

### Relations with Nicaragua

In January 1986 the Nicaraguan government and press alleged that the flow of arms from Honduras (including airlifting of supplies) to contras inside Costa Rica had increased, and that the Costa Rican Minister of Public Security, Sr Benjamin Piza, had recently negotiated \$3,000,000 in US security assistance. Sr Piza denied all charges, and Vice-President Araúz specifically denied signing any security aid agreement with the USA.

Diplomatic relations between Costa Rica and Nicaragua, which had been damaged in early 1985 by the Urbina dispute [see pages 34032-33] and by an incident involving the killing of two Costa Rican border guards on May 31, 1985 [see page 34036], were normalized on Feb. 13, 1986, after President Ortega of Nicaragua had issued a carefully worded statement accepting responsibility for the latter incident.

A new Costa Rican ambassador to Nicaragua, Sr Oscar Castro Vega, took up his post on Feb. 19. The new Nicaraguan ambassador to Costa Rica was Sr Claudia Chamorro Barrios, whose father, Sr Pedro Joaquín Chamorro Cardenal, had been assassinated under the Somoza regime, this killing helping to precipitate the intensification of the anti-Somoza struggle in January 1978 [see 29020 A; 29373 A].

Sr Arias Sánchez was reported on Feb. 15 to have said that it was important to normalize relations with Nicaragua within the framework of efforts to seek peace in the region. However, he said that he was not planning to visit Nicaragua during his forthcoming tour of Central America [see below].

Relations were further improved when on Feb. 24 the Costa Rican and Nicaraguan Deputy Foreign Ministers met under the auspices of the Contadora Group and agreed to establish "a permanent force of inspection and vigilance" to keep the peace along their border.

A joint statement said that the preliminary accord reflected "a political commitment by the two countries to assure the integrity of their respective territory and prevent it from being used to carry out destabilizing actions in other countries".

At a later meeting, on March 12, convened to discuss the composition and financing of a border patrol force, the Costa Rican representative walked out of discussions on the establishment of a "demilitarized corridor from the Pacific to the Caribbean, under administrative control of an international commission", claiming that such plans were "unacceptable to our sovereignty", and that the term "demilitarized" presupposed the existence of a military force, while Costa Rica was a neutral country with no army.

Radio Impacto (San José) reported that Nicaraguan government forces clashed with a Costa Rican civil guard patrol on April 16, following a Nicaraguan incursion into Costa Rican territory at the border post of Los Chiles.

A leader of the Nicaraguan contras, Sr Adolfo Chamorro, was deported from Costa Rica on April 25, 1986, two days after he had entered the country.

At the inauguration of Sr Arias Sánchez as President, on May 8, Nicaragua was represented by its newly appointed ambassador, Sr Chamorro. President Ortega had said that he would not attend because he feared demonstrations by Nicaraguan exiles and contras living in Costa Rica.

### Expulsion of peace marchers

On Dec. 15, 1985, Costa Rica expelled over 200 people travelling across Central America in a six-week International March for Peace. The government said that it could not guarantee the safety of the group, which had come under attack from stones

and teargas canisters thrown by anti-communist and anti-Nicaraguan protesters.

Among those prominent in the attack were members of the taxi union and the neo-fascist Free Costa Rica movement, whose members also reportedly been involved during 1985 in stone-throwing incidents in the Nicaraguan embassy. Sr Piza (the Minister of Public Security) founder member of the Free Costa Rica movement.

The Costa Rican government had granted 72-hour visas to the participants in the peace march (who were calling for peace, non-intervention and respect for human rights), on condition that they held no marches or rallies, but revoked the visas following the attack and the marchers by bus to the Nicaraguan border.

**President-elect's visits to Central and South American countries**  
Sr Arias Sánchez made a three-day visit to Guatemala and Salvador in March 1986, reiterating his opposition to President Reagan's request to Congress for \$100 million in US military aid, the contras, but supporting a US-sponsored proposal by President Duarte of El Salvador, whereby the Salvadorean government would reopen moribund talks with the Farabundo Martí National Liberation Front (*Frente Farabundo Martí para la Liberación Nacional*—FMLN) if the government of Nicaragua did the same with the contras.

On April 14 Sr Arias Sánchez began a one-week tour of Panama, Brazil, Argentina, Uruguay and Peru to discuss with the leaders of each of the five countries the need to reinforce the peace initiative currently under way.

### Economy - Problems of banana industry

Economic growth slowed from 6.6 per cent in 1984 to 6.2 per cent in 1985, according to Central Bank figures released at the beginning of 1986. One of the main reasons was the crisis in the banana industry [see 34034 B].

Successive mini-devaluations of the parallel exchange throughout 1985, which by November had brought the rate at the US dollar to US\$1.00 = 52.70 colones, continued in early 1986, the rate reaching \$1.00 = 54.50 colones as of April.

Imports fell slightly to \$1,050 million in 1985, a drop of 5 per cent, while exports fell by about 3 per cent; but export earnings, already sharply down to \$240 million in 1984, rose to \$200 million in 1985, their lowest point in a decade.

The slump was a result of low international prices and the decision by US-based United Brands to close down its Pacific Coast operations. Standard Fruit also cut back capacity [ibid.].

The Costa Rican government had by March 1986 completed purchase of the local United Brands subsidiary, Compania Bananera, for about \$8,000,000 and the Central Bank and the multinational private banks were said to be showing some confidence in a recovery, planning to inject 500 million colones in the sector during 1986.

### Delays in disbursement of World Bank loan

The World Bank in December 1985 held up disbursement of the second half of a structural adjustment loan of \$80,000,000 originally secured in March 1985.

Sources indicated that the reason was the failure of the Nicaraguan government to comply with all the conditions of the structural adjustment programme agreed to by the IMF, the World Bank and Costa Rican authorities in March 1985. In particular they were not satisfied with efforts to bring Costa Rica's import duty schedules in line with those of other Central American countries—(Times - Guardian - Financial Times - International Herald Tribune - New York Times - El País, Madrid - Le Monde - Neue Zürcher Zeitung - Nueva Voz, Stockholm - C. American Report - BBC Summary of World Broadcasts) [see 34036].

## A. UNITED STATES — Crime and corruption

**Reports of President's Commission on Organized Crime**  
(March 3 and 6, April 1, 1986).

**Fining of banks for failure to disclose cash transactions**  
(February 1985-March 1986).

**Justice Department report on 1984 crime levels** (April 7, 1985).

**FBI report on 1984 crime levels** (July 28).

**Justice Department report on use of capital punishment in 1984** (Aug. 25).

**Supreme Court decisions on application of death penalty**  
(January 1984-May 1986).

**First execution of woman since 1962** (Nov. 2, 1984).

**Executions of men for murders committed as juveniles**  
(Sept. 11, 1985; Jan. 10, 1986).

**Directive providing for death penalty for peacetime espionage by military personnel** (Feb. 19, 1986).

**Developments in Bernard Goetz case** (December 1984-January 1986).

**Deaths in police siege of members of " MOVE" sect** (May 13, 1985).

**Report of mayoral commission on deaths of MOVE adherents** (March 6, 1986).

**Activities of neo-Nazi group "The Order"** (1983-85).

**Sentencing of leading members of The Order** (Feb. 6-7, 1986).

**Sentencing of security chief of neo-Nazi church** (March 21, 1986).

**Seizure by police of training camp of "The Covenant"**  
(April 22, 1985).

**Sentencing of leader of The Covenant** (Sept. 4).

**Verdict in civil suit arising from 1979 deaths of communists** (June 7).

**Congressional votes to weaken gun controls** (July 9, 1985; April 10, 1986).

**Murders of leaders of organized crime in New York** (Dec. 16, 1985; April 13, 1986).

**Legal action against organized crime figures** (February 1985-April 1986).

**Corruption cases involving federal judges** (Aug. 10, 1984; Feb. 9, 1986).

**Indictment of law officers in Chicago** (Dec. 18, 1985).

**Mistrial in corruption case involving Governor of Louisiana** (Dec. 18).

**Cases concerning Bert Lance and Paul Thayer** (Feb. 12, 1986; May 8, 1985).

**Developments in New York corruption scandal**  
(January-April 1986).

### Report of Presidential Commission on drug-related crime

The President's Commission on Organized Crime (which had been created in 1983) issued a report on March 3, 1986, on the impact of the drug trade on crime and national welfare, which stated that drug trafficking accounted for 40 per cent of US

organized crime activity and generated illegal profits of \$110,000 million per annum. The report said that the drug problem was a "threat to our national security" and claimed that Cuba and Nicaragua had aided drug traffickers.

The report called for a programme to test for drug abuse all Federal employees and employees of firms doing business with the federal government. About 25 per cent of the nation's leading 500 business firms already tested prospective employees for drug use, while several government agencies, including the Federal Aviation Administration, the Postal Service, the Nuclear Regulatory Commission and the military services also already tested employees or prospective employees. On March 4 Mr Edwin Meese III, the Attorney General, stated that the testing of federal employees would be lawful, but warned that the attitude of several to any such scheme would have to be considered.

Several members of the 18-member Commission subsequently complained that the recommendations for general testing for drug use had been incorporated in the final draft of the report without their knowledge.

### Report of President's Commission on relationship between organized crime and labour unions

The Commission on March 6 reported on the influence of organized crime in certain unions. It asserted that the leaders of the International Brotherhood of Teamsters (IBT), the nation's largest union with 1,400,000 members, "have been firmly under the influence of organized crime since the 1950s", and that the federal government had shown neither the ability nor the willingness to counter that influence.

Noting the well-documented evidence of the criminal contacts of previous Teamsters' union presidents, the report observed that "while the precise current relationship, if any, between organized crime and the current IBT president, Jackie Presser, is not known to the Commission, Presser's past activities indicate that he has associated with organized crime figures and that he benefited from their support in his elevation to the IBT presidency in 1983". Mr Presser had refused to testify before the Commission, invoking the Fifth Amendment (to the Constitution) which provided protection against self-incrimination.

Mr Presser's immediate predecessor as IBT president, Mr Roy L. Williams, had resigned in April 1983 as part of a bargain with federal prosecutors following his conviction in December 1982 of conspiring to attempt to bribe a US Senator. Mr Williams had initially been sentenced to a term of 55 years in prison, but on Aug. 19, 1985, after extended appeals, he was given a reduced sentence of 10 years.

In a preliminary report, on Jan. 14, 1986, the Commission, in an apparent reference to earlier contacts between President Ronald Reagan, Vice-President George Bush and Mr Presser, had warned that such relationships could "lead to an erosion of public confidence". The IBT was the only union which had supported Mr Reagan's election campaigns in 1980 and 1984.

Also identified by the Commission as having "histories of control or influence by organized crime" were the International Longshoremen's Association (200,000 members), the Hotel and Restaurant Employees' and Bartenders' International Union (400,000) and the Laborers' International Union of North America (625,000). Unlike the IBT, these three unions were members of the American Federation of Labour-Congress of Industrial Organizations (AFL-CIO), their presidents all sitting on the AFL-CIO executive council. (The IBT had been expelled from the AFL-CIO in 1957 for its involvement in criminal activities—see 17273 A). The report also said that the New York harbour union locals were "firmly under the control of the Gambino and Genovese" organized crime "families", and that organized crime had "almost unfettered control" over the New York-New Jersey waterfront, primarily through the longshoremen's union; other industries with a substantial organized crime involvement included construction, garbage disposal and the wholesale and retail meat trades.

The Commission argued that there had been a "lack of political will" in dealing with the issue, and recommended (i) vigorous