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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [redacted] (b)(3)

INFORMATION REPORT

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COUNTRY Costa Rica

DATE DISTR. 9 July 1951

SUBJECT Jose Figueres Ferrer

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DATE OF INFO. [redacted]

SUPPLEMENT TO REPORT NO. [redacted]

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SOURCE [redacted]

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1. [redacted]

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[redacted] a statement made by Gonzalo Segares, Public Security Official, to the effect that Costa Rica could expect to have peace for another year, after which Jose Figueres would take over the government, even if he were not elected.

[redacted] six army officers had made a semi-clandestine visit to the house of [redacted] and had reportedly pledged their support to him in the event anything should happen. It was thought that this action might be indicative of trouble arising, and might have some connection with the statement made by Segares.

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2. [redacted]

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Jose Figueres would certainly take measures to usurp the executive power of Costa Rica if the elections went against him, and that he was the type of man who would not need any pretext to do so. If this should happen, [redacted] the Costa Rican people would revolt in another civil war. On the other hand, [redacted] should Figueres win the election, Costa Rica would become a police state similar to Nicaragua, and in two years the people would endeavor to throw out Figueres and the result would be the same. [redacted] it is common knowledge that young Figuerista "hot heads" are claiming now that they do not need the elections, but will take over at the end of President Ulate's term of office.

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3. With regard to the intention of Figueres to nationalize all foreign industries in Costa Rica, a topic that has had some play in the Costa Rican press recently, [redacted] at a

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dinner at which the heads of the United Fruit Company in Costa Rica (Compania Bananera), and the Electric Bond and Share (National Power and Light Company) were present. [redacted] baited Figueres into discussing his plans for hydroelectric development, and then asked if it might not be better to have foreign capital and technical knowledge set this up, with certain guarantees to Costa Rica. Figueres rose to the bait and denounced the idea in a very indiscreet and outspoken manner, and then turning to Mr. August Gehrels of the light company, he said: "I can swallow you now." Turning to the head

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of the United Fruit Company, Mr. Walter Hamer, he added: "it will take a little longer to swallow you, but I'll do it." [redacted] played this little comedy purposely to let these men see the "handwriting on the wall."

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4. With reference to the financial status of Figueres, [redacted] President Otilio Ulate had been told by the banks in San Jose that Figueres had over-extended his credit. He has borrowed six million colones, or almost one million dollars, and the banks will not lend him any more money. The present financial situation of Figueres is analagous to his position at the start of the 1948 revolution; he was without funds then, [redacted] and the only way he was able to recoup his finances was by dipping into the public treasury. It is imperative, therefore, that Figueres obtain the Presidency.

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5. [redacted] was going to dedicate himself to obtaining the arms [redacted] since only a strong police force would be able to dissuade Figueres from any rash action. If the United States will sell the armament for cash only, [redacted] would endeavor to obtain the money from somewhere, even if it meant forcing the President to call a secret session of Congress to approve the expenditure, or even to the point of buying them elsewhere.

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6. [redacted]

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[redacted] the question of the arms sale was being studied at present by the Department of State. [redacted]

[redacted] concerning negotiations the Ambassador had been conducting with the United Fruit Company officials in Boston, with regard to a loan of two hundred thousand dollars for oil for the Northern Railway. It seemed that the loan had been refused by the company, and would not be reconsidered unless the matter were submitted to and approved by the Costa Rican Congress. Failure to obtain this money, [redacted] meant that the Northern Railway would be in a serious financial situation.

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7. [redacted]

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[redacted] intercede with the President in behalf of police officers who in the line of duty had been forced to use their guns, and who as a result had received prison sentences. The Army officers complained that this was breaking down the morale of the Guardia Civil, and weakening the respect which the citizenry should have for the police. They complained also that there were not enough pistols, and that the men had been obliged to buy their own revolvers out of their meager salaries if they wanted to have them. The men are completely loyal to Ulate. [redacted]

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[redacted] This pitiful lack of arms for the Guardia, [redacted] further augmented the urgent necessity for procuring the desired arms from the United States.

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9. In conclusion, [redacted] in his mistaken idea of democracy, President Ulate refused to counsel or guide Congress, feeling that it would be undemocratic. Therefore, the members of Congress have no idea of the true danger which threatens the country, and could not be approached coldly for an appropriation of a half-million dollars for arms. [redacted]

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[redacted] taking half a dozen leaders on a tour of the armory and garrisons, and letting them see for themselves that there are only two hundred serviceable rifles in the government, and then call a secret session of Congress at which President Ulate would be forced to "lay the cards on the table." In this manner, [redacted] Congress would approve the appropriation and the money would not have to be obtained in installments by padding the budget, as had been originally intended.

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