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## Costa Rica Inaugurates Arias; Second Presidency Faces Stiff Opposition

by Mike Leffert

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On May 8, Oscar Arias was sworn in as President of Costa Rica, returning to the office he held 20 years ago, from 1986 to 1990. He is a different man than he was then, and Costa Rica is a different country. Back then, the overarching problem was war and peace in Central America, and Arias acquitted himself brilliantly, winning the 1987 Nobel Peace Prize for his part in bringing an end to war in El Salvador and Nicaragua. Now the issue is the Central America Free Trade Agreement (CAFTA), and Arias cannot bank on the support of a divided electorate that brought him to power with a margin of just slightly over 1% (see NotiCen, 2006-03-02). The returning president was given no slack, not a moment to forget the coming battle to bring Costa Rica into the CAFTA fold. As the inauguration ceremony droned on in the Estadio Nacional, thousands of unionists, academics, students, and popular-sector activists clamored outside to remind him that his support of the agreement would not go unchallenged. Arias, in turn, threw down his own gauntlet. "Sovereignty is not defended with prejudices or slogans but with work and with concrete plans to bring prosperity to Costa Rica. Isolating Costa Rica from great movements in the modern world is a reactionary cause and a betrayal of the country's youth," he said in his half-hour speech. Arias appears to have put together a coalition in the legislature to pass the free-trade agreement (FTA), although his Partido Liberacion Nacional (PLN) does not have a majority. But approval in the streets is another matter. "It will be four years of social exclusion," said Rodrigo Chavarri, a telecommunications worker. "We already know about the free-market philosophy of Oscar and his team." They know, they disapprove, and their mood has changed the face of Costa Rica. Arias was surrounded by a large security force, something long thought unnecessary in a country known for its civility and tolerance. This is the first time, said news reports, in the history of the country that a president has been inaugurated in the midst of protest against him. A police fence kept protesters away from the stadium. When some in the crowd attempted to climb it and were turned back, one of the coordinators called out to them through a bullhorn, "Calm down; this has hardly begun. There will be plenty of time to keep on demonstrating against the FTA." The crowd outside was estimated at about 15,000, more than the 13,000 attending the event inside the stadium. This does not reflect the reality of Arias' support, but he does not come to office with the backing he had two decades ago. A CID-Gallup poll shows that 59% of the population have confidence in him, 32% do not. In 1986, he had a 75% favorable rating, 13% unfavorable. Arias also did not have opposition that was so well organized as this time. Otton Solis, the candidate Arias beat by only 18,000 votes, announced hours before the investiture that he and his party, the upstart Partido Accion Ciudadana (PAC), would continue an "open struggle against the treaty." Solis has 17 deputies in the legislature, and he vowed they would oppose the official party's efforts to ratify CAFTA. "It will be a struggle with solid arguments against approving this treaty as it was negotiated during the administration of [Abel] Pacheco," he said. Solis ran on a promise not to approve CAFTA unless it was renegotiated. Costa Rica remains the only country not to have ratified the pact. The new president will be pressed by his powerful constituents to get the treaty passed. His PLN received 75% of all private contributions to political parties, according to the Corte Suprema Electoral (CSE). Arias has

fashioned a congressional pact that ought to ensure ratification. The coalition is composed of his PLN, the outgoing and practically ruined Partido Unidad Social Cristiano (PUSC), the right-wing Movimiento Libertario (ML), and two independents. Together they have 38 votes in the 57-member body. Patience and preparation advised Even with the financial wind at his back and plenty of oars in the water, some analysts are advising the president to take his time. Analyst Luis Guillermo Solis said that Arias must look to governance first and that would require dialogue and a "strong social pact. Without that, it is very difficult to imagine social peace," he said. Solis said it would be "careless" of Arias to mistake a majority in the legislature as a gauge of political sentiment. "I think it could lead to a scenario of turbulence that would not be a good thing for a president coming to power with the support of a minority of voters." Solis also said he thought the opposition PAC ought to give up its position on renegotiating CAFTA, since that is not going to happen, and assume constructive leadership of the "No to CAFTA" movement, taking a definitive position on the issue. Solis sees CAFTA's best chance of passage without sacrificing governability as the outcome of negotiations between the two sides leading to a "national understanding." Lacking that, if the president forces passage prematurely, the political scientist foresees ongoing confrontation in the legislature and continued mass demonstrations in the streets. At the moment, the situation seems headed for the latter scenario. Arias has repeatedly said CAFTA would be approved in the first six months of his term, and powerful opposition leaders are ready to take him on. Alvaro Vargas, head of the Asociacion Nacional de Empleados Publicos y Privados (ANEP), has said the country's popular sector is united against ratification. ANEP is the country's largest union. The unions started pressing Arias on other matters, like wage hikes to bring them back to parity with inflation, while he was still president-elect. One of the country's sources of national pride has been human development as measured by the distribution of wealth. Recent studies have shown that distribution is becoming increasingly unequal. Apart from the CAFTA question, Arias hit another bump on the inaugural road. He had hoped that Venezuela's President Hugo Chavez would attend the festivities so that he could have a minisummit with Chavez, President Alvaro Uribe of Colombia, and President Alfredo Palacio of Ecuador. One subject on the agenda would have been the withdrawal from the Comunidad Andina de Naciones (CAN) by Venezuela (see NotiSur, 2006-05-05). A more pressing matter to discuss with Chavez would have been a deal to help Costa Rica with its fuel expenditures. Several nations have benefited from Chavez's Petrocaribe program under which Venezuelan petroproducts can be had under very favorable conditions in the present runaway market, conditions even more favorable than those of the Pacto de San Jose, a 1980 agreement whereby Venezuela and Mexico supply Central America. On the isthmus, El Salvador and Nicaragua have entered into highly innovative new agreements (see NotiCen, 2006-03-30, 2006-04-20, and 2006-04-27), and it is reported that Guatemala's President Oscar Berger would have liked to use the occasion to make a deal too. All that came unraveled when Chavez sent word a day before the inauguration that he would not attend because he was preparing for a trip to the European Union (EU)-Southern Cone Common Market (MERCOSUR) summit in Vienna, Austria. Otherwise, Arias enters the presidency organizationally prepared to govern. His Cabinet is in place. He chose his brother Rodrigo as Minister of the Presidency. Rodrigo served in that post in the first Arias administration. Mario Vargas will be minister without portfolio, coordinating the ministries and keeping the president's agenda on track. Economist Fernando Zumbado will be housing minister, which is also an anti-poverty post. He will also coordinate the Consejo Social. Economist Guillermo Zuniga will be finance minister. Central Bank president Francisco de Paula Gutierrez will stay on in that assignment. Alfredo Volio will be production minister. This post replaces the economy, industry, and commerce ministries, as well as the National Production Council. Others

ministers are: Foreign Trade - Marco Vinicio Ruiz Labor - Francisco Morales Environment and Energy - Roberto Dobles Tourism - Carlos Ricardo Benavides Foreign Affairs - Bruno Stagno Public Security - Fernando Berrocal Justice - Laura Chinchilla, First Vice President Economic Policy - Kevin Casas, Second Vice President Public Works and Transport - Karla Gonzalez Most of the Cabinet was in place by early April. What they have in common, say reports, is commitment to Arias' plan to break up monopolies, both public and private. High on the agenda will be the Instituto Costarricense de Electricidad (ICE), the state telecommunications monopoly. Arias will have to do away with this very powerful entity to conform to the provisions of CAFTA. [Sources: La Nacion, 04/06/06; Caribbean and Central America Report (UK), 04/25/06; Agence France-Presse, Associated Press, Reuters, Xinhua, 05/08/06; ANSA, 05/08/06, 05/09/06; Granma (Cuba), 05/10/06]

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