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31 MAR 1948

1948

PANAMA, COSTA RICA

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 FROM Mr. Coultas
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Costa Rica Annual Report

Costa Rican annual political report for period 17 Feb 1947 to March 1948.

Last Paper.

AN 1304 ✓

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AN 621/441/32
 AN 1511

See within: A) San Jose (Minutes) no 34/1/3 of 24th March.

This report by Mr. Coultas, who has now been relieved by Mr. Sullivan, gives a very good picture of the events leading up to the present disturbances in Costa Rica, which have now broken out afresh after the failure of an attempt at mediation by the diplomatic corps. The rebel forces under Figueres are now outside the capital (which is apparently being defended mainly by a Communist, Manuel Mora - this bears out Mr. Coultas' remarks about the power of the Vanguardia Popular) and today's 'Times' reports that the Nicaraguan Army has entered Costa Rica with the object of relieving the Govt. forces.

The suggestions in paras. 2 & 3, about Anglo/Costa Rican trade are being dealt with on separate pp.

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Para 6 explains the connection between the front & the Labour Party (Vanguardie Populaire) which the Comintern confidant is led by Comrade (L. M. M.). This accounts for recent mass references to the 'Communist Party' & it is, I think this group that President Azevedo of Guatemala would like to see in power as a first step to incorporating Guatemala into Central American Union. In view of the very small numbers

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Minutes.

of the fact that the Govt's
 departure (see para 5) they
 have evidently had no
 choice but to rely chiefly
 on the better armed &
 organised Vanguardia Popular
 for the conduct of their
 campaign. According to
 latest reports from Havana
 the Nicaraguan Govt's intervention
 seems to have been designed
 as a measure of self-protection
 against a possible invasion
 organised by Nicaraguans, Cubans
 & others from Cuba, African
 country which General
 Somoza considered the Picado
 Govt. powerless to prevent.
 President Picado has now
 resigned & the fighting
 in Costa Rica is reported to
 have ceased. A provisional
 Govt. has taken charge
 pending the meeting of the
 new Congress on May 1st.

1/This

Nothing to be Written in this Margin.

Minutes.

This report has come
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Stephan
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M. J.

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NORTH AND CENTRAL AMERICA

March 31, 1948

Section 3

AN 1378/441/32

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Copy No. 8

COSTA RICA: ANNUAL REPORT

Period February 1947-March 1948

Mr. Coultas to Mr. Bevin. (Received 31st March)

(No. 13. Confidential)

His Majesty's Minister at San José presents his compliments to the Secretary of State for Foreign Affairs, and has the honour to transmit to him Costa Rica Annual Political Report, February 1947 to March 1948.

San José, 20th March, 1948.

Enclosure

Annual Political Report, February 1947-March 1948

Apart from its obligations as a rather unimportant unit in the Pan-American system and a member of the United Nations Costa Rica has either abandoned or avoided in the course of its history anything in the nature of a system of treaties or alliances of an offensive or defensive character. Painfully aware of the scantiness of its resources in both manpower and industry it has carefully discarded in recent years any policy likely to bring it into conflict with its neighbours, either singly or in groups and has preached and practiced the doctrine of strict non-intervention in the affairs of other states. This does not mean, however, that its influence abroad has been of a negative character outside the two international systems mentioned, for though its physical powers are small its sense of moral and spiritual values exemplified in a long and honourable tradition of press freedom and progressive democracy and in the generous but impartial treatment of political exiles, is a high one.

2. Costa Rica's relations with the United Kingdom, apart from that almost inevitable bone of contention in Latin-American States, the habit of defaulting on her foreign debt, have been remarkable for their cordiality for over a hundred years, during which period British merchants and British money had been mainly responsible,

up to 1938, for the marketing of her principal source of natural wealth, namely coffee and for supplying her with many of the requirements of a country lacking most of the means of industrial production. If this commercial relationship has gradually changed it is not due to any deterioration of the sentiments of mutual regard in which the two countries hold each other, but to other and inevitable factors, some of a permanent and some of a transitory character. If, for instance, we can no longer for currency reasons purchase or market a large share of Costa Rica's coffee crop, there is no reason why we should not eventually re-establish trading relations on mutually advantageous terms, whether on the old basis or on a new one more closely related to our immediate needs, as Costa Rica is a potential producer of food stuffs and raw materials, other than coffee, which might well form a new starting point for fruitful exchange of wealth.

3. The foreign debt question is one that might conceivably be linked with Costa Rica's desire to maintain her old market for coffee among the discriminating consumers in the United Kingdom and in those countries in which United Kingdom merchants were formerly responsible for its distribution. This might perhaps be arranged on the basis of a payment of a part of the service of the debt in the form of coffee for sale for account of bondholders and in the nature of propaganda in order to retain old markets at present closed to her as a result of the aftermath of war, but which Costa Rica can eventually look forward to re-entering as European conditions improve.

4. If prior to 1939 the United Kingdom held a leading place in the economic life of this country, the inevitable disruption of a world war resulted in the United States becoming to a preponderating extent the supplier of her needs and the consumer

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of her principal products. Parallel to this inevitable economic penetration, there has proceeded a well directed cultural and co-operative invasion under the direction of the State Department, the International School service, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, while the United States Department of Industrial Botany has established the Inter-American Institute of Agricultural Sciences at Turrialba on the Atlantic slope an admirably equipped centre of investigation and experiment, which serves not only Costa Rica but the whole of Latin America in the particular branches of agriculture to which it devotes its special attention. Finally may be mentioned the assistance given in the form of loans and direct aid in the completion of the Costa Rican section of the Inter-American highway and its feeder roads. All these services embracing cultural relations, health, nutrition, education, communication and the improvement of agriculture, backed as they are by a varied and generous system of scholarships for Costa Rican students have a powerful and cumulative effect on the life of this country and materially supports its economic penetration by the United States. Costa Ricans are aware of this and are glad to find some counter-weight to this all-pervading desire to provide them with "up-lift," in the more modest efforts made by other countries such as the United Kingdom and France to keep them in touch with European progress in the arts and sciences. It is understandable, however, that the United States should wish to do all that is possible to raise the level of health, education, production and communications in an area of such importance to United States and hemisphere security.

5. Costa Rica's fighting forces are, of course, numerically negligible, and limited by the Central American Treaty of 1923. The only efficient and disciplined force in existence at present is a mobile unit 100 strong, trained and supplied by the United States Military Mission, with a few up-to-date weapons under the hemisphere defence scheme. This small force is backed by a further 400 men recruited on a volunteer basis, and by the customs guards and national police. The United States Military Mission is now devoting its attention to the improvement of the police force, which has always proved a weak link in the chain of control whenever political passions have put any strain on the maintenance of internal order and security. In naval or air forces Costa Rica is completely lacking,

though the rapid developments in air services both national and international in this country are gradually providing young Costa Ricans with opportunities for qualifying as air pilots and mechanics. Thus Costa Rica is gradually being drawn, if almost imperceptibly, into the orbit of the hemisphere defence organisation.

6. Dr. Teodoro Picado, the actual President of Costa Rica and a lawyer by profession, who succeeded Dr. Calderon Guardia in 1944 by defeating Don Leon Cortés with the help of the Labour Party (Vanguardia Popular) in elections that may not perhaps have been a model of fairness, has always been regarded here by the opposition parties as the puppet of the Calderon group. Politically speaking this is probably true, for it is customary in this country for a powerful retiring president, who is banned under the constitution from remaining in power for more than one period at a time, to place in power if possible a *locum tenens* of a calibre and party loyalty unlikely to qualify him for independent action in favour of a third party successor. To that extent Picado had proved to be the "man" of his sponsor and his party. Prior to the 1944 elections, furthermore, Picado and the National Republican Party made a pact with the Labour Party according to which the latter pledged their support to Picado in return for the maintenance and extension of the social legislation enacted by Picado's predecessor Calderon. He has, therefore, had to deal not only with an exasperated and embittered opposition of growing strength but also to resist the continuous pressure of the small but well organised Labour Party, on the economic front, in a period of steadily increasing financial and economic difficulty.

7. When Calderon was again adopted last year as the National Republican Party's candidate for the 1948 elections, he hinted in his speech of acceptance that he intended to break away from his close association with the Labour Party and for some months prior to the elections there was a marked cooling off in the two parties relations, so much so that at the elections, the Labour Party voted everywhere for its own candidates for the vacant deputyships and only supported the National Republican Party candidate, Calderon, so far as the presidency was concerned, for to have done otherwise would merely have helped to place in power their mortal enemy Ulate.

8. It will be recalled that Ulate's efforts during the past two years have been devoted to obtaining guarantees for the freedom

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and impartiality of the 1948 elections and that these efforts culminated in a general strike of a political character designed to win certain pledges from the Government as to handing over powers in the event of an opposition victory, or alternatively to force Picado out of office. The upshot of this strike, which ended virtually in a defeat for the opposition, was a pact, the so-called "pact of honour" by which the Government and their supporting Deputies agreed to accept the verdict of the Electoral Tribunal as to the winner of the presidential elections and to place the armed forces under the control of the President-elect within twenty-four hours of the publication of the tribunal's verdict. The election, which passed off in complete order and tranquility, took place on 8th February. The counting of the votes under the rather elaborate regulations of the new electoral law took some time and by 25th February, the date fixed by the law, it had not been possible to complete the scrutiny in the manner required nor to examine the charges of fraud brought against the working of the electoral machine by Calderon and his party. As 1st March was the date set for the Congress to meet in order to approve the Electoral Tribunal's provisional verdict, the tribunal decided to give a verdict in favour of Ulate based on an arithmetical count of the votes as recorded at the various voting centres and to leave to Congress the consideration of allegations of nullity. The result was that in a stormy session Congress declared the elections for President to be null and void on the basis of the evidence of fraud brought forward by Calderon. It is significant that when the question was finally put to the vote, four Government Deputies including the president of Congress voted with the Opposition Deputies. Up to the present the elections to replace the Deputies due to resign this year have not been impugned, but as the new Congress does not meet until 1st May much may happen before then. So far as can be judged at present the National Republican Party and the Vanguardia Popular will hold between them twenty-nine seats (twenty-three National Republican Party and six Vanguardia Popular) against the Ulatistas twenty-four with one independent, as against twenty-eight (twenty-three National Republican Party and five Vanguardia Popular) and seventeen Opposition members with one independent in the present Congress. Of the eight completely new deputyships, due

to increase of population, which were being competed for, seven were won by the Opposition and one by the Labour Party.

9. It was an open secret prior to the elections that if Congress failed to accept a verdict of the Electoral Tribunal declaring Ulate the winner, the Opposition would at once declare a general strike and resort to force if necessary in defence of their rights. On the evening of 1st March Ulate and several of his lieutenants were awaiting the verdict of Congress in the house of a Dr. Valverde, one of his principal supporters, that had for some months served as the headquarters of the party's inner circle. At about 5 p.m. as soon as the Congress vote was known the house was surrounded by police and fiscal guards and a demand made for permission to search the premises, which were known, incidentally, to contain considerable quantities of arms. The owner refused permission for the search and as the fiscal guards approached, on the orders of the officer in charge, to force an entry, fire was opened by the inmates and two guards shot dead. At the same time Dr. Valverde fell wounded, shot by the officer to whom he was speaking or accidentally by his own friends. Under cover of the defence put up by some of his friends Ulate and six companions escaped into the maze of gardens forming the interior of the block of houses of which Dr. Valverde's house formed one of the corners. The whole block had in the meantime been surrounded and escape was impossible, but no attempt was made to close in and capture the fugitives, possibly for fear that Ulate might be killed in the struggle.

10. As a result of the intervention of the Archbishop of San José, it was arranged with the Government that Ulate and his companions should surrender on 2nd March at 10 p.m. to the Secretary of Security and a picked body of disciplined troops, in the presence of the United States Ambassador, the Minister of Colombia and the British Minister, the latter having been invited at the last minute to be present, because Ulate and his friends had taken refuge in an empty flat belonging to a British subject, whose family had been evacuated soon after Dr. Valverde's house was captured on the previous evening. Ulate was to be given the choice of house arrest or asylum in a Latin American Legation, but his companions were to go to prison. When Ulate learned that his companions were not to have the same choice as himself, he refused to surrender unless he was allowed to

discussions of the Government and by the success of their wrecking tactics in preventing the formation of what would have been a national coalition party, had the negotiations for a transaction candidate for the presidency not ended in deadlock.

16. While this small drama of State and personal ambition, embittered by the menacing shadow of international class war, plays itself out on the misty and forest covered slopes of what is known as the "Cerro de la Muerte," it may be interesting to glance at the physical and human background from which this struggle has emerged. Geographically, Costa Rica consists of a central plateau averaging some 4,000 feet above sea level lying between two mountain chains rising in some places to over 11,000 feet and leaving on the Pacific and Atlantic coasts a ledge of tropical lowland, much wider in the north-west than in the south-east. It was on the central plateau with its healthy climate that the first few Spanish colonists made their home. The absence of mineral wealth, in spite of the country's name, had evidently attracted a type of colonist more interested in the honest tilling of the soil, than in extracting riches at the point of the sword from a subjugated race.

17. These colonists multiplied rapidly in a limited but wholesome economy, protected on the Atlantic side by pestilential swamps and a roadless mountain barrier. On the Pacific slopes a toilsome journey of several days alone permitted access to the plateau by easily defended routes. This people grew up, therefore, as a population of small-holders with ideas of government coloured more by the Spanish municipal system than by the centralised imperial control of which, in their isolation, they had seen and felt so little. With the advent of coffee production came their first serious commercial contact with the outside world and it was to England, curiously enough, that just over a hundred years ago the first shipments went, that were to form the basis for a long and lucrative partnership broken only by the last world war.

18. Apart from the small central plateau, only the drier coastal plains to the north-west had attracted colonists, mostly from Nicaragua, from which they separated as the result of a plebiscite in favour of Costa Rica in 1824. These colonists in course of time have built up a flourishing cattle industry, on holdings of much larger extent than those common on the plateau. The more tropical lowlands on the north-east and south-east coasts only assumed economic importance with the

application of science to the control of disease and of modern engineering skill to the construction of railways and roadways which enabled first the Atlantic coast and then the Pacific coast to pay its tribute of bananas, cocoa and finally manilla hemp in response to the large scale development schemes of powerful foreign companies, employing mainly West Indian labour on the Atlantic coast and many Nicaraguan immigrants on the west coast estates.

19. On the plateau, therefore, flourishes a population of independent small farmers and larger estate owners assisted by a peasantry rapidly emerging from a fairly benevolent feudal régime. Only in the capital can there be said to be anything approaching an organised urban proletariat, consisting principally of workers on the two railways that link the capital with the Pacific and Atlantic. The congregation of large numbers of hired workers both on the plantations and at the two railway terminal ports, has enabled the Labour Party organisation to control partially, after a struggle, not only the heterogeneous groups of urban workers, but also the more compact plantation, railway and port workers in the coastal areas. Broadly speaking, the landowners smallholders and merchants on the central plateau with their better paid employees and the peasantry tend to support Ulate, while Calderon and the Labour Party rely more on the votes of the Government employees, the syndicated workers and a slowly diminishing cross section of all classes, whose links with the National Republican Party are based on long standing family ties and personal relationships dating back to the old Liberal Conservative division now slowly breaking down under the pressure of the emerging class struggle.

20. The Catholic Church actively fights for its hold over the workers through the medium of its catholic syndicates and youth organisations and in normal times the fairly literate population of the country is subjected to the bombardment of ideas from completely untrammelled press and broadcasting services in both of which the Labour Party is modestly but efficiently represented.

21. The first round in the struggle for power under the latest alignment must be adjudged to the Liberal-Labour-Communist *bloc*, who have done much since 1943 for the improvement of social legislation. The second round hangs in the balance, with the Conservative-Totalitarian contingent possibly leading on points.

F. G. COULTAS.

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No.13 (34/1/3) of March 20th, 1948.

C O S T A R I C A

ANNUAL POLITICAL REPORT

February 1947 - March 1948.

Apart from its obligations as a rather unimportant unit in the Pan-american system and a member of the United Nations Costa Rica has either abandoned or avoided in the course of its history anything in the nature of a system of treaties or alliances of an offensive or defensive character. Painfully aware of the scantiness of its resources in both manpower and industry it has carefully discarded in recent years any policy likely to bring it into conflict with its neighbours, either singly or in groups and has preached and practiced the doctrine of strict non-intervention in the affairs of other states. This does not mean, however, that its influence abroad has been of a negative character outside the two international systems mentioned, for though its physical powers are small its sense of moral and spiritual values exemplified in a long and honourable tradition of press freedom and progressive democracy and in the generous but impartial treatment of political exiles, is a high one.

2. Costa Rica's relations with the United Kingdom, apart from that almost inevitable bone of contention in Latin-American states, the habit of defaulting on her foreign debt, have been remarkable for their cordiality for over a hundred years, during which period British merchants and British money had been mainly responsible, up to 1938, for the marketing of her principal source of natural wealth, namely coffee and for supplying her with many of the requirements of a country lacking most of the means of industrial production. If this commercial relationship has gradually changed it is not due to any deterioration of the sentiments of mutual regard in which the two countries hold each other, but to other and inevitable factors, some of a permanent and some of a transitory character. If, for instance, we can no longer for currency reasons purchase or market a large share of Costa Rica's coffee crop, there is no reason why we should not eventually re-establish trading relations on mutually advantageous terms, whether on the old basis or on a new one more closely related to our immediate needs, as Costa Rica is a potential producer of food stuffs and raw materials, other than coffee, which might well form a new starting point for a fruitful exchange of wealth.

3. The foreign debt question is one that might conceivably be linked with Costa Rica's desire to maintain her old market for coffee among the discriminating consumers in the United Kingdom and in those countries in which United Kingdom merchants were formerly responsible for its distribution. This might perhaps be arranged on the basis of a payment of a part of the service of the debt in the form of coffee for sale for account of bondholders and in the nature of propaganda in order to retain old markets at present closed to her as a result of the aftermath of war, but which Costa Rica can eventually look forward to re-entering as European conditions improve.

4. If prior to 1939 the United Kingdom held a leading place in the economic life of this country, the inevitable disruption of a world war resulted in the United States becoming to a preponderating extent the supplier of her needs and the consumer of her principal products. Parallel to this inevitable economic penetration, there has proceeded a well directed cultural and cooperative invasion under the direction of the State Department, the International School service, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, while the U.S. Department of Industrial Botany has established the Inter-American Institute of Agricultural Sciences at Turrialba on the Atlantic slope an admirably equipped centre of

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investigation and experiment, which serves not only Costa Rica but the whole of Latin America in the particular branches of agriculture to which it devotes its special attention. Finally may be mentioned the assistance given in the form of loans and direct aid in the completion of the Costa Rican section of the Inter-American highway and its feeder roads. All these services embracing cultural relations, health, nutrition, education, communication and the improvement of agriculture, backed as they are by a varied and generous system of scholarships for Costa Rican students have a powerful and cumulative effect on the life of this country and materially supports its economic penetration by the U.S.A. Costa Ricans are aware of this and are glad to find some counter-weight to this all pervading desire to provide them with "up-lift", in the more modest efforts made by other countries such as the United Kingdom and France to keep them in touch with European progress in the arts and sciences. It is understandable, however, that the U.S. should wish to do all that is possible to raise the level of health, education, production and communications in an area of such importance to United States and hemisphere security.

5. Costa Rica's fighting forces are, of course, numerically negligible, and limited by the Central American treaty of 1923. The only efficient and disciplined force in existence at present is a mobile unit 100 strong, trained and supplied by the United States Military Mission, with a few up-to-date weapons under the hemisphere defence scheme. This small force is backed by a further 400 men recruited on a volunteer basis, and by the customs guards and national police. The United States Military Mission is now devoting its attention to the improvement of the police force, which has always proved a weak link in the chain of control whenever political passions have put any strain on the maintenance of internal order and security. In naval or air forces Costa Rica is completely lacking, though the rapid developments in air services both national and international in this country are gradually providing young Costa Ricans with opportunities for qualifying as airpilots and mechanics. Thus Costa Rica is gradually being drawn, if almost imperceptibly, into the orbit of the hemisphere defence organization.

6. Dr. Teodoro Picado, the actual president of Costa Rica and a lawyer by profession, who succeeded Dr. Calderon Guardia in 1944 by defeating Don Leon Cortés with the help of the Labour party (Vanguardia Popular) in elections that may not perhaps have been a model of fairness, has always been regarded here by the opposition parties as the puppet of the Calderon group. Politically speaking this is probably true, for it is customary in this country for a powerful retiring president, who is banned under the constitution from remaining in power for more than one period at a time, to place in power if possible a locum tenens of a calibre and party loyalty unlikely to qualify him for independent action in favour of a third party successor. To that extent Picado had proved to be the "man" of his sponsor and his party. Prior to the 1944 elections, furthermore, Picado and the National Republican Party made a pact with the Labour party according to which the latter pledged their support to Picado in return for the maintenance and extension of the social legislation enacted by Picado's predecessor Calderon. He has, therefore, had to deal not only with an exasperated and embittered opposition of growing strength but also to resist the continuous pressure of the small but well organised Labour Party, on the economic front, in a period of steadily increasing financial and economic difficulty.

7. When Calderon was again adopted last year as the National Republican party's candidate for the 1948 elections, he hinted in his speech of acceptance that he intended to break away from his close association with the Labour party and for some months prior to the elections there was a marked cooling off in the two parties relations, so much so that at the elections, the Labour party voted everywhere for its own candidates for the vacant deputyships and only supported the National Republican party candidate, Calderon, so far as the

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presidency was concerned, for to have done otherwise would merely have helped to place in power their mortal enemy Ulate.

8. It will be recalled that Ulate's efforts during the past two years have been devoted to obtaining guarantees for the freedom and impartiality of the 1948 elections and that these efforts culminated in a general strike of a political character designed to win certain pledges from the government as to handing over powers in the event of an opposition victory, or alternatively to force Picado out of office. The upshot of this strike, which ended virtually in a defeat for the opposition, was a pact, the so called "pact of honour" by which the government and their supporting deputies agreed to accept the verdict of the Electoral Tribunal as to the winner of the presidential elections and to place the armed forces under the control of the president elect within 24 hours of the publication of the Tribunal's verdict. The election, which passed off in complete order and tranquility, took place on February 8th. The counting of the votes under the rather elaborate regulations of the new electoral law took some time and by February 25th, the date fixed by the law, it had not been possible to complete the scrutiny in the manner required nor to examine the charges of fraud brought against the working of the electoral machine by Calderon and his party. As March 1st was the date set for the Congress to meet in order to approve the Electoral Tribunal's provisional verdict, the Tribunal decided to give a verdict in favour of Ulate based on an arithmetical count of the votes as recorded at the various voting centres and to leave to congress the consideration of allegations of nullity. The result was that in a stormy session Congress declared the elections for president to be null and void on the basis of the evidence of fraud brought forward by Calderon. It is significant that when the question was finally put to the vote, four government deputies including the president of congress voted with the opposition deputies. Up to the present the elections to replace the deputies due to resign this year have not been impugned, but as the new congress does not meet until May 1st, much may happen before then. So far as can be judged at present the National Republican Party and the Vanguardia Popular will hold between them 29 seats (23 National Republican Party and 6 Vanguardia Popular) against the Ulatistas 24 with one independent, as against 28 (23 National Republican Party and 5 Vanguardia Popular) and 17 opposition members with one independent in the present Congress. Of the eight completely new deputyships, due to increase of population, which were being competed for, 7 were won by the opposition and one by the Labour party.

9. It was an open secret prior to the elections that if Congress failed to accept a verdict of the Electoral Tribunal declaring Ulate the winner, the opposition would at once declare a general strike and resort to force if necessary in defence of their rights. On the evening of March 1st Ulate and several of his lieutenants were awaiting the verdict of Congress in the house of a Dr. Valverde, one of his principal supporters, that had for some months served as the headquarters of the party's inner circle. At about 5 p.m. as soon as the Congress vote was known the house was surrounded by police and fiscal guards and a demand made for permission to search the premises, which were known, incidentally, to contain considerable quantities of arms. The owner refused permission for the search and as the fiscal guards approached, on the orders of the officer in charge, to force an entry, fire was opened by the inmates and two guards shot dead. At the same time Dr. Valverde fell wounded, shot by the officer to whom he was speaking or accidentally by his own friends. Under cover of the defence put up by some of his friends Ulate and six companions escaped into the maze of gardens forming the interior of the block of houses of which Dr. Valverde's house formed one of the corners. The whole block had in the meantime been surrounded and escape was impossible, but no attempt was made to close in and capture the fugitives, possibly for fear that Ulate might be killed in the struggle.

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10. As a result of the intervention of the Archbishop of San José, it was arranged with the Government that Ulate and his companions should surrender on March 2nd at 10 p.m. to the Secretary of Security and a picked body of disciplined troops, in the presence of the U.S. Ambassador, the Minister of Colombia and the British Minister, the latter having been invited at the last minute to be present, because Ulate and his friends had taken refuge in an empty flat belonging to a British subject, whose family had been evacuated soon after Dr. Valverde's house was captured on the previous evening. Ulate was to be given the choice of house arrest or asylum in a Latin-American Legation, but his companions were to go to prison. When Ulate learned that his companions were not to have the same choice as himself, he refused to surrender unless he was allowed to accompany them to prison and this request was eventually granted, the whole party being then conveyed to the prison attached to the Artillery Barracks, accompanied by the Secretary for Security, the Archbishop and the diplomatic representatives mentioned above. That Ulate should have chosen prison in preference to house arrest or asylum came as a complete surprise to the government, for the last thing they wished to do was to make a political martyr of him. Every effort was therefore made to induce him to change his mind but he refused to budge unless accompanied by his six friends and until the judicial authorities had made the usual preliminary examination. Eventually the government gave way and the whole party was released unconditionally on March 3rd and escorted to their homes by the Archbishop and the U.S. Ambassador. The political situation was now an extremely delicate one and once again the Archbishop attempted to bring the parties together in order to find a solution. Negotiations continued from March 4th to March 11th under a political truce agreed to by all concerned but with little success until finally about 2 p.m. on March 11th they terminated in a deadlock. The Archbishop who abandoned his efforts before that date had been substituted as intermediary by the Association of Bankers and late on the evening of the 11th March they obtained the agreement of the parties to a further 48 hours truce in order that a final effort to break the deadlock might be made.

11. In the meantime news seems to have reached Ulate's armed partisans under the leadership of Don José Figueres (See paragraph 5 of San José despatch No.9 of 16.2.47) that the negotiations had definitely failed with the result that he immediately put into effect the plans for organized resistance that had been carefully prepared for months past. The insurgents went into action at two widely separated points, one to the N.W. of San José and the other to the S.E. on the borders of most difficult country, traversed only by one good road, forming part of the unfinished Pan-American highway. The rising to the N.W. was probably a feint and was soon liquidated, but that to the S.E. of the old capital of Cartago with headquarters in mountainous country covering the road that leads to the fertile valley in which Buenos Aires is the principal township, was a more serious affair and it soon became clear that the main insurgent forces under Figueres were centred there. Attempts to dislodge them made by the American trained mobile unit with militia as reinforcements, have failed with serious losses, due to ambushes, road mining, etc., rendered easy by the forests with which the region is covered.

12. It is generally thought that Figueres, impatient at the delay caused by the prolonged negotiations and fearing the effect of further delay on the morale of his men, determined to seize the first excuse for going into action, certain that once he had become involved, Ulate and the opposition generally would have to throw in their whole weight on his side. As a matter of fact Ulate did address a manifesto to the country, throwing the blame for the failure of the negotiations on Calderon and the machinations of the Labour party, who had everything to lose by the acceptance of a transaction candidate for the presidency, who would unite the bulk of the two major parties under his leadership. With both principal parties almost equal in strength in the coming congress, the Labour party (Vanguardia Popular) was

/looking forward.....

looking forward to playing off each in turn against the other. Curiously enough Ulate confined himself, in this manifesto, to a call for a sit down strike and passive resistance of every kind, including non-payment of taxes, and a refusal to make use of government agencies or departments in any form whatever. Indeed, far from mentioning the armed movement started by Figueres, he congratulated himself and his party on having discovered in the strike weapon a means of bringing the Government to its knees "without making use of violence in any form". The Government's reply to this was to suspend constitutional guarantees in order to free its hands for more rigorous action.

13. Since the first costly but fruitless efforts of the government to crush the movement completely, military operations seem to have reached a stalemate. The area of country involved is not economically of vital importance and all the main routes to the populated areas of the central plateau are barred for the moment to the revolutionaries, whose freedom of movement on any scale is limited by Government air reconnaissance. The economic situation of the government, on the other hand, seems to be most serious, and if the government is to be brought to its knees, it appears more likely to fall to economic than to military pressure. For weeks past business has been partially paralyzed by the incognita of the political situation, the fear of a bloody issue to the elections, and since March 1st by a half concealed bank strike. The banks have used the threat of a strike of bank employees to compel the Government to approve the continued closing of the banks, on the ground that if they opened only for a day, the run on the banks might lead to panic and chaos. Actually both sides knew that the key bank employees, including those of the National Bank, had gone to earth either in or outside the country, and that if the Government ordered the banks to open, they would not be in a position to function and that the law for the mobilization of credit introduced by the Government after last year's bank strike could not be put into effect, without the cooperation of the staff of the National Bank and of key employees of the private banks. The upshot of this rather tragicomic situation was that the board of the National Bank of Costa Rica resigned in a body on March 18th and it is rumoured to-day (March 19th) that the Government, at its wit's end for funds to pay its employees, and for carrying on the campaign, is now treating with the opposition in order to arrange a compromise solution of the whole political tangle.

14. Soon after the revolutionary movement started all opposition newspapers and broadcasting stations were closed down and a press and postal censorship established, with the result that the most fantastic rumours began to circulate; on the whole, however, the capital remained quiet, except for wild bursts of reckless rifle fire which broke out at the slightest provocation at all hours of the night, and proved more dangerous to innocent householders and to the power and telephone cables than to any enemy. The most interesting of these rumours were that the insurgents were receiving arms by air from Guatemalan sources and that in self defence the government was seeking help from the governments of Nicaragua and Honduras. Events appear to have corroborated both these rumours, for the government forces have captured ammunition of Mexican manufacture in cases addressed to the Guatemalan Ministry of Defence, as well as a number of rifles, from which all marks of origin and ownership had been eliminated. In addition to this it was common talk in opposition circles that the source of supply was Guatemala, while Figueres daily bulletin which circulates surreptitiously in the capital boasted that the 19th aeroplane load of armaments had been received from abroad and that there would soon be enough war material to start two or three new fronts. At the same time official government sources disclose that help in men, arms and aeroplanes has already been received from Nicaragua, whose government the Picado régime had recognised rather precipitately a few weeks before the elections.

15. More than one interpretation has been given to Guatemala's

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intervention, though the underlying desire to further its ambitions as the leader of a Central-American Union is apparent in each. In the first place president Picado treated almost with rudeness an invitation forwarded to him in 1946 to participate in a meeting of Central American presidents to discuss measures for furthering the union of these republics, an idea which meets with little acceptance in this country except among a few intellectuals. President Arévalo no doubt hoped that by helping Ulate to power he might forward his plans among the younger intellectuals by whom Ulate has always tried to surround himself. A more sinister suggestion, however, is that Arévalo, in giving help to the opposition is merely trying to weaken both sides with a view to leaving the road clear for the seizure of power by the Labour party in Costa Rica, the leadership of which is definitely in the hands of communists. The latter are notoriously well armed having been supplied from government sources during the strike last year and probably again before the February elections in anticipation of trouble from the opposition. It seems, however, that the Labour party, once having obtained possession of these arms has shewn a disturbing tendency to act without government orders and on the whole to sit on the fence during the present crisis. It has already been noted that they only voted for Calderon in February in order to keep Ulate out, and that otherwise they devoted themselves everywhere to supporting their own candidates for the deputyships, whether they had much chance of success or not. Calderon's attempt before the elections to break away from his party's partnership with labour, combined with the difficulties presented by the threat of an armed movement by the opposition, may well have placed him on the horns of a dilemma, which has definitely placed him in the power of the Labour party. This has for long been the conviction of many shrewd observers of the political scene and is borne out by the disproportionate influence exercised by the party in the recent discussions of the government and by the success of their wrecking tactics in preventing the formation of what would have been a national coalition party, had the negotiations for a transaction candidate for the presidency not ended in deadlock.

16. While this small drama of State and personal ambition, embittered by the menacing shadow of international class war, plays itself out on the misty and forest covered slopes of what is known as "Cerro de la Muerte", it may be interesting to glance at the physical and human background from which this struggle has emerged. Geographically Costa Rica consists of a central plateau averaging some 4,000 feet above sea level lying between two mountain chains rising in some places to over 11,000 feet and leaving on the Pacific and Atlantic coasts a ledge of tropical lowland, much wider in the north-west than in the south-east. It was on the central plateau with its healthy climate that the first few Spanish colonists made their home. The absence of mineral wealth, in spite of the country's name, had evidently attracted a type of colonist more interested in the honest tilling of the soil, than in extracting riches at the point of the sword from a subjugated race.

17. These colonists multiplied rapidly in a limited but wholesome economy, protected on the Atlantic side by pestilential swamps and a roadless mountain barrier. On the Pacific slopes a toilsome journey of several days alone permitted access to the plateau by easily defended routes. This people grew up, therefore, as a population of small holders with ideas of government coloured more by the Spanish municipal system than by the centralised imperial control of which, in their isolation, they had seen and felt so little. With the advent of coffee production came their first serious commercial contact with the outside world and it was to England, curiously enough that just over a hundred years ago the first shipments went, that were to form the basis for a long and lucrative partnership broken only by the last world war.

18. Apart from the small central plateau, only the drier coastal plains to the N.W. had attracted colonists, mostly from Nicaragua, from

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which they separated as the result of a plebiscite in favour of Costa Rica in 1824. These colonists in course of time have built up a flourishing cattle industry, on holdings of much larger extent than those common on the plateau. The more tropical lowlands on the N.E. and S.E. coasts only assumed economic importance with the application of science to the control of disease and of modern engineering skill to the construction of railways and roadways which enabled first the atlantic coast and then the pacific coast to pay its tribute of bananas, cocoa and finally manilla hemp in response to the large scale development schemes of powerful foreign companies, employing mainly West Indian labour on the atlantic coast and many Nicaraguan immigrants on the West coast estates.

19. On the plateau, therefore, flourishes a population of independent small farmers and larger estate owners assisted by a peasantry rapidly emerging from a fairly benevolent feudal régime. Only in the capital can there be said to be anything approaching an organized urban proletariat, consisting principally of workers on the two railways that link the capital with the Pacific and Atlantic. The congregation of large numbers of hired workers both on the plantations and at the two railway terminal ports, has enabled the labour party organization to control partially, after a struggle, not only the heterogeneous groups of urban workers, but also the more compact plantation, railway and port workers in the coastal areas. Broadly speaking, the landowners, smallholders and merchants on the central plateau with their better paid employees and the peasantry tend to support Ulate, while Calderon and the Labour party rely more on the votes of the government employees, the syndicated workers and a slowly diminishing cross section of all classes, whose links with the National Republican Party are based on long standing family ties and personal relationships dating back to the old liberal conservative division now slowly breaking down under the pressure of the emerging class struggle.

20. The Catholic Church actively fights for its hold over the workers through the medium of its catholic syndicates and youth organizations and in normal times the fairly literate population of the country is subjected to the bombardment of ideas from completely untrammelled press and broadcasting services in both of which the labour party is modestly but efficiently represented.

21. The first round in the struggle for power under the latest alignment must be adjudged to the Liberal-Labour-Communist bloc, who have done much since 1943 for the improvement of social legislation. The second round hangs in the balance, with the Conservative-Totalitarian contingent possibly leading on points.

Andreas



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~~INDEXED~~ March 24th, 1948.

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With the compliments of
His Britannic Majesty's Minister
San José, Costa Rica. 31/3

Enclosure:-

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*Amendments
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COSTA RICA ANNUAL POLITICAL REPORT
February 1947 - March 1948.

(Enclosure in San José despatch No.13.
(34/1/3) of March 20th, 1948)

C O R R I G E N D A

<u>Page</u>	<u>Para.</u>	<u>Line.</u>	<u>For</u>	<u>Read</u>
5	13	17	"employers"	"employees"
5	14	penultimate	"precipitatedly"	"precipitately"
6	16	3	"known as"	"known as the"
7	20	4	"subjugated"	"subjected"

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