

DCI WORLDWIDE BRIEFING--LATIN AMERICAOverview

More than 350 million people live in the 50 nations and soon-to-be independent territories of Latin America (including the Caribbean). Presently, two entirely different sets of historical forces are competing. On the positive side there is the return to constitutional government in four nations (Dominican Republic, Peru, Ecuador, Honduras) and steps toward continued political liberalization in others such as Brazil, along with two decades of overall economic growth and rising living standards for many despite a doubling in the region's population since 1960.

The destructive trends include the severe economic pressures posed by past oil-price rises and possible future jumps, mounting inflation, underemployment, and the recent slowdown in economic growth rates along with a resurgence of Cuban-supported terrorism, propaganda, and political destabilization by the extreme left with a corollary increase in counterterrorism by the extreme right. Despite US efforts at normalization from 1974 to 1979, Cuban actions continue to pose serious risks.

I. Cuba

Cuba threatens the interests of the United States in two different ways: as a heavily-armed military ally of the Soviet Union and as a willing partner of the Soviet Union and other anti-Western forces in a process of political-paramilitary warfare being waged in Latin America, Africa, and the Middle East. Soviet improvements in Cuban military forces--by far the strongest in Latin America (with more than 200 jet fighters)--along with the expansion of naval facilities, pose an increasing military threat which would 25X1 divert scarce US military assets during any period of mobilization or open warfare. Soviet arms shipments to Cuba doubled since 1975 when Castro intervened in

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Angola and in 1981 amounted to about 61,000 metric tons--the highest level since 1962. The militarization of Cuba is illustrated by comparison with Mexico, a country with a population 11 times that of Cuba, which has armed forces less than half as large as those in Cuba and far less well equipped.

In this hemisphere, renewed and expanded Cuban support for the revolutionary left has brought success in Grenada and Nicaragua while threatening the rest of Central America with a communist takeover which in turn could "bring the revolution to Mexico raising the risks of internal destabilization" (NIE, 9 September 1981). In Africa, tens of thousands of Cuban troops help maintain new communist regimes in power while Cuba works with Libya and other extremist forces against Morocco, Zaire, and the Union of South Africa.

In the Middle East, Cuban armed forces and terrorist training cadres cooperate with the KGB, with various Palestinian terrorist groups and Libya in the continuing but often invisible effort to intimidate or destabilize moderate or pro-Western regimes into the radical posture shared by Libya, Syria, and Iran.

At present, Nicaragua is rapidly becoming a base for Cuban-supported action against the rest of Central America, and both Grenada and Nicaragua are beginning to serve as proxies and partners for other Cuban-encouraged subversion in the Caribbean basin area.

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II. Central America/Caribbean

- A. In El Salvador we expect neither a guerrilla victory nor a negotiated solution any time soon. The March 1982 elections are still scheduled, but we expect the extreme left to make a concerted effort to derail them.
1. The guerrillas continue to be well-supplied and trained by Cuba and Nicaragua and engage in effective, demoralizing campaigns of destruction and disruption.
 2. The government, nonetheless, retains the ability to contain the guerrillas and could almost certainly contain a stepped-up offensive.
 3. The counterinsurgency effort, however, seriously strains the security forces' logistics and supply capabilities and a renewed guerrilla offensive could make the security forces vulnerable to subsequent guerrilla step-ups--particularly if Cuba and Nicaragua later intervene even more aggressively.
 4. Civilian-military frictions appear to be at a low ebb; but, given the long history of mutual suspicions, such difficulties always offer the potential for difficulty; the land reform continues to be implemented.
- B. In Nicaragua, the Sandinista Directorate continues to build its dictatorship and further threaten its neighbors by exporting subversion.
1. Sandinista support for the revolutionary left in El Salvador, Guatemala, and Honduras is strong and now includes covert action in Costa Rica as well.
 2. The Nicaraguans continue their own armed forces buildup--threatening nearby Guatemala, Honduras, and the Salvadoran Government.

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- a. Current military strength is about 50,000 including about 25,000 active reserves with an announced eventual goal of some 250,000--including militia forces.
 - b. The Nicaraguans are preparing for and probably will receive shipments of MIG fighter aircraft.
 3. In time, Nicaraguan military power may intimidate its neighbors and might prevent Honduras from cooperating with El Salvador and Guatemala insurrection in the region.
- C. Guerrilla activity in Guatemala remains a major factor.
1. Though full operational unity continues to elude them, the country's principal insurgent groups are more active than ever and have little difficulty maintaining cadre and acquiring materiel.
 - a. The guerrillas number about 2,200 combatants compared with 600 in 1978.
 2. The security forces are becoming more effective, but the tide is by no means turned.
 - a. A new, more competent army commander has pursued more effective counterinsurgency tactics.
 - b. Recently, there have been fewer instances of outright repression against the populace--a trend which, if sustained, could enormously aid the government and potentially weaken the guerrillas recruitment ability.
- D. The recent successful election in Honduras is probably the most promising single development in recent months.
1. Liberal Party candidate Suazo will replace Provisional President General Paz.

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2. The election can be seen as a setback for the extreme left in Honduras and elsewhere, and it may spur revolutionaries to redouble their efforts.
 - a. There may still be attempts to disrupt the passage of power.
 - b. Insurgents in El Salvador will take it as a signal that they must scuttle their country's upcoming elections lest an electoral "trend" be seen developing.
- E. Recent events beyond Central America itself may have a bearing on how major regional states, Mexico and Venezuela, respond to the regional insurgency problem, and could greatly sharpen concern Latin America-wide.
 1. In Venezuela, a long inactive domestic insurgent group, Bandera Roja, has become more active domestically and appears to have been behind the December 1981 hijacking of three Venezuelan jets to Colombia, Central America, and, finally, Cuba. A hidden supply of weapons for guerrillas was found in December 1981.
 2. Colombia's most virulent insurgent group--the M-19--also is becoming still more active with 600 guerrillas in active combat.
 3. The terrorist acts in Venezuela almost certainly will heighten that country's already existing fears about the renewed Cuban support for insurgency in Latin America.
 - a. The Venezuelans, already supportive of US policy in Central America, may be inclined to become even more so.
 4. The growth of the insurgent problem and the consequent growing concern of many Latin American countries may yet prompt Mexico, which has consistently supported the far left in El Salvador, at least to rethink the logic of its stance.

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- a. In November the OAS voted overwhelmingly (22 to 3) to support the electoral process in El Salvador--only Mexico, Nicaragua, and Grenada opposed.
- b. This followed the September 1981 action by 15 Latin American countries to explicitly condemn the Mexican-French endorsement of the revolutionary left in El Salvador together with the OAS vote and demonstration that the Mexicans are virtually isolated in their current position on Central America.
- c. The Christian Democratic Parties in Europe and Latin America along with the international independent trade unions and their federations (ICFTU, ORIT) have consistently supported the El Salvador government and condemned the revolutionary left as well as the extreme right.

III. South America

- A. Brazil. Recent moves by the Figueiredo government have raised questions in the minds of many Brazilians about the future of the political liberalization process under way for some time.
 1. The government announced measures that could, in effect, "rig" the 1982 congressional, state, and local elections.
 2. These elections would constitute the most serious test yet of Brasilia's commitment to liberalize.
 3. Given opposition party successes in other recent balloting, the regime worries that the opposition could wrest control of the national legislature and even the presidential succession process later on--since the elections would determine the composition of the electoral college that chooses Figueiredo's successor late in 1984.

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4. The political leadership has spoken out forcefully against the announced measures and may yet gain concessions from the government.
 5. The prospect of heightened political tension comes at a time of high inflation and growing unemployment--factors which add to the frustrations and anger of a recently more activist labor movement.
- B. Argentina. The replacement of the conciliatory President Viola could, over time, have effects on several fronts.
1. The advent of the tougher Galtieri appears to be taken by rival Chile as a sign its long-standing border disputes with Argentina will sharpen.
 2. Moreover, there is a good chance that Argentina's very modest political "normalization" will be scaled down further with potential for renewed civil-military discord.
 3. In the short term, economic decision-making may become somewhat more efficient than under Viola, but over time the economy may suffer if Galtieri is obliged to devote increasing amounts of time to political problems and to assuring his own position vis-a-vis his own potential military rivals.
 4. There are unconfirmed but disturbing reports about the Argentine nuclear program and possible weapons applications.

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