

Nobel laureate returning to lead divided Costa Rica

WASHINGTON POST
MAY 7, 2006

SAN JOSE, Costa Rica (Reuters) - Nobel laureate Oscar Arias begins a second stint as president of Costa Rica on Monday, taking power in a nation divided over free trade with the United States and widely seen as rudderless.

Dignitaries from around the world, including former Polish President Lech Walesa, another Nobel Peace Prize winner, and U.S. first lady Laura Bush began arriving over the weekend.

Arias first served as president during the 1980s, when Central America was ripped by civil wars. He won the Nobel Peace Prize for his role in brokering an end to the conflicts.

Now he takes the helm as the nation and region focus on economic integration. He pledges to put his country of 4 million people on the road to developed-nation status, but lacks a clear mandate after his unexpectedly close election win.

Arias vows to push the Central American Free Trade Agreement with the United States, or CAFTA, through Congress.

Costa Rica has signed, but has yet to ratify the agreement already passed by the United States, Guatemala, Honduras, El Salvador, Nicaragua and the Dominican Republic.

Arias calls CAFTA "vital" but admits it is not ideal.

"I too have reservations about this free trade pact, but it cannot be renegotiated," he told a news conference on Sunday.

Arias, who was initially expected to win the February 2 race by a landslide, instead squeaked out a 1.12 percent victory over challenger Otton Solis, a CAFTA opponent.

That left Arias without a legislative majority and he must cut deals with other parties to pass the pact. The Supreme Court has yet to decide whether a simple majority or a two-thirds vote is needed to pass it.

FISCAL REFORMS

Labor groups and popular organizations vow to take to the streets to stop CAFTA, but Arias is resolute about passing it.

U.S. Rep. Dan Burton, an Indiana Republican who led a delegation to San Jose for the inauguration, expressed confidence in Arias after meeting with him.

"He's done a great job in the past and will do a great job in the future," Burton said. "I think he'll get CAFTA passed."

Arias, who likens himself to former U.S. President Bill Clinton and British Prime Minister Tony Blair, said the United States must play a greater role in the region's development.

He says he will use his worldwide acclaim as a Nobel laureate to attract investment and wants to shrink government. He hopes to reach economic growth of 6 or 7 percent, compared with around 4 percent last year.

Passing badly needed fiscal reforms is seen as another major test, and Arias has pledged to push a tax reform bill to force wealthier Costa Ricans to pay more for infrastructure.

But he faces disenchantment with government after the ineffectual administration of outgoing President Abel Pacheco.

Pacheco presided over the ruin of his own political party with revelations in 2004 that two of its former presidents were briefly jailed over allegations that they received bribes.

Analysts say Arias has a strong Cabinet but his administration may need more political skill to govern a country unclear about its direction.

"He has a good team, but their skills seem more administrative than political and they will need a lot of political skill," political scientist Rodolfo Cerdas said.