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State Dept. review completed

MEMORANDUM FOR: ORPA Front Office

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LA Division received the request for this paper just before noon Wednesday (6th). With excellent support from [redacted] who smoothed the path thru PPG and REgistry, and with commendable typing support from PPG, we managed to have this delivered to NSC and Asst Sec Vaky by OOB this morning.

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[redacted] again proved an effective writing team, even after the the long barrage of requests on Nicaragua and so many long hours of work over the past couple of weeks.

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We issued this memo blind, since it treads uncomfortably close to policy.

[redacted]

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Date 7 Sep

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7 September 1978

MEMORANDUM

SUBJECT: Nicaragua - Factors and Figures in the Process Leading to a Transition Government

Prospects remain dim for any internally generated compromise in Nicaragua that would lead to a transitional government. The political polarization, lack of a unified opposition leadership or program, and the general perception that the US is the key to a viable solution militate strongly against any peacefully agreed upon transition among Nicaraguan principals alone.

We believe, however, that an active mediation role by the US--even without guarantees to either side--would be a sufficient catalyst to bring moderates, and eventually most groups in the Broad Opposition Front (FAO), to the bargaining table. Their receptivity to an externally aided resolution of the political crisis is increasing as events unfold. For example, there is a growing anxiety in opposition ranks that the present situation can only lead to a violent faceoff between Somoza and the radical extreme, with the moderates in the middle the big losers. This sentiment is strongest among those with the most to lose--businessmen--but will probably spread among the political components of the FAO. Another factor is their belief that the US is distancing itself from Somoza; active mediation would be read by the opposition as an implicit effort to budge Somoza from his intransigence.

Members of the Nicaraguan Development Institute, the country's largest business organization, have already contended to the US Embassy that they and most FAO members would accept US or some third party mediation. These representatives' views are probably close to those of several other FAO principals--notably Nicaraguan Democratic Movement head and businessman Alfonso Robelo. Rene Sandino of the officially recognized Conservative Party has already risked opprobrium by meeting privately with Somoza. Other Conservative Party factions and political middle-of-the-roaders, typified by Ramiro Sacasa

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of the breakaway Liberal Party faction, would probably follow their moderate instincts and participate in a US-mediated dialogue.

Other anti-Somoza partisans, such as Union of Democratic Liberation leader Cordova Rivas and opposition newspaper editor Xavier Chamorro might cling to their precondition that Somoza must go, but in the end would probably prefer to be part of a mediation effort that might involve, for example, both the US and the Church, rather than to be on the outside looking in. Some of the more extreme elements of the FAO, such as the small Socialist Party, appear to have been left behind by the rush of events and would probably flow with the current. The decision of the Group of Twelve might turn on the current state of anti-Somoza agitation and the potential role in mediation talks of the Sandinista guerrillas, for which it acts as spokesman. If Somoza should hold his ground through the strike, then US involvement and the possibility of substantial pressure being brought to bear on the President would offer even the more extreme opposition the prospect of an outside catalyst that might further erode Somoza's power base. These groups nevertheless would be suspicious participants in a mediation effort, ready to pull back and charge bad faith.

The opposition is likely to enter into mediation in the same disorganized and acephalous manner in which it has operated to date. Attempting to agree on minimum demands and a spokesperson beforehand could prove counterproductive. Positions would settle on the least common denominator--that Somoza must go immediately. Trying to settle on a spokesperson would introduce new strain into what is, at best, a fragile unity.

Opposition Personalities

The anti-Somoza movement is made up of numerous and shifting forces. It is possible to identify the key organizations and leaders, but exceedingly difficult to assign relative strengths, since fortunes rise and fall each week and the movement remains amorphous. The general success, for example, of the current national strike will determine to a great extent the future weight of strike promoter Alfonso Robelo in the opposition's drive. To some degree, the voice of the Group of Twelve waxes and wanes with the level of Sandinista guerrilla activity.

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The key coordinating mechanism for the opposition in recent months has been the Broad Opposition Front (FAO), which includes virtually every anti-Somoza group except the FSLN guerrillas. The FAO's sole point of consensus is that Somoza must go. It is a loose coalition of convenience and opportunity and does not purport to represent any of the other interests of its member organizations. Consequently, the FAO could be a useful conduit by which the opposition might be brought to the bargaining table with Somoza, particularly if there were some assurance that he might leave office early. After that initial step, however, there could be some breakdown, with private sector organizations, traditional parties of the right, and leftist groups espousing differences in degree, if not in kind, over the details and process of transition.

The leading figures in the private sector, which has the clout to command a voice in negotiations over a transition in government, are Manuel Jose Torres of the Nicaraguan Development Institute (INDE), Alfonso Robelo of the Nicaraguan Democratic Movement (MDN), and representatives from the Federation of Chambers of Commerce and the Chamber of Industries (CADIN).

Among the traditional opposition political parties which would also have to participate are the officially recognized Conservative Party (PCN), led by Rene Sandino, and the "Authentic" and "Aguero" factions of the PCN, led by Emilio Alvarez Montalvan and Fernando Aguero respectively. The other less important opposition parties--represented in the Union of Democratic Liberation (UDEL) headed by Rafael Cordova Rivas--include:

-- The Nicaraguan Socialist Party (PSN), with an old guard faction led by Luis Domingo Sanchez Sancho and another faction under Julio Briceno Davila.

-- The Constitutionalist Liberal Movement (MLC) led by Ramiro Sacasa.

-- The Social Christian Party (PSC), with one faction led by Alvaro Taboada Teran and another (not in UDEL) under Jose Esteban Gonzalez and Roger Miranda Gomez.

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Two additional opposition forces would have to be included, chiefly because of their popular followings. These are the newspaper La Prensa, whose director is Xavier Chamorro Cardenal, and the Group of Twelve, which might speak effectively enough for the FSLN guerrillas to negate any claim for direct Sandinista participation. Presumably because of their diverse makeup, the Twelve have no designated spokesman, but they ought to be able to select, at the most, three or four of their number to represent them.

The Catholic Church, probably in the person of Managua Archbishop Miguel Obando y Bravo, could serve as intermediary, but would in any event be a very interested party. Although some student (Revolutionary Student Front, FER) and labor (CGT-I, CTN, CUS) opposition groups exist, neither sector is extensively organized, and both have some representation through other organizations.

Somoza's Backers

Somoza and his supporters are likely to enter into mediation for one simple reason--the belief that it can be turned to Somoza's advantage. Somoza's goal remains to serve until 1981, and he will participate initially with that as his bottom line.

The two chief elements in Somoza's active power structure--the National Guard and the Liberal Party--have always depended entirely on Somoza's effective representation and protection of their interests. If he should be persuaded or compelled, however, to step down before his term ends in 1981, both of these groups would need independent assurances that their rights and privileges--as distinguished from Somoza's--would be safeguarded, at least through representation in any negotiations leading to his departure.

This means that the Guard as an institution would have to be consulted on the transition. General Jose R. Somoza, the President's half-brother and second-in-command, and Major "Tachito" Somoza, the President's son, are probably too closely identified with the dynasty to speak for the Guard as an entity under such unique and unsettling circumstances. Of course, the rest of the Guard hierarchy also has close personal ties to the President, but if Somoza were to leave office, most officers

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would be forced to perceive their own interests as divorced from his. Some have been thinking in these terms already--looking ahead to Somoza's scheduled departure in 1981--and speaking of institutionalizing and professionalizing the Guard in order to make it acceptable to any successor.

We expect that if the Guard as an institution is to be party to a negotiated transition, the existing official hierarchy will prove to be representative of the Guard as a whole. In short, Chief of Staff General Armando Fernandez would be the most likely and acceptable single spokesman for the Guard. He is respected, intelligent, and by far one of the most capable officers in the Guard, [redacted] 25X6

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Only one of the other five members of the General Staff, General Jose Ivan Alegrett, would perhaps be inclined to reject Fernandez' lead. [redacted] 25X6 He has been G-3, in command of operations, for roughly seven months, giving him some control over troops. He does not appear to have a significant personal following. The combat units in Managua, the bulk of the Guard's fighting force, are presently under Jose R. Somoza's command and presumably would not be allowed to fall to a maverick Alegrett. The departmental commands are less certain, but they are also less important. Among retired officers, Minister of Finance Samuel Genie and Ambassador to Japan Julio Gutierrez are also widely respected potential spokesmen for the Guard.

The Liberal Party (PLN) is probably less certain of its own interests as divorced from Somoza's. Over the years, those Liberals who have argued in favor of making the PLN something more than a personal vehicle and control mechanism have had to leave the party ranks and set up dissident Liberal organizations. Clearly the party would like to remain on the political scene as a competitive force. Unlike the Guard, however, it lacks the physical might to assure itself a voice and it probably does not have the image or hierarchical structure to function independently of the President. Nevertheless, the Liberals would have to have a voice in any negotiations, presumably through their board of directors. The board's chief officers, aside from Somoza

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as party president, are: Vice-President Lorenzo Guerrero Gutierrez, Secretary Alceo Tablada Solis, and Treasurer Pablo Rener. Among the 14 other board members, the most important are probably Francisco Urcuyo, Orlando Montenegro, and Cornelio Hueck.

Somoza has passive support in the government bureaucracy, among retired Guard officers, and in some business circles, but their interests could be effectively represented through the Guard and the PLN.

Mediation Process

How long a mediation effort and possible accompanying truce might last would depend upon how and by whom it was conducted. Whether a week or a month, it would eventually founder as it confronted the central issue--whether Somoza would step down before 1981. If the US does not bring to bear whatever additional pressure is necessary to prompt Somoza to agree to his early departure from office, then the mediation process will likely fail, with both sides returning to the status quo ante, and the possible attendant violence.

From the lineup of Nicaraguan players and positions and from our perception of the pivotal and unique US role, we are not inclined to see other third party or multilateral mediation as offering much prospect for success. There is some growing receptivity among Nicaraguan oppositionists to an OAS or third country role, chiefly engendered by the fear of spiraling violence. However, an eventual solution to the underlying problem of Somoza's continuance in office will likely still require the US to weigh in heavily. A multilateral vehicle would help camouflage US responsibility, but not reduce it.

Presuming the US convinced Somoza that his best interests dictated a negotiated compromise that involved his departure, he would still bargain hard for every point, every concession. Somoza would argue for a constitutional solution as close to the scheduled 1981 elections as possible. He would resist strongly any permanent ban on family members holding political office or military command and attempt to keep his economic empire intact. President Somoza would still not believe that his family was finished in Nicaraguan political

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life and would be calculating an eventual return. Such tactics would also draw out the negotiating process and Somoza, with an eye on US polls and the 1980 election, would hope this might operate to his advantage.

The converse would be true of the opposition, whose demands would revolve around Somoza's quick resignation, the departure of his half-brother and son from the National Guard, and a transitional government leading to early elections. If the Somozas were ousted, the opposition might be willing to observe constitutional procedures that would involve the selection of a mutually agreed upon Liberal Party successor to Somoza. The successor would set in motion the legal procedures leading to an early election.

Again, the US role would be critical. The closer Somoza can come to holding out until near the 1981 elections and the shorter the time span between Somoza's stepping down and the date for elections, the less acceptable will be the solution for the opposition. There are some in the anti-Somoza ranks who would see the President's agreement--underwritten by the US--to step down even in 1980 as a significant victory. If they believed the US stood firmly behind such a compromise, they and others might settle for such a deal rather than risk the unpalatable alternatives.

Many in the opposition, however, would be inclined to believe that if the US and the flow of events could force Somoza to agree to leave office in 1980, then he could be forced to leave earlier, and they would be motivated to hold out. The fear of again being outsmarted by the Somoza clan would be an underlying factor that would increase in direct proportion to Somoza's ability to work out a plan that maintained him until close to the US election in 1980. Such a plan would therefore run a significant risk of splitting the opposition and undermining prospects for a solution.

For these reasons, some transitional government not under Somoza's thumb would be crucial to acceptance of a compromise by much of the opposition. It would permit a sufficient buffer to inhibit Somoza's interference in the campaign and electoral process. It also would allow sufficient time to ensure that Somoza and his relatives had indeed severed ties with their old power structure,

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thereby reducing the chances that Somoza could at the last minute undermine the election and gamble that the US presidential campaign would prevent decisive US action.

Given resolution of all these basic issues--Somoza's resignation, a transitional regime, and early elections--the form of the transition process and such details as the opposition's share of cabinet posts and electoral tribunal seats would probably be more easily resolved.

In sum, presuming the US has the capability to persuade Somoza to step down early, it may be necessary to carry that initial concession to its absolute logical conclusion. The closer the US can come to giving the opposition what it wants--Somoza's early departure, a significant period of transition government to permit political organization and campaigning, and free elections well in advance of the US presidential election--the better the chance of a moderate compromise that will have the time and elements necessary to take root and grow as a viable democratic alternative to Somoza rule or Marxist encroachment. The National Guard and the Liberal Party can probably be brought to see their long term interests as being served in this way. Conceding to Somoza some of his demands on timing could blunt his efforts to take his case to supporters in the US or in the international arena, but it is difficult to see how it would enhance prospects for the long term success of a democratic opening. 25X1

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