RECENT PUBLIC ADMINISTRATION LITERATURE IN COSTA RICA

HISTORIA ECONÓMICA DE COSTA RICA: 1950–1970. By CARLOS ARAYA POCHET. (San José: Editorial Fernandez Arce, 1976.

ESTUDIO SOBRE ECONOMÍA COSTARRICENSE. By RODRIGO FACIO. (San José: Editorial Costa Rica, 1975.)

CAMBIO SOCIAL EN COSTA RICA. By EDUARDO LIZANO FAIT. (San José: Editorial Costa Rica, 1975.)

LA DINASTÍA DE LOS CONQUISTADORES: LA CRISIS DEL PODER EN LA COSTA RICA. By SAMUEL STONE. (San José: EDUCA, 1975.)

Insights into formulation and implementation of public policies may lead to improved decision-making and developmental results. Presumably, the leading goal of researchers in and out of government would be to describe and explain public policy along specific fronts. A goal of government in practice should be the utilization of existing or borrowed resources efficiently and effectively and the translation of policy statements into organizational objectives. One could then expect the public policy and administrative literature of a society in the process of development to deal with the following issues: (1) organizational structures and the coordination of policies among various agencies to achieve planned results; (2) the relative influence of agencies in specific policy areas within the context of a highly skewed distribution of power; and (3) budget formulation, execution, and auditing practices. The available literature in Costa Rica focuses largely on descriptive analyses of the first and second issues. The above works represent the major efforts in these areas as of 1977. It is unfortunate for both local policymakers, citizens, and foreign researchers that the bulk of critical analysis is performed by external agencies such as the World Bank and USAID. Such works are usually in English and unavailable to the public.

As in the U.S., it is more accurate in Costa Rica to speak of nonprofit organizations than the "public sector" or "public bureaucracy." Despite the variation in levels of corporate input into public policymaking, the organizational purpose of the Costa Rican bureaucracy is to render services. The level of public service is related to the coordination of expenditures of autonomous and semiautonomous agencies by the president (*Casa Presidencial*) and the Planning Department (OFIPLAN). But, the public administration literature in Costa Rica focuses on nonprofit organizational performance largely incident to the question of explaining persistent underdevelopment. That is, the thrust of the literature is less on critical analysis and diagnosis of organizational behavior than on the general functioning of the total system of interests, institutions, and classes. Micro-analyses are produced mostly by the agencies themselves for internal consumption.

Institutional coordination is a common problem with any set of structures designed to achieve tangible results. The organizational structure must assure that management receives relevant information for action with clear responsibility at chosen intervals. Perhaps one reason why coordination problems persist is that coordination mandates from the staff are often unaccompanied by any authority to issue binding orders. The relationship between the means of coordination and performance results is an important question. For example, many commissions, councils, and other collective entities exist in the policy area of agricultural development that, lacking authority to make policy, serve as mere debating societies. Obscure networks of such groups study agricultural development problems extensively, though usually in undefined form. The frequent result is that such problems recur without the aid of management insights into the type of coordination efforts that might have prevented them. For instance, in 1977, the Atlantic Port Authority (JAPDEVA, a semiautonomous agency) announced suddenly that Costa Rica's largest port had filled with sediment and would be closed.[1] The basic question was how an agency with recently increased budget and wages could fail to anticipate such an obvious event. Nevertheless, six months later, the port remained strangled by sediment and by layers of inactive bureaucrats.[2]

Turning to the literature for explanation of such occurrences, one discovers that the critical question of responsibility structures has been broadened to that justifying public intervention into the market economy. Araya notes, for example, that the state now influences the economy across a variety of autonomous institutions in the areas of banking, energy, land reform, and housing, whose programs are often independent of presidential goals. Araya suggests (p. 12) that OFIPLAN has been transformed from a coordinator of agency operations for overall policy cohesiveness to a budgeting office. Implicitly, the planning function is either performed elsewhere or not at all! Araya's effort to disclose the conflict between "autonomy and centralism" in nonprofit organizations is performed generally and without specific reference to public policies. For instance, he notes that one of the most serious agricultural problems in Costa Rica is the lack of coordination among state institutions (p. 26). Yet, he fails to prove that administrative coordination alone can remedy problems that he later attributes to externally imposed conditions (p. 31). According to the OAS (1974, p. 11), the 1974 Planning Law required all decentralized agencies to obtain clearance from OFIPLAN before initiating negotiations to obtain foreign credit. Nevertheless, the public debt continued to increase through 1977. Coordination alone, without organization of responsibility structures to assure proper implementation, may not be sufficient.

The connection between lack of institutional coordination and underdevelopment/backwardness is also made by Facio. (The reprinted works of one of Costa Rica's leading policy thinkers still provide the most penetrating insights into the policy process.) Facio recognized in 1942 that lack of authority to coordinate policy institutions would encourage groups to seek excessive privileges at the public expense. He demonstrated (p. 83) that the failure to coordinate agency activities and their client's claims would debilitate the process of group competition and insure monopoly.[3] Further, Facio suggested that the lack of clear goals and objectives invites the disorganization that can lead to national ruin. He traces the imperialist activities of United Fruit Company in Costa Rica, for example, to a 1938 contract favoring the company at national expense. Such agreements benefit monopoly clients and often well-placed public officials. Conversely, he cites the national banking reform of 1937 as an example of successful coordination from a specific plan. However, like Araya, Facio provides general analysis. It is hardly surprising to hear that monocultural coffee production is short-sighted and unjust given the economic potential of Costa Rica. Nor is it edifying to hear that an intelligent organization of labor, capital, and land (p. 114) would benefit development. On other topics, Facio is inconsistent. For example, if public policy is dictated by foreign and domestic capitalists through a civil oligarchy (p. 244), it is unclear why the state could not coordinate policies that would benefit such interests, viz. the closing of the key export harbor by bureaucratic sloth.

In contrast with the pragmatic orientation of the above two authors, Lizano attempts to explain the relationship between "bureaucratization" and underdevelopment. Without defining bureaucracy (or underdevelopment), it is nevertheless clear that he is referring to that hardening of the institutional categories and processes that leads to inefficiency and ineffectiveness. The bureaucracy, according to Lizano, consumes but does not really produce. This denies any distinction between so-called "client" and "public-oriented" nonprofit organizations. In the former case, performance can be evaluated and related to the goal of public service as in the percentage of a population served by a hospital and the cost per patient visit to the hospital. By contrast, public-oriented organizations produce public goods such as education and environmental protection. Lizano employs the term bureaucracy pejoratively as an affliction (like "injelitis") that can affect both profit and nonprofit organizations. Given his premise that profit organizations are more likely to produce than nonprofit organizations, Lizano argues that expansion of the "middle class bureaucracy" represents a serious obstacle to social progress and political stability. His proof is simply the assertion that the bureaucracy (meaning nonprofit sector) likes to consume according to the adopted tastes of the oligarchy, which frequently means borrowing at the cost of foreign indebtedness and increased local inflation. Infinite bureaucratic expansion is limited then not by public tolerance or the availability of resources but, according to Lizano, by the tendency of such inflationary consumption to undermine the real income of the middle class bureaucracy. At this point, the bureaucracy would no longer support the oligarchy in its quest for splendor.

Yet, such an unsupported thesis reveals very little that could not be surmised anyway. Clearly, the bureaucracy compromises itself to maintain power and to institutionalize its norms. Bureaucrats in Costa Rica do find their major support in the oligarchy and, as suggested by Lizano (p. 33), tend to assume poverty as a social fact of life. But he attributes excessive rationality to a bureaucracy that can mechanically detach itself from the oligarchy at some inflationary point. Despite this monolithic premise, he notes elsewhere (p. 40) that the bureaucracy is composed of "subgroups"! To remedy bureaucratic expansionism, he recommends multiplication of power centers through the strengthening of local government and the "productive middle class" (meaning profit organizations) as counterweights to the oligarchy and impliedly "unproductive middle class" comprising the bureaucracy. For example, he supports the cost savings inherent in the Costa Rican public transport system that permits individual ownership of buses and taxis. Regulation of service quality and routing by the Ministry of Transport (MOPT) and cooperative formation generates economies of scale unavailable to the totally owned and operated public system. But, almost daily deaths and injuries from bus malfunctions may indicate that the cost savings are illusory to the majority of people who ride buses. By the incidence of worn-out or defective parts and incompetent drivers it is evident that individual savings to the owners of transport vehicles coincide with the regulatory needs of the "inefficient middle class bureaucracy" in which "stability equals immobility" (p. 66). Lizano has simply outlined a coordination problem as one of innate bureaucratic expansionism prodded by internal political maneuvering. Decentralization of the transportation policy arena simply divides responsibility for safety and routing (a logically singular transaction and information flow) into two parts. This is similar to the assumption that dividing responsibility for Limón port operations between JAPDEVA and private shippers/exporters would assure efficiency without elementary problems like sedimentation. As indicated, the Lizano work is more of a "thought piece" than an empirical study of Costa Rican public policy.

Perhaps out of fear of offending colleagues (Wilde once noted that "bad artists always admire each others work") or the policymakers themselves, the description of administrative influence in specific policy areas is even more general than that of coordination problems. Though no attempt is made to dissect power and support networks in specific policy areas, writers on the question of influence invariably broaden the question to "Who rules society?" The usual assumption is that administrative policymaking is largely the expression of group, elite, or class preferences. Writers usually interchange the three terms as if the empirical references were the same, often adding labels such as "dominant class" or "hegemonic class" to the schema. For example, Lizano suggests that the national power structure is based on an oligarchy with power derived from the agro-export economy (p. 49). But, he also labels the ruling component "hegemonic" or "high" classes without providing data in support of the assertion. Other writers assume that a ruling oligarchy exists but remain confused as to the type of oligarchy needed for development. For instance, Cerdas (1972, p. 47) notes that a "nascent bourgeoisie exists" but lacks the revolutionary qualities needed to diversify production. Such analyses, of course, emphasize the ruling component in development and exclude revolutionary actions either by the "unproductive bureaucracy" or by the popular sectors.

The most sophisticated work in the sociology of power area is that of Samuel Stone. He examines the origin and recent transformation of the leading class (*la clase dirigente*) in Costa Rica. The work is critical to the public administration researcher that often overlooks the intervening influence of family and farm type (*cafetaleros*) in management control calculations. Policy actions that seem irrational or incompetent by traditional perspectives may often be explained by the type of insight offered by Stone. For example, the agro-export grounded elite-class perspective permits one to explain the persistent monocultural policies purused in Costa Rican agriculture. One might expect experimentation with diversification policies merely to capitalize on superior local growth conditions. But Stone distinguishes the Costa Rican elite mentality from its counterpart in Brazil. While the former elite remained traditional in development orientation, the latter imported capital and technology for industrialization while diversifying agricultural production.

Stone vaguely attributes the local elite mentality to historical isolation from other Central American nations and a conservatism derived from fear of being overrun by its authoritarian neighbors. Nevertheless, Stone is inconsistent on the policy implications. He believes that the arrival of the welfare state (intervening in the coffee economy and providing social security benefits to the populace) introduced a powerful new force above the control of any one group (p. 129). One might then expect a more diversified agricultural policy, i.e., from coffee to nontraditional activities such as forestry and a deepening of the domestic market to small and medium producers. Despite its new independence from other groups, the welfare state pursues the same agricultural policies followed by generations of agro-export elites. That is, Costa Rica has merely diversified to other agro-export activities, e.g., beef-cattle, banana, that remain under the control of the agro-export "oligarchy" noted by Lizano. It is hard to imagine why descendants of the *clase dominante* would not ascend to positions of administrative importance in the welfare state as well as political and corporate leadership. In fact, the various ministries are controlled by precisely such people. In an even greater contradiction, Stone traces class controls through the traditional mentality to such actions as industrial investment. That is, despite the autonomy of the welfare state, its actions are mere shadows of elite/class preferences. This simplifies the task of the researcher in theory but complicates it infinitely in practice. What, for example, does the dominant class prefer in industry, agriculture, and trade? How does one measure these preferences? Though it is possible that consensus exists among the elite on these issues, the writers have not provided any data, nor have they excluded agency influences from policy outcomes.

Finally, one could expect the relevant public administration literature to examine questions of budgeting and public finance. Though the amount spent or invested is a question separate from that of policy performance, public spending is often a useful indicator of policy preference. Without information on the level and direction of government spending, the public cannot distinguish rhetoric or *paja* from real action.[4] No comprehensive critical work exists on budget formulation and execution that is available to the public. This is unfortunate, since lack of information on which to ground criticism of policy results in greater coordination problems that, in turn, reinforce underdevelopment tendencies.

If the management control process can be divided into: programming, budgeting, operating-accounting, and reporting-evaluation (Anthony and

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Herzlinger 1975, p. 29), the public administration literature in Costa Rica examines none of these components in detail. For example, the programming process should be designed to encourage creative thinking about which programs could serve development objectives. Since it is less focused than budgeting, the estimated cost-benefits and probable responsibility centers need not be calculated. Yet, in Costa Rica, the programming function is dispersed over OFIPLAN, Casa Presidencial, ministry planning departments, and the planning sections of dozens of semiautonomous agencies. As indicated, despite all the planning and programming, JAPDEVA cannot even program the periodic removal of sediment from Puerto Limón!

By contrast, the budget should "fine tune" the program for a given fiscal year. Budgeting is planning expressed in monetary terms. Though a highly-politicized process, local literature treats the formulation and implementation of the budget in "how-to-do-it" fashion as if theory and practice were synonymous. First, Costa Rica makes no distinction between operating and capital budgets. This allows managers charged with operations to account for such items as capital costs. Capital and operating expenditures involve strategic implications for management control that are currently ignored by the local budgetary process. Second, the budget can often not be used as a management tool because it does not reflect aggregate public revenues. While semiautonomous and autonomous agencies spend an average of 50 percent of all government expenditures, their budgets are largely exempt from executive control. Nor are the current budgetary data of these agencies, e.g., JAPDEVA, included in the national budget document or any other publication! As one could expect, spending by region or other jurisdiction is not accurately recorded by any agency. This exacerbates problem-solving and institutionalizes lack of coordination. Such agency independence has only been partially weakened by the 1974 law (#5507) centralizing coordination responsibilities in the presidency. Exercise of such massive authority is almost impossible for one person in practice, which encourages ad-hoc delegations and additional coordination problems.

Third, despite the volatile nature of the world commodity market on which Costa Rica depends for development, most of the annual budget is commited in advance. Only about 10 percent of the budget is discretionary in a given year (or 90 percent is mandatory spending required by previous multi-year legislative authorizations). Other autonomous agencies may function apart from the budgetary process by receipt of earmarked tax revenues. Such taxes may produce revenues disproportionate to the agency objective. For instance, JAPDEVA subsidizes its port "operations" through revenues from the sale of timber. Despite the substantial revenues generated, they are neither used efficiently in port management nor effectively in replanting timber for future tax revenues. Other taxes may work at cross purposes, as the large annual contributions of tobacco tax revenues to the social security fund!

A fourth budgetary problem centers on its conception as a "program budget." Agency programs should correspond to development objectives. Yet, agencies often set goals in terms of quantifiability instead of significance to planning for development. For instance, the Ministry of Agriculture extension service often measures its successes in the number of pamphlets distributed to the rural farming population. Further, "program" categories usually correspond to the existing organizational units, even where single functions are split among several units or where one unit has varied tasks (Guess 1977, p. 141). In other words, the program budget is line-item in substance.

While programming and budgeting deal in tentative numbers, the accounting process should report actual spending. The accounting system should provide management with useful information on the programs that an organization undertakes or plans to undertake. Nevertheless, management may require information that may not measure real costs of a program. For instance, information on fiscal effort by all agencies toward a forestry "program" is not collected in any account nor detailed in any public document. While it is known that approximately 90 percent of the Dirección General Forestal budget is for operating expenses in its downtown San José office,[5] lack of a program account (to reflect the alleged program budget!) results in underestimation of the real costs of DGF personnel in the effort toward efficient and effective forestry programs. As noted, failure to distinguish capital from operating costs only complicates the problem of measuring true program costs. To make cost and expenditure comparisons even more difficult, account categories are often changed (as in annual agency budgets and in decennial census publications).[6]

Finally, management control requires feedback information for analysis of program or policy performance. The responsibility for both preaudit and postaudit is largely that of the Contraloría General, which is a dependency of the Asemblea Legislativa. Since the Contraloría reviews operations previously approved by its own officials, the analysis of performance is hardly impartial. Hence, information useful for management control is not really produced through programming, budgeting, accounting, or auditing. Future public administration research in Costa Rica should attempt to reveal the costs and benefits of differing management control systems in specific policy areas controlled by agencies of varied levels of influence. This is but one way that the literature can move beyond mere descriptive analyses to the threshold of critical policy analysis.

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NOTES

1. "El Problema de Muelle 70," *La Nación*, 18 February 1977.
2. "La Larga Historia del Muelle 70," *La Nación*, 16 August 1977.
3. Oscar Arias Sanchez (1974, p. 92) has argued that government by parties instead of groups would likely result in coordination. However, lack of coordination, monopoly, and authoritarian political parties are consistent terms in many countries at present.
4. The local press often attempts to make such a distinction. For example, the Ministry of Agriculture recently noted that "agricultural technology is in diapers." An editorial found this ironic in an agricultural country with a high level of technical assistance contracts for agricultural modernization. It asked: "Where then is the money spent?" ("Tecnología Agraria Está en Pañales," *La Nación*, 22 March 1977). Unfortunately, few of such questions are answered authoritatively!

5. Interview: Ing. Mario Cardenas, FAO/DGF, San José, October 1975.
6. Interview: Ing. Freddy Castro, Contraloría General de Costa Rica, 7 July 1976.

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