

MEMORANDUM

NATIONAL SECURITY COUNCIL

Ed
AAK note
(outside system)

~~SECRET//SI//NOFORN//EYES ONLY~~

January 9, 1971
5:30 PM

*earlier
reference
checked*

TO: Dr. Kissinger

From: Arnold Nachmanoff *[Signature]*

Subject: Costa Rica *AK*

Attached for your information is a report of Amb. Stewart's meeting with President Figueres yesterday. State and CIA are requesting a further assessment from Ambassador Ploeser and Stewart of Figueres' reaction and possible next steps.

The impression I get from the report is that Figueres was shaken, but took the line we expected --- denying receipt of the Soviet money and claiming that he really is in control of the situation and that he is really trying to help us end the cold war.

The key issue now is whether Figueres will simply keep silent, taking into account that we know of his financial ties with the Soviets, or try to counterattack by charging blackmail. That will depend to a large extent on whether he believes we have solid and usable evidence which even his great liberal reputation would not offset. Stewart apparently tried to convey the idea that the evidence was so convincing to him --an old friend of Figueres --that he had come to Costa Rica for this mission. However, we know that Figueres must have passed the story on to another Costa Rican (CIA thinks the Vice President) even while Stewart was in the house, because the Costa Rican told it to our AID Mission Director --who is very friendly toward Figueres -- who immediately called Washington to complain about this "ludicrous" tale. (He was told not to discuss the matter any further and is now back in the U.S.)

I will be in touch with the agencies and will let you know if there is any further indication that this will become a public blow-up. If it does, you noted that you would want to check with the President on possibly briefing a U.S. political figure not connected with the Administration, such as Hubert Humphrey, to bolster the credibility of our case.

NSC
Country Files - Latin America
Box # 779
Costa Rica

~~SECRET/SENSITIVE~~
~~EVES ONLY~~

9 January 1971

FOR ASSISTANT SECRETARY MEYER AND DEPUTY ASSISTANT
SECRETARY HURWITZ FROM AMBASSADOR FLOESER

Ambassador Stewart's statement follows:

"I saw Figueres alone at La Lucha establishment on
January 8. Conversation lasted three hours. When initial
representation was made including mention reception Soviet
money President visibly shaken and he denied having done so.
He was then presented with prepared paper which he read care-
fully and stated most of other facts true.

"Regarding taking of money Figueres said it was story
planted by Echandistas [redacted]
I replied that I would not have come on mission if I hadn't been
convinced there was some basis of fact for the occurrence.
President asked me source of our information and I stated it was
impossible to provide him with our sources but that I could assure
him that it did not emanate from Echandistas.

"Then there ensued a description of grievances which the
President laid to lack of U. S. appreciation of his pro-American
efforts and our suspicion of his motives. I said we may have
been guilty of being unappreciative but that we had helped him
when he was in trouble and we hoped he would be statesman
enough to overlook our faults and remain a true friend of the U. S.
Figueres stated that he continued to be a firm supporter of the
U. S. and the West and we could count on his entire cooperation.

"Figueres then explained the motivation for his dealings
with Manuel Mora, whom he described as an old-line Communist
who could obtain advantages through the CP of Russia for sale of

~~SECRET/SENSITIVE~~
~~EVES ONLY~~

NSC CURRENT FILES - LATIN AMERICA
Box # 779
COSTA RICA

~~SECRET/SENSITIVE~~
~~EYES ONLY~~

-2-

coffee. He described Mora as intelligent, devoid of ideas for good of common people, and manageable. To this I replied that perhaps Mora thought he was managing Figueres and called attention to the fact that none of the information included in the Hard Fact sheet was based on Mora statements. He said Mora might be trying to 'destroy' him but he did not have any qualms about this as he was completely in control of the situation in Costa Rica.

"I told the President that the U. S. was greatly concerned about the establishment of a Soviet Embassy, and the possibility of its use as a center of subversion in Central America. Costa Rica would be an ideal center for a base of Russian operations, given its long democratic history. Figueres stated that in a long conversation with Dmitriy Zhukov, Vice Minister of Foreign Affairs, he had laid down the ground rules for Soviet conduct when an Embassy was installed. He said in reply to my query about permitting Embassy personnel to engage in subverting students, labor leaders and intellectuals that Zhukov had been warned that such activities would not be permitted. As for activities outside Costa Rica, I said the U. S. would require Costa Rican assistance in watching activities of indicated Soviet persons. The President said the U. S. could count [REDACTED] Costa Rica in this field. I replied that we consider this cooperation vital and were glad that we could count on Costa Rica. Figueres, however, again repeated his annoyance at burning of literature at our behest.

"Anyone who has talked with Figueres will understand that he can ramble and this occurred during our conversation. According to Embassy most of his complaints and observations have been heard before.

"However, in making observations about the Hard Fact paper, Figueres took exception of paragraph on Dr. Luis Burstin, the President describing him as brilliant scholar who embraced Marxism in Mexico but who has been veering away from this

~~SECRET/SENSITIVE~~
~~EYES ONLY~~

NSC
COSTA RICA
FILES - LATIN AMERICA
Box # 779
COSTA RICA

~~SECRET/SENSITIVE~~
~~EYES ONLY~~

-3-

doctrine under Figueres' tutelage. He also gave Max Blanco a clean bill of health, although he is not mentioned in the paper. As for nomination of Gutierrez as Director of ITCO, Pepe admitted he was supported by Mora but claimed that numerous conservative Costa Ricans also supported his nomination. He said he would watch Gutierrez' performance closely.

"Referring to use of Mora to make a deal with Castro, Figueres declared that he has given up hope of Fidel's overthrow and believes if rapprochement can be made with Cuba something may be done to change Castro's policies. He admitted he wants release of Matos and Sanchez Arango but said any deal with Castro must be on a much broader scale, i. e., general amnesty for prisoners and a promise from Fidel to discontinue subversive activities directed at other countries.

"During conversation, Figueres returned again and again to the matter of taking Russian money. He said it was simply impossible for him as a leader among Latin American liberals to sell out this way, but I replied each time that to me the evidence appeared so convincing that I was in Costa Rica to talk with him.

"While I was at La Lucha Figueres received a telephone call from an unidentified person who reported on the ships which were supposed to be landing arms near the Panamanian border. He identified them as the Waltham and Guayaquil, black in color, about 70 feet long and fast. He said his informant identified them as belonging to the Department of State. I said this couldn't be true and Pepe amended his statement to state that they might be CIA craft. Toward the end of the conversation we returned to the subject of the ships and the President said they might be smuggling contraband ashore. This was partially confirmed, he said, by the presence of an accomplice of Frank Marshall near where ships sighted. As a matter of fact, Figueres continued, he was now convinced CIA was not involved in any plot to overthrow him but that he was stationing agents on the Panamanian frontier to intercept any contraband being smuggled into this country. I asked him

~~SECRET/SENSITIVE~~
~~EYES ONLY~~

NSC
Cuban
FILES - LATIN AMERICA

Box # 779

COSTA RICA

~~SECRET/SENSITIVE~~
~~EYES ONLY~~

- 4 -

about Frank Marshall and he described him as whisky smuggler and a potential troublemaker but there was no inference Marshall had the slightest chance of staging uprising against him.

"Figueres retained the Hard Fact paper I gave him.

"The entire meeting was conducted in a friendly vein and Figueres expressed his satisfaction that I had been sent to discuss these delicate subjects with him. I am not too happy about the result of the meeting as I believe the President was crawfishing. His offers of cooperation were too glib and must be proved by actual performance. He is wedded to the idea of ending the Cold War by rapprochement with the USSR and I do not think I impressed him about the dangers of Russian subversion. In fact, referring to [REDACTED] he said he was a relic of the Cold War who saw a Communist under every bed and he should retire. This attitude may allow Soviets to use him. It can only be hoped that he will reflect on the U. S. concern and realize that he cannot have it both ways."

END

~~SECRET/SENSITIVE~~
~~EYES ONLY~~

NSC WORKING FILES - LATIN AMERICA
Box # 779
COSTA RICA