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FM SAN JOSE 091632Z JULY 84

TO ROUTINE FCO

TELEGRAM NUMBER 223 OF 9 JULY 84

INFO WASHINGTON, TEGUCIGALPA, MEXICO CITY, CARACAS, HAVANA

SAVING TO LISBON, BONN, PARIS

NICARAGUA: ELECTIONS AND REALIGNMENT OF OPPOSITION

SUMMARY

1. EDEN PASTORA HAS STOPPED FIGHTING AND HAS JOINED FORCES WITH EX-RESCATE LEADER ARTURO CRUZ. THE NEW GROUPING IS WILLING TO PARTICIPATE IN THE NOVEMBER ELECTIONS (WITH CRUZ AS PRESIDENTIAL CANDIDATE) ON THEIR TERMS. SANDINISTA RESPONSE MAY HINGE ON INTERNATIONAL - ESPECIALLY SOCIALIST INTERNATIONAL - PRESSURES.

DETAIL

2. ALFREDO CESAR (RESCATE LEADER) HAS GIVEN US DETAILS OF RECENT INTERESTING DEVELOPMENTS INVOLVING EDEN PASTORA, RESCATE AND THE NICARAGUAN INTERNAL OPPOSITION. HE CONFIRMED THAT PASTORA IS NO LONGER ENGAGED IN ARMED OPPOSITION TO THE SANDINISTAS (HE HAS INSTRUCTED THOSE ARDE FORCES WHOM HE STILL CONTROLS AFTER HIS 'EXPULSION' NOT TO TAKE ANY FURTHER MILITARY INITIATIVE), BUT IS SEEKING A PEACEFUL SOLUTION VIA THE ELECTORAL PROCESS.

3. PASTORA HAS BEEN IN CONTACT WITH CARLOS ANDRES PEREZ, SOCIALIST INTERNATIONAL LEADER, AND WITH THE EXILE FIGURE ARTURO CRUZ AS WELL AS WITH CESAR. THIS GROUP HAS NOW PUBLICLY INTIMATED THAT CRUZ AND PASTORA WOULD BE PREPARED TO PARTICIPATE IN THE ELECTIONS IN NICARAGUA ON CERTAIN CONDITIONS AND IF THE ELECTORAL PROCESS IS MADE GENUINELY FREE. THEY HAVE CANVASSED SUPPORT IN THE US CONGRESS, AND AT THE RECENT MEETING OF SOCIALIST LEADERS IN LISBON. CESAR SAYS THAT THE SOCIALIST INTERNATIONAL WILL BE SENDING A LETTER TO THE SANDINISTAS SUPPORTING THE PROPOSITION THAT ELECTIONS SHOULD BE FREE AND THAT CRUZ AND PASTORA BE PERMITTED TO RETURN. THERE HAS ALSO BEEN DIRECT COMMUNICATION WITH THE SANDINISTAS VIA PASTORA'S MANAGUA CONTACT MANUEL CORONEL (VICE MINISTER MIDINRA).

4. THE INTERNAL OPPOSITION HAS CONFIRMED THAT IT WOULD ACCEPT CRUZ AS PRESIDENTIAL CANDIDATE IF FULL GUARANTEES FOR FREE ELECTIONS ARE ALSO GIVEN. THE VICE PRESIDENTIAL CANDIDATE WOULD BE A MEMBER OF THE INTERNAL OPPOSITION.

5. PASTORA AND OTHERS PLAN TO VISIT EUROPE TO CANVASS FURTHER SUPPORT LEAVING 16 JULY. THE UK MAY BE INCLUDED. THEY WILL WANT TO SEE MESSRS HEALEY, STEEL AND OWEN AND PROBABLY TO CALL AT FCO. I WILL SEE CESAR THIS WEEK AND WILL KEEP YOU INFORMED.

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/ COMMENT

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6. WHETHER THE SANDINISTAS TAKE THIS PROPOSITION SERIOUSLY MAY BE MUCH INFLUENCED BY THE DEGREE OF PRESSURE WHICH THE SOCIALIST INTERNATIONAL BRINGS TO BEAR. THEY WILL IN ANY EVENT FIND IT HARD TO CONTEMPLATE PASTORA'S RETURN. BUT THEIR PRESENT SITUATION IS FAR FROM COMFORTABLE WITH ALL THE OPPOSITION PARTIES STILL THREATENING TO BOYCOTT THE ELECTIONS. UNLESS A MAJOR CONCESSION IS MADE SOON, THE OUTCOME IS LIKELY TO BE ELECTIONS WHICH ARE SEEN WIDELY - EVEN BY SOCIALIST OPINION - AS A FARCE.

SUMMERSCALE

FCO PLEASE PASS ALL ADDRESSEES

[REPEATED AS REQUESTED]

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