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WHY COSTA RICA NEEDS U.S. HELP

INTRODUCTION

Costa Rica is one of the world's most democratic and least defended nations. It abolished its army in 1949 and has only lightly armed 7,000 police and militia members. More than any other Central American nation, Costa Rica relies on the good behavior of its neighbors to maintain the security and integrity of its borders. In turn, because it lacks an army, Costa Rica poses no threat to any other country. There thus was considerable concern this May when Nicaraguan troops crossed into Costa Rica and attacked its security forces. The shocked Costa Rican government appealed for help, specifically requesting Washington to speed delivery of \$8 million in U.S. military aid already in the pipeline. This aid includes light defensive weapons such as rifles, mortars, machine guns, and ammunition, in addition to such non-lethal equipment as uniforms, jeeps, and light trucks.

Increased U.S. military shipments to Costa Rica have become imperative mainly because of Nicaragua's mounting hostility to Costa Rica. Nicaragua's Sandinista regime has massed a military force larger than any other in the region. The Sandinistas, moreover, are ideologically hostile to Costa Rican democracy and friendship with the U.S., and undefended Costa Rica must appear to Nicaragua as a ripe target for expansion.

Concern about Washington "militarizing" Costa Rica is legitimate. But this surely is not going to happen with the U.S. aid designed merely to replace obsolete equipment and train security forces in communications and border control.¹

¹ At the time of the May incident, Costa Rica had one .50 caliber machinegun that was trucked from spot to spot to defend against Nicaraguan airplanes. The requested rifles would replace the M-1s of World War II vintage now carried by Costa Rican rural guards.

While the U.S. must be sensitive to Costa Rican political reluctance to take more direct measures to defend itself, Washington should encourage it to improve its security forces and should provide the training and equipment to do so. Costa Rica will feel more secure about taking such steps if it is assured of continued U.S. commitment to the defense of its independence and political institutions. The U.S. should also engage Costa Rica in discussions and coordination measures designed to improve the capability for collective defense measures under the Rio Treaty.

U.S. economic policy should continue to encourage Costa Rican domestic reforms, such as amendment of the currency law² and reduction of the government's role in the economy. U.S. support for reviving the Central American Common Market could contribute substantially to this end.

COSTA RICA SINCE 1949

Costa Rica is about the size of West Virginia, with a population of 2.3 million. Given its democracy that dates back to 1889, its abolition of the army in 1949, and its extensive social services system, it is an anomaly in Latin America. Nine presidential elections have been held since the current Constitution was adopted in 1949. In all cases except one, the out-of-power party has won at the polls. The 1982 presidential elections that brought Luis Alberto Monge of the majority National Liberation Party to office with 57 percent of the vote illustrate the system's stability. The mainstream Unity party trailed Monge with 32 percent of the vote, while fewer than 4 percent of the voters backed rightist or leftist candidates.

The 1949 Constitution abolished the armed forces. The country now relies on a lightly armed and poorly trained Civil Guard of 4,000 and 3,000 Rural Assistance Guards to maintain internal order and meet external emergencies. For external defense, Costa Rica relies on the solidarity of the Organization of American States (OAS) and the Inter-American Reciprocal Assistance Treaty (the Rio Treaty), under which a signatory state may call on others for security assistance if its territory is attacked.

The Constitution also laid the basis for an extensive social welfare system. It created the "autonomous institutions"--state enterprises that provide social services to the public and directly carry out economic functions in banking, public utilities, and development. Steady economic growth through the postwar period, based on exports of coffee, bananas, and sugar, financed large

² Under Costa Rican law, it is illegal to denominate debt in foreign currency. Those who borrow from foreign sources therefore bear the exchange risk, which has led to the decapitalization of the banks and reduced availability of credit.

government expenditures on social services. The extensive welfare system reinforced the appeal and legitimacy of the political system.

Costa Rica's economy began to falter after the second OPEC hike in oil prices in 1979 and 1980. A combination of plunging coffee prices and a jump in its oil bill from \$83 million in 1977 to \$186 million in 1980 produced chronic and growing trade deficits, which were financed by external borrowing.³ Costa Rica's total foreign debt now stands at \$4 billion or \$1,700 per capita--one of the world's highest in per capita terms. Costa Rica is now heavily dependent on financing from the International Monetary Fund to meet its debt payments.⁴

Costa Rica's economic problems are also the result of large government expenditures for social programs and the proliferation of state agencies exempt from direct fiscal control by the government. Some of these agencies have encroached significantly on private sector activity.⁵ Subsidies for goods and services provided by state agencies, such as water, electricity, and gasoline, are an added burden on the economy.

COSTA RICA AND SOMOZA

Relations between Costa Rica and Nicaragua following their achieving independence in the mid-19th century often were strained by border disputes and the Costa Rican policy of giving refuge to political exiles from oppressive regimes in Latin America, including opponents of Nicaraguan leader Anastasio Somoza Garcia. Costa Rican leader Jose (Pepe) Figueres aided in an assassination attempt on Somoza in 1954 and supported two attacks on Nicaragua by exiled opposition groups. Somoza also backed two invasions of Costa Rica. The OAS intervened on behalf of Costa Rica and limited the incursions to minor incidents.

Costa Rica has continued accepting political exiles. With the outbreak of civil war in Nicaragua in 1978, hundreds of Nicaraguans in Costa Rica became active in the anti-Somoza movement. Sandinista rebels operated from sanctuaries inside Costa Rica with arms that flowed freely to them via Costa Rica from Panama, Venezuela, and Cuba.⁶ Costa Rica severed diplomatic

³ More than two-thirds of the debt was contracted under adjustable interest rates. As market rates rose, interest payments due on foreign debt jumped from \$60 million in 1977 to \$510 million in 1982.

⁴ The IMF is currently holding back on a \$53 million credit, pending government cuts in social services spending.

⁵ This is the case, for example, of the National Council of Production, originally set up to provide price stability for farm products through rational marketing techniques, which has now become a dominant agribusiness in its own right.

⁶ For further information on Cuban arms supply to the Sandinistas through Costa Rica, see Cuba's Renewed Support for Violence in Latin America, Department of State, Report No. 90, December 14, 1981.

relations with Nicaragua in November 1978 and expropriated Somoza's landholdings in the Costa Rican province of Guanacaste.

The main purpose of Costa Rican support for the anti-Somoza rebels was to assure a role for moderate, democratic elements in the future government in Managua. Said Daniel Oduber, President of Costa Rica from 1974 to 1978: "After Somoza was overthrown, in July 1979, the moment came to move in and try to create a democratic alternative... Social democrats, liberals, Christian democrats--everybody moved in. But it was not enough."⁷

COSTA RICA AND CENTRAL AMERICA TODAY

Costa Rica and El Salvador

While Costa Rica remains militarily neutral, it continues to be a strong advocate of democracy. As early as January 1981, the Costa Rican majority National Liberation Party displayed its dissatisfaction with the direction of the Sandinista revolution and with Sandinista involvement in El Salvador. The party disassociated itself from the Socialist International's pro-rebel statement on El Salvador and stated, in a pointed but indirect reference to Nicaragua: "We support liberation movements; but in no manner do we accept, under the pretext of liberating a people, the attempt to subject them to ideologies of despotic communism or to other foreign interests."⁸

Costa Rican policy on El Salvador favors talks between the Salvadoran government and the leftist insurgents. Costa Rica frequently has served as a mediator for such talks, and it cooperated with the efforts of former U.S. Special Ambassador Richard Stone. Costa Rica was quick to recognize the legitimacy of the Salvadoran election results. When Costa Rica was visited by El Salvador's newly elected president Jose Napoleon Duarte, Monge pledged "absolute and total" cooperation, adding: "We see in Jose Napoleon Duarte the true product of the will of the Salvadoran people."⁹

Costa Rica and the Sandinistas

Having provided the anti-Somoza rebels with asylum and a staging area during the Nicaraguan revolution, Costa Ricans were chagrined and alarmed to see that Nicaragua, contrary to the original statements of its revolutionary goals, was fast becoming a Marxist-Leninist state in close alliance with Cuba and the

⁷ "Can the U.S. Live with Latin Revolution?" Harper's, June 1984, p. 39.

⁸ Eusebio Mujal Leon, "European Socialism and the Crisis in Central America," in Howard J. Wiarda, ed., Rift and Revolution (Washington, D.C.: American Enterprise Institute, 1984), p. 278.

⁹ FBIS, May 19, 1984, P3.

Soviet Union. In January 1981, the National Liberation Party (PLN) stated:

In the case of Nicaragua, long tortured by dictatorship, we retain, with profound respect for the decisions adopted by this neighbor country, the hope and demand that its revolutionary process will be realized within the strict bounds of political and social democracy.¹⁰

Speaking more bluntly, Daniel Oduber said: "the boys, as we used to call them, became the owners of power. The Marxists-Leninists began slowly purging all those who were not complete and declared Marxists-Leninists."¹¹

Costa Rican tolerance of anti-Sandinista rebels within its territory demonstrates its changed attitude toward the Sandinista regime. When former Sandinista commander Eden Pastora in 1982 denounced the Sovietization and corruption of the Nicaraguan revolution and took up arms against his former allies, the Costa Ricans were quietly pleased. Yet, concerned about provoking militarily powerful Nicaragua, Costa Rica has stressed that it is offering ARDE, the anti-Sandinista rebel group, "political space" rather than "military space." On the other hand, Costa Rican officials admitted that its limited security forces are insufficient to ensure that ARDE (Democratic Revolutionary Alliance) does not use its "political space" to launch attacks on Nicaragua.

Confirming Costa Rican disillusionment with the Sandinista revolution is a July 1983 public opinion poll, in which 80 percent of those interviewed disapproved of the Sandinista regime.¹² Observed Interior Minister Alfonso Zuniga: "it is difficult for us to understand each other in the usual way because Nicaragua and Costa Rica have different political systems; Nicaragua practices totalitarian communism while we have a liberal democratic system."¹³

DEBATE IN THE MONGE ADMINISTRATION

Policies toward Nicaragua are creating friction within the Monge Administration. President Monge last year proclaimed the "perpetual, active and unarmed neutrality of Costa Rica." Yet he allows the ARDE political headquarters in San Jose. Authorities insist, however, that ARDE has no military bases or weapons inside Costa Rica.

Causing friction too is the disagreement between hard-liners, who want to improve Costa Rica's security forces and cooperate

¹⁰ Leon, op. cit., p. 279.

¹¹ Harper's, op. cit.

¹² Robert McCartney, "Costa Rica, Entangled in Nicaraguan Fighting, Vows to Seek Aid," The Washington Post, October 8, 1983.

¹³ FBI, May 23, 1984, P1.

with U.S. training exercises, and those who believe that the neutrality proclamation of November 1983 and the country's lack of defense will protect it from Nicaraguan aggression.

Signs of disagreement within the cabinet surfaced last November when Foreign Minister Fernando Volio resigned, reportedly because of the government's refusal to react more firmly to Sandinista intimidation.¹⁴ He was outspoken about Sandinista border raids into Costa Rica and insisted that a declaration of neutrality did not mean that the country should tolerate violations of its national territory.

COSTA RICAN VULNERABILITY TO SANDINISTA DESTABILIZATION

Nicaraguan Military

In size, equipment, and training, Nicaragua's armed forces exceed the combined forces of Guatemala, Honduras, and El Salvador. Nicaraguan regular, reserve, militia, and security forces number some 102,000 men, making them the largest military establishment in Central America. In addition, Cuba maintains approximately 9,000 advisers in Nicaragua, of whom 3,000 are admittedly military and security personnel. The Soviet Union has supplied Nicaragua with PT-76 amphibious tanks, a variety of military transport aircraft and helicopters, including a number of heavy firepower MI-8 helicopters, as well as multiple rocket launchers, T-54/55 tanks and SA-7 surface-to-air missiles. Moreover, Nicaragua is completing a 12,000-foot military airstrip at Punta Hueta, capable of handling any aircraft in the Soviet military fleet.¹⁵

Border Clashes

The danger raised by Nicaragua's growing military force has been driven home forcefully as a result of armed confrontations between Nicaragua's Sandinista army and ARDE, an anti-Sandinista guerrilla group with political headquarters in Costa Rica. As ARDE's anti-Sandinista military operations in southern Nicaragua have intensified since last September, tensions between Nicaragua and Costa Rica have mounted. Nicaragua has made increasingly forceful retaliatory raids into Costa Rican territory.

The first serious incident took place in late September when an ARDE attack on a Nicaraguan border station was countered several hours later by a Nicaraguan attack on a Costa Rican rural

¹⁴ Since resigning, Volio has been a frequent speaker at seminars on Costa Rican policy at which he has harshly criticized the government's neutralist stance. "Ex-cancilleres hacen duras criticas a la neutralidad," La Nación, April 26, 1984.

¹⁵ Jay Mallin, Sr., "More Soviet Weapons Landed in Nicaragua," The Washington Times, June 5, 1984.

guard station. Nicaraguan Defense Minister Humberto Ortega warned that Nicaraguan troops would pursue rebel attackers across the border to stop their attacks. Then on April 25, Sandinista planes reportedly fired about 50 rockets on the Costa Rican hamlet of San Isidro de Pocosol, forcing the 54 residents to flee. On May 3, Sandinista mortars landed about three miles inside Costa Rica. On June 11, the Sandinistas attacked the Costa Rican town of Jocote, firing six 82mm rounds, again forcing the residents to abandon their homes.

Nicaragua's Disinformation Campaign

The Sandinistas are waging an international disinformation campaign against Costa Rica. The intent apparently is to portray Costa Rica as an aggressor. The propaganda also is aimed at polarizing public opinion in Costa Rica.

In an interview with Costa Rica's La Nación, Sandinista leader Daniel Ortega said that U.S. military aid to Costa Rica "is obviously an offensive military response against Nicaragua."¹⁶ Published communiqués from the Nicaraguan foreign ministry have charged repeatedly that members of the Costa Rican Rural Guard join in attacks on its southern border. Statements made at OAS meetings repeat the theme of Costa Rican aggression and its cooperation with the U.S. as the primary cause of tension between Costa Rica and Nicaragua.

--Prior to his departure on a mission in Europe to rally support, President Monge said: "We have to counter the misinformation campaign against us....Instead of a country that is attacked on its borders, in its airspace, and on its territorial waters by the Nicaraguan Army, we are painted as a country that lends itself to attacks on Nicaragua."¹⁷

Adverse Economic Impact

Nicaragua's internal conflict and the cost of its communist revolution are damaging Costa Rica's economy. Waves of disenfranchised Nicaraguans are pouring into Costa Rica. Some 300,000 Nicaraguan refugees--one-eighth of Nicaragua's population--have sought sanctuary in Costa Rica. Economically damaging also may be Nicaragua's disinformation campaign if it diminishes West European economic ties with Costa Rica.¹⁸

¹⁶ La Nación, May 18, 1984.

¹⁷ FBIS, May 29, 1984, P1.

¹⁸ In a May 18 interview, Monge explicitly mentioned that he was seeking the moral solidarity of European nations, and that it was necessary "since European investors--under the influence of the misinformation campaign against Costa Rica--are not aware of our reality, and consider us part of the risky Central American area." FBIS, May 18, 1984, P1.

The Sandinista regime, moreover, claims that it is unable to pay its \$170 million trade debt with Costa Rica, while its support for leftist groups in the region undermines confidence among foreign and domestic investors. The regional strife provoked by the regime also impedes the revival of the Central American Common Market, which had played a substantial role in the region's economic growth.

Terrorism

Costa Rican officials fear that Nicaragua is sending agitators or terrorists into Costa Rica to stir up trouble. As such, the Monge government is considering ordering Nicaragua to reduce significantly its 80-member staff at its embassy in San Jose. Costa Rican Foreign Ministry aide Eckhart Peters has said: "There are real doubts in our minds as to what are the real assigned tasks of these personnel."¹⁹

Although terrorism was virtually unknown in Costa Rica before 1981, the government is now apprehensive about it. For one thing, a Special Legislative Commission established in June 1980 by the Costa Rican legislature determined that a substantial quantity of the one million pounds of arms moved through the country during the Nicaraguan civil war remained in Costa Rica after the fall of Somoza. This included anti-aircraft machine guns, rocket launchers, bazookas, and mortars. For another thing, the policy of allowing leftist political exile groups to maintain political headquarters in San Jose makes Costa Rica especially vulnerable to terrorist attacks directed or manipulated from abroad.

Since 1981, for example, Costa Rican authorities have arrested some twenty accused terrorists, and are investigating leads linking them to such terrorist groups as the Argentine Montoneros, the Uruguayan Tupamaros, Colombia's M-19, and Cuba. In November 1981, security officials discovered a terrorist cell connected with the Revolutionary Movement of the People (MRP), a Costa Rican communist party, and confiscated a cache of arms that included an Uzi submachine gun²⁰. The government has also been alarmed by the evidence that the Basque terrorist group ETA was apparently responsible for a San Jose bomb explosion in mid-1983, aimed at anti-Sandinista members of ARDE.²¹ A former Tupamaros member has emerged as a suspect in the May 30 attempt on the life of Eden Pastora, leader of ARDE, according to the Costa Rican Judicial Investigation Agency.²²

¹⁹ McCartney, op. cit.

²⁰ Cuba's Renewed Support for Violence in Latin America, op. cit., pp. 8-9.

²¹ "Bomb Kills Nicaraguan in Costa Rica," The Washington Post, June 30, 1983.

²² FBIS, June 18, 1984, P2.

COSTA RICA'S DEFENSE OPTIONS

To avoid entanglement in Central America's conflicts, while also protecting itself from Nicaraguan aggression, the Costa Rican government has simultaneously pursued three diplomatic avenues, none of which has been very successful thus far.

- 1) In September 1983, it requested a special meeting of the Organization of American States to protest Nicaraguan cross-border attacks and hinted that it might invoke the Rio Treaty. This did not deter further incursions by Nicaragua.
- 2) Costa Rican authorities have supported strongly the Contadora negotiations with the hope that they will lead to an improvement in relations with Nicaragua.
- 3) Costa Rica has held talks with Nicaragua, which established a Commission of Supervision and Prevention this May to investigate cross-border attacks. So far, however, border incidents are no less frequent or sharp than before the agreement.

U.S. Support

Before the Sandinistas consolidated their power in Nicaragua, Costa Rica had little need for outside security assistance. U.S. military grants to Costa Rica from 1950 to 1967 totaled a mere \$1.8 million and fell to absolutely zero from 1968 to 1981. In 1981, the U.S. provided \$31,000 for military training. It has focused on air and sea rescue operations, improved communications coordination, logistics, and border control activities.

Concerned about the military buildup in Nicaragua and an increase in Cuban-supported terrorism in the region, Costa Rica asked for aid to rebuild its security forces. In FY 1982, the U.S. gave San Jose \$2.058 million in grant aid, followed by \$2.625 million in FY 1983. It was used for training and nonlethal equipment for transportation and communications, including jeeps, patrol boats, uniforms, and boots. Congress has authorized \$2.15 million for FY 1984, and is considering a supplemental request for \$7.85 million. For next year, the Reagan Administration is asking for \$10 million for Costa Rica, apparently to purchase light defensive equipment such as automatic rifles, machine guns, mortars, and ammunition.

U.S.-COSTA RICAN RELATIONS

The United States and Costa Rica long have enjoyed excellent relations. Costa Rica has generally supported U.S. positions on hemispheric and international affairs. During the recent United Nations General Assembly, for instance, Costa Rica backed the U.S. position more consistently than any other Central American state but Guatemala. There also are strong personal and political

ties between the U.S. and Costa Rica. Former president José Figueres Ferrer had close ties with a number of President John Kennedy's advisers and was consulted frequently while Kennedy was designing the Alliance for Progress, an idea Figueres had advocated for years. The Costa Rican labor movement has strong ties to the AFL-CIO, and President Monge has worked closely with its international arm, the American Institute for Free Labor Development (AIFELD).

President Monge's National Liberation Party spans a broad political spectrum. The need for political compromise may explain Monge's occasional ambivalence toward association with the U.S. on regional issues that involve Costa Rican security. In October 1982, for example, Costa Rica hosted a Forum for Peace and Democracy that included the governments of El Salvador and Honduras as well as Belize, Colombia, Jamaica, Panama and the U.S., but pointedly excluded Nicaragua. Censured by some groups in his party for allying Costa Rica too closely with U.S. policy on Nicaragua, Monge publicly stated that the inclusion of the U.S. in the Forum had been a mistake.

Although Costa Rica wants more U.S. military aid, it is hesitating about broader military cooperation with the U.S. It has declined U.S. invitations to participate in regional military maneuvers, including an exercise in the Bahia de Salinas (off the northwest border of Costa Rica), and shows no inclination to join regional defense conferences, such as the reconvened Central American Defense Council. A proposal last fall to bring U.S. National Guardsmen to Costa Rica to construct roads and bridges in remote areas of the northern province was tentatively accepted by Monge, but pressure from his party forced him to reverse himself and reject the plan in January 1984. A new public works project involving from 350 to 1,000 U.S. Army engineers to work in both the northern and southern zone is now being discussed with Costa Rica.

This May, Costa Rica for the first time asked the U.S. for light defensive arms, such as antitank weapons, machine guns, and rifles. The request was initially kept confidential in Costa Rica, an indication of its political sensitivity. Although the timing of the request made it appear to be a reaction to a particularly serious border incident with Nicaragua, Costa Rican officials insist that it is not connected to Sandinista military pressure on their border.

U.S. POLICY

In crafting its policy toward Costa Rica, Washington now is in the rare position of not having to choose or make trade-offs among competing policy goals. It can pursue a policy that simultaneously bears out its moral commitment to democratic government and respect for human rights, protects a friendly and unarmed country from leftist aggression, and safeguards its geostrategic interest in resisting Soviet encroachment in the hemisphere.

U.S. support is needed because unarmed Costa Rica is exposed on its northern border to the expansionism of Nicaragua's Sandinista regime. The Nicaraguan army is heavily armed and can call on militia reserves of over 100,000. Costa Rica, an open and pluralistic society, is also vulnerable to externally supported subversion backed by the international intelligence apparatus of Cuba and the Soviet Union.

The U.S. should provide the equipment and training Costa Rican security forces need to control its border with Nicaragua more effectively and to deter Nicaraguan attacks on border towns. The enormous disparity between Nicaragua's armed forces and Costa Rica's 7,000 rural guards, combined with Costa Rica's reluctance to rebuild an army, make it virtually impossible to equalize their military strength in the short term. Costa Rica's security, however, can be guaranteed by the U.S. and the Inter-American system under the Rio Treaty in discussions and coordination measures to prepare for such a contingency. The U.S. should quietly encourage Costa Rica to participate.

The U.S. should assist Costa Rica economically to enable it to manage its foreign debt, primarily through balance-of-payment support. Over the longer run, Costa Rica must rebuild its economy. It has a highly literate and skilled labor force and sound basic infrastructure, both of which have attracted foreign investment. What renewed economic growth requires is a shift in economic policy to allow private sector expansion, primarily by reducing the public sector's share of credit and by eliminating inefficient state agencies and privatizing others.

Public diplomatic initiatives should play a prominent role in U.S. policy toward Costa Rica. Clear statements of U.S. commitment to Costa Rica's security would not only make clear to Nicaragua the high cost of intervention, but would also bolster Costa Rican confidence in dealing with Nicaragua. The other purpose of diplomatic support for Costa Rica should be to provide a fair and accurate portrait of the country, including its long-standing democracy, sound human rights record, and lack of defense.

The blatant disinformation campaign waged by the Sandinistas that Costa Rica collaborates in attacks on Nicaragua and seeks to overthrow its government should not go unchallenged. Nor should the U.S. remain passive in the face of Nicaraguan propaganda portraying Costa Rica's legitimate self-defense measures as aggression. The Organization of American States, where Costa Rica is widely respected and supported by the majority of Latin American countries, is an appropriate forum for countering Nicaragua's specious claims and publicizing Latin American solidarity with Costa Rica.

CONCLUSION

The U.S. has good reason to support Costa Rica, a friendly, unarmed country with a long democratic tradition and sound human

rights record. By providing relatively small amounts of military assistance and training, the U.S. can improve Costa Rica's ability to protect its borders against Nicaraguan incursions. Balance-of-payments assistance can prevent serious economic deterioration in the face of onerous debt payments, although economic recovery in the long term will require revised domestic policies to reduce the role of the public sector in the economy. By signalling its firm commitment to the protection of Costa Rican independence and its democratic institutions, the U.S. can make clear to Nicaragua the cost of its destabilization efforts, and it can bolster the diplomatic and economic ties that Costa Rica traditionally has enjoyed with Latin America and Western Europe.

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