoritarian and patrimonial style, predilection for grandiose public construction projects, and emphasis on the country's Hispanic essence, Balaguer resembled Trujillo. However, Balaguer's treatment of economic, military, and political power differed from that of the strongman under whom he had served, in part because of changes in Dominican society and international circumstances.

The Balaguer period from 1966 to 1978 was one of high economic growth; the country averaged a 7.6 percent increase in real GDP over the period. Growth was based on increased export earnings, import-substitution in consumer goods promoted by generous tax incentives, and public investment projects. It was facilitated by the United States sugar quota and generous economic assistance, particularly in the early Balaguer years. Balaguer ruled in a patrimonial fashion, ensuring that he was the central axis around which all other major political and economic forces revolved. At the same time, he eventually undermined his position by promoting the development of business groups separate from, even if dependent upon, the state. Such an approach sharply contrasted with the approach taken in the Trujillo period. However, organized labor remained extremely weak as a result of repression, co-optation, and very restrictive labor legislation.

Relations between business and Balaguer were complicated by the growing incursions of the armed forces into business and into politics. Balaguer had a commanding presence within the military as a result of his ties to the Trujillo period, his anticommunism, his statesmanlike caudillo figure, and his acceptance of military repression as well as large-scale corruption. However, he clearly was not the military figure Trujillo had been. He sought to manage the military by playing off the ambitions of the leading generals and shifting their assigned posts. Yet, he occasionally confronted serious challenges, such as a coup effort by Elías Wessin y Wessin in 1971, which he successfully dismantled. The two leaders were later to reconcile politically.

The initial Balaguer years were a period of relative polarization that saw government repression and sporadic terrorist activities by opposition groups. In a six-year period after the 1965 occupation, some 2,000 additional Dominicans were killed. Following his electoral victory in 1966, Balaguer ran again and won in elections in 1970 and 1974. However, in these elections, the military placed strong pressure on opposition candidates, most of whom ultimately withdrew prior to election day. Balaguer also practiced a policy of co-optation, bringing opposition figures into government. The extent and the severity of repression, particularly after 1976, were considerably less than in the Trujillo years.

By the 1978 elections, Balaguer's drive for power, reelectionist aspirations, and policy decisions had alienated a number of his former supporters. His popularity was also affected by worsening economic conditions. An economic downturn finally affected the country around 1976, when the sugar boom that had offset oil price increases faded. In addition, the country's substantial growth, industrialization, and urbanization had expanded middle-sector and professional groups, which were disgruntled by Balaguer's method of rule and apparent discrimination against newer and regional groups. The PRD, feeling the mood of the population and sensing support from the administration of United States president Jimmy Carter, nominated a moderate, Silvestre Antonio Guzmán Fernández, as its candidate to oppose Balaguer in the 1978 elections.

For these elections, the PRD also projected a more moderate image and strengthened its international contacts, particularly with the United States government and the Socialist International. The PRD's ability to project itself as a less threatening alternative to Balaguer in 1978 was facilitated by the decision of Bosch in 1973 to abandon his party and establish another, more radical and cadre-oriented party, the Party of Dominican Liberation (Partido de la Liberación Dominicana—PLD). Bosch's exit followed upon his disillusionment with liberal democracy following the 1965 United States intervention. In the 1980s, however, he was to lead his party back into the electoral arena.

Electoral victory did not come easily for the PRD. As it became evident early in the morning after election day that the party was winning by a wide margin, a military contingent stopped the vote count. In the end, the effort to thwart the elections was dismantled because of firm opposition by the Carter administration, other Latin American and European governments, and domestic groups. Yet, in the tense period between the election and the inauguration, congressional electoral results were "adjusted" to provide the exiting Balaguer with a guarantee that he would not be prosecuted. Principally this adjustment involved giving Balaguer's party, the PR, a majority in the Senate, which appointed judges, and thus was key to the successful prosecution of corruption charges.

The PRD in Power and Balaguer, Again

Unlike Balaguer, the leaders of the Dominican Revolutionary Party (PRD) promoted a democratic agenda. During the electoral campaign of 1978, the PRD conveyed the image of being the party of change (*el partido del cambio*); the party pledged to improve the living standards of the less privileged, to include those who felt politically underrepresented, and to modernize state institutions and the rule of law. As a result, the PRD's rise to power generated expectations among the Dominican people for socioeconomic and political reforms that were largely not achieved.

One threat to democracy that began to recede in 1978 was that of military incursion into politics, given that President Guzmán dismissed many of the key generals associated with repression. The armed forces have remained under civilian control. However, this control resulted primarily from the personal relations top military officers had with the president and the divided political loyalties within the officer corps. Even when Balaguer returned to power in 1986, however, the military did not regain the level of importance and influence it had had during his first twelve years in office.

The Guzmán administration (1978–82) was viewed as transitional because it faced a Senate controlled by Balaguer's party and growing intraparty rivalry in the PRD, which was led by Salvador Jorge Blanco. Yet, the PRD was able to unify around Jorge Blanco's presidential candidacy (Guzmán had pledged not to seek reelection) and defeat Balaguer and Bosch in the May 1982 elections. Tragically, Guzmán committed suicide in July 1982, apparently because of depression, isolation, and concerns that Jorge Blanco might pursue corruption charges against family members; vice president Jacobo Majluta Azar completed Guzmán's term until the turnover of power in August.

Initial hopes that the Jorge Blanco administration (1982–86) would be a less personalist, more institutional, reformist presidency were not realized. A major problem was the economic crisis that not only limited the resources the government had available and demanded inordinate attention, but also forced the government to institute unpopular policies, sometimes by executive decree. Problems had begun under Guzmán: prices sharply increased following the second Organization of the Petroleum Exporting Countries (OPEC) oil shock, interest rates skyrocketed, and exports declined. In addition, sugar prices fell in 1977–79, rebounded in 1980, and then fell sharply again even as the United States sugar quota was being reduced and as prices of other Dominican exports also declined.

Significant steps toward economic stabilization were taken under the Jorge Blanco administration, although not without difficulty. In April 1984, the government imposed price increases on fuel, food, and other items as part of a package of measures negotiated with the International Monetary Fund (IMF—see Glossary) to renew international credit flows. Protests against these measures escalated into full-scale riots that were tragically mismanaged by the armed forces, leading to scores of deaths and the suspension of the measures. In the face of growing international constraints, the administration successfully complied with an IMF stand-by program over 1985 and 1986. However, the economic measures induced a sharp recession in the country. Another problem was executive-congressional deadlock, now driven by intraparty factionalism. The PRD was increasingly divided between followers of Salvador Jorge Blanco and José Francisco Peña Gómez on the one hand, and Jacobo Majluta Azar, on the other. Other difficulties resulted from the reassertion of patronage and executive largesse.

The situation in the country was perhaps responsible for the outcome of the May 1986 elections: Balaguer emerged victorious with a slim plurality, defeating Majluta of the PRD and Bosch of the PLD; Bosch had nevertheless received 18 percent of the vote, double the percentage from four years earlier. Balaguer had merged his party with several smaller Christian Democratic parties to form the Reformist Social Christian Party (Partido Reformista Social Cristiano—PRSC). However, the promise of a more coherent ideological base for his party was never realized.

Balaguer began his 1986 term by denouncing the mistakes and irregularities carried out by his predecessors. His denunciation led ultimately to the arrest of former president Jorge Blanco on corruption charges. The administration did nothing to remove the factors that fostered corruption, however, seemingly satisfied with discrediting the PRD and particularly Jorge Blanco.

Balaguer also sought to revive the economy quickly, principally by carrying out a number of large-scale public investment projects. He pursued a policy of vigorous monetary expansion, fueling inflationary pressures and eventually forcing the government to move toward a system of exchange controls. Inflation, which had been brought down to around 10 percent in 1986, steadily climbed through Balaguer's first term. Balaguer also faced increasing social unrest in the late 1980s. Numerous strikes, such as a one-day national strike in July 1987, another in March 1988, and another in June 1989, took place between 1987–89; in 1990 Balaguer faced two general strikes in the summer and two others in the fall. Through a patchwork quilt of policies, the administration was able to limp through the May 1990 elections without a formal stabilization plan.

In spite of the country's problems, Balaguer achieved a narrow plurality victory in 1990. In elections marred by irregularities and charges of fraud, the eighty-three-year-old incumbent edged out his eighty-year-old opponent, Bosch, by a mere 24,470 votes. Peña Gómez, the PRD candidate, emerged as a surprisingly strong third candidate. By 1990 the PRD was irreparably split along lines that had formed during the bitter struggle for the 1986 presidential nomination. Peña Gómez had stepped aside for Jacobo Majluta in 1986 but had vowed not to do so again. The failure of numerous efforts since 1986 to settle internal disputes, as well as extensive legal and political wrangling, eventually left Peña Gómez in control of the PRD apparatus. Majluta ran at the head of a new party and came in a distant fourth.

Once Balaguer was reelected, he focused on resolving growing tensions between his government and business and the international financial community. In August 1990, Balaguer commenced a dialogue with business leaders and signed a Solidarity Pact. In this pact, Balaguer agreed to curtail (but not abandon) his state-led developmentalism in favor of more austerity and market liberalization. He reduced public spending, renegotiated foreign debt, and liberalized the exchange rate, but he did not privatize state enterprises. An agreement with the IMF was reached in 1991, and ultimately what had been historically high rates of inflation in the country (59 percent in 1990 and 54 percent in 1991) receded. Levels of social protest also decreased, as the country looked toward the 1994 elections.

In the 1994 campaign, the main election contenders were Balaguer of the PRSC and Peña Gómez of the PRD, with Bosch of the PLD running a distant third. In spite of suspicion and controversies, hopes ran high that with international help to the Electoral Board, a consensus document signed by the leading parties in place, and international monitoring, the 1994 elections would be fair, ending a long sequence of disputed elections in the Dominican Republic. Much to the surprise of many Dominicans and international observers, irregularities in voter registry lists were detected early on election day, which prevented large numbers of individuals from voting. In what turned out to be extremely close elections, the disenfranchised appeared disproportionately to be PRD voters, a situation that potentially affected the outcome. The prolonged post-election crisis resulted from the apparent fraud in the 1994 elections. Balaguer had ostensibly defeated Peña Gómez by an even narrower margin than that over Bosch in the 1990 elections. This situation caused strong reactions by numerous groups inside and outside the country: the United States government, the OAS, international observer missions, business groups, some elements of the Roman Catholic Church, and the PRD, among others. The severe criticism led to the signing of an agreement, known as the Pact for Democracy, reached among the three major parties on August 10, 1994. The agreement reduced Balaguer's presidential term to two years, after which new presidential elections would be held. The agreement also called for the appointment of a new Electoral Board as well as numerous constitutional reforms. The reforms included banning consecutive presidential reelection, separating presidential and congressional-municipal elections by two years, holding a run-off election if no presidential candidate won a majority of the votes, reforming the judicial system, and allowing dual citizenship.

A New Beginning?

The 1994 agreement and constitutional reforms, reinforced by increased vigilance by elements of Dominican civil society and by international actors, led to successful, free elections in 1996. None of the three main contenders in 1996 received the absolute majority necessary to win in the first round. Peña Gómez of the PRD reached the highest percentage with 45.9 percent, followed by Leonel Fernández of the PLD with 38.9 percent (Bosch had finally stepped down as party leader because of age and health), and Jacinto Peynado of the PRSC with 15 percent. Balaguer, who had not endorsed his party's first-round candidate, in the second round joined with the PRSC to officially endorse the candidacy of Leonel Fernández of the PLD in a "Patriotic Pact." The pact's spokesmen, who called for the preservation of national sovereignty and Dominicanness, were, in effect, articulating racial and anti-Haitian themes in their campaign against Peña Gómez, who was of Haitian ancestry. Aided by the PRSC endorsement, Leonel Fernández Reyna was able to defeat Peña Gómez in the second round.

Fernández's arrival to the presidency illustrated many of the dramatic changes that had taken place in the country. At the time of the death of Trujillo in 1961, the Dominican Republic was a predominantly rural country with a population isolated from international contact and an economy largely dependent on the export of sugar and other agricultural crops. By 1996 the country was mostly urban, and its economy and culture were far more linked to the outside world. Sugar was fading in importance; the country's major sources of foreign exchange were now tourism, exports from free trade zones, and remittances from overseas migrants. Indeed, the new president had spent part of his youth as a migrant in New York, where as many as one in fourteen Dominicans currently live; he could converse comfortably in English or Spanish about the implications of economic globalization, the threat of drug trafficking routes through the island republic, or the records of the dozens of Dominican baseball players in the major leagues of the United States.

The 1996 elections were the first in the country since 1962 when neither Balaguer nor Bosch was a candidate. Political change was evident, as were elements of continuity and conflict. Fernández obtained the presidency, but the new electoral calendar established by the 1994 reform meant that congressional elections would now be held at the midpoint of the presidential term. Indeed, his party had a very small representation in Congress because of its poor performance in the 1994 elections. Soon after Fernández's electoral victory, Balaguer's PRSC negotiated a pact with the PRD to obtain leadership positions in Congress. Without congressional support, however, as of mid-1998 the Fernández administration was stymied in its efforts to pass legislation.

Midway through his presidential term in office, Fernández had been governing in a more democratic fashion than Balaguer. As of mid-1998, the Fernández administration had had two major political successes. One was the appointment in August 1997 of a new Supreme Court—widely viewed as comprising many distinguished jurists—in a much more open process through a Council of the Magistrature established by the constitutional reform of 1994. The other was the holding of fair congressional and municipal elections on May 16, 1998. At the same time, the death of Peña Gómez, one of the country's political leaders, on May 10, 1998, was an indicator of the transition in Dominican politics at the close of the twentieth century. Because of Peña Gómez's death one week before the elections, the PRD won by an even wider margin than polls had suggested, gaining 80 percent of Senate seats, 56 percent of seats in the Chamber of Deputies, and 83 percent of mayoral races. Although Fernández's own PLD improved its congressional representation compared to 1994, it was not nearly to the level expected by the party; the PRSC also did very poorly.

Thus, the Dominican Republic is entering the new century seeking to strengthen still fragile democratic institutions, building on the successful democratic transition represented by the 1996 elections. The country is also having to learn how to manage the bitter interparty wrangling reflected in tense executive-congressional relations while also managing leadership changes in the major parties and confronting continuing serious socioeconomic challenges.

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An excellent one-volume historical overview in English is Frank Moya Pons's *The Dominican Republic: A National History.* Also useful are the chapters by Frank Moya Pons and H. Hoetink found in *The Cambridge History of Latin America* (in volumes 2, 5, and 7, including their bibliographical essays). On the nineteenth century, see also H. Hoetink, *The Dominican People 1859–1900: Notes for a Historical Sociology*; Sumner Welles, *Naboth's Vineyard: The Dominican Republic, 1844–1924*; and Emelio Betances, *State and Society in the Dominican Republic.* Bruce J. Calder's *The Impact of Intervention* is an excellent study of the United States occupation and its effects. On Trujillo, Robert Crassweller's *Trujillo: The Life and Times of a Caribbean Dictator* is highly recommended. Howard Wiarda has written extensively on the Dominican Republic; his most detailed work is a three-volume study, *Dictatorship, Development and Disintegration: Politics and Social Changes in the Dominican Republic.* Rosario Espinal has published many valuable articles, including "An Interpretation of the Democratic Transition in the Dominican Republic." Recent analyses of Dominican politics include those by Jan Knippers Black, *The Dominican Republic*; James Ferguson, *The Dominican Republic: Beyond the Lighthouse*; and Jonathan Hartlyn, *The Struggle for Democratic Politics in the Dominican Republic.* (For further information and complete citations, see Bibliography.)

Chapter 2. Dominican Republic: The Society and Its Environment

A bohío, *or rural hut*

DOMINICAN SOCIETY OF THE late 1990s reflects the country's Spanish-African-Caribbean heritage. It manifests significant divisions along the lines of race and class. A small fraction of the populace controls great wealth, while the vast majority struggles to get by. The small emerging middle class works both to maintain and to extend its political and economic gains. Generally speaking, Dominican society offers relatively few avenues of advancement; most of those available allow families of modest means only to enhance slightly or consolidate their standing.

The majority of the population is mulatto, the offspring of Africans and Europeans. The indigenous Amerindian population had been virtually eliminated within half a century of initial contact. Immigrants—European, Middle Eastern, Asian, and Caribbean—arrived with each cycle of economic growth. In general, skin color determines placement in the social hierarchy: lighter skin is associated with higher social and economic status. European immigrants and their offspring find more ready acceptance at the upper reaches of society than do darker-skinned Dominicans.

The decades following the end of the regime of Rafael Leónidas Trujillo Molina (1930–61) have been a time of extensive changes as large-scale rural-urban and international migration have blurred the gulf between city and countryside. Traditional attitudes persist: peasants continue to regard urban dwellers with suspicion, and people in cities continue to think of rural Dominicans as unsophisticated and naive. Nonetheless, most families include several members who have migrated to the republic's larger cities or to the United States. Migration serves to relieve some of the pressures of population growth. Moreover, cash remittances from abroad permit families of moderate means to acquire assets and maintain a standard of living far beyond what they might otherwise enjoy.

The alternatives available to poorer Dominicans are far more limited. Legal emigration requires assets beyond the reach of most, although some risk the water passage to Puerto Rico. Many rural dwellers migrate instead to one of the republic's cities. These newcomers, however, enjoy financial resources and training far inferior to those prevailing among families of moderate means. For the vast majority of the republic's population, the twin constraints of limited land and limited employment opportunities define the daily struggle for existence.

In the midst of far-reaching changes, the republic continues to be a profoundly family oriented society. Dominicans of every social stratum rely on family, kin, and neighbors for social identity and interpersonal relations of trust and confidence, particularly in the processes of migration and urbanization. At the same time, these processes often cause the family to disintegrate.

Geography

The Dominican Republic is located on the island of Hispaniola (La Isla Española), which it shares with Haiti to the west. The 388-kilometer border between the two was established in a series of treaties, the most recent of which was the 1936 Protocol of Revision of the Frontier Treaty (Tratado Fronterizo) of 1929. The country is shaped in the form of an irregular triangle. The short side of the triangle is 388 kilometers long, while the two long sides form 1,575 kilometers of coastline along the Atlantic Ocean, Caribbean Sea, and Mona Passage. The total area of the country is 48,442 square kilometers. Although the Dominican Republic boasts the highest elevations in the Antilles, it also has a saltwater lake below sea level (see fig. 1).

Natural Regions

The mountains and valleys of the Dominican Republic divide the country into three regions: the northern region, central region, and southwestern region. The northern region borders the Atlantic Ocean and consists of the Atlantic coastal plain, Cordillera Septentrional (Northern Range), Valle del Cibao (Cibao Valley), and Samaná Peninsula. The Atlantic coastal plain is a narrow strip that extends from the northwestern coast at Monte Cristi to Nagua, north of the Samaná Peninsula. The Cordillera Septentrional is south of and runs parallel to the coastal plain. Its highest peaks rise to an elevation of more than 1,000 meters. The Valle del Cibao lies south of the Cordillera Septentrional. It extends 240 kilometers from the northwest coast to the Bahía de Samaná (Samaná Bay) in the east and ranges in width from fifteen to forty-five kilometers. To the west of the ridge lies the Valle de Santiago, and to the east is the Valle de la Vega Real. The Samaná Peninsula is an eastward extension of the northern region, separated from the Cordillera Septentrional by an area of swampy lowlands. The peninsula is mountainous, with its highest elevations reaching 600 meters.

The central region is dominated by the Cordillera Central (Central Range); it runs eastward from the Haitian border and turns southward at the Valle de Constanza to end in the Caribbean Sea. This southward branch is known as the Sierra de Ocoa. The Cordillera Central is 2,000 meters high near the Haitian border and reaches an elevation of 3,087 meters at Pico Duarte, the highest point in the country. An eastern branch of the Cordillera Central extends through the Sierra de Yamasá to the Cordillera Oriental (Eastern Range). The main peaks of these two mountain groups are not higher than 880 meters. The Cordillera Oriental also is known as the Sierra de Seibo.

Another significant feature of the central region is the Caribbean coastal plain, which lies south of the foothills of the Sierra de Yamasá and the Cordillera Oriental. It extends 240 kilometers from the mouth of the Ocoa River to the extreme eastern end of the island. The Caribbean coastal plain is ten to forty kilometers wide and consists of a series of limestone terraces that gradually rise to an elevation of 100 to 120 meters at the northern edge of the coastal plains at the foothills of the Cordillera Oriental. Finally, the central region includes the Valle de San Juan in the western part of the country; the valley extends 100 kilometers from the Haitian border to Bahía de Ocoa.

The southwestern region lies south of the Valle de San Juan. It encompasses the Sierra de Neiba, which extends 100 kilometers from the Haitian border to the Yaque del Sur River. The main peaks are roughly 2,000 meters high, while other peaks range from 1,000 to 1,500 meters. On the eastern side of the Yaque del Sur lies the Sierra de Martín García, which extends twenty-five kilometers from the river to the Llanura de Azua (Plain of Azua).

The Hoya de Enriquillo, a structural basin that lies south of the Sierra de Neiba, is also within the southwestern region. The basin extends ninety-five kilometers from the Haitian border to the Bahía de Neiba and twenty kilometers from the Sierra de Neiba to the Sierra de Baoruco. The Sierra de Baoruco extends seventy kilometers from the Haitian border to the Caribbean Sea. Its three major peaks surpass 2,000 meters in height. The Procurrente de Barahona (Cape of Barahona) extends southward from the Sierra de Baoruco and consists of a series of terraces.

Drainage

The Dominican Republic has seven major drainage basins. Five of these rise in the Cordillera Central and a sixth in the Sierra de Yamasá. The seventh drainage system flows into the Lago Enriquillo (Lake Enriquillo) from the Sierra de Neiba to the north and the Sierra de Baoruco to the south. In general, other rivers are either short or intermittent.

The Yaque del Norte is the most significant river in the country. Some 296 kilometers long and with a basin area of 7,044 square kilometers, it rises near Pico Duarte at an elevation of 2,580 meters in the Cordillera Central. It empties into Bahía de Monte Cristi on the northwest coast where it forms a delta. The Yaque del Sur is the most important river on the southern coast. It rises to an elevation of 2,707 meters in the southern slopes of the Cordillera Central. Its upper course through the mountains comprises 75 percent of its total length of some 183 kilometers. The basin area is 4,972 square kilometers. The river forms a delta near its mouth in the Bahía de Neiba.

The Lago Enriquillo, the largest lake in the Antilles, lies in the western part of the Hoya de Enriquillo. Its drainage basin includes ten minor river systems and covers an area of more than 3,000 square kilometers. The northern rivers of the system are perennial and rise in the Sierra de Neiba, while the southern rivers rise in the Sierra de Baoruco and are intermittent, flowing only after heavy rainfall. The Lago Enriquillo itself varies from 200 to 265 square kilometers. Its water level oscillates because of the high evaporation rate, yet on the average it is forty meters below sea level. The water in the lake is saline.

Climate

The Dominican Republic has primarily a tropical climate, with more diurnal and local than seasonal variations in temperature, and with seasonal variability in the abundance of rainfall. The average annual temperature is 25°C, ranging from 18°C at an elevation of more than 1,200 meters to 28°C at an elevation of ten meters. Highs of 40°C are common in protected valleys, as are lows of 0°C in mountainous areas. In general, August is the hottest month and January and February, the coldest.

Seasons, however, vary more as a function of rainfall than of temperature. Along the northern coast, the rainy season lasts from November through January. In the rest of the country, it runs from May through November, with May being the wettest month. The dry season lasts from November through April, with March being the driest month. The average annual rainfall for the country as a whole is 150 centimeters. Rainfall varies, however, from region to region, from thirty-five centimeters in the Valle de Neiba to 274 centimeters in the Cordillera Oriental. In general, the western part of the country, including the interior valleys, receives the least rain.

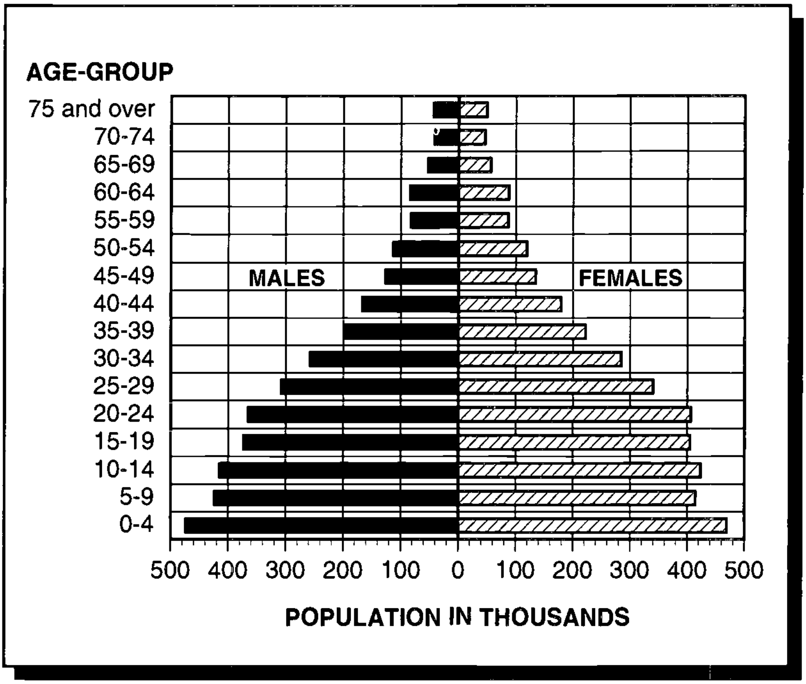
Tropical cyclones—such as tropical depressions, tropical storms, and hurricanes—occur on the average once every two years in the Dominican Republic. More than 65 percent of the storms strike the southern part of the country, especially along the Hoya de Enriquillo. The season for cyclones lasts from the beginning of June to the end of November; some cyclones occur in May and December, but most occur in September and October. Hurricanes usually occur from August through October. They may produce winds greater than 200 kilometers per hour and rainfall greater than fifty centimeters in a twenty-four-hour period.

Population

Size and Growth

The country's total population in 1993, according to the census of that year, totaled slightly more than 7 million; its population for 1997 has been estimated to be slightly above 8 million. Growth has been high since official census-taking began in 1920. The average growth rate peaked during the 1950s at 3.6 percent per year. Since then the rate has been declining: during the 1960s, the population grew at 2.9 percent annually; during the 1970s, at 2.3 percent; during the 1980s, at 2.0 percent; and during the 1990s, at 1.6 percent (see fig. 3).

The total fertility rate, although still relatively high, declined substantially in the 1970s and then slowly in the 1980s and early 1990s: from 3.7 children per woman of child-bearing age in 1985 to 3.2 in 1990, 2.8 in 1992, and 2.7 in 1995. Official estimates indicate that half of all married women use contraceptives—the rate was reportedly 58 percent in 1984 in comparison to 32 percent in 1975. However, the Dominican Republic's existing population growth rate and field studies



Source: Based on information from Dominican Republic, Oficina Nacional de Estadística, *La República Dominicana en Cifras, 1997,* Santo Domingo, 1998, 52-55.

Figure 3. Dominican Republic: Population Distribution by Age and Sex, 1993 Census

seem to belie this figure. A scholarly study in the 1990s indicates, for example, that whereas the use of contraceptive pills ranged from 5 to 9 percent for the 1975 to 1986 period, permanent sterilization has become the most popular birth control method among Dominican women. Their recourse to it rose from 8 to 33 percent during the above period.

Despite the opposition of the Roman Catholic Church, the government began supporting family planning in 1967 with financing from the United States Agency for International Development. The family planning program expanded rapidly, from eight clinics concentrated in the cities and larger towns to more than 500 clinics—some in small towns and rural areas—by the late 1980s. Both the Secretariat of State for Public Health and Social Welfare (Secretaría de Estado de Salud Pública y Asistencia Social—SESPAS) and the National Council on Population and Family (Consejo Nacional de Población y

Familia—Conapofa) offer family planning services. By the 1980s, both organizations were trying to make their programs more responsive to the needs of rural families. In the 1980s, the groups focused on population reduction along with maternal and child health. The focus shifted in the 1990s to achieving a balance among population level, economic development, and progress toward social well-being.

Birth control encounters strong resistance from both sexes, especially in the countryside and the smaller cities. Although women use a variety of substances believed to be contraceptives or abortifacients, there is considerable misinformation about family planning. Many men believe birth control threatens their masculinity; some women think various contraceptive methods cause sickness. Dominican migrants who travel abroad are more aware of the available options, and some women migrants use modern contraceptives.

Population Distribution

With regard to demographic distribution, the traditional (nonadministrative) subregions of the country include Valdesia and Yuma in the southeast, Enriquillo and Del Valle in the southwest, and the Central, Eastern, and Western Cibao in the north. The subregion of densest settlement is Valdesia on the southern coast, which contains the nation's capital and, according to the 1993 census, 41 percent of the population. Roughly one-third (30 percent in 1993) of all Dominicans live in the National District, the area surrounding the national capital of Santo Domingo. The other major area of settlement is the Central Cibao, which accounted for 23 percent of total population in 1993 (see table 2, Appendix).

Administrations have attempted to control population growth and distribution since the 1950s. The Trujillo regime fostered agricultural colonies scattered throughout the countryside and strung along the western frontier with Haiti. Some were coupled with irrigation projects. In the late 1970s, some new joint projects with Haiti were approved by President Silvestre Antonio Guzmán Fernández (1978–82).

Beginning in the late 1970s, the government also set up industrial free zones around the country. Although the desire to increase employment was the government's primary motivation, the establishment of free zones also had as a secondary goal the dispersal of industrialization, and thus migration, away from Santo Domingo (see Manufacturing, ch. 3). Intercensal growth rates on the subregional and provincial levels reflect these trends. Puerto Plata grew at more than twice the rate of the nation as a whole in the 1970s. This trend continued in the 1980s and early 1990s as a result of the rapidly developing and expanding tourist industry along the north coast. The southeast, especially the National District, has expanded much faster than most of the country, as has La Romana, both largely on account of the increased number of industrial free zones.

Migration

The Dominican Republic is a country of migrants. Surveys in the mid-1970s found that nearly two-thirds of city dwellers and half of those in the countryside had migrated at least once. According to the 1981 census, nearly one-quarter of the population was living in a province other than that in which they were born. A decade later, according to the 1993 census, the figure had increased to one-third of the population. Rural areas in general, especially in the Central Cibao, have experienced significant levels of out-migration. The movement of peasants and the landless into the republic's growing cities has accounted for the lion's share of migration, however. Indeed, Dominicans have even coined a word, *campuno,* to describe the rural-urban campesino migrant. In the 1970s, the industrial free zones, particularly in La Romana and San Pedro de Macorís, attracted many migrants in search of employment. According to the 1981 census, the principal destinations for migrants were the National District followed by the provinces of La Romana, Independencia, and San Pedro de Macorís (see fig. 2). In the National District, 46 percent of the inhabitants were migrants. The main destination for migrants in the 1980s, according to the 1993 Dominican census, continued to be the National District but was followed this time by the provinces of Valverde and San Cristóbal and then La Romana and San Pedro de Macorís. This census indicated the increasing urbanization of the country as well as the apparent continuing magnet effect of the industrial zones, which in 1997 numbered thirty-five and employed 182,000 Dominicans.

In the 1990s, women predominated in both rural-urban and urban-rural migration (55 to 60 percent of the workers in the industrial free zones were women, representing what two Dominican analysts call the "feminization" of labor, especially in Santo Domingo). Men, however, are more likely than women to move from city to city or from one rural area to another. According to the 1993 census, in rural areas men outnumber women until the twenty to twenty-four-year age-group, when women become more numerous; in the forty-five to fifty-year age-group, men once again become and remain in the majority. The figures reflect the fact that men in the twenty-five to forty-four-year age-group leave for the cities or for the United States. Many return two decades later. On the other hand, in the urban areas from their teens on women outnumber men.

In general, migrants earn more than non-migrants and suffer lower rates of unemployment, although underemployment is pervasive. Urban-rural migrants have the highest incomes. This category, however, consists of a select group of educated and skilled workers, mostly government officials, teachers, and the like moving from a city to assume specific jobs in rural areas. They receive higher wages as a recompense for the lack of urban amenities in villages.

Migrants speak of the migration chain (*cadena*) tying them to other migrants and their home communities. Kin serve as the links in the chain. They care for family, lands, and businesses left behind, or, if they have migrated earlier, assist the new arrivals with employment and housing. The actual degree of support families can or are willing to give a migrant varies widely, however.

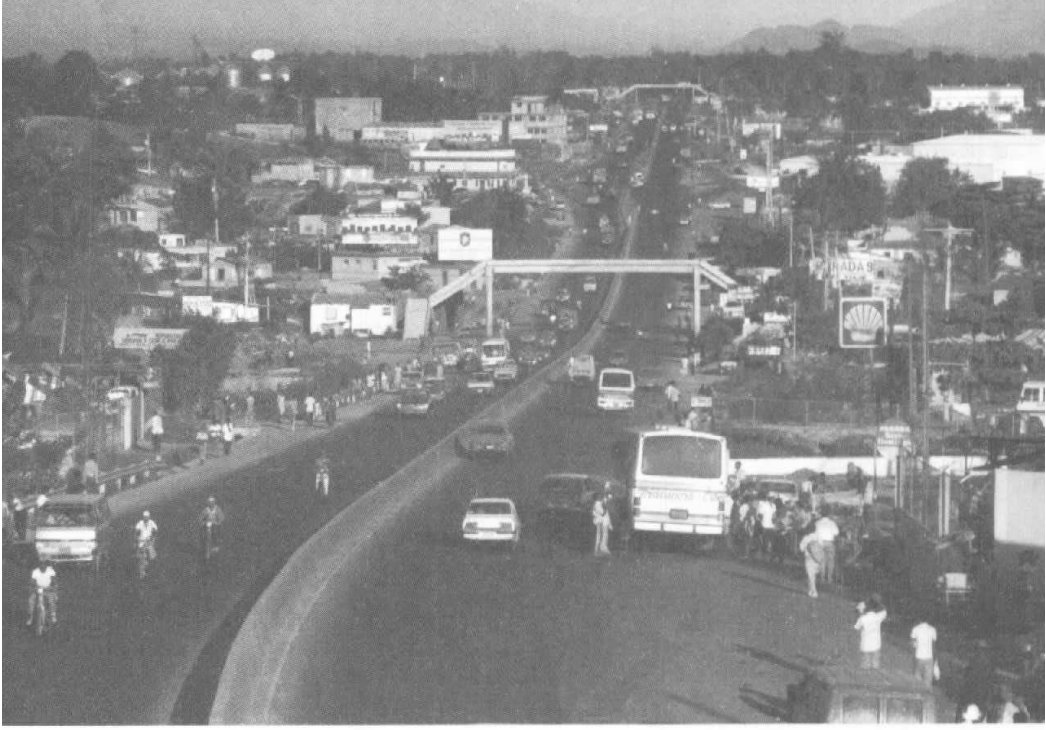
The process of rural-urban migration typically involves a series of steps. The migrant gradually abandons agriculture and seeks more nonagricultural sources of income. Migrants rarely arrive in the largest, fastest-growing cities "green" from the countryside. They acquire training and experience in intermediate-sized cities and temporary nonfarm jobs en route.

International migration plays a significant role in the livelihood of many Dominicans. Anywhere from 10 to 12 percent of the total population are residing abroad. Estimates of those living and working in the United States in the 1990s range from 300,000 to as high as 800,000. Roughly 200,000 more are estimated to be in San Juan, Puerto Rico, many of them presumably waiting to get to the United States mainland. One Dominican official reported the estimated number in the late 1990s to be 700,000, which includes 75,000 illegals. In the mid-1980s, the United States admitted from 23,000 to 26,000 Dominicans annually; by 1990 the number had increased to 42,195 and by 1993 to almost 46,000. (The United States census of 1990 reported that there were 511,297 Dominicans living as permanent residents. After the Dominican constitution was amended in 1994 to allow dual citizenship, there was a Dominican rush to naturalize.) Most emigrants go to New York City (68 percent in 1990); starting in the mid-1980s their destinations also included other cities of the eastern seaboard—Boston, Providence, and Hartford—and in the South, Miami.

In the 1960s and early 1970s, many professionals emigrated because of the lack of professional opportunities, thus constituting a brain drain, one that affected some key professions. Later, the majority of those emigrating were unemployed, unskilled, and women. A sizable minority (about one-third), however, emigrated not only for economic reasons but to continue their education, especially graduate and professional, or to join other family members. Many planned to save their money and return home to start a small business. In the 1980s and 1990s, the emigrants' educational and skill levels have been changing. Whereas the majority are still unskilled, an increasing minority includes emigrants who are relatively more educated and skilled than the Dominican populace as a whole. Most come from cities, but the mid- to large-sized farms of the overpopulated Cibao also send large numbers. Working in the United States has become almost an expected part of the lives of Dominicans from families of moderate means.

This practice linking the two countries has resulted in the development of what some scholars call the "dual societies"—Dominican and United States—and the "dual identity" of Dominicans. Their moving back and forth, working and saving in the United States, being influenced by United States values, produces a north-south transnationalism. Because so many Dominicans live and work in New York City, a special word—"Domyork"—was created at home to describe those returning to visit, open a business, or retire.

Cash remittances from Dominicans living abroad have become an integral part of the national economy. Emigrants' remittances constitute a significant percentage of the country's foreign exchange earnings. Remittances are used to finance businesses, purchase land, and bolster a family's standard of living. Most emigrants see sending money as an obligation. Although some refuse to provide assistance, they come under severe criticism from both fellow emigrants and those who remain behind. The extent to which an emigrant's earnings are committed to family and kin is sometimes striking. Anthropologist Patricia Pessar has described a Dominican man in New



View of the Duarte Highway north of Santo Domingo
Courtesy Inter-American Development Bank

York who earned less than US$500 per month. He sent US$150 of this to his wife and children and another US$100 to his parents and unmarried siblings. In 1990 remittances accounted for 40 percent of Dominican family income, and 88 percent of these remittances came from New York state.

Money from abroad has had a multiplier effect; it has spawned a veritable construction boom in emigrants' hometowns and neighborhoods beginning in the mid-1970s and continuing since that time. Some of the returning "Domyorks" who survived and profited from drug trafficking have brought about a major change in traditional Dominican society with their Hollywood homes, expensive cars, noisy bars, and discos. San Francisco de Macorís is the main city that has been so transformed. The increasing emigrant investments in housing and in tourism also have challenged the traditional elite's monopoly control. Additionally, emigrants contribute significant sums to the church back home. Many parish priests make annual fund-raising trips to New York to seek donations for local parish needs.

The impact of emigration is widely felt, which is illustrated by the experience of two Dominican villages, two decades apart, whose emigrants went to New York City and Boston. In the earlier case, in one Cibao village 85 percent of the households had at least one member living in New York in the mid-1970s. In the later case, a village in the southern province of Peravia, more than 65 percent of the 445 households had relatives in the Boston metropolitan area in the mid-1990s. Where emigration is common, it alters a community's age pyramid: eighteen to forty-five-year-olds (especially males) are essentially missing. Emigration also eliminates many of the natural choices for leadership roles in the home community. Additionally, anthropologist Pessar noted in a recent study the negative impact of departures upon rural society. Emigration, for example, has led to a shift from share-cropping to cattle grazing, resulting in the fragmentation of the rural economy. Although those left behind often feel isolated from their neighbors and are adrift, especially those who have left farming for cattle grazing, there is a constant exchange of news and information, and the maintenance of social contact between the remaining villagers and their emigrant relatives. The latter's remittances economically sustain or improve the welfare of the former.

Urbanization

For most of its history, the Dominican Republic was overwhelmingly rural; in 1920 more than 80 percent of its populace lived in the countryside, and by 1950 more than 75 percent still did. Substantial urban expansion began in the 1950s and gained tremendous momentum in the 1960s, 1970s, and 1980s. Urban growth rates far outdistanced those of the country as a whole. The urban population expanded at 6.1 percent annually during the 1950s, 5.7 percent during the 1960s to 1970s, 4.7 percent through the 1980s, and 3.3 percent from 1990 to 1995 (rural population has decreased 0.3 percent since 1990).

In the early decades of the twentieth century, the country was not only largely rural, but the urban scene itself was dominated by smaller cities and provincial capitals. In 1920 nearly 80 percent of all city dwellers lived in cities with fewer than 20,000 inhabitants. Santo Domingo, with barely more than 30,000 residents, accounted for only 20 percent of those in cities. By contrast, in 1981 Santo Domingo alone accounted for nearly half of all city dwellers; it had more than double the total population of all cities of more than 20,000 inhabitants. Cities with fewer than 20,000 inhabitants—nearly 80 percent of the urban population in 1920—constituted less than 20 percent by 1981. According to the 1993 census, the Dominican

Republic was 56 percent urban, and Santo Domingo had 40 percent of the urban population. The *United Nations Demographic Yearbook, 1996* estimated the country to be almost 62 percent urban in 1995.

Santo Domingo approximately doubled its population every decade between 1920 and 1970. Its massive physical expansion, however, dates from the 1950s. The growth in industry and urban construction, coupled with Trujillo's expropriations of rural land, fueled rural-urban migration and the city's growth. In 1993 the city had slightly more than 2 million inhabitants. The republic's second and third largest cities, Santiago de los Caballeros and La Romana, also experienced significant expansion in the 1960s and 1970s. Santiago, the center of traditional Hispanic culture, drew migrants from the heavily populated Cibao. La Romana, in the southeast, grew as a center of employment in the sugar industry as well as a tourism center; it was also the site of the country's first industrial free zone (see Manufacturing, ch. 3). The two cities continued to grow throughout the 1980s and early 1990s while the sugar industry declined—replaced by expanding industrial free zones and tourism in La Romana. In 1993 the population of Santiago de los Caballeros stood at 488,291 and that of La Romana at 141,570.

Population growth and rural-urban migration have strained cities' capacity to provide housing and amenities. Nevertheless, in 1981 nearly 80 percent of city dwellings had access to potable water; 90 percent had limited sewage disposal; and roughly 90 percent had electricity. These percentages subsequently declined because the provision of such services did not keep up with the general increase in population as well as with the continued rural-urban migration. For example, a Pan American Health Organization (PAHO) report estimated that in 1993 the potable water supply reached 65 percent of the population: 80 percent were in urban areas and 46 percent were in rural areas (only 25 percent of rural communities had drinking water services). Sewage disposal services covered only 16 percent of the entire population, and 28 percent of the urban population had apartment or house connections. (According to the 1993 Dominican census, 214,354 of the country's 1,629,616 dwellings lacked sanitary services.) Finally, the PAHO report indicated that 81 percent of the dwellings had electricity.

By the mid-1980s, there was an estimated housing deficit of some 400,000 units; by 1990 estimates, 600,000 dwellings were uninhabitable, 800,000 needed repairs, and only 500,000 were considered adequate. The need is greatest in the National District. Squatter settlements have grown in response to the scarcity of low-cost urban housing. In Santo Domingo these settlements are concentrated along the Ozama River and on the city's periphery. When Joaquín Balaguer Ricardo returned to the presidency in 1986, 3,000 squatters were forced from the construction site of the lighthouse along the Ozama River. They were moved to the side of the construction site where a slum area developed. A high wall was built to keep the area from being seen.

Public housing initiatives date from the late 1950s, when Trujillo built some housing for government employees of moderate means. Through the 1980s, a number of different governmental agencies played a role. Often motivated to create jobs during economic crises, the Technical Secretariat of the Presidency has designed a variety of projects in Santo Domingo. The Aid and Housing Institute and the National Housing Institute bear primary responsibility for the financing and construction of housing. In general, public efforts have been hampered by extreme decentralization in planning coupled with equally extreme concentration in decision-making. The primary beneficiaries of public projects are usually lower-income groups, although not the poorest urban dwellers. Projects have targeted those making at least the minimum wage, namely the lower-middle sector or the more stable segments of the working class.

Racial and Ethnic Groups

Ethnic Heritage

The island's indigenous inhabitants were mainly the Taino Indians, an Arawak-speaking group, and a small settlement of Carib Indians around the Bahía de Samaná. These Indians, estimated to number perhaps 1 million at the time of their initial contact with Europeans, for the most part had been killed or died by the 1550s as a result of harsh Spanish treatment. The Tainos were especially ill-treated.

The importation of African slaves began in 1503. By the nineteenth century, the population was roughly 150,000: 40,000 were of Spanish descent, 40,000 were black slaves, and the remainder were either freed blacks or mulattoes. In the mid-1990s, approximately 10 percent of the population was considered white and 15 percent black; the remainder were mulattoes—75 percent (the percentages are often debated). Since then the percentage of whites has been slowly decreasing and that of mulattoes increasing; the black percentage has remained about the same, with Haitian immigration being a factor. The figures about the ethnic ratio and its changing composition are a sensitive Dominican issue because many elite and upper-class whites are anti-African (blacks and mulattoes) and seek to claim a higher, constant "white" figure. Many mulattoes, however, claim a larger percentage for themselves at the same time that many others have difficulty acknowledging their African roots.

Contemporary Dominican society and culture are primarily Spanish in origin. At the same time, much of popular culture reflects many African influences. Taino influence is limited to cultigens, such as maize or corn, and a few vocabulary words, such as *huracán* (hurricane) and *hamaca* (hammock). The African influence in society was officially suppressed and ignored by the Trujillo regime (1930–61) and then by Balaguer until the 1980s. However, certain religious brotherhoods with significant black membership have incorporated some Afro-American elements. Observers also have noted the presence of African influence in popular dance and music (see Culture, this ch.).

There has long been a preference in Dominican society for light skin, straight hair, and "white" racial features. Blackness in itself, however, does not necessarily restrict a person to a lower status position. Upward mobility is possible for the dark-skinned person who manages to acquire education or wealth. During the era of Trujillo, joining the military became a major means of upward mobility, especially for dark and light-skinned Dominicans—the white elite would not permit its sons to join). Social characteristics focusing on family background, education, and economic standing are, in fact, more prominent means of identifying and classifying individuals. Darker-skinned persons are concentrated in the east, the south, and the far west near the Haitian border. The population of the Cibao, especially in the countryside, consists mainly of whites or mulattoes.

Dominicans traditionally prefer to think of themselves as descendants of the island's Indians and the Spanish, ignoring their African heritage. Thus, phenotypical African characteristics, such as dark skin pigmentation, are disparaged. Trujillo, a light-skinned mulatto who claimed that he was "white" (French and Spanish), instituted as official policy that Dominicans were racially white, culturally Spanish, and religiously Roman Catholic. Balaguer continued this policy until the 1980s when he openly recognized African cultural and social influences. He made the change because, first, he followed two opposition party governments, those of presidents Guzmán (1978–82) and Jorge Blanco (1982–86), who had officially recognized the country's African roots. Second, he was appealing for votes as he prepared for his reelection campaign in 1986. Because of Trujillo's and then Balaguer's racial conditioning, emigrants and visitors to the United States are often shocked to discover that they are viewed as "black." However, they and many back home welcomed the civil rights and black pride movements in North America in the 1960s and 1970s. Those returning brought a new level of racial consciousness to the republic because they had experienced both racial prejudice and the black pride movement. The returning emigrants who brought back Afro hairstyles and a variety of other "Afro-North Americanisms" received mixed reactions from their fellow Dominicans, however.

Modern Immigration

Although almost all immigrants assimilate to Dominican society (often with surprising speed and thoroughness), immigration has had a pervasive influence on the ethnic and racial configuration of the country. Within a generation or two, most immigrants with the exception of Haitians are considered Dominican even though the family may continue to maintain contact with relatives in the country of origin. Both the elite and the middle segments of society have recruited new members with each economic expansion. The main impetus to immigration was the rise of sugar production in the late nineteenth and early twentieth centuries. Some groups have had earlier antecedents, whereas others arrived as late as the 1970s, 1980s, and 1990s—Haitians and Chinese from Taiwan continued to enter in the late 1990s.

Nineteenth-century immigrants came from a number of sources. North American freedmen, principally Methodists, came in response to an offer of free land made during the period of Haitian domination (1822–44). Roughly 5,000 to 10,000 immigrated; most, however, were city dwellers and quickly returned to the United States. A few small settlements remained around Santiago, Puerto Plata, and Samaná. They eventually assimilated, although English is still widely used in the region of Samaná. Sephardic Jews arrived from Curaçao in the late eighteenth century and in greater numbers following Dominican independence from Haiti in 1844. They assimilated rapidly; both their economic assets and their white ancestry made them desirable additions from the point of view of both the elite and the criollos. Canary Islanders arrived during the late colonial period as well, in response to the improved Dominican economic conditions in the 1880s. Spaniards settled in the country during the period of renewed Spanish occupation (1861–65); a number of Spanish soldiers remained in the Dominican Republic after the War of Restoration. Germans also established themselves in the republic, principally in Puerto Plata. Some arrived before independence, but they mainly came after the Spanish occupation; they were involved primarily in the tobacco trade.

The expansion of the sugar industry in the late nineteenth century drew immigrants from every social stratum. Cubans and Puerto Ricans, who began arriving in the 1870s, aided in the evolution of the sugar industry as well as the country's intellectual development. In addition, the sugar industry attracted significant numbers of laborers from the British, Dutch, and Danish islands of the Caribbean. These immigrants also worked in railroad construction and on the docks. Initial reaction to their presence was negative, but their educational background (which was superior to that of most of the rural populace), their ability to speak English (which gave them an advantage in dealing with North American plantation owners), and their industriousness eventually won them a measure of acceptance. They founded Protestant churches, Masonic lodges, mutual aid societies, and a variety of other cultural organizations. Their descendants have enjoyed a considerable measure of upward mobility through education and religion. They are well represented in the technical trades (especially those associated with the sugar industry) and on professional baseball teams.

Arabs—Lebanese and lesser numbers of Palestinians and Syrians—first arrived in the late nineteenth century and prospered. Their assimilation was slower, however, and many continued for a long time to maintain contacts with relatives in the Middle East. Italians, as well as some South American immigrants, also arrived during this period and assimilated rapidly.

A few Chinese came from the other Caribbean islands and established a reputation for diligence and industriousness. More followed with the United States occupation of the island (1916–24). They began as cooks and domestic servants; a number of their descendants are restaurateurs and hotel owners.

The most recent trickle of immigrants entered the country from the 1930s onward. Many founded agricultural colonies that suffered a high rate of attrition. Trujillo, who favored European "whites," admitted German Jews and Spanish civil war refugees (both in the 1930s), Japanese (post World War II), and Hungarians and Spaniards (both in the 1950s). More Chinese came from Taiwan and Hong Kong in the 1970s; by the 1980s, they were the second fastest growing immigrant group—Haitians being the first. Many had sufficient capital to set up manufacturing firms in the country's industrial free zones. In the 1990s, Chinese from Taiwan and Hong Kong continued to come to Haiti, along with some Japanese, Spaniards, and Venezuelans.

Haitians

Modern Haitian immigration to the Dominican Republic dates from the late nineteenth century, when increasing North American capital raised sugar production. Dominicans have never welcomed these immigrants, first, because of the legacy of the oppressive Haitian occupation and the Dominican struggle for independence and, second, because of Trujillo's and then Balaguer's views of Haitians and their anti-Haiti policies. The Haitian presence resulted from economic necessity born of the reluctance of Dominicans to perform the menial task of cane-cutting. The 1920 census listed slightly under 28,000 Haitian nationals in the Dominican Republic. Successive governments attempted to control the numbers of Haitians entering the country; the border was periodically closed in the 1910s and 1920s. But by 1935 the number had increased to more than 50,000. Trujillo ordered a general roundup of Haitians along the border in 1937, during which an estimated 5,000 to 12,000 Haitians were killed (see The Trujillo Era, ch. 1).

Since the 1960s, a series of bilateral agreements has regulated legal Haitian immigration. In 1966 Balaguer contracted with the Haitian government for 10,000 to 20,000 temporary Haitian workers annually for the sugarcane harvest. When this agreement expired in the early 1980s, there was a great labor shortage on the Dominican State Sugar Council (Consejo

Estatal del Azúcar—CEA) plantations. In response, the Dominican army rounded up Haitians in the country and forcibly took them to the CEA estates. The exploitation of the Haitian cane cutters included their being forced to live in filthy hovels, called *bateyes*. In 1983 the International Labour Organisation issued a critical report about the situation, which was followed by similar reports by human rights groups in 1989 and 1990. Balaguer's response after his 1990 reelection was the deportation of 50,000 Haitian illegals. Shortly before the May 1996 election, Balaguer ordered another roundup and deportation of Haitians, this time to play the racial and nationalist card against "black" Francisco Peña Gómez, the candidate of the Dominican Revolutionary Party (Partido Revolucionario Dominicano—PRD) (see Political Parties, ch. 4).

There is debate about the number of Haitians present in the Dominican Republic as well as the number who have entered legally or illegally because the estimates are often subject to political considerations. For example, at times the Balaguer government has claimed that as many as 75,000 to 100,000 Haitians have entered illegally. The 1960 census enumerated slightly under 30,000 Haitians living in the Dominican Republic. According to an unofficial Dominican census of 1991, the number of Haitian immigrants increased from around 97,000 in 1970 to 245,000 in 1991, with the majority still living in *bateyes*. Two well-known United States analysts have estimated that the number of Dominico-Haitians, or Dominicans of Haitian ancestry (they were not included in the 1991 figure of 245,000), increased by 100,000 between 1970 and 1991. The analysts also estimated that 500,000 Haitians and Dominico-Haitians were living in the Dominican Republic in 1995.

During the 1970s and 1980s, some Haitians rose to high positions in sugar production and in other areas of the economy. Although Haitians continue to account for the vast majority of cane cutters, roughly half of all labor recruiters and field inspectors also are Haitians. Haitians also work harvesting coffee, rice, and cocoa and in construction in Santo Domingo. By 1980 nearly 30 percent of the paid laborers in the coffee harvest were Haitian; in the border region, the proportion rose to 80 percent. A reasonably skilled coffee picker can nearly double the earnings of the average cane cutter. Overall, however, Haitians' earnings still lag; their wages average less than 60 percent of those of Dominicans.

The number of Haitian workers employed results from the shortage of Dominican workers and from the refusal of many Dominicans to do certain work or to work in certain places. For example, Dominicans look down on cutting sugarcane, work they view as fit only for Haitians, nor do they want to work near the border with Haiti. The large demand for Haitians as cane cutters declined rapidly in the 1980s, however, as the Dominican Republic shifted to tourism and the industrial free zones as major earners of foreign exchange. Haitians were mainly excluded from these areas but continued to work in construction, including the building of tourist complexes. When Balaguer returned to office in 1986, he initiated a public works program, which provided employment to a number of Haitians. The number of Haitians in the Dominican Republic was affected in 1990, 1994, 1996, 1998, and 1999 by deportation.

Urban Society

The Elite

The last 200 years have transformed the composition and configuration of the country's elite. Nonetheless, in the late 1990s the Dominican Republic remains a country where a relatively small number of families control great wealth while the majority of the population live in poverty. The middle stratum struggles, at its lower end, to maintain economic standing and expand its political participation and, at its upper reaches, to gain greater social acceptance and economic prosperity. Hispanic-Mediterranean ideals about the proper mode of life and livelihood continue to be significant. The primary social division is between two polar groups: the elite (*la gente buena* or *la gente culta*) and the masses.

The first half of the nineteenth century saw the elimination of many of the noteworthy families of the colonial era. During the period of Haitian domination, many prominent landowners liquidated their holdings and left. The War of Restoration against Spain also brought about changes, permitting lower-class persons who had enjoyed military success some social and economic upward mobility. The rise of sugarcane was another factor of change. The booming industry attracted immigrants of European extraction who assimilated rapidly. Poorer elite families saw a chance to improve their financial status through marriage to recently arrived and financially successful immigrants. Even well-to-do families recognized the advantages of wedding their lineage and lands to the monied merchant-immigrant clans. Although the Chinese were generally excluded from this process of assimilation, and the Arabs encountered resistance, almost everyone else found ready acceptance.

This pattern has repeated itself over the years. Each political or economic wave has brought new families into the elite as it imperiled the economic standing of others. By the 1990s, this privileged segment of society was no longer monolithic. The interests of the older elite families, whose wealth is based mostly on land (and whose prosperity diminished during the Trujillo years), do not always match those of families who amassed their fortunes under Trujillo, or of those whose money came from the expansion in industry during the 1960s and 1970s, or from the shift away from sugar and to the industrial free zones and tourism in the 1980s and 1990s. The 1965 civil war further polarized and fragmented many segments of the middle and upper classes (see Democratic Struggles and Failures, ch. 1). These developments have resulted in a new Dominican elite, whose wealth comes from banking, property, light industry, the professions, and tourism, one which co-exists with the earlier elites—the small traditional landed gentry, the business and commercial group that came to the fore in the late 1900s, and the wealthy group that worked with Trujillo.

Although rural elite families are relatively monolithic, in Santo Domingo and especially in Santiago there is a further distinction between families of the first and second rank (*gente de primera* and *gente de segunda*). Those of the first rank can claim to be a part of the 100 families referred to locally as the *tutumpote* (totem pole, a term implying family worship and excessive concern with ancestry). Those of the second rank have less illustrious antecedents; they include the descendants of successful immigrants and the nouveaux riches who have managed to intermarry with more established families.

Family loyalties are paramount, and the family represents the primary source of social identity. Elite families rely on an extensive network of kin to maintain their assets. In difficult times, the family offers a haven; as the situation improves, it provides the vehicle whereby one obtains political position and economic assets. Siblings, uncles, aunts, cousins, and in-laws comprise the pool from which one selects trusted business partners and loyal political allies. This process of networking pervades every level of society. The elite, however, profit to a much greater degree from kinship-based networking than do members of the lower classes.

The number of potential kin grows as an individual's net worth increases. The successful are obliged as a matter of course to bestow favors on a widely extended group of kin and colleagues. Individual success in the political arena carries along a host of hangers-on whose fortunes rise and fall with those of their patron. The well-to-do try to limit the demands of less illustrious kin and to obtain alliances with families of equal or greater status. These ties permit the extended family to diversify its social and economic capital.

The Middle Sector

The emerging influential middle sector, which includes the three components of upper-middle, middle-middle, and lower-middle class, represents roughly 25 to 35 percent of the population in the late 1990s. It is concentrated in the ranks of salaried professionals in government and the private sector. Members of the middle sector have almost no independent sources of wealth and so are responsive to changes in the buying power of wages and contractions in employment that accompany economic cycles. The middle level follows the racial stratification of the society as a whole: generally lighter-skinned as one proceeds up the social scale. As a group, the middle sector differs in lifestyle, marital stability, and occupation from the poor urban masses. Members firmly adhere to the Hispanic ideals of leisure and lifestyle espoused by the elite and consider themselves, at least in spirit, a part of *la gente buena.* As with the elite, economic expansion based on the growth of sugar production in the late nineteenth century broadened the middle reaches of the social ladder as well. Those of this new middle segment, however, are limited in their upward mobility by dark skin and/or limited finances. They are a diverse group that includes small shopowners, teachers, clerical employees, and professionals. They lack a class identity based on any sense of common social or economic interests. Moreover, any sense of mutual interest is undermined by the pervasiveness of the patron-client system. Individuals improve their status by linking up with a more privileged protector, not by joint political action for a shared goal.

The life strategy of middle-class families is similar to that of the elite. Their goals are to diversify their economic assets and to extend their network of political and social influence. As with the elite, the middle-level family solidifies its position through patronage. An influential family can offer jobs to loyal followers and supporters. People expect that those with power will use it for their own ends and to advance their own and their family's interests. Ties to government are particularly important, because the government is the source of many coveted jobs (see Interest Groups and Social Actors, ch. 4).

The Urban Poor

The limited availability of adequately paid and steady employment continues to define life for most urban Dominicans. The proportion of poor people has increased for the whole country but mainly for the urban poor, 64 percent of the population in the mid-1990s. This proportion increased from 47 percent in 1984 to 57 percent in 1989; the percentage of indigents increased from 16 to 30 percent for the same period; and by 1991, 70 percent of the population had fallen below the poverty line. In 1990, 39 percent of the population was living in the most impoverished areas of the country—in twenty-two of the thirty provinces. Unemployment in the 1980s and 1990s ranged between 25 and 30 percent of the economically active population. In addition, more than 40 percent of the workforce is considered underemployed. In Santo Domingo and Santiago, the two largest cities, roughly 48 percent of the self-employed, more than 50 percent of those paid piece rate, and 85 percent of temporary workers are underemployed. Under such conditions, those workers having regular employment constitute a relatively privileged segment of the urban populace.

Rural-urban migration has made the situation of the urban poor even more desperate because of competition for shelter and jobs. For the new arrivals, however, the chances of earning a living are slightly better in cities than in rural areas, although the advantages of an urban job must be weighed against the higher cost of food. Although landless or nearly landless agricultural laborers might find it difficult to work even a garden plot, the rural family can generally get by on its own food production. For the urban poor, however, the struggle to eat is relentless.

Under conditions of chronically high unemployment, low wages, and, until recently, a restrictive labor code, workers enjoy little power or leverage. Protective labor laws are limited in their coverage to workers in private companies with more than ten employees. Organized labor made significant gains in the early 1960s during the short-lived Juan Bosch Gaviño government (1962) and until the 1965 civil war. However, these gains were erased and severe restrictions were imposed upon workers when Balaguer took office in 1966. These restrictions and a frozen minimum wage—it was raised only once—were maintained by Balaguer until his electoral defeat in 1978. Once the PRD returned to office in 1978 under Silvestre Antonio Guzmán Fernández, labor conditions improved. For example, one of his first acts was to double the long-frozen minimum wage. However, despite the pro-labor position of both PRD presidents, Guzmán and Salvador Jorge Blanco (1982–86), the serious economic situation and the restrictive labor code kept organized labor ineffective and weak. For example, by the mid-1980s a scant 12 percent of the labor force was unionized, and no more than 15 percent were union affiliated in the mid-1990s (see Labor, ch. 3).

When Balaguer returned to power in 1986, he kept organized labor fragmented by enforcing the restrictions of the labor code and by fostering the formation of rival unions. Until the 1990s, the legal code prohibited nearly half of all workers (public employees and utility workers) from strikes and job actions. Nonetheless, the economic crises of the 1980s resulted in mobilizations and strikes against the Balaguer government, and a Popular Movement was formed. However, the urban poor, like workers in general, could not sustain an organized opposition because of Balaguer's willingness to use force against strikers, his massive public works projects, and a lack of effective leadership. The strikes, the growing activism of workers, Balaguer's interest in running for reelection in 1990, the formation in 1991 of the United Confederation of Workers, and pressure from the United States in the form of threatened trade sanctions, all led to a revision of the 1951 Labor Code. The new code, enacted in 1992, expanded the rights of workers to organize and established new courts for resolving labor disputes. Although many labor unions had been recognized between 1991 and 1993, fifty-five were recognized in the year after the new code's enactment. Union activity had been banned in the industrial free zones, but in 1994 the first union contract was signed.

Another factor affecting the life of the urban poor related to the role of women. A survey of urban households in the mid-1970s revealed that roughly one-quarter were headed by women. This figure has changed little in two decades, but it needs to be qualified because the women heading households in 1998 tended to be older—middle-aged and up. This change resulted from large numbers of younger women finding jobs in the industrial free zones. The change has occurred mainly in cities where these zones are located, namely, La Romana, San Francisco de Macorís, Puerto Plata, and Santo Domingo. Even in woman-headed families with a male breadwinner, a woman is frequently the more consistent income earner among poorer city dwellers. Women's economic activities are diverse, even if poorly remunerated. Women take in washing and ironing and do domestic work. The more prosperous sew. Some buy cheap or used items and raffle them off. A few who can muster the necessary capital run stalls selling groceries, cigarettes, and candy, but their trade is minimal. In smaller towns, women also perform a variety of agricultural processing tasks: grinding coffee, husking garlic, winnowing beans, and washing pig intestines.

Like more well-to-do city families, the poor try wherever possible to maintain ties with their kin in the countryside. Aid and assistance flow both ways. Farmers with relatives in the city stay with them on trips to town and repay this hospitality with produce from their fields. New rural-urban migrants are assisted by kin who have already made the transition. The poor are handicapped in these exchanges because they typically have fewer kin in a position to help. Nonetheless, the obligation to help is deeply felt. Women who migrate to cities return to their families in the countryside as economic conditions and family needs dictate.

The small urban neighborhood functions as the center of social life. Most sharing, mutual aid, and cooperative activity take place within the confines of a narrow circle of neighbors and kin. Most Dominicans share a belief that neighbors should assist each other in times of need.

Rural Society

Family and Social Relationships

Most small rural neighborhoods and villages were settled originally by one or two families. Extensive ties of kinship, intermarriage, and *compadrazgo* (coparenthood) developed among the descendants of the original settlers (see Family and Kin, this ch.). Most villagers marry their near neighbors. First cousins frequently marry, despite the formal legal prohibitions against this practice. The social life of the countryside likewise focuses on near neighbors, who are frequently direct blood relations. The bonds of trust and cooperation among these relatives form at an early age. Children wander at will among the households of extended kin. Peasants distrust those from beyond their own neighborhoods, and they are therefore leery of economic relations with outsiders. The development of community-wide activities and organizations has been handicapped by this widespread distrust. People commonly assume deceit in others in the absence of strong, incontrovertible proof to the contrary.

Until the latter twentieth century, most joint activities were kin-based: a few related extended families joined together for whatever needed attention. The *junta* was the traditional cooperative work group. Friends, neighbors, and relatives gathered at a farmer's house for a day's work. There was no strict accounting of days given and received. As wage labor became more common, the *junta* gave way to smaller work groups, or it fell into disuse.

In small towns, social life focuses on the central park, or the plaza; in rural neighborhoods, most social interaction among non-kin takes place in the stores, bars, and pool rooms where men gather to gossip. Six-day workweeks leave little time for recreation or socializing. Many farm families come to town on Sundays to shop and to attend mass. The women and children generally return home earlier than the men to prepare Sunday dinner; the men stay to visit, or to enjoy an afternoon cockfight or an important baseball or volleyball game.

Land and Poverty

Landholding is both concentrated among large holders and fragmented at the lower end of the socioeconomic scale. All but the largest producers face some constraints in terms of land and money. Two surveys conducted in the 1980s indicated the related problems of land and poverty. The first survey, the agricultural census of 1981, reported that 2 percent of landowners controlled 55 percent of the cultivable land while 82 percent of farmers owned only 12 percent. The second, a national survey taken in 1985, found extensive rural poverty. More than 40 percent of the households surveyed owned no land; another 25 percent had less than half a hectare. (In 1990 there were an estimated 450,000 farms, of which approximately

Rural family in Hato-Nuevo Magueyal, southwest of Santo Domingo
Courtesy Inter-American Development Bank

55 percent were less than one hectare in size.) Roughly 70 percent of all families relied on wage labor. Their poverty worsened in the early 1990s because the demand for such labor was down about 50 percent.

Land reform legislation has had little overall impact on landholding both because the reforms contained few provisions for land redistribution and because they have been poorly enforced. The Dominican Agrarian Institute (Instituto Agrario Dominicano—IAD) was created in 1962 to oversee land redistribution, which began with land accumulated by Trujillo and acquired by the state after his death. Little land was distributed to families during Balaguer's first term (1966–70). Instead, large tracts were turned over to a number of large estates for cattle-raising. Distribution to families was speeded up in the 1970s. By the early 1980s, irrigated rice farms, which had been left intact and farmed collectively, were slated for division into small, privately owned plots. However, by 1980 the IAD had distributed state land to only some 67,000 families—less than 15 percent of the rural population.

Land distribution was not actively pursued by either Guzmán or Jorge Blanco, mainly because of the serious economic situation. Jorge Blanco announced a land resettlement program in which 8,000 families were to be resettled the first year with increasing numbers to follow each year thereafter. However, he postponed this program as a part of his austerity measures.

When Balaguer returned to the presidency in 1986, he resumed a practice that he had engaged in while president in the 1970s. Namely, he devoted several weekends a year to visiting poor, rural areas and handing out land titles and distributing government-subsidized food to poor families—all with considerable publicity. Although little land was distributed (the records are incomplete), this practice, one also used as a campaign device, contributed to Balaguer's retaining the rural vote. Balaguer continued this activity in the 1990s while he was president and while he was campaigning for reelection in 1990 and 1994.

Population growth over the past century has almost eliminated the land reserves. Parents usually give children plots of land as they reach maturity so that they can marry and begin their own families. Over the generations, the process has led to extreme land fragmentation. Contemporary practices have sought to counteract such fragmentation by educating children, setting them up in business, or bankrolling their emigration. Such steps limit the number of heirs competing for the family holdings and assure that the next generation will be able to maintain its standard of living. One or two siblings (usually the oldest and the youngest) remain with the parents and inherit the farm. In other situations, siblings and their spouses stay on the parental lands; each couple farms its own plot of land, but they pool their labor for many agricultural and domestic tasks.

Emigration serves as a safety valve (see Migration, this ch.). Emigrants' remittances represent an essential component in many household budgets. These timely infusions of cash permit medium-sized landholders to meet expenses during the months before harvest; they also allow families to purchase more land. In communities with a history of fifteen to twenty years of high levels of emigration, the infusion of cash has had an inflationary impact on the local land market. For those relying on wage labor (daily or periodic cash payment) to earn a living, the impact is more ambiguous. In some communities, the increase in emigration means more casual work is available as more family members emigrate. In other instances, emigrants' families have switched to livestock raising to limit labor requirements or have hired an overseer to handle the agricultural work. Both these practices limit the overall demand for casual labor.

The vast majority (84 percent) of farm women contribute to the family's earnings. Women devise means of earning income that mesh with their domestic tasks: they cultivate garden plots, raise small livestock, and/or help tend the family's fields. In addition, many rural women work at diverse cottage industries and vending. They sell everything from lottery tickets to homemade sweets. In the late 1990s, approximately 20 percent of rural households were headed by women.

Because rural areas provide few services, working women have to add physically demanding and time-consuming domestic tasks to their work day. Single women are further handicapped by the traditional exclusion of women from mechanized or skilled agricultural work. Women work during the labor-intensive phases of harvesting and in processing crops like cotton, coffee, tobacco, and tomatoes. They usually earn piece rate rather than a daily wage, and their earnings lag behind those of male agricultural laborers.

Sugar Plantations

Most sugar mills and cane fields are concentrated in the southeast coastal plains. Four large groups, one government and three privately owned, own 75 percent of the land. They are the State Sugar Council (Consejo Estatal del Azúcar—CEA), the Central Romana (formerly owned by Gulf and Western), Casa Vicini (a family operation), and the Florida-based Fanjul group (which bought out Gulf and Western in 1985). The government created the CEA in 1966, largely from lands and facilities formerly held by the Trujillo family.

In the mid-1980s, there were roughly 4,500 *colonos* (see Glossary), who owned some 62,500 hectares. By the late 1980s, the number had increased to 8,000 *colonos* owning 85,000 hectares, which was 12 percent of the land in sugar production. These small to mid-sized landholders are independent growers who sell their harvested cane to the sugar mills. Although the *colonos'* level of prosperity varies significantly, some are prosperous enough to hire laborers to cut their cane and to buy cane from smaller producers. Their actual number fluctuates widely in response to the market for cane. There were only 3,200 in 1970; the number more than doubled by 1980, then declined by mid-decade but increased in the late 1980s. A slow decline in the number of *colonos* has occurred in the 1990s.

Some *colonos* are descendants of former small mill owners driven out of business during the expansion of sugar production in the late nineteenth to early twentieth centuries. The parents or grandparents of others were either subsistence farmers who had switched to cane cultivation in response to rising demand for sugar or successful field workers. Like almost all Dominican farmers, *colonos* face land fragmentation that increases progressively with each generation.

Sugar mills remain a major source of work for rural Dominicans, although direct employment peaked at a high of roughly 100,000 workers in the early 1970s. By the mid-1980s, the mills employed approximately 65,000 workers; by 1990 the number was around 55,000. The number has been declining since, however, primarily because of the sharp drop in the United States sugar quota and growing inefficiency in the state sugar sector as well as the government's increasing reliance on the industrial free zones and the tourist industry. The sugar industry has generated considerable indirect employment as well; some observers have estimated that as much as 30 percent of the population is directly or indirectly affected by sugar production (see Cash Crops, ch. 3). In the 1990s this figure decreased to about 20 percent. The 40,000 to 50,000 cane cutters constitute the bulk of the work force. Most are immigrant Haitians or their descendants (see Haitians, this ch.). In the highly stratified work force in the sugar industry, clear divisions exist among cane cutters, more skilled workers (largely Dominicans), clerical staff, and managers. Workers' settlements (*bateyes*) dot the mill and the surrounding fields; they usually include stores, schools, and a number of other facilities.

Mixed Farming

Landholding is less concentrated in the north and west; mixed crop and livestock raising dominate agricultural production. Much production is geared to subsistence, but growers also produce a number of cash crops such as cocoa, tobacco, coffee, and vegetables. The twin constraints of land and money affect the various strata of rural society differently depending on the precise configuration of resources a family can command. But hardship is widespread.

Those without land are the most hard pressed. Agricultural laborers rarely enjoy opportunities for permanent employment. Most work only sporadically throughout the year. During periods of high demand for labor, contractors form semiper-

Farmer preparing jute he has grown
Courtesy Inter-American Development Bank

manent work groups and contract their services out to farmers. As with much of social life, the individual stands a better chance if he can couch his request for work in terms of a personal link of kinship with the prospective employer.

Families that depend on wage labor have very limited resources at their disposal. Their diet lacks greens and protein; eggs and meat are luxury items. Such fare as boiled plantains, noodles, and broth often substitute for the staple beans and rice. Keeping children in school is difficult because their labor is needed to supplement the family's earnings.

Those with small plots of land also face very severe constraints. Although this group has enough land to meet some of the family's subsistence needs and even sell crops occasionally, they also need to resort to wage labor to make ends meet. Like the wage laborer, the smallholder has trouble leaving children in school. Moreover, children's prospects are extremely limited. Their parents can neither give them land nor educate them. The daily need for food also limits farmers' ability to work their own land. The land- and cash-poor face a double dilemma: they cannot work their lands effectively because to do so would mean foregoing wage labor needed to feed their families. A variety of sharecropping arrangements supplement wage labor for those smallholders able to muster some cash or credit. Such arrangements, however, are of no use to the landless; only those who have land or money to finance a crop enter into these schemes. Smallholders and the landless live enmeshed in a web of dependent relationships: they depend on their neighbors and kin for help and assistance, on store owners for credit, and on larger landholders for employment.

Families with mid-sized holdings face slightly different problems. They often have enough land and financial resources to meet most of their families' food needs and earn cash from the sale of crops or livestock. They usually do not need to work for hire and sometimes can hire laborers themselves. They usually eat better than smallholders, and their children stay in school longer. But although mid-sized landholders earn more, they also have greater needs for cash during the year, particularly if they hire laborers before the harvest.

Even relatively large holders face seasonal shortages of cash. Their production costs—especially for hired labor—are typically higher than the costs faced by smaller landowners. Nevertheless, their standard of living is notably higher than that of those with less land. They generally eat better and can afford meat or fish more frequently. Although their holdings support them adequately, subdivision among the family's offspring typically leaves no heir with more than a hectare or two. Faced with this prospect, these farmers often encourage their children to pursue nonagricultural careers and help support them financially during their student years.

Almost all farmers depend to varying degrees on credit from local storekeepers. The landless and land poor need credit simply to feed their families. Mid-sized landholders use it to tide them over the lean months before harvest. Prevailing interest rates vary considerably, but the poorest farmers—those who cannot offer a harvest as collateral and who usually need short-term credit—generally pay the highest rates.

Farmers often depend on storekeepers to market their crops because they are usually unable to accumulate sufficient produce to make direct marketing a viable option. Most farmers commit their crops to their merchant-creditor long before harvest. Although store owners cannot legally require that someone who owes them money sell his or her crops to them, the possibility of being denied necessary credit at a time of future need acts as a powerful incentive for the farm family to do so.

Fishing cooperative, San Pedro de Macoris
Courtesy Inter-American Development Bank

The cycle of debt, repayment, and renewed debt is constant for most Dominican farmers.

Traditionally, the local storekeeper aids farmers in ways beyond the extension of credit. The storekeeper often establishes a paternalistic relationship with customers; farmers consult the storekeeper on matters ranging from land purchases to conflicts with neighbors. Such patronage carries a heavy price tag, however; farmers find it difficult to haggle about terms with a storekeeper who is also a friend or relative. Anthropologist Patricia Pessar recently pointed out, however, that this type of personal relationship has changed because of the shift from sharecropping to cattle raising. Because cattle raising requires far fewer workers per hectare, many of the sharecroppers became unemployed and left in search of jobs. Cattle raising is also much less seasonal than farming. These factors have greatly reduced dependence upon the storekeeper. For those needing it, however, credit, is expensive. Studies of coffee growers in the mid-1970s found that the cost of credit could easily take one-third to one-half of a mid-sized landholder's profits. This economic situation continued in the 1990s.

Consumer and savings and loan cooperatives sometimes offer the farmer an alternative to dealing with the local storekeeper, thus expanding the options of some rural families. The most successful cooperatives draw their membership from groups of kin and neighbors already linked by ties of trust. Although cooperatives may provide a solution for farmers vexed by the problem of cash shortfalls, they have not ameliorated appreciably the plight of the poorest rural dwellers. Cooperative loans are predicated on a family's ability to pay, which effectively excludes the landless and land poor.

Family and Kin

The family is the fundamental social unit. It provides a bulwark in the midst of political upheavals and economic reversals. People emphasize the trust, assistance, and solidarity kin owe one another. Family loyalty is an ingrained and unquestioned virtue; from early childhood, individuals learn that relatives are to be trusted and relied on, while those outside the family are, implicitly at least, suspect. In all areas of life and at every level of society, a person looks to family and kin for both social identity and succor.

Formal organizations succeed best where they are able to mesh with pre-existing ties of kinship. Distrust of those beyond the extended kin or neighborhood group hampers efforts to run community-wide activities or to establish organizations.

The history and pattern of settlement of the countryside have facilitated strong ties among related families. Many valleys and municipalities were settled by a few related families some five to eight generations ago. This core of extensively related families remains pivotal despite large-scale migration and urbanization. If anything, the ties among kin extend more widely in contemporary society because modern transport and communication allow families to maintain ties over long distances and during lengthy absences.

In general, the extent to which families interact and with whom they interact depends on their degree of prosperity. Families with relatively equal resources share and cooperate. Where there is marked disparity in families' wealth, the more prosperous branches try to limit the demands made by the poorer ones. On the one hand, generosity is held in high esteem and failure to care for kin in need is disparaged; but on the other, families wish to help their immediate relatives and give favors to those who can reciprocate.

A needy relation may receive the loan of a piece of land, some wage labor, or occasional gifts of food. Another type of assistance is a form of adoption by which poorer families give a child to more affluent relatives to raise. The adopting family is expected to care for the child and see that he or she receives a proper upbringing. The children are frequently little better than unpaid domestic help. Implicit in the arrangement is the understanding that the child's biological family also will receive assistance from the adopting family.

Kinship serves as a metaphor for relations of trust in general. Where a kin tie is lacking or where individuals wish to reinforce one, they will often establish a relationship of *compadrazgo* (coparenthood). Those so linked are *compadres* (coparents or godparents). In common with much of Latin America, strong emotional bonds link *compadres. Compadres* use the formal *usted* instead of *tú* in addressing one another, even if they are kinsmen. Sexual relations between *compadres* are regarded as incestuous. *Compadres* are commonly chosen at baptism and marriage, but the relationship extends to the two sets of parents. The tie between the two sets of parents should be strong and enduring. Any breach of trust merits the strongest community censure.

There are two accepted forms of marriage: religious and civil. Both serial monogamy and polygamous free unions are socially accepted, however. Annulment is difficult to obtain through the Roman Catholic Church; this fact, in addition to the expense involved, has made couples reluctant to undertake a religious marriage. Civil marriage is relatively common. Divorce in this case is relatively easy and uncomplicated. Marriage forms also reflect the individual's life cycle. Most opt for free unions when they are younger, then settle into more formal marriages as they grow older and enjoy more economic security. Class also plays a role: religious marriage is favored by the middle and upper class and thus indicates higher socioeconomic status. The ideal marriage involves a formal engagement and religious wedding followed by an elaborate fiesta.

No shame accrues to the man who fathers many children and maintains several women as mistresses. Public disapproval follows only if the man fails to assume the role of "head of the family" and to support his children. When a free union dissolves, a woman typically receives only the house she and her mate have inhabited. The children receive support only if they have been legally recognized by their father.

Families are usually more stable in the countryside. Because the partners usually reside in the midst of their kin, a man cannot desert his wife without disrupting his work relations with her family. A woman enjoys greater leverage when she can rely on her family to assist if a union fails or when she owns her own land and thus has a measure of financial independence.

In keeping with the doctrine of machismo, males usually play a dominant role within the family and receive the deference due the head of the household. There is wide variation in practice, however. In cases where a man is absent, has limited economic assets, or is simply unassertive, a woman assumes the role of head of the family.

Sex role differentiation begins early: boys are allowed to run about naked, while girls are much more carefully groomed and dressed. Bands of boys play unwatched; girls are carefully chaperoned. Girls are expected to be quiet and helpful; boys enjoy much greater freedom and are given considerable latitude in their behavior. Boys and men are expected to have premarital and extramarital sexual adventures. Men expect, however, that their brides will be virgins. Parents go to considerable lengths to shelter their daughters in order to protect their chances of making a favorable marriage.

Parent-child relationships differ markedly depending on the sex of the parent. Mothers openly display affection for their children; the mother-child tie is almost inviolate. Informal polls of money changers and studies have indicated that remittances sent from the United States for Mothers' Day exceed those sent at Christmas. Father-child relationships cover a broader spectrum. The father is an authority figure to be obeyed and respected, and he is more removed from daily family affairs than mothers. This pattern of sex roles is usually altered if one parent emigrates to the United States. When women are left at home, they typically take over many of the affairs customarily reserved for men. When women emigrate, they often become the main breadwinner and manager of the budget because they are often more employable than their husbands. Their success undermines the traditional father-husband role.

Religion

Around 80 percent of Dominicans are professed Roman Catholics. In the late 1990s, the Church organization included two archdioceses, nine dioceses, and 320 parishes. During this same period, there were 644 priests and 1,470 nuns in the Roman Catholic Church, more than 70 percent of whom belonged to religious orders. These figures yield a ratio of nominal Roman Catholics to priests of almost 11,000 to one. Among Latin American countries, only Cuba, Honduras, and El Salvador have higher ratios.

Roman Catholicism is the official religion of the Dominican Republic, established by a concordat with the Vatican. For most of the populace, however, religious practice is limited and formalistic. Few actually attend mass regularly. Moreover, popular beliefs and practices are often at odds with orthodox dogma. Nevertheless, the saints play an important role in traditional popular religious practice; people approach God through the intermediation of priests, local *curanderos* (curers), and the saints.

Foreigners, mainly from Spain, predominate among the clergy. The clergy themselves are divided between the traditional, conservative hierarchy and more liberal parish priests. At the parish level, some priests engage in community development projects and efforts to form *comunidades de base* (grassroots Christian communities) designed to help people organize and work together more effectively.

Trujillo sought and gained the support of the Roman Catholic Church, at least of the conservative hierarchy, during most of his regime. In exchange for this support, indicated by Church officials' regular presence and involvement in all official state ceremonies, he provided generous subsidies and gave the Church a free hand in religious and educational matters. This close relationship changed, however, when a pastoral letter protested the mass arrests of government opponents in 1960. This action so incensed Trujillo that he ordered a campaign of harassment against the Church. Only the dictator's assassination prevented his planned imprisonment of the country's bishops.

The Church has gradually become more socially involved. During the 1965 civil war, for example, the papal nuncio attempted to administer humanitarian aid. The bishops also issued various statements throughout the 1970s and 1980s calling for respect for human rights and an improved standard of living for the majority. In the 1970s, Bishop Juan Antonio Flores of La Vega campaigned for indemnification for peasants displaced by the expansion of the Pueblo Viejo mine. Later, Bishops Juan F. Pepen and Hugo Polanco Brito, who had helped found and served as the first rector of the Pontifical Catholic University Mother and Teacher in the 1960s, supported the efforts of peasants and sugar *colonos* to organize. Their actions reflected the Church's becoming involved in human rights issues in the 1980s, especially issues involving the poor and the treatment of Haitians. Some of the Church hierarchy also supported attempts to end corruption in government, and the Church endorsed the move for free elections in the 1990s.

In addition to Roman Catholics, the Dominican Republic has Protestants and practitioners of voodoo. Protestants first came as immigrants from North America in the 1820s. West Indian laborers added to their numbers in the late nineteenth and early twentieth centuries. By the 1920s, the various Protestant groups had organized nationally and established links with North American evangelical groups. The main evangelical groups include the Seventh Day Adventists, the Dominican Evangelical Church, and the Assemblies of God. Protestant groups expanded, mainly in the rural areas, during the 1960s and 1970s; pentecostals made considerable inroads in some regions. The growth of the pentecostal movement during the 1980s was such that it became a major topic at the Fourth General Conference of Latin American Bishops attended by Pope John Paul II, held in October 1992, following the V Centenario (500th anniversary) celebration in Santo Domingo of Columbus's first trip to the Americas. In the late 1990s, the evangelicals constitute 15 percent of the Protestant groups. With minor exceptions, relations between Protestants and the majority Roman Catholics are cordial.

Most Haitian immigrants and their descendants adhere to voodoo but have practiced it quietly because the government and the general population regard the folk religion as pagan and African. In Haiti voodoo encompasses a well-defined system of theology and ceremonialism (see Voodoo, ch. 7).

Culture

Literature

The Dominican Republic's literary history has had an impact on the country's culture. Balaguer considered Father Bartolomé de las Casas (1474–1566), protector of the Indians and author of *The Devastation of the Indies*, to have been the first Dominican historian. As such he made the first contribution to Dominican literature. However, most accounts would place the first Dominican literary work much later with the publication in 1882, almost forty years after independence, of a famous Dominican novel. The novel, *Enriquillo: Leyenda histórica dominicana* by Manuel de Jesús Galván, concerns a Taino *cacique* (chieftain), Enriquillo, who led a successful rebellion against the Spanish. (Today one can see the monument to this "First Hero of America" located in the center of the main crossroad leading to Lago Enriquillo.) *Enriquillo* stresses the oldest and first of the three racial-social themes of Dominican literature—that of nativism or Indianism (*indigenismo*); it exaggerates the Taino contributions to Dominican culture and ignores those that are African. The second theme is *hispanidad*, the Roman Catholic and "white" cultural legacy of mother country Spain; from this perspective, non-Catholic and "black" Haitians are viewed as inferior to Dominicans. The third theme is the *cultura criolla*, or mixed common culture, between Spanish and Africans.

The first theme long remained in literature and served as a means of ignoring the African roots of Dominicans. A strain of it continues today in the reluctance of many Dominican mulattoes to admit their African heritage; instead, they claim Indian heritage. The second theme, *hispanidad*, was maintained by the intellectual elite both before and during the rule of Trujillo, who made it governmental policy, and was continued by Balaguer until the 1990s. Advocates of *hispanidad* maintained that the Dominican heritage was entirely Spanish and suppressed writing by non-white Dominicans and literature that dealt favorably with non-white characters, especially Haitians. Balaguer's book, *Historia de la literatura dominicana*, includes a selection of writers who stressed the Spanish heritage. Trujillo's regime made Haitians and Haiti the antithesis of *hispanidad*—namely, African and uncivilized. Balaguer presented these views in a 1947 book, which appeared in English in 1949 as *Dominican Reality: Biographical Sketch of a Country and a Regime.* (The 1983 Spanish edition had Haiti in the subtitle.) During the Trujillo era, Juan Bosch Gaviño, a political opponent, novelist, and later president, and Pedro Mir, who became the National Poet, went into exile. Bosch became the leading Dominican short story writer and wrote favorably about blacks.

The third theme came to the fore after Trujillo's 1961 assassination and lasted until Balaguer was elected president in 1966. Before Bosch was overthrown as president in 1963, he welcomed public recognition of Dominicans' African roots and gave governmental support to creole culture. The 1965 civil war and United States intervention produced an upsurge in nationalism and pride that spawned two literary movements made up of young writers. Not only did these writers reject *hispanidad* in favor of *la cultura criolla,* but their concern about Dominican culture and identity caused them to oppose United States cultural influences, which they called "northamericanization."

Historical Monuments and Architecture

Once Balaguer was inaugurated in 1966, he reimposed the official policy of *hispanidad.* His stress on *hispanidad* took the form of a program to restore historical monuments such as those of colonial Santo Domingo and build new monuments to glorify the Spanish legacy. This program culminated in the inauguration of the Columbus Lighthouse (Faro Colón) in time for the celebration in Santo Domingo of the 500th anniversary (V Centenario) of the discovery of America in October 1992. This restoration and building program—it was also a public works program to reduce unemployment—began in the 1970s and was continued when Balaguer returned to office in 1986. The restoration of colonial Santo Domingo and the construction of the Plaza de la Cultura were completed in the 1970s.

While Balaguer was out of office, the two opposition party governments of Silvestre Antonio Guzmán Fernández (1978–82) and Salvador Jorge Blanco (1982–86) supported the acceptance of creole culture. When Balaguer returned to office in 1986, his government accepted officially the *cultura criolla,* which would now co-exist with *hispanidad.* The government initiated a new annual Festival of Culture, which combined state-supported festivals of popular culture—creole folk dances and music, and revival of the Carnival—with "high culture" *hispanidad.* Balaguer also speeded up the completion of the Columbus Lighthouse for the October 1992 anniversary celebration.

Popular Culture: Dance, Music, and Baseball

In addition to the more formal cultural elements of literature and monuments, the Dominican people enjoy various aspects of popular culture, such as dance, music, and baseball. The merengue, the most popular Dominican national dance, dates from independence and is based on African-Haitian sources; its roots had made it unacceptable to the Spanish elite. It was popularized in the post-Trujillo period by Johnny Ventura. The leading musical group in the Dominican Republic in the late 1990s, the 4.40 of Juan Luis Guerra, draws upon the African roots of Dominican culture and music.

In his 1997 book, *Quisqueya la Bella: The Dominican Republic in Historical and Cultural Perspective,* Alan Cambeira includes baseball, in addition to dance and music, as an integral part of the popular culture. The Dominicans, who are extremely proud of their skilled baseball players, learned the game from the marines during the United States occupation (1916–24). The United States major leagues began recruiting Dominican players in the 1950s. In the 1990s, more players are recruited from the Dominican Republic than from any other Latin American country. One of them, Sammy Sosa of the Chicago Cubs, became a national hero during his fall 1998 homerun battle with Mark McGwire of the St. Louis Cardinals. For a poor Dominican young man, baseball serves the same function that basketball serves for poor African-American youth—it is a possible path to fame and fortune.

It could be argued that a special creole culture has emerged from the "dual societies," operating in the Dominican Republic in the 1990s (see Modern Migration, this ch.). The common practice of Dominicans living and working in the United States, moving back and forth, and then often returning to the Dominican Republic to live has resulted in the development of a transnational creole culture that is an amalgam of Anglo-Saxon, Spanish, and African practices and values. The current Dominican president, Leonel Fernández Reyna (1996–2000), represents and personifies this creole culture. He lived for ten years as a member of the Dominican immigrant community in New York City, attended elementary and secondary school there, is fluent in English, and, as a mulatto, is proud of his African heritage.

Education

Primary and Secondary

Formal education includes primary, secondary, and higher education levels. The six-year primary cycle is compulsory. Three years of preschool are offered in a few areas, but not on a compulsory basis. There are several types of secondary school; most students (90 percent) attend the six-year *liceo,* which awards the *bachillerato* certificate upon completion and is geared toward university admission. Other secondary programs include teacher training schools, polytechnics, and vocational schools. All primary and secondary schools are under the formal jurisdiction of the Secretariat of State for Education and Culture (Secretaría de Estado de Educación y Cultura—SEEC). In 1984 there were an estimated 5,684 primary schools and 1,664 secondary schools; by 1993 the former had increased to 6,207 and the latter had risen to 4,606.

Despite the compulsory nature of primary education, only 17 percent of rural schools offer all six grades. This fact explains to some degree the low levels of secondary enrollment. For those who do go on to the secondary level, academic standards are low, the drop-out rate reportedly high; all but the poorest students must buy their textbooks—another disincentive to enrollment for many.

The government decreed major curriculum reforms at the primary and secondary levels in the 1970s in an effort to render schooling more relevant to students' lives and needs. Expanded vocational training in rural schools was called for as part of the reforms. Few changes had been fully implemented even by the mid-1990s, however. The realization that these reforms had been limited led in 1997 to the announcement of a ten-year Plan for Educational Reform, which was approved by and under the auspices of the Presidential Commission for State Reform and Modernization.

Primary-school teachers are trained in six specialized secondary schools and secondary-school teachers at the universities. In 1973 an agreement for improving teacher training was signed by three universities—the Autonomous University of Santo Domingo (Universidad Autónoma de Santo Domingo—UASD), the Pedro Henríquez Ureña National University (Universidad Nacional Pedro Henríquez Ureña—UNPHU), and the Pontifical Catholic University Mother and Teacher (Pontificia Universidad Católica Madre y Maestra—UCMM)—and the SEEC. However, although in 1982 roughly half of all teachers lacked the required academic background, there has been only modest improvement since then. A chronic shortage of teachers is attributable to low pay (especially in rural areas), the relatively low status of teaching as a career, and an apparent reluctance among men to enter the profession.

Education expanded at every level in the post-Trujillo era. Enrollment as a proportion of the primary school-aged population grew by more than 20 percent between the mid-1960s and the mid-1980s and that of the secondary school-aged population nearly quadrupled. By the mid-1980s, the eligible urban primary school population was almost fully enrolled; 78 percent attended public schools. Only 45 percent of those of secondary school age were enrolled, however. According to the Dominican census of 1993, 1,602,219 students were attending primary school and 379,096 attending secondary school; 87,636 were attending preschool (see table 3, Appendix). These attendance figures for primary and secondary school amounted to 78 percent of those eligible—81 percent in the former, a lower percentage than in the 1980s, and 24 percent in the latter.

Problems have accompanied educational expansion. Teaching materials and well-maintained facilities are lacking at every level. Salaries and operational expenses take up most of the education budget, leaving little surplus for additional investment and growth. Various recent estimates about the extent of literacy appear to be unduly high. For example, the 1993 Dominican census reported a national rate of 79 percent (85 percent urban and 72 percent rural). However, expanded educational programs and facilities continue to have a backlog of illiterates. Although there are programs in adult literacy, in 1981 fully one-third of the population more than twenty-five years of age had never attended school; in some rural areas the proportion rose to half of the population.

University

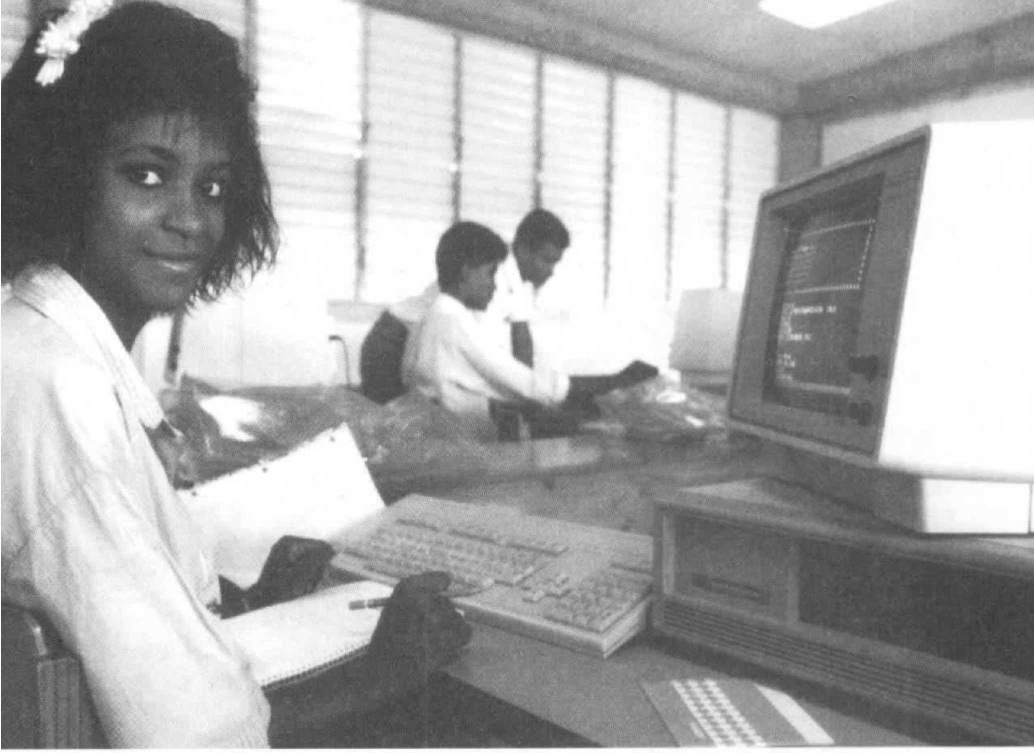
Dominican higher education has enjoyed spectacular growth. At Trujillo's death in 1961, the Dominican Republic had only one university, the Autonomous University of Santo Domingo (UASD), with roughly 3,500 students. This fact explains why for decades thousands of Dominicans went abroad to earn their graduate and professional degrees in Europe and the United States. The practice of going abroad for graduate work continued through the 1980s, but decreased in the 1990s. Since the end of the 1965 civil war, the number of universities in the Dominican Republic has increased dramatically, going from three universities in the 1960s, to seven in the 1970s, to eighteen in the 1980s, and to twenty-seven by 1997. By the late 1990s, a network of reputable universities had been established, with the private Pontifical Catholic University Mother and Teacher (UCMM) at its apex. Higher education enrollment totaled 176,000 students in 1997.

In the 1970s and 1980s, the United States Agency for International Development (USAID) and the Ford Foundation contributed to improving the quality of university education by providing funds and grants for developing programs as well as for faculty study in the United States. Legislation also created the National Council of Higher Education (Consejo Nacional de Educación Superior—Cones) in 1983 to deal with issues surrounding accreditation, the awarding of degrees, and coordination of programs on a national level.

The sole public institution of higher education in the Dominican Republic is the UASD, which traces its lineage directly to the Universitas Santi Dominici, established in 1538, and was formerly known as the Universidad de Santo Domingo. Although the university's administration is autonomous, the government provides all of its funding. This enables the UASD to offer courses free of charge to all enrolled students. The student body grew to more than 100,000 in the late 1980s. However, its Santo Domingo enrollments began to decline in the early 1990s. During this period, the UASD's four regional university centers—El Norte, El Sur, El Este, and El Oeste—and other universities, six new ones and two older ones, the Pedro Henríquez Ureña National University (UNPHU) and UCMM, expanded and offered needed courses of instruction.

The leading private institutions in the Dominican Republic are the UCMM, based on the United States model, established in Santiago in 1962 (it had three regional centers in the 1990s) and administered by the Roman Catholic Church, and the UNPHU, established in Santo Domingo in 1967. Four other private universities were established in the 1970s, eleven in the 1980s, and six in the 1990s. In the early 1980s, the UCMM had a student body of approximately 5,000, while the UNPHU enrolled approximately 10,000. By 1997 UCCM enrollment had reached 9,438 as a result of many student scholarships and its moderate tuition, whereas UNPHU enrollment had declined to 6,044 because of a combination of factors: high tuition, few scholarships, and a politically conservative reputation.

Enrollment in elementary and secondary private schools also expanded during the post-Trujillo era. Private schools, most of them operated by the Roman Catholic Church, enjoy a reputation for academic superiority over public schools. By the 1970s, they had become the preferred educational option for children of the urban middle class, the alternative being study



Student in a computer class
Courtesy Inter-American Development Bank

abroad. In the mid-1990s, the Church operated sixty-seven kindergartens (with 10,189 pupils), 203 primary schools (85,011 students), and 112 secondary schools (64,804 students). The number of students attending Church-operated higher institutes and universities totaled slightly more than 16,000.

The Dominican government's expenditures for public education in general and at different levels have tended to be low and inconsistent. Not only were expenditures low in the 1960s and 1970s, but Balaguer drastically reduced government funds to the UASD because many of its students and faculty members actively opposed his government. At the same time, he was generous with funds to the private UCMM. In the 1980s, the proportion of the government's budget devoted to education declined; it fell from 13.3 percent in 1983 to 6.7 percent in 1988. The budgetary proportion for education was increased in the 1990s—from 8.9 percent in 1992 to 13 percent in 1995.

Health and Social Security

Health

According to the Public Health Code, the Secretariat of

State for Health and Social Welfare (Secretaría de Estado de Salud Pública y Asistencia Social—SESPAS) is in charge of health services and is responsible for applying the Code. SESPAS has a regionally based, three-tiered organization for providing health care, health promotion, and preventive health services to the whole population. The three tiers are central, regional, and provincial, with the Secretariat's programs organized at and directed from the central and regional levels. There are eight regional offices that direct the services and oversee the health areas at the provincial level. The health areas have rural clinics while most provincial capitals have a hospital. Health services offered by SESPAS in theory cover about 80 percent of the population; in reality, in the late 1990s barely 40 percent were covered. The Dominican Social Security Institute (Instituto Dominicano de Seguro Social—IDSS) covers another 6.5 percent (or 15 percent of the economically active population), and the medical facilities of the Social Security Institute of the Armed Forces and National Police reach another 3 to 4 percent. The responsibility for workers' health, particularly workplace accidents and occupational diseases, is also shared with the secretariats for labor, education, agriculture, and public works. In the late 1990s, however, 22 percent of the population received no health care.

Both personnel and facilities, in the public as well as in the private sector, are concentrated in the National District and urban areas. This situation has continued since the 1970s when there were roughly 3,700 inhabitants per physician nationally. However, the figure ranged from about 1,650 inhabitants per physician in the National District to roughly 5,000 per physician in the southeast and the south-central provinces. By 1997 the number of health personnel included 17,460 physicians and 1,898 dentists; there are no details on the geographic distribution of these personnel (see table 4, Appendix). However, it was also the case that in 1997 more than half of the national total of 15,236 hospital beds were in the National District and the central Cibao.

SESPAS began a major effort to improve rural health care in the mid-1970s. By the mid-1980s, the government had set up more than 5,000 rural health clinics, health subcenters, and satellite clinics. Doctors doing their required year of social service as well as a variety of locally hired and trained auxiliary personnel staff the facilities. Critics charge that lack of coordination and inadequate management hamper the program's effectiveness, however. Preventive services offered through local health workers (who are often poorly trained in disease prevention and basic sanitation) are not coordinated with curative services. In addition, absenteeism is high, and supplies are lacking.

SESPAS responded to these criticisms and problems in 1997 when it announced as its highest priority the reversal of the long-standing shortfall in health and social spending. SESPAS declared that its primary goal would be the reduction of infant and maternal mortality, mainly by strengthening health services at the provincial level.

In 1990 SESPAS employed 3,598 physicians and 6,868 nurses; by 1994 those numbers had increased to 5,626 and 8,600, respectively. Reflecting a 47 percent increase since 1986, the Secretariat in 1992 operated 723 health care establishments—81 percent were rural clinics and dispensaries and 11 percent were health centers and local hospitals. In 1992 IDSS operated one maternity hospital, twenty polyclinics, and 161 outpatient clinics, mostly rural. The private sector operated 420 health care establishments in 1990. By 1996 the number of health care facilities in the country had risen to 1,334, with 730 of them coming under SESPAS, 184 under IDSS, and 417 under the private sector. In 1997 the government opened the Health Plaza in Santo Domingo, a modern, high-tech health complex. It has 430 beds, a diagnostic center, and hospitals for child and maternal care, geriatrics, and trauma treatment. The proper place of the health complex in the national health system is being debated.

The Roman Catholic Church plays an important role in the health and welfare field. In 1993 (the latest year for which figures are available) it operated twenty-nine hospitals, 155 dispensaries, twenty-three orphanages, twenty-five homes for the aged, twenty-one nurseries, and scores of other welfare facilities.

In terms of overall national health statistics, life expectancy at birth was seventy-one years for the 1990–95 period, sixty-nine years for males and seventy-three for females. The general mortality rate has gradually declined, falling to 5.5 percent per 1,000 population for the 1990–95 period. It is expected to decline to 5.2 percent per 1,000 population for 1995–2000. The infant mortality rate has steadily declined since 1985. The rate for the 1990–95 period was forty-two per 1,000 live births. The main causes of death in the population as a whole continue to be cardiovascular and pulmonary circulatory diseases (see table 5, Appendix). The Pan American Health Organization (PAHO) reported a new leading cause of death for 1994, namely, such external causes as accidental injuries and violence, particularly among males. Enteritis, diarrheal diseases, and protein energy malnutrition are the major causes of death in those under the age of four. Maternal mortality stood at 4.8 deaths per 10,000 live births in 1986 and 4.5 in 1990. A PAHO study reported, however, that the registered rate of 4.5 in 1990 and slightly over three in 1994 was greatly "underregistered." As a result, the real maternal mortality rate might have been as high as twenty per 10,000 live births over the 1983–94 period. The main causes are toxemia (25 to 30 percent), hemorrhages, and sepsis associated with birth or abortion. Roughly 60 percent of births, mainly those in urban areas, are attended by medical personnel; midwives are still relied upon in many rural regions.

The UNAIDS/WHO Working Group on acquired immune deficiency syndrome (AIDS) estimated that in late 1999, the Dominican Republic had some 130,000 persons living with human immunodeficiency virus (HIV)/AIDS. Of these, about 67,200 were adult males (ages fifteen through forty-nine), 62,800 adult females (same ages), and 3,800 children (through age fourteen). The total estimated deaths of adults and children from AIDS in 1999 was 4,900.

Some of the above figures and health institutions are the result of a major project launched in 1993 to modernize and reform the health sector. The project came in response to the critical report of President Balaguer's 1991 National Health Commission. A number of commissions and organizations have been created to implement the project. In 1995 a new National Health Commission was created by presidential decree to draft reform and modernization proposals. The Commission on Health of the Chamber of Deputies drafted a general law on health; the Senate opposed it, and it was not passed. Also in 1995, a National Food and Nutrition Plan was approved; its implementation was delegated to the Secretariat of Agriculture. Two other high level commissions were appointed: the Presidential Commission for State Reform and Modernization in 1996 and the Executive Commission on Health Reform, which is directly under the presidency, in 1997.

Social Security

The Dominican Social Security Institute (IDSS), an autonomous organization, is responsible for social security coverage, which includes old-age pensions, disability pensions, survivors' and maternity benefits, and compensation for work injuries. General tax revenues supplement employer and employee contributions. Wage earners, government employees (under special provisions), and domestic and agricultural workers are eligible, although the benefits that most domestic and farm workers receive are quite limited. Permanent workers whose salaries exceed 122 Dominican Republic pesos (RD$—for value of the peso, see Glossary) per week and the self-employed are excluded. No unemployment benefits are provided. In 1994, 6.5 percent of the general population and 15.4 percent of the economically active population, or approximately 22 percent of wage earners, were enrolled. Most of those enrolled were in manufacturing, commerce, and construction. The social welfare of workers in the hotel and restaurant sector is provided by the Hotel Social Fund, a nonprofit public organization. Pensions and social services, including medical care, are covered by funds contributed by the government, employers, and workers. The Aid and Housing Institute also provides social services such as housing construction, medical care, and pensions to civil servants and military personnel below a certain salary level. Affiliation is compulsory for these two groups.

Although the level of government services exceeds that of the republic's impoverished neighbor, Haiti, limited resources, inefficiency, and a lagging economy until the late 1990s, have limited the overall impact of these programs. In 1985, 8.8 percent of the national budget supported health services, and an additional 6.9 percent funded social security and welfare programs. As a proportion of overall spending, the percentage rose to 9.5 in 1990, but declined to 7.8 percent for 1991–92 and remained at that level through 1995. More specifically, total spending by SESPAS declined as follows: from 86 percent to 65 percent between the periods 1979–82 to 1987–90, and to 55.5 percent in 1991. However, the Office of the President, in order partly to compensate for the decline, increased its share in health spending from 1.8 percent to 18 percent and then to 38.4 percent, respectively, during the same years. In 1991 total direct spending per doctor visit, bed, and hospital discharge was 60 to 70 percent lower than in 1980. In 1995 the combined national and local governments' public health expenditure was

28.6 percent of their combined budgets, which amounted to US$29 per capita. The public-private composition of national health expenditures in the Dominican Republic in 1995 was 38 percent and 62 percent, respectively.

Despite the various long-overdue and promising developments, there is little prospect for major improvement in the quality of life for most Dominicans for many years to come. Nonetheless, President Fernández has committed his administration to the improvement of social welfare—education, health, and social security. But whether improvements are implemented depends upon the economic situation and leadership by top government officials.

* * *

A wealth of information exists on rural life and the changing rural-urban context in the Dominican Republic. Jan Knippers Black's *The Dominican Republic: Politics and Development in an Unsovereign State,* James Ferguson's *Dominican Republic: Beyond the Lighthouse,* Glenn Hendricks's *The Dominican Diaspora,* Patricia R. Pessar's works, Kenneth Sharpe's *Peasant Politics,* and Howard J. Wiarda and Michael J. Kryzanek's *The Dominican Republic: A Caribbean Crucible,* all give a sense of the constraints with which most Dominicans must deal. Jan Black's book, H. Hoetink's *The Dominican People, 1859–1900,* and Frank Moya Pons's *The Dominican Republic: A National History* provide valuable background reading.

G. Pope Atkins and Larman C. Wilson's *The Dominican Republic and the United States: From Imperialism to Transnationalism,* Alan Cambeira's *Quisqueya la Bella: The Dominican Republic in Historical and Cultural Perspective,* and Hoetink's book cover the society and race and culture. Americas Watch reports, Ferguson's book, and Sherri Grasmuck's "Migration Within the Periphery: Haitian Labor in the Dominican Sugar and Coffee Industries" detail the situation of Haitians in the Republic. Emigration and immigration are discussed in José del Castillo and Martin F. Murphy's "Migration, National Identity, and Cultural Policy in the Dominican Republic," Sherri Grasmuck and Patricia R. Pessar's *Between Two Islands: Dominican International Migration,* Silvio Torres-Saillant and Ramona Hernández's *The Dominican Americans: The New Americans,* and Michael J. Kryzanek and Howard J. Wiarda's *The Politics of External Influence in the Dominican Republic.* Belkis Mones and Lydia Grant's "Agricultural Development, the Economic Crisis and Rural Women in the Dominican Republic" and Pessar's chapter, "Dominican Transnational Migration: Uneven Benefits Back Home and the Contingency of Return" in Emelio Betances and Hobart A. Spalding, Jr., editors, *The Dominican Republic Today* explain the ways in which rural women earn a living. Excellent surveys of the health and welfare situation are found in "Dominican Republic" in the Pan American Health Organization's *Health Conditions in the Americas*, 2, and *Health in the Americas*, 2. (For further information and complete citations, see Bibliography.)

Chapter 3. Dominican Republic: The Economy

The Plaza del Mercado, Puerta Plata, ca. 1873

LONG DEPENDENT ON SUGAR, the Dominican Republic diversified its economy beginning in the late 1960s to include mining, assembly manufacturing, and tourism. In 1996 the country's gross domestic product (GDP—see Glossary) was approximately US$5.8 billion, or roughly US$716 per capita. A lower-middle-income country by World Bank (see Glossary) standards, the Dominican Republic depends on imported oil and, despite diversification, retained some vulnerability to price fluctuations in the world sugar market. Although poverty continued to be acute for many rural citizens in the 1990s, the economy had progressed significantly since the 1960s.

In the diversification process away from sugar, by 1980 the Dominican mining industry had become a major foreign exchange earner; exports of gold, silver, ferronickel, and bauxite constituted 38 percent of the country's total foreign sales. In the 1980s, the assembly manufacturing industry, centered in industrial free zones (see Glossary), began to dominate industrial activity. During this decade, the number of people employed in assembly manufacturing rose from 16,000 to nearly 100,000, and that sector's share of exports jumped from 11 percent to more than 33 percent. More recently, in the first half of 1998, free-zone exports increased 19 percent over the first half of 1997, from US$541 million to US$644 million. Tourism experienced a similarly dramatic expansion during the 1980s, when the number of hotel rooms quadrupled. Revenues from tourism surpassed sugar earnings for the first time in 1984. By 1995 tourism was the country's largest earner of foreign exchange, bringing in more than US$1.55 billion. The industry directly employed 44,000 persons and indirectly another 110,000.

In a 1997 review of the Dominican Republic's economic developments and policies, the International Monetary Fund (IMF—see Glossary) pronounced the country's economic performance in 1996 "broadly satisfactory." Over the longer period of 1990–95, the government was given credit for "strengthening the public finances, tightening credit and wage policies, and implementing structural reforms." Inflation plunged from 80 percent in 1990 to 9 percent in 1995. The external public debt as a share of GDP was more than halved (to 33 percent) during the same period. After dropping by about 6 percent in 1990, GDP rose on average by 4.25 percent a year in the period 1991–95, led by strong growth in the free trade zone manufacturing, construction, and tourism sectors. The unemployment rate declined from approximately 20 percent in 1991–93 to about 16 percent in 1995. Nevertheless, whereas the Dominican Republic had made great strides since the dictatorial rule of Rafael Leónidas Trujillo Molina (1930–61), the nation's political economy continued to be strongly influenced by patronage, graft, and a lingering lack of political will to confront the traditional institutions that continued to restrain economic performance.

A Developing Economy

Originally inhabited by Taino Indians, the island was settled by a Spanish expedition led by Christopher Columbus in 1492. Spanish mercantilists largely abandoned the island by the 1520s in favor of the gold and silver fortunes of Mexico and Peru. The remaining Spanish settlers briefly established an economic structure of Indian labor tied to land under the systems of *repartimiento* (grants of land and Indian labor) and *encomienda* (grants of Indian labor in return for tribute to the crown). The rapid decline of the Indian population ended the *encomienda* system by the mid-1500s, when the Taino Indians were nearing extinction and were being replaced by imported African slaves.

As economic activity became more sluggish in Eastern Hispaniola (the approximate site of the present-day Dominican Republic), Spanish control weakened and French buccaneers increasingly played a role not only in Western Hispaniola but also in the eastern part of the island. The French assumed control of the western third of the island in 1697 under the Treaty of Ryswick, establishing Saint-Domingue (modern-day Haiti) (see French Colony of Saint-Domingue, 1697–1803, ch. 1). Whereas Haiti developed into a productive agricultural center on the basis of black slave labor, in the eastern part of the island, cattle ranching was common. Farming, however, was limited to comparatively small crops of sugar, coffee, and cocoa.

The Spanish side of Hispaniola slowly developed a plantation economy during the nineteenth century, much later than the rest of the West Indies. For much of the century, political unrest disrupted normal economic activity and hindered development. Corrupt and inefficient government, by occupying

Haitian forces and by self-serving caudillos after the Dominican Republic achieved its independence in 1844, served mainly to increase the country's foreign debt (see Ambivalent Sovereignty, Caudillo Rule, and Political Instability, ch. 1). After failing to achieve independence from Spain in the Ten Years' War (1868–78), Cuban planters fled their homeland and settled in Hispaniola's fertile Cibao region, where they grew tobacco and later cocoa.

Plummeting tobacco prices in the late nineteenth century prompted United States companies to invest heavily in a burgeoning sugar industry, which would dominate the Dominican Republic's economy for most of the twentieth century. The influence of the United States was rising so rapidly that in 1904 it had established a receivership over Dominican customs to administer the repayment of the country's commercial debt to foreign holders of Dominican bonds.

Continuing economic difficulties and ongoing internal disorders, combined with the Dominican government's inability to maintain order and United States anxiety over Europe's (especially Germany's) spreading influence in the republic, led to United States occupation in 1916 and the establishment of a military government (see From the United States Occupation (1916–24) to the Emergence of Trujillo (1930), ch. 1). Even after the marines departed in 1924, United States economic advisers remained to manage customs revenues until 1941. Although security interests were the primary reason for the occupation, the United States did benefit commercially. Dominican tobacco, sugar, and cocoa, previously exported to French, German, and British markets, were shipped instead to the United States. The powerful United States sugar companies came to dominate the banking and transportation sectors. They also benefited from the partition of former communal lands, which allowed the companies to augment their holdings. However, although the occupation was resented politically by Dominicans, the Dominican economy also reaped some benefits: the United States presence helped stabilize the country's finances and greatly improved its infrastructure, constructing roads, sanitation systems, ports, and schools.

Another significant outcome of the United States occupation was the creation of a Dominican army, the commander of which, Rafael Trujillo, took power over the nation in 1930 and maintained absolute dictatorial control until his assassination in 1961 (see The Trujillo Era, 1930–61, ch. 1). Trujillo's agreement ending the United States customs receivership allowed him to assume the title of "Restorer of Financial Independence." High prices for Dominican produce during World War II (1941–45) enabled him to liquidate the country's outstanding debt in 1947. At the same time, he introduced a national currency, the Dominican Republic peso (RD$—for value, see Glossary).

Although Trujillo initiated substantial industrialization and public works projects, his interest in promoting economic development was largely for his own and his supporters' benefit. Corruption and blackmail helped him amass an enormous fortune and made him the country's largest landowner. His primary means of self-enrichment was the national sugar industry, which he rapidly expanded in the 1950s, despite a depressed international market. At the time of his death in 1961, Trujillo and his coterie reportedly controlled 60 percent of the total sugar, cement, tobacco, and shipping industries and owned more than 600,000 hectares of improved land. In the process of consolidating his enormous wealth, Trujillo looted the national treasury and built a personal fiefdom similar to those of the Somoza and the Duvalier families in Nicaragua and Haiti, respectively.

The Dominican economy's GDP experienced growth under Trujillo at the rate of about 6.5 percent a year from 1950 to 1958 but dropped to 0.3 percent from 1959 to 1961. However, the unequal distribution of that growth impoverished rural Dominicans. The period between Trujillo's assassination in 1961 and the 1965 civil war was both politically and economically chaotic, prompting simultaneous capital flight and increased demands for spending on social programs. Cash infusions (mostly from the United States) and loans helped to sustain the economy. During the first three presidencies of Joaquín Balaguer Ricardo (1966–78), the country experienced a period of sustained growth characterized by economic diversification and a more equitable distribution of benefits among Dominicans. During its peak growth period, from 1966 to 1976, the economy expanded at an annual rate of nearly 8 percent, one of the highest growth rates in the world at the time. But in 1979 two hurricanes killed more than 1,000 Dominicans and caused an estimated US$1 billion in damage, and by the early 1980s, rising oil prices and a forty-year low in sugar prices had stifled the local economy. The average rate of economic growth dropped to almost 1 percent a year.

The unstable economic situation compelled the administration of Salvador Jorge Blanco (1982–86) to enter into a series of negotiations with the IMF and to begin restructuring government economic policies. In 1983 the government signed a three-year Extended Fund Facility that called for lower fiscal deficits, tighter credit policies, and other austerity measures. This program paved the way for the first in a series of rescheduling agreements with foreign creditors. Although the reschedulings slowed the pace of repayments, the higher consumer prices that resulted from the agreements sparked food riots in April 1984. The government subsequently suspended the 1983 agreements.

In April 1985, however, the Jorge Blanco administration signed a new one-year IMF Standby Agreement that included more austerity measures and the floating of the Dominican Republic peso in relation to the United States dollar. The one-year loan also enabled the government to reschedule commercial bank and Paris Club (see Glossary) debts. However, repayments were abruptly suspended in 1986 because they were considered too high. The ensuing civil disorders and serious differences over the pace of reforms sealed the end of the agreement prematurely, and the electorate ousted the Jorge Blanco administration in favor of former president Balaguer, who evoked memories of the economic growth of the 1970s and was determined not to seek help from the IMF.

The Balaguer approach was to refuse to negotiate with the IMF in order to avoid the austere economic conditions its agreements usually entailed. Instead, Balaguer tried to revive the economy by initiating a large public works construction program during his 1986–90 tenure. The economy expanded rapidly in 1987, but then contracted sharply in 1988—mainly as a result of the government's spending patterns. High inflation and currency devaluation, coupled with serious problems with such basic services as transportation, electricity, and water, crippled Balaguer's reform program. His expansionary fiscal policies also fueled unprecedented inflation, causing prices to rise 60 percent in 1988 alone, which took a severe toll on the poorer segments of the population. His continued devaluation of the peso may have benefited the country's burgeoning export sector and tourist trade—but at the expense of disadvantaged Dominicans earning fixed salaries. By the late 1980s, the external debt—US$4 billion—was almost double what it had been in 1980. Finally, the government's payment problems and its inability to meet its foreign debt commitments left it no choice but to turn again to the IMF in 1990.

High levels of inflation, increasing debt, and persistent deficits masked several positive trends during the 1980s, however. The most positive development was the country's rapid diversification away from its dependence on sugar. New jobs in assembly manufacturing offset many of the local jobs in the cane fields. Employment in assembly operations grew from 16,000 in 1980 to nearly 100,000 by 1989. These figures represented the world's fastest growth in free-zone employment during the 1980s. By 1987 the value of assembly exports surpassed that of traditional agricultural exports. The Dominican Republic also enjoyed the Caribbean's fastest growth in tourism during the 1980s. Moreover, although the mining industry suffered from low prices and labor disputes, it contributed a significant percentage of foreign exchange as well. The agricultural sector also diversified to a limited degree, with a new emphasis on the export of nontraditional items such as tropical fruits (particularly pineapple), citrus, and ornamental plants to the United States under the Caribbean Basin Initiative (CBI—see Glossary).

Economic Policies

The severe imbalances in public finances and the fluctuations of deteriorating budget deficits that characterized the 1980s spilled over into the early 1990s. Problems related to servicing the debt also continued, forcing the government to follow a policy of on-again, off-again recourse to IMF interference. Although the required austerity measures usually caused public discontent and, in some cases, civil disturbances, President Balaguer, who had refused to negotiate with the IMF, changed course in 1990 and announced at the beginning of his sixth term that he was doubling basic food and fuel prices to meet the conditions for resumed IMF assistance. The following year witnessed further anti-inflationary measures, including the freezing of public-sector pay. The government also stopped its practice of printing money to pay for public spending, and the money supply contracted. The ensuing deep recession caused inflation to drop significantly and the exchange rate to stabilize. These developments in turn prompted the IMF in September 1991 to approve an eighteen-month standby arrangement, followed by an RD$31.8 million (about US$4.4 million) loan. Soon the economy registered a 3 percent increase in GDP and in 1993 an inflation rate of 5 percent; these figures contrasted with a 5 percent decrease in GDP and consumer price inflation of 100 percent in the late 1980s.

A reversal of policy seemed inevitable, however. Just prior to the 1994 election, the traditional upsurge in public-sector pay and government spending on public works programs reappeared, and Balaguer's extravagant capital projects began to deplete government revenues. The Central Bank of the Dominican Republic (Banco Central de la República Dominicana—BCRD) tried to remedy the deteriorating situation by requiring the government to pay the surcharge on fuel sales directly to the Central Bank to finance mounting foreign debt payments. With the 1996 presidential elections around the corner, however, the government totally ignored this requirement. The only way to maintain a modest fiscal surplus was to allow several state-owned public enterprises to delay their payments.

This heavy economic burden was passed on to the incoming president, Leonel Fernández Reyna. The new president pledged, upon his election in 1996, to observe tight fiscal policies and initiate a wide-ranging modernization program, including privatization of public enterprises. One of his first steps was to mount a campaign against tax evasion, which proved to be quite successful: budgetary income in 1997 was 31 percent higher than in 1996. Perhaps his immediate focus on taxes resulted from the common practice of tax evasion by wealthier Dominicans. Moreover, many businesses illegally received tax-exempt status because of political contacts while other qualified firms did not.

Fernández also reinstated payments of the fuel surcharge to the Central Bank, even though they put a strain on funds. The resumption of transfer payments to financially devastated state corporations, however, was a much larger drain on finances. The Fernández government inherited a huge domestic debt on several of these companies, especially the sugar and electricity enterprises. Restructuring these enterprises required the passage of a law permitting the capitalization (i.e., partial privatization) of public corporations, which was signed in June 1997 after a long struggle between the president and Congress.

Electricity distribution operations of the Dominican Electricity Corporation (Corporación Dominicana de Electricidad—CDE), as well as other divisions of the company, were scheduled for public auction by late 1998. That date was postponed indefinitely as a result of damage to the electricity network by

Hurricane Georges. However, in September 1998, the Dominican government and a consortium of three British and United States firms signed an agreement to construct three 100-megawatt combined-cycle generators. The generators, to be built by Germany's Siemens and financed by the World Bank and the Inter-American Development Bank (IDB), are to come on stream in early 2000.

The sugar parastatal corporation known as the State Sugar Council (Consejo Estatal del Azúcar—CEA) is to follow a different path from that of the electricity company. The Commission for the Reform of Public Enterprise announced in July 1998 that it had decided against partial privatization. Instead it recommended the introduction of private participation through long-term leases. An investment bank is to advise on the process, which is to be implemented in 1999. A group of milling, paints, oils, and insurance enterprises is also on the privatization list. Other economic reforms contemplated by the government include the liberalization of business legislation, aid for small enterprises, and the promotion of investment in tourism, telecommunications, mining, and the free zones. A new foreign investment law promulgated in September 1997 allows non-Dominican concerns to invest in all sectors, with the exception of those related to national security. It also provides for full repatriation of capital and profits. An older foreign investment law (August 1996) also encourages manufacturing in the tax-free zones by exempting foreign investors from import duty on inputs and by simplifying registration procedures and offering tax exemption for up to twenty years.

Fiscal Policy

Another significant reform under consideration by the Dominican Congress in the late 1990s was that of imposing restrictions on the executive's discretionary use of public finances. Meanwhile, a role would be established for the private sector in providing for social security and strengthening the Central Bank's autonomy and supervision of all banking procedures. Overseeing the country's financial system has always been the function of the Monetary Board of the BCRD. The BCRD controls the money supply, allocates credit and foreign exchange, seeks to restrain inflation, manages the national debt, and performs currency-typical central bank functions.

The Dominican Republic peso (RD$) has been issued by the BCRD since 1948 and was officially on par with the United States dollar for decades. The peso underwent a slow process of devaluation on the black market from 1963 until the government enacted a series of devaluations during the 1980s. A 1978 Dominican law had actually required that the peso equal the dollar in value, but as economic conditions worsened, authorities abandoned this policy. The most important change in Dominican exchange policy came in 1985: the Jorge Blanco government, acting in accordance with the terms of an IMF stabilization program, floated the national currency in relation to the dollar, thereby temporarily wiping out the previously extensive black market. The floating peso fell to a level of US$1 = RD$3.12, an official devaluation of more than 300 percent that proved to be a major shock to the economy. Preferential exchange rates, however, remained in force for oil imports and parastatal transactions. The devaluation caused higher domestic prices and burdened many poor citizens, while it improved the country's export sector through newly competitive prices. Rising inflation, balance-of-payments deficits, and foreign debt compelled further devaluations after 1985. The peso stabilized somewhat at US$1 = RD$6.35 by 1989, after bottoming out at nearly US$1 = RD$8 in mid-1988. As a result of these fluctuations, the Monetary Board experimented during the 1980s with a multitier fixed exchange rate, a floating exchange rate, and other systems. By 1988 it had settled on a fixed rate subject to change based on the country's export competitiveness and domestic inflation. An important provision of the exchange-rate policy of 1988 prohibited currency transactions at the country's exchange banks and channeled all foreign currency transactions into the commercial banks under BCRD supervision.

In February 1991, a new dual exchange-rate system authorized the BCRD to set the rate for official transactions and commercial banks to conduct operations at a free-market rate. Four years later, the two systems were unified, with the exception of such government transactions as debt servicing and importing fuels. The rates for these transactions were unified in 1997 on a free-market basis and at an initial rate of US$1 = RD$14. A gap between the two currencies, however, forced an adjustment in the official rate to US$1 = RD$14.2. After Hurricane Georges, the official rate dropped further to US$1 = RD$15.46; the commercial rate was US$1 = RD$16 in late November 1999.

Without changing the BCRD's basic functions as the country's central bank, a banking reform law in 1992 reduced the number of financial institutions. Instead, the law created "multi-banks," which would specialize in offering a complete range of services. The consolidation was effected by merging commercial and development banks with mortgage or savings banks. In the late 1990s, the Dominican Republic had fifteen commercial banks, of which one, the Banco de Reservas, was state-owned, and five were foreign-owned: the United States Chase Manhattan Bank and Citibank, Canada's Bank of Nova Scotia, and Spain's Banco Español de Credito and Banco Santander. The foreign investment law, which was passed in September 1997, opens up the banking sector to other potential foreign participants, although it stipulates that insurance agencies remain under majority Dominican ownership. In addition, seven development banks provide loans for housing, agriculture, and other investments.

Government Role

The role of the BCRD (an entity under the President's control) in managing the country's domestic monetary policy and dealing with pressures on the exchange rate is only one aspect of the government's traditional tight grip on the economy. Its interventionist approach is also evident in its repeated efforts to restrain inflation. But the disruptive nature and abrupt changes in governmental economic policy have contributed to sharp fluctuations in the inflation rate. To cite one example: lax fiscal and monetary policies caused inflation to rise from an average of approximately 6 percent in 1983 to 38 percent by 1985 to an average of 59.5 percent in 1990. An abrupt tightening of monetary policy resulted in a sharp inflation rate drop to 4.5 percent in 1992, but accelerated spending prior to presidential elections caused the rate to rise to 12.5 percent in 1995. That rise was brought down to 5.4 percent a year later, however, when the BCRD introduced tight monetary restraints. Rising food prices in 1997 again reversed the trend, raising the rate to almost 10 percent and leading to street demonstrations and to the imposition of government price controls. The business sector immediately accused the government of taking this restrictive measure strictly for political reasons related to elections. In imposing these controls on such basic goods as rice, milk, chicken, and cement, however, the administration has acknowledged that it lacks the means to enforce them and has suggested that they be used only as a reference point for prices.

The Dominican government's approach of imposing restrictive monetary measures dates back to the 1970s and 1980s, reflecting its concern over the rising cost of basic consumer goods. Many prices were set by the government's National Price Stabilization Institute (Instituto Nacional de Estabilización de Precios—Inespre). Despite Inespre's efforts, food prices rose faster than all other prices during the 1980s. Inespre's pricing policies responded more to political concerns than to economic realities. Prices of basic foodstuffs were maintained at unrealistically low levels, in part because urban violence often resulted from efforts to bring these prices more in line with the free market. Keeping urban consumer prices low necessitated the purchase of staple crops from Dominican farmers at less than fair value, a practice that depressed the income and the living standard of rural Dominicans.

Privatization

In the late 1990s, the government showed no evidence of relaxing its rigid hold on the country's economy. Although in March 1998 it had initiated the qualification process for firms interested in bidding for the distribution and marketing operations of the state-owned electricity enterprise, strong opposition in some government circles together with the impact of Hurricane Georges have slowed the process. Similarly, plans to privatize the generating operations of the CDE have been contradicted by the administration's decision in late 1997 to purchase new electric generators. Further proof that the government was extending the same approach to other public enterprises came in 1997, when it imported 600 buses for a new state corporation assigned to provide public transportation in the Santo Domingo area. The state sugar company, CEA, is also on the privatization list, but parcels of its land have been distributed, at questionably low prices in some cases, as part of the government's agrarian reform program. All these actions cast doubts on the administration's commitment to the concept of privatization. They may also reflect a strong difference of views within the administration, with some members—including the new director of the CDE, named in 1998—favoring the strengthening of state-owned enterprises rather than their privatization or capitalization.

Labor

The structure of the Dominican labor force began to change significantly during the post-Trujillo era as agriculture's share of output diminished. In 1950 agriculture had employed 73 percent of the country's labor, but by the end of the 1980s it accounted for as little as 35 percent. In mid-1996 the Food and Agriculture Organization (FAO) estimated that agriculture, forestry, and fishing employed only 20 percent of the labor force. Industry and services had incorporated approximately 20 percent and 45 percent, respectively, of displaced agricultural labor (see table 6, Appendix). As a consequence of gaps in the labor statistics, official estimates of the female segment of the economically active population varied widely, from 15 to 30 percent of the labor force. Whatever the total figures, the role of women, particularly in the urban economy, was growing by the late 1980s. Seventy percent of the employees in free-trade zones (FTZs) were women; as greater numbers of FTZs opened in the late 1980s, the rate of employment for females more than doubled the rate of employment for males. This shift represented a major transformation in the labor force; previously, the percentage of women in the Dominican work force had been lower than that for any other Latin American country. Men continued to dominate agricultural jobs, but these were among the lowest paid jobs in the country. The highest salaries were earned in mining, private utilities, financial services, and commerce. The distribution of income among workers was highly skewed; the top 10 percent earned 39 percent of national income, while the bottom 50 percent earned only 19 percent.

Income distribution continued to be skewed in the 1990s, with the top 20 percent of the population earning 60 percent of the country's total income in 1994, and the bottom 20 percent earning only 4.5 percent. A 1992 World Bank report classified 4.6 million Dominicans as poor, with 2.8 million living in extreme poverty. About 10 to 15 percent of the total workforce, estimated at 2.84 million in 1994, are union members. Official statistics put the average unemployment rate at 15.6 percent for the 1994–95 period, compared with 20.7 percent for the 1992–93 period. Approximately 15 percent of the economically active population are engaged in agriculture; 23 percent in industry; 27 percent in tourism, trade, and finance; and 35 percent in other services and government employ. Although the administration of President Fernández is committed in principle to reducing the level of public-sector overstaffing, it allowed government personnel recruitment to increase 6.4 percent in the first half of 1998. Moreover, the government has expressed reluctance to undertake public-sector layoffs despite a favorable economy.

In the 1980s, the most controversial labor law was the one governing the national minimum wage. Although the Congress increased minimum wages on several occasions during the decade, unusually high inflation, which reduced the real wages of workers, usually outpaced these increases. General strikes or other confrontations between labor and government frequently resulted. Government officials were reluctant to grant frequent raises in the minimum wage, in part, because they felt the need to keep Dominican wages competitive with those of other developing countries. Dominican wages did indeed remain lower than those in other Caribbean Basin countries, with the exception of impoverished Haiti.

A new labor code promulgated in May 1992, however, provided for increasing a variety of employee benefits. The minimum wage was raised twice in the next two years by a total of 20 percent, substantially more than the rate of inflation or devaluation. Public- and private-sector minimum wages were also increased by approximately 20 percent in 1997, resulting in a considerable rise in the Dominican Republic's labor costs.

Although labor unions appeared only after the Trujillo era and only in the form of poorly financed and politically divided peasant-based movements, the Dominican constitution provides for the freedom to organize labor unions and for the right of workers to strike (as well as for private-sector employers to lock out workers). All workers, except military and police personnel, are free to organize, and workers in all sectors exercise this right. Organized labor, however, represents no more than 15 percent of the work force and is divided among three major confederations, four minor confederations, and several independent unions. The government respects association rights and places no obstacles to union registration, affiliation, or the ability to engage in legal strikes.

Requirements for calling a strike include the support of an absolute majority of the workers of the company, a prior attempt to resolve the conflict through arbitration, written notification to the Secretariat of State for Labor, and a ten-day waiting period following notification before proceeding with a strike. The Labor Code specifies the steps legally required to establish a union. It calls for automatic recognition of a union if the government has not acted on its application within a specific time. In practice, the government has readily facilitated recognition of labor organizations. Unions can and do freely affiliate regionally and internationally, and they are independent of the government and political parties.

Collective bargaining is provided for by law and may be exercised in firms in which a union has gained the support of an absolute majority of the workers, but only a minority of companies have collective bargaining pacts. The Labor Code stipulates that workers cannot be dismissed because of their trade union membership or activities. In 1997 there were some seventy unions in the thirty-six established FTZs, which included 288 United States-owned or affiliated companies and employed approximately 172,000 workers, mostly women. The majority of these unions are affiliated with the National Federation of Free Trade Zone Workers, but many of them exist only on paper. And some FTZ companies, whose working conditions are generally better than others in the country, have a history of discharging workers who attempt to organize unions. The State Sugar Council (CEA), on the other hand, employs workers from more than 100 unions while it discourages additional organizing efforts. Dominican workers predominate in most of the unions, but two unions are Haitian-dominated.

The matter of Haitian migrants in the Dominican Republic has been a contentious one. Since the early twentieth century, the Dominican Republic has received both temporary and permanent Haitian migrants. Several hundred thousand Haitians were believed to reside in the Dominican Republic in the late 1990s, representing workers in the country both legally and illegally. As the result of several agreements between the Dominican and Haitian governments, numerous cane cutters were brought in legally. However, most were paid miserably low wages and experienced very poor living conditions. Many of the legal and illegal Haitian workers lived in camps on the sugarcane plantations. Because of disturbances that arose at a sugar plantation in 1985 in which several Haitians were killed, the government discontinued the official contracting of Haitian cane cutters. Reportedly, however, numerous Haitians in the Dominican Republic illegally (primarily because Dominican salaries and living conditions generally were better than those in Haiti) were picked up by the government and obliged to work in the cane fields or be forcibly repatriated. Haitians also worked as labor recruiters and field inspectors in the cane fields as well as laborers harvesting coffee, rice, and cocoa and as construction workers in Santo Domingo.

Although the law prohibits forced or compulsory labor, forced overtime in factories continues to be a problem. Employers, particularly in FTZs, sometimes lock the exit doors at the normal closing time to prevent workers from leaving. Other employers fail to inform new hires that overtime is optional. And there have been reports of some employees being fired for refusing to work overtime.

The Labor Code prohibits employment of children under fourteen years of age and places restrictions on the employment of children under the age of sixteen. These restrictions include a limitation of no more than six hours of daily work, no employment in dangerous occupations or establishments serving alcohol, as well as limitations on nighttime work. Dominican law requires six years of formal education. High levels of unemployment and lack of a social safety net, however, create pressures on families to allow children to earn supplemental income. Tens of thousands of children work selling newspapers, shining shoes, or washing cars, often during school hours.

The Labor Code authorizes a National Salary Committee to set minimum wage levels; the Congress may also enact minimum wage legislation. The minimum wage equals approximately US$75 per month. Although this amount covers only a fraction of the living costs of a family in Santo Domingo, many workers make only the minimum wage. For example, 60 percent of government employees earn only minimum wage. The Labor Code establishes a standard work period of eight hours a day and forty-four hours per week. It also stipulates that all workers are entitled to thirty-six hours of uninterrupted rest each week, and to a 35 percent differential for work above forty-four hours up to sixty-eight hours per week and double time for any hours above sixty-eight hours per week. The degree to which Labor Code provisions are enforced is uncertain.

The Dominican Social Security Institute (Instituto Dominicano del Seguro Social—IDSS) sets workplace safety and health conditions. However, the existing social security system does not apply to all workers and is underfunded. In addition, both the IDSS and the Secretariat of State for Labor have a limited number of inspectors appointed through political patronage charged with enforcing standards. In practice, for example, workers cannot remove themselves from hazardous workplace situations without jeopardizing continued employment. Conditions for agricultural workers are generally much worse, especially in the sugar industry. On many sugar plantations, cane cutters are paid by the weight of cane cut rather than by hours worked. Many cane cutters earn the equivalent of approximately US$3.70 per day. Many villages in which workers, often Haitians, gather for mutual support have high rates of disease and lack schools, medical facilities, running water, and sewerage systems.

Agriculture

The backbone of the Dominican economy for centuries, agriculture declined in significance during the 1970s and 1980s, as manufacturing, mining, and tourism began to play more important roles in the country's development. During the 1960s, the agricultural sector employed close to 60 percent of the labor force, contributed 25 percent of GDP, and provided between 80 and 90 percent of exports. By 1988, however, agriculture employed only 35 percent of the labor force, accounted for 15 percent of GDP, and generated approximately 50 percent of all exports. In 1992 the sector's share of exports dropped to 43 percent and employed only 28 percent of the total workforce. By the end of 1995, the agricultural sector's contribution to GDP stood at 12.7 percent, and it employed approximately 12.9 percent of the labor force. The declining importance of sugar, the principal source of economic activity for nearly a century, was even more dramatic. Sugar's share of total exports fell from 63 percent in 1975 to less than 20 percent by the late 1980s. Sugar exports in 1995 were 75 percent lower than in 1981, and the severe drought of 1997 also lowered production.

The transformation in agriculture paralleled the country's demographic trends. In 1960, some 70 percent of the country's population was rural; that figure was reduced to 30 percent in the 1990s. Government policies accelerated urbanization through development strategies that favored urban industries over agriculture in terms of access to capital, tariff and tax exemptions, and pricing policies. As a consequence, the production of major food crops either stagnated or declined in per capita terms from the mid-1970s to the late 1990s. However, production of some major export products, coffee and cocoa, grew by some 9 percent in the latter 1990s.

Picking cotton
Courtesy Inter-American
Development Bank

Rooftop hydroponics
Courtesy Inter-American
Development Bank

Land Policies

The uneven distribution of arable land continued to be a fundamental obstacle to the economic development of the Dominican Republic in the 1990s. Despite active attempts to reform land tenure patterns, the basic dichotomy of latifundio (see Glossary) and *minifundio* (see Glossary) continues to be the predominant feature of rural life. According to the 1981 agricultural census, 2 percent of the nation's farms occupied 55 percent of total farmland. By contrast, landholdings averaging less than twenty hectares, which represented 82 percent of all farms (314,665 units), covered only 12 percent of the land under cultivation. Land distribution on both extremes was notably worse. Some 161 farms, 0.1 percent of all farms, occupied 23 percent of all productive land, whereas tens of thousands of peasants possessed only a few *tareas* (the *tarea*, the most common measurement of land on the island, equaled one-sixteenth of a hectare).

The government is the largest landholder. The state-owned largest sugar producer, CEA, established in 1966 to manage the sugar operations acquired from the Trujillo family, and the Dominican Agrarian Institute (Instituto Agrario Dominicano—IAD), the national land reform agency, control the overwhelming share of public-sector land, most of which was derived from Trujillo's estate. The two major privately owned sugar producers, Central Romana and Casa Vicini, along with several large cattle ranches, represent the largest private landholdings.

The concentration of land ownership in the Dominican Republic, although it can trace its roots back to Christopher Columbus's parceling of land, resulted principally from the "latifundization" of land with the advent of commercial sugarcane production in the late nineteenth century. The concentration of arable land ownership increased after 1948, when Trujillo intensified his involvement in the sugar industry. In a little over a decade, Trujillo doubled the amount of land dedicated to sugarcane. The dictator and his cronies seized as much as 60 percent of the nation's arable land through colonization schemes, the physical eviction of peasants from their land, and the purchase of land through spurious means. In the aftermath of Trujillo's assassination in 1961, the government expropriated his family's landholdings by means of Decree 6988, thus setting the stage for contemporary land policy.

In 1962 the post-Trujillo Council of State created the IAD to centralize agrarian reform and land policy, charging the organization with redistributing the ruler's former holdings to peasants. Agrarian reform was hindered by the country's stormy political transitions in the 1960s, but it was strengthened in 1972 by legislation that authorized the government to expropriate unused farms in excess of 31.4 hectares under certain conditions. Despite the broad mandate for land reform, a cause strongly advocated by the Balaguer administration in the late 1980s, the IAD has made disappointing progress since 1962, according to its critics. Figures vary considerably as to the number of hectares actually distributed (reportedly, some 409,000 hectares by late 1987), with the greatest progress on redistribution occurring during the early years. Since 1988 land redistribution has been minimal.

The IAD distributed parcels of land to individuals, cooperatives, and settlements (*asentamientos*). A range of support services, including land-clearing, road construction, irrigation, agricultural extension services, and credit, were also provided in principle. However, peasants criticized the IAD's sluggish performance in transferring land titles, its distribution of mainly marginal agricultural land, and the generally inadequate level of support services caused by lack of funding and ineffectual management of the IAD. For example, only 38 percent of IAD land was actually devoted to the cultivation of crops in the late 1980s; 9 percent was devoted to livestock and 53 percent to forestry or other uses.

After decades of wrangling, the Dominican Republic completed the 1980s with the issue of land largely unresolved from the perspectives of both peasants and commercial farmers. This failure was most evident in data demonstrating an ongoing pattern of skewed land ownership. Frequent spontaneous land seizures and invasions by peasants of underused land throughout the 1980s epitomized rural frustrations. On one end of the economic spectrum, numerous rural associations, disconcerted by the pace and the quality of land reform, participated in land seizures, demanding "land for those who work it." On the other end of the spectrum, agribusiness complained of the government's inconsistent policies with regard to the expropriation of land. Some analysts viewed such inconsistencies as a deterrent to new investment in diversified agriculture and therefore as counterproductive to the republic's efforts through the encouragement of tourism and the development of mineral resources to diversify its economy away from sugar.

The agricultural sector continued to be depressed well into the 1990s, with a growth of just over 3 percent in 1997–98 (as against 9 percent the previous year). Government policies, especially those relating to agrarian reform, remained incoherent, with informal land occupations occurring more frequently toward the end of the decade. Years of high interest rates remained a serious impediment to investment, making it almost impossible to purchase replacements for antiquated equipment. The government's decision to import large quantities of major staple items at low prices in response to the 1997 drought caused setbacks to domestic agriculture, especially because no thought was given to helping domestic producers. Dairy farming was hit particularly hard by another government decision—to sell imported powdered milk at subsidized prices. The decision resulted in several bankruptcies in the dairy industry.

Hurricane Georges, which hit the Dominican Republic on September 22, 1998, had a devastating impact on the agricultural sector. The hurricane destroyed 80 percent of the banana crop and producers of sugarcane, cocoa, coffee, and citrus also experienced significant losses. In addition, the poultry industry was hard hit. Substantial imports of food were required for the remainder of 1998.

Land Use

About 57 percent of the Dominican Republic's total territory, some 27,452 square kilometers out of 48,442 square kilometers, was devoted to agriculture-related activities, including pasture land, in the late 1990s. In 1998 forest and woodland areas occupied some 6,000 square kilometers, representing about 12 percent of the total land area. Because of environmental concerns over deforestation, access to the main forest reserves is limited. The government also has created thirteen national parks and nine areas of special scientific interest. Although deforestation is steadily reducing this area, most of the soil is well-suited for cultivation, and the climate ranges from temperate to tropical. The coastal plains of the south and the east are the main sugar-producing areas. The valley of Cibao in the north and the Vega Real region northeast of Santo Domingo are the richest and most productive agricultural lands. These regions are endowed with a fair share of water from streams and rivers; however, the country's irrigation system barely covered 15 percent of the arable land, or about

139,000 hectares, in the late 1980s. By 1991 with the construction of several dams the irrigated area was estimated at 225,000 hectares.

Cash Crops

Despite ongoing diversification efforts since the late 1980s, the Dominican Republic in the late 1990s continues to be a major world producer of sugarcane. The sugar industry has an impact on all sectors of the economy and epitomizes the nation's vulnerability to outside forces. Fluctuating world prices, adjustments to United States sugar quotas, and the actions of United States sugar companies (such as Gulf and Western Corporation's sale of all its Dominican holdings in 1985) all could determine the pace of economic development for decades.

Columbus introduced sugarcane to Hispaniola, but sugar plantations did not flourish in the Dominican Republic until the 1870s, much later than on most Caribbean islands. Investment by United States sugar companies, such as the United States South Porto Rico Company and the Cuban-Dominican Sugar Company, rapidly transformed the Dominican economy. These companies had established themselves by the 1890s, and between 1896 and 1905 sugar output tripled. During the United States occupation (1916–24), the sugar industry expanded further, acquiring control of major banking and transportation enterprises.

Beginning in 1948, Trujillo constructed a string of sugar mills, many of which he owned personally. The elimination of United States sugar quotas for Cuba after the Cuban revolution of 1959 further enhanced the economic role of sugar because the Dominican Republic assumed Cuba's former status as the main supplier under the quota system.

Heavy reliance on sugar has created a number of economic difficulties. The harvest of sugarcane, the *zafra*, is arduous, labor-intensive, and seasonal, and it leaves many unemployed during the *tiempo muerto*, or dead season. Haitian laborers have harvested most of the Dominican cane crop since the late nineteenth century, by agreement between Hispaniola's two governments. Although Haitian cane cutters live under conditions of near slavery, two factors continue to draw them across the border: depressed economic conditions in Haiti and the reluctance of Dominicans to perform the backbreaking, poorly regarded work of cane cutting.

After the death of Trujillo, Dominican policy makers faced the sensitive issue of how best to manage the dictator's economic policy, which by stressing a one-crop economy represented more of a drain on national finances than a catalyst to development. These contradictions played themselves out within the CEA, an entrenched, politicized, and inefficient parastatal.

The role of sugar changed markedly in the 1980s as external conditions forced the national economy to diversify. Sugar prices had reached unprecedented highs in 1975 and again in 1979. The international recession of the early 1980s, however, pushed prices to their lowest level in forty years. Lower world prices hurt the Dominican economy, but the reduction of sales to the United States market, as a result of quota reductions that began in 1981, was even more costly because of the preferential price the United States paid under the quota system. The international market continued to be unpromising in the late 1990s. The market was glutted by overproduction, caused principally by European beet growers; major soft-drink manufacturers also began to turn to high-fructose corn sweeteners and away from cane sugar.

In the late 1980s, the CEA controlled 60 percent of the nation's sugar output through the ownership of 75 percent of the country's major sugar mills. These mills included the largest and best equipped, the Haina mill. The CEA also owned 233,000 hectares of land. However, the state-owned enterprise was operating at a loss and became so heavily indebted that it began selling off land for industrial free zones and tourism development projects. Its output fell below the production rate of the two major privately owned companies, Casa Vicini and the Central Romana Corporation.

The CEA's production has continued to decline steadily in the 1990s, dropping from 311,000 tons in 1993 to 271,533 tons in 1994 to 224,448 tons in 1995, to an all-time low of 196,826 tons in 1996. The long-term declining productivity of the CEA, which was scheduled for privatization in 1999, was compensated for by privately owned mills. For example, Central Romana reported record production of 370,000 tons in 1993 and 344,700 tons in 1996 (only figures available). The country's total sugar output in 1997, for example, was sufficient to enable it to meet its United States preferential import quota (see table 7, Appendix). This quota system, of which the Dominican Republic is the largest beneficiary, provides a preferential market for more than half of Dominican sugar exports and creates a cushion against slumps in world sugar prices.

Coffee, the second leading cash crop, continues to be subject to varying market conditions in the 1990s. Introduced as early as 1715, coffee continues to be a leading crop among small hillside farmers. In 1993 the area of coffee production was estimated at 85,000 hectares, whereas in the late 1980s it had covered 152,000 hectares over various mountain ranges. Coffee farming, like sugar growing, is seasonal and entails a labor-intensive harvest involving as many as 250,000 workers, some of whom are Haitians. The preponderance of small holdings among Dominican coffee farmers, however, has caused the coffee industry to be inefficient, and yields fall far below the island's potential. Production of coffee fluctuates with world prices. The trend in the 1990s was one of declining prices. As a result, low prices on the world market dramatically reduced production from 1.2 million sixty-kilogram bags in 1987–88 to less than half that amount—545,000 bags—in 1993–94. Export earnings for the latter period amounted only to US$28 million, whereas the earnings for the 1994 calendar year reached US$62.7 million, the highest figure since 1989. Exports reached the US$81 million mark in 1995 but fell back to US$65 million in 1996, mainly because of lower international prices.

Another factor that has influenced production is vulnerability of the coffee bushes to the hurricanes that periodically ravage the island, such as Hurricane Georges in September 1998. Furthermore, the Dominican coffee industry faces international problems that result mainly from the failure of the International Coffee Organization (ICO) to agree on quotas through its International Coffee Agreement (ICA). Although Dominicans consume much of their own coffee, they have increasingly been forced to find new foreign markets because of the ICO's difficulties. As is true of many Dominican commodities, middlemen often smuggle coffee into Haiti for re-export overseas.

Cocoa constitutes another principal cash crop, occasionally surpassing coffee as a source of export revenue. The Dominican cocoa industry emerged in the 1880s as a competing peasant crop, when tobacco underwent a steep price decline. Although overshadowed by sugar, cocoa agriculture enjoyed slow, but steady, growth until a period of rapid expansion in the 1970s. In response to higher world prices, the area covered with cacao trees rose from 65,000 hectares in 1971 to 117,000 hectares by 1980. Small farmers cultivate the most cocoa, producing some 40,000 tons of cocoa on approximately 134,000 hectares in 1987. This crop was enough to make the Dominican Republic the largest producer of cocoa in the Caribbean.

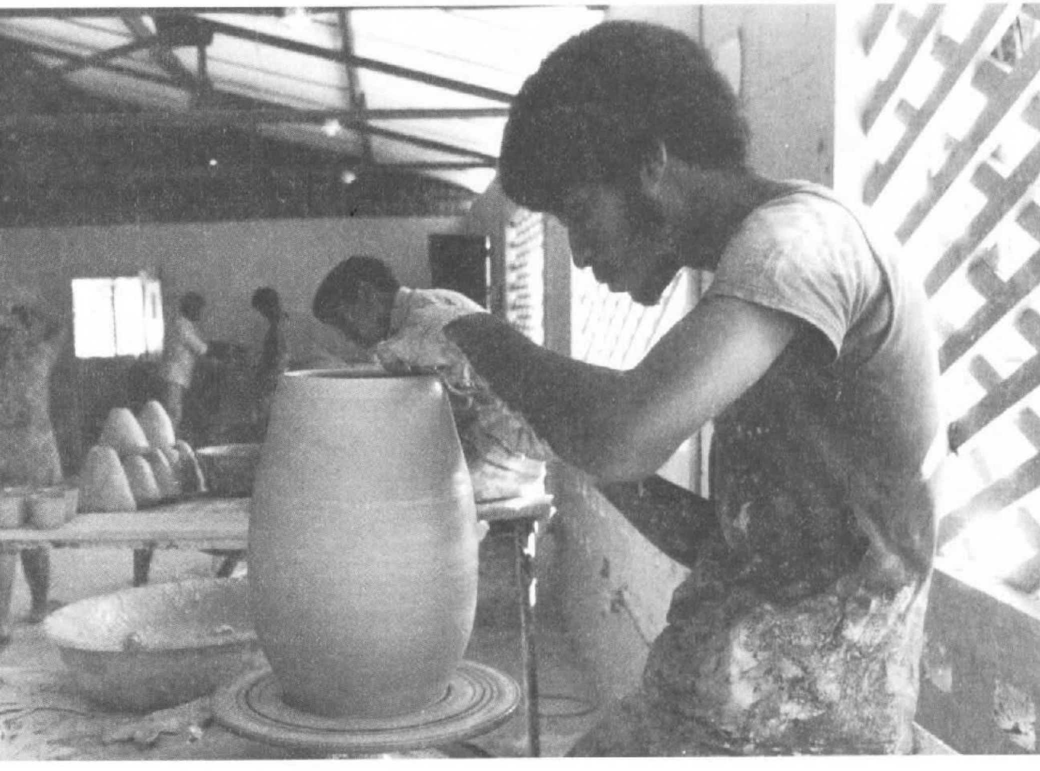
Cocoa production declined in the early 1990s, reaching 49,000 tons in 1991, but it recovered to a peak of approximately 67,000 tons in 1996. However, the crop was a casualty of the 1997 drought, which resulted in a loss of more than 17.5 percent. The 1987 level of US$66 million in exports also was reduced to a low point of US$35 million in 1991 before recovering to US$60 million in 1995. Higher cocoa prices on international markets raised export earnings to US$65 million in 1996.

Tobacco enjoyed a renaissance in the 1960s, with the introduction of new varieties and an increase in prices. Sales revenues peaked in 1978, but they declined considerably in the 1980s and 1990s because of lower prices, disease, and inadequate marketing. Black tobacco of the "dark air-cured and sun-cured" variety is manufactured into cigars for export. Numerous companies participate in the export of black tobacco. A growing number of cigar companies operate out of the country's burgeoning free zones.

Declining prices and structural changes in the international market for the Dominican Republic's traditional cash crops of sugar, coffee, cocoa, and tobacco forced the government to consider opportunities for nontraditional agricultural exports during the 1980s and 1990s. This new emphasis on nontraditional exports coincided with the implementation of the Caribbean Basin Initiative (CBI), which afforded the country reduced-tariff access to the United States market. The main categories of nontraditional exports promoted by the government included ornamental plants, winter vegetables (vegetables not grown in the United States during winter months), citrus, tropical fruits, spices, nuts, and certain types of produce popular among the growing Hispanic and Caribbean populations in the United States. However, new investments in agribusiness during the 1980s and 1990s were less successful than anticipated, particularly in comparison to the dramatic success of assembly manufacturing and tourism. Nonetheless, officials apparently succeeded in broadening the options of farmers and investors from a few crops to a diverse range of products. The government spearheaded agricultural diversification

Woman peeling papayas for jam
Courtesy Inter-American Development Bank

Potter at work
Courtesy Inter-American Development Bank



through an export promotion agency, the Dominican Center for the Promotion of Exports (Centro Dominicano de Promoción de Exportaciones—Cedopex), and through cooperation with a nongovernmental organization, the Joint Agricultural Consultative Committee, which promotes agribusiness investment in the republic. By the 1990s, some success had been achieved with citrus and pineapples, but quicker growth in nontraditional agricultural exports was hindered by the slow pace of the CEA's diversification program, which had scheduled portions of the fertile sugar plains for conversion to nontraditional crop production.

As part of the national dish of rice and beans, rice was a major Dominican food crop in the late 1980s and 1990s. Rice production expanded significantly in the post-Trujillo era, and by late 1979 the country had achieved self-sufficiency for the first time. Rice production, however, waned in the 1980s and 1990s, forcing renewed imports.

The annual harvest of paddy rice reached 566,000 tons in 1992 but fell to 533,000 tons in 1994. Declines in production were related to a series of economic factors. Rice subsidies to the urban poor, who had less than two kilograms of rice a week as part of Inespre's food basket, or *canasta popular,* were generally at odds with the goal of increased output. Apart from such subsidies, the cost of rice was more than twice that on the world market. The government's land reform measures also may have had a negative impact on rice yields; IAD's rice holdings, which accounted for 40 percent of the nation's rice, were noticeably less productive than private rice holdings. In the late 1980s, the government continued to involve itself extensively in the industry by supplying irrigation systems to more than 50 percent of rice farmers as well as technical support through the Rice Research Center in Juma, near Bonao. The government also moved to increase the efficiency of local distribution in 1987; it transferred rice marketing operations from Inespre to the Agricultural Bank of the Dominican Republic (Banco Agrícola de la República Dominicana—Bagricola) and then to the private sector.

The other principal grains and cereals consumed in the Dominican Republic include corn, sorghum, and imported wheat. Corn, native to the island, performed better than many food crops in the 1980s and 1990s because of the robust growth of the poultry industry, which used 95 percent of the corn crop as animal feed. The strong demand for feed notwithstanding, Inespre's low prices for corn and other distortions in the local market caused by donated food from foreign sources decreased incentives for farmers and reduced output during the late 1970s and early 1980s. The cultivation of sorghum, a drought-resistant crop also used as a feed, expanded rapidly in the 1980s because of sorghum's suitability as a rotation crop on winter vegetable farms and as a new crop on newly idle cane fields.

Wheat is another increasingly important cereal because Dominicans are consuming ever-greater quantities of the commodity, donated primarily by the United States and France. The government is reluctant to interfere with Dominicans' preference for the heavily subsidized wheat over local cereals for fear of violent protests by poorer consumers.

Other major crops include starchy staples such as plantains and an assortment of tubers. Because of their abundance, sweet taste, and low cost, Dominicans consume large quantities of plantains, usually fried. Beans, a dietary staple and the chief source of protein for many Dominicans, are grown throughout the countryside.

Dominicans also grow cash crops that include an assortment of fruits and vegetables. In recent years, farmers, encouraged by the CEA, have diversified into such new crops as bananas, tomatoes, flowers, pineapples, and oranges. Citrus production became a growth industry in the late 1990s when it expanded its marketing to Europe and North America; its sales had been limited to the Caribbean market in the early 1990s. Similarly, banana production for export, which started only in 1990, totaled more than 104,160 tons in 1994 and shot up to 361,000 tons in 1996. Exports of fresh pineapple amounted to 65,000 tons in 1993, earning approximately US$13 million. The European Union, which had allotted the Dominican Republic a quota of 55,000 tons for 1995, almost doubled that amount in 1996.

Livestock

The raising of livestock, the basis of the economy during colonial times, continued to be a common practice in the 1990s, despite the country's warm climate and hilly interior. The predominant livestock on the island are beef and dairy cattle, chickens, and pigs. The country is essentially self-sufficient in its production of basic meat. Cattle-raising was still the primary livestock activity in the mid-1990s, and the Dominican stock contained 2.4 million head of cattle, up from 2 million head in the late 1980s. The great majority of the cattle were beef cattle, raised on medium-to-large ranches in the east.

The country also contains an undetermined, but dwindling, number of dairy cows. The decline in numbers of dairy cows because of large-scale slaughter of breeding cattle resulted from years of low government prices for milk. Implemented in an effort to keep consumer milk prices low, this policy had the unintended effect of dramatically increased milk imports.

The poultry industry, in contrast to the dairy industry, enjoyed strong growth in the 1980s. In the mid-1990s, the country had some 33 million chickens. A few large producers supplied the nation with 90,000 tons of broilers a year and with hundreds of millions of eggs. The pork industry had also rebounded by the mid-1980s, after suffering the virtual eradication of its stock from 1978 to 1982 because of an epidemic of African swine fever. Afterward, the Dominican Republic established an increasingly modern and well-organized pork industry.

By the mid-1990s, the number of pigs was estimated at 850,000. However, an attack of cholera in the late 1990s affected the national pig stock. In addition, Dominican livestock in the mid-1990s included some 574,000 goats. Livestock accounted for 5.2 percent of GDP in 1996, compared with 4.9 percent in 1991.

Forestry and Fishing

Pine, hardwood, and other tree cover, once ample, covered only 15 percent of the land by the beginning of the 1990s. To offset losses caused by the indiscriminate felling of trees and the prevalence of slash-and-burn agriculture, the government outlawed commercial tree cutting in 1967. Since then, limited development of commercial plantation forestry has occurred, but the nation continues to import more than US$30 million in wood products each year. Although not so drastic as in Haiti, deforestation and the erosion that it causes pose serious environmental concerns for the country's watersheds into the 1990s and beyond (see Land Use, this ch.). The limited amount of land occupied by forest and woodland (0.6 million hectares) continued to be steadily reduced in the late 1990s.

The fishing industry continued to be underdeveloped into the 1990s. It consists of only small coastal fishermen using small boats lacking refrigeration, who barely exploit the 1,400 kilometers of coastline. Fish production contributes little to the country's GDP (0.4 percent in 1994). In the late 1990s, the catch averaged about 22,000 tons per year.

Industry

Manufacturing

This sector consists of traditional or domestic manufacturing as well as assembly operations in free zones. One of the most important factors in accelerating the industrialization and diversification of the Dominican Republic's economy in the 1990s, manufacturing contributed 18.3 percent of GDP in 1998.

Traditional Manufacturing

During the Trujillo era, manufacturing grew more slowly than in other Latin American and Caribbean countries because of the dictatorship's disproportionate emphasis on sugar production. After the Balaguer government introduced the Industrial Incentive Law (Law 299) in 1968, domestic manufacturers for the first time received substantial tariff protection from foreign competition. Although these incentives stimulated an array of domestic industries, created jobs, and helped diversify the country's industrial base, Dominican industries tended to be heavily dependent on foreign input and proved to be inefficient and unable to compete internationally. In 1990 the government decided to drastically reduce the rates of import tariffs; all incentives provided for in Law 299 were eliminated in 1992. High interest rates caused the performance of the domestic industry subsector to contract in 1994 and 1995 so that it was growing at rates substantially below the national average of manufacturing. Consequently, the GDP share of domestic manufacturing, including sugar processing, declined from 16.6 percent in 1992 to 13.4 percent in 1997.

A reversal of the decline occurred, however, in 1998, mainly because the pressures of external competition, especially from Mexico, encouraged investment in modernizing plants. The manufacturing industry experienced a strong growth of 7.4 percent in the first half of 1998 in spite of a 13 percent drop in sugar production caused by the 1997 drought. The subsector of domestic manufacturing, which includes mostly consumer goods, food, and cigar production, grew by 10.1 percent in the first half of 1998. The growth may have resulted partially from a dramatic increase in the demand for Dominican cigars; the Dominican Republic is the leading supplier to the United States, where cigar smoking was on the rise in the late 1990s.

Free-Zone Manufacturing

No economic process was more dynamic in the Dominican Republic during the 1980s than the rapid growth of free zones. Although the government established the legal framework for free zones in 1955, it was not until 1969 that the Gulf and Western Corporation opened the country's first such zone in La Romana. Free-zone development, which had progressed modestly in the 1970s, accelerated rapidly during the 1980s as a result of domestic incentives, such as Free-Zone Law 145 of 1983 and the United States CBI of 1984. Free-Zone Law 145, a special provision of the Industrial Incentive Law, offered liberal incentives for free-zone investment, including total exemption from import duties, income taxes, and other taxes for up to twenty years. By the close of the 1980s, the results of free-zone development were dramatically clear. From 1985 to 1989, the number of free zones had more than doubled, from six to fifteen; employment had jumped from 36,000 to nearly 100,000. The number of companies operating in free zones had increased from 146 to more than 220.

The trend was similar in the 1990s. Industrial free zones numbered thirty-three by the end of 1995 and employed approximately 165,000 workers in 469 companies. Those numbers remained at the same level at the end of 1996, but the number of firms operating in free zones stood at 434. The drop was attributed to keen competition from Mexico over United States markets. However, more than sixty applications for the establishment of new free-zone companies were approved in 1997. Although free-zone manufacturing contributes little to the country's GDP (3.4 percent in 1996 and 3.5 percent in 1997), it employs a significant portion of the industrial labor force (165,000 and 172,000 out of some 500,000 in 1996 and 1997, respectively). Moreover, free-zone manufacturing has been the major element in the growth of manufacturing since the last half of 1997 and grew by 8.3 percent in the first half of 1998. These factors may explain the creation within the Secretariat of State for Industry and Commerce of a special office for the development of free zones, the National Council for Free Zones (Consejo Nacional de Zonas Francas—CNZF). Also, free-zone exports generate badly needed foreign exchange:

Worker in textile mill
Courtesy Inter-American Development Bank

US$2 billion in 1996 and US$3.8 billion in 1997—almost 75 percent of the island's total export earnings.

The Dominican Republic's free zones vary widely in terms of size, ownership, production methods, and location. The size of free zones ranges from only a few hectares to more than 100 hectares, with most located in the south and southeast. At least 70 percent of the free-zone companies produce garments, while others produce footwear, leather goods, electrical and electronic items, and cigars.

Mining

The mining industry enjoyed extraordinary growth in the 1970s, when the country's major ferronickel and *dore* (gold and silver nugget) operations were inaugurated. The contribution of mining to GDP rose from 1.5 percent in 1970 to 5.3 percent by 1980, where it remained until the late 1980s. Although the mining sector employed only about 1 percent of the labor force throughout this period, it became a major foreign-exchange earner in the 1980s.

Gold and silver *dore*, which occur naturally in the Dominican Republic, played a critical role in the rapid emergence of mining. Although the Spanish mined gold on the island as early as the 1520s, gold production in the Dominican Republic was insignificant until 1975, when the private firm Rosario Dominicano opened the Pueblo Viejo mine, the largest open-pit gold mine in the Western Hemisphere, on the north side of the island. In October 1979, the Dominican government, the owner of 46 percent of the shares of Rosario Dominicano, purchased the remaining equity from Rosario Resources, a New York-based company, thereby creating the largest Dominican-owned company in the country. Rosario's huge mining infrastructure, with an annual capacity of 1.7 million troy ounces of gold and silver, impelled by rapidly increasing international prices for gold, had nearly succeeded in pushing *dore* past sugar as the country's leading source of export revenue by 1980. From 1975 to 1980, gold and silver skyrocketed from 0 percent of exports to 27 percent. Declining prices for gold and silver during the 1980s, however, curtailed the extraordinary growth trend of the 1970s.

Production from the Rosario Pueblo Viejo gold and silver mine declined further as reserves in the oxide zone were being depleted. In 1992 gold production was down to 72,000 troy ounces (from a high of 412,990 troy ounces in 1981). The company suspended mining in March 1993, laying off 70 percent of its 1,300 employees. The average cost of production of gold in 1991 and 1992 was US$535 per ounce, compared with a selling price of US$352. Revenue from gold and silver exports, which had peaked at US$259.9 million in 1980, continued to decline—except for a brief recovery in 1987—until it reached a low of US$4.1 million in 1993. At that time, heavy losses caused by low export prices forced the company to suspend production for months. When Rosario suspended operations, it was in debt for more than US$90 million. However, the mine reopened in mid-1994 after renovation work financed by a foreign bank loan of US$20 million was completed. The reopening brought the year's exports up to US$19 million and increased them to US$44 million in 1995. Although gold and silver production in 1996 exceeded 117,625 troy ounces and 547,220 troy ounces, respectively, increasing export earnings to US$49 million, Rosario operations remained unprofitable (see table 8, Appendix). As of the late 1990s, the company continued to seek more foreign investment to allow mining in the lower sulfide zone.

Nickel is another Dominican export that contributed to the mining prosperity of the 1970s. From 1918 to 1956, the United States Geological Survey performed a series of mineral studies in the country. These studies encouraged the Canadian firm Falconbridge of Toronto to undertake its own nickel testing starting at the end of that period. Falconbridge successfully opened a pilot nickel plant in 1968, and by 1972 the company had begun full-scale ferronickel mining in the town of Bonao. In the late 1980s, the Bonao ferronickel mine was the second largest in the world. Buoyed by high international prices, nickel exports rose from 11 percent of total exports in 1975 to 14 percent by 1979. Although nickel exports, as a percentage of total exports, continued to climb in the 1980s, reaching 16 percent by 1987, lower world prices for nickel and a lengthy dispute between the government and Falconbridge over tax payments hampered output throughout the decade.

Nonetheless, nickel remains one of the Dominican Republic's main traditional exports, generating between US$220 million and US$240 million a year in the late 1990s. Low export prices, however, compelled Falconbridge Dominicana, which is majority-owned by the Toronto company, to suspend production for three months in 1993, reducing output to approximately 13,445 tons in that year. Production rose steadily thereafter, reaching 33,000 tons in 1997. Falconbridge Dominicana experienced difficulties that resulted in a 6.8 percent fall in nickel output in 1998 and caused the company to suspend operations during the last three months of 1998 because of low international prices. The firm indicated, however, that it would use the time to revamp and upgrade plant facilities. The combination of gold, silver, and nickel has made the Dominican Republic's mining sector the largest export earner, with the exception of the free zones, since the 1980s.

Construction

The construction industry had a major effect on the economy during the 1970s and the 1980s because government-funded public works provided thousands of jobs and improved the physical infrastructure. Construction activity boomed in the early 1970s, increasing at a rate of 16 percent annually from 1970 to 1975, faster than any other sector during that period, with the exception of mining. Public-works projects such as dams, roads, bridges, hospitals, low-income housing, and schools transformed the national infrastructure during the

1970s. The sector's rapid growth continued in the 1980s, but it was very uneven because of fluctuations in annual government spending. Private-sector construction, particularly of free-zone facilities and hotels, also boosted industry performance.

Construction firms, like many other Dominican businesses, rely heavily on personal contacts. For example, in the late 1980s the government awarded only about 15 percent of its construction contracts through a competitive bidding process. Government authorities, up to and including the president, negotiated or offered the remaining contracts as if they were personal spoils. The Balaguer administration's emphasis on construction in the late 1980s focused primarily on renovations in Santo Domingo. Projects included the construction of museums, a lighthouse, and a new suburb, all in preparation for 1992's observance of the 500th anniversary of Columbus's arrival in the New World.

The construction sector is generally self-sufficient; less than 33 percent of all construction material is imported. Domestically produced items include tiles, cables, gravel, sand, clay, piping, metals, paint, and cement. The rapid expansion of activity during the 1980s caused a serious shortage of cement that slowed the progress of some projects. The Dominican government built cement factories in Santiago and San Pedro de Macorís in 1977, in joint ventures with private investors, to complement its major plant in Santo Domingo. The new capacity quickly became insufficient, and the country was forced to begin importing cement by the mid-1980s. By the late 1980s, cement factories were operating at full capacity, a rarity among developing countries such as the Dominican Republic. The construction sector is a major employer of unskilled labor.

Although the construction sector's growth in the first half of the 1980s was uneven, it registered an impressive average annual growth of 18 percent in the last three years of the decade. The earlier growth spurt was the result of a rise in tourist-related projects, but the industry's stronger showing in 1989 was the result of an extensive public works program involving construction of public housing, a hydroelectric project, and an aqueduct for Santo Domingo. After contracting by 6.9 percent in 1990 and by 12.5 percent in 1991, the construction sector grew by 24.4 percent in 1992. The industry's growth rate fluctuations were determined by such factors as how much public spending was being devoted to infrastructure or how many rooms were being added by the tourism sector. Construction growth dropped back to 10.1 percent in 1993, 6.6 percent in 1994, and 5.7 percent in 1995 before jumping to 13 percent in 1996 and 17.1 percent in 1997, accounting for 10 percent of GDP in contrast to nearly 9 percent of GDP in 1987. The upswing resulted mainly from a sharp increase in spending on public works (about 3 percent of GDP), road construction, and large investments in the energy sector. In 1998 construction growth slowed from 10.9 percent in the first quarter to 6.2 percent for the first half as a whole. The boom in private construction during the third quarter of 1998 slowed as a result of a decrease in private investment and because of the high interest rates set in 1997 to support the peso. The drop is reflected in a 26.6 percent decrease in new construction permits.

Energy

An oil-importing country, the Dominican Republic has been impeded in its development efforts by the cost and scarcity of energy, especially when its import bill for petroleum multiplied tenfold in absolute terms during the 1970s. Although oil prices eased during the 1980s, the island faced a new energy crisis as a result of a critical shortage of electrical-generating capacity. Inadequate supplies of electricity resulted by the late 1980s in frequent power outages, frustrated consumers, and disrupted production activities.

The country's aggregate consumption of energy is low, even by Latin American standards. However, the Dominican Republic's narrow domestic energy resource base satisfies barely half the nation's energy demand, and the country continues to depend on imported crude oil and related petroleum products. The potential supply of hydropower, the most promising resource, is estimated at 1,800 megawatts (MW), but less than a quarter of that amount was being tapped in the late 1990s. Wood and charcoal use is constrained by the small size of the country's remaining forests. Biomass, mostly bagasse from sugarcane residue, is getting more use but has limited potential as a fuel.

The country's energy problems continued well into the 1990s. The electricity-generating operations of the Dominican Electricity Corporation (Corporación Dominicana de Electricidad—CDE) were severely deficient during most of the period from 1990 to 1996. Production fell to about one-half of peak demand in 1990 and 1991. By mid-1996, output was below 800 MW, compared with a peak demand of 1,200 MW. The problem was attributed to the frequent withdrawal from service for repair of antiquated generating units. Low hydroelectric production was also caused by an inefficient distribution system that resulted in one-half of the electricity produced being lost in transmission or through illegal connections. The CDE's losses were running at RD$200 million (some US$25.4 million) a month in 1996, and total debt had risen to RD$1,800 million (some US$138.5 million) by the end of the year.

Although power cuts and shortages continued into the mid-1990s, an electricity overhaul program financed by a US$148 million loan from the Inter-American Development Bank (IDB) and a US$105 million loan from the World Bank generated enough electricity to meet a demand for 1,250 MW by 1997. Privately operated power stations, including the 185-MW Smith-Enron station in Puerto Plata and the 220-MW Destec gas turbine at Los Minas, accounted for approximately half of total power generation.

Legislation was introduced in 1997 to privatize the CDE, and by mid-1998 the state-owned enterprise's generating and distribution operations were being restructured (see Economic Policies, this ch.). Transmission systems are to remain in public ownership, however. After years of neglect resulting from the lack of public investment by previous administrations, the CDE's installed capacity was estimated at 1,600 MW in late 1997. However, it was operating at a maximum capacity of 1,450 MW, 380 MW of which was hydroelectric. Private generators, which supply the CDE, have an estimated capacity of 600–700 MW.

The Dominican Republic has been developing its hydroelectric capacity, but imported oil continues to account for 85 percent of its energy sources. Oil imports amount to about 100,000 barrels a day, accounting for 20 percent of total import spending in 1997. Mexico and Venezuela have been the island country's traditional suppliers under the San José agreement, which allows 20 percent of the cost to be converted into soft loans. Both countries agreed in 1997 to more than triple their deliveries to the Dominican Republic—from 14,500 barrels a day to 45,000 barrels a day.

Services

Transportation

The Dominican Republic's relatively advanced transportation infrastructure, which had experienced sustained expan-

The Tavera Dam
Courtesy Inter-American Development Bank

sion since the 1950s, has been growing at a much faster rate since the late 1980s because of the booming tourist industry (see fig. 4). Roads are the most common medium of travel, and the national road network, which in the late 1990s totals more than 17,200 kilometers, is considered extensive by Caribbean standards. However, most roadways are narrow and flood easily. Moreover, 80 percent of all feeder roads had completely deteriorated by the mid-1980s because of lack of funding for badly needed maintenance and repair work. In the mid-1980s, steadily worsening road conditions prompted the World Bank and the Inter-American Development Bank to finance a program to develop better maintenance systems. However, Dominican road conditions remained poor well into the early 1990s. It was not until the late 1990s that a major road construction program was undertaken to develop intercity routes and urban projects in Santo Domingo. More than 470,700 vehicles were in use in 1997, including some 266,100 private cars and 133,610 trucks—compared with 405,000 in 1996 and about 242,000 in 1991.

In 1997 the Dominican Republic boasted a 1,600-kilometer railroad system, one of the longest in the Caribbean, compared with 325 kilometers in the mid-1980s. Although the CEA owns a substantial portion of the country's railroad system, several private rail companies serve the sugar industry, the largest of which is the Central Romana.

Of the fourteen seaports in the Dominican Republic, only five are considered major ports. Santo Domingo is the largest, handling about 80 percent of imports. The other three on the south coast are Haina, Boca Chica, and San Pedro de Macorís; the fifth major port is Puerto Plata on the north coast. In 1992 the country had a merchant fleet of 12,000 gross registered tons. Containerized shipping is widely used, mainly originating in Miami and New York. Port facilities were expanded and a new breakwater was opened in 1997 at Haina, which handles about 65 percent of maritime cargo traffic. An enlarged cruise-liner berth at Santo Domingo has made it one of the region's major berths for cruise ships. In 1998 the government granted a concession to a joint-venture company to build an even larger port to be used by the free-zone enterprises.

The Dominican Republic has five international airports: Santo Domingo, Puerto Plata, Punta Cana, La Romana, and Barahona. A sixth airport was under construction at Samaná in 1998. Puerto Plata and Punta Cana are the main airports for charter flights; Las Américas in Santo Domingo is the airport for scheduled flights. The government announced in September 1998 that for the first time it would grant concessions to upgrade and operate the international airports at Santo Domingo, Puerto Plata, Barahona, and Samaná. Thereby it hoped to reduce maintenance costs by RD$230 million annually and also shift much of the needed investment to private firms. The government intends to draft similar plans for the country's ports. Passenger arrivals on scheduled flights exceeded 1.45 million in 1995, compared with 632,000 on charter flights. American Airlines is the dominant carrier, with a market share of more than 50 percent on routes to many United States cities, but mostly Miami and New York.

Communications

One of the most modern and dynamic sectors of the Dominican economy is the telecommunications industry, which surpasses its counterparts in most Latin American and Caribbean nations in terms of technology. Telecommunications services, however, tend to be concentrated in urban areas. The government opened the telecommunications sector to competition in 1990. Since then it has become the fastest-growing element in the economy, doubling its share of GDP to 4.6 percent. In the first half of 1998, the industry grew by 20.8 percent.

The most impressive and technologically advanced component of the nation's telecommunications network is its telephone system. The Dominican Telephone Company (Compañía Dominicana de Teléfonos—Codetel), a wholly owned subsidiary of the United States company GTE, operates approximately 90 percent of the 250,000-unit national telephone system under the regulatory authority of the General Directorate for Telecommunications of the Secretariat of State for Public Works and Communications. Some of the advanced features of the system include direct domestic and international dialing, toll-free access to the United States through "800" numbers, incoming toll-free service or WATS, high-speed data transmission capabilities, fiber-optic cables, digital switching, and a full range of services usually available to consumers in the United States. In 1987 the Dominican Republic became the second Latin American country to boast cellular mobile telephones; it was the only developing country in the hemisphere to offer this service to the public on a national basis. Codetel and other companies also offer telex, electronic mail, telenet, and facsimile services to the public. A member of the International Telecommunications Satellite Organization (Intelsat), the Dominican Republic possesses a satellite earth station, a submarine cable to the United States Virgin Islands, and microwave stations. In 1989 a fiber-optic cable to Puerto Rico was completed to expedite sophisticated data transmission to the United States.

Codetel invested about US$500 million in the first half of the 1990s to upgrade its systems; by the late 1990s, it had more than 3,000 international and 500,000 domestic lines in use not only in Santo Domingo but across much of the country. Codetel accounted for almost 95 percent of the market. Codetel also signed an agreement in late 1997 with Northern Telecom of Canada for further modernization of its systems. Its most aggressive competition for the Dominican market by the close of the 1990s was expected to come from a United States company, Tricom, which is 40 percent owned by Motorola and which has embarked on a five-year US$200-million expansion plan.

Tourism

The Dominican tourist industry grew tremendously during the 1970s and the 1980s and continued to do so in the 1990s—

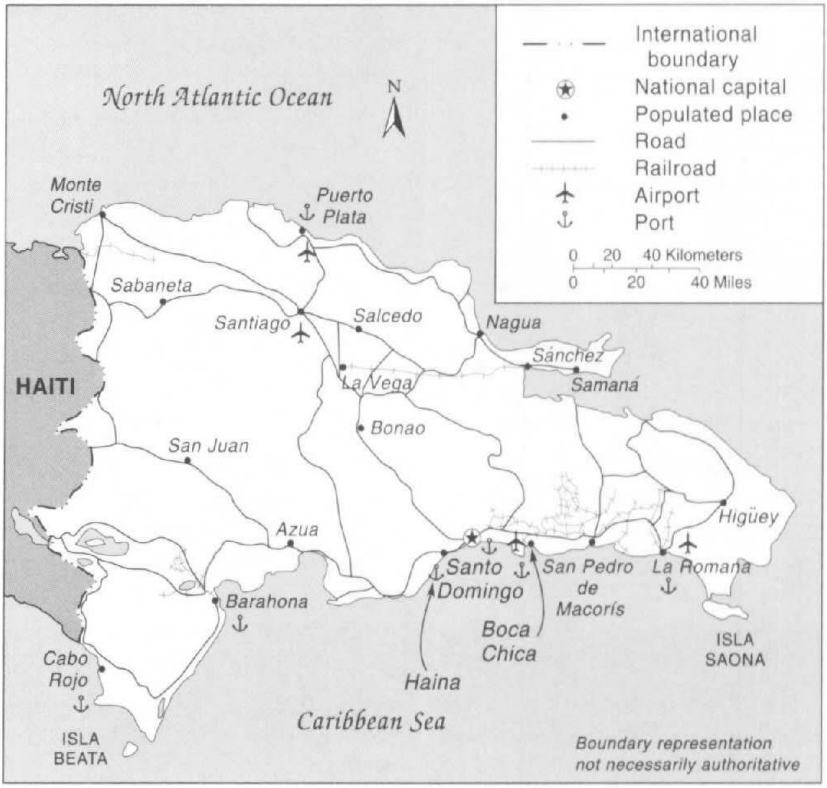


Figure 4. Dominican Republic: Transportation System, 1999

thanks to the passage in 1971 of the Tourist Incentive Law, which provided investors in tourism a ten-year tax holiday and an exemption from tariffs on imports not available locally. In 1979 the director of tourism was elevated to cabinet level, a further indication of official interest in and commitment to promoting the industry's growth. Besides its 1,400-kilometer coastline, one-third of which consists of beaches, the island also offers numerous appeals to tourists. Such attractions include the republic's inexpensive tourist accommodations and liberal divorce laws.

The number of tourists visiting the Dominican Republic almost tripled in ten years, increasing from 278,000 in 1975 to 792,000 in 1985. By 1987 the number of vacationers surpassed 1 million for the first time, and by 1997 the Dominican Republic was the second largest earner of tourism dollars in the Caribbean, behind Mexico. The country's foreign-exchange earnings from tourism also multiplied dramatically, increasing from US$430 million in 1986 to US$2.1 billion in 1997.

The tourist industry employed approximately 44,000 hotel workers in 1995; an additional 110,000 were indirectly employed by the sector. The rapid growth of tourism also had an impact on other industries, such as construction, transportation, and commerce as well as hotels, bars, and restaurants. The number of stopover tourists increased dramatically from some 850,000 in 1986 to 1,766,800 in 1994 to 1,930,000 in 1996 to 2,211,000 in 1997 (see table 9, Appendix). Most growth came from Europe, which provided about 58 percent of stopover tourists in 1997, compared with 9 percent from Canada and 23 percent from the United States. Each year during the 1980s, the United States had accounted for more than 50 percent of visitors. Stopover tourists usually stay at large hotels owned or managed by international chains from Germany, Italy, Japan, the United States, and Spain. The latter country accounts for 37 percent of Dominican hotel beds. The total number of hotel rooms available in the country was close to 40,000 in 1998, with approximately 13,000 in Puerto Plata, the island's leading resort on the north coast. Other resorts frequented by foreign tourists include Bavaro, El Cortecito, Higüey, and Punta Cana on the east coast.

Fortunately, the damage from Hurricane Georges in September 1998 affected only 5 percent of hotel rooms; the institutions affected were expected to be back in operation by December 1998. Although the number of visiting tourists continues to rise—by 15.3 percent in the first half of 1998—they are staying for shorter periods. This fact, combined with the construction of more hotel rooms, has led to lower hotel occupancy rates.

Foreign Economic Relations

Foreign Trade and Balance of Payments

Trade deficits continued to plague the Dominican Republic during the 1990s. The Dominican trade deficit exceeded US$2.7 billion in 1997 (see table 10, Appendix). The latest figures available (preliminary figures) from the Central Bank (BCRD) indicate that the trade deficit in the first half of 1998 was US$945 million. The sharp decline in world commodity prices triggered by the Asian currency crisis of 1997 undoubtedly had a strong negative impact on the Dominican Republic's trade deficit. Exports of one of the country's major earners of foreign exchange, nickel, suffered a price drop of 27 percent in the first half of 1998. As a result, nickel exports fell 38.4 percent in 1998. Exports of coffee were adversely affected by a 10 percent decline in international prices. However, the price decline was offset by a 46.1 percent increase in production, which enabled coffee exports to equal their 1997 value. The 1997–98 coffee crop was one of the best in fifteen years, bringing in US$81 million from exports. Tobacco exports decreased 27.4 percent during 1998. The value of cocoa exports, however, increased by 46.1 percent as a result of world price rises and a greater volume of exports. The export of sugar and sugar products in 1998 decreased 29.6 percent as a result primarily of a 24.0 percent cut in the Dominican international sugar quota. Exports of other lesser or nontraditional products increased 7.2 percent in spite of a 20.3 percent decrease in fourth quarter production resulting from the damaging effects of Hurricane Georges. Thus, the overall decrease in value of national exports in 1998 was 12.7 percent that of 1997.

Perhaps the silver lining in the Asian crisis was the deep plunge in oil prices since 1997, which reduced the Dominican Republic's fuel bill by approximately 20 percent to US$336 million in the first half of 1998. Total domestic imports in 1998 amounted to US$7.6 billion, of which capital goods rose by 51.3 percent, and consumer goods increased by 19.3 percent. The 15 percent increase in the value of imports over 1997 is attributable in part to the effects of Hurricane Georges. Free-zone exports increased 14.0 percent, earning 18.6 percent more in 1998 than in 1997, largely the outcome of new enterprises opened in 1998. These factors kept the trade deficit from worsening.

In a measure designed to facilitate trade and improve its balance of payments, in August 1997, the Dominican Republic signed a trade agreement with the Caribbean Community and Common Market (Caricom—see Glossary). This agreement resembles the free-trade accord signed with the Central American Common Market (CACM) in April 1997 and is subject to a successful conclusion of negotiations over exemptions and liberalization of capital and labor flows between the Dominican Republic and Caricom. The two agreements aim at establishing the Dominican Republic as a bridge for promoting trade links between the Caribbean and Central America. In the late 1990s, for example, Haiti bought more than 75 percent of Dominican

Unloading lumber, port of Haina
Courtesy Inter-American Development Bank

exports to the Caribbean. The agreements would also put the Dominican Republic in a favorable position to benefit from foreign investment generated by the special agreements that the CACM and Caricom maintain with the United States and the European Union (EU).

In September 1998, Hurricane Georges cut a devastating path across the Dominican Republic, leaving about 300 persons dead, hundreds of thousands of homeless, and economic damage estimated at US$1.3 billion (8 percent of GDP). It severely damaged farming and livestock production, with total losses estimated at US$400 million during 1998–99. It also affected tourism and such key exports as sugar, coffee, cocoa, tobacco, and fruit. The government's preliminary damage assessments put the cost of repairs to basic public-sector infrastructure and low-income housing at more than US$400 million (2.5 percent of GDP).

A month later, the IMF approved the government's request for financial assistance equivalent to one-fourth of the Dominican Republic's special drawing rights (SDRs—see Glossary) quota, approximately US$56 million. The support of the Dominican government's economic adjustment program and associated rehabilitation efforts is part of the IMF policy on emergency assistance related to natural disasters.

In their request for IMF assistance, the Dominican Secretary of State for Finance and the Governor of the Central Bank said their country's adjustment policies would press ahead with a structural reform agenda including trade liberalization, reduction of inflation, pension reform, and legislation regarding tax and tariff reform. Also included was the conclusion of free-trade agreements with Central American and Caribbean countries. The officials warned that the most significant effect on the balance of payments would come from a surge in imports related to the reconstruction effort, estimated at a total of US$700 million through 1999. They promised not to introduce or intensify existing trade restrictions for balance of payments purposes. Instead, they would seek to defray construction costs by such additional measures as cutting salaries of public-sector employees by 5 to 10 percent, increasing selective consumption taxes, and requesting extensions of payment periods from bilateral creditors.

Foreign Assistance

The Inter-American Development Bank, the World Bank, and the European Union are the major multilateral aid donors to the Dominican Republic. In spite of its contentious relationship with the island nation, the IMF also has been a significant contributor. The EU has been involved only since 1990, when the Dominican Republic acceded to the Lomé Convention (see Glossary), making it eligible for EU assistance. The first protocol of 1990–95 allotted it RD$1,256 million, and the second protocol (1995–2000) increased its allocation to RD$1,565 million.

The United States and Japan are the largest bilateral donors. Other important donors include Italy, Germany, and Canada. The level of United States assistance, which dates back to the early 1960s, has tended to fluctuate widely in response to economic and political trends. It reached US$99.7 million in 1966, one of the highest levels in the region, in the aftermath of the United States occupation (see table 11, Appendix). Aid levels dropped considerably in the 1970s, however, averaging only US$18.13 million a year from 1970 through 1979. The United States Agency for International Development (USAID) augmented its program in the country during the 1980s until its assistance level averaged US$81 million a year for the decade from 1980 through 1989.

The 1990s brought a significant shift of emphasis in USAID's program priorities and strategic plans. USAID's heavy emphasis on development assistance in the 1980s gradually but consistently decreased over the years, dropping from a high of US$34.6 million in 1980 to US$18 million in 1990 to US$11 million in 1997. For a number of years, development assistance was reinforced by substantial Economic Support Funds (ESF) and Public Law–480 (PL–480—see Glossary) food aid programs. It appeared that USAID concern over the Dominican Republic's overwhelming incidence of poverty, continuing lack of economic opportunity, and social injustice led the agency to reallocate its reduced funding toward support for social-sector activities. Health and education programs, for example, accounted for 67 percent of its 1996 resources.

In outlining its five-year strategic plan for 1997–2000, USAID makes the point that "after years of keeping its distance from the government and implementing activities primarily through local NGOs (nongovernmental organizations)," one aim of its latest plan is to strengthen cooperative relations with the government in order to address long-neglected social sectors and deal with poverty issues. The country's rampant poverty (the poorest 50 percent of the population receives less than 20 percent of total income, while the richest 10 percent receives 42 percent) is caused and exacerbated by poor governance, social injustice, and extremely low social spending. Dominican public social investment is much lower than world and Latin American averages. USAID success in working directly with NGOs seems to have encouraged other donors to turn to the same organizations to help fill gaps in public services such as health, family planning, and acquired immune deficiency syndrome (AIDS) prevention. USAID's renewed cooperative relationship with such government agencies as the Secretariat of State for Public Health and Social Welfare and the Technical Secretariat of the Presidency and its Planning Office should strengthen its posture as a catalyst vis-à-vis other donors and result in better coordination.

Outlook

The disturbing aspect of the Dominican Republic's economy is that although its positive growth rate, especially in the 1990s after the sharp deterioration of the 1970s and 1980s, seems to be impressive, the economy leaves an observer with an uncomfortable feeling about how uneven it is. When various sectors are viewed separately, several appear to be doing very well. Tourism comes to mind immediately, not only because of its spectacular growth but also because of its positive impact on other industries such as construction and commerce. Free-trade zones and telecommunications are other examples of Dominican success. The aggregate of the separate components, however, seems to be unrelated to a central theme and fails to add to a cohesive whole. Perhaps other economic sectors are hobbled by a corrupt political structure, an unjust social system, outmoded institutions, flawed policies, inefficient state enterprises, or a much more basic societal malady such as poverty.

The Foundation for Economics and Development (Fundación Economía y Desarrollo—FED), a nonprofit, private economic research institute, estimates that about 21 percent of Dominicans live in poverty, surviving on less than US$1 a day. More than 20 percent of the island's families lack the income required to meet standard nutritional requirements. Approximately 65 percent of the population in rural areas lacks access to potable water and about 25 percent lacks electricity. Health, water supply, sanitation, education, and housing deficiencies affect a significant proportion of the population, with the result that the Dominican Republic trails all its neighbors in the region, with the exception of Haiti and Guyana. Historically, the level of social spending has been one of the lowest in the hemisphere, and successive administrations have cut back appropriations to the poorest elements of the population. Flawed economic policies such as protectionism and state monopolies that unfairly raise the price of basic commodities have also added disproportionately to the burden of the poor. It is estimated that the poor spend up to 45 percent of their income on protected food commodities such as rice, which costs at least twice as much as the price on world markets.

The Dominican Republic lacks a focal point that would coordinate development projects among all parties concerned—government, foreign donors, and private organizations (including businesses). The country's leadership—executive, congressional, or judiciary—needs to commit to the implementation of social programs. That the largest aid donor had to "keep its distance from the government" for years speaks volumes about the government's withdrawal and lack of serious commitment. That USAID was able to implement 85 percent of its program through private organizations is a healthy sign, especially about private initiative, but it does not compensate for full-fledged governmental participation. The lack of government participation should not be seen as an excuse for the complete dependence on the government as the engine of economic development, as occurred in the past. The government, however, must strengthen the agencies responsible for designing reform measures and delivering services to the people. Congress must be included in the process as well because after years of being largely ignored, it has become a vocal player in the country's budget and reform programs (see The Legislature, ch. 4). The judiciary also must become involved if only because it has been a key constraint to implementation of much-needed reform. Continued participation by private organizations and businesses will, of course, always be needed. Only the combination of all these ingredients will enable the Dominican Republic to effect a more equitable public resource allocation and increase funding for badly needed social programs.

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The USAID mission in Santo Domingo is a good source of information on the general condition of the economy of the Dominican Republic. USAID reports on various aspects of the international community's development efforts in the Dominican Republic also are useful, although they tend to emphasize areas in which the mission is involved. USAID also credits many private voluntary organizations operating in the Dominican Republic and with which it cooperates closely. Another good source is the Foreign Commercial Service of the United States Department of Commerce, which prepares the Country Commercial Guide for each nation.

The Dominican Republic's Banco Central de la República Dominicana and, only since the late 1990s, the Secretariat of State for Tourism, as well as the IMF and the World Bank, are useful sources of statistical data. Those interested in following the Dominican Republic's economic development on a regular basis should consult the Economist Intelligence Unit's annual and quarterly reports. (For further information and complete citations, see Bibliography.)