

Over There

The Guns of Costa Rica

On May 11, 1981 the Costa Rican government expelled two Soviet diplomats for allegedly meddling in Costa Rica's internal affairs and broke diplomatic relations with Cuba. These events occurred significantly three days before the publication of a Costa Rican Congressional report which revealed that during 1978-79 democratic Costa Rica was a conduit for the illegal arms traffic from Cuba to the Sandinistas in Nicaragua, that officials of the Costa Rican government cooperated in this traffic and may have personally profited for doing so, that senior officials, including President Carazo himself, attempted to cover up this scandal and placed obstacles in the way of the congressional investigation, and that following the Sandinista victory in Nicaragua, arms continued to flow through Costa Rican territory to the rebels in El Salvador.

The seventy-two-page final report, based on 3,000 pages of testimony from seventy witnesses during an eleven-month investigation, was the outcome of charges and allegations made in public by the former military advisor to the Costa Rican Ministry of Security, Alberto Lorenzo, and his son Daniel, a former Civil Guard officer who was an eyewitness to the cooperation between Costa Rican officials and the Sandinistas and Cubans.

"Watergate is nothing compared to what happened here in Costa Rica," insisted Alberto Lorenzo in a lengthy interview with this author. "In the States you had illegal break-ins, obstruction of justice and lying. Here you had the selling of arms and the selling of a country; giving over our territory for foreign soldiers to invade other countries."

"Carazo was totally involved with the Soviet-Cuban offensive in Central America," Mr. Lorenzo insists. "He knew the Communists were going to take over the Sandinista movement. I told him several times and also the Minister of Security. He was an important piece of the Russian-Cuban offensive in Central America."¹

This sensational report severely censures President Carazo and some of his highest officials, accusing them of lying, obstructing the

1. Author's taped interview with Alberto and Daniel Lorenzo, San Jose, Costa Rica, January 3, 1982.

work of the investigation, "going beyond the law," and tolerating the intimidation of witnesses. "The attitude of higher authorities," states the report, now fully translated for the first time, "implied the concealment of the facts to the National Assembly and the nation. It led necessarily to many subordinate officials, especially those connected to the events, lying to the commission and creating obstacles to the investigation."²

The story begins in January of 1979 when Daniel Lorenzo was sent to Venezuela with twenty-five other members of the Costa Rican Civil Guard for basic infantry training and instructions in guerrilla warfare. "When I came back," he recalls, "I was still sympathizing with the Sandinistas. So I quit the Civil Guard and went to join the Sandinistas at the fighting front. It was then that I started to see all the weapons with Chinese markings and I heard and saw the Communist Cubans talking all over the place. What really disturbed me was that the Sandinistas, only a short way from the [Nicaraguan] border, were in charge and there were no Costa Rican Civil Guards in command. This started to smell to me."

Again, Mr. Lorenzo's allegations find an echo in the official report. In bureaucratically understated language, it reveals the extraordinary information that Venezuelans, Panamanians, and Cubans "gave instructions to the officials of the Ministry of Security" about where arms arriving from Cuba via Panama were to be sent and even assisted Costa Ricans in the loading and unloading of arms. It also maintains that the Costa Rican government allowed "important groups of foreigners" to enter the country without "any type of immigration control being carried out. . . ."

Besides publicly censuring President Carazo for vetoing legislation that "favored the work of the legislative commission," the report also contends that when he first appeared before the investigative body he denied "knowledge of flights from Cuba for transporting arms." But after extensive press coverage of the allegations, the report continues, "he admitted the flights of armaments were coming from Cuba and added that these were arms provided by the Panamanian government."

International Socialist Support

The Commission notes that it could, through testimony from pilots hired for cash to ferry arms in small private aircraft, account

2. Text of English translation of Costa Rican National Assembly's Final Report, released May 14, 1981, p. 6.

for only twenty-one flights in the final two months in 1979 prior to the fall of Somoza. Daniel Lorenzo, however, maintains that evidence provided by airport administrators indicated that there had been as many as six flights a day, making a total of 250 in the two months of the Sandinistas' final offensive. "The traffic became so heavy," he insists, "that many of the commercial airline pilots were afraid that there would be mid-air collisions. So they solved this problem of flying without control tower help by flying directly from Cuba to Costa Rica's northern border with Nicaragua."

The report raises the additional point that, beyond Cuban, Panamanian, and Venezuelan assistance to the Sandinistas, Socialist European countries like West Germany and Portugal allowed repeated flights to Costa Rica in commercial unmarked Boeing 707's, containing large quantities of arms, with payloads as high as 9,000 pounds per flight. President Carazo denied any knowledge of such foreign flights. But the report concluded that "if the charges are true, we would be in the presence of a private arms smuggling operations carried out with the help of public officials." And certainly, in at least one case, the Palestine Liberation Organization chartered an American-owned 707 that was later loaded with fifty tons of munitions, with a flight plan calling for its eventual destination as Costa Rica. When the arms were impounded in Tunis, Tunisia, the crew claimed that they were flying medical supplies to clinics in Nicaragua via Costa Rica.³

Evidence of European socialist involvement in the arms traffic also comes from other sources. The Sandinistas' financial coordinator, Nicaraguan businessman Carlos Tunnermann, admitted that Social Democrats in twenty-five countries contributed large sums of money to the cause that may have paid for weapons and the considerable fees said to have been paid to private pilots flying arms into Nicaragua. Mr. Tunnermann specifically acknowledged the support of former West German Chancellor Willy Brandt, and former Swedish Prime Minister, Olof Palme.

Mr. Tunnermann revealed specific cash amounts: for instance, a special \$300,000 "gift" from Swedish socialists in the months prior to Somoza's fall. And between 1977 and 1979, West German, Swedish, and Venezuelan socialist groups gave a total each of \$1 million, according to Mr. Tunnermann. In addition, U.S. Socialists and liberals gave \$500,000; Switzerland donated \$300,000,

3. Associated Press dispatch, *Philadelphia Inquirer*, "U.S. Plane Is Released by Tunisia," July 13, 1979.

and \$200,000 was given by the Netherlands. And Mr. Tunnerman also alleges that the Costa Rican government, besides allowing its country to be used as a sanctuary for the Sandinistas provided medical supplies, hospitals, doctors, clothing, and transportation.⁴

Payoffs and Politicians

With so much money raised for the Sandinista cause it was inevitable that some Costa Rican politicians' support for the war against Somoza was more for money than for ideology. The Costa Rican official investigation implies, for instance, that government officials may have profited from the sale of arms to insurgents by seizing half the arms flown in from Cuba and Europe and storing them in government arsenals and warehouses for later resale to Marxist guerrillas. Alberto and Daniel Lorenzo insist not only that President Carazo personally profited from the arms traffic but also that one of his sons was involved in arms sales for profit. Daniel Lorenzo claims that he was present in the apartment of an arms dealer when he received a telephone call from one of the President's sons asking whether 100 rifles were still for sale at \$1,000 each. "The arms dealer," Daniel Lorenzo insists, "was concerned that the weapons would fall into the hands of the Communists. President Carazo's son said not to worry."

When the above allegations were made before the Costa Rican Congressional Commission, President Carazo branded them "false and a lie," hinting he might sue. But he has so far failed to launch a libel action. "They haven't sued us," maintains Alberto Lorenzo, "because they know we can back up with documentation our charges." And it is certainly true that earlier official denials of Costa Rican involvement in the Nicaraguan civil war have been discredited by the report.

During the period between June of 1978 and the fall of Somoza in July 1979, President Carazo and his Minister of Security, Juan Jose Echeverria, continued to deny allegations by the Somoza government and repeated reports in the press that Costa Rica was playing a critical role. In an interview with this author in September 1978, Mr. Echeverria insisted that "we are making every effort to stop our country from being used as a staging area for the Sandinistas. When we find a guerrilla," he continued, "we disarm him or her and deport them out of the country."⁵ Later in November

4. "How Sandinistas Raised Funds to Pay For Their War." *Christian Science Monitor*, July 17, 1979.

5. Author's notes from interview, September 8, 1978, San Jose, Costa Rica.

1978 Mr. Echeverria insisted to another U.S. reporter that repeated charges of Costa Rican involvement with the Sandinistas was a ploy by Somoza with "a clear objective on the part of the Nicaraguan government to provoke us. So far we have reacted with caution."⁶

However, the National Assembly's report specifically censures Mr. Echeverria for failing to control either the Sandinista guerrillas or the constant stream of weapons into the country. Indeed, it even points out that not only did he permit Panamanian planes to off-load Cuban weapons, but he also allowed them to be stored in Ministry airport hangers and warehouses, and later taken to the northern border regions "in trucks belonging to the Ministry of Security driven by drivers of the Ministry."

Spread of Conflict to El Salvador

Weapons for the Communist guerrillas in El Salvador also originated from some of the same sources in their country that had supplied the Sandinistas. In March of 1980 Minister of Security Echeverria had denied a charge by the defense minister of El Salvador that "arms are reaching Salvadorean guerrillas from Costa Rica."⁷ Again, however, the official report discredits this denial. "The Commission can categorically state," observes the report, "that during the year of 1980 and the first months of 1981 there took place a traffic of war materials from Costa Rica, or through Costa Rican territory, to El Salvador directly or using the Republic of Honduras as a bridge."

It was during this period, in June 1980, that a private plane of Panamanian registry, piloted by a Costa Rican national, crashed in El Salvador. It was loaded with arms that had been picked up in Costa Rica. In the same week, 84 rounds of 75mm recoilless rifles were captured in San Jose from an arms dealer who was in the process of making the transaction when seized.

Daniel Lorenzo also alleges that the assistant director of the Costa Rican National Security Agency, for whom he worked, had related to him how he had arrested a group of Salvadorean guerrillas in San Jose with enough explosives "to blow up downtown San Jose." The guerrillas were photographed and fingerprinted, but later "an order came down from Echeverria to release these guys. The explosives also disappeared with the fingerprints and

6. "Costa Rica Sees Somoza Plot in Border Action," *The Washington Post*, November 24, 1978.

7. United Press International, San Jose, Costa Rica, March 23, 1980.

photos." And both the Lorenzos maintain that the June 1980 resignation of Minister of Security Echeverria was forced by the Carter administration's two top State Department officials after it was discovered that the arms smuggling operation via Costa Rica had expanded from Nicaragua to El Salvador. "The American government," relates Daniel Lorenzo, "saw the mess and damage it had helped to create and it put pressure on Carazo to throw Echeverria out of power. The public reason for his resignation was that President Carazo, a Catholic, could not have in his government a divorced person as one of his top ministers."

The Costa Rican National Assembly's final report relates that in two instances Costa Rican nationals ferried arms into El Salvador by both plane and truck. One suspect was arrested in Honduras after "several trips (by truck) from San Jose, carrying arms for the Salvadorean guerrillas." On January 26, 1981, a Costa Rican pilot brought arms to El Salvador in a private plane of Costa Rican registry after leaving Managua, Nicaragua. "While all this does not directly relate to the arms traffic," the final report states, "it does serve to tie Costa Rican pilots and airplanes to clandestine operations in El Salvador."

Central American Crossroads

The spread of terrorist war to El Salvador, Honduras, and Guatemala has its origins in the guns that Costa Rica permitted to pass through its territory. Former Costa Rican foreign minister Gonzalo Facio contends that President Reagan must seriously consider leading a move in the OAS to create an Inter-American military peacekeeping force to combat a new Communist offensive that he contends is coming and could climax with Central America suffering the same fate as Cuba and Nicaragua.

"The objective of the current Communist offensive in Central America," he maintains, "is Mexico and its vast oil riches and its geographical proximity to the US. If the Reagan administration does not soon take prompt action the whole Central American region will go to the Communists in Havana and Moscow by deadly default."⁸

Jeffrey St. John

8. Tape recorded interview with Gonzalo Facio, San Jose, Costa Rica, January 6, 1982.

Rescuing Reaganomics

DAVID HALE

It seems probable that the Reagan administration will have to change its fiscal policy. Public confidence in the Administration's economic strategy is dissipating rapidly under the impact of rising deficits and high interest rates. There could be a Republican political disaster this autumn. In turn, congressional Republicans—including some of the President's closest ideological allies like Senator William Armstrong (R-Colo.)—are looking for ways to increase revenue as the easiest way of tackling the looming deficit. Unless the President decides to force a more accommodative monetary policy upon the Federal Reserve (which would threaten his success in reducing inflation) pressure will continue to build for fiscal policy changes aimed at reducing future budget deficits.

Admittedly Arthur Laffer and a few "supply-side" economists are trying to persuade the President that he could solve his problems at a single stroke by returning to the gold standard, but it is questionable whether any monetary reform by itself will eliminate pressures for fiscal policy changes aimed at reducing future budget deficits. Laffer argues that a return to gold will wipe out the big inflation premium which currently exists in U.S. interest rates, but the inflation premium will vanish only if investors believe the switch to gold is permanent. Any testing of the gold window to determine the authority's resolve could result in monetary policy becoming even more restrictive than it was in 1981.

If monetary policy cannot be altered to satisfy the Administration's objectives, fiscal policy will have to be changed. The only question is how this change will occur. Will financial and economic crisis this Spring or Summer result in panicky attempts to reduce the budget deficit by repealing some portion of 1981's personal income tax changes? Or will the Administration itself go back to the drawing board and produce an alternative budget strategy which remains consistent with its initial goals of improving tax incentives for work, savings, and investment? The way this question is answered will have a major impact on how economic policy is conducted for many years to come.

There is a considerable risk that if the Administration does nothing, it will be overwhelmed by a crisis which jeopardizes not