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TO IMMEDIATE F C O

TELEGRAM NUMBER 498 OF 2 MARCH

INFO INMEDIATE HMY BRITANNIA (FOR PS/S OF S). ROUTINE MEXICO CITY,

TEGUCIGALPA, SAN JOSE, BELMOPAN, PANAMA CITY, HAVANA, CARACAS,

BOGOTA.

U.S./EL SALVADOR

SUMMARY

1. THE ADMINISTRATION IS CONCERNED ABOUT WHAT APPEARS TO BE THE SALVADORAN REGIME'S DETERIORATING MILITARY SITUATION. U.S. OFFICIAL STATEMENTS HAVE EMPHASISED THE IMPORTANCE TO U.S. NATIONAL SECURITY OF PREVENTING THE OVERTHROW OF THE REGIME AS WELL AS CONTINUED AMERICAN OPPOSITION TO NEGOTIATIONS ABOUT GUERILLA PARTICIPATION IN THE SALVADORAN GOVERNMENT. A CAMPAIGN HAS BEEN LAUNCHED TO PERSUADE CONGRESS TO AUTHORISE THE IMMEDIATE PROVISION OF AN EXTRA DOLLARS 60 MILLION IN MILITARY AID TO EL SALVADOR. THIS REQUEST IS LIKELY TO ENCOUNTER STRONG RESISTANCE ON THE HILL.

DETAIL

- 2. THE ADMINISTRATION HAS BEEN ALARMED BY A FLOW OF GLOOMY ASSESSMENTS FRON EL SALVADOR INDICATING THAT THE REGIME'S MILITARY
 SITUATION HAS BECOME MORE PRECARIOUS. FAILURE BY THE LAST CONGRESS
 TO PASS A FOREIGN AID BILL HAS MEANT THAT ONLY DOLLARS 26 MILLION
 WAS ALLOCATED FOR MILITARY AID THIS YEAR (THE ADMINISTRATION ORIGINALLY SOUGHT DOLLARS 63.3 MILLION). A STRING OF SENIOR OFFICIALS,
 INCLUDING SHULTZ, WEINBERGER AND ENDERS, HAVE TESTIFIED IN THE LAST
 WEEK THAT THE REGIME FACES A DANGER OF MILITARY DEFEAT IF A FURTHER
 DOLLARS 6D MILLION IS NOT IMMEDIATELY MADE AVAILABLE. THE PRESIDENT
 SUMMONED CONGRESSIONAL LEADERS ON MONDAY TO URGE SWIFT ACTION.
 CONGRESS REMAINS SCEPTICAL ABOUT THE PROPOSAL. THERE MAY BE
 ATTEMPTS TO MAKE THE AID CONTINGENT ON A SALVADORAN COMMITMENT TO
 ENTER INTO EARLY NEGOTIATIONS WITH THE FDR.
- 3. THE ADMINISTRATION'S POSITION IS THAT THE REGIME'S MILITARY
 DEFEAT WOULD CONSTITUTE A SEVERE SET-BACK FOR U.S. NATIONAL
 SECURITY INTERESTS. SHULTZ WAS VERY FIRM ABOUT THIS DURING TESTIMONY ON THE HILL EARLIER IN THE WEEK AND CAME CLOSE TO BEING TESTY
 IN FACE OF CRITICISM.

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THE ADMINISTRATION REMAINS OPPOSED TO ANY NEGOTIATIONS BETWEEN THE REGIME AND THE GUERILLAS WHICH WOULD BRING THE LATTER INTO A COALITION GOVERNMENT. SHULTZ INSISTED THAT THE REBELS SHOULD NOT BE ALLOWED QUOTE TO SHOOT THEIR WAY INTO POWER UNQUOTE AND THAT THEY SHOULD SUBJECT THEMSELVES TO ELECTIONS. IN THIS REGARD, FORMER SENATOR STONE HAS JUST VISITED EL SALVADOR TO DISCUSS WITH THE GOVERNMENT THE POSSIBILITY OF BRINGING FORWARD THE PRESIDENTIAL AND LEGISLATIVE ELECTIONS IN ORDER TO PROVIDE AN OPPORTUNITY FOR THE GUERILLAS TO PARTICIPATE. THE IDEA IS APPARENTLY THAT THIS SHOULD GAIN MORAL FORCE BY BEING TIMED TO COINCIDE WITH THE POPE WISIT.

S. THOUGHT IS ALSO BEING GIVEN TO INCREASING THE NUMBER OF U.S.
MILITARY ADVISERS IN EL SALVADOR: THERE ARE CURRENTLY LESS THAN 40
IN EL SALVADOR, AND THESE ARE PREVENTED FROM PLAYING ANY PART IN
COMBAT. ANY ATTEMPT TO ALTER THEIR ROLE WOULD BE VERY STRONGLY
RESISTED IN CONGRESS AND IT REMAINS TO BE SEEN IF THE ADMINISTRATION
WILL BE SUCCESSFUL EVEN IN ACHIEVING A SMALL INCREASE IN THEIR
RUPBERS.

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Repetition to SAN JOSE PANNA CITY
referred for departmental decision,
repeated as requested to other posts.

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