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CIA/ALA --- 85-10118C M ---

DIRECTORATE OF INTELLIGENCE

OCTOBER 1985

CENTRAL AMERICAN MONTHLY REPORT #27 [redacted]

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PERSPECTIVE

In mid-October, the Sandinistas expanded their three-year old state of emergency, providing a legal framework to tighten controls over opponents who have become increasingly outspoken. The new restrictions include broadened press censorship, limits on public assemblies and internal travel, and bans on political organizing by the opposition parties. The Sandinistas have used the war to justify the decree, stating that it is aimed solely at counter-revolutionaries. The pro-regime press has emphasized the rights still in force--primarily those pertaining to criminal judicial procedures--and has tried to demonstrate that the restrictions have impacted little on daily life. [redacted]

[redacted] the Catholic Church hierarchy's increasingly intense attacks on the regime precipitated the decree. Cardinal Obando had been drawing large crowds during his domestic tour and many of his masses were only thinly veiled anti-government rallies. [redacted]

A series of other incidents--including the government's decision to renege on promises not to draft seminarians and threats to expel foreign priests who supported Obando--further heightened tensions. Just before issuing the decree, the regime confiscated the first issue of a Church-sponsored newsletter, comprised primarily of anti-government articles. [redacted]

In the wake of the decree, the Sandinistas occupied the curia offices and Interior Minister Borge summoned the Cardinal to his office for questioning about the Church's ties to the opposition political parties. The pro-regime press

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This memorandum was prepared by the [redacted] ALA. It was coordinated with the Directorate of Operations. It contains information available as of 3 November 1985. Questions and comments are welcome and should be addressed to [redacted]

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also issued [redacted] unprecedented attacks on Obando, accusing him of supporting the insurgency. Despite these attacks, the Church has continued to criticize regime policies. The Nicaraguan Bishops' Conference issued a mildly defiant communique reiterating calls for a national dialogue to include the armed insurgents. In addition, the Cardinal defied the government's requirement that he obtain permission for outdoor masses, and [redacted] his first mass following the decree attracted nearly 6,000 worshippers. [redacted]

The regime intensified attacks on civilian opponents as well. The press reports that the Sandinistas warned two leaders of the Democratic Coordinating Board, the main opposition coalition, not to publish any protests or analyses of the government decree. At least one member political party was also warned not to publish its newsletter. In addition, in late October security officials raided the offices of an independent labor federation and arrested three union leaders for criticizing the emergency decree, according to press reports. The Sandinistas also continued to harass some private sector leaders. [redacted]

The Sandinistas' Western supporters expressed chagrin over the emergency decree, but appear disinclined to criticize the regime harshly. French President Mitterand, for example, "lamented" the tough measures, but also criticized US policy in Central America. The Swedes also criticized the restrictions, but [redacted] no plans for a reduction in Swedish economic assistance. [redacted]

The state-of-emergency, in our view, demonstrates the heightened sensitivity of the regime to internal criticism. While it gives the Sandinistas broad powers to control internal dissent, we believe they will continue their policy of selective implementation to avoid charges that they intend to eliminate the entire opposition. Managua probably calculates that this strategy will also defuse broad popular resistance to the law and induce key leaders to go into exile without prompting a damaging mass exit. The Church, as the regime's most formidable opponent, will remain its primary target, in our view. The Cardinal is likely to be able to defy some of the restrictions, but the regime has already used the travel ban to limit attendance at his masses. More vulnerable second echelon clerical and lay officials could also pay the price for Obando's resistance. They could be detained and interrogated by the security services or, in the case of foreign priests, be expelled by the government. The government suspended the hierarchy's radio broadcasts for two days in late October, and publishing facilities could also be closed down permanently. The inability to meet and publish communiques will further isolate and fragment the political opposition, in our view. Urban-based opposition political parties and labor unions, for example, will probably have difficulty continuing only recently renewed organizing efforts outside the cities. [redacted]

Western and Latin American countries will probably remain critical of the state of emergency, but will likely keep their displeasure out of the public eye. The Sandinistas probably believe they are more vulnerable to internal dissent

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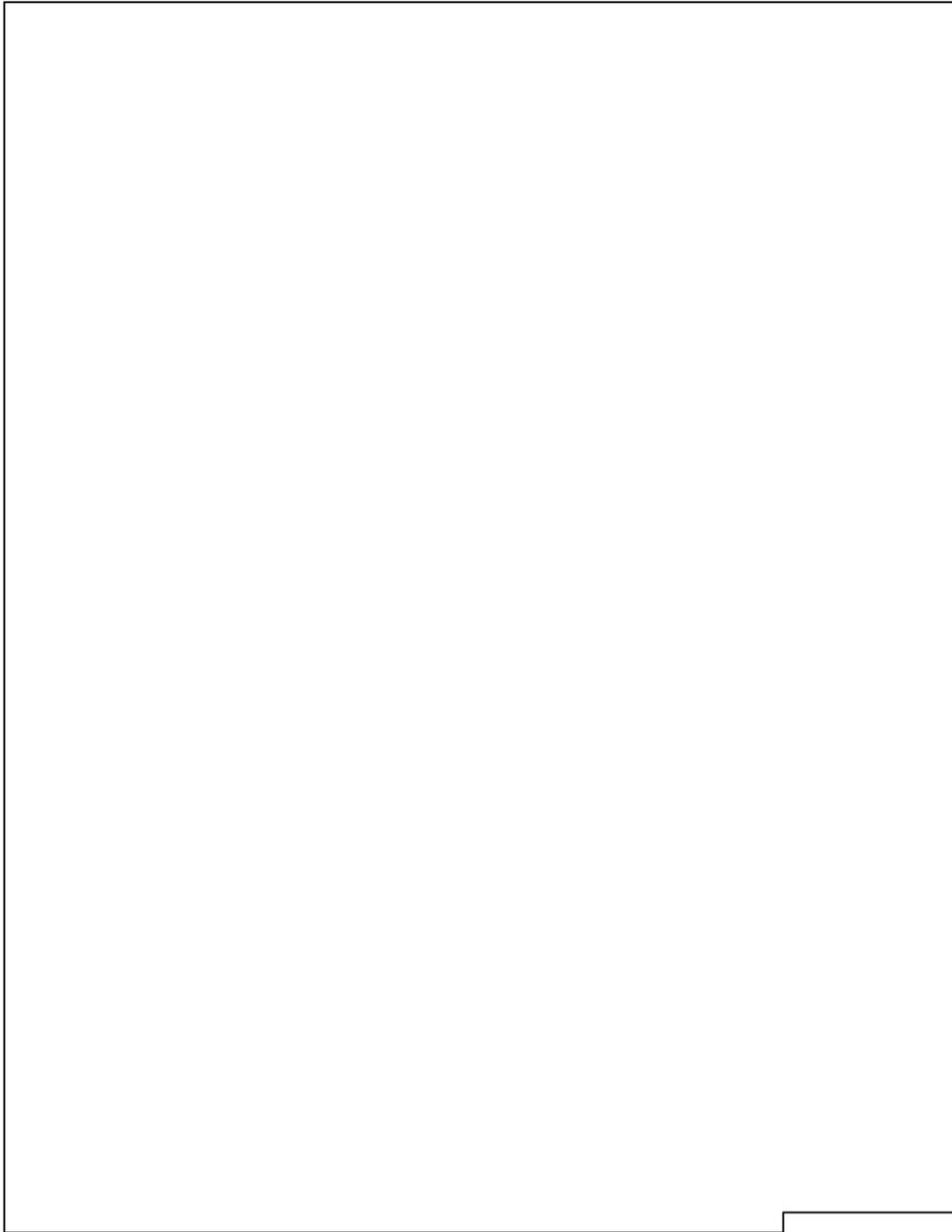
than foreign opprobrium and that the criticism will likely have little lasting impact on their international standing. Managua probably calculates that its supporters in the West, while disapproving, will not abandon the regime out of fear that it would encourage expanded US military pressures against Nicaragua. Further, the Sandinistas are probably confident that Soviet and Bloc economic assistance would limit the impact of any cuts in aid by Western democracies. In addition, there are thus far no indications that the state of emergency has become an issue in the Contadora negotiations. [redacted]

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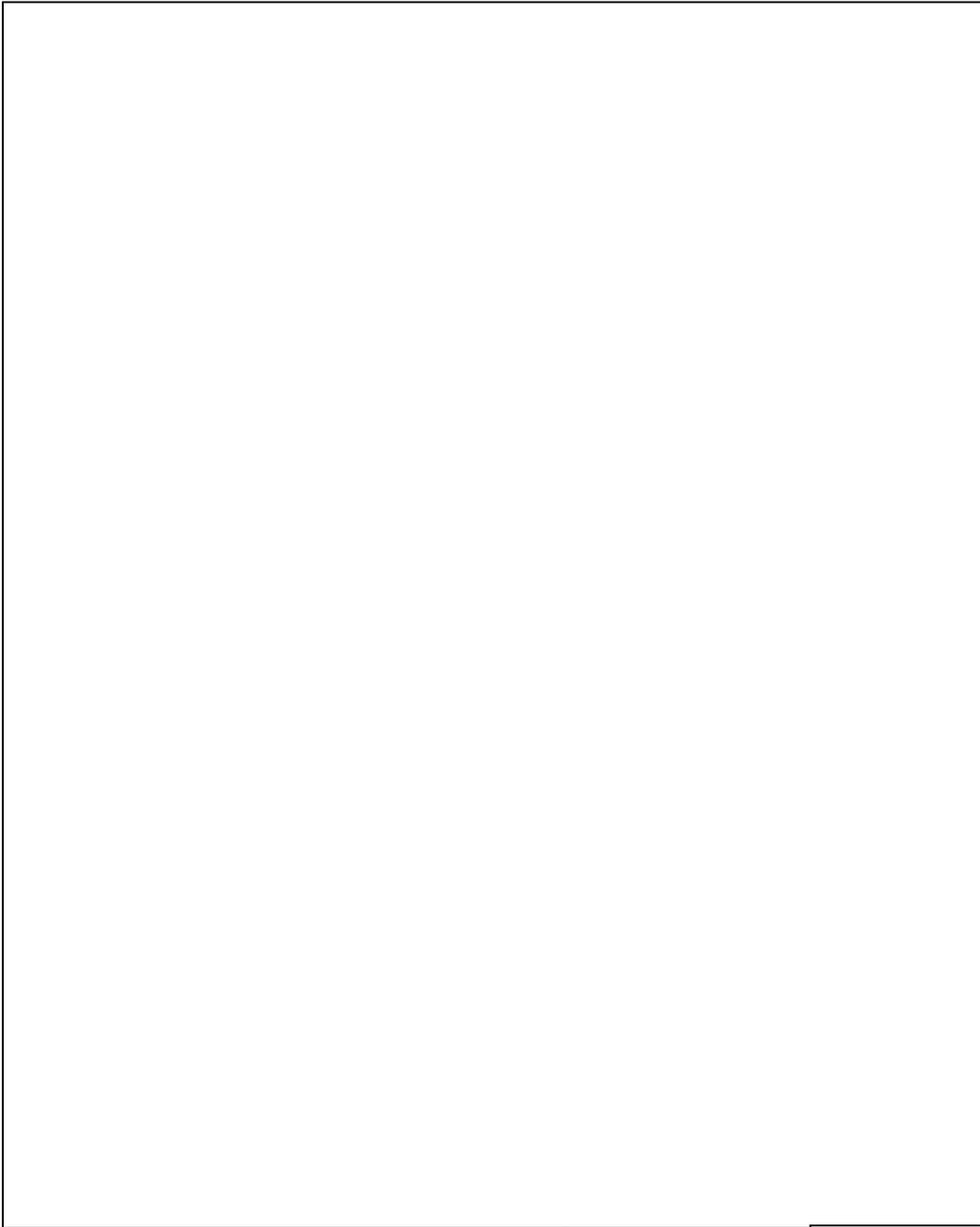
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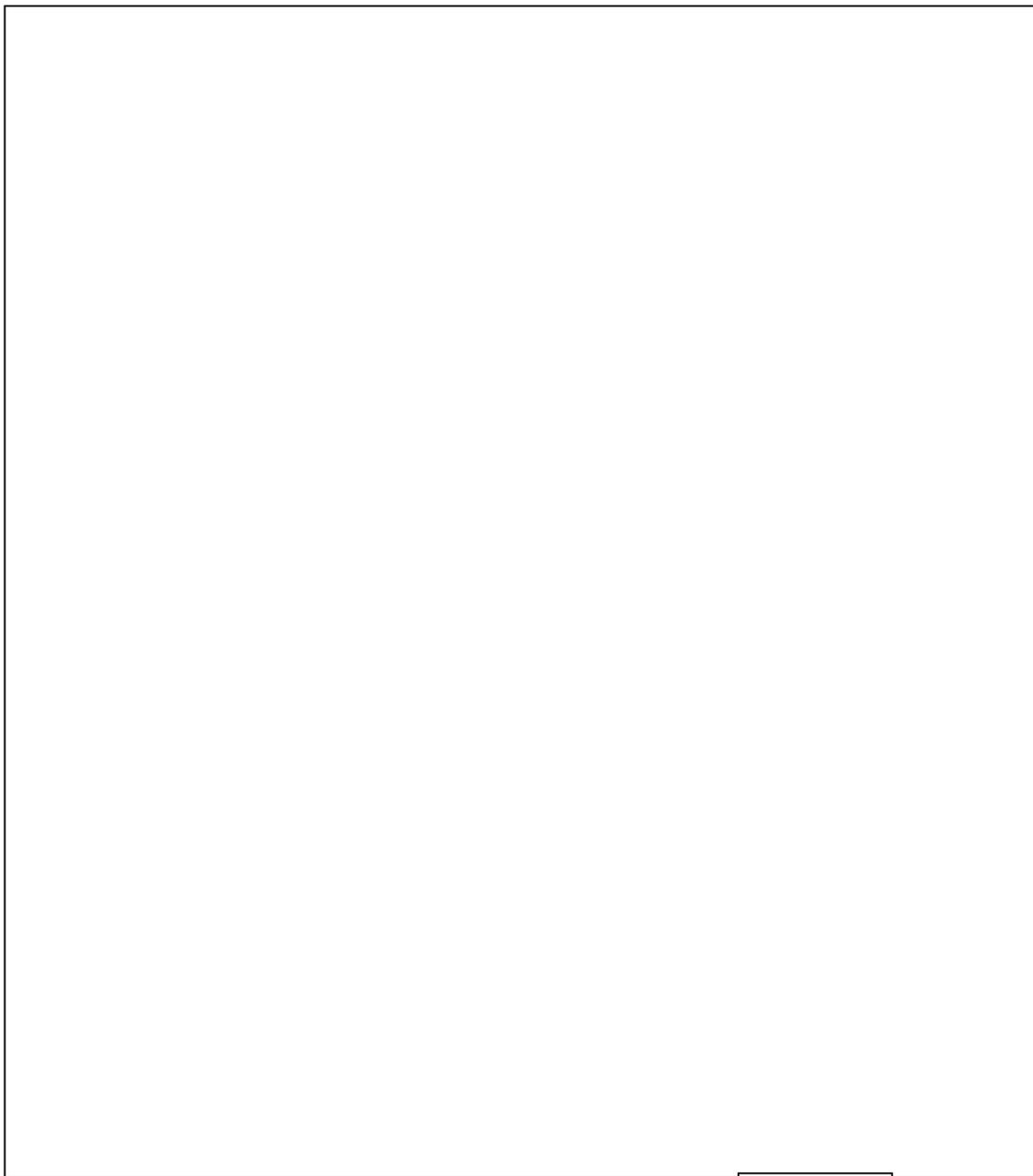
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GUATEMALA

The strong showing by centrist parties in the election on 3 November and the impartial role of the military in the voting process suggest that Guatemala's transition to civilian rule remains on track. The center-leftist Christian Democratic Party and the National Centrist Union--the two top vote-getters--will face a presidential runoff on 8 December. Moderate parties will form a majority in the new Congress, although the rightists may remain a strong minority. [redacted]

[redacted] the election was conducted honestly and efficiently. [redacted]

The election marked the end of a campaign which largely ignored substantive issues and focused on personalities. Despite seriously worsening economic conditions, none of the 14 competing parties went beyond offering vague economic panaceas. Christian Democratic Party leader Vinicio Cerezo Arevalo--a moderate center-leftist who has taken care to cultivate good relations with the military--reportedly favors moderate economic reforms, but is unlikely to implement more extensive and politically risky austerity measures at least in the near term, [redacted]

[redacted] Jorge Carpio Nicolle of the National Centrist Union--a progressive moderate with no coherent economic platform--promised to cut the country's unemployment rate by creating over 250,000 new jobs, but failed to say how he would fund the increase. [redacted] both frontrunners favor closer ties to the US and are counting on large infusions of economic and military aid after the new government takes office in January. [redacted]

For its part, the armed forces largely remained above the partisan political fray and stuck to its refusal to endorse a specific candidate. [redacted] the military went so far as to mount an information campaign calling on members of the Civilian Defense Forces to vote for the candidate of their choice, in an effort to counter allegations of interference. On the economic front, the government continued to pursue temporary measures to stave off even more rapid economic decline. Meija, for example, [redacted] received assurances from Venezuela and Mexico that they would meet petroleum needs at least through January. [redacted]

Recent guerrilla actions--designed in part to disrupt elections--were confined largely to hit-and-run tactics, roadblocks and propaganda. The military responded aggressively and suffered a number of casualties. In clashes in western departments [redacted] two officers and at least six soldiers died in a mid-October ambush in El Quiche Department. [redacted]

[redacted] In addition, rebels in Suchitepequez Department mined an airstrip that caused a plane carrying a Norwegian official and three other passengers to explode when it landed, [redacted] Meanwhile, guerrillas in the Peten burned the Ocultan oil camp and continued to occupy farms and distribute propaganda. Despite an increase in rebel activity, the guerrillas have fallen short of their announced goal of disrupting the elections. Nevertheless, they are likely to

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continue their efforts during the runoff and the period prior to the inauguration of the new regime. [redacted]



REGIONAL PEACE NEGOTIATIONS

Little progress was made during the two rounds of talks on security issues in October and [redacted] the Contadora mediators are again increasingly pessimistic about the prospects for agreement. Nicaragua adopted a hard line, arguing that the mediators' most recent draft differed significantly from the September 1984 version, which it had accepted. Managua demanded that military maneuvers be proscribed and that formulas for arms reduction take into account its need to defend itself against all of its neighbors and the US. The Sandinistas again rejected talks with its armed opposition and insisted that the US must sign a protocol to respect an agreement. [redacted]

Core Four commitment to improving the draft is faltering, reinforced by the perception that Nicaragua will never sign a treaty. Costa Rica announced its willingness to sign the current draft with only minor modifications at the same time it

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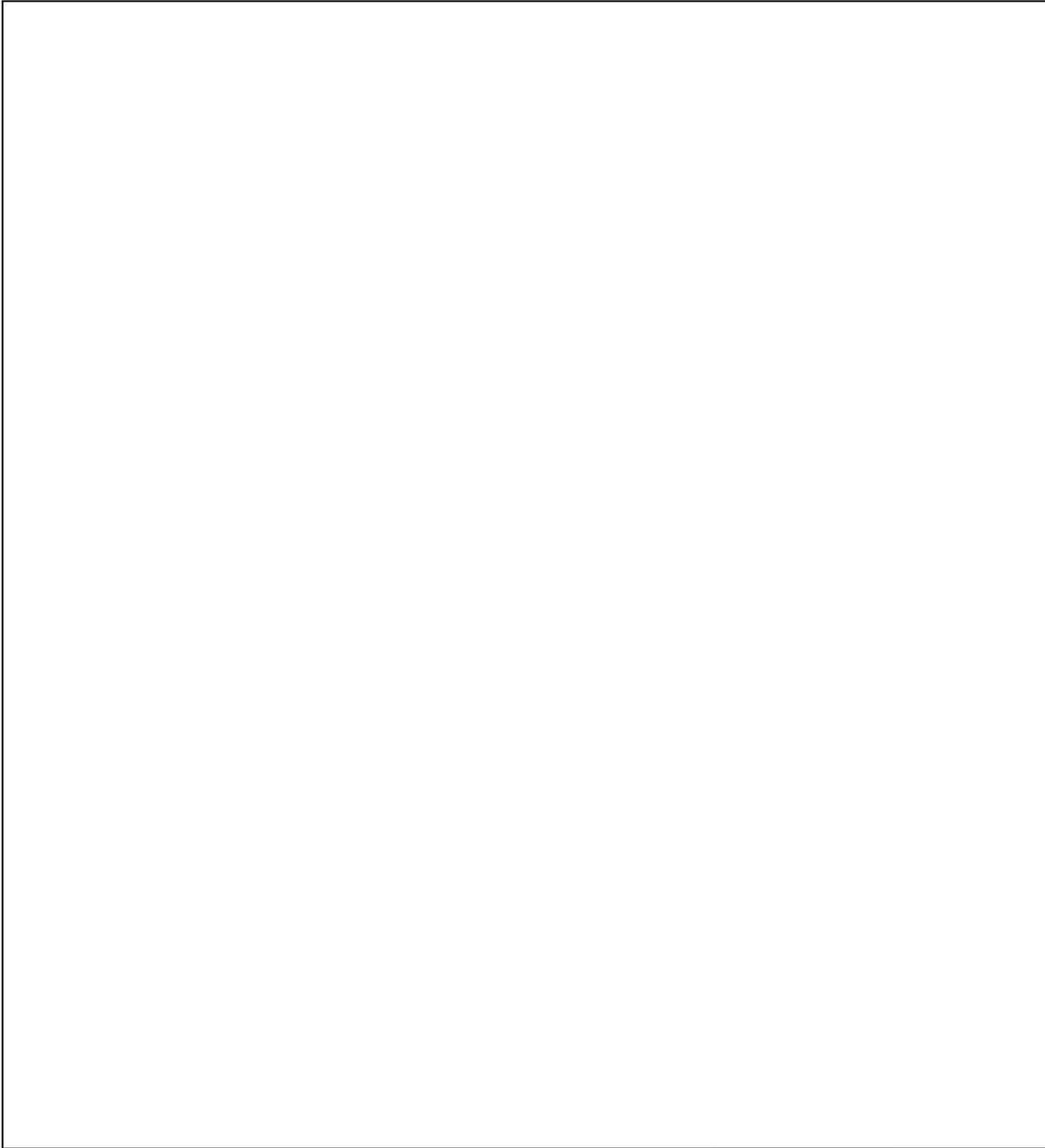
has been secretly exploring a bilateral accomodation with Managua. Guatemala remains on the sidelines and its only initiative was to gain postponement of the next session until 7 November, after its election. Honduras and El Salvador bore the burden of suggesting improvements to the security section of the draft, including continued foreign military maneuvers, parity in military force levels, and negotiation of arms limits before signature of the treaty. Nevertheless, Honduras--fearful that continued objections to the Contadora draft will give it an obstructionist image-- [redacted] [redacted] has achieved 70 to 80 percent of what it wants and will agree to sign with only a few more modifications. [redacted]

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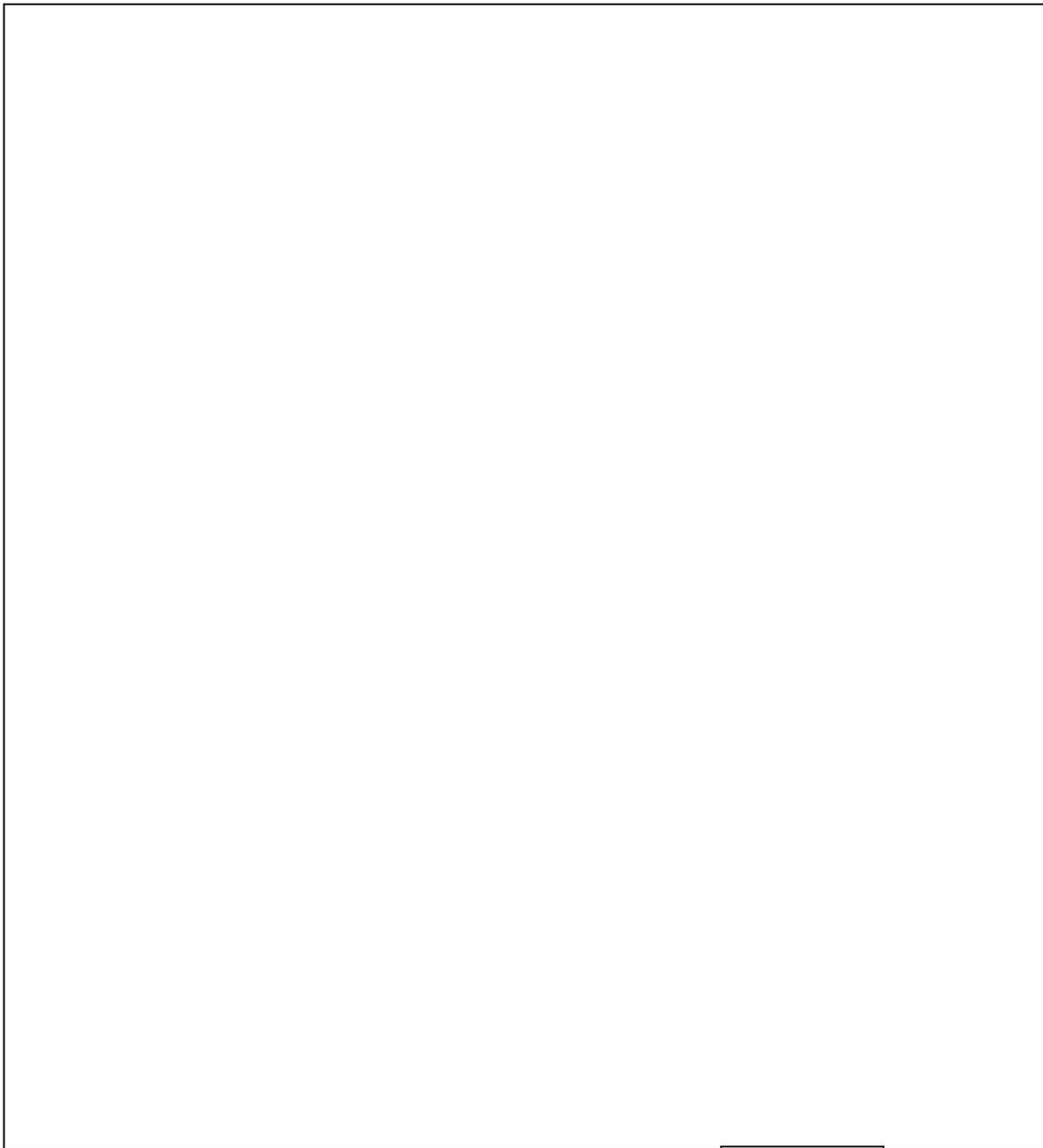
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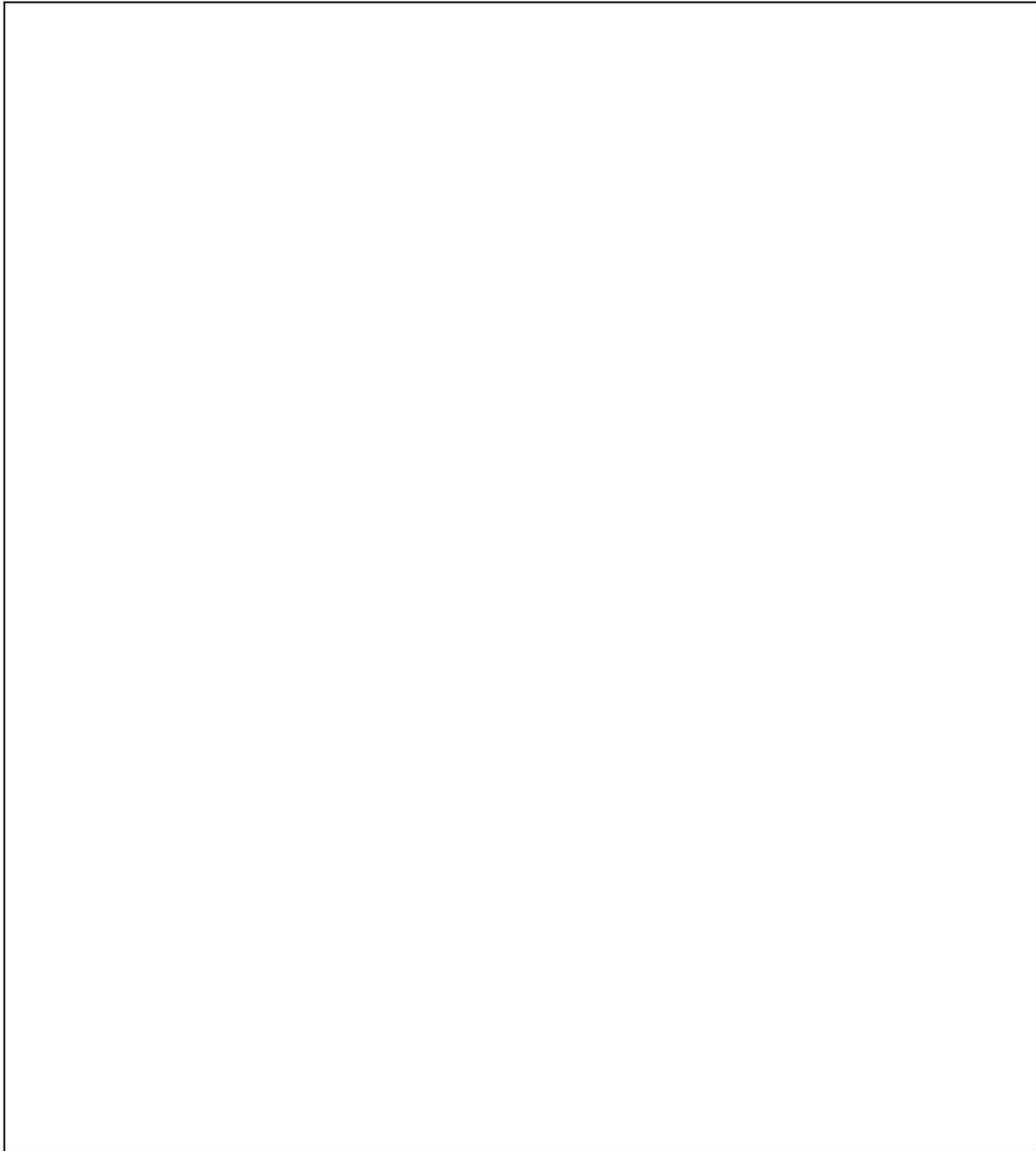


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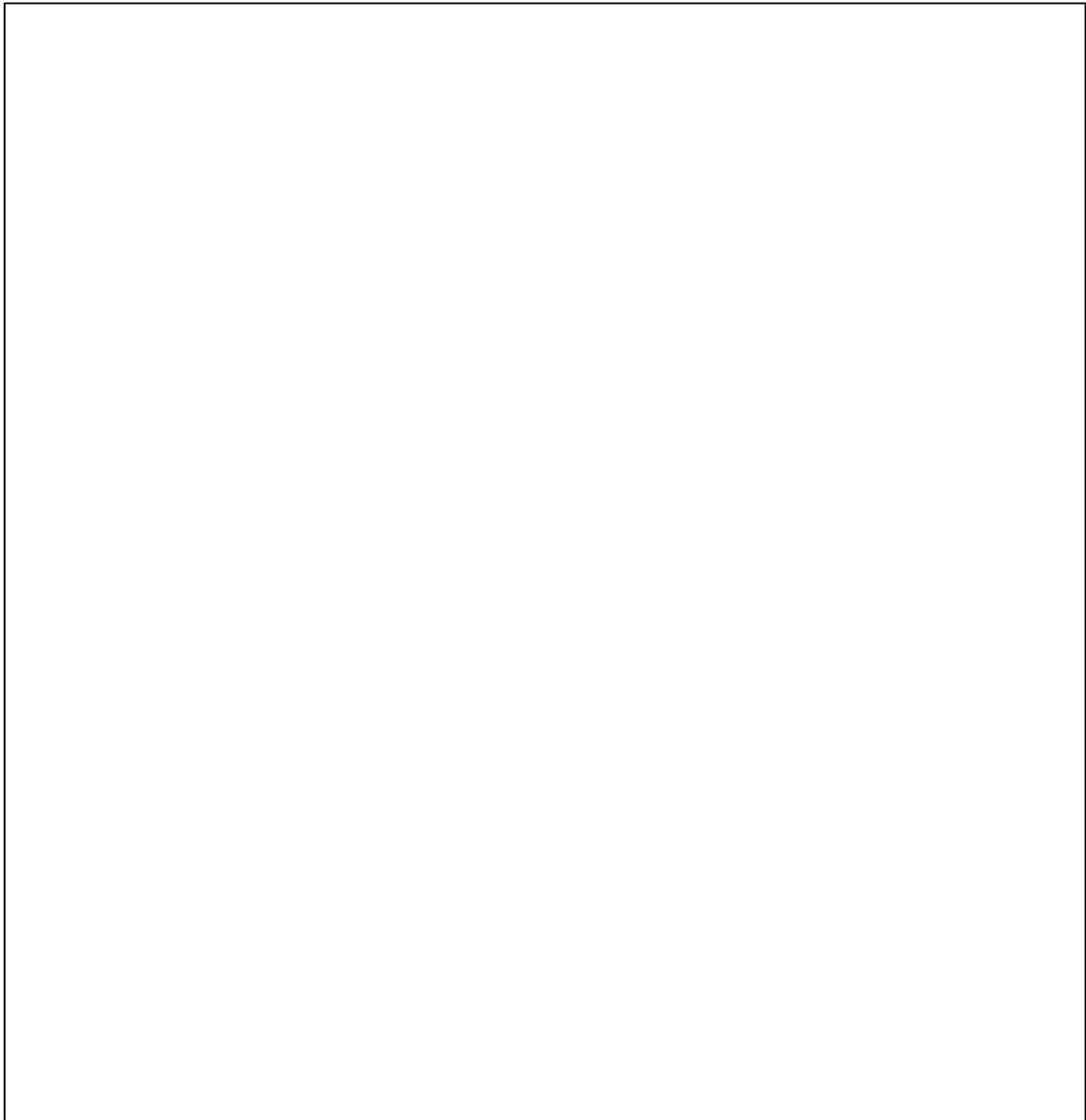
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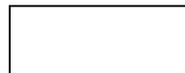
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COMING EVENTS IN CENTRAL AMERICA DURING NOVEMBER

3 November

National elections in Guatemala. [redacted]

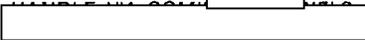
11 & 12 November

Contadora and Core Four meeting in Luxembourg with EC representatives. [redacted]



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24 November

National elections in Honduras. [redacted]

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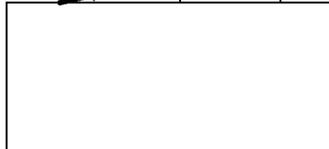
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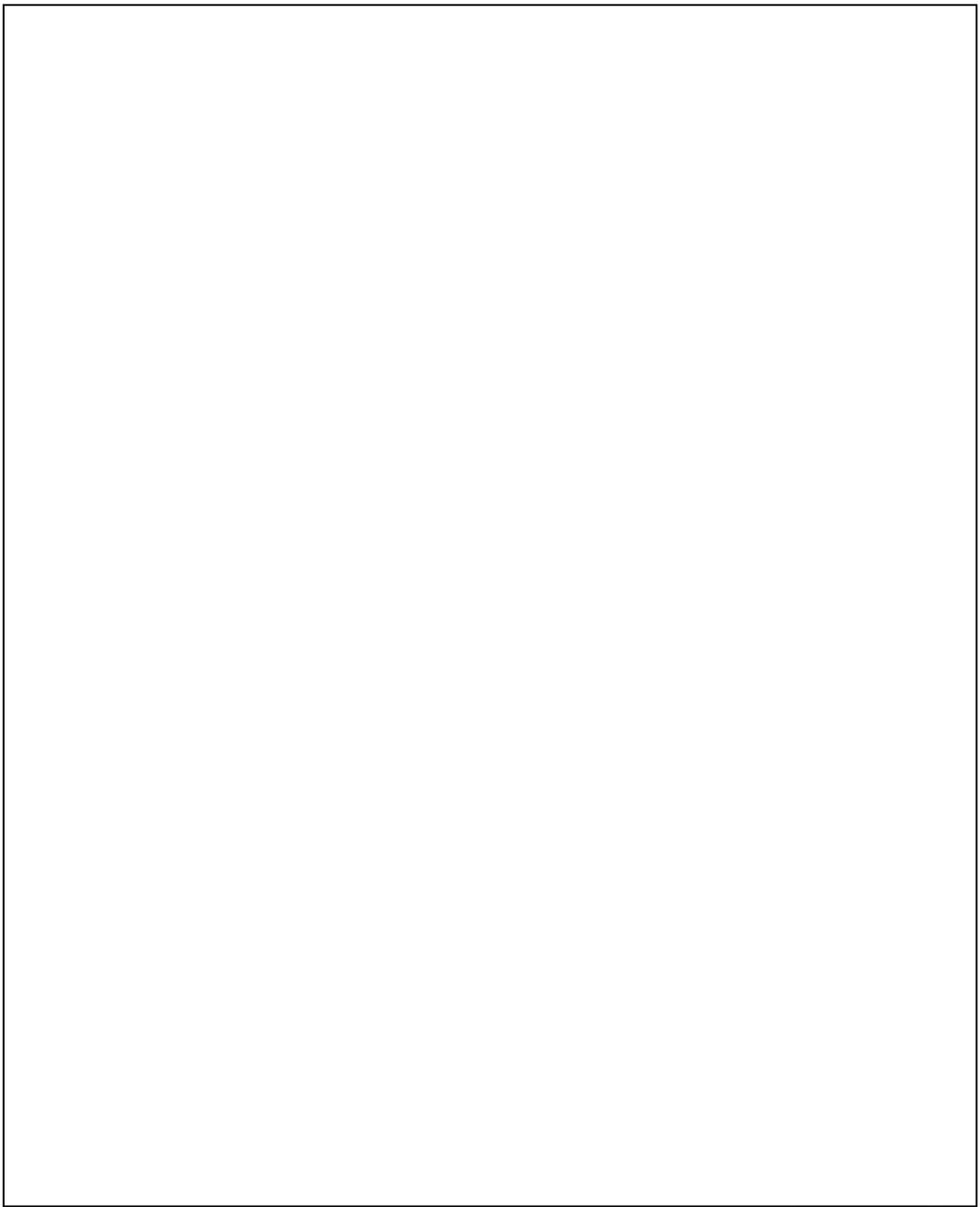


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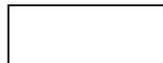
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