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*NSC Country Files - Latin America
Box # 779
Costa Rica*

MEMORANDUM

SUBJECT : Clandestine Passage of Soviet Funds to Costa Rican
President-Elect Jose Figueres

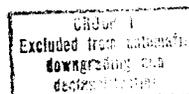
1. On the evening of 24 February 1970, President-elect Jose Figueres of Costa Rica met secretly with Deputy-elect Manuel Mora, Secretary General of the Costa Rican Communist Party (PVP), in the home of one of Mora's most trusted Communist Party associates. Also present at this meeting was Dr. Luis Burstin, a local heart specialist. Although Mora and Figueres have known each other for many years, and in the course of their political careers have consulted openly together on occasion, this six-hour meeting was the first one known to have been held in such clandestine fashion.

2. During the meeting, Mora gave Figueres a cardboard box which he said contained U.S. \$200,890 in ten and twenty dollar bills. Mora explained that this constituted a loan from the Government of the Soviet Union for a total of \$300,000, but that before delivering it to Figueres, Mora had deducted \$45,000 to repay an advance which the Communist Party had made to Figueres for his election campaign, and another \$50,000 which Mora was going to deliver to the Communist Party as a loan from Figueres. Mora had also deducted expenses he had incurred in bringing the money into Costa Rica from the Soviet Embassy in Mexico City. He told Figueres that if the Soviet Government ever required Figueres to repay the loan, the Communist Party would repay the \$50,000. (Comment: The implication in these remarks was that the Soviet Union would not be likely to ask for repayment from Figueres, and that, therefore, the loan to the Communist Party was also an outright contribution.)

3. Relationships between Costa Rica and Eastern Europe were then discussed. Figueres told Mora that he had recently

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confirmed to a visiting East German official that the German Democratic Republic (GDR) would be permitted to establish a consulate in Costa Rica. Figueres and Mora tentatively agreed that Ricardo Quesada, a Communist Party member who has handled Costa Rican commercial matters in the past with Communist countries, would be named consul for the GDR.

4. Figueres suggested to Mora that relations between Costa Rica and the USSR should be continued in an unobtrusive manner. Mora replied that he had a plan, which had been approved by the Soviets, to establish a Soviet commercial office in Costa Rica, manned by Soviet technicians who could determine what Costa Rica could sell to the Soviet Union and help set up cooperatives to produce for the Soviet market. Figueres agreed to this plan, and then brought up the importance of selling Costa Rican coffee to the USSR in 1970. (Comment: The sale of coffee to the USSR would undoubtedly be popular with most Costa Ricans, whose prosperity depends on coffee sales. Current international marketing agreements limit the amount of such sales in western countries, and Costa Rica would benefit from marketing surplus coffee in the Soviet sphere. In March 1970, Figueres told a U.S. Government official that he wants to establish trade and commercial relations with all of the Eastern European countries. He said that he doubts that such trade will be significant, but that perhaps the proceeds could help to finance some social development projects in Costa Rica. Figueres told this official that he sees nothing to fear from the presence of representatives of the USSR and other Communist countries in Costa Rica.)

5. Mora proposed that Figueres invite the Soviet Ambassador to Mexico to be present at the presidential inauguration ceremonies on 8 May in San Jose. Figueres agreed to consider this proposal adding that he had not yet decided whether to invite representatives of the Eastern European countries which already maintain diplomatic relations with Costa Rica. He did give Mora permission to invite some of Mora's Soviet friends to the ceremonies.

6. Figueres then discussed his program of social legislation and action, which he calls his "Guerra Contra la Miseria" (War on Poverty). Mora was critical of some of the

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points of this program and suggested that Figueres make a public statement that general increases in salaries are needed to end poverty in Costa Rica. Figueres agreed to make such a statement.

7. Mora spoke about some of the appointments Figueres is to make for his incoming administration. Figueres asked if Oscar Barahona, who is to be Minister of Finance, had been a member of the Communist Youth of Costa Rica, and Mora replied that he had indeed been a member, and that he had also later been a member of the Communist Party.

8. Comment: A short time after this meeting Mora boasted to an associate that he would once again hold the reins of power in Costa Rica, as he had in 1948. This was in reference to the period 1944-1948 when Mora, as head of the Communist Bloc in the Congress, had his own desk in the presidential office. This period was the high point of Communist Party influence in Costa Rica. Although Mora's remarks were boastful and perhaps over-optimistic, they probably reflect with some accuracy Mora's feeling about the relationship between himself and Figueres. The full significance of the "loan" as it relates to the Soviets and to the U.S. may not become clear until Figueres has been inaugurated and can begin to take, or to avoid, actions discussed in this and any subsequent meetings. The role of Dr. Burstin in this meeting is unclear, although he is known to be close to both Figueres and Mora and has been identified as a member of the PVP in the past.

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