

Central America's Anchor

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Although Panama's economy is the healthiest in Central America (it is only one of five Latin American countries given an investment grade), it cannot rival Costa Rica's democratic record since 1948 as an anchor, at times, in a surrounding and stormy political sea.

Costa Rica has no oil or minerals but if democracy was a natural resource, it would be a very wealthy country indeed. Smaller than Panama, but with a larger population (over 4.5 million), Costa Rica lies between Nicaragua to the north and Panama to the south, being slightly larger than the combined size of the North American states of New Hampshire and Vermont.

When Christopher Columbus explored it in 1502, Costa Rica was inhabited by about 400,000 migrant American Indians and although Costa Rica in English means rich coast, the wealth anticipated by the Spanish conquistadors who arrived in 1524 did not materialise. The country was settled by poor, independent farmers, with an absence of big estates controlled by powerful men, so consequently, the system of land tenure practically ensured from the very start that Costa Rica would develop as a democracy – not that there weren't some flare-ups after independence in 1821. After becoming a republic in 1848 there was the military dictatorship of Tomás Guardia between 1870 and 1882 followed by a coup and counter-coup in 1917. But since 1948 (a turning point in its history and 100 years after becoming a republic) the country has remained democratic and stable.

The presidential election in 1948 had been annulled after the government's candidate, Rafael Calderón, refused to accept defeat (he came second in the polls). An opposition leader, José Figueres, however, led a revolt in support of the winning candidate, Otilio Ulate, and after an interim regime was established, the constitution was changed, the army was abolished and Mr Ulate became president. Mr Figueres succeeded him in 1953 and was instrumental in introducing important social reforms; he also made sure that Costa Rica's commitment to democracy remained on course. The eminent political scientist, Robert Dahl, has compiled a list of the world's 22 "older democracies" and Costa Rica is the only Latin American country to be included. Despite the recent world recession which has taken its toll on regional countries, Costa Ricans remain content with democracy and in a Latinobarómetro poll at the end of last year when people were asked how satisfied they were with the way democracy works in their country, contented Uruguayans topped it (almost 80%) with Costa Ricans in second place at just over 60%.

What banking is to Panama, tourism is to Costa Rica and it is the country's main source of foreign exchange while the main exports are coffee, bananas, sugar, textiles, electronic components and electricity. Unfortunately, despite the country's label as the Switzerland of Central America due to its stability, it has suffered, as other Central American countries have, from the scourge of drug trafficking by being a natural transit point for cocaine from South America on its way north to the lucrative market in the United States of America. The US Drug Enforcement Administration estimates that up to three-quarters of South American cocaine going north passes through Central America and much of the recent rise in Costa Rican crime (the murder rate almost doubled between 2004 and 2008) has been attributed to drugs.

The inauguration of a new president, Laura Chinchilla, takes place this month. She is the first woman to hold the office and only the fifth woman to become a Latin American president; in fact she and former Chilean president, Michelle Bachelet, are

the only women who did not have prominent political husbands instrumental in their appointments. President Chinchilla owes much of her success, however, to the fact that she is the protégée of Costa Rica's previous president, the very popular Óscar Arias. Besides benefiting from her predecessor's popularity, she faced a divided, rather than cohesive, opposition.

Mr Arias had also been president from 1986-1990 and won the Nobel Peace Prize in 1987 for his role in helping to end civil strife in the region. Then it was rebels, not recession, that saw the Costa Rican economy suffer due to its president's preoccupation with being a regional statesman during the Nicaraguan conflict. Although his attempts in 2009 to resolve the political crisis in Honduras after President Manuel Zelaya was removed from office were not effective (see Issue 200 – "Politics in a Minefield"), the key role played by President Arias in bringing peace to troubled Nicaragua in the 1980s is undisputed. In doing so he followed the path which Winston Churchill had trod during the Second World War when the British prime minister struck an alliance at Yalta with Russia in order to fight Nazi Germany; he famously remarked that in order to fight Adolph Hitler he would make an alliance with Hell and would be certain to make a favourable reference to the Devil in the House of Commons.

The perception shared by many is that Costa Rica, although inextricably linked for many years with Nicaragua, looks down on its impoverished and mainly mestizo (a Spanish colonial term for those of mixed racial ancestry) neighbour. Even so, its democratic roots encouraged Costa Rica to deliver weapons, smuggled from Cuba, into the hands of Nicaragua's Sandinist rebels when they were fighting the despised regime of Nicaraguan dictator, Anastasio Somoza. The Sandinista National Liberation Front (SNLF) had been founded in 1961 to fight the Somoza family dictatorship which began in 1937 and only came to an end in 1979 because of the SNLF whose leader, Daniel Ortega, went on to serve as the country's president for one term in 1984. But after the Sandinistas had won the war they imposed a leftist pro-Cuban regime which was an anathema to Costa Rica (not to mention the US) which then did a volte-face and, like the US, began supporting anti-Sandinist rebels (called the Contras) such as Eden Pastora who was known as Commander Zero. Óscar Arias was the mastermind behind

subsequent negotiations between the two rebel groups which eventually led to an agreement to hold a free and fair general election. Nicaraguans, who had already lived through the Sandinista Revolution and the subsequent Contra war, got their promised election and when the votes were counted the Sandinistas had lost; but they kept their word and kept the peace.

President Chinchilla has her work cut out for her. She is a social conservative as well as a career politician who has served in the past as public safety minister, congressional deputy and most recently as vice-president and justice minister in the Arias government. Although her centrist party (National Liberation Party) was originally social-democratic, Mr. Arias had moved it more to the centre. The new president promises to create an anti-drug czar to counter the efforts of drug smugglers, as well as recruiting more police and revamping the court system; but finding the money will be a challenge because of heavy government borrowing to shelter Costa Ricans from the recent world recession. The public debt is some 46% of Gross Domestic Product whilst tax revenues only total 15% of GDP and the GDP real growth rate (these are estimates) slid from 7.8% in 2007 (when the country had its first budget surplus in 50 years) to 2.6% in 2008, turning negative (a 2% contraction) last year. So President Chinchilla inherits an economy hurt by a recession that has snatched away any economic growth that may have been enjoyed by former president Óscar Arias and although foreign investors continue to be attracted by the country's political stability, 20% of the population has remained in poverty for nearly 20 years; it is unlikely, in the present circumstances, that this will change for some time to come.

Opposing political philosophies still mean that relations between Nicaragua and Costa Rica remain uneasy – not to mention the problems created for Costa Rica by the large number of illegal Nicaraguan immigrants. In 2006 Daniel Ortega, the Sandinista phoenix, returned to power in Nicaragua and it is to be hoped that President Chinchilla can deal with him as successfully as President Arias did; she may not have to parley with the Devil, but she must (as H. L. Mencken, the late American writer and critic, once put it) still be a politician who can sit on a fence and yet keep both ears on the ground.