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FEATURED Q&A

Why Is Costa Rica's President So Unpopular?

Q Costa Rica's anti-narcotics chief and a presidential spokesman were among the government officials to lose their jobs after President Laura Chinchilla used a private plane that was offered by a person with a questionable background and purportedly fictitious name. In three years, Chinchilla has lost more than a dozen government ministers and, as of earlier this year, suffered a paltry approval rating of 12 percent. Why have her approval ratings been so low? What are the lasting effects of the plane scandal and other recent missteps that have rocked Chinchilla's government? How are Chinchilla's abysmal approval ratings affecting her ability to govern? What must she do to win back Costa Ricans' confidence?

A Kevin Casas-Zamora, secretary for political affairs at the Organization of American States and former vice president of Costa Rica: "The latest scandal is a very serious blow to Chinchilla's administration. It deprives the president of several of her closest collaborators and, being an entirely self-inflicted wound, adds to the perception of political clumsiness that has dogged the administration from the beginning. At this point, Chinchilla is bereft of political capital to pursue significant domestic projects. Getting through Congress a tax reform, a long-term need for the country and a priority for her administration, is out of the question. With one year to go until the end of Chinchilla's term, her best hope lies in steering clear of further scandals and, perhaps, focus her energies on her foreign agenda, where she has accrued some recent successes. The twin visits of U.S. President Barack Obama and Chinese President Xi Jinping, both impeccably staged by Chinchilla, have raised Costa Rica's international profile and reinforced the country's leadership credentials in Central America. It is, however, a gloomy end for an administration that started amid great expectations, partly

Continued on page 3

China's President Arrives in Mexico for Three-Day Visit

China's President, Xi Jinping, and his Mexican counterpart, Enrique Peña Nieto, on Tuesday announced an agreement to upgrade their bilateral relationship status to a "comprehensive strategic partnership." Xi is in Mexico on a three-day state visit. See brief on page 2.

Photo: Government of Mexico.

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NEWS BRIEFS

China's President Arrives in Mexico for Three-Day Visit

China's President, Xi Jinping, and his Mexican counterpart, Enrique Peña Nieto, on Tuesday announced an agreement to upgrade their bilateral relationship status to a "comprehensive strategic partnership," state news agency Xinhua reported. Xi arrived in Mexico City earlier in the day for a three-day state visit, part of his tour of the Americas this week. The accord calls for more trade and investment, as well as cultural exchanges. Mexico exported $5.7 billion in merchandise to China last year, while its imports from China amounted to nearly $57 billion, the Associated Press reported.

Office Depot Sells Mexico, Central America Stores

Florida-based retailer **Office Depot** on Tuesday said it had agreed to sell its 50 percent stake in **Office Depot de Mexico** to its Mexican partner in the venture, **Grupo Gigante**, for about $690 million in cash. Founded in 1994, Office Depot de Mexico has more than 248 stores throughout Mexico and Central America and over $1.1 billion in annual sales.

Endesa Chile, BG Group Reach Deal Over LNG Supply Contract

Electricity generator **Endesa Chile** and the United Kingdom's **BG Group** on Tuesday reached a deal to solve their dispute over volumes and prices in their liquefied natural gas supply contract, Reuters reported. The dispute, which had held up BG's planned sale of its stake in an LNG terminal in Chile, stems from BG production troubles in Egypt that have threatened supplies of LNG to Endesa Chile and state oil company **ENAP**. The deal sets new prices and strengthens "supply security clauses," among other changes.

Political News

Mexico Not Adequately Investigating Disappearances: Amnesty Int'l

Efforts by Mexico's government to investigate thousands of disappearances are inadequate, Amnesty International said Tuesday in a new report, BBC News reported. According to official figures, some 26,000 people have gone missing in Mexico since December 2006, when former President Felipe Calderón took office and deployed the military to fight the country's drug cartels. "Disappearances in Mexico have become commonplace because federal and state authorities have tolerated and refused to clamp down on them," Amnesty International said in the report. The human rights group said that both criminal gangs and public officials have had a hand in the disappearances. "These figures demonstrate one of the key human rights challenges facing the government of Enrique Pena Nieto," said Amnesty International researcher Rupert Knox. The group called on Mexican authorities to commit resources to resolving the problem, which it said is a "national crisis." The human rights organization in the report also described the plight of relatives of the disappeared, who are forced to conduct their own investigations and are often subject to intimidation. In one case, Amnesty International describes the experiences of the mother of Israel Arenas Duran, whom Amnesty said was abducted in June 2011 at the hands of police in Nuevo León state. After going to the investigator in charge of her son's case, the woman was ejected from the investigator's office and sent home in a police car for "demanding an investigation." In the report, Amnesty also applauds steps taken by the government of President Enrique Peña Nieto, including his government's publication of data relating to disappearances. "It is essential that the government confront this nightmare by involving victims and human rights groups in the development and implementation of policy," said the report.

> *The human rights group called the problem a "national crisis."*

Economic News

Venezuela's Zulia State Begins Rationing Food, Consumer Products

Zulia state, Venezuela's most populous, is imposing restrictions on the sale of 20 basic food and consumer product staples, including chicken, rice, sugar and toilet paper, officials announced Tuesday. The plan is the latest sign of Venezuela's shortages and economic distress, but Raimundo Urrechaga, a spokesman for the government's Information Ministry, said the intent of the plan is to control contraband along the Colombian border. "This is only in Zulia state and it is not rationing," said Urrechaga. "It is focused only on Zulia, to control contraband." Beginning next week, Zulia state will issue cards with embedded computer chips that will limit consumers' purchases of various products. Blagdimir Labrador, the chief of staff to the state's governor, said officials have not yet determined how much of each product consumers will be able to buy. Officials will register residents' purchases of products on remote computer servers so that "the same person can't go to a different store on the same day and purchase the same product," said Labrador, the AP reported. He added that the system will initially apply to 65 supermarkets in the cities of Maracaibo and San Francisco. The program appears to mark the first time that Venezuelan officials have rationed food. Few economists believe that rationing will end Venezuela's worsening shortages of food staples. "The reason for shortages [in Zulia state] is the same as it is in the rest of the country: fixed prices, supply problems and the preventative purchases that consumers make every time new prices are coming," Ronald Balza, an economist at Andres Bello University, told the AP. Economists

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also believe Venezuela is headed for a recession. The country's economy grew just 0.7 percent in this year's first quarter amid a lack of capital inflows. Last week, Venezuelan Finance Minister Nelson Merentes said he would travel to the United States and Europe in an effort to find investment and bring dollars into the country. More than a decade ago, then-President Hugo Chávez imposed price controls on more than 100 products. All but government-run stores ignore the price controls, saying that following them would be disastrous for their businesses amid escalating prices. Annual inflation in Venezuela reached 29.4 percent in April. The shortage index tallied by Venezuela's central bank reached 21.3 percent in April, its highest level since the bank began tracking the scarcity of basic goods in 2009.

Merentes

File Photo: Venezuelan Government.

Brazil's Level of Industrial Production Leaps in April

The level of industrial production in Brazil jumped in April at a sharper rate than analysts had expected, Bloomberg News reported Tuesday. Output increased 1.8 percent that month after a revised 0.8 percent gain in March, according to the national statistics agency. The increase was larger than all 31 economists in a recent Bloomberg survey had expected. The analysts on average had forecast an increase of 1 percent. Industrial production increased 8.4 percent in April as compared to the same month last year. That marked the sharpest year-on-year increase since August 2010. Last week, the central bank quickened its pace of rate increases in an effort to slow inflation that is taking a toll on economic growth. Policymakers hiked the benchmark Selic rate by 50 basis points on May 29 to 8 percent. That was a surprise to most analysts, who had expected an increase of 25 basis points. Gross domestic product in Brazil, Latin America's largest economy, slowed to 0.55 percent in the first quarter of this year as rising consumer prices crimped demand. The administration of President Dilma Rousseff has cut taxes on consumer goods, reduced energy tariffs and lowered a payroll tax in efforts to boost industrial output.

The increase was more than analysts had been expecting.

Featured Q&A

Continued from page 1

derived from Chinchilla's convincing electoral victory and her status as the country's first female president. At this point, the real question is not about the fate of her administration, but about the effect that its implosion may have on the electoral fortunes of the ruling National Liberation Party (PLN). So far, remarkably, the PLN's presidential candidate, Johnny Araya, has retained a large lead in opinion polls, which largely reflects the opposition's weakness and fragmentation. However, in a volatile electoral context, characterized by the citizens' extreme disaffection with politics, Araya's position may be much more vulnerable than it appears."

A José Antonio Muñoz, partner at Arias & Muñoz in San José: "Costa Ricans are disillusioned with both their elected leaders and with the dismal results of their soccer teams. In soccer, the hope for a better next season springs eternal. In relation to the government, however, we are distressed not to be able to maintain the notion of an idyllic, peaceful and green country sailing smoothly. Frustration with reality has not translated into positive action like increased grass-roots political participation or improving checks and balances. Instead, frustration is directed at the president and hence her floor-level ratings. President Chinchilla's affable-yet-hands-off style and the country's relaxed approach to procedures and due diligence have not been a good combination. General opinion favors a strong president that controls Congress. This is a dangerous outcome of disillusionment. While it is generally obvious and accepted that governance and accountability need urgent improvement, the complementary notion that improvement can only come from bottom-up agreements through increased political involvement is not fully understood or practiced. No president is able to please all sectors of society during his or her term. President Chinchilla is no exception and, in her desire not to displease, she has effectively alienated Costa Ricans. Her best chances at reversing course are both defining a position for a relative majority of the country to rally behind, and to promote the notion that the vibrant Costa Rican democracy is best made operative by citizens' participation. 'Doña Laura' should take a firm stand against any notion that single party rule with a pliant congressional majority is the route to follow."

A Bruce M. Wilson, professor of political science at the University of Central Florida: "President Laura Chinchilla started her term with high approval ratings (over 60 percent), but her numbers declined quickly and consistently during her first three years in office. Not all of the president's unpopularity has been her fault, but her political reactions were often slow, bungled, and incomplete. Early in her administration, the president's attempts to demonstrate her independence from Oscar Arias, the very popular outgoing president, harmed her relationship with her own party and her subsequent ability to govern effectively. Her relationship with Congress was further weakened by her public rejection of legislators' attempt to increase their own salaries and the creation of an informal coalition of opposition parties managed to secure control of Congress. Her slow, ineffectual response to Nicaragua's inva-

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Featured Q&A

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sion of Costa Rican territory, her very unpopular tax-increasing deficit plan (which garnered just 13 percent support), and the general perception (real or otherwise) that she failed to deliver on her campaign promise to combat crime, have all added to her low popularity ratings, making her the least popular president in the Americas. The private plane scandal is just one of a series of unfortunate events that has shone a light on her poor judgment and the incompetence some of her senior officials. Other scandals include an expensive, incomplete road project near the Nicaraguan border, the infamous Platina bridge that every day reminds Costa Ricans of the administrations ineffectiveness coupled with her failure to explicitly accept responsibility for her actions or those of her appointees have made her even more unpopular. It is unlikely that her approval ratings or her ability to steer bills through congress will improve in the final year of her administration; even though her party has regained control of the Congress, politicians' attention is now firmly fixed on the next presidential election in February 2014, not governing and governance."

Mitchell Seligson, centennial professor of political science at Vanderbilt University: "The current loss of confidence in Costa Rica's first female head of state is linked in the short term to a variety of scandals that have afflicted her administration. Indeed, the most recent data from the AmericasBarometer survey carried out by the Latin American Public Opinion Project (LAPOP) of Vanderbilt University found that Costa Rica ranked the lowest of 26 countries when citizens were asked if the people who govern their country are interested in what the people think. However, the deeper problem is much longer term, and relates to a steady erosion of political legitimacy in that country. Time-series data from LAPOP going back to 1978 shows a steady erosion of trust in government with the lowest level ever recorded in the AmericasBarometer 2012 in Costa Rica."

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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