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Central Intelligence Agency



DIRECTORATE OF INTELLIGENCE

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Prospects for Stability in the Caribbean Basin Through 1984

Overview

There have been some favorable trends in Central America in recent months. The Salvadoran armed forces' ability to prevent the insurgents from disrupting the March elections dealt a significant setback to the guerrillas' international image and also bodes well for continuing gains by the military. In Guatemala, the replacement of Lucas by a leader who is taking steps to curb official violence and has shown other reformist leanings raises the possibility of reducing that country's international isolation and strengthening its domestic political base. Honduras has undergone a successful transition to civilian rule, and its new leaders are actively supporting efforts to interdict arms shipments to insurgents, while demonstrating an increased willingness to cooperate with the Salvadoran military. In Costa Rica, predominantly pro-Western and anti-extremist public sentiment is coalescing in the face of threats to its democratic institutions, and the country can expect more stable leadership when President-elect Monge assumes office next month.

At the same time, however, radical leftists have become more active in most of the countries—markedly so in Guatemala—and are intensifying their

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attempts to exploit conditions already receptive to insurgency and revolutionary growth. Cuba and Nicaragua have increased support to guerrillas in Guatemala and their assistance remains crucial to sustaining the insurgency in El Salvador. Meanwhile, Havana and Managua are working to build the infrastructure for radical leftist forces in Honduras and Costa Rica and trying to divide and intimidate those governments.

Especially in El Salvador, the strategy of the guerrillas and their foreign backers may change for tactical reasons over the near term. These groups may step up attempts to explore political solutions that will enable them to make gains that have not been possible on the battlefield. Such an approach would allow insurgents to buy time to regroup, rearm and mold unity, while simultaneously trying to build grassroots political support. Neither the guerrillas nor Cuba and its allies have altered their fundamental assessment that power ultimately can only be won through military strength. This prescription and ongoing radical leftist efforts point to an expanding challenge to US interests in the region through 1984.

In the Caribbean, Cuba will continue attempting to exploit economic instability to assist the radical left and cause problems for the US. While opportunities for covert activities will not be ignored, Havana is likely to emphasize overt approaches. Meanwhile, one particularly encouraging development is that Cuban actions in the Caribbean Basin have led Venezuela and Colombia, who perceive a growing threat to their own security, to become increasingly active in sponsoring diplomatic efforts on behalf of democratic governments.

El Salvador

Barring a negotiated solution, the leftist insurgency in El Salvador is likely to remain a threat to regional stability through 1984. The recent successful election has dealt a major political and psychological blow to the insurgent cause, but depending on the makeup and policies of the provisional government, these effects may be only temporary. In any event, the military balance is not likely to shift quickly or decisively in the government's favor, since the insurgents retain strong military capabilities and continue to be well supplied by Cuba and Nicaragua.

The growing interest in negotiations on El Salvador that Cuba has recently demonstrated reflects the Castro regime's chagrin over the failure of the guerrillas to win a military victory, and a belief that maintenance of the status quo there is not to the guerrillas' advantage. Negotiations, on the other hand, provide time for the guerrillas to regroup and rebuild,

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offer the chance of political gains for insurgents, and--by prolonging the confrontation--buy time in which public opinion in the US can be exploited to undercut Washington's resolve on further military support for El Salvador.

As long as there is no political solution, however, the flow of arms via Cuba and Nicaragua is likely to continue. The insurgents are likely to get additional automatic rifles and heavier anti-aircraft weapons, and may even get light air defense missiles as well. There has been some improvement in Salvadoran military capabilities to interdict the arms coming overland or through shallow water, but the capability to reduce the air and deep sea traffic remains poor.

Guerrilla manpower over the next year or so is unlikely to rise or fall dramatically from the current level of 4,000 to 5,000. Desertion and combat losses will require steady recruitment and training of new cadre. A rightist provisional government that undermines reforms would swell the pool of potential recruits, while a broad government of national unity that furthers existing reform programs would have the opposite effect. The condition of the economy will play a similar role, as will the success of the government's counterinsurgency campaign.

One factor that could more clearly hurt insurgent fortunes is the lack of cooperation among the various guerrilla factions. There have already been recriminations over the failure to disrupt the elections, and further splits in leftist unity are likely in the near term. A rightist-dominated government, however, would provide a rallying point for the insurgents and help to restore leftist coordination.

For its part, the Salvadoran military hopes to continue to improve its counterinsurgency capabilities over the next few years. The strength of the army and security forces is projected to rise from 28,000 to nearly 40,000 men, providing that sufficient arms can be obtained to equip them. The number of quick-reaction battalions is planned to reach five or six, one for each brigade area. This will provide a large enough central reserve greatly to increase the frequency and scale of offensive operations.

The Air Force plans to get additional helicopters and special counterinsurgency aircraft such as A-37s or Argentine Pucarás. The helicopters will aid mobility, and the counterinsurgency aircraft will be more effective against insurgent

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strongholds and base areas than the old French Ouragans and Fougas currently in the inventory.

Armed forces improvements in leadership, command and control, and intelligence, however, are likely to be slow in coming. US training of junior officer candidates will alleviate a shortage in this area.

Furthermore, communications security is not likely to improve significantly, but recent deception tactics by the Army regarding planned operations may help offset this weakness.

Guatemala

The guerrillas' major advances in building their ranks and developing an infrastructure have enabled them increasingly to challenge the Guatemalan Government. Although insurgent capability will almost certainly continue to improve, we do not expect the guerrillas to gain sufficient strength over the next year or so to launch warfare on the same scale as in El Salvador. Beyond that time frame, the ability of the insurgents to topple the government will depend on events in El Salvador, the extent of Cuban backing--which is already increasing--and policies pursued by the Rios Montt government and any successor regimes.

Longstanding and careful efforts by the Guatemalan radical left to lay the foundation for a successful insurgency are bearing fruit. From a force of some 1,000 armed guerrillas in 1979, insurgent ranks have grown to an estimated 4,000-5,000--an increase which reflects patient guerrilla attempts to recruit among the Indian masses of the Western Highlands. The guerrillas have also significantly improved their internal support network by establishing extensive arms caches and underground tunneling in their rural base areas. In some isolated highland areas, where government presence has always been tenuous, the insurgents are exercising de facto control over the population.

The guerrillas have demonstrated their improved military capability over the last year or so by initiating a new level of violence. They have concentrated on small scale operations, such as terrorist killings and bombings, economic sabotage, and ambushes of security forces, to further insurgent goals of bolstering international credibility, discouraging foreign investment and tourism, and weakening armed forces' morale. The insurgents' expanding military prowess also has enabled them temporarily to occupy important provincial towns, and for the first time a guerrilla unit was able to overrun a military

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garrison, which is located in the heart of a region sympathetic to the insurgents. Generally, however, the guerrillas have recognized that they are not ready for decisive confrontations and have avoided pitched battles with the military, even when retreat has forced them to abandon significant caches of material.

Increased external assistance from Cuba and Nicaragua is also benefitting the guerrillas. The need for skilled insurgent cadre will be partially met by the more than 300 guerrillas who are receiving--or have recently completed--training in Cuba.

in Guatemala. Cuban and Nicaraguan arms deliveries--via Honduras, Mexico, Belize, and possibly Costa Rica--are becoming more frequent and the methods of concealment more sophisticated. Moreover, Havana's keen interest in accelerating arms shipments was underscored by its role in promoting renewed efforts earlier this year to strengthen guerrilla unity.

Although the Cubans persuaded Guatemala's four active guerrilla organizations to form a new umbrella organization in January, overall coordination among the groups remains elusive. Lack of unity apparently was partly responsible for guerrilla failure to follow through on plans to disrupt the 7 March election. The Organization of People in Arms (ORPA)--the second largest group and the most ideologically diverse--has been especially recalcitrant. Its maverick leader refused to attend meetings in Havana, and some members reportedly favor trying to negotiate with the Rios Montt government. Pressure from the Soviet Union and Cuba finally has caused the old-line faction of the Guatemalan Communist Party to make preparations for joining the insurgency, but the party has not reconciled differences with a militant splinter group. Although internal bickering will not be quickly overcome--even by threats from the USSR, Cuba, and Nicaragua to withhold arms--local cooperation is gradually improving because of the growing dominance of the largest group, the Guerrilla Army of the Poor, which has especially close ties to Havana.

Guerrilla disunity is partly a reflection of improved performance by the 17,000 member Guatemalan military following a shift in counterinsurgency tactics last summer. An aggressive strategy of small unit mobility combined with large scale sweep operations has led to the destruction of a number of guerrilla camps, the dismantling of some support facilities, and the dis-

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ruption of guerrilla plans to expand operations. The armed forces have also made strides in improving their acquisition and exploitation of intelligence. Progress in this area has enabled the military to cripple the urban infrastructure of ORPA, and continuing improvement should be facilitated by the recent creation of a joint intelligence center. The military's decision to organize and arm local civilian militia is also helping to stem guerrilla advances.

Despite these gains, however, continuing deficiencies--especially in manpower--will hamper the armed forces. The military recently created five new infantry battalions and plans to train some 5,000 new recruits this year. The armed forces still confront a less favorable manpower ratio *vis a vis* the insurgents than do their counterparts in El Salvador--and the Guatemalans must defend a country five times the size of its southern neighbor. Armed forces leaders recognize that greater air mobility could help offset limited troop strength and have recently increased their purchases of US civilian helicopters. Nevertheless, the military has only 32 helicopters--fewer than half of which are designed for heliborne operations, and lacks spare parts and navigational equipment for them. The armed forces also continue to experience difficulties in coordinating air, infantry, and artillery during sweep operations--a situation that underscores the need for improved training.

Gaining the allegiance of the rural population remains crucial to the outcome of the insurgency, but Guatemalan authorities have been slow to establish a multifaceted counterinsurgency program. The Lucas administration made some halting steps through fairly extensive land distribution and an incipient amnesty effort. These initiatives were largely offset, however, by lack of commitment to prohibiting security force brutality and to checking death squad activity. Government officials can take heart that, despite some insurgent success in exploiting local grievances, the guerrillas continue to meet indifference and even resistance in many communities. Guatemala's bleak short-term economic prospects will favor the insurgents, however, by forcing the government to cut back social programs and services at a time of mounting unemployment.

Since taking power last month Rios Montt has temporarily consolidated his position by taking steps popular with the public and junior officers who installed him in office. His measures against corruption and official violence have helped set a reformist tone that, if sustained, would broaden the government's political base and reduce Guatemala's international isolation.

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It is not yet clear what policies the Rios Montt government will follow in confronting the guerrillas, but the coup that installed him has for the first time raised questions about military cohesion. Most significantly, the new assertiveness of junior officers--and the concomitant unease and resentment of many senior officers--is undermining military discipline. A major shakeup in the military's chain-of-command, highlighted by shifts of commanders in all but four major units, will prove disruptive in the short term. Moreover, the removal of the Chief of Staff, who played a key role in promoting the shift to mobile tactics last year, may deprive the military of aggressive leadership. Although intensified activity by the guerrillas will probably force the military to submerge internal squabbles, infighting may drag on with detrimental consequences for the counterinsurgency effort.

Nicaragua

Nicaragua is building an armed force that is intended to surpass the combined strength of its Central American neighbors. The Sandinistas probably will be in a position to dominate Central America militarily by at least 1984--sooner but for a shortage of trained officers and NCOs, financial and logistic problems, and a lack of proficiency with newly acquired weapons. Even now, the Sandinistas could probably beat back an attack by any one potential adversary in the region.

Managua already outstrips its neighbors in military manpower, armor, and artillery capabilities. Over the next year Nicaragua will widen its margin, although its principal manpower effort will be the professionalization of its regular forces. If as expected the Sandinistas receive MIG fighter aircraft this year, they will at least match Honduras' Air Force, the best in the region. In addition, Nicaragua is expected to receive additional T-54/55 tanks in 1982, enabling it to deploy two armor battalions.

The Sandinistas' active-duty force of some 21,000 to 23,000 men may reach 30,000 to 35,000 by 1984 if the government can overcome present recruitment difficulties. Otherwise, the Sandinistas may be forced to implement a conscription program to reach this force level. By 1984 they will also have 30,000 reservists sufficiently trained to be integrated into the Army. These forces will be backed by a substantial number of less trained militia, perhaps as many as 100,000 to 150,000 men and women.

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The continued military buildup intimidates governments in the region and encourages the Sandinistas to take much greater risks in authorizing hot pursuit operations against Nicaraguan insurgents based across the border in Honduras. Pressures for a retaliatory strike to destroy anti-Sandinista camps in Honduras have been building among Nicaraguan leaders for some time. So far, Managua is attempting to show restraint--a course also advocated by Havana--because of fears that such a move would provoke a major US military action against Nicaragua. The Sandinistas prefer instead to retaliate against Tegucigalpa by stopping up covert activities in support of violent Honduran leftists. As their military strength grows, however, the Sandinistas probably will become more belligerent. If so, the danger of a major conflict is likely to grow over time.

Nicaragua is more directly responsible for regional turmoil through its support for armed insurgents in El Salvador and Guatemala and militant leftists in Honduras and Costa Rica. Although motivated in part by revolutionary kinship, Nicaragua's Sandinistas believe that promoting armed struggle in neighboring countries will disrupt any plans by these governments and the US to overthrow their own regime. This perception of a direct link between Central American revolutions and Sandinista survival means that Nicaragua is unlikely to curtail its promotion of regional subversion over the next few years.

The foreign advisory presence in Nicaragua is likely to increase as the military obtains more advanced weaponry. The number of Cuban military personnel probably will grow beyond the current level of nearly 2,000 and the Soviet and Eastern Bloc presence may increase also. Much will depend on whether the Soviets are willing to take a more direct role in the Nicaraguan military buildup or continue to rely on Cuba or other surrogates.

Honduras

While Honduras is not in immediate danger of destabilization, it is being increasingly drawn into the turmoil in the region. Most significantly, tension between Honduras and Nicaragua has intensified in recent months and an escalation of border clashes into major hostilities is a continuing danger. The domestic radical left remains weak and splintered, but leftist-inspired terrorism--some of which is supported by Nicaragua--has increased. Although Cuba has stepped up training of Honduran leftists and is promoting leftist unity, it may prefer to delay the onset of an active insurgency because major

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supply routes for guerrillas in El Salvador and Guatemala run through Honduras. The Honduran military would probably not be able to suppress a serious domestic insurgency supported from Cuba and Nicaragua, however, without major assistance from the US.

Relations between Honduras and Nicaragua have deteriorated markedly in recent months and trends point to continuing animosity and a desire on both sides to strengthen military capabilities. The flight of an estimated 10,000 Miskito Indian refugees to Honduras since December to escape Sandinista relocation efforts has swelled the ranks of anti-regime groups already based in Honduras. To retaliate for Honduran armed forces' collusion in cross-border raids by Nicaraguan exiles, the Sandinistas reportedly have increased arms deliveries to Honduran radical leftists who are carrying out terrorist activities. Nicaragua and Honduras have significantly increased troop strength in the border region, and both armies have been placed at a high state of readiness.

The Honduran armed forces would be at a disadvantage in a major clash with Nicaragua and thus do not want to provoke one. The Honduran ground forces, numbering some 13,000 troops, are poorly armed and lack the communications and transport necessary to meet anything but minor internal and external threats. The 1,000 man Air Force--at this point still the best in Central America--is the mainstay of Honduras' defense and deterrent capability. Its inventory of aircraft, both fighter and transport, is aging, however, and in need of replacement. The Air Force also is deficient in the important area of radar capability.

Enhancing Honduras' ability to fight a conventional war with Nicaragua would require major weapons deliveries, including replacement of the Air Force's 14 Super Mysteres. Commander-in-Chief Alvarez has already asked that the US provide either F-4 or F-5E fighters free of charge and has requested US help in financing new Canadian-built transport aircraft. The Hondurans also need artillery and antitank missiles to offset Nicaragua's growing armor and artillery inventories. Even with US "donations," however, Alvarez' overall plan to build up military strength would have serious economic implications. Since continued IMF assistance is tied to a limit on total government spending, any increases in military purchases could only come at the expense of social spending, down some 20 percent in real terms from last year's level.

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Cuba continues to assist Honduran radical leftists in laying the groundwork for an insurgency, but its methods suggest a preference for a gradual approach.

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Increasing concern about foreign threats to the Sandinistas, however, reportedly has led the Cubans to endorse a recent decision by Honduran revolutionary groups to accelerate their preparations for a prolonged guerrilla war. Meanwhile, Cuba is stepping up its paramilitary instruction of Honduran radical leftists and also is relying on Nicaragua and Libya to assist in providing training.

In addition, Havana is trying to provoke divisions within the Honduran military by encouraging some senior officers to support a policy of neutrality toward Nicaragua and El Salvador. The Cubans hope especially to pressure Honduras into backing away from active support for the Salvadoran military and for anti-Sandinista groups.

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The Sandinistas have identified Alvarez as a major enemy and reportedly are funding a propaganda network in Honduras whose goal is to discredit him.

On balance, however, the armed forces are united behind Alvarez, and his cordial relations with President Suazo have eased concerns regarding possible civil-military strains. The Salvadoran insurgents have already been hindered by increased Honduran arms interdiction efforts, and the growing willingness of the Hondurans to assist the Salvadoran military in blocking operations will put additional pressure on them.

Costa Rica

Like Honduras, Costa Rica is increasingly being drawn into the Central American political cauldron. The country's severe economic slide is giving domestic leftists opportunities to unify and build bases of support. These leftists have grown more radical and an unprecedented rise in terrorist actions over the past year or so presages further disruptive efforts. The radical

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left is still embryonic, however, and--given the fact that the Costa Rican people are strongly anti-Communist--early attempts at domestic destabilization would be counterproductive. Nevertheless, over the longer term Costa Rica's continuing economic crunch, porous borders, and lack of a viable military force will make it increasingly vulnerable to the radical left, whose disdain for democratic processes is growing.

Costa Rica, which has no standing army, relies on its 7,000-man Civil Guard as its first line of defense. The Guard, however, is [redacted] and generally armed with only pistols and carbines. Few of its crew-served weapons are in working condition, almost all ordnance is unserviceable, and cannibalization of weapons parts is widespread.

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At least some Guard members probably are loyal to former Security Minister Johnny Echeverria.

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Echeverria and his backers in Havana anticipate that San Jose's unprecedented economic problems will severely challenge the incoming government of Luis Alberto Monge, and they hope to be able to capitalize on attempts from any quarter to interrupt the constitutional process. Efforts at destabilization are most likely to come from the more radical elements within the country's small Communist coalition, who, smarting at their poor showing in the February elections, may be ready to engage in terrorist activities.

Monge and other officials of his National Liberation Party, aware of at least some of the potential threats to security, plan to increase the preparedness of the Civil Guard. The President-elect has also indicated that he will rely on an OAS peace force to protect Costa Rica's frontiers in any Central American war.

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Such a course, he has privately suggested, proceeds from his fear that a regional conflict involving Nicaragua could spark irredentist claims by Managua to Costa Rica's northwestern province of Guanacaste, and thus lead to a Sandinista invasion.

We have received a number of unconfirmed reports of Sandinista incursions into Guanacaste during the last few months, presumably caused by reported anti-Sandinista activity in the area. More significantly, Guanacaste--where many of Costa Rica's approximately 10,000 Salvadoran refugees are sheltered and where pro-Sandinista sentiment allows Nicaragua to maintain plausible denial--appears to figure prominently as a support base for the insurgency in El Salvador. Since September 1981, there is increasing evidence of:

- Training camps and weapons shipments by sea and air in this area.
- Sandinista recruitment of land squatters and others for eventual deployment to El Salvador.
- Salvadoran guerrilla or Sandinista attempts at gaining control of the refugee camps, which are suspected by Costa Rican security officials as being support bases for insurgents.

Leftist terrorists are also taking advantage of Costa Rica's poor security, and during the last year have attempted bombings and kidnappings with increasing frequency. Recent security force raids on safe houses in San Jose have uncovered large weapons stockpiles and other indications of a sophisticated and well-financed gun-running operation. Costa Rican security officials believe that a number of additional cells continue to operate in the capital and elsewhere. Much of this activity appears designed to aid the insurgencies in El Salvador and possibly Guatemala, but it has a seriously unsettling effect in Costa Rica as well.

Panama

The prospects appear favorable for continued political and socio-economic stability in Panama during the period leading up to presidential and legislative elections in 1984. Panama has no domestic terrorism problem, political dissidence is well-controlled, and economic problems are generally less severe than those of most countries in the Caribbean Basin. The death of Omar Torrijos in July 1981 raised immediate and serious concerns

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about possible destabilizing power struggles within the National Guard--which holds most power in Panama--or between officers and civilians, but instead most Panamanian leaders have agreed to maintenance of the status quo.

[REDACTED] Panama has modestly cooled relations with Havana in the last year, but will likely maintain diplomatic [REDACTED] ties out of concern that foreign radicals in Panama might be employed against the host government. Regional instability and its potential for spillover into Panama clearly have increased security concerns among some military officers, and this could lead to greater competition between military and civilian leaders for resources and decision-making authority.

The Caribbean

The Caribbean countries, except for oil-rich Trinidad and Tobago, have been hard hit by the escalating cost of oil and other imports and declining prices for their major exports--sugar, coffee, bauxite. This, in turn, has exacerbated the deep-rooted structural problems of such countries as Jamaica, the Dominican Republic and the mini-states of the Eastern Caribbean. The result has been high unemployment, serious inflation, declining GDP growth, huge balance of payments deficits, and a pressing liquidity squeeze. This economic crisis threatens political and social stability throughout the region and creates conditions which Cuba and others seek to exploit.

Cuba is certain to continue its efforts to take advantage of economic instability in the Caribbean as a means of promoting the fortunes of the radical left and causing problems for the US. While opportunities for covert activities will not be ignored, the main thrust of these efforts will probably be overt, with Havana depending heavily on sports and cultural contacts, the media, and direct liaison with the area's political, social, intellectual, and religious leaders as well as radical leftist groups. Cuba's purpose in donating a 75-kilowatt transmitter to Radio Free Grenada, for example, was to provide a friendly government with the technical facilities for disseminating Cuban propaganda throughout the Lesser Antilles. The Castro regime will persist in promoting its own politico/economic system as a model for overcoming underdevelopment. But as Cuba's economic problems mount, it is likely to have increasing difficulty hiding

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the fact that the massive amounts of Soviet aid are crucial to the survival of the Cuban economy--aid that would not be available to other nations in the region.

Venezuela and Colombia

Increasingly pessimistic about trends in Nicaragua, the Herrera government in Venezuela is trying to stem radicalization in Central America by fostering regional cooperation among democratic regimes and by offering substantial economic assistance.

Cuba's growing involvement in Central America and the Caribbean particularly has aroused Venezuela's apprehension. Most Venezuelans believe that their basic political, economic, and security interests require undercutting Havana's influence in the area. Hardline elements in the government favor directly challenging Cuban initiatives, fearing that Cuba's ultimate objective is Venezuela's oil reserves. The government's policy is, however, less aggressive, seeking instead to minimize polarization in the Caribbean. Herrera does not want to provoke Cuban meddling in Venezuela's internal affairs or assisting small domestic insurgent groups.

Venezuela's concerns have been heightened by the economic and political implications of a prolonged slump in oil prices and production--factors that would seriously hamper its ability to continue to provide such extensive economic aid. The government fears that dropping oil revenues will worsen already serious economic and social problems. If the economic situation markedly declines, extremist groups could exploit latent discontent and could eventually hope once again to challenge Venezuela's democratic political system.

Colombian authorities believe that the Soviet Union and Cuba are trying to establish Communist regimes throughout Central America and the Caribbean. They cite Nicaragua as the first success and the insurgencies in El Salvador and Guatemala as further evidence of the threat that they believe will reach Colombia. The Turbay government has embarked on an activist policy that combines limited economic assistance with coordinated action by democratic regimes in the area.

Sharply increased activity by Cuban-supported revolutionary groups in Colombia is another reason for the government's activism. The insurgents so far have had fairly limited success but the persistence of the insurgency underscores the chronic

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problems that face Colombia. Extreme social and economic disparities feed alienation and protest; large, increasingly unmanageable cities offer a favorable environment for urban terrorists; isolated and neglected rural areas provide hospitable havens.

The guerrilla threat is not new to Colombia and it is unlikely that the insurgents could defeat the Colombian armed forces. Most Colombians reject the political alternative presented by the guerrillas and prefer their present political system, however imperfect they believe it to be.

If insurgencies succeed elsewhere in the region, Colombian officials believe that domestic guerrilla groups will seek a wider confrontation with the government. They also worry that Cuba will increase its support to these groups, which would enhance their ability to challenge the government, especially during the transition to a new administration in August.

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