



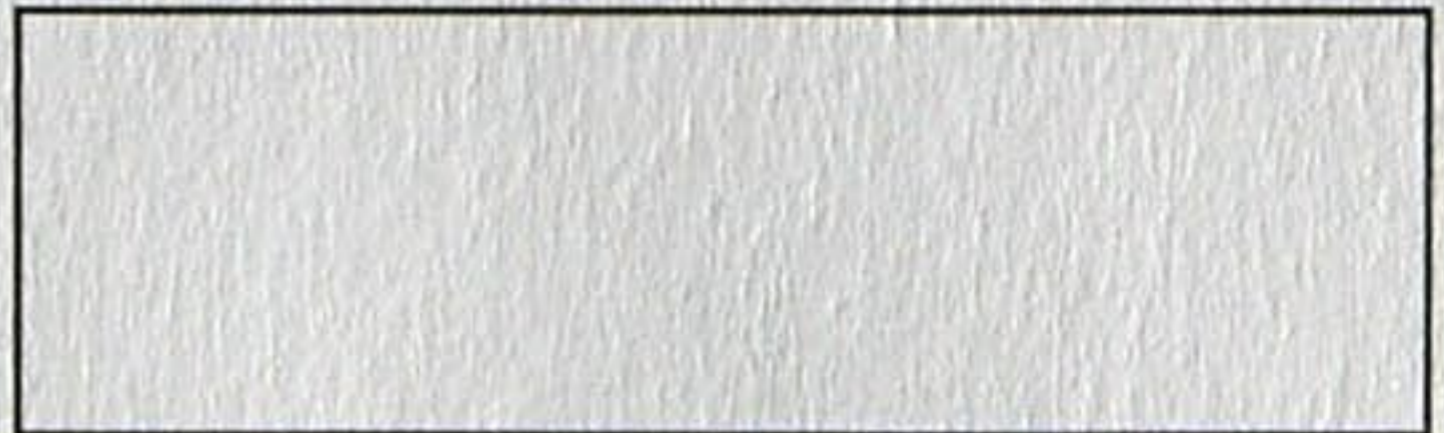
Washington, D. C. 20505

12 July 1982

MEMORANDUM FOR: The President
The Vice President
The Secretary of State
The Secretary of Defense
The Counsellor to the President
The Director of Central Intelligence
The Chief of Staff to the President
The Deputy Chief of Staff to the President
The Assistant to the President for
National Security Affairs

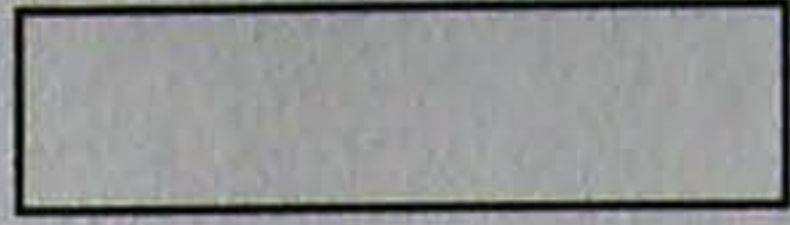
SUBJECT : NSPG Meeting - Tuesday, 13 July 1982

The attached is provided for your use and information at the NSPG meeting on 13 July 1982.



Executive Secretary

Attachment: SNIE 82/83-82: Short-Term Prospects
for Central America dated 8 June 1982



Short-Term Prospects for Central America

Special National Intelligence Estimate

Secret

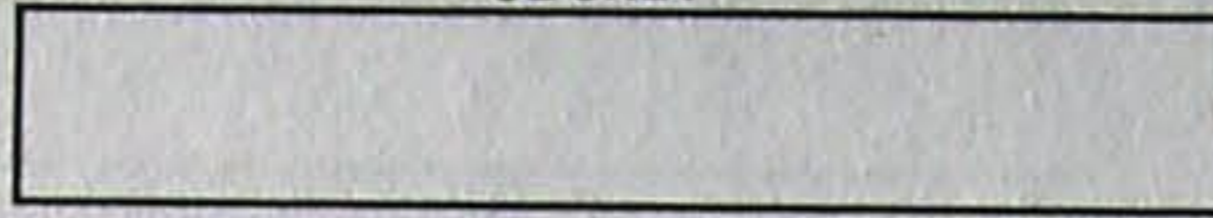
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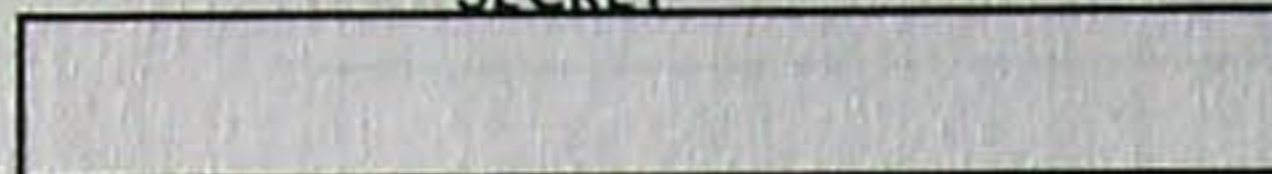
SNIE 82/83-82

SHORT-TERM PROSPECTS
FOR CENTRAL AMERICA

Information available as of 8 June 1982 was
used in the preparation of this Estimate.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

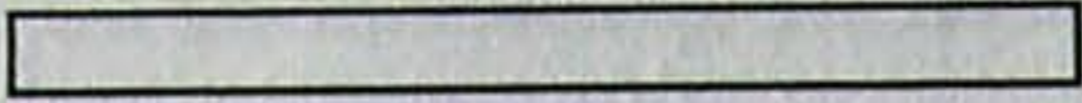
The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

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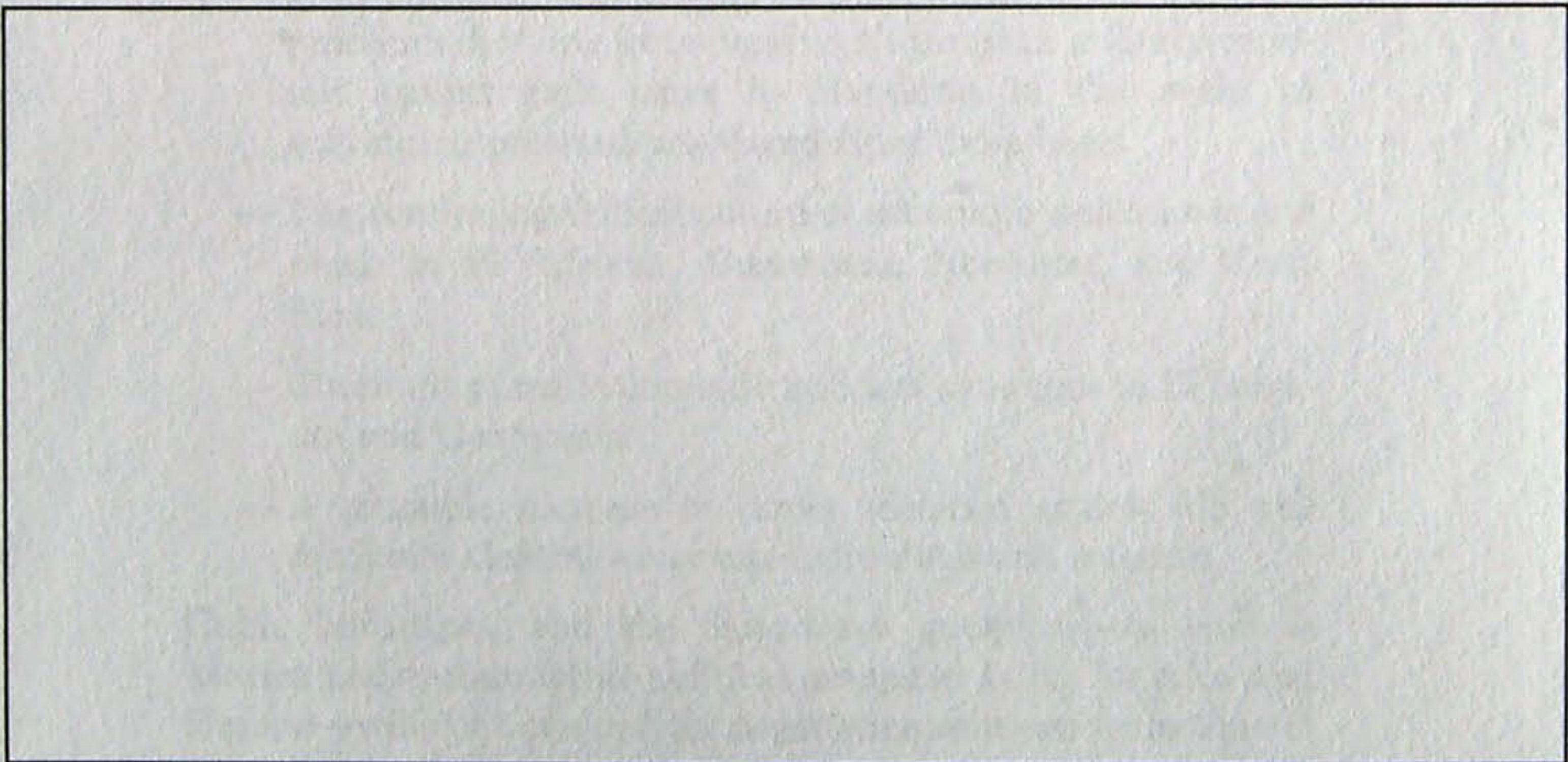


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CONTENTS

	<i>Page</i>
EXECUTIVE SUMMARY	1
KEY JUDGMENTS	3
DISCUSSION	7
Regional Overview	7
The Threat From Cuban and Nicaraguan Subversion	9
Support for the Salvadoran Guerrillas.....	9
Support for the Guatemalan Guerrillas.....	9
The Threat to Honduras	11
The Threat to Costa Rica	11
Prospects for Sandinista Rule in Nicaragua	12
Trends in the Target Countries	13
El Salvador	13
Guatemala	14
Honduras	15
Costa Rica	15
The International Arena and the Diplomatic Front	15
Outlook: Continuing Threats in the Region	17

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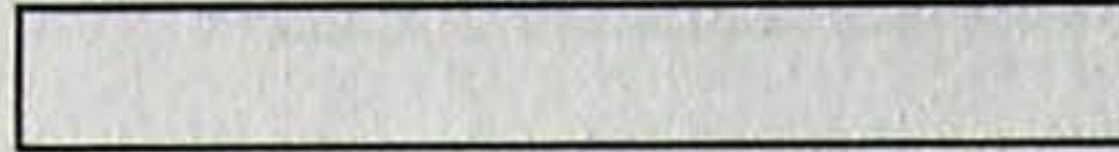
EXECUTIVE SUMMARY

- With important outside support, moderate groups in Central America have been strengthened in a number of respects, politically and militarily, in recent months. Domestic support for Marxist-Leninist groups and radical causes has diminished, at least for the moment.
- It should be emphasized, however, that the magnitude and complexity of domestic vulnerabilities and Communist-supported subversion in Central America will remain so great that the recent positive developments will almost certainly not be sustained in the absence of continuing strong external support.
- The principal threats to US and allied interests will be posed by:
 - The development of an increasingly strong Sandinista regime in Nicaragua, and that regime's continuing cooperation with Cuba in promoting Marxist revolution elsewhere in Central America, together with its military buildup toward dominance over its neighbors.
 - Heightened foreign-supported subversion aimed especially at El Salvador, Guatemala, and Honduras, along with new problems deriving from possible Nicaraguan military reprisals against exile bases in Honduras in the event of continuing provocations staged from those bases.
 - The continuing critical nature of economic weaknesses and needs in El Salvador, Guatemala, Honduras, and Costa Rica.
 - Continuing fragile domestic political situations in El Salvador and Guatemala.
 - A probable increase in direct violence against US and moderate Central American individuals and interests.
- Cuba, Nicaragua, and the Salvadoran guerrillas—as well as Mexico and certain leftist political groups in Latin America and Europe—will continue to float negotiation schemes from time to

Scope Note: This Estimate focuses on issues of key importance to the United States concerning El Salvador, Guatemala, Honduras, Costa Rica, and Nicaragua. The period of the Estimate is through 1982.

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time. As before, from the viewpoint of Cuba, Nicaragua, and the Salvadoran guerrillas, these will be largely for tactical political use.

- The circumstances of the Falklands war will doubtless reduce the readiness of some Latin American states to support US initiatives concerning Central America. The direct adverse impact in Central America, however, is not likely to be substantial.
- The future holds many continued severe threats to US interests in Central America. These countries will have great difficulty maintaining their stability and independence in the absence of strong external support.

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KEY JUDGMENTS

The threat posed by Communist-supported insurgency remains serious but the momentum of the extreme leftist groups in Central America has slowed, at least temporarily. A number of developments during recent months have for the moment strengthened moderate and democratic groups in the region:

- Fair elections have conferred power on new governments in Honduras, Costa Rica, and El Salvador, while Guatemala has moderate leadership; all four governments now have stronger support than their predecessors.
- Guerrilla forces in El Salvador and Guatemala failed to stop or disrupt the elections through violence and terrorism. In El Salvador such forces were repudiated by the people.
- Improved intelligence and military operations by the Salvadoran armed forces [redacted] demonstrated that the guerrillas can be put on the defensive and contained.
- Factional rivalries have contributed to reducing somewhat the effectiveness of the guerrillas in Guatemala and El Salvador, despite Cuba's efforts to mediate these internal disputes.
- The previous assumption among many outside observers—Socialist International members and others—that victory for the extreme left in Central America was inevitable is no longer so firmly held.
- The growth of the exile anti-Sandinista movement and the increase in defections from Nicaragua point to problems for that country's Marxist-Leninist regime.

Despite these positive events of late, *the* dominant aspect of Central America's future will remain the weaknesses of moderate societies there, and the continuing efforts of Cuba, Nicaragua, and their allies to promote Marxist revolutions in the area.

Accordingly, the principal threats to US interests will be posed by these situations:

- Nicaragua will continue to build the most powerful armed force in the region and will have help from some 2,000 Cuban security

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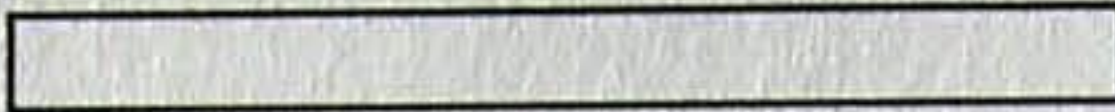

advisers. This military force will continue to be used to maintain internal control, to intimidate neighbors such as Costa Rica and Honduras, and to build toward a dominant military position in the area.

- Soviet arms shipments to Cuba, already running at a higher level than at any time since the 1962 missile crisis, will probably remain substantial. These will continue to include new and sophisticated weapons which will free older Cuban weapons for transshipment to Nicaragua.
- Cuba and Nicaragua will continue to support the guerrillas in Guatemala and El Salvador while working to build up the extreme left in Honduras and Costa Rica. At the same time Cuba and Nicaragua will continue their covert efforts to divide and intimidate the governments of Honduras, Costa Rica, and El Salvador.
- For tactical reasons, Cuba and the extreme left may step up attempts to explore "political solutions" in order to reduce the level of counterinsurgency efforts by El Salvador, while they use the next months to regroup, rearm, and mold additional unity among the guerrillas.
- The danger of assassinations of US officials and moderate Central American leaders is likely to increase as the extremist leftist groups seek dramatic ways to seize the initiative.
- Honduras will increasingly become a key target of Cuban and Nicaraguan subversion. Castro and the Sandinistas will almost certainly use a variety of methods—subversion, intimidation, "peace" initiatives, propaganda, etc.—to try to force the Suazo government to reduce its strong pro-US stance in the region. We believe that such efforts will succeed in the absence of strong external support. Yet, in the event their efforts should fail, Cuba and Nicaragua might then adopt more militant policies against Honduras:
 - They might well attempt to establish an ostensibly home-grown Honduran guerrilla group in a remote area. In such a case, Nicaraguans and other foreign extremists would probably participate.
 - And in the event anti-Sandinista exile groups continue to mount operations into Nicaragua, units of Managua's ground and air forces may launch reprisals against exile bases in Honduras.

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- A number of outside entities—including the USSR, Libya, Palestinian terrorist groups,¹ and various leftist organizations—will continue to lend a broad array of support to Marxist revolutionary movements in Central America. Such support will continue to include training and arming of some guerrillas.
 - Cuba, Nicaragua, and their allies will also continue to augment their subversive efforts with initiatives for “negotiations and peace.” These will be designed to attract non-Communist support for the extreme left, reduce foreign support for the target governments, divide the target governments, and complicate relations between the United States and its allies. We consider it highly unlikely that Cuba and Nicaragua will negotiate in good faith during the period of this Estimate.
 - Meanwhile, the political situation in El Salvador will remain fragile, its new leaders continuing to have trouble achieving consensus in the country on national priorities, the reforms, and the apportionment of power, with the armed forces leadership seeking to keep repressive forces in check.
 - The new government in Guatemala will remain vulnerable to overthrow, through a combination of possible plotting on the part of disgruntled military officers and missteps on the part of Guatemala’s very unpredictable new leader, General Rios Montt. International recognition through tangible support of the positive changes in Guatemala would strengthen moderate forces.
 - Severely depressed economies in El Salvador, Guatemala, Honduras, and Costa Rica will constitute certain of the most critical challenges to moderate, constructive advance. The slump in world prices for these countries’ agricultural exports is expected to persist, thereby maintaining pressure on already scarce foreign exchange reserves. Violence and guerrilla activity will continue to harm production, erode investor confidence, limit the accumulation of capital, feed inflation, and contribute to already high levels of unemployment. Furthermore, needed austerity measures will be highly unpopular and likely to contribute to additional unrest. These economies will continue to be dependent in important measure on strong external support.
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For the longer run, beyond the period of this Estimate, the future holds many severe threats to US interests in Central America. The many weaknesses there will grow in the absence of continuing strong international support, and there is no guarantee that even such support will enable moderate forces there to carry the day. Events have demonstrated, however, that there is no inexorable downward path ahead.

- The Marxist revolutionaries and their various backers are beset with numerous weaknesses and constraints.
- There is considerable political vitality in the area—demonstrated especially by the courageous election turnout in El Salvador.
- Judicious infusions of military and other aid have helped in certain given instances.
- Important support for moderate forces and the target governments has come from Venezuela, Colombia, and other friendly governments, as well as from the Christian Democrats of Europe and Latin America along with the international free trade union movements.

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DISCUSSION

Regional Overview

1. US interests and allies in Central America will continue to be threatened by subversion and destabilizing forces through the remainder of 1982—the period covered by this Estimate. Cuba and Nicaragua will use extreme leftist groups and subversive violence in pursuit of their objectives in El Salvador, Guatemala, Honduras, and Costa Rica.² At the same time, however, there have been important favorable trends.

2. Opportunities and support for Marxist-Leninist groups and radical causes have diminished in recent months, while moderate and democratic forces have been strengthened. New governments—three of them headed by civilians—have come to power this year in the four target countries, while guerrilla and extremist groups have suffered significant setbacks. Insurgents failed to disrupt the elections last March in El Salvador and Guatemala, despite their plans to foment widespread violence. Despite Cuban mediation efforts, rivalries and tactical differences among the Marxist-Leninist groups in both countries remain unresolved, and this somewhat reduces their effectiveness. Interdiction has complicated Cuba and Nicaragua's task of supplying the guerrillas, though it probably has not yet reduced the net flow of materiel. Recently, after at least four years of sustained and substantial growth, the guerrillas have apparently begun to experience difficulty in recruiting new members—causing some resort to kidnaping by the Salvadoran guerrillas.

3. The most dramatic improvements have occurred in El Salvador, where the guerrillas appear demoralized and divided following steady military pressure and the failure to disrupt the 28 March election. Though the guerrillas threatened to disrupt the constituent assembly elections and to discredit them before a large international audience—whose interest in El Salvador they had done much to attract—voters unmistakably repudiated the extreme left in over-

² See the annex, "Country Outlooks," for discussions of internal conditions and prospects for these four Central American countries and Nicaragua.

whelming numbers. About 1.5 million people—perhaps 85 percent of the eligible voters—braved guerrilla intimidation and violence in generally fraud-free elections. Though that extraordinary demonstration of popular will to restore order did not end the country's political divisions, it highlighted the resiliency and resourcefulness of the Salvadoran people.

4. Despite these and other positive trends, the threat from the extreme left remains serious and will grow as Cuba and Nicaragua use the next months to continue to arm, rebuild, and improve the guerrilla forces in El Salvador and Guatemala. At the same time, Cuba and Nicaragua are attempting to intimidate Honduras and Costa Rica into neutrality or tacit cooperation while also working with the Soviet Bloc in a worldwide propaganda campaign to fragment the target governments, isolate them from outside help, and raise questions about the dependability of the US commitment.

5. In the next months, we expect Cuba and Nicaragua to continue supporting the extreme leftist groups while repeating their tactics after the failure of the "final offensive" of January 1981 in El Salvador—using offers of negotiations to make political gains and reducing the level of counterinsurgency pressure while the guerrillas strive to strengthen their military and political organizations.

6. Cuba and Nicaragua are using the Falklands crisis as a device to stir up anti-US sentiment in Latin America and to divide the United States from the majority of Latin American countries (such as Venezuela) that have been taking a firm anti-Communist stand in the Central American region.

7. The reconstruction of severely depressed and shattered economies will be among the most critical challenges facing the new governments. The economies of all four target countries are highly dependent on the sale of agricultural commodities and have suffered as prices for cotton, sugar, and coffee have declined. Also, violence and guerrilla warfare over the last four years have undermined agriculture and tour-

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ism, eroded investor confidence, caused a sustained flight of capital, and contributed to growing inflation, which ranged from 10 to 65 percent in the countries of the region last year. Unemployment has reached high rates, from 14 percent in Costa Rica to an estimated 35 percent in El Salvador. Growth rates have ranged from minus 10 percent in El Salvador to 1 percent in Guatemala. Needed austerity measures will be highly unpopular and will be likely to contribute to additional unrest. Even with some recovery in the world economy, markets are likely to remain soft for the region's principal exports, keeping the balance of payments under severe pressure. The extent to which imports can be maintained at tolerable levels will depend heavily on economic assistance from the United States, other bilateral providers, and the regional and global international financial institutions.

The Threat From Cuban and Nicaraguan Subversion

8. The guerrilla warfare and subversion encouraged and supported by Cuba, Nicaragua, and the Soviet Union will continue to deepen the social and economic problems which also contribute to the political instability in the region. Realizing that the momentum of the extreme left has slowed in recent months, Castro may well decide to make greater efforts to strengthen the guerrillas. He is likely to step up Cuban covert action, propaganda, and threats against the moderate, pro-US governments in the region, especially Honduras. Sandinista leaders, who have described the Salvadoran insurgents as "our shield," will also persist in their support of the Salvadoran insurgents, whose survival they link closely to their own. Guerrillas in Guatemala and small extremist groups in Honduras and Costa Rica will also continue to be given tangible help by Havana and Managua to improve their capabilities for violence. In those three countries, as in El Salvador, the strategy of the Cubans and the Sandinistas⁹ is aimed at enhancing their own power by undermining US and moderate interests and eventually at creating new Marxist-Leninist regimes.

Support for the Salvadoran Guerrillas

9. Though demoralized and weaker relative to the expanding military, the five insurgent groups in El

Salvador retain strong capabilities and continue to be sustained via supply lines from Cuba and Nicaragua. (See map of arms routes.) The number of direct flights between Havana and Managua by Cuban aircraft increased significantly early this year.

many carry arms and ammunition. During the spring of 1982, at least 180 tons of military equipment reportedly were to have been airlifted to Managua, probably for transshipment to the Salvadoran insurgents. The latter are likely to receive additional automatic rifles and heavier anti-aircraft weapons. Should they succeed in obtaining surface-to-air missiles, this would severely reduce Salvadoran military capabilities.

10. Though the bulk of materiel sent to the Salvadoran insurgents is probably getting through, increased arms interdiction efforts by the Honduran security forces and the Salvadoran Navy have caused the insurgents to shift their supply routes. Some arms continue to be delivered overland through Honduras and across the Gulf of Fonseca, but since last year the guerrillas have sought to avoid detection by giving greater priority to air and deep sea links.

11. Salvadoran guerrilla forces are not likely to grow very much this year, and may be able only to maintain estimated current levels of 4,000 to 5,000. To do so, however, it may be necessary for them to draw upon the approximately 5,000 to 10,000 part-time members of the guerrilla militia. In addition, the guerrillas are resorting to kidnaping to maintain militia force levels. Cuba and Nicaragua continue to provide training for Salvadoran guerrillas, and there is a good chance that advisers from those countries operate intermittently with local guerrillas. The insurgents have divided the country into five fronts, each with a commander and general staff. Guerrilla units are mostly concentrated in base areas from which operations are launched. More than 50 guerrilla camps have been identified in these base areas, and there may be many more. The guerrillas' general headquarters—the Unified Revolutionary Directorate—is located in Nicaragua.

Support for the Guatemalan Guerrillas

12. With increased Cuban and some Sandinista support, the guerrillas in Guatemala have been able to

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mount larger and more sophisticated operations over the past year. From a force of about 1,000 in 1979, insurgent groups have grown to an estimated 3,000 to 4,000. The guerrillas concentrate on small-scale operations, such as terrorist killings and bombings, economic sabotage, and ambushes of security forces. Their expanding military powers have also enabled them temporarily to occupy important provincial towns, and for the first time a guerrilla unit recently was able to overrun a military garrison located in an area of the Western Highlands where the guerrillas are strongest. Generally, however, the guerrillas have recognized that they are not ready for decisive confrontation and have avoided pitched battles with the military, even on occasions when retreat has forced them to abandon significant caches of weapons.

13. Cuban training and advice have been important factors in the rising competence of the guerrillas. Over the last several years hundreds have received guerrilla instruction in Cuba, [redacted]

[redacted] A small number of Cuban and Nicaraguan advisers may also be providing instruction at isolated guerrilla encampments in Guatemala. Arms deliveries—via Honduras, Mexico, Belize, and possibly Costa Rica—are becoming more frequent—and the methods of concealment more sophisticated. Cuban assistance probably has helped the guerrillas significantly to improve their external support network and to establish extensive arms caches and underground tunneling in rural base areas. In some isolated places where government presence has always been tenuous, the insurgents are exercising de facto control over the population.

14. Castro has also continued his efforts to forge greater unity among the guerrilla factions. Though Havana was able to persuade the four active insurgent groups to form a new umbrella organization last January, collaboration is still undermined by strong rivalries and distrust. Factionalism was apparently responsible in part for the guerrillas' failure to follow through on their plans to disrupt the elections on 7 March. The largest and most effective of the groups—the "Guerrilla Army of the Poor" [redacted]—is, however, firmly committed to the military struggle and generally responsive to Cuban counsel. In contrast, the "Organization of the People in Arms"—the second largest group and most ideologi-

cally diverse—has been resistant to Cuban management. Its maverick leader refused to attend a unification meeting in Havana, and some members reportedly favor trying to negotiate with the Rios Montt government. Pressures from Cuba and the USSR have persuaded the traditionally orthodox faction of the Guatemalan Communist Party to make preparations for joining in the insurgency.

The Threat to Honduras

15. Because of its strategic location in the region and its strong support for US initiatives, Honduras is likely to come under steadily rising Cuban and Nicaraguan pressure this year. Castro understands that conditions in Honduras are not as conducive to the growth of insurgent groups and sentiment as they have been elsewhere in Central America, but has placed a high priority on stimulating violence there anyway. The extreme left in Honduras is small and divided, and Cuban efforts to coax its components into an effective united front thus far have failed. Acts of terrorism have increased, however, and some of them reportedly have been directly supported by Nicaragua. Castro has stepped up training of Honduran extremists.

16. Cuban and Nicaraguan concerns about Honduras's role as a base of US and anti-Sandinista influence are likely to mount this year, and cause Havana and Managua to take stronger measures to force the Suazo government to adopt more neutral regional policies. They are likely to employ a variety of methods—propaganda, intimidation, and terrorism, as well as the current "peace discussions" between Honduran and Nicaraguan military leaders—in a coordinated campaign. Both Havana and Managua are likely to press new efforts to subvert Honduran military leaders and to sow divisions among them. The Cubans received a setback, however, when the two senior colonels with whom they maintained official contact were removed in April as a result of an internal power struggle. Other Honduran officers and civilian leaders are undoubtedly also targets of Cuban operatives in Honduras.

The Threat to Costa Rica

17. Although Costa Rica is much more vulnerable to terrorist rather than insurgent activity at this time, Cuba and Nicaragua are likely to attempt to build for

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the future by increased efforts at unifying the disparate elements of the Costa Rican Communist coalition. This will require resolving tactical as well as ideological divisions between the generally nonviolent policies of the Costa Rican Communist Party and the small, extreme leftist Popular Revolutionary Movement, which has consistently advocated violence. Despite their differences, both groupings reportedly have small paramilitary capabilities that could, over time, be exploited by Havana and Managua. Ironically, potential Cuban and Nicaraguan efforts at building unity may already have been assisted by the coalition's electoral defeat in the February election, an outcome that probably has strengthened the position of its more hardline elements.

18. Both Cuba and Nicaragua recognize that Costa Rica remains overwhelmingly democratic, as emphasized by the recent election, in which the country's small Communist coalition saw its percentage of the popular vote decline to 6.4 percent from 7.3 percent in 1978. Castro and the Sandinistas are concerned over the Monge administration's willingness to counter Communist propaganda in regional and international forums, its avowedly pro-US posture, and its threat to invoke the Rio Treaty to defend Costa Rica's borders. As a result, they are likely to attempt to use their small but reliable core of political friends in the country, as well as Costa Rica's severe economic problems, to keep pressure on President Monge and blunt potential damage to their cause from San Jose.

19. Over the period of this Estimate, one likely Cuban-Nicaraguan thrust would be through the Communist Party, which has extensive ties with labor. There is, therefore, a strong possibility that Havana and Managua will attempt to push the party toward destabilizing actions against the economy, including work stoppages and violent strikes. Such actions appear all the more likely because of Monge's recently announced austerity measures, which are sure to be particularly unpalatable to organized labor. Furthermore—and despite San Jose's termination of consular ties last year—Castro's operatives have the necessary infrastructure to continue and to expand clandestine operations in Costa Rica which, at the least, could increase national anxieties over perceived threats to the country's democratic institutions. During the past year, such threats have repeatedly been underscored

by increased terrorism in San Jose, some of which has involved participation by pro- and anti-Sandinista Nicaraguans and individuals from other Latin American extreme leftist groups.

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Prospects for Sandinista Rule in Nicaragua

21. Castro's determination to help the Sandinista leaders strengthen and further consolidate their rule will continue as his highest regional priority. With Soviet, Cuban, and other assistance, Nicaragua continues to build an army and militia force that is intended to defend against any perceived regional military threat. Managua already outstrips each of its neighbors in military manpower, armor, and artillery capabilities, and could probably beat back an attack by any of them. Over the remainder of the year, moreover, Nicaragua will widen its margin and may receive enough MIG or other jet fighter aircraft to at least match Honduras's air force—currently small and aged, but the best in the region.

22. This determined militarization is intended not only to establish strategic superiority in the region, but to construct a large and impregnable base of domestic control. Although there is a paucity of information about the morale and effectiveness of the Nicaraguan military, we know that the Sandinistas have worked hard to indoctrinate and discipline their armed forces. As in Cuba after the 1959 revolution, the new military has been constructed around a loyal core of veterans of the guerrilla struggle who occupy all high-level command positions. Recruits and volunteers from the lower classes, whose standard of living, sense of purpose, and nationalism may have increased since they put on uniforms, probably respond favorably to the regime's constant propaganda about the need to build strong defenses and vigilance against foreign foes. After nearly three years of such efforts, the Sandinistas, we believe, have succeeded in creating a military organization capable of and dedicated to maintaining them in power.

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23. The Sandinistas have also emulated the Cuban system by building an efficient security force and party-controlled mass organizations. Sandinista Defense Committees are being expanded at the community level throughout the country both to provide the regime with networks of loyal informants and to enhance its influence by attempting to dispense low-level social services. Recruitment drives for the militia have been accelerated, but harsh induction methods have alienated many peasants. Through a combination of pressure and patriotic appeals, the Sandinistas have succeeded in increasing discipline in the labor force, a major change in the wake of strikes, absenteeism, and work stoppages that were common last year. The Sandinista-controlled labor confederation—with about 125,000 members—is one of the largest of the mass organizations, and it is steadily gaining ground over the independent unions, which still number 35,000 to 40,000. Efforts by the government further to strengthen and indoctrinate “revolutionary” mass organizations are likely to be intensified this year. New measures to achieve its Marxist-Leninist goals may be announced on 19 July, the third anniversary of the Sandinista victory.

24. Since the state of emergency was imposed in March, the regime has significantly accelerated its disguised repression of democratic opposition groups. Prior censorship is now required, and editors of the prestigious independent newspaper *La Prensa* have been so intimidated that they often now voluntarily refrain from composing stories likely to anger the regime. Several leaders of opposition parties and the independent unions have been arrested on unspecified security grounds, and a number of others have left the country. Businessmen have come under tighter discipline through a series of economic decrees that allow the Sandinistas to control commerce and impose arbitrary “war taxes.” Relations between the Sandinistas and Catholic Church leaders have also deteriorated over the last few months as the bishops have continued to criticize the regime’s authoritarian methods. A Church radio station was recently closed temporarily, and the government is also moving to gain more control over the curriculum in the country’s large Catholic school system. Efforts to discredit the highly popular Archbishop of Managua, by linking him to the United States and exiled opposition groups, are likely to be stepped up. Harsh repression of Indians contin-

ues following forced removal of thousands from their home towns and their transport to detention camps. While many democratic opposition leaders remain, a number have left Nicaragua, and some of these have joined various anti-Sandinista groups in exile. Under present conditions, we believe that internal opposition groups are so weak and demoralized that they will be able to do little more than irritate the regime, and will probably continue to lose strength through the year.

25. Despite a history of factionalism that dates to the mid-1970s, the Sandinista leaders have displayed remarkable unity since coming to power. To a large extent this reflects the commonality of the Marxist-Leninist views among the nine members of the National Directorate, and probably also the unifying counsel of their Cuban advisers. Disagreements over tactics and personality conflicts among some of the leaders make a leadership shakeup inevitable in the long run, however. Those most likely to prevail—Humberto Ortega (who controls the armed forces), his brother Daniel (who is the junta coordinator), Tomas Borge (who runs the internal security and foreign intelligence services), Bayardo Arce (a major foreign policy and political coordinator), and Henry Ruiz (who oversees economic planning)—are also believed to be the most radical and attuned to Cuban approaches. They are likely, moreover, to react to future domestic and foreign challenges the way Castro did during the early years of his revolution, by using each perceived crisis as an opportunity further to radicalize and consolidate power. Cohesion among them and other Sandinista leaders will be reinforced, especially in the short term, by their probable agreement that the United States is intent on destroying their revolution and the recognition that their most critical current vulnerabilities are the floundering economy and the increasingly effective raids by anti-Sandinista exiles.

Trends in the Target Countries

El Salvador

26. The prospects appear relatively favorable that El Salvador’s provisional government will be able to build upon the strong mandate of the 28 March constituent assembly elections and move the country toward a national election in late 1983 or early 1984. Although the government will continually reflect the

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fragility of El Salvador's rigid political system, on balance we judge that its more moderate and pragmatic elements are likely to gain greater influence during the period of this Estimate. The position of these elements will, as necessary, be reinforced by the military, which emerged as the major force for moderation during the month of political infighting that followed the election. During that time the armed forces repeatedly showed that, unlike the major contesting parties, they had not forgotten who the real enemy is and that they remain aware that national survival depends on maintaining foreign economic and military assistance.

27. On the military front, moreover, the relative balance of strength between the armed forces and the guerrillas appears to be shifting gradually. The insurgents, who in the months before the elections were able to project an image of growing might and to benefit from increasing international sympathy, have, at least temporarily, lost those psychological advantages. As the guerrillas' confidence has seemed to diminish, Salvadoran military leaders have continued to improve their counterinsurgency capabilities and prospects. About 500 junior officer candidates recently returned to El Salvador after receiving training in the United States, and will substantially increase the size of the officer corps. The military has also been augmented by the return of a US-trained quick-reaction battalion, by the acquisition of new equipment, and by the continuing expansion of the armed and security forces from 17,000 at the beginning of 1981 to 28,500 in May 1982. There is, however, a potential problem of ammunition and equipment shortages if El Salvador fails to receive its anticipated level of foreign military aid in the next few months.

28. Nonetheless, serious political problems continue to threaten the stability of the new government and its international legitimacy. Currently, there appears to be a return to the preelection political violence by both extremes, underscored by the recent murders of some Christian Democratic officials and peasants by rightwing extremists. Moreover, at least 3,000 peasant beneficiaries of the land reform have been evicted illegally by landowners. The assembly's postponement of further distribution of rented land to peasants has exacerbated divisions among the parties and provoked new problems with the military, which is determined

to maintain the land reform. It has also brought renewed criticism from friendly democratic governments. Roberto D'Aubuisson's election as assembly president and his continuing efforts to undermine reforms and the Christian Democratic Party are detracting from the positive results of the elections. The insensitivity of some rightwing leaders to the importance of international opinion, particularly in the United States, is likely to continue as a major problem because of the urgent need for external aid.

Guatemala

29. The Guatemalan Government's hold on power is the most uncertain in Central America, but we believe there is a slightly better than even chance that General Rios Montt will remain in power through the year. While he does not have a political constituency committed to his continuance in office, his policies thus far have addressed the major concerns of the military and the population. He retains tentative support from the junior officers who carried out the coup and placed him in power, as well as from key military unit commanders. Among military leaders there appears to be an awareness that another change in government—particularly one involving violence and a move to the right—would jeopardize growing international recognition of Guatemala's reforms, damage the military institution, and detract from their primary task of defeating the insurgents. Rios Montt also benefits from the fact that there are no obvious candidates—from either the senior or the junior ranks—who have the personal following to lead the country.

30. The new government has taken a number of steps aimed at reducing political polarization and the high levels of violence that have prevailed for many years. Rios Montt has given a high priority to eliminating government corruption and human rights abuses, and to planning social and economic reforms aimed at improving the lot of the Indians and peasants, who, over the last few years, have been more attracted than ever before to radical causes. The regime has arrested former officials, has disbanded semiofficial rightwing terrorist groups, and is attempting to formulate civic action programs in the contested Indian areas. The new approaches pursued since the coup last March have already had some significant results, including a

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sharp decline in the number of political assassinations, an apparent rise in popular support for the national government, and a renewal of hope in the chances for moderate solutions for Guatemala's serious problems.

31. Perhaps the crucial factor in Rios Montt's chances of holding office is his own highly idiosyncratic leadership style. A born-again evangelical Christian in a conservative Catholic country, he has not spared his audiences from rambling and righteous sermons, moody attacks on powerful groups, and other eccentric behavior. He has made clear, moreover, his belief in the divine providence of his undertaking. "Neither the voters nor bullets gave me this position," he said in a speech in April. "God placed me here."

32. There is, moreover, considerable dissension among senior officers concerning Rios Montt's failure to rein in junior officer advisers. His rebukes of the officers' personal behavior are also antagonizing them. Rios Montt's political longevity will probably depend on his ameliorating the divisiveness within the military and making progress in addressing the insurgency and economic problems facing the country. At the moment, however, his personal traits and lack of an organized and loyal constituency make him vulnerable to coup plotters.

Honduras

33. The government of Roberto Suazo Cordova is providing Honduras with its most competent leadership in years. The new administration's performance during its four months in office is enabling it to build on the general public support that greeted the country's first civilian government in a decade. The President's emphasis on honest and effective government and fiscal responsibility has been popular, especially since it contrasts with the corruption and ineptitude of past years. By staffing government ministries with a mixture of talented young people and seasoned technical specialists—predominantly from his own Liberal Party—Suazo has upgraded the quality of government.

34. Suazo has also been effective in winning the confidence of top military leaders, especially Commander in Chief Alvarez. The two men share strong anti-Communist sentiments, and the President has gone out of his way to help Alvarez prevail over rivals

in the military and to defer to the newly promoted general on military and security issues. The Honduran Communist Party—probably the largest radical entity in the country, with about 1,000 members and sympathizers—has taken the lead in intensifying efforts to establish the ground work for an armed insurgency. At a meeting early this year, the party leader, who had just returned from Havana and the USSR, reportedly purged the party of its remaining "softliners" and won an endorsement for a "prolonged popular war" strategy. The initial phase of that plan calls for increased terrorist activity and an acceleration of paramilitary training in Cuba. In response to these threats, the Honduran security forces are beginning to improve their counterinsurgency capabilities.

Costa Rica

35. The Monge government will return Costa Rica to policies more consistently in line with US interests in Central America and less given to the fiscal and political eccentricities that characterized the Carazo administration. Nevertheless, Costa Rica faces unprecedented economic problems that will defy quick solutions, the strong likelihood that leftist extremists will attempt to exploit the economic situation, and the probability that the woefully inadequate security forces will be unable to stem the country's use as an important link in regional arms supply. Additional challenges involve an increasingly volatile situation along the northwestern border with Nicaragua, as well as the possibility of Cuban and Nicaraguan clandestine operations calculated to destabilize the Monge government. Although its strong democratic institutions should enable Costa Rica to withstand these challenges, the tranquillity that has previously distinguished the country from much of the rest of Central America will be less pronounced in the future.

The International Arena and the Diplomatic Front

36. During the last four years a variety of other international forces have become actively involved for and against the extreme left in Central America. Various types and degrees of political, diplomatic, communications, financial, and moral support have been given to the guerrillas or their political fronts by Mexico, the Socialist International, many social democratic parties in Latin America and Europe, and a

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number of European government officials. Libya, along with the PLO and various other Palestinian terrorist organizations, has also provided guerrilla training and weapons. Since July 1979, Nicaragua has received \$400 million from Western industrialized countries, \$300 million from Mexico, and \$100 million from Libya.

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the Caribbean Basin: (1) US-Cuban relations, (2) Nicaragua's relations with its neighbors and with the United States, and (3) the internal conflict in El Salvador. Lopez Portillo proposed that negotiations begin among the parties in all three areas, and hinted that Mexico could play a helpful role in facilitating contacts. Seeking to exploit the propaganda advantages presented by the Mexican proposal—about which Cuban officials were reportedly informed in advance—Castro, the Sandinistas, and the Salvadoran guerrilla groups have all declared their support for the Mexican plan, as did Moscow.

40. Cuban propaganda is likely to continue stressing Castro's willingness to "talk, discuss, or negotiate" bilateral and regional problems. This, and accompanying diplomatic initiatives, are intended to establish a record of Cuban reasonableness and flexibility in the face of US "imperialism" and "intransigence." Castro's efforts are likely to meet with some success, moreover, especially with the nonaligned countries and also with certain West European audiences.

41. One of Castro's objectives in stressing his interest in "negotiations" is to increase the pressure—internationally and in the United States—on US policymakers and to make it more difficult for them to pursue policies aimed at constraining him. Castro has done this repeatedly in the past, while never considering concessions of any significance, especially in regard to his commitment to revolutionary causes around the world. As occurred recently, Castro can also be expected to use any high-level meetings with US officials to his own advantage, for propaganda purposes and for spreading doubts about US resolve and reliability as an ally.

42. Cuba, Nicaragua, and the Salvadoran guerrillas also use negotiations:

- To attract and hold non-Communist support for the extreme left, such as that from Mexico and many social democratic parties; this support helps to confuse observers about the real nature of the guerrilla movements; it acts to attract needed financial resources, and it offers political leverage against the continuation of foreign aid to the target governments.
- To reduce foreign support for the target governments by creating the impression of near-total international isolation and therefore hopelessness.

38. In contrast, the Christian Democratic parties and international free trade unions of Europe and Latin America oppose the extreme left and support moderate forces in Central America. Also, Venezuela and many Latin American states (excluding Cuba, Nicaragua, and Grenada) have essentially supported the moderate groups and condemned the extreme left in regional forums such as the OAS. The Falklands crisis may lead to some reduction of this support.

39. In this complex international arena, where political symbolism has a large role, Cuba, Nicaragua, and the Salvadoran guerrilla directorate have used negotiations and "peace initiatives" since 1979 in tandem with their subversive activities in Central America. Their recent negotiating initiatives were based in part on the proposals made by Mexican President Lopez Portillo in Managua last February, and have been directed at three "areas of tension" in

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— To create or aggravate divisions within the governing coalitions in each target country and sow distrust between those governments and the United States.

Outlook: Continuing Threats in the Region

43. Though a number of developments have strengthened US interests and allies, and undermined Marxist-Leninist causes in Central America, the threat of major reverses remains. A significant—and growing—threat is in Honduras, which recently has become a key target of Cuban and Nicaraguan subversion. The Sandinistas and Cubans are working to coerce Honduras away from its support of US policies. They are now concentrating on covert actions, terrorism, propaganda, diplomatic initiatives, and intimidation. Sandinista leaders probably have attempted to heighten Honduran fears of Nicaraguan military retaliations and of wider conflict by reminding them of the secret defense pact that links them with Cuba. They undoubtedly have also been warning their neighbors that they cannot depend on military backing from the United States or the peacekeeping mechanisms of the OAS. US policy in support of the United Kingdom in the Falklands war has added to the concerns of Honduran leaders—especially General Alvarez—about the reliability of their alliance with the United States. We believe, however, that as long as the Suazo government is reassured by strong US support, such Cuban and Nicaraguan intimidation will fail.

44. The threat of Nicaraguan retaliations against the Suazo government will increase, especially with any expansion of anti-Sandinista exile operations from Honduras. Nicaraguan fears have steadily risen as exile raids have taken a larger toll. One Nicaraguan official reportedly claimed that Managua's forces have suffered some 300 casualties in recent months. If such trends continue, we believe the Sandinistas—coordinating their policies closely with Havana—are likely to resort to more aggressive policies before the end of the year.

45. There might be a good chance that Cuba and Nicaragua would attempt to establish guerrilla groups in remote areas of Honduras. In the absence of sufficient trained Honduran guerrillas, Nicaraguans and former guerrillas from other Latin American countries who fought with the Sandinistas in 1979

might be clandestinely included in an ostensibly homegrown Honduran insurgent force. With sufficient external support, such an insurgent force could possibly survive in Honduras.

46. There is also a good chance that Nicaragua will take limited direct armed actions against anti-Sandinista camps in Honduras to retaliate against raids launched from across the border. If they were to take such military steps, the Sandinistas—and Castro—would probably reason that they could get away with them—in international opinion at least. They would probably endeavor to camouflage or justify such actions in a concerted diplomatic and propaganda campaign emphasizing their desire to “negotiate” regional problems while portraying Nicaragua as an innocent victim of US “imperialism.”

47. They would probably hope that pressure would quickly build for a negotiated settlement between Honduras and Nicaragua that would include some kind of guarantees from cross-border raids. Mexico, certain West European governments, and most of the Socialist International and others would probably again support this Cuban/Nicaraguan position in the interests of a “political solution.”

48. In El Salvador the collapse of the fragile coalition of moderate forces would be a serious setback to US interests and the gains achieved since the elections. The interim government there will face many old and new challenges over the next six months or so: the insurgency; grave economic problems; the multiple weaknesses of the ill-defined sharing of power among parties and the military; continuing distrust among key groups and leaders; and, perhaps most serious, rightist efforts to reverse the land reform while the guerrillas become more active and violence rises. In addition, the high expectations and widespread sense of relief among the populace that followed the elections will be in danger of dissolving if some tangible progress is not achieved in the short term. Improvements will be contingent, moreover, on the country's continuing dependence on substantial foreign support. Despite the dangers, we believe that if foreign aid continues, the prospects are favorable that El Salvador's provisional government will be able to build on the strong electoral mandate, in partnership with a military leadership which has demonstrated its commitment to the reforms and fair elections, and to move the country toward another vote next year.

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49. In Guatemala, major US interests are not likely to be endangered this year, unless there is a reversal of recent moderating trends. International recognition of the positive steps taken by the Guatemalan Government, through tangible support, will strengthen moderate forces there. Rios Montt remains an enigma to many domestic and foreign observers, and his support in the military is tenuous. We judge nonetheless that his government's chances of surviving through the year are slightly better than even. Though we cannot predict which of the many possible coalitions of forces might unseat him, or who would rise to the top, a successor government would in all likelihood be more conservative. A reversion to the often violent and archconservative policies of the military governments that dominated the country from the late 1960s through last March would work to the advantage of the extreme left.

50. Other short-term threats to US interests and allies in Central America will derive primarily from the expected increase in Cuban and Nicaraguan subversive efforts and acts of terrorism by radical groups. The danger of assassinations of US officials in the area and of Central American leaders is likely to increase this year as guerrilla and extremist groups search for dramatic ways to seize the initiative again. Honduran leaders will probably be special targets of such plots, though Rios Montt in Guatemala and leading Salva-

doran figures are also vulnerable to ample numbers of enemies. Terrorists from outside of the region could also pose an increased threat this year. Costa Rican President Monge, for instance, who recently ordered his country's Embassy in Israel moved to Jerusalem, could be a target of PLO and other radical Arab groups that for several years have had close ties with Central American extremists.

51. US interests and regional allies may be constrained, moreover, by a variety of regional and global factors that will probably tend to reduce, and in some cases neutralize, further short-term gains in Central America. As a result of the Falklands crisis, the United States is likely to be much more on its own in Central America. Venezuela will continue to support moderate forces in Nicaragua and El Salvador but will want less public identification with US activities there. Reduced resources will substantially limit Argentina's role in Central America, and bitterness toward the United States could lead it to pursue policies there that diverge from those of Washington. Anchored by their own crises to close dependence on the United States, the four target countries there have no reasonable alternatives at least in the foreseeable future. Bilateral relations would be subject to erosion, however, if US resolve and reliability as a partner in internal security, defense, and economic relations were seriously questioned.

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Approved For Release 2007/02/08 : CIA-RDP84B00049R000701830025-1

Next 15 Page(s) In Document Exempt

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