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COSTA RICA

Arias Celebrates 20 Years of Peace Plan and Prize

A fateful Aug night 20 years ago in Guatemala birthed President Oscar Arias' global reputation as a peacemaker and led to his winning of the '87 Nobel Peace Prize. Some say that night also was the beginning of a long path towards peace for a war-torn, violence-ravaged Central America.

As one version has it, Arias, serving as president of Costa Rica ('86-'90) in a time before presidential reelections were allowed, locked his fellow Central American presidents in the hotel room in Esquipulas where they were discussing his draft of a regional peace plan (which was offered as an alternative to one presented by US President Ronald Reagan), and personally blocked the door to keep them from leaving to consult their advisors and generals.

To the chagrin of US authorities, the regional peace plan proposed by Arias, known as Esquipulas II, was signed on 7 Aug '87, but by no means brought the regional conflicts to an immediate halt, rather it is credited for laying the groundwork that led to a cessation of hostilities in Nicaragua, El Salvador and Guatemala over the next decade.

Twenty years later, Arias is once again president of Costa Rica ('06-'10), thanks to a convenient change to the Constitution in '03 not long before he announced his bid for a second term. On 8 Aug '07, at the National Auditorium in Costa Rica, he celebrated the anniversary of the peace accords flanked by the presidents of Guatemala, Honduras, El Salvador and Panama. Daniel Ortega—the Sandinista rebel leader who was president of Nicaragua at the time of the accords—also was one of the signers of the peace plan and like Arias returned this year to the presidency, but he was unsurprisingly absent from the anniversary celebration in San José.

Since Arias and Ortega have returned to power in their neighboring countries, relations between the two have gone frigid, with Ortega leveling direct, biting criticism at Arias, who has been critical not only of Ortega, but also of his pals Fidel Castro of Cuba and Hugo Chávez of Venezuela.

Ortega said earlier this year that Arias did not deserve the Nobel Peace Prize awarded him, and that it should have gone to former Salvadoran President José Napoleon Duarte, who also strongly supported the peace accords and signed the treaty. Ortega has accused Arias of “conspiring” against the Sandinista revolution in the '80s by allowing the US-funded *contras* to use Costa Rican territory as a base for receiving supplies and attacking the Sandinista military.

Arias, who often references his peace-making achievements when pushing the highly controversial Dominican Republic-Central American Free-Trade Agreement (DR-CAFTA) in Costa Rica, identified poverty, organized crime and drug trafficking as the greatest threats to the relative peace and stability now enjoyed by the isthmus.

“Our great win 20 years ago will not survive in the midst of ghettos and gangs ... exclusive and deteriorating health systems ... populations without formal education ... economically divided societies,” Arias said during the 8 Aug anniversary celebration. Arias added that DR-CAFTA would bring economic development, therefore bolstering peace in Central America.

Big Spending in Costa Rica

Costa Rica is the place to spend money, and lots of it. According to Central Bank figures released this month, foreign direct investment in Costa Rica reached \$581.5 million in the first three months of this year, of which \$192 million was invested in property, largely along the Pacific Coast.

Costa Rica’s real estate market, considered a “hot” market around the globe (and particularly in the US), has seen foreign purchases of property nearly triple during the last year, according the Central Bank’s figures, with the bulk of the investment in the northwestern province of Guanacaste, and n the Central Pacific region. Those figures do not include “tourism investment,” such as the purchase and development of hotels.

While official figures for tourism investment were not available, several headline projects hint that this market is continuing to boom as well. Most prominently, Steve Chase, co-founder of the US Internet company America Online, announced in early Aug his plans for an \$800 million resort on Guanacaste’s Punta Cacique. This development project will include two luxury hotels with 270 rooms between them, and 300 private residences, both condominiums and houses. The project also will include a luxury spa and a fitness and tennis center designed and branded by tennis greats André Agassi and Steffi Graf.

The project was announced in Arias’ Presidential Office, with Arias and various ministers present, including Tourism Minister Carlos Ricardo Benavides and Environment Minister Roberto Dobles. The developers and the president lauded the proposed resort’s promises of progressive environmental practices and integration with its surrounding community.

However, some have wondered how an already-sapped region can provide sufficient water for all the proposed homes, swimming pools and the golf course, and the Environment Ministry’s Technical Secretariat (SETENA) found a list of faults with the project’s environmental impact study. The project—the largest investment in Costa Rican tourism history—is stopped in its tracks until it can get SETENA’s approval.

Although the largest, the Punta Cacique project is far from being the only big-brand, big-money hotel, resort or condo project announced recently. Coastal development—where condo projects are quickly outpacing hotels and any other kind of housing—has gotten so out of hand in Guanacaste that the government is currently drafting an emergency decree to regulate height, density, land use and other aspects of coastal development in the province.

In addition to the damage inflicted on the surrounding environment by the unregulated growth, the real estate frenzy, drawing thousands of buyers away from the depressed US housing market, has had consequences for local residents and local government.

Costa Rica's tourism epicenters are gentrifying coastal communities, while simultaneously providing a flood of new job opportunities, but forcing many of the people who fill those jobs to live in inland towns and rural communities where they can afford to live. Most of the low-skill construction jobs are filled by poor Nicaraguan immigrants who are supporting their families back home.

In the Central Pacific region, for example, the average Tico earns about \$375 a month. In the number-one job market, the burgeoning surf town of Jacó, a two-bedroom apartment rarely rents for less than \$400 a month, and single-family homes often cost more than \$100,000 to buy. Local government is being affected as well, because the cost of purchasing land for a new trash dump, municipal building, school or public housing project is becoming prohibitively expensive.

Former President Rodríguez Finally Charged

It took them a while—three years—but in early Aug government prosecutors announced they would formally present charges against former President Miguel Ángel Rodríguez ('98-'02, of the Social Christian Unity Party, PUSC), who is accused of taking large sums of money in kickbacks from the French telecom company Alcatel.

Rodríguez was arrested in Oct '04 as he arrived at the Juan Santamaría International Airport in Costa Rica, having just stepped down from his post as the recently-elected Secretary General of the Organization of American States (OAS) due to the Alcatel scandal. Rodríguez was met at the airport by police and judicial authorities, who boarded the aircraft, handcuffed him and removed him from the plane in front of the national press corps (Vol. 23, Nos. 10-11).

After nearly a year in prison under "preventive detention," then many months of house arrest and restricted travel, Rodríguez, who claims innocence, said he welcomed the recent judicial action.

In addition to criminal charges that the government has presented against Rodríguez and 10 others involved in the Alcatel case, the state-run Costa Rican Institute of Electricity (ICE) and the Attorney General's Office are adding civil law suits to the government's case.

ICE is demanding that Alcatel pay \$60 million in losses it says it suffered during the period when the French company operated nearly half a million cell-phone lines in Costa Rica. The Attorney General's Office is claiming another \$52 million in "social damages," and said that it was considering holding both Rodríguez and former President Rafael Angel Calderón ('90-'94, also of PUSC) —because of their alleged corruption—responsible for a loss of faith in Costa Rica's political system, as evidenced by record-low voter turnout in last year's presidential election.

Calderón has been charged with embezzlement and aggravated corruption for allegedly orchestrating a \$9.2-million "commission," which was split between various accomplices, from the \$39.5 million purchase of faulty medical equipment by the Costa Rican Social Security Fund from a Finnish company via the local Fischel Corporation (Vol. 23, Nos. 9, 11).

State prosecutors allege that Rodríguez and 10 others accepted \$9.6 million in bribes in exchange for guaranteeing that Alcatel would be awarded a \$146 million cell-phone contract in '01. ICE officials said in Feb that they would be ending that contract two years early, in part because of poor service, but also because of the alleged corruption scandal involving Alcatel officials.

A third former president, José María Figueres ('94-'98) of the National Liberation Party, also was implicated in the Alcatel scandal for allegedly receiving \$1 million from the company for what he said were “legal consulting services.” Figueres was out of the country at the time of the revelations and has not yet returned to Costa Rica (Vol. 23, No. 11).

—*Leland Baxter-Neal*