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Costa Rica: The Conflict Over Stabilization and Neutrality, 1983-84 (Dialogue #36)

Lowell W. Gudmundson
Mt. Holyoke College

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PREFACE

Lowell Gudmundson is Assistant Professor of History and Associate Director of the Latin American and Caribbean Center at Florida International University. His field research began in Costa Rica in 1975, where he was assistant professor of history at the Universidad Nacional (Heredia). Dr. Gudmundson is the author of Hacendados, precaristas y politicos: La ganaderia y el latifundismo guanacasteco, 1800-1950 (San Jose: Editorial Costa Rica, 1984), Estratificacion socio-racial y economica de Costa Rica, 1700-1850 (San Jose: Editorial Universidad Estatal a Distancia, 1978) and El judio en Costa Rica (coauthor) (San Jose: Universidad Estatal a Distancia, 1979). Other research and analysis has appeared in Caribbean Review, Latin American Research Review, Journal of Latin American Studies, The Americas and Peasant Studies. Publication of this work has been made possible in part by a grant from the Florida International University Foundation, Inc.

Mark B. Rosenberg
Director

"Costa Rica: The Conflict over
Stabilization and Neutrality, 1983-1984"

The past year was one of uneasy stability for the Costa Rican economy, with little in the way of political innovation or change internally. In foreign affairs, Costa Rica pulled back somewhat from its openly hostile attitude toward the Sandinista regime, to the evident dismay and chagrin of the Reagan administration and its Central American strategists. To be sure, these trends were all relative. Economic stability could best be seen in comparison with the utterly disastrous 1981-1982 experience of massive devaluation and runaway inflation. Even so, unemployment remained high through much of 1983 and there was a radical increase in the internal poverty index since the crisis began in 1980, despite lowered inflation and exchange rate stability during 1983. These positive developments appeared to be owing more to the local government's ability to negotiate easier debt repayment terms internationally, and obtain major aid monies from the United States, than to its success with pro-export and import-restrictive policies at home. Thus, the economic achievement of 1983, stabilization, may well be more of a precarious holding action in the present strained circumstances than a long-range solution to the country's economic woes.

Costa Rican politics were at a low ebb in this the second year of the administration of Luis Alberto Monge Alvarez (1982-1986), well over two years in advance of the 1986 Presidential elections. Perhaps only the Central Committee "coup" which deposed the first and only (52 years tenure) Secretary General of the pro-Soviet "Popular Vanguard Party," Manuel Mora Valverde, in December 1983, led to a ripple in local political waters. The majoritarian parties, Liberación Nacional and Unidad Social Cristiana (the 1978 "Unidad" coalition reborn in 1984), began to witness the ritual of Presidential

precandidacies and rumors of same, with a view toward the serious campaigning ahead this year and next.

Internationally, the Monge administration tilted toward the Contadora group's positions and away from its earlier warm relations with the Reagan administration and its Central American policy. This could be seen first in the removal of the virulently anti-Sandinista Foreign Minister, Fernando Volio Jiménez, in November 1983, and subsequently in its much publicized "permanent declaration of active neutrality" (see documents section). Of greatest practical significance, the government assumed a much more active role in the interdiction and deportation of Edén Pastora's Alianza Revolucionaria Democrática (ARDE) fighters, along with a number of foreign mercenaries in transit. This, combined with the end of the year rejection of a United States offer of military "engineers" to build roads along the sensitive border with Nicaragua, seemed to be sending a clear message to the U.S.-backed anti-Sandinista forces that Costa Rica would no longer go along with their openly confrontationist strategies. Relations with Nicaragua remained very strained to be sure, but the Monge government appeared to be disassociating itself from counterrevolutionary forces in the area, owing both to intraparty disputes over earlier cooperation with such forces, and out of fear of the consequences of a larger war on its border. How long this policy might be sustainable, given the government's considerable financial dependence on the Reagan administration, is yet an open question. Indeed, as this writing proceeds (May 1984) yet another attempt is being made by the Reagan team to woo Costa Rica away from its newly reaffirmed neutrality and toward the confrontationist line of its Honduran and Salvadoran allies (see below for further details).

COSTA RICA'S ECONOMIC DEBACLE

Costa Rica's disastrous experience of 1981-1982 was the result of both long term structural imbalances and short term, conjunctural problems and misjudgments. Symptomatic of the former were endemic deficit financing and reliance on private and public capital inflows to cover balance of payments shortfalls resulting from inflated consumer import bills, the proliferation of poorly coordinated and semi-autonomous public institutions supported by central government revenues, and the subsidizing of an inefficient and import dependent local industry protected under Central American Common Market or local tariff legislation. The buildup of these structural tensions would have eventually led to a crisis regardless of external, conjunctural trends. However, the disastrous downturn in these conditions since the late 1970s led to the explosive crisis situation of the recent past. The generalization of warfare throughout the Central American region both made a shambles of the once prosperous Common Market trade network and frightened away any potential foreign private investment capital. Moreover, the post-1979 international credit and interest rate spiral, along with generalized inflation, battered the local economy mercilessly. Add to this the inept and obstinate monetary policy of the Carazo Odio administration (1978-1982) in resisting devaluation, borrowing indiscriminately, and printing baseless currency as a last resort, and the stage was set for disaster. And the disaster would not be delayed, as Carazo and his team desperately hoped, until a new administration might take office. In the face of an external debt which spiraled from \$800 million in 1979 to over \$4 billion in 1983, and deficit spending which reached some 17% of gross domestic product in 1980, the economy collapsed along with the exchange rate, beginning in late 1980.¹ By March 1982 the national currency, the colón, had declined from 8.6 to the dollar to 65, eventually stabilizing

after mid-1982 in the 45-50 range, an effective devaluation of some 500%. Inflation during 1982 was officially pegged at 82%, but likely exceeded 100%. From October/November 1981 to a like period of 1982 the gross domestic product fell by some 11.5% and prospects appeared grim for the future.² Unemployment reached nearly ten percent by the end of 1982 and all payments were suspended on the foreign debt from August 1981 to July 1982.

The Monge administration took office in May 1982 and began a process of stabilization, the results of which are only now becoming clear. Central to the stabilization plan was the reestablishment of external creditworthiness, first through partial resumption of debt servicing since July 1982 and, more importantly, by means of a succession of International Monetary Fund (IMF) agreements signed since December of that year. Throughout 1983 Costa Rica was able to keep itself generally within the IMF-imposed limits, thanks in no small part to United States aid totaling some \$350 million, of a total foreign capital inflow of upwards of \$500 million, compared to only \$800 million in export revenues.³ Prospects for continued economic stabilization, much less recovery, appear to depend heavily upon both continued U.S. aid and compliance with increasingly unpopular IMF guidelines. While the "bitterness" of the IMF-supplied medicine is clear, its effect upon the newly stable patient's chances for recovery remains the subject of contention.

Stabilization meant not only exchange rate stability but also an inflation rate officially reported at 11% for 1983, a decline in the open unemployment rate to some 5.5%, and, for the first time in three or four years, a nearly 1% increase in the gross national product.⁴ These figures compare rather favorably with the 1982 figures of 82% inflation, 9.4% unemployment, and -11% in GNP. However, Costa Rica's slight increase in GNP, to approximately \$4.65 billion, came about despite the continued decline of

light of the 500% devaluation. Revenue from exports declined some 11.4% in 1982 and nearly 20% in 1983, to a paltry \$800 million. Even in their most optimistic scenarios, officials foresee a return to 1980 export levels only during 1984-1985 (about \$1 billion per year).⁵

This poor export performance has been particularly worrisome to the Monge administration planners who clearly envisioned the devaluation sparking a non-traditional export-led recovery. Moreover, national industrial production was particularly devastated, falling 7.5% by value in 1982 and reflecting the paralyzation of the Central American trade for which much of local industry had produced. The only industrial sector somewhat immune to the regional depression were the U.S.-oriented textile "draw-back" plants, employing some 15,000 workers with a capital investment of some 2.75 billion colones by 1982.⁶

The surprisingly negative export performance has confounded the new administration's technocrats and has dashed their hopes for a rapid recovery after a brief interlude of IMF-prescribed austerity. Thus, political and economic debate has refocused upon the question of how best to reactivate the sluggish local economy. No longer do the export-led proponents have the field unopposed within the administration, and its ongoing relations with the IMF reflect this. While the IMF remains committed to austerity and export-led solutions, local political groupings, including occasionally the president himself, appear to be relying on a public sector injection of funds, whether through deficit financing or external aid, to reactivate a lethargic local economy whose traditional agricultural exports face extremely inelastic consumer markets abroad. This debate and policy oscillation has characterized much of the post-stabilization period of 1983-1984.

BEYOND STABILIZATION: COSTA RICA'S TUG OF WAR WITH THE IMF

Even before President Monge signed the first letter of intent with the IMF in December 1982, his administration had begun to test the fiscal limits of the agreement. The 1983 public sector budget deficit, as first envisioned in the September 1982 outline, far exceeded the 4.5% of GNP allowed by the IMF. Whereas the IMF target for overall spending by the central government was 18 billion colones, the first outline contemplated spending 22.3 billion. Eventually the IMF guidelines were met, and then some, reducing deficit spending as a percentage of GNP from 12%, assuming a 22 billion colón budget overall, to less than 2% (according to President Monge only 1.8 billion colones beyond revenues were expended during 1983).⁷ This compared to levels of 17% in 1980, 13% in 1981, and 9.5% in 1982.⁸ Moreover, the IMF further pushed for a level of only 2% in 1984, while local officials considered 3% a realistic figure.

The IMF goals were achieved during 1983 by a progressive elimination of pervasive consumer subsidies and by massive infusions of U.S. aid and multilateral credit bailouts. Export revenues, however, continued to decline, along with direct foreign private investment, and the administration's much vaunted plan to eliminate 30,000 of the nearly 150,000 public sector jobs⁹ backfired as Monge actually added some 6,000 new jobs during the depth of the 1982-1983 crisis.¹⁰ Thus, stabilization came at the cost of some degree of austerity, tempered by the good fortune of abundant external resources, but both export performance and public sector staffing suggested that little structural change had been effected.

Buoyed by this first semester respite from exchange rate and price instability, and concerned with continued economic sluggishness, the Monge administration presented at year's end a mammoth budget outline for the public

sector in 1984 of some 25 billion colones, perhaps 13-15 billion of which made up the deficit. These levels of spending would have represented 12.5% and up to 7.5% of GNP, respectively, over twice the deficit level acceptable to the IMF.¹¹ In some respects, this was a political ploy designed to placate public sector political supporters and establish an aggressive bargaining position vis-a-vis both the IMF and a National Assembly to be pressured to raise taxes to close such an alarming deficit. After lengthy consultations, the Monge administration was able to pass a National Emergency Law, in March 1984, designed to reduce the projected 13.5 billion colón deficit to 5.5 billion, well within IMF guidelines, through new taxes on imports and corporate income, a forced contribution to the central government of 1.17 billion colones during 1984 by 18 public sector "autonomous" agencies, and such things as new tourist and passport fees. At the same time, 12 year income tax and import duty exemptions were granted to non-traditional exporters.¹²

Faced with Costa Rican recalcitrance, the IMF (and U.S.-AID) twice suspended funds (November 1983 and April 1984) pending compliance with its guidelines. In November the IMF wanted a 1% tax on foreign exchange remittances replaced by a tax on imports, while in April it insisted upon a 15% increase in gasoline prices and the effective restriction of all foreign exchange transactions to the Central Bank.¹³ In addition, the IMF continued to monitor public sector spending to insure compliance with the agreed upon deficit limits. Of particular significance in this regard was the administration's promise to begin paying some 500 million colones in salary increases to the teachers' union in March 1984.¹⁴ Without solid sources to finance this erogation, this was sure to breach the IMF deficit spending limit.

Underlying this tug of war over public sector spending levels is an

increasingly pessimistic, and nationalistic, assessment of the economic recovery on the part of the Monge administration's technocratic team. Whereas Minister of Exports Mario Carvajal had confidently predicted in early 1983 that exports would surge from \$900 million in 1983 (they fell short badly) to over \$1,500 million in 1986,¹⁵ by February 1984 he was joining with the new Minister of National Planning, the economist Juan Manuel Villasuso, in cautioning that there would be no substantial recovery during the Monge presidency.¹⁶ The two officials argued that with export revenues stagnant at about \$1 billion or less per year (1984), barely able to cover the bill for essential imports, part of the nearly \$500 million in capital inflow being used currently to service the foreign debt would have to be increased and/or diverted to stimulating local economic growth. IMF opposition to such public sector "pump priming" was a virtual certainty, unless external aid monies could be increased accordingly. The negative attitude of the Reagan administration toward supporting public sector spending with foreign aid, short of a local equivalent of the sort of defense buildup which justifies its own deficits, would likely outdo that of the IMF. That local planners should have moved from the rose-tinted glasses view of an export-led economic rebound to pessimistic diagnoses and interventionist policies so quickly only highlights what is likely to remain the focus of economic policy debates for months if not years to come: an IMF austerity-based recovery versus a return to neo-keynesian public sector palliatives in the face of the former's perceived high cost and limited short term success in improving the local economy.

THE SOCIAL COSTS AND CONSEQUENCES OF STABILIZATION

The immediate result of the economic debacle of 1981-1982 was the sudden

impoverishment of the vast majority of the Costa Rican population. By early 1983 average industrial wages were on a par with Haiti, at a level of less than \$0.20 per hour, and fully 71% of families in January 1983 were found to have incomes below the poverty level for basic food costs, much less able to pay spiraling rentals. This compared with only 24.8% in 1977 and 41.7% in 1980.¹⁷ As IMF stabilization policies took hold and subsidies were eliminated this situation deteriorated even further.

During the first half of 1983 the only major conflict provoked by constantly rising prices was a nationwide road blockade in response to massive hikes in electricity and telephone rates. In the face of an announced increase (the third in 18 months) of 92% in electricity rates, large numbers of people took to the streets in protest and forced the government to roll back rates in June.¹⁸ Curiously, spontaneous neighborhood direct action strategies had succeeded where traditionally weak union or class-based popular movements had failed in blunting the austerity measures. San José's graffiti artists rejoiced with the slogan "let the millionaires pay for the crisis."

Throughout the year, but particularly in its second half, land invasions, occasionally involving armed confrontation, were the principal reactions of both the urban and rural poor. While the government distributes some food assistance to perhaps 40,000 families¹⁹ direct action has traditionally been the most effective means of solving the other major existential problem of the poor: lack of housing in the cities, and lack of tillable land in the countryside.

The housing deficit in the greater metropolitan area of San José has become legendary, with the government itself characterizing its urban areas as "national emergency disaster zones" owing to their deficient infrastructure. This is the case despite a relatively effective state housing authority

(Instituto Nacional de Vivienda y Urbanismo - INVU). Part of the aggravation of the housing situation was traceable to the 40% drop in construction activity during the crisis of 1982 alone.²⁰ A University of Costa Rica and Council of Science and Technology study estimated in 1983 that there was a current national housing shortage of 130,000 units, with a further shortfall of 125,000 units expected by 1990, when some 40% of the population would form part of this "shortfall".²¹ In response to popular protests, which included a January march through San José and several mass occupations of semi-urban lots around the city, the Monge administration promised to build 10,000 new units during 1983, at a cost of \$31 million and hopefully with Mexican governmental assistance.²² At this writing INVU was developing major new projects in the traditional public housing areas of Pavas, west of the capital.

Land invasions in the countryside presented a more serious and dangerous problem. The Monge administration's campaign slogan had been a "return to the land" and, as one local pundit sarcastically put it, private ranchers' barbed wire presented a major obstacle to the program's fulfillment. Costa Rica's land tenure system today is as highly inegalitarian as anywhere in Central America. Some 44,300 farms comprise only 124,000 hectares, while 11,500 larger farms monopolize over 2 million hectares. The government's land reform and colonization unit (now renamed the Instituto de Desarrollo Agrario - IDA) had only titled over land to some 16,000 farmers in 22 years, while over 9,000 cases were "pending for lack of resources."²³

Traditionally, the central government responds most rapidly to peasant-initiated direct actions, usually non-violent occupation of disputed, or simply coveted and uncultivated lands. During 1983 several such occupations caused bloody clashes with the police and led President Monge to push for legislation, in August, to authorize the distribution of land to some 10,000

families.²⁴ The occupations which provoked this move took place in March 1983 along the southern border region with Panama and led to the death of one and the arrest of 300 of the 700 squatters involved.²⁵ In July further violence broke out in the region when 800 ex-employees of United Brands seized nine company farms in the Coto Valley.²⁶ Already, in June, President Monge had publicly expressed displeasure at the disorder reigning in the administration's agrarian policy circles and he charged his Planning Minister to investigate to determine why the "return to the land" program was not working. In the meantime, the Rural Guard police forces were ordered into the fray, with the government responding favorably on an ad hoc basis, as has long been its pattern, to squatters' direct action.

Public sector and urban industrial labor unions were extraordinarily quiescent during 1983 and early 1984. Marches and negotiations rarely led to strikes, although one was threatened by the powerful 2,000 member Atlantic Railroad Workers' Union, backed by the 10,000 members of the Limon Workers' Federation, in February 1984.²⁷ More important were the ongoing negotiations between the public employees' unions, headed traditionally by the teachers' unions,²⁸ and the State over implementation of the agreed upon "sliding salary scale" adjustments of wages, pending since September 1982. This area promised to be the focus of serious labor union conflict throughout the remainder of 1984. Its resolution within the deficit spending limits will obviously be critical for the Monge administration in its future dealings with the IMF and international creditors.

Finally, Costa Rica continued to bear an additional cost of the crisis, albeit Central American rather than local in this case. During 1983 refugee populations had swollen to include an estimated 3,000-5,000 Nicaraguans, 10,000 Salvadorans, 500 Guatemalans, and 900 Cubans, many in U.N.-supported

refugee camps such as the one in Tilarán in Guanacaste Province.²⁹ However, to put this burden in perspective and despite the obvious difference of circumstance, one must remember that upwards of 60,000 Nicaraguan refugees fled to Costa Rica during the worst fighting against the Somoza dictatorship in early 1979.³⁰

MID-TERM POLITICS: PRECANDIDACIES VERSUS THE "MAGIC FORMULA"

Although most Costa Ricans consider presidential campaigns overly lengthy, indeed that one has not ended before another begins, the major national parties only began to gear up for the 1986 race in late 1983 and early 1984. If politics is indeed the national pastime, as the "ticos" claim, then 1983 was its off-season.

The ruling National Liberation party and its President, Mr. Monge, have maintained a fairly high degree of support despite the economic hard times. Monge's favorable opinion index (% positive minus % negative opinion) with the public declined from 45 in March 1983, to 39 in July, to 37 in November, to 24 in March 1984, but he remained the second most popular among recent presidents and active national politicians, largely owing to his handling of international affairs and his proclamation of Costa Rican neutrality. More importantly for the future, fully 44% of those surveyed considered themselves Liberación party supporters, compared to the 58% landslide won by the party in the 1982 presidential election. Although the announced Liberación precandidates each did poorly in a hypothetical 1986 race against the leading opposition figure, Rafael Angel Calderón Fournier, this was explainable in part as owing to both lesser name recognition and in-party backlash opinion. In any event, the margins were not insuperable since the differences were only 41-29, 41-27, and 37-26, with considerable numbers of uncommitted voters yet

to decide.³¹

Prior to any open politicking among those eligible to run in 1986, there had been much ado within Liberación circles regarding a so-called "magic formula" to insure party victory in 1986 and reverse the thirty year pattern of alternation in power by the party and its opposition. This idea, floated by the interested parties it appears, was to reform article 132 of the national constitution to allow for presidential reelection, thus allowing the highly popular Liberacionista ex-presidents José Figueres and Daniel Oduber to share an "invincible" ticket. Each of the leaders had previously supported, if not orchestrated, attempts at constitutional reform for just this purpose. Thus, the "magic formula" was seen as more fantasmographic than novel and it failed miserably once again. Figueres' advanced age and Oduber's well known political ambitions counterbalanced their recognized talents in the eyes of the party faithful, while its precandidates and those of the opposition had every reason to oppose any constitutional change.

Of the three ruling party candidates--Oscar Arias, Alberto Fain, and Carlos Manuel Castillo--, the party's Secretary General Arias appears to have the inside track to the nomination, through his control of the party machinery and the accumulation of past favors. Indeed, of the three, Arias was both the most popular within the party and the least successful in the hypothetical race against the opposition leader. Arias, thus, is not a figure likely to excite either entrepreneurial interests within the party or a mass following outside it. A Ph.D. graduate in Political Science in Britain and former Minister of Planning (1974-1978), as well as party legislative whip as deputy (1978-1982), Arias comes from the leading provincial family of Heredia. His style is extremely reserved and reflective, hardly the stuff for political stumping, and should he win the nomination it will be owing to his solid

support among mid-level party cadre rather than among the party's business or popular supporters. Arias resigned as Secretary in February 1984 in order to campaign full time, as required by party statutes. However, his machinery within the party hierarchy remains fully intact and, at present, he appears to have a substantial lead over his rivals.

Alberto Fait, Monge's right hand as First Vice-President and a leader of the pro-business wing of the party, will likely provide the most serious competition for the nomination. Fait took a leading role in Monge's successful campaign for the nomination in 1982 and he has been particularly influential on economic policy issues in the current administration. He appeals particularly to the party's wealthier segments and their support in financing his precandidacy will give a major boost to his efforts.

The third official Liberación precandidate is Carlos Manuel Castillo, the man responsible for the minor miracle of exchange rate stabilization as head of the Central Bank. Before resigning in March 1984 to campaign full time, Castillo had been one of the government's primary spokesmen on economic policy and the renegotiation of the foreign debt. Dr. Castillo, an internationally renowned economist, lost to President Monge as a precandidate in the last race and his current effort is generally regarded as a long shot at best. The party has, of course, officially prohibited open campaigning until a date has been set for the early 1985 party nominating convention, but politicking continues none the less.

The opposition, meanwhile, has expended its energies in reorganizing the 1978 and 1982 "Unidad" coalition format in search of both a new name and a more solid ideological base capable of unifying them beyond the election campaign itself. Thus, Unidad was officially buried, to be replaced on December 17, 1983 by the "Partido Unidad Social Cristiana (PUSC)." This new

vehicle was made up of the same four opposition parties as before: Democracia Cristiana (PDC), Unión Popular (PUP), Renovación Democrática (PRD), and Republicano Calderonista (PRC), allegedly "fused" together in the new party. While all are vaguely "Social-Christian" and slightly right of center, the real popular strength remains concentrated in the PRC headed by 35 year old Calderón Fournier, son of the legendary Rafael Angel Calderón Guardia who founded the party while the reformist president in 1940-1944 and whose memory yet today provokes strong feelings pro and con. The younger Calderón was Foreign Minister (1978-1982) and ran unsuccessfully against Monge in 1982. He is considered by all observers as the virtually certain opposition candidate in 1986, although a second loss might prove fatal to even this youthful politician's chances of becoming president.

The PUSC is officially only 50% "calderonista" in its membership and officialdom, leaving the other half to the three remaining parties. Some analysts have referred to this arrangement, half in jest, as one in which the PRC provides the people, the PDC the ideology, the PRD the organizers, and the PUP the money. Of these latter three the PUP and PRD offer critical campaign support, lapsing back into inactivity thereafter, while the PDC offers the only minimally coherent doctrinary umbrella which might lead to an institutionalized, non-personalist opposition party. At present they all take a back seat to the "calderonista" faithful, in all likelihood as much as one-fifth or more of the national electorate.

In June 1984 a date was to be set for the early 1985 opposition national convention which would nominate a presidential candidate. However, as has usually been the case with the opposition, details were sketchy and while some spoke of at least 4,000 delegates to a "National Assembly," it was not clear whether this might not be a means of avoiding costly district level

conventions in the outlying areas of opposition weakness. In any event, the outcome did not appear in serious doubt.

While no competition had yet formally appeared on the horizon for Calderón, those rumored to be eyeing a bid were the presidents of the PRD, Oscar Aguilar Bulgarelli, and the PDC, Jorge Arturo Zamora Monge, as well as the ex-Labor Minister under Carazo, Germán Serrano Pinto. In reality, none of these leaders could offer more than token opposition to Calderón and it remains to be seen which of them, if any, would be willing to risk even a minimal campaign. Aguilar, a forty year old University history professor, has been the legislative whip of the opposition under the Monge administration, while the fifty-five year old Zamora and his group make up in ideological refinement what they lack in popular support. In either case, no serious prospects of victory exist for 1986 and any campaigning on their part would be half-hearted, with a view toward perhaps distant future political goals. Serrano, so closely identified in the public mind with the Carazo administration nightmare, stands even less of a chance. Indeed, the lack of any credible challenge within his own party may be a mixed blessing for Calderón. His candidacy may be assured, but maintaining general voter interest throughout such a non-contest could be something of a problem later in the general election.³²

NEW LEADERSHIP ON THE LEFT

Perhaps the most sensational political news of 1983 involved the smallest party. The pro-Moscow "Popular Vanguard Party (PVP)," leading partner of the Left coalition People's Unity (PU) which gained 3% of the 1982 presidential vote and 4 of 57 national deputyships, suffered through a succession crisis of major proportions at year's end, the fallout from which has yet to fully

settle.

The removal of Manuel Mora Valverde as Secretary General, and his "elevation" to an honorific party presidency after 53 years at the party's helm led to repeated conflict from November on. The septegenarian's replacement by ex-deputy Humberto Vargas Carbonell was initiated, paradoxically, with the drafting of new party statutes at the Extraordinary Congress called by Mora himself for November 12-13. The creation of a new post of president, with which Mora concurred, set the stage for his own removal. December 3-4, at its 18th plenary session, the 35 member Central Committee "overwhelmingly" accepted these changes and proceeded to replace Mora with Vargas Carbonell and, ignoring Mora's protests, appointed him party president. However, this overwhelming majority was later reported by Mora supporters to have been only a 20 to 15 vote.³³

Mora Valverde, who at the time was in Nicaragua, left shortly after the early December vote for Cuba without making any official statement. He did send a letter to the party Central Committee in which he denounced the move, resigned the presidency (as did his brother and party Undersecretary General Eduardo), and implied that hardliners and hotheads were employing a bureaucratic ruse to deprive him of the leadership which his popularity with the party bases would reconfirm at the upcoming XIV Congress September 13-15, 1984. Consultation with party militants by the new Secretary General demonstrated a degree of hostility toward the move and support for Mora, which led Vargas to travel to Cuba to meet with the latter in an unsuccessful attempt to head off a public division of the party.³⁴

The major national media, in particular the conservative and stridently anticommunist daily La Nación, repeatedly suggested, quoting various pro-Mora party members, that the change represented the triumph of younger hardliners

disenchanted with what they considered a "soft and complacent" leadership and exploiting both the creation of a new party presidency and the former Secretary's advanced age to effect his removal. An intriguing twist to this interpretation was added by La Nación when its editorial analyst portrayed Mora's trip to Cuba, oddly enough, as an attempt to marshall the moderating influence of Fidel Castro in his favor, against what he considers Soviet-backed advocates of anti-U.S. armed adventurism throughout Central America. Although Mora has been a faithful Soviet-line spokesman for half a century, unlike Vargas he had no first-hand formative experience in that country and was known to be working with both Castro and the Costa Rican government toward a peace plan for Central America acceptable to the United States.³⁵

While Vargas may well represent somewhat more radical party elements, it is equally clear that generational conflict alone might have led to such a succession crisis. Moreover, the support of the Central Committee majority, "overwhelming" or not, and of the party's legislative leader Arnoldo Ferreto for Vargas' candidacy indicates something other than a simple "hardline" takeover. Vargas played a leading role in party affairs as a deputy from 1978 to 1982. He and Ferreto were largely ineffective in organizing strike activities while deputies in this period, but Vargas was known as a serious and capable legislator who played a major role in resolving problems of university and public sector finance. In any event, the only official party statement in the affair was issued by Ferreto and claimed that there had been no internal divisions, no change in policy, no reduction in Mora's powers, and that the party was the victim of a difamatory publicity campaign which painted it as dominated by "hardliners" advocating violence, thus justifying its repression.³⁶

Mora returned from Cuba January 9, 1984 to a political gathering intended

to demonstrate his continued popularity within the party. However, successive bids by his supporters to regain control of the party, or failing this hold a rump convention and be recognized as the official PVP, were unsuccessful, with the national Supreme Electoral Tribunal eventually ruling in favor of the Vargas-Ferreto position. Barring any reconciliation, difficult to imagine in light of the accusations and recriminations already exchanged between the two groups, the upcoming September party Congress promises to be an animated affair indeed.

TERRORISM, POLITICS, AND THE "UNARMED" DEMOCRACY

Since 1981 there have been increasingly frequent terrorist attacks and bombings in Costa Rica, most but not all carried out by Central American political groups. However, as these outbreaks have become more frequent, and as local political differences became caught up in the Nicaraguan border war or in crisis-spawned land invasions, the government began to respond by beefing up its no longer miniscule security forces. Although having no standing army (with fully 83% of the populace opposed to the creation of one), Costa Rica has received some \$2 million in U.S. arms aid each of the past two years, and recently requested upwards of \$10 million for 1984.³⁷

Security forces in Costa Rica have grown to include the following:

"5,000 Civil Guards, the main police force founded after the 1948 Civil War. Since 1982, mobile Guard 'commands' have been organized in strategic areas. The newly formed Chorotega Company, now stationed along the northern border, consists of 184 Guards trained by Costa Rican graduates of the U.S. school in the Panama Canal Zone. The Southern Command and the Atlantic Command, each with 278 guards, are based near the

banana plantations in southwestern and eastern Costa Rica. ... There is also a 3,000 member Rural Guard (one of whose main functions) is the eviction of peasant squatters. The Judicial Police (OIJ), founded in 1973 with 120 employees, now has a total strength of 647, 287 of whom are investigators. ... Other smaller security forces include the National Security Agency (ASN) and the Intelligence and Security Directorate (DIS), consisting of some 100 officials ... ; the Military Police, which has grown to 250 men from 100 in 1977 and is responsible for patrolling San José; and the specialized Crime Prevention Unit (UPD). The Organization for National Emergencies (OPEN) is a paramilitary group created by presidential decree in 1982 whose 10,000 members receive four hours training each week with obsolete Garand rifles. The stated aim of OPEN is to reinforce the Civil Guard in emergencies, but ideology clearly plays an important part in the organization. Membership requirements include a 'proven democratic creed' and, according to vice security minister Johnny Campos, leftists are not permitted to join. ... In addition to the official security forces, private paramilitary groups are also active."³⁸

Two terrorist actions further inflamed local public opinion during 1983. The late June dynamiting in San José of a car in which two Nicaraguan citizens were killed and several on-lookers injured was widely reported to have been a bungled attempt at assassinating the anti-Sandinista leader Alfonso Robelo, in coordination with Basque separatists of the ETA. Later, in October, the home of the British Ambassador in Costa Rica was attacked,

allegedly by ETA militants with the possible collaboration of local fringe elements on the Left. By year's end one local daily often known for its sensationalism even claimed that a "communist training camp" for terrorists was being operated in northern Costa Rica by North Korean and possible ETA military personnel.³⁹ Why such a shocking revelation should be relegated to a minor notice near the sports pages was not explained, but may well have been an indication that the story was based on something less than unimpeachable sources. Given this state of affairs it comes as no surprise that as early as 1982, in a poll commissioned by La Nación, some 54.2% of respondents felt there was a link between "terrorists and domestic communist groups", without any solid proof of such involvement having been presented by the government.⁴⁰

While terrorist acts by exiles in San José provided the initial impetus for the security buildup, these forces have become involved in other issues and areas more directly since then. Indeed, the relative ease with which terrorist actions have been investigated and those responsible prosecuted belies the need for vastly strengthened security forces. In reality, these forces are being expanded today to deal with two interrelated problems: the border conflict with Nicaragua and the increasingly frequent land invasions throughout the countryside which are met with police force more often and more violently than in the past.

The northern border issue will be dealt with more fully below, but the Monge administration was clearly inclined to intervene more directly against the contra camps on its border once death-squad style murders of leftist Costa Rican citizens and burning and looting of stores owned by contra supporters began there about mid-year.⁴¹ The stationing of more security forces in the region and the more active interdiction policy followed since late 1983 are clearly part of the "neutrality" line espoused by the Monge administration.

In this case, the security buildup appears, on the surface, to be aiding the neutralist and Left cause. However, major figures in the leadership of the regular security forces, as well as the paramilitary OPEN system, in particular Vice-Minister of Government and head of the Rural Guard, Enrique Chacón, are widely accused of collaboration with the contra forces led by Edén Pastora. Major Liberación leaders, such as Deputy Miguel Angel Guillén and Minister of Public Security, Edmundo Solano Calderón, have denounced such collaboration as inconsistent with the administration's professed neutrality.⁴² Thus, the battle for control over the political role of the growing security contingent on the northern border continues, despite overwhelming public opposition to the creation of a military force with political influence internally.

As regards the Rural and Civil Guards and their role in expelling squatters and repressing strikes in the banana plantation zones, little has changed except the size of the problem and the levels of violence associated with it. For the first time in some years, a squatter was killed and several injured in clashes with the Guard in the south of the country in early 1984.⁴³ Such an escalation of both the size of the security forces and their use of lethal force bodes ill for the future of a regime no longer even talking of a "return to the land" solution to the crisis.

COSTA RICA'S NEUTRALITY TIGHTROPE ACT

The Monge administration moved consistently after mid-1983 toward a more effectively neutral position vis a vis the Nicaraguan border fighting in particular, and the Central American crisis in general. This move was opposed throughout by the United States and important Rightist elements within Costa Rica, and even within the administration itself. This opposition remains

formidable and determined, placing in doubt the eventual outlines of Costa Rican foreign policy. However, as we shall see below, each increase in the pressure for an openly rightist, anti-Sandinista policy has led, on the contrary, to an increased resistance to such a change in policy within Liberación, in orchestration with a similar Mexican response to pressure from the North. Thus, the current State Department policy designed to push the Monge administration off its "neutrality tightrope act" and into the U.S.-Salvadoran-Honduran camp could well backfire as badly as similar plans to, in effect, bribe Mexico with financial concessions in order to silence its criticism of U.S. Central American policy.

The developments leading to Costa Rica's declaration of neutrality began to appear after May 1983. The high point of anti-Sandinista feeling within Costa Rica had been reached in early March when, during Pope John Paul's visit to Managua, he was poorly treated in his public appearance. The Pope's use of Costa Rica as his overnight base for several of his one day visits to other Central American capitals highlighted the "oasis of tranquility" image Costa Ricans are so fond of using in their invidious comparisons with their neighbors, and the conservative national press lost no time in portraying the Managua debacle as proof of the noxious nature of Sandinismo. However, the administration's fears that the border war might eventually make a Lebanon of Costa Rica,⁴⁴ led to a series of measures designed to rein in the contra forces and distance Costa Rica from the Reagan administration line in Central America.

The specific events which helped trigger the attempted crackdown were the August airport bombing of Managua by a light plane thought initially to have taken off from San José, the political killings and riot in Upala along the border at this same time, and the early September contra attack on the Peñas

Blancas border post. Subsequently, ARDE fighters were regularly interned, arms confiscated, and leaders either restrained or, occasionally, expelled.⁴⁵ Nevertheless, despite increased security forces on the border, Costa Rica's capabilities against the contras are quite limited, basically to harassment and dismantling of communications facilities. Of greater importance is the political shift which this policy implied for any future insurgent or U.S. plans for operations. Indeed, some of the most highly publicized internments and expulsions were of mercenaries (U.S. citizens and Cuban-Americans) recruited in Miami and in transit to the contra camps, sending a clear if hardly definitive message to these nationals' governments.⁴⁶

Once this policy of effective neutrality had been adopted the immediate implication was the necessity of a change of foreign ministers. The then Minister, Fernando Volio, had missed no opportunity to denounce the Sandinista regime as totalitarian, Marxist-Leninist, expansionist, etc. Indeed, his rhetorical excesses were often an embarrassment for a regime attempting to negotiate with Managua over border difficulties. The similarity between Volio's stridently expressed views and those of ex-party leader and ex-Foreign Minister Gonzalo Facio, now a leading spokesman for rightist groups in Costa Rica, was remarkable in light of the fact that the former purported to represent an administration bitterly denounced by the latter.⁴⁷

Volio's imminent removal was indicated by informed sources as early as August, while he chose to "resign" in November. The earliest public signal of this approaching change was President Monge's trip to Mexico without his foreign minister in mid-October. While Monge denied there was any significance in Volio's absence, the Mexican press and officialdom correctly understood the message being conveyed.⁴⁸ The ostensible reason for Volio's

eventual resignation was the United Nations vote cast against the U.S. invasion of Grenada by Costa Rica's delegate, allegedly contrary to Volio's instructions to him to abstain. However, the vote had been cast on orders from the President himself, thus indicating that this resignation was indeed a face-saving removal, but a removal none the less. At the same time, the National Assembly voted to condemn the U.S. actions, implicitly lending further support to Monge's change in foreign ministers.⁴⁹

Following upon this leadership change, Monge proceeded, on November 15th, to formally declare Costa Rica's permanent neutrality (transcribed in the documents section).⁵⁰ While first presented to the nation in an Independence Day message, September 15th,⁵¹ the neutrality proclamation and its reaffirmation in November clearly were an attempt to lay to rest the Volio period of confrontationism, and reflected a shift within the Cabinet and party away from the U.S. sponsored line.

Two subsequent efforts were made by the U.S. State Department, in coordination with its controversial new ambassador in Costa Rica, Curtin Winsor, to enlist the Monge administration in activities alternately termed "joint maneuvers" and "regional development". However, in both cases the clumsiness of the approach has led not only to failure, but increased opposition to such cooperation within the administration. In November and December a much publicized U.S. offer of several hundred combat engineers to build roads and bridges along the northern border was ultimately rejected by Monge, who was then forced to ask that the ambassador clarify the issue of "joint maneuvers" (Undersecretary Fred Ikle's overzealous characterization of the plan) and troop movements.⁵² These difficulties were repeatedly compounded by the ambassador's proclivity for giving the Costa Rican government advice in public as to both long term solutions to its problems and

current policy implementation. This led to the Liberación party directorate rebuking him publicly for commenting on internal national affairs,⁵³ while the Left had already twice denounced his "interventionism."⁵⁴

Most recently, border clashes on May 3, 1984, in which Costa Rican territory was reportedly shelled by the Sandinista army, led to a renewed flurry of exchanges over possible requests for increased U.S. military aid.⁵⁵ Of far greater importance than the arms monies involved (\$10 million per year for fiscal 1985, versus \$2 million currently), the political gains sought by the U.S. were revealingly stated in a secret draft report as follows:

It could lead to a significant shift from (Costa Rica's) neutrality tightrope act, and push it more explicitly and publicly into the anti-Sandinista camp. This could pay important political and diplomatic dividends for us.⁵⁶

Although Costa Rican Foreign Minister Carlos José Gutiérrez repeatedly denied such a request had been made, or that any U.S. pressure had been brought to bear, the Mutual Radio Network quoted unnamed local political leaders to the effect that the "pressure had increased ten-fold" on Costa Rica to support the U.S. line and accept military aid.⁵⁷ They also reported that this pressure was leading to a major split with the ruling party.

Faced with greatly increased border tensions, and pressures both internally and externally, the opponents of Costa Rican militarization took to the streets May 15th in a massive show of support for continued neutrality and the Monge administration's steps to implement it.⁵⁸ Coincidentally, the increased U.S. pressure came just as Mexican President De la Madrid made a state visit to Washington, in which he boldly lectured the Reagan administration on the error of its ways in Central America. In this context, the

Mexican-led Contadora group hurriedly put together an agreement, signed by the foreign ministers of Nicaragua and Costa Rica in Panama, intended to prevent further hostilities which might provide an excuse for heightened tensions or any larger U.S. role in Costa Rica.⁵⁹ The publicity given during and after the Mexican leader's visit to an alleged National Security Decision Directive (NSDD) 124, signed by President Reagan ordering the State Department to draw up a diplomatic plan to pressure Mexico, through financial and trade concessions, into shifting its Central American policy seems likely to insure the defeat of such an effort, not only with the Mexican leadership but even with states like Costa Rica, more clearly clients of the U.S. to be sure, but hardly without domestic critics of any policy too openly or slavishly accommodationist.⁶⁰

The byzantine character of contra infighting and U.S.-Costa Rican relations regarding these forces was further highlighted by the foiled attempt on the life of Edén Pastora, May 30, 1984, in which one U.S. and one Costa Rican journalist and at least one guerrilla fighter were killed, while over two dozen were injured. Pastora's followers and the press initially suggested that the attempt was the work of opponents of Pastora within ARDE (led by Alfonso Robelo) who supported a U.S. sponsored alliance of their group with the Somocista-era contra forces of the Frente Democrático Nicaragüense (FDN) fighting along the Honduran-Nicaraguan border. Pastora's rejection of such an alliance had angered both Robelo and the CIA, principal advocates of such an anti-Sandinista front strategy. Subsequently, both Pastora and President Monge implied that the Sandinista regime might have been behind the attack, which Managua vehemently denied. Nevertheless, Monge ordered Pastora's arrest while hospitalized and quickly deported him to Venezuela, this intended to further prove Costa Rica's neutrality.⁶¹

While Costa Rican leaders welcomed the Kissinger Commission in October 1983, submitting grandiose requests for U.S. assistance, experience since then has soured a number of them on the prospects for U.S. aid in the short run. The likelihood of the commission's recommendations being funded seems far less today than at the time of its visit to Costa Rica and, moreover, the price of what assistance might be forthcoming is seen as too high politically and diplomatically by much of the ruling party, particularly its more youthful elements. If Costa Rica's economic stabilization and recovery remains caught up in a tug of war with the IMF, then even more surely its political stability is tied up with the Central American crisis and U.S. response. Although the internal dynamics of Costa Rican society tend toward compromise and stability, the external economic and political contexts could well destroy such a non-violent tradition. The ingredients for disaster exist in Costa Rica as well. How well Costa Ricans deal with their increasingly limited options remains to be seen, but if the recent past is any guide, caution and dialogue are likely to be the fundamental weapons. Whether they will prove to be effective weapons to counter the militarization of regional life is yet an open question.

NOTES

¹Between one and two billion dollars of this debt was contracted by the Carazo team in their desperate attempt to shore up the exchange rate. The Miami News, 2 November 1983, p. 22; LACCR, Vol. II, p. 460.

²Tico Times, 6 January 1984.

³The Miami Herald, 27 February 1984, p. 70; Tico Times, 24 February 1984.

⁴Inflation and open unemployment estimates are the "official", minimal figures. President Monge's claim of a 1% growth in GNP was made in his May 1, 1984 address to the National Assembly, as reported in Foreign Broadcast Information Service (FBIS), 4 May 1984, p. 1; while The Miami Herald had earlier reported a 0.8% growth for 1983 (27 February 1984, p. 70). The disastrous export performance counteracted an estimated 9.4% rise in gross domestic product reported for 1983 by the Tico Times, 27 January 1984. The growth target for 1984 appears to be some 3%. Independent observers often consider the unemployment rate to be twice the officially reported level.

⁵Tico Times, 21 December 1983.

⁶Inforpress Centroamericana (Guatemala), "Centroamérica, 1983-Costa Rica", p. 4. It is projected that some twenty to thirty thousand jobs will exist in this sector by the late 1980s.

⁷Idem, p. 7; also FBIS, 4 May 1984, p. 1; and LACCR, Vol. II, p. 461.

⁸Inforpress, pp. 3, 7. Public sector spending as a percentage of GNP declined from 34% in 1981 to 19% in 1982, despite a massive increase in central government revenues in colones.

⁹Inforpress, p. 5.

¹⁰Tico Times, 24 February 1984.

¹¹Idem, 21 December 1983. The IMF was reported to be insisting on a deficit

of less than 4% of GNP.

¹²Idem, 9 March 1984.

¹³Idem, 18 November 1983; FBIS, 2 May 1984, pp. 3-4.

¹⁴Tico Times, 9 March 1984.

¹⁵Inforpress, pp. 14, 16.

¹⁶Tico Times, 24 February 1984.

¹⁷Inforpress, pp. 19-21.

¹⁸FBIS, 14 June 1983.

¹⁹Inforpress. p. 5.

²⁰Idem, p. 12.

²¹Tico Times, 25 November 1983, p. 22. The Inforpress source estimated a current housing deficit of 104,000 units (p. 12).

²²Inforpress, p. 11.

²³Idem, p. 12.

²⁴Tico Times, 9 March 1984. A more realistic estimate was that 2,000 families would benefit during 1983, and 10,000 perhaps by 1986 (Inforpress, p. 11).

²⁵Tico Times, 5 March 1984.

²⁶Idem, 15 July 1983.

²⁷Idem, 24 February 1984.

²⁸Even the teaching profession, traditionally the national symbol of pride ("more teachers than soldiers"), felt the impact of the crisis in the classroom. In a controversial study it was found that 50% of school children repeat their grade each year, dropouts had increased from 12% in 1972 to 15.4% in 1982, and that one-half of those aged 13-15 did not attend school, while fully three-quarters aged 16-17 did not. Tico Times, 10 July 1983.

²⁹Idem, ibidem.

³⁰Idem, 25 November 1983.

³¹All figures come from La Nación Internacional, 22-28 March 1984, quoting research by Carlos Denton and Gilda Acuña of Consultoría Interdisciplinaria en Desarrollo (CID), a Gallup affiliate for Central America based in Costa Rica. There was a 4.5% margin of error in the results.

³²The entire discussion of PLN and PUSC precandidacies was based on the special report in La Nación Internacional, 8-14 March 1984, as well as on personal knowledge of the individuals involved.

³³La Nación, 2, 6, 24 December 1983. For a fuller discussion of the events and the groups involved see, Gudmundson, "Costa Rica" in Yearbook of International Communist Affairs - 1983, Hoover Institution, Stanford, California, 1984 (forthcoming).

³⁴La Nación, 27, 30 December 1983; 4 January 1984.

³⁵Idem, 2, 24, 27, 30 December 1983; 1 January 1984.

³⁶Idem, 7 December 1983.

³⁷The Miami Herald, 10 May 1984, p. 21a.

³⁸The quoted material, as well as the poll regarding creation of an army, comes from Marc Edelman and Jayne Hutchcroft, "Costa Rica: Modernizing the Non-Army," NACLA Report on the Americas, Vol. XVIII, No. 2, March/April 1984, pp. 9-11.

³⁹On the June car bombing see: La Nación, 30 June 1983 and FBIS, 15 September 1983. For the October attack, FBIS, 4 October 1983. On the North Korean-ETA connection see, La Prensa Libre, 21 November 1983 and FBIS, 30 November 1983.

⁴⁰La Nación, 19 December 1982.

⁴¹On the fighting back and forth in Upala see: La Nación, 26, 27 July 1983; New York Times, 31 October 1983; Paris AFP, 4 August 1983; FBIS 5 August

1983.

⁴²The frankness of these declarations make them worth quoting at length. Mr. Guillén called on "some government officials to abandon their enthusiasm for the idea of making themselves into generals commanding a war," while Mr. Solano scathingly put down those who advocate war: "Many clamoring for war will go to Miami as soon as it starts. ... In the end it will be poor Costa Ricans, led by the Civil Guard, who will have to do all the fighting. This country should not allow itself to be dissuaded from the path of dialogue." Inforpress - Central America Report, 11 May 1984, p. 2.

⁴³Latin American Regional Reports: Mexico and Central America Report, 4 May 1984, p 7.

⁴⁴During the late 1970s the fear was one of "Uruguayization" as the welfare state model ossified. However, as early as 1980 La Nación editorialized using this new comparative reference to national/regional crisis (28 November 1980, pp. 3-4). The same expression was later used by journalist Ted Cordova-Claure to explain President Monge's message to a European parliamentary delegation visiting Central America in December 1983 (The Miami Herald, 19 December 1983, Spanish edition, p. 7), referring specifically and negatively to the Reagan policy, in contrast to the Contadora initiative.

⁴⁵New York Times, 20 September 1983; FBIS, 9, 19, 29, 30 September, 3 October 1983.

⁴⁶New York Times, *ibid*; FBIS 9 September 1983.

⁴⁷For a striking example of this essential similarity of thought, see: La Nación Internacional, 17-23 May 1984, p. 7. In this same issue Volio's successor, Carlos José Gutiérrez, repeats the administration's pro-neutrality pro-Contadora position in contrast to the Volio-Facio hard line.

⁴⁸FBIS, 17 October 1983, pl.

⁴⁹FBIS, 26 October, 16 November 1983.

⁵⁰FBIS, 18 November 1983.

⁵¹FBIS, 16, 30 September 1983; New York Times, 20 September 1983; La Nación, 22 September 1983.

⁵²FBIS, 16, 17 November 1983.

⁵³Tico Times, 27 January 1984.

⁵⁴FBIS, 2, 22 November 1983.

⁵⁵For further details see, The Miami Herald, 5 May 1984, p. 1, 12a; 6 May 1984, p. 28a; Inforpress, Central America Report, XI, 18, 11 May 1984, p. 137; FBIS, 4, 7, 11, 14 May 1984.

⁵⁶The Miami Herald, 10 May 1984, p. 21a.

⁵⁷Mutual Radio Network, 11 May 1984. For a recent analysis which sees the pro-U.S. line gaining control in the Monge administration see: "Costa Rican Neutrality Throttled: Washington Pushes Military Aid on San José Government", Washington Report on the Hemisphere, 4, 17, 29 May 1984, pp. 1, 6.

⁵⁸La Nación Internacional, 17-23 May 1984, p. 1; Tico Times, 18 May 1984, p. 1.

⁵⁹The Miami Herald, 17 May 1984, Spanish edition, p. 5; ibid, 27 May 1984, p. 24a. At the meeting in Panama Gutierrez indicated tha Costa Rica would continue to request the increased U. S. arms aid, despite the fact that he had earlier insisted no such request had been made. The Mexicans had been particulary critical of Costa Rica's surprise sponsorship, with El Salvador and Honduras, of an anti-Nicaraguan proposal April 29th at the Contadora foreign ministers' conference in Panama. Interpreting this as a U.S. power play, the Mexican convocation for the subsequent (May 15) meeting of D'Escoto and Gutiérrez and the formation of a border commission, reflects President De la Madrid's rejection of Reagan policy as expressed verbally in Washington that

same week.

⁶⁰For sources which highlight the conflictive aspects of De la Madrid's visit, as well as the plan to pressure Mexico, see: The Miami Herald, 15 May 1984; ibid., 26 May 1984, p. 27a, for a story by Marlene Nadle, entitled "U.S. Suspicions about the Left Worrying Mexico."

⁶¹For the first reports of the events, suggesting ARDE-FDN-CIA splits as leading to the attack, see: The Miami Herald, May 31, 1984, pp. 1, 27a. For later developments see The Miami Herald, 1 June 1984, pp. 1, 8a; New York Times, 1 June 1984, p. 1; The Miami Herald, 2 June 1984, p. 1a.

TEXT OF COSTA RICAN NEUTRALTY STATUTE

"We declare that Costa Rica will observe neutrality in all armed conflicts affecting the states of the international community, subject to the following:

Active

Our neutrality does not imply impartiality in ideological and political conflicts in the world. Costa Rica has maintained and will continue to maintain the political and social concepts it shares with Western democracies. This neutrality will not prevent it from actively exercising its rights as a member of the United Nations and the OAS in all actions aimed at preserving international peace and security, except those having military implications; at achieving a more just social and economic system in relations among states; and at the promotion of human rights and fundamental freedoms.

Autonomous

Our neutrality is based on our sovereignty. Our country does not recognize the right of any state to interpret the consequences of this declaration of neutrality to determine, define, or limit our country's foreign policy, either at the United Nations and its agencies, at the OAS, or in bilateral relations with other states. We ratify the obligations imposed on us by international treaties and pacts that we have signed, and we request that in the collective security systems to which we belong we be freed from participating in military actions, which we have not taken part in for more than 30

years because we do not have an army. Instead, in those situations we have preferred to fulfill our duties through humanitarian actions.

Qualified

We will not be neutral in the face of the states that are guilty of aggression or against which the UN Security Council issues preventive or coercive measures. Neither will we be neutral with regard to those who attack states to which we are committed by virtue of regional collective security systems, as provided by Article 53 of the UN Charter, or that exercise the right to individual or collective defense, as provided by Article 51 of the UN Charter.

Unarmed

Our declaration of neutrality will not require the reestablishment of the army as a permanent institution. The country's external security will be based on the collective security systems to which it belongs.

Permanent

Our neutrality does not refer to a particular conflict or a specific region of the world. Neither is it temporary. We hope that the decision adopted by the current government will be maintained by those who succeed us. For this purpose, we are committed to struggle so that this principle, which we feel is a natural development of Article 2 of the Constitution, will be expressly included in the country's Constitution so that it will be permanent.

We also declare that our government knows and is ready to

fullfill the duties and obligations this declaration involves in accordance with international law, doctrine, and custom. On behalf of the Costa Rican people, we make known this declaration to all the member states of the international community. We will be grateful if they, on their own behalf, decide to recognize, support, or guarantee this declaration.

Issued in San Jose, Costa Rica on 15 September 1983, 162d anniversary of the proclamation of our independence."

[Signed] Costa Rican President Luis Alberto Monge

Source: Radio Reloj, San José, 15 September 1983; (Foreign Broadcast Information Service, 16 September 1983, pp. 1-4.)