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 FM WASHINGTON
 TO PRIORITY FCO
 TELNO 410

OF 252359Z FEBRUARY 87

INFO ROUTINE SAN JOSE, TEGUCIGALPA, GUATEMALA CITY, MEXICO CITY,
 INFO ROUTINE BOGOTA, CARACAS, PANAMA CITY, BIS BUENOS AIRES,
 INFO ROUTINE MONTEVIDEO, LIMA, BRASILIA, UKMIS NEW YORK, HAVANA
 INFO ROUTINE MOSCOW

WASHINGTON TELNO 379 (NOT TO ALL): US/NICARAGUA *ml*

SUMMARY

1 FURTHER SPECULATION ABOUT CARLUCCI'S THINKING. CONFIRM-
ATION OF RENEWED POLICY DEBATE WITHIN THE ADMINISTRATION.
 POSSIBILITY OF GREATER US BILATERAL PRESSURE AGAINST NICARAGUA,
 COMBINED WITH INCREASED US EFFORTS TO STIMULATE DIPLOMATIC
 TRACK.

DETAIL

2 CONSERVATIVE COLUMNISTS EVANS AND NOVAK MAINTAINED IN THE
WASHINGTON POST ON 25 FEBRUARY THAT CARLUCCI WAS QUOTE CAUTIOUSLY
MOVING TOWARDS SERIOUS CONSIDERATION UNQUOTE OF A NAVAL
BLOCKADE AGAINST NICARAGUA. THE ARTICLE CLAIMED THAT UN-NAMED
 WHITE HOUSE AIDES HAD CONFIRMED THAT THE PRESIDENT NOW SAW THE
 LEVEL OF SOVIET AID TO NICARAGUA AS THE KEY PROBLEM FACING HIS
 POLICY. EVANS AND NOVAK ADDED THAT ADVOCATES OF QUARANTINING
NICARAGUA WERE LINKING THEIR CASE TO THE NEED FOR THE PRESIDENT
TO TAKE A HIGHER PROFILE IN THE AFTERMATH OF THE IRAN/
CONTRA AFFAIR.

3 THE IDEA OF A BLOCKADE HAS, OF COURSE, BEEN RAISED BEFORE
 IN THE CONTEXT OF NICARAGUA POLICY (AND THE PENTAGON HAVE
 STRONGLY AND CONSISTENTLY OPPOSED IT, AS - EVANS AND NOVAK
 PLAUSIBLY MAINTAIN - THEY STILL DO) BUT THERE ARE NEW ELEMENTS NOW
IN THE FORM OF CARLUCCI, THE UNCERTAIN PROSPECTS FOR LONG-TERM
CONTRA AID, AND THE REPERCUSSIONS OF THE IRAN SCANDAL.

4 IT WAS OBVIOUS FROM THE OUTSET THAT CARLUCCI WAS FOCUSING
VERY CLOSELY ON CENTRAL AMERICA (THE SUBJECT OF HIS FIRST NSC
BRIEFING AND HIS FIRST TRIP OVERSEAS). ACCORDING TO ARMACOST'S
OFFICE, HE HAS STILL TO REACH ANY CLEAR-CUT POLICY DECISIONS
BUT BELIEVES THAT THE ADMINISTRATION CAN EITHER WIN WELL OR LOSE
BADLY - THE KEY DETERMINANT BEING THE SKILL WITH WHICH THE
AMERICANS PLAY THEIR HAND. GIVEN THE PRESIDENT'S PERSONAL
 COMMITMENT, AND WHAT WE KNOW OF CARLUCCI'S OVERALL APPROACH,
 A ROBUST NSC APPROACH SEEMS LIKELY. BUT WE ARE TOLD THAT
 SORZANO'S HARD-LINE INFLUENCE REMAINS LIMITED: HE IS LEARNING
 FAST BUT IS NOT YET A SOPHISTICATED PLAYER.

5 ADMINISTRATION CONTACTS TELL US THAT THEY ARE AS CONFIDENT
 AS EVER THAT THE REMAINING DOLLARS 40 MILLION IN FY87 CONTRA AID *15*

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IS SAFE. BUT, AS WE HAVE REPORTED, UNO DISARRAY, THE COSTA RICAN PEACE PLAN, AND THE DEMOCRATS' MUSCLE-FLEXING ON THE HILL HAVE COMBINED TO CAST SERIOUS DOUBT UPON THE PROSPECTS FOR FY88 FUNDS. THOSE FUNDS ARE NOW NOT LIKELY TO BE SOUGHT FOR SOME TIME.

6 MEANWHILE, UNCERTAINTY CONTINUES TO MOUNT EVEN AMONG CONTRA-BACKERS AS TO WHETHER THE PRESENT POLICY CAN EVER WORK ON ITS PRESENT SCALE. SUGGESTIONS BY EG ABRAMS AND GALVIN THAT IT WILL BE AT BEST A VERY LONG HAUL HAVE EVIDENTLY ALARMED SOME CONSERVATIVES, AND HAVE REVIVED THEIR FEARS THAT HABIB AND OTHERS MIGHT ULTIMATELY SETTLE FOR SOME FORM OF CONTAINMENT. WITH CARLUCCI NOW ON THE SCENE, THIS ALL COMBINES TO MAKE A PERFECT ATMOSPHERE FOR RENEWING THE DEBATE ABOUT US OBJECTIVES AND POLICIES.

7. ARMACOST'S STAFF CONFIRM THAT THE ADMINISTRATION ARE BEING BOMBARDED WITH ADVICE FROM THE LEFT (IE SENATOR DODD AND THE CONTAINMENT CAMP), THE CENTRE (EG HOUSE MINORITY LEADER MICHEL AND OTHER REPUBLICANS CALLING FOR RENEWED PEACE EFFORTS BUT NO SELL-OUT OF THE CONTRAS) AND THE RIGHT (CONSERVATIVES PRESSING FOR AN END TO DIPLOMATIC RELATIONS AND/OR A NAVAL BLOCKADE). STATE MEANWHILE CONTINUE TO INSIST THAT DEVELOPMENTS IN THE CONTRA WAR ARE PROCEEDING ACCORDING TO PLAN, AND THAT THEY THEREFORE WELCOME THE PROSPECT OF A SPELL OF SIX MONTHS OR SO DURING WHICH WASHINGTON CAN TURN ITS ATTENTION AWAY FROM THE CONTRAS AND ON TO WIDER ISSUES (ALTHOUGH THOSE ISSUES, OF COURSE, WILL HAVE A KEY BEARING ON FUTURE CONTRA FUNDING).

8. NONE OF OUR CONTACTS IS WILLING TO PREDICT WHEN THE CURRENT INTERNAL DEBATE WILL BE RESOLVED. WE ARE TOLD THAT THE KEY PLAYERS (SHULTZ, ARMACOST, ABRAMS, CARLUCCI AND POWELL) ARE SO FAR WORKING WELL TOGETHER, AND THAT THERE IS EVERY REASON TO EXPECT SHULTZ AND CARLUCCI TO PRESENT THEIR CONCLUSIONS JOINTLY TO THE PRESIDENT, AND IN NO PARTICULAR HURRY (IE CERTAINLY NOT BEFORE SHULTZ'S FORTHCOMING ASIAN TOUR.) OUR CONTACTS ARE, INEVITABLY, WARY OF SPECULATING ABOUT THESE CONCLUSIONS. THEY ARE ONLY TOO WELL AWARE OF THE MANY CONTRADICTIONS IN THE PRESENT POLICY: SOME OF THESE ARE NOW APPARENTLY COMING UNDER REVIEW (EG THE MAINTENANCE OF DIPLOMATIC RELATIONS). WE HAVE BEEN GIVEN A STRONG STEER THAT CARLUCCI SEES THE NEED BOTH FOR MORE BILATERAL PRESSURE ON NICARAGUA AND A GREATER EMPHASIS ON THE DIPLOMATIC TRACK. BUT IT IS QUESTIONABLE WHETHER THESE TWO OBJECTIVES CAN BE RECONCILED IN ANY COHERENT AND EFFECTIVE WAY, GIVEN THE LONG-STANDING DIVISIONS HERE BETWEEN THE HAWKS AND THE DOVES AND THE SIDE-EFFECTS OF THE IRAN/CONTRA AFFAIR.

9. WHOLESALE CHANGES IN US POLICY DO NOT (NOT) SEEM PROBABLE. BUT THE TEMPTATION TO TAKE SOME SIGNIFICANTLY TOUGHER BILATERAL MEASURES AGAINST NICARAGUA IS EVIDENT: HENCE THE SPECULATION ABOUT A BLOCKADE, BACKED BY A CREDIBLE THREAT OF FORCE, AND PLACED SQUARELY IN THE CONTEXT OF THE MONROE DOCTRINE. OUR JUDGEMENT REMAINS, HOWEVER, THAT DIRECT US MILITARY INTERVENTION IN NICARAGUA (OTHER THAN EG A SURGICAL STRIKE TO REMOVE SOPHISTICATED AIRCRAFT IF ANY WERE DELIVERED) REMAINS AS IMPLAUSIBLE AS BEFORE. THERE IS STILL NO SIGNIFICANT CONSTITUENCY HERE ARGUING FOR THAT

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COURSE OF ACTION, AND US POLICY - EVEN IF IT INVOLVED A BLOCKADE AND A BREAK IN DIPLOMATIC RELATIONS - WOULD CONTINUE TO BE PREDICATED ON THE NEED TO SECURE THE ADMINISTRATION'S DOMESTIC, REGIONAL AND EAST-WEST OBJECTIVES WITHOUT COMMITTING US TROOPS. IF, AS WE EXPECT, THE NEXT STAGE IN THE US APPROACH ALSO INCLUDES A GREATER EMPHASIS ON THE DIPLOMATIC TRACK (IN THE CONTEXT OF THE COSTA RICAN APPROACH, AND AT LEAST CONSISTENT WITH CONTADORA), THE USE OF MILITARY FORCE WILL BE EVEN LESS LIKELY.

ACLAND

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ORWBAN 9860

(Repetition to Buenos Aires...
referred to... decision,
repeated... to other posts.)

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