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# The Political Prospects in Nicaragua Over the Next Year or So

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Concurred in by the

UNITED STATES INTELLIGENCE BOARD

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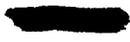
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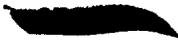
## POLITICAL PROSPECTS IN NICARAGUA OVER THE NEXT YEAR OR SO

### CONCLUSIONS

A. President Anastasio Somoza is in uncertain health, but the chances are better than even that he will remain alive and active during the period of this estimate. He is not likely to alter the basic lines of Nicaraguan foreign policy, though his regime may become somewhat more authoritarian, and the incipient friction in his relations with the US is likely to grow.

B. In the event of Somoza's death within the next year or so, members of the country's inner political circle—from the Somoza family, other propertied interests, the Nationalist Liberal Party (PLN), and the National Guard—would probably work for a constitutional succession with excellent prospects of success. The resulting government would probably be more flexible in domestic policy and easier for the US to deal with.

C. If, however, Somoza became incapacitated but remained active enough to insist on continuing in office, or if he undertook a series of ill-advised, disruptive moves and then died, the sequence of events would be more unsettling. We regard these contingencies as possible but not probable.



## DISCUSSION

### I. BACKGROUND

1. Over the years US influence and the impact of US policies have been very great in Nicaragua. Indeed, for two decades (1912-1933) the US and the US Marine Corps were largely responsible for such public order as was maintained there. When Anastasio Somoza—father of the present President—seized power in 1936, he acted from his position as commandant of the Nicaraguan National Guard, which had been organized and trained by the US. He and his family maintained close ties with the US, and saw to it that the political party they molded, the Nationalist Liberal Party (PLN), did so too. The principal political opposition, the Traditional Conservative Party, has also favored friendly relations with the US as the soundest course for Nicaragua.

2. While sometimes embarrassing the US by the fervency of its embrace, Nicaragua has given little cause for concern during the past 30 years about its political stability. The first Anastasio Somoza was virtually a one-man government. The regime was autocratic, arbitrary, and frequently repressive. President Somoza used his power to increase greatly his and his family's fortunes. Nevertheless, he carefully maintained the forms of representative government and kept in close touch with the public. After his assassination in 1956, there was a gradual shift to a less arbitrary process. Under the administration of his older son and successor, Luis, a limited but significant loosening took place in the Somoza family's domination. For example, Luis had the constitution changed so that a President could not succeed himself or be succeeded by any close relative. The political opposition was permitted more opportunity to express its views, and a larger inner circle—Somoza relatives, key figures of the PLN, others of wealth and social position—came to have more influence on the government's decisions. This tendency continued during the Presidency of René Schick (1963-1966), Luis' chosen successor<sup>1</sup>

3. The current President, Anastasio Somoza Debayle, one of the old dictator's two legitimate sons, is not in good health and has a penchant for arbitrary and disruptive actions. Thus, an element of uncertainty is introduced into the situation. In the paragraphs below, we will discuss pertinent aspects of the political and economic pattern, consider the prospect if this Somoza remains in power for some time, and estimate the consequences of his death or removal.

### II. THE POLITICAL SITUATION

#### A. The Administration

4. Although Luis Somoza's expert skill at political organization and maneuver probably could by itself have guaranteed Anastasio's election to the Presidency in

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<sup>1</sup> When Schick died in 1966, the remaining months of his term were served by Lorenzo Guerrero.

February 1967 in a fair contest, Anastasio resorted to widespread fraud to ensure himself and the PLN an impressive majority. Anastasio also succeeded in alienating a number of people by his tendency to regard the Presidency as his by right and to label any opposition as "Communist." Some party members supported him because they thought that Luis would be in a position to exert a moderating influence on the new President. But Luis died of a heart attack in April 1967, shortly before Anastasio's inauguration; his death foreclosed that possibility and for the time being ended the dialogue with the opposition which the predecessor governments had maintained.

5. The reputation of the younger Anastasio Somoza before the election and certain of his actions since then, indicate that he will not govern in the style of Luis Somoza and Schick; his inclination seems to be in the opposite direction. He has inherited his father's fondness for power, though not his skill in its use. While Luis was becoming adept in the political forum, Anastasio was pursuing a military education and solidifying his position as commander of the National Guard. Here too his headstrong quality has been apparent; as a result of the oppressive measures he carried out when his father was assassinated, he is feared and hated by many of his opponents.

6. The 41-year-old President's own health problems—of which a kidney affliction and gout are apparently the most serious—have been exacerbated over a long period by excessive eating, drinking, and general debauchery. Medical treatment and a more careful regimen during the past year or so have kept them from becoming appreciably worse, but it is not easy for a man of Somoza's temperament to check his appetites or to control his reactions to the pressures of government.

7. Somoza deeply resented the US Embassy's neutral position during the election campaign. He is convinced that this was far cooler treatment than was accorded to any of the Somoza family's previous candidates, and he seems to think that this means the US will be less cooperative and forthcoming with his administration than it was with the others. This does not mean he is likely to change the basic lines of Nicaraguan foreign policy—the pro-US and sharply anti-Communist stance, the eagerness to cooperate with others against the Castro regime in Cuba, the commitment to work with neighboring countries in the Central American Common Market and other economic entities. But it probably does mean a degree of friction in his relations with the US.

8. A few of Somoza's appointees are carryovers from former administrations, but a number of the most important positions are held by politicians more notable for their professional competence than for their political standing. Many of them were trained in the US. Some are regarded as "leftists" or worse by the opposition and by disgruntled conservative elements in the PLN as well.<sup>2</sup>

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<sup>2</sup> For example, Francisco Lainez, president of the Central Bank, José María Zelaya, presidential private secretary, and Roberto Incer, secretary of the Presidency, have been singled out as "dangerous leftists." Lainez, a holdover appointee, has earned respect for his abilities in public finance but is widely distrusted for his political ambitions and influence with Somoza.



No little part of this suspicion, however, derives from the shifts and displacements in the bureaucracy which have been undertaken by the "technocrats" with Somoza's backing. While political discontent has grown, the bureaucracy has been made more responsive to presidential control.

9. Unlike his father and brother, President Somoza has apparently decided he can govern without the close and willing cooperation of the PLN. He has made little effort to insure the continuing backing of any of its factions.<sup>3</sup> Making appointments on the basis of technical competence rather than politics, he has antagonized many Liberals, including some faithful *Somocistas*. Thus, even though in general the party's representatives in the Congress were hand-picked by the Somoza family, Anastasio may receive less than enthusiastic support there.

### B. The National Guard

10. The ultimate source of Somoza's power is the National Guard, the organization in which the nation's military and police forces are combined.<sup>4</sup> For some two decades, following his graduation from West Point, Somoza has maintained excellent rapport with US military officers. He has held top positions in the Guard and has been its *Jefe Director* since 1956.<sup>5</sup> The most important positions in the Guard are held by appointees who have demonstrated their loyalty to him. Brig. Gen. Julio C. Morales, who as chief of the General Staff is in charge of operations, has just returned from 14 years in Washington and has no personal following in the Guard. (Brig. Gen. Gustavo Montiel, Somoza's stand-in as chief of staff during the election campaign, was one of the most capable and respected officers in the Guard. He has been shifted to the President's Cabinet as Minister of Finance.) Responsibility for the personal security of the President is entrusted to Somoza's half-brother, Brig. Gen. José Somoza, a recently promoted and loyal follower. The National Guard is probably capable of handling any disorders short of a well coordinated and widely supported revolt.

### C. The Opposition

11. Over the last three decades, political opposition in Nicaragua has focused on ending the predominance of the Somozas. There are still vestiges of the traditional Liberal-Conservative rivalry, which has mainly a regional basis, but

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<sup>3</sup> The three principal factions are: the *Somocistas*, loyal to the Somoza family; the *Sacasistas*, who represent the economic and political interests of the important, and related, Sacasa family; and the *Quintanistas*, followers of Julio C. Quintana, a former Cabinet minister and perennial aspirant to the Presidency.

<sup>4</sup> The Guard has some 6,000 officers and men distributed as follows: air force, 300; coast guard, 30; 3 tactical ground units totaling about 1,500; and the remainder in police companies and in such service functions as Customs and Immigration.

<sup>5</sup> In mid-1966, in accordance with constitutional requirements, Somoza resigned from the National Guard, leaving his former key positions in safe hands. Once inaugurated as President, he quickly resumed the directorship of the Guard from the outgoing President Lorenzo Guerrero.

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there is not much difference in the political ideologies of the PLN and its principal opponent, the Traditional Conservative Party. Both represent the country's propertied class. A large part of the rural population is apathetic and tends to vote as directed by local political bosses. The other opposition political parties are small and ineffective, and labor and student organizations have had very little political influence under the Somozas.

12. Formal opposition to the Somozas is still seriously divided, despite the formation of a National Opposition Union (UNO) to contest the election of 1967. The elder Anastasio and Luis fostered the existence of the main opposition political party, the Conservatives, and sought its participation in election campaigns, because they were confident that the Conservatives could be beaten and that at the same time their participation in electoral contests would blunt foreign criticism of the Somoza regime. When the Traditional Conservatives boycotted the elections of 1957 and 1962, Luis encouraged the formation of a splinter conservative group, the Nicaraguan Conservative Party; this maintained the tradition of Conservative opposition but ensured that it would be cooperative. To avoid a repetition of that experience, the Traditional Conservatives joined in 1967 with the smaller Independent Liberal and Social Christian Parties to form the UNO. But the three groups were soon fighting over their shares of the seats in the Congress (one-third) reserved by the Constitution to the opposition parties.

13. The Traditional Conservative Party's leadership is generally incompetent and rent by personal animosities and ambitions. The present party chief, Fernando Agüero Rocha, campaigned vigorously in 1967 as the UNO's Presidential candidate. Late in the campaign when it became apparent that he would not win, Agüero instigated disorders and unsuccessfully called upon the National Guard to turn against the government. His admitted hope was to cause the US or the OAS to intervene for the purpose of guaranteeing fair elections. It is highly unlikely, however, that he would have won even in a fair election.

14. The Communists are similarly split by personal rivalries and disagreement over how to oppose the government. The Nicaraguan Socialist Party, which follows the Moscow line, is illegal and probably has no more than 250 members. It supported Agüero's candidacy but not his instigation of disorder. Then, in April 1967, a small group of dissidents critical of the party's inactivity succeeded in ousting its top leaders. Subsequently, under the new leadership, the party's central committee has advocated cooperation with all armed groups against the Somoza government. Thus far, however, the party does not appear to have become actively involved in insurgency. It has the usual student, labor, and political front groups, but none of these has been noticeably effective in expanding its influence.<sup>6</sup>

<sup>6</sup>A number of the party members have received or are now receiving training in the USSR or Eastern Europe.

15. There is a Castro-oriented organization, the Sandinista Front of National Liberation (FSLN), which has from time to time fielded guerrilla bands and has had some success in carrying out individual terrorist acts and robberies. Several of its members also participated in the disorders of January 1967. The FSLN membership is small, probably fewer than 100. These include some members trained in insurgency in Cuba and Guatemala. Although the Castro government has proclaimed its support for armed revolution in Nicaragua, there is no tangible evidence of present direct Cuban support for the movement. The FSLN's present capabilities for conducting armed insurrection appear to be small. In August 1967, National Guard patrols killed some members of an FSLN band encountered in the mountainous north-central area. Other guerrillas, under the FSLN leader, Carlos Fonseca Amador, are being sought by the Guard.

16. Nicaraguan student and labor groups have been kept under control by the Somozas and have been largely impotent. Although many university students are particularly antagonistic to the present administration, they are divided into rival Communist and Social Christian organizations and have little stomach for challenging the National Guard. Organized labor, which represents only some five percent of Nicaraguan workers, is even more seriously split and is vulnerable to the legal controls available to the administration.

### III. THE ECONOMY

17. Nicaragua's major economic asset is its plentiful supply of arable land.<sup>7</sup> From 1961 to 1965 the extension of the road system and considerable government technical and credit assistance enabled cotton producers to capitalize on a modest rise in world cotton prices. A recovery in coffee prices, and some diversification of exports, also helped to push gross national product (GNP) upward. In 1961-1965 it reached a rate which we estimate at an annual average of more than 8 percent or about 4.5 percent per capita. The rapid expansion took place without adversely affecting the price level or the balance of payments. It was accompanied by sizable foreign and domestic private investment in the industrial sector and by a smaller but growing public investment program aimed at developing transportation and electric power.

18. Great disparities in wealth and income in Nicaragua have persisted; for example, we estimate that the 60 percent of the population which is dependent on agriculture receives at most one-third of the national income. Yet recent progress has clearly provided some material benefits for a large proportion of the population and the cotton bonanza added some new members to the small group that controls most of the wealth. Nevertheless, the holdings of the Somoza family are still clearly predominant. Their business interests are esti-

<sup>7</sup>In its land area of some 50,000 square miles, nearly two-thirds of the agricultural land is still unused. The population of some 1.7 million is predominantly mestizo (about 68 percent) with white (15 percent), Negro (9 percent), and Indian (5 percent) minorities. About half the population is illiterate, and educational facilities are largely concentrated in cities of the southwestern third of the country.

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mated to account for some 10 percent of the country's stock of capital, including many of the largest manufacturing and commercial firms, the only locally owned airline and steamship line, a significant part of the country's communications media and possibly as much as 10 percent of all the land in farms. The largest newspaper, however, is owned by one of the principal opposition families.

19. Over the long term Nicaragua's economic prospects are favorable, but at present, the economy is in the doldrums. As a result of the drought of 1966, production of cotton and coffee, the major exports, fell 11 percent and 16 percent, respectively. That decline, however, was partially offset by sharp rises in minor exports such as beef, copper, shrimp, and industrial items. The annual rate of increase in GNP was down, though at about 3.6 percent it was still enough to match the annual rate of increase in population. Even so, increased Nicaraguan imports in 1966 produced a sharp rise in the deficit in balance of payments on current account (from \$22 million in 1965 to \$51 million in 1966), and net international reserves fell from some \$28 million to \$16 million by the end of 1966. Cotton and coffee crops have been larger in 1967, and GNP is probably growing at a slightly higher rate than in 1966. Owing to the poor export performance, however, the country's balance of payments has continued to deteriorate.

20. These problems now confront the new administration with the need for some kind of remedial action. At the same time, Somoza is strongly interested in carrying out a development program of considerable scope which would be directed especially at bringing economic and social improvements to the rural population. His administration is in a favorable position to borrow money abroad; on the other hand, the balance of payments situation is likely to impel him to some austerity measures. He hopes to add to the income side of the budget by improved collection of taxes. These measures would hardly be popular politically, and some of the burden will have to fall on the political inner circle of Nicaraguans, perhaps even on the Somoza family's own interests.

#### IV. PROSPECTS

21. President Somoza's health will have a strong influence on the course of developments in Nicaragua. It might deteriorate slowly, and incapacitate him for several days at a time. It might even collapse suddenly, but we have no evidence that any of his present ailments is likely to cause his death or more than temporary incapacitation over the next year or so. What is more likely is that the particular nature of his complaints, and the difficulty of sticking to the regimen prescribed, will make him irritable and arbitrary. Beyond the realm of natural causes, there is, of course, the possibility of assassination: Anastasio has more than the usual quota of enemies, and in indulging his various appetites he has sometimes neglected the strong security protection which he ordinarily regards as essential.

22. All things considered, we believe the chances are better than even that Somoza will stay alive during the period of this estimate, and well enough to

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govern. He will have to cope with budget and foreign payments difficulties since the economy is not likely to perform a great deal better in 1967 and 1968 than in 1966. There is some danger that Somoza will come to feel frustrated by the lack of rapid economic progress. Some discontent in Somoza's own party and antagonism on the part of the opposition is likely, but we doubt that the situation will develop so adversely as to compel him to become harsher and more authoritarian. The danger is that these problems will become more serious because of the actions he may take. If, for example, he should become disappointed in his development program or suspect that he is being conspired against politically, he would be likely to become somewhat more arbitrary. And he might thereby produce precisely the kind of situation he was bent on heading off.

23. Somoza's approach to foreign relations is heavyhanded. We would anticipate some increased difficulties in Nicaraguan relations with the US while he is in office.<sup>8</sup> He strongly resented the neutral stance taken by the US during the election campaign. Since assuming office he has indicated that he expects the US to help finance his development program but to play little or no part in its formulation. Somoza's tendency to credit his administration alone for the results of US-supported projects is likely to continue. At the same time, his methods may raise political tensions to the point where it will be difficult for the US Embassy to maintain contact with the opposition. He might also provoke disturbing incidents by meddling in the domestic affairs of neighboring countries.

24. If Somoza were to depart the scene, much would depend on the *how*, and particularly the *when* of his going. If he were removed during the next year or so by death from natural causes or by assassination there would be some complications, but they would probably be manageable.<sup>9</sup> Indeed, we believe that the chances for a constitutional succession would be excellent; this kind of succession would probably have the support of members of the inner circle—from the Somoza family, other propertied groups, the PLN, and the National Guard. It would even have the support of some of the opposition. And in such a situation, the views of the US Embassy would almost certainly be sought and given considerable weight.

25. The Constitution of Nicaragua provides that when the President dies or is permanently incapacitated in office, the Congress shall choose a successor from one of the two Vice Presidents—in this case Alfonso Callejas Deshón, Minister of

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<sup>8</sup> Maj. Gen. William P. Yarborough, Assistant Chief of Staff for Intelligence Department of the Army, believes that the rapport between Somoza and US military officers provides an additional means through which US-Nicaraguan affairs may be influenced.

<sup>9</sup> We think it important to note here that the case of Nicaragua, at least at this stage of the game, has little in common with the case of the Dominican Republic prior to the crisis of 1965. Nicaragua has a reasonably cohesive political inner circle which was lacking in the Dominican Republic; the big Nicaraguan opposition party is conservative rather than sharply to the left as in the Dominican Republic; and the Nicaraguan National Guard is better officered and more unified than the Dominican Republic military was.

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Development and Public Works, and Francisco Urcuyo Maliaño, Minister of Public Health.<sup>10</sup> Both men are loyal Somocistas. Although Callejas is clearly the abler of the two men and has wider public acceptance, Urcuyo is more easily influenced and might be preferred by some political leaders. We doubt that either Callejas or Urcuyo would attempt any sweeping changes in Nicaraguan domestic or foreign policies. We think, however, that chances would be good for at least a temporary closing of ranks within the PLN, the reopening of a dialogue with Traditional Conservatives, and a return to easier relations with the US.

26. A more difficult situation could develop if Somoza were in fact incapacitated but remained active enough to insist that he was still capable of governing. There probably would be differences in the Congress and more generally within the establishment about what action to take, and a stalemate might develop. This would allow time for maneuver by ambitious individuals not in accord with a constitutional succession and eager to end the Somoza dynasty. Fernando Agüero, the bitterly anti-Somoza leader of the Traditional Conservatives, might be tempted to try to line up support for a coup. If he should, his chances for success would be slight, but the administration might in its turn overreact. This might cause some opponents of the regime to resort to violence. Even so, except in the unlikely event of a split in the National Guard, that organization would probably be able to deal with any disorders which might arise.

27. Yet another, and at least equally unsettling, sequence of events is possible. If Somoza should undertake a whole series of ill-advised and arbitrary moves, these could destroy the cohesiveness of the present political inner circle, undermine the unity of the National Guard, and cause responsible elements of the opposition to despair of further nonviolent tactics. And if, after such a stage had been reached, Somoza were removed by natural death or assassination, a chaotic situation—of essentially unpredictable outcome—could ensue. We believe this to be an unlikely course of developments; we note it, nonetheless, as the worst plausible case.

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<sup>10</sup> It should be noted that the Constitution prohibits a President from being succeeded by any close relative (specifically by anyone "within the fourth degree of consanguinity or affinity") during an interrupted term and the following term. The Constitution further provides that the President must be over 25 years of age. The eldest sons of Luis and Anastasio are, respectively, 20 and 16 years of age.

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