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DIVISION OF POLICY AND AGREEMENTS
 NOV 15 1943
 DEPARTMENT OF STATE

LEGATION OF THE
 UNITED STATES OF AMERICA

NOV 13 1943
 San José, Costa Rica
 October 20, 1943
 THE AMERICAN REPUBLICS
 DEPARTMENT OF STATE

No. 1403

Subject: Transmitting Report prepared by Third Secretary
 Watrous on the Centro para El Estudio de Pro-
 blemas Nacionales.

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The Honorable
 The Secretary of State,
 Washington, D.C.

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Sir:

I have the honor to transmit herewith a detailed report prepared at my request by Third Secretary Livingston D. Watrous, on the Centro para El Estudio de Problemas Nacionales, a non-partisan civic organization composed of young Costa Rican business and professional men, which is endeavoring to bring a scientific viewpoint to the study of the social, economic and political problems of Costa Rica. As Mr. Watrous' report points out, the Centro represents one of the few organizations with a concrete program for the welfare of the country. The Centro is also endeavoring to introduce a party or institutional approach to politics here, which, as the Department is aware, customarily revolve around individuals. While the present influence of the Centro is perhaps not great, it is steadily bringing its viewpoints to the attention of the public here and it may well evolve into an organism of definite political importance in the future. For this reason, it is believed the Department will find Mr. Watrous' excellent study of considerable value.

Respectfully yours,

Fay Allen Des Portes
 Fay Allen Des Portes

Enclosure:
 Report

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No. _____

American Embassy, San José, Costa Rica

October 18, 1943

EL CENTRO PARA EL ESTUDIO DE
PROBLEMAS NACIONALES

Prepared by Livingston D. Watrous

HISTORY AND ORGANIZATION

The present Centro Para El Estudio de Problemas Nacionales (Center for the Study of National Problems) is the outgrowth of an idea conceived, early in 1940, by a group of young Costa Rican intellectuals and law students. This group, fortuitously thrown together by the common age of its members, was further integrated by their discovery that they shared largely similar attitudes concerning the political and economic affairs of Costa Rica. Among those who were at that time studying at the Escuela de Derecho (Law School) and who felt the unifying force of their community of interests were numbered the following: Gabriel DEMCO, Fabian DOBLES, Gonzalo FACIO Segreda, Rodrigo FACIO Brenes, Daniel ODUBER, Jorge ROSSI, Fernando FOURNIER C., Hernán GONZALEZ Gutiérrez, and Alberto CARAS. These, joined by Isaac AZOFEIFA, Roberto FERNANDEZ Durán, Campo PALACINO Z., Rafael ZUÑIGA T., Alvaro GONZALEZ Alvarado, and Oton ACOSTA Jiménez, were the nucleus from which the Centro was to grow.

One of the salient characteristics of this group is that they almost all are from well known Costa Rican families, which assures them attention from at least the upper stratum of this country's social structure. Also, many of them are independently wealthy or are from wealthy families, and it must be kept in mind that the political and economic history of Costa Rica has up to the present been influenced to no small degree by the attitude of the wealthy and socially prominent class. Finally, the group was and is young, extremely intelligent, and apparently entirely sincere.

The main factor which brought the Centro into being as a unified entity was the common conviction of its founders that no material progress could be achieved towards making Costa Rica a progressive and stable democracy without a clearly defined policy in economic and

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political fields, and without the intelligent administration of public affairs by honest and enlightened officials. They shared the opinion that Costa Rica had suffered from an excess of personalismo, that is, that its courses of action had too often been influenced by personal reasons, and its politics by personal and family connections. They believed that corruption was sapping the strength of the body politic. They felt that there was no continuity to bind together the succeeding administrations. They believed that public opinion was not being sufficiently informed and aroused over the important issues of the day, and saw no reason why this should not be done. In short, they thought that the time had come to replace the traditional government of men by one of laws.

At first the meetings of the group were entirely informal, but as they found that their opinions were being crystallized they decided to become a permanent body and work towards a definite goal. Accordingly on the first of March, 1940, they set themselves up as the Centro Para El Estudio De Problemas Nacionales, and outlined for themselves a concrete program. In essence, their plan was to spend the first year of their corporate existence in study, then to spend two years in publicizing the findings and drawing up a platform, and in the fourth year to launch a national political party.

From the beginning of the organization, the Centro has had the active support of two well known figures in Costa Rica's intellectual world, Professor Roberto BRENES Mesén, and Licenciado Emilio VALVERDE Vega. The former, formerly Minister of Education in the Costa Rican Government and for over twenty years a professor in Northwestern University, is one of the outstanding Liberals active in his country's political scene, although his cynical and anti-Church point of view has decreased his importance. His years of residence in the United States, however, coupled with his interest in politics, have rendered him familiar with the best of Liberal thought, and it has been his influence as much as that of any one man which can be said to have oriented the views of the Centro. Moreover, he took an active part in encouraging the group's organization, and has been one of its staunchest supporters for the past three years of its existence.

Licenciado Emilio Valverde, a professor at the Escuela de Derecho, has also aided the Centro in its struggle to prominence. A naturalized Costa Rican of Spanish origin, he is known to political observers as being well Left of Center, and by some is suspected of having Communist leanings. In view, however, of the position taken by the Centro in regard to Communism, which is discussed later, this is not considered likely. Others feel that Valverde hopes to make use of his friendship with the Centro to

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further his own political ambitions, but this is of course impossible of substantiation. What is certain is that he has been a steady supporter of the Centro's policies, and has aided in its publishing enterprises through a publishing house in which he has an interest.

The quantitative growth of the Centro in the three years since its inception has been slow but steady, until it now enjoys a membership of perhaps two hundred. The members have been carefully selected, and the original characteristics of youth and intellectual attainment have been maintained. The members are for the most part in their late twenties or early thirties.

While the Centro was launched with no formal charter or constitution, a set of rules has grown up with time; thus the members are divided into two categories, active and regular. The active members, numbering about forty, are those who have been members of the Centro for at least a year, or who have performed such work that the Assembly of Active Members shall have made them active members. The ordinary members are expected to carry out such projects as are assigned them, with the prospect of becoming active members after a year.

In the past six months the Centro has organized "Sections" in the cities of Cartago, Heredia, and Puntarenas; while these are still small numerically, an endeavor has been made to obtain the membership of the outstanding young men of those localities, undoubtedly with an eye to the Centro's future political plans. "Sections" are also to be organized in other cities and towns when sufficient interest manifests itself.

The organizational structure of the Centro is worth examination, for it shows not only the formal manner by which the unit is made operative, but also indicates in what directions lie its principal interests. ^{1/} There is first the Centro de Estudios (Center of Studies), which comprises all the members of the group. This body, which meets once a week, is divided into "commissions" for the purpose of specialized study; the "Commissions", with their chiefs, are as follows:

Agriculture,

^{1/} A thorough exposition of the body's organization may be found in Surco, No. 39, September, 1943, pp. 5-6

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Agriculture, Industries and Public Works:
Engineer Luis Antonio VILLALOBOS.

Social and Economic Affairs:
Licenciado Rodrigo FACIO Brenes.

Finance, Banking and Commerce:
Rafael Alberto ZUNIGA Tristan.

Education:
Professor Carlos MONGE Alfaro.

Internal Government and Legislation:
Licenciado Arnoldo JIMENEZ Zavaleta.

Foreign Affairs:
Licenciado Fernando FOURNIER Acuña.

Health:
Licenciado Héctor VINDAS.

The second organizational body is the Asamblea de Miembros Activos (Assembly of Active Members), which, as mentioned above, comprises those members who have been active over the period of a year, or those members who have in some way particularly distinguished themselves in the service of the Centro. The function of the Assembly is that of the "supreme direction of the movement". It approves the publications, and assigns members their various duties. The internal organization of the Centro is regulated by a Junta Directiva (Directive Board) picked from the Assembly, once a year; at the present time the president of the Junta is Jorge Rossi Chavarría, the Vice President Luis Antonio Villalobos, the Secretary Manuel Antonio QUESADA, and the Treasurer Jaime ALLEN Garro.

El Comité Ejecutivo (Executive Committee) is composed of eight active members elected by the Assembly for a year, and is responsible to that body for the carrying out of the program of the Centro. At the present time the members of the Executive Committee, with their duties, are as follows:

Otón ACOSTA Jiménez
Director of Publications in the Diario de Costa Rica

Alberto F. CAÑAS
Director of radio programs, and Secretary of the Committee.

Licenciado Paúl CHAVERRI Rodríguez
Director of Publications in La Hora

Licenciado Rodrigo FACIO Brenes
Director of Sections, and Coordinator of the Committee.

Licenciado

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Licenciado Gonzalo FACIO Segreda
Director of Commissions of the Center of Studies.

Gerardo FERNANDEZ Durán
Director of the magazine Surco.

Professor Carlos LONGE Alfaro
Director of Propaganda.

Rafael Alberto ZUNIGA Tristán
Director of the Cooperative Movement.

While from the foregoing it might appear that the structure of the Centro is over-organized, in practice it seems to function with a high degree of cohesive efficiency. Partially, doubtless, this is attributable to the fact that the key positions are in the hands of a few persons, and it is these persons who have taken active charge of the organization since its inception.

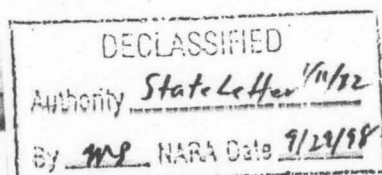
The collection of funds, so often the cause of difficulties in such enterprises, has not been a serious problem for the Centro. There is no initiation fee for membership, nor do members pay a fixed quota after joining; according to one of the directors of the movement, each member must make a monthly contribution of at least one colon (approximately \$0.18). Because, as stated above, many of the members are wealthy this method suffices to insure the moderate operating expenses of the organization. At the present time their disbursements are not heavy, for their newspaper publicity is carried on without cost, and the monthly magazine, Surco, is self-supporting by reason of its paid advertising. It is probable, in fact, that the organization is slowly accumulating a surplus upon which to draw when the Centro actively enters the political arena.

PROPAGANDA MEDIA

At the moment the Centro employs four methods of publicizing the results of its investigations and studies. These are, in the chronological order of their appearance, a monthly magazine, a weekly newspaper commentary, published works on specific questions, and a weekly radio program.

Surco, the monthly review which is edited by the Centro, and which serves as an official mouthpiece for the movement, was started by a group of the members of the Centro, but was at first entirely unconnected with that group. The original idea, admittedly that of Professor Roberto BRENES Mesén, was the founding of a fortnightly review to be concerned with cultural and intellectual material. The project was carried into effect by a half dozen young intellectuals of San José, in company with a similarly interested group of San Ramón, and on September 15, 1940 the first number was published. At the suggestion of Professor Isaac AZOFEIFA the name Surco (Furrow) was bestowed upon it, to symbolize the opening and development of a finer cultural field in Costa Rican thought.

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The participants in San Ramón, however, lost interest gradually in the undertaking, and the direction of the review passed increasingly into the hands of the San José band, all of whom were Centristas. In January, 1941, accordingly, the Centro decided to take over the publication and make of it their official mouthpiece. In February of the same year appeared number nine of the review, which was subtitled "the organ of the Centro para el Estudio de Problemas Nacionales".

From the original copy, with sixteen pages and a printing of two hundred and fifty copies, Surco has grown to the point where it now encompasses thirty or forty pages, has six hundred subscribers, and sells some two thousand copies on the stands each month. Individual copies are sold for colones 0.20 (approximately \$0.04), and a yearly subscription is obtainable for colones 2.00 (approximately \$0.35). Six or seven pages of advertising are carried, and this, together with the paid circulation, meets the costs of publication.

Each edition of the magazine carries an editorial, which is the official "line" of the Centro, on some subject which has been chosen and discussed by the members beforehand. The editorial may take the form of criticism of some phase of Costa Rican political or economic life, or it may be a didactic essay on some reform the adoption of which the Centro is currently advocating.

The remaining six to a dozen articles are ostensibly reflections of the writers' personal opinions and viewpoints, but in practice the majority of them are written by Centristas, and are in accord with the policy of the group as a whole. The titles of a few of the articles may serve to indicate along what line their attention is focussed.

Las Concepciones de Democracia (Two Conceptions of Democracy), by Otón ACOSTA, No. 22, April, 1942.

Rehabilitación fiscal (Fiscal Rehabilitation), by Licenciado Rafael Angel ROJAS, No. 2, May, 1942.

Desarrollo de las Cooperativas en diversos países europeos (Development of Cooperatives in Various European Countries), by Licenciado Emilio VALVERDE, No. 31, January, 1943.

Un programa costarricense de Rectificaciones Económicas (II) (A Costa Rican Program of Economic Rectification), by Rodrigo FACIO, No. 39, September, 1943.

Poems and literary criticism appear from time to time, but the tone is generally along the lines indicated above. Also, some interviews are printed, as witness the one with Vicente LOMBARDO Toledano, the Mexican labor leader, in No. 31, January, 1943. Infrequently translations are made of articles by American writers on political and economic events, such as Walter Lippmann.

Early

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Early in 1942 the Centro amplified its public criticism by publishing once a week a column in the Diario de Costa Rica and a column in La Hora, San José morning and evening papers. These columns, under the byline Acción del Centro, were made possible by Sr. Otilio ULATE, owner-editor of the papers, who permitted the Centro to use the column once a week without charge. Moreover, whenever any event of outstanding significance occurs in Costa Rica, such as, for example, the passage of the recent Labor Code, the Centro is granted extra space in which to give its analysis of the event.

The publications in the press differ from those of Surco mainly in that they are less detailed studies of a general nature than they are commentaries on local political and economic phenomena of current interest. Thus they are less scholarly, but for the average reader they have perhaps more appeal, in that they deal with events of the local scene which are the news items of the moment.

The third method by which the Centro presents its case to the public is known as the Editorial Surco. Under this heading the Centro from time to time publishes somewhat more lengthy studies upon specific phases of Costa Rican life. The first study so to appear, published in 1942, was Estudio Sobre Economía Costarricense (Study of Costa Rican Economy), by Rodrigo FACIO. This work, on the basis of which Sr. Facio was awarded the title of licenciado by the Law School in October, 1941, is a detailed analysis, some 175 pages long, which treats the economy of Costa Rica from colonial times to the present day. It includes a suggested platform for the economic development of Costa Rica in line with the tenets of the Centro, and the work has been adopted by the group as the cornerstone on which it hopes to erect a more orderly national economy. The book, the contents of which are discussed below, shows thorough economic training and sound scholarship; it can safely be said that it is among the best thought out and most stimulating recent native works on the subject.

The second publication of Editorial Surco, by no means as ambitious as the first, is also by Sr. Facio; it is a small pamphlet entitled El Centro ante Las Garantías Sociales (The Centro and Social Guarantees) adumbrating the Centro's position relative to some of the social legislation of President CALDERON Guardia's administration. This pamphlet appeared early in 1943.

These publications appear at no regular interval, and of course require more preparation than do either the magazine or newspaper articles. According to Sr. Facio, however, further publications of Editorial Surco are in the process of study and preparation.

The fourth method employed by the Centro to propagandize its viewpoint is the radio. For approximately the past six

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months radio station La Voz de la Democracia (The Voice of Democracy) has granted the organization a free half hour on the air between 7:00 and 7:30 p.m. every Thursday evening. Various speakers of the Centro utilize this time to discuss current topics; the talks serve to supplement the articles which appear in the press, and are generally concerned with similar themes. Also, because the Centro has been increasingly critical of the present administration, the radio station Titania, which is again in operation after the attack on it of a few months ago, has granted the Centro the privilege of using its microphone at any time it wishes. No charge is made for any time so used by the Centro.

It will be seen from the above that the Centro has successfully assured itself a hearing through the various media available. Through press, magazines, books, and radio its message is carried to a growing audience. It is hoped, of course, by the Centristas that eventually their audience will be sufficiently enlarged and that positive action favorable to their cause may result.

POLITICAL IDEOLOGY OF THE CENTRO

The general political orientation of the Centro might be said to be slightly Left of Center. Its complexion may perhaps best be described as Nineteenth Century Liberalism partially modified by Scientific Socialism. For, as its name indicates, a fundamental tenet of the movement is that all political and economic phenomena are to be scientifically studied before the course of the body politic is to be charted. Implied, moreover, is a faith in the dignity of man and the need for freedom and equality for all men. Again as its name indicates, its main field of interest is Costa Rica; while world events and movements are closely followed, they are not of interest per se but rather are studied with a view towards their probable influence on, and possible integration with, the Costa Rican scene. Thus we may quickly sketch the position of the Centro in regard to world affairs.

First of all it should be noted that its attitude is warmly pro-American. In part this is explicable by the fact that many of its members have either studied in the United States or have at some time lived there. And because they are well educated and intellectually curious they are familiar with, and to some extent naturally influenced by, the best recent American Liberal thought. Being young, they have grown up in the Era of the Good Neighbor, and are appreciative of the United States' recognition of the coming of age of Latin America. Nonetheless, this attitude does not preclude their looking critically at any activity of ours which might be construed as an attempt to buy friendship below the Border. Their disapproval of the traditional "Yankee Imperialism" will be discussed below.

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The Centro realizes that because of its limitations in size and strength Costa Rica cannot aspire to world leadership in political affairs. It must of necessity follow the lead of the United States in reacting to world events, and to this position the Centro is fully reconciled, always provided - and about this they feel deeply - that the United States does not return to a period of isolation following this war as it did after the last. The war effort, although little touched in its technical aspects, is supported fully. An officer of the Centro has stated that problems relating to the post war organization of the world are presently being studied, but to date no pronouncement has been made on the subject.

Vis-à-vis the frequently discussed proposition of political unification of Central America, the Centro takes the stand, which is typical of Costa Rican opinion in general, that the idea is excellent in theory but at the present time unrealizable in practice. They feel that the scheme could only be accomplished by a fusion of peoples, and before this would be possible, the various governments of Central America would have to relinquish their characteristics of dictatorship. Since it is felt that this is an unlikely occurrence in the near future, the matter is given little attention.

One of the dominant attitudes of the Centro has been its consistent and bitter opposition to Communism. Since its inception, and unlike many young intellectual groups of the present era, the Centro has been unequivocal in its denunciation of any form of Communism, whether international or local. A considerable part of the Centro's program of publicity has been devoted to the denunciation of the acts and attitudes of the Communist Party in Costa Rica, and its least diminished MORA. This hostility has not been lessened by the Party's change of name to Vanguardia Popular and, in effect, the Party's present participation in the election campaign on the side of the Government forces has had the effect of redoubling the Centro's activities to discredit it. An example of the Centro's work in this direction is a pamphlet recently published and given wide circulation; entitled El Partido Comunista de Costa Rica Enjuiciado por Sus Hechos (The Costa Rican Communist Party Indicted by Its Acts), and appearing originally in Surco, No. 37, July, 1943, it contains thirty-one pages of the contradictory statements of Manuel Mora and the Communist Trabajo, from 1931 to the present day. This tract, rarely read in Costa Rica, and caused not a little comment.

The Centro's relation to parties of the Right and to the Catholic Church has not so explicitly dealt with. A reading of its publications discloses no attempt to formulate a special approach to voring special privileges are condemned, and organizations fa

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the concentration of power in few hands is censured. The Centro apparently feels that the ideology of foreign brands of fascism does not presently constitute a positive threat in Costa Rica, but any tendency towards dictatorship of the native type is instantly attacked.

The Centro rarely concerns itself with the Church other than to advocate complete freedom of worship; it does, however, take the position that Church and State should be separate. The only other evidence of its views in this direction occurred in 1942, when the Congress was considering the repeal of the laws of 1884 and 1894 which prohibited the entry into Costa Rica of religious orders. At that time the Centro came out strongly against repeal, in which attitude, it is thought, it was joined by the majority of the better informed Costa Ricans.

The foregoing exposition has been largely concerned with the negative attitudes of the Centro, and it must be pointed out that it also advocates certain positive beliefs. It may be obvious to state that the group believes firmly in a liberal and progressive democracy; it also holds that such a democracy can be established in Costa Rica, and can prove to be an efficient government largely divorced from partisan interests. As a first step thereto the Centro advocates the establishment and continuance of stable political parties. In this connection, writing in Surco, No. 17, October, 1941, Gonzalo FACIO Segreda states (translation):

"It is necessary to convince the honest people of the country that they must not look with horror, that they must not fear the division of citizens into various political parties, because by formulating their programs more categorically and by establishing a greater doctrinal separation there will exist an intellectual climate which is more propitious for the perfecting of democracy since the political campaigns will be the means of popular education."

Stable political parties, then, in conjunction with platforms founded on ideas rather than personalities, is the first concrete aim of the Centro.

A further reform advocated is the reorganization of the administrative branch of the Government. At the present time in Costa Rica a change in administrations mean a wholesale turnover not only in policy-making officials but also in administrative officials and employees all down the line. "To the victors belong the spoils" is literally interpreted, with resulting confusion and inefficiency. The Centro has indicated that it would prefer the establishment of a form of civil service based on merit rather than on personal allegiance. This reform the Centro would apply not only to the administrative departments of the Government but also to the semi-autonomous Government agencies, such as the Ferrocarril Eléctrico al Pacífico, the Government-operated railroad to the Pacific

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Coast, and the Banco Nacional de Seguros, the Government's insurance monopoly.

In the present bitter campaign for the presidency of the Republic, the Centro has officially declared itself neutral, and has stated that it will not support either candidate. Its position is that, being a group which stands for ideas rather than personalities, it will remain outside of the arena, and will criticize both candidates freely. Members of the organization are free to follow their personal inclination in campaigning and voting, but the Centro has repeatedly proclaimed that such activities are not to be construed as a deviation from the group's official impartiality.

Nevertheless, the Centro has been in the past year increasingly critical of the administration of President Calderón Guardia. It has laid special emphasis on the nepotism, graft, and arbitrary misuse of executive power which, it holds, characterize this Government. The expulsion from the country of José FIGUERES in 1942 for a supposedly subversive speech made on the radio was roundly attacked by the Centro. Similarly in May of this year the Centro was active in opposing the Administration's proposal to change the election law, a proposal which was generally interpreted as a political move to enable the Government better to control the voting in the election of February, 1944. The eventual withdrawal of this project from Congress was considered by the Centro a victory for its cause.

Criticism of the Calderón Guardia regime by the Centro reached its bitterest stage with the publication in Surco, No. 39, September, 1943, of an allegorical article by Roberto Fernández Durán entitled La Enseñanza de Tairak. In this article the thinly-disguised figures of the President, members of his family, and Manuel Mora, are represented as gradually accumulating all the wealth of a mythical country by graft and robbery; their dynasty is then overthrown. This article was reproduced in the Diario of September 17, 1943, and started a series of recriminations in the daily press. Fernández' father was attacked in the street by a band of thugs and beaten, and the accusation was then made that the band was hired by the Government. Since that time sporadic literary sniping has been carried on by the Centro on one side and the Government and the Vanguardia Popular party on the other.

ECONOMIC VIEWPOINTS OF THE CENTRO

The economic orientation of the Centro is founded upon a basic set of postulates. Briefly, these may be described as the realization that Costa Rica must of necessity depend on agriculture as the main source of its wealth, and the concomitant contention that the economic life of the country should be so ordered that each person may receive his just

portion

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portion of this wealth through an efficient organization of the means of production and distribution. The complexion of this orientation is largely that of classic liberal economic thought, but modified by tinges of nationalism and socialism to fit the Costa Rican situation.

Rodrigo Facio, in his Estudio Sobre Economía Costarricense, to which reference was made above, has presented a platform for the future development of Costa Rican economy. Since this platform has been adopted intact by the Centro, it is perhaps worth quotation. The program is divided into four phases, and is, in translation, as follows:

Social base:

Encouragement of immigration under the rigorous control of the State, and organization of colonies by economic regions.

Formation of credit cooperatives for the production, purchase, sale, and distribution by small enterprisers.

Organization of consumers' cooperatives in cities and towns.

Cooperative federations.

Regional agreements between producers and consumers cooperatives.

Economic base:

Progressive tax on uncultivated property.

Expropriation, with payment of their value, of the lands which are considered essential for the policy of colonization.

Establishment of bonded warehouses (with facilities to make cash loans to small farmers and to buy and sell agricultural products or their derivatives) designed to guide production, based on statistics of production and consumption, by fixing the prices of purchase and sale and the rate of interest on loans.

Scientific organization of the statistics of production and consumption.

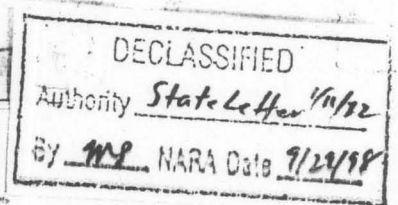
Opening or perfecting of the ways of communication by economic regions.

Adjustment of the tariffs of public or private enterprises of land, air, or coastwise transportation, according to the indications of the State bonded warehouses.

Technical base:

Organization of a Technical and Investigative Section, of the Department of Agriculture, for the scientific study of the necessities and the possibilities of Costa Rica's animal, vegetable, and mineral wealth.

Establishment



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Establishment of Experimental Stations by regions.

Establishment of Agricultural Demonstration service.

Organization of rural schools and agricultural schools.

Foreign commerce base:

Adjustment of the functioning of the Board of Export Control, of commercial treaties in force, and of the tariff to the necessity of increasing and diversifying internal production.

Promulgation of bilateral or multilateral commercial treaties with the countries of Central and South America, to dispose equably of the national production and to enlarge the "margins" imposed by the narrowness of the Costa Rican market.

Establishment of a progressive income tax.

Promulgation of a special law of minimum salaries for the large coffee plantations.

Fixing the responsibility of the large coffee plantations for not only industrial accidents but also agricultural accidents.

Formation of cooperatives of small coffee growers to process and export their coffee.

The first thing worthy of comment in this program of the Centro is its awareness of the monocultural nature of Costa Rica's agricultural activity. Coffee has been, and is, the mainstay of her production and, by furnishing needed foreign exchange, operates as the mainspring of her economy. Nevertheless, the Centro advocates abandoning the classic theory of absolute and comparative advantage to the extent that it feels a diversification of agricultural activity would insure against internal upsets caused by fluctuations in the world market. Moreover, the group believes that the base of ownership of the coffee plantations should be widened, and by State aid and the establishment of cooperatives it hopes to free the small landholder from the traditional domination of the large growers and processors. In line with this policy the Centro publicly appealed to the President, in the Diario of September 9, 1943, that the Government take over the coffee plantation Hacienda Tibás, which is located near Heredia, and was to be auctioned by the estate of the late Rafael ZARORA. The estate was then to be turned over to a cooperative of the workers employed there, and payment was to be made in five annual payments. It is said that this project is presently being studied by the Government.

Great stress is laid by the Centro on the possibilities to be achieved by cooperatives; as seen in their program outlined above they favor both producers' cooperatives and con-

sumers'

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sumers' cooperatives as well as regional agreements between them. According to Rodrigo Facio 1/ the advantages to be expected from such organizations are: the elimination of the middle man, who in Costa Rica is often nothing more than a speculator; greater real wealth for the members; greater possibility of individual savings; the accumulation of community funds to be used for social purposes; and greater educational possibilities. Almost all of the Centro's plans for the reform of Costa Rican economy contain some mention of this cooperative movement.

The Centro has adopted an attitude which is intensely critical of foreign imperialism; this is not to say that it is accustomed to attack foreign enterprises per se, but means rather that it is opposed to the easy granting of concessions to foreign capital which in the past has characterized the Governments of the country. Nor is the scrutiny brought to bear solely on American enterprises, although a large part of its criticism is naturally levelled in their direction.

For the purpose of better controlling foreign capitalistic enterprises which operate in the Costa Rican economy, the Centro divides such enterprises into three categories, with a different method of approach devised for each. 2/ First, there are articles which are of Costa Rican production but are destined for external consumption, such as bananas. That such an enterprise could be nationalized the Centro holds impractical, for, among other reasons, marketing facilities and experience are non-existent. As a consequence, the best course appears to be the welcoming of foreign capital, but only after the proposed contract has been carefully framed to guarantee that the enterprise shall have "stimulating effects" on the national economy. In the second category are placed services and goods of foreign production which are consumed in the Costa Rican market, examples being insurance and gasoline. While it would be patently impractical at the present time for Costa Rica to attempt to produce her own gasoline, the Centro feels that at least the distribution within the country could be handled by firms of a national character. It is interesting to note that recent developments have been moving in the direction advocated by the Centro, for insurance is now a Government monopoly (although re-insurance is handled by American companies), and the recently passed Labor Code requires that a certain percentage of the

employees

1/ See his article in Surco, No. 31, January, 1943; this entire edition is dedicated to the cooperative movement, both in its historical setting and its relation to Costa Rica.

2/ Estudio Sobre Economía Costarricense, op. cit. pp. 170-172

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employees of foreign companies be Costa Rican nationals. In the third class, the Centro groups services and articles which are both produced and consumed in the country itself, such as electric power and cigarettes. These, if they possess a monopoly through contract, the Centro holds should be progressively nationalized through an amortization clause in the contract. Enterprises which are started with foreign capital, but which are not monopolistic either in character or by contract, however, are to be encouraged, as they are supplying a need in the Costa Rican market, as well as affording a manner of gaining experience in the industry or craft, which will eventually be of value to the Costa Ricans themselves. Such is actually the case in the cigarette field, where a company founded by native capital and operated by native labor is successfully competing with a company established by foreign capital and skill.

Fiscal reforms advocated by the Centro include the establishment of an effective graduated income tax, a thorough revision of the system of customs duties, and the establishment of an orderly budget system and an office similar to the General Accounting Office. While realizing the practical difficulties inherent in attempting to pass a bill calling for a general tax on incomes, the Centro believes that the present method of collecting most of the Government's revenue is both economically unsound and disastrously organized. The budgetary and accounting systems advocated are along the lines recently recommended to the Costa Rican Government by the two representatives of the United States Treasury Department who have been here on special assignments.

The Centro's position toward labor and social legislation has been consistently favorable. It has stated that it favors not only the Seguro Social (social security) established by the present Administration, but also advocates its broadening to cover such groups as government employees, who at present are not included in its scope.

Toward the Garantías Sociales (social guarantees) which the administration of President Calderón Guardia had included in the Constitution, the Centro defined its position in Editorial Surco No. 2, of May, 1943, in an article by Rodrigo Facio. Therein (page 13) it was stated that (translation):

We support the social guarantees, recognizing the real worth which they have: the ordering and completing of social laws gradually put in force in the last twenty years, the relative strengthening of the principles by their elevation to the constitutional text, and the opportunity for the diffusion of the new concepts of social democracy in our midst.

In the same article, however, the Centro expressed the fear that the social guarantees were destined to be in practice

something

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something to which the politicians could point to with pride, while their enforcement by enlightened legislation and intelligent administration would be neglected.

Similarly, the Centro supported the passage of the Administration's Código de Trabajo (Labor Code), although persons identified with the former Communist Party are generally believed to have taken an active part in its drafting. During the debate on this measure the Centro devoted several of its radio programs and newspaper columns to explaining the "doctrinal principles" of the bill. However, it is to be noted that the Centro objected to the method of the passage of the measure, which it considered as railroad-ing the bill through Congress without adequate discussion of some of its controversial features. Also the Centro considered that the introduction of the Code at that time was unfortunate, since it could not but be a bid for labor's support in the coming elections.

PRESENT SIGNIFICANCE AND FUTURE POSSIBILITIES OF THE CENTRO

The significance of the Centro at the present time lies largely in the fact that it represents the first time in Costa Rican history that a group of young intellectual leaders has banded together to make a serious effort towards improving conditions in the country in a comparatively disinterested manner. Moreover, the movement has not, as so often happens, split into dissident factions, but in the course of three years has remained a cohesive unit with steadily growing appeal and support.

Public reaction to the activities of the Centro has been largely favorable. By its nature, of course, it has drawn the greatest part of its backing from urban and literate sources, and it remains to be seen whether or not it will be capable of effectively carrying its message to the small land-holler and peasant. For it is this group which traditionally follows the popular leader rather than forming its political affiliations on the basis of a program offered. Also, it must be remembered that the propaganda of the Centro is rather scholarly, and therefore does not possess the emotional appeal by which the Costa Rican people are accustomed to be swayed.

On the positive side it may be said that among the educated, particularly in San José, the movement is recognized as sincere and intelligent; its members are generally respected for their brilliance and honesty, and there is a feeling that it is the best-informed group in the country. Its admirers cut across party lines, although at the moment a large section of its support comes from persons and groups

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antagonistic to the Administration. Also it should be indicated that Costa Rica is perhaps the only country of Central America in which such a movement could be undertaken with any hope of success, for the population is undoubtedly above the level of its neighbors in literacy, education, and interest in public affairs.

The future potential of the Centro is difficult to estimate, for it depends upon many variable factors, both human and circumstantial. Until the present the movement has been devoted solely to study and publicizing its findings and attitudes, and there have been but few strenuous attacks on it from the outside and fewer disintegrating influences from within. In 1944, however, when and if a full scale political party is launched, the pressure on the organization will be greater, and attempts to discredit it more frequent. Already, for example, the Centro has been freely criticized for Roberto Fernandez' article attacking the Presidential family referred to above, and it is felt that some of its prestige was lost by descending to such a personal level.

One must also take into account the fact that the various Centristas are without much experience in actual practical political maneuvering. But they are young, intelligent, and industrious, and given time and perseverance they can learn. Much will also depend on their initial choice of candidates, should they present them in the congressional election of 1946. At present they have no members of sufficient political stature to command a substantial following, and the question of how much they will be willing to compromise their present strict platform to gain adherents and possible leaders will be an increasingly important one.

In the final analysis the Centro has as assets youth, intelligence, financial resources, and the only concrete program for Costa Rica save that of the Vanguardia Popular Party. Its future will be largely what it chooses to make it.

Approved:

Edward G. Trueblood
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