

## Costa Rica's Figueres Woos Russia, Causing U.S., Latin Concern

### Don Pepe Says He Let Soviet Open Embassy to Promote Trade and Ease 'Cold War'

### Can a Fox Outsmart a Bear?

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SAN JOSE, Costa Rica—This small republic has been something of an American dream—at least from the U.S. State Department's point of view.

It is a true democracy and a nation of peace that spends its money on schools, not soldiers. The government of this tropical paradise has sided with the U.S. on practically every major issue. Its twice-elected president is a U.S.-educated popular hero who led a revolution that ousted Communists from the country years ago.

Nowadays, however, while this American dream hasn't exactly turned into a nightmare, it is at least causing some restless nights for U.S. diplomats. The reason for both the dream and the restlessness is one and the same: President Jose Figueres, 65, who is the most influential friend the U.S. has in Latin America—or at least he used to be.

Currently, Don Pepe, as he is called, sees himself in a new role—as a Latin de Gaulle, the leader of a third-world force. Midway in his four-year term, he has set out to (1) settle, single-handedly if necessary, what he considers the cold war between the U.S. and Russia and (2) solve the pressing social and economic problems of Costa Rica and perhaps all Latin America. Such goals can hardly be criticized. But to expedite them, he has permitted the Russians to open an embassy here in San Jose—their first in Central America.

This move has brought concern on two counts. First, the U.S. is worried about this Soviet presence in the Caribbean area. And it frets about the internal dissension that the Soviet controversy has brought to a once-peaceful Costa Rica; some observers fear that this could lead to a revolution.

With President Nixon scheduled to go to Moscow next month and with both U.S. and Latin businessmen being urged to step up trade with their Communist counterparts, a controversy over one Soviet embassy more or less would seem to be a teapot in a teapot—or, rather, a coffee pot, since coffee is a part of the controversy.



"I'm fed up with the cold war, which has deprived us of half the world's markets," explains Don Pepe (pronounced "peppy"). "I hope I can give a minor contribution to world peace by showing that, in Central America at least, the Russians have no tails."

But a lot of people, including some Americans, believe that Don Pepe isn't dealing with a tail-less Russian bear; instead, they fear, he has a tiger by the tail and may end up endangering not only Central America but also the U.S.

#### Of Coffee & Chicken

Some Russians have already arrived in this West Virginia-size nation, which lies between Nicaragua and Panama. They have taken up residence on the main street of San Jose, just across Central Avenue from the local Kentucky Fried Chicken outlet. But the Russians are here not because of chicken but because of coffee, Don Pepe says.

Coffee growers in Costa Rica have piled up 75 million pounds more than they can sell under international marketing quotas. While the Russians don't drink much coffee, they have nonetheless promised to siphon off the surplus. But President Figueres says they drive a hard bargain, refusing to trade with any nation that doesn't give them diplomatic recognition. Thus, he continues, he permitted the Russians their first diplomatic foothold in Central America—and, cynics suggest, their first subversive one.

A Soviet subversive foothold? Nonsense, says Don Pepe as he sips some of that surplus coffee in his white house on Jose Figueres Avenue in the village of Curridabad. There isn't much to spy on in Costa Rica, he declares. And he adds: "I see no possibility of espionage unless the Russians buy postcards of the Panama Canal—we are near the canal and the cards sell for 10 cents—and mail them to Moscow." More seriously he says, "I've made it very plain to the Russians that they are dealing with a loyal U.S. ally and that there will be no monkey business against the U.S."

#### A Question of Quotas

As one precaution, Don Pepe says he set a limit on the number of Soviet diplomats to be allowed in Costa Rica; he tells a reporter the quota is 10. Gonzalo Facio, minister of foreign relations, says it is eight. But some political opponents of Don Pepe say they already have counted 40 Russians living in the rented mansion on Central Avenue.

Whatever the precise number, many Costa Ricans figure they have a surplus of both coffee and Russians. "This is too nice a country to be fouled up," a San Jose banker snaps. Feelings are also being aroused in neighboring Nicaragua, in El Salvador, in Guatemala and—it is said—in the U.S. Central Intelligence Agency.

Costa Rica has a sprinkling of Marxists, but many of its people appear to be politically to the right of the John Birch Society. Most of the country's 1.8 million residents are highly literate and are of white European stock—Spanish, Dutch and German. Largely landowners, they produce bananas and beef as well as coffee.

And many of these are clearly upset at Don Pepe's advances toward the Russians. Members of the Women's Civic League march in black dresses to mourn the "death" of democracy. Movimiento Costa Rica Libre (the Free Costa Rica Movement) runs full-page ads in

newspapers charging that newly arrived Soviet Ambassador Vladimir Kazimirov was "an assassin in Hungary." "No one seems to be checking on (the Russians)," says Bernal Urbina Pinto, secretary-general of the movement, or MCRL. "But we intend to know every move they make," he vows.

The Figueres administration, in turn, accuses the MCRL of trying to initiate a revolution, or golpe. And ever since the spearhead of the Soviet diplomatic delegation arrived last December, there has been a lot of talk of golpe going around. Recently Don Pepe called a news conference to announce that he had received fresh assurance from the right-wing government of Guatemala that it wasn't planning to underwrite a Costa Rican revolution, as had been rumored. Even the U.S. has been mentioned as a power behind clandestine planning to overthrow President Figueres—a break in the tradition of good U.S.-Costa Rican relations.

In Washington, however, State Department officials still publicly label Don Pepe as the best friend the U.S. has in Latin America. "We are traditionally very high on Figueres," one says. And U.S. diplomats here just as stoutly insist that Russians in Costa Rica pose no more of a threat to the U.S. than a competitive trade challenge. One U.S. embassy spokesman says cautiously: "Our position is that we don't publicly or privately intervene in a domestic issue."

But the domestic controversy goes on. Don Pepe's left-of-center National Liberation Party officially supports all his moves. Nonetheless, many within the party—called PLN—have been frightened by his deals with Russia. The president has handled this internal opposition much as he handled the Catholic Church, which vociferously opposed the Soviet embassy. "Stick to saving souls," Don Pepe told the Catholic archbishop.

But whether the people will stick with the PLN in the 1974 elections is another question; Don Pepe is forbidden by law to succeed himself, and the Soviet issue certainly hasn't helped the party. In 1970 he won with the vote of the small farmers and farm workers, and even some of the country's many rightists supported him. "Figueres has always been a liberal," one of these explains, "but he was willing to compromise."

Now, besides the Soviet-embassy issue, a lot of conservatives are also worried by the recent successes of Communist unions in organizing banana workers on both coasts of Costa Rica. (The Communists are officially banned from political activity in the country but nonetheless operate through "front" parties and unions.) The unions that organized the banana workers had the support—at least implied—of Don Pepe and his labor minister, who is also his son-in-law.

#### Don Pepe the Fox?

Not everyone, however, thinks that Don Pepe is being taken in by the Communists. One U.S. businessman here, a friend of the president, portrays Mr. Figueres as a sly old fox whose strategy is to make the U.S. perk up and pay attention. "Don Pepe," he explains, "is just plain peeved because you can't get attention from the U.S. unless you become a thorn in its side." Some supporters say the president is toying with both Russia and the U.S. Other Costa Ricans, however, fear that he isn't playing any such game; they are convinced that he wants to put Costa Rica on the same road as Socialist Chile. "Figueres may not be a Communist," one political foe says, "but he is playing their game."

Don Pepe has long been known in the U.S. as the grand old man of the Latin left, but he is one of the few Latin rulers who have fought the Communists with bayonet and rifle. That occurred in the 1948 revolution, which he started and after which he headed the ruling junta for two years. He also served as president from 1953 to 1958 before being elected again in February 1970.

Ideologically Mr. Figueres describes himself as "a modern New Dealer who believes in social justice accomplished through democratic systems." Most people think he is sincere in trying to help the Latin poor. But even some of his closest friends consider him volatile, stubborn, usually temperamental and often tactless; recently, for instance, the skinny, five-foot, three-inch president decked a student heckler with one punch.

In mid-April Don Pepe was in the midst of a different kind of dispute. He was invited to attend the Apollo 16 launching at Cape Kennedy

and eagerly went. But the Costa Rican constitution requires that the president ask permission of the national assembly if he wishes to leave the country. Don Pepe did ask, but he never received permission, possibly because the assembly wanted to keep him in Costa Rica as a result of a teachers' strike.

Don Pepe maintains that he didn't violate the constitution, contending that it only requires the president to "request" the assembly's permission—and that he did. Nonetheless, Don Pepe will probably be sued. For here any citizen can sue an official if he feels that the constitution isn't being lived up to. Don Pepe has been taken to court a number of times, and in Costa Rica the government has a tradition of losing such cases. The penalty: The official must make a public apology.

#### A Failed Capitalist

Perhaps the unkindest cut of all to Don Pepe is the charge that he is a Socialist because he wasn't able to make it as a capitalist. And he has had his business problems, with some of his enterprises going broke. Until a few years ago, he was deeply in debt to the same banks he had nationalized after the 1948 revolution.

Don Pepe nonetheless considers himself an expert economist, although he didn't have much education in the field. His basic theories are fairly simple: a growing role for government, higher taxes to finance spending and a fast expansion of credit. So far, only the banks have been nationalized, but Don Pepe's party, the PLN, is committed to a number of socialistic approaches, and under Don Pepe the government is taking an increasingly bigger hand in the private economy.

One critic, however, complains, "It's nice to have a welfare state if one has the welfare to spread around." And many businessmen are convinced that Don Pepe is leading Costa Rica into unchecked inflation and, ultimately, into a golpe—from either the left or the right.

One businessman, a relative of the president, puts it this way: "The almost inevitable end in Latin America—after you go the whole route of galloping inflation, devaluation and reaction on the part of conservative elements—is a golpe, a military type of government. The alternative is a Uruguay type of thing where social unrest is expressed by Tupamaro (leftist-guerrilla) terrorism. Either would be incredible for Costa Rica."

Official statistics at least don't bear out business fears of wild inflation, and certainly the rise in costs isn't yet comparable with that of some Latin nations. Officially, the inflation rate is only 3% a year, although unofficial estimates put it as high as 30% annually.

Don Pepe insists that he is moving in new directions to prevent just such fears as the businessmen's from coming true. And the link with Moscow, he insists, is the key first step in his plan to further social justice in Latin America, lick the poverty problem in his country and end East-West tensions—all in one fell swoop. His plan is complicated, but here, from Don Pepe, are some of the highlights:

—In the deal with Moscow, the Russians agreed to buy all of Costa Rica's surplus coffee, up to 6,000 tons a year, over five years. Costa Rica, however, must purchase \$1 of equipment from Russia for every \$2 of coffee it sells the Soviet Union. (Don Pepe recently sent a delegation to the Soviet Union to explore possible purchases.)

—Aluminum Co. of America long has had a controversial \$100 million project on the drawing boards here to process alumina from bauxite. Don Pepe says this now will be taken a step further with the alumina turned into finished aluminum. He adds: "Aluminum could be our main export, more than our coffee, bananas and beef together."

—This would require an additional \$100 million and a lot of low-cost electricity. Don Pepe has that figured out, too. The World Bank would finance a part. So would the Russians. "Most important," he says, "the Soviet Union specializes in high-grade electric-generating plants."

—Such an agreement with Moscow would fulfill Costa Rica's obligations under the coffee contract. A massive hydroelectric project would be built. An important fringe benefit would be plentiful power for all Costa Rica, to go along with the roads Don Pepe has begun building and the water systems and industrial and other development he has planned for the country.

Alcoa has agreed to enter into a feasibility study with the Russians. "Here already," Don Pepe says, "we are effective in marrying two imperialists (Alcoa and the Russians)."