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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

NFAC 3060-79

National Intelligence Officers

8 June 1979

MEMORANDUM FOR: Director of Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment *for*

SUBJECT : Briefing Book for PRC Meeting on Central America

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1. Action Requested: The material in this briefing book is designed to assist you in making a five to ten minute intelligence assessment of the situation in Central America, particularly in Nicaragua where guerrilla action is increasing in incidents and intensity, and to discuss the intelligence ramifications in the ensuing discussion. The PRC meeting, which is scheduled to be chaired by Secretary Vance, is scheduled to be held in the White House Situation Room from 1530 to 1700 hours on Monday, 11 June 1979.

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2. The briefing book is divided into the following sections:

Tab A - The Agenda

Tab B - The Intelligence Assessment (to be inserted on Monday morning so as to include the latest developments)

Tab C - PRM-46

Tab D - Maps of Central America and each of the countries of concern

3. You will note that the PRM contains four annexes related to (1) Regional Linkages and Conflicts, (2) Country Situations, (3) Nicaragua: Game Plan for Stimulating Peaceful Transition, and (4) El Salvador:

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[Redacted]

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4. [Redacted] of the Office of Political Analysis, will accompany you to the meeting of the PRC to provide you with substantive support and latest intelligence received. Should you desire a pre-brief, let me know, and I will arrange one at your convenience. [Redacted]

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Acting National Intelligence Officer
for Latin America

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MEMORANDUM FOR:

11 June 1979

PRC in Central America

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CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

11 June 1979

MEMORANDUM

NICARAGUA: AN ASSESSMENT OF THE SITUATION

Summary

Although President Somoza's National Guard will likely overcome the latest phase of guerrilla insurrection in Nicaragua, one can hardly escape the sense that time and history are against him. The Sandinista National Liberation Front (FSLN) is gaining steadily in strength and popularity, at home and abroad.

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Any effort to project how long Somoza will retain power would ignore a complex of variables and suggest an analytical precision that simply is not possible. He might manage to serve out the last two years of his term, but the spiraling violence and economic dislocation would likely have brought the country to the edge of chaos. At some point, barring external action or a National Guard coup, the possibility of an FSLN military victory looms large. No internally generated peaceful solution presently appears possible. If external actors weighed in and somehow induced Somoza to resign, the fighting might be stopped and the FSLN's

This memorandum was prepared by the Latin America Division of the Office of Political Analysis. It was requested by the Assistant Secretary of State of Inter-American Affairs. Information in this memorandum includes all reports received through 10 June. Questions and comments may be addressed to

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role in a successor regime could perhaps be limited, but hardly denied. On the other hand, even the most careful effort to structure Somoza's departure could create an unstable situation that the FSLN might dominate. [redacted]

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In the present fighting, Somoza still appears to hold an overall military edge, though the guerrillas have a number of significant tactical advantages. Even if the Guard prevails, it will be weakened by the effort more than the FSLN. If forced to fall back, the guerrillas will be discouraged and even intimidated but they will be back. Both sides have access to sufficient outside sources of materiel, but over time the FSLN is expected to be able to draw on a greater reserve of manpower, as the Guard becomes increasingly discredited. [redacted]

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The current fighting appears to be focused in Leon, Masaya, and Matagalpa, but outbreaks elsewhere are possible at any time. Some serious fighting in Managua can probably be expected, which even if overcome should significantly boost the FSLN's confidence, prestige at home and abroad, and popular appeal. Unless the current guerrilla effort sparks a civil insurrection, the offensive should crest in no more than a few weeks. The Guard will systematically work to reestablish control of the contested areas one at a time, while maintaining the capital's defenses.

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Current Military Picture [redacted]

There was increased guerrilla activity in Managua over the weekend, and more serious fighting was expected there last night. [redacted] the guerrillas seemed disinclined to meet the National Guard head on or to carry out major attacks in the capital. Outbreaks of fighting in other parts of the country are possible at any time. [redacted]

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Yesterday the insurgents in Managua concentrated on harassment actions and shows of force in poor neighborhoods. They demonstrated only occasional boldness, firing at a Guard plane approaching Las Mercedes International Airport and hitting the Esso refinery with a rocket, causing no damage. [redacted]

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[redacted]

The Guard has defeated the Sandinista forces at El Naranjo that spearheaded the guerrilla offensive two weeks ago. President Somoza's troops evidently have made only tentative headway in restoring control of the cities of Masaya and Matagalpa. Leon apparently remains largely in guerrilla hands. [redacted]

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The government's counteroffensive may be delayed for some time. President Somoza is keeping his best unit--the General Somoza Combat Battalion under Colonel Smith--in Managua until the threat there is diminished. He will then probably work systematically to restore control of the contested areas one at a time while maintaining the capital's defenses. [redacted]

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Assessment of Short-Term Prospects

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The present level of insurgent activity is probably insufficient to overcome the pure military superiority that Somoza's National Guard forces still hold over the Sandinistas, even though that margin is narrowing at an accelerating pace. [redacted]

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There are two probable scenarios other than assassination by which a Sandinista military campaign might remove Somoza. The first would involve a successful Sandinista assault on a major provincial military garrison or on a series of small outlying posts, creating a snowball effect before Somoza's stretched-thin troops could move in their methodical fashion to retake towns one by one. Even if Somoza were still holding Managua, he might then be removed by the military. In the second sequence, the Sandinistas would mount successful attacks on Managua where Somoza's control has never been tested--most likely first attacking power or communications installations or attempting to stir mob action rather than risking a frontal assault on Somoza's crack troops. Somoza would probably put down the first uprising in Managua, but that could set in motion the final unravelling of the regime. [redacted]

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Both of these scenarios, while real possibilities, would likely require several weeks to unfold. The

[redacted]

Sandinista tactics so far suggest that while they are committing significant resources in an effort to create the momentum to topple Somoza, they are not willing to risk decisive defeat in an immediate all or nothing effort. The populace is still more frightened and caught between opposing forces than willing to cast its collective lot with a guerrilla opposition whose victory is far from assured. This accounts for our bottom line assumption that Somoza is probably assured of several weeks survival on the strength of his military forces alone. [redacted]

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With most of the present clashes taking place in towns some distance from the borders, logistics and re-supply may again be a telling problem for the FSLN guerrillas. This has been a major constraint on large-scale operations in the past. This problem might be offset, if the Sandinistas can keep up the pressure, by growing manpower. There are presently no indications that the civilian population--largely anti-Somoza but cautious and intimidated--is sufficiently persuaded of the FSLN's military capabilities or the National Guard's impending defeat to rise up. Nevertheless, if the current pace of fighting continues for several weeks, and the guerrillas can replenish their ammunition either from caches in Nicaragua or stocks abroad, the FSLN should be able to recruit more, albeit untrained and inexperienced, combatants. The Guard, at the same time, will be harder pressed to replace its losses. [redacted]

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The fact that the FSLN labels this its "final offensive" probably does not mean its leaders have ruled out tactical retreat. They may be impatient and even prepared to take heavy losses, but they are not likely to put themselves in a position to be decisively defeated. It is too easy for the guerrillas to escape into the hills or neighboring countries, or go underground. In the Nueva Guinea campaign a few weeks ago, the Guard publicly claimed an enemy body count three times the number it actually confirmed. If such inflation is customary, then the FSLN has probably been more successful than generally assumed at escaping Guard encirclement. Nevertheless, the guerrillas probably have suffered more casualties than the Guard. [redacted]

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The guerrillas may, however, rarely suffer net losses from larger scale operations and urban occupations. When evacuating towns or neighborhoods they have held for several

[REDACTED]

days, they probably leave with quite a few new recruits, willing and otherwise. Some youths may go along because they fear that when the Guard reenters an FSLN-held area, it executes the younger men it finds for suspected collaboration. [REDACTED]

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Consequently, even if the FSLN loses this round, and that is far from assured, it will probably not be as weakened by the effort as the Guard. The guerrillas may be discouraged in the aftermath, but given time to mend their wounds in safehavens abroad and to replenish armaments, they will be back in force. [REDACTED]

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Assessment of Longer-Term Prospects [REDACTED]

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Although Somoza may prevail in this "battle," and others to come, there is little prospect that he can win the "war." With the country set irreversibly on the path to change, the dynasty seems likely eventually to succumb. Even if Somoza retains power until 1981--and his chances are declining--the country would be on the edge of chaos. The FSLN is not going away; indeed it is growing stronger. Materiel acquired by the guerrillas abroad is one key to their success, and the volume and pace of these acquisitions will determine if and how quickly the FSLN will be able to overtake the Guard in military capability. As the struggle endures, recruitment--the other key--will come naturally.

[REDACTED]

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The longer range pressures on Somoza--aside from the military challenge--are considerable. The economic outlook is bleak. The country may be able to limp along, but prolonged fighting will cause further disarray. The disruption of next year's harvests would raise the possibility of economic collapse. [REDACTED]

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Diplomatic pressures on Somoza are growing. To date these have been largely symbolic: Mexico's severance of relations, the statement of concern by the Andean Pact summit, the refusal of the OAS to act in support of Somoza's charges against nations backing the FSLN. As time passes, however, Somoza will become more internationally discredited and eventually this will impinge on his ability to acquire munitions and financial resources

abroad. Some of the countries that support him will increasingly find their relationship distasteful and embarrassing, and in any event, could not take up the slack of an economic or arms sales embargo. [REDACTED]

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The political opposition groups--except for those allied with the FSLN--are essentially despairing and immobilized bystanders being carried along by the sweep of events. Without any capability to affect the situation, most politicians and businessmen look to the US to halt the drift. There is growing concern among them that the opportunity to bring about peaceful change may have passed. [REDACTED]

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Somoza probably intends to step down in May 1981, but not beforehand. Although some in Somoza's Liberal Party and National Guard recognize he is "the problem," no one seems inclined to act against him now. But if in the face of growing international antagonism and economic dislocation, defeat were apparently imminent, a coup would become a possibility, though it might come too late to prevent an FSLN victory. The National Guard, on the other hand, could simply collapse, sparked--like a run on a bank--by a major break in ranks or a key figure fleeing the country. Somoza, however, does not appear to be a strong candidate to break and run. He might be killed--he occasionally overflies scenes of fighting--but any of a host of scenarios could then ensue. [REDACTED]

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It is no longer assured that if Somoza could be persuaded to resign and the fighting ended, a middle would emerge. The FSLN has momentum and is too large, too well-armed and organized, and too popular to defer completely to the moderates. Somoza's departure, however, would probably effectively reduce popular support for the guerrillas. Such a scenario would have the advantage perhaps of forestalling the immediate and total assumption of power by the FSLN through military victory, and limiting its participation in a successor regime. There is no assurance, on the other hand, that even a carefully structured transition would survive the disruptive pressures that Somoza's departure might unleash. If the National Guard were not maintained as a cohesive force--a challenging task in itself--the FSLN could emerge in a dominant position. [REDACTED]

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Current Military Balance

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The Guard continues to hold significant military advantages over the Sandinista guerrillas: superior logistics, communications, firepower, materiel, training, leadership, and command and control. The FSLN has the tactical advantage of forcing Somoza to respond to its thrusts and feints when and where and how it chooses to fight. In the process, Guardsmen fall into costly traps. Given FSLN sanctuaries outside Nicaragua, Somoza is unable to strike at the roots of the guerrilla movement, which means that time and historical momentum are with the FSLN.

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The Guard probably has just under 10,000 men, but in view of its responsibilities ranging from police and customs to post office and telegraph, the number of potential combat effective personnel is probably closer to 7-8,000. Many of these troops man garrisons throughout the country and are not well-trained or equipped. For this reason, the customary response to an FSLN assault on a town is for the troops in place to draw back into their garrison and await reinforcement from Managua's well-trained and disciplined ready reaction forces.

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The Guard is currently drawing on all possible reserves. The Civil Guard has been mobilized--it is a private pro-Somoza organization that may be able to muster as many as 4,000 men to relieve regular Guardsmen of routine duties. Somoza has ordered the recruitment of civilian volunteers in the sparsely populated, more pro-government east coast area.

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The number of FSLN guerrillas is uncertain

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. The FSLN has the advantage of greater potential reserves as the tide of public opinion against the government swells.

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Guard Morale

This anti-Somoza sentiment may already be having an effect. Lt. Col. "Tachito" Somoza--the President's son--
 [redacted] was having trouble recruiting
 for the Guard. [redacted]

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The fighting over the past year and a half has taken a toll in various other ways. Statistics show an overall trend of increasing losses and desertions which will be harder over time to offset with enlistments. [redacted]

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[redacted] losses during the current offensive--Somoza publicly conceded 200 killed and wounded in two weeks--cannot be absorbed indefinitely. [redacted]

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Even in the face of these factors and the probable weariness of the Guard's best fighting forces, morale reportedly remains high. Continued heavy losses, however, will have a negative impact eventually. There have been signs of growing discontent in the enlisted ranks over payroll delays and among younger officers concerned that corrupt senior officers be retired. In annual personnel actions on Armed Forces Day, however, Somoza did not retire the top echelon of the Guard, but did try to placate the mid-levels with a large number of promotions. Although some officers acknowledge that Somoza is a liability, they speak of his voluntary departure in 1981 rather than a coup. There are, in fact, frequent references in the Guard and the government these days to the lessons of Iran, in terms of how Somoza's supporters could expect to be treated if defeated. [redacted]

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Guard Materiel and Foreign Support [redacted]

There are no indications that the Guard faces shortages of materiel, save perhaps aircraft. The FSLN offensive last September evidently caught Somoza a bit by surprise, so he has built up munitions during the past eight months in anticipation of another challenge. [redacted]

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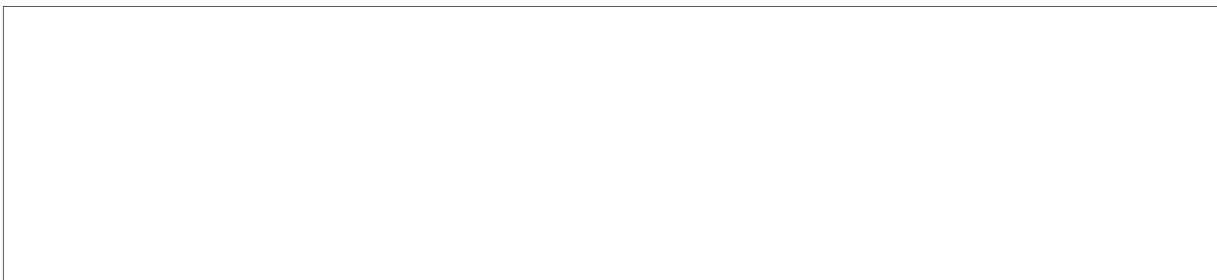
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Somoza has lost several aircraft in the past two months to guerrilla groundfire. Stories circulate constantly that he is trying to purchase more planes in the US and elsewhere.

[redacted] Other stories allege that northern tier Central American governments have placed some of their aircraft at Somoza's disposal. To date, all of the aircraft participating in the fighting for the government are known to be in the Nicaraguan Air Force inventory.

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Reports for some time have indicated that Guatemala-- worried about the domino effect of a Cuban-supported revolution in Nicaragua--would reluctantly intervene to prevent Somoza's defeat and would expect help from El Salvador and

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Honduras, as well as possibly Argentina, Chile, and Paraguay.

[Redacted]

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[Redacted]

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Somoza believes his northern neighbors would come to his aid in a crisis. Modest assistance would not be surprising if Somoza's position deteriorates. Direct intervention with troops, however, would be a very tough decision for Guatemalan President Lucas, whose lead El Salvador and Honduras would probably follow. Lucas has a reputation for indecisiveness. Given the confusion that could be expected to accompany Somoza's decline, Lucas might wait for stark alternatives that would not appear until too late.

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FSLN Support

The FSLN also can expect to continue to receive foreign assistance, but probably not intervention on its behalf by foreign powers. Without attempting to catalogue the extent of materiel support the FSLN has received in recent months, we can say it has been extensive. The pattern is similar to that employed last fall--Panamanian aircraft ferry arms and guerrillas to Costa Rica for the FSLN, while Costa Rican officials look the other way.

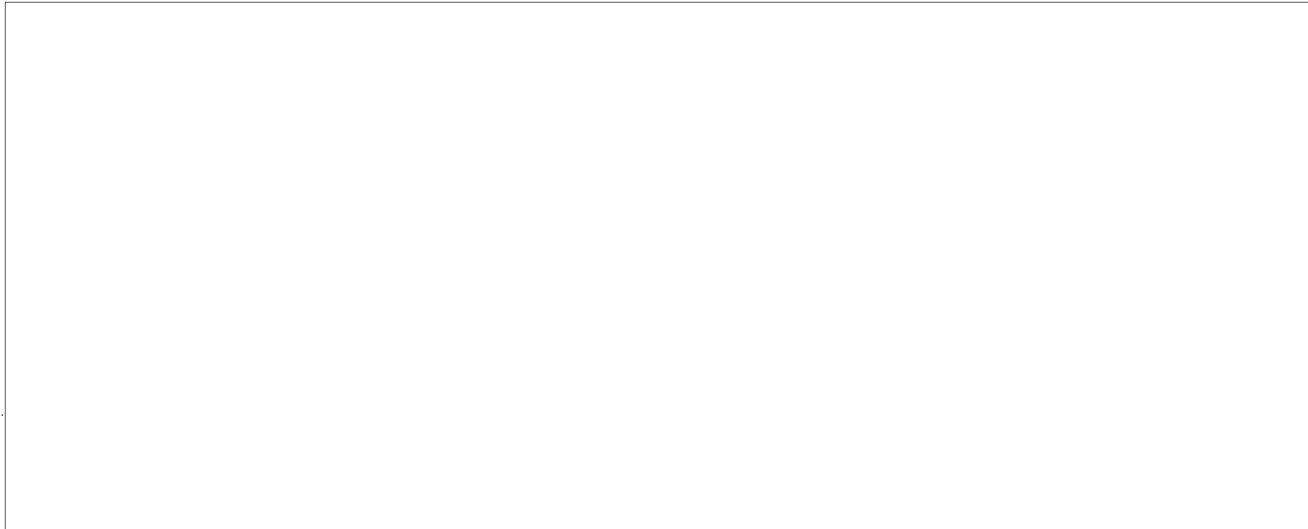
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Panamanian Guard Commander Torrijos appears to remain committed to supporting the guerrilla effort against Somoza. Although unpredictable, he probably will not provide personnel, except in terms of supporting civilian volunteers like the small Panama International Brigade or under the pretext of defending Costa Rica from Nicaraguan incursions. Neither is Cuba likely to commit any forces to Nicaragua under present circumstances--occasional unconfirmed reports suggest that a few Cuban advisers may be with FSLN units in Nicaragua. 

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It is impossible to determine the quantity of arms held by the guerrillas. 

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MEMORANDUM FOR: DDCI

11 June 1979

The attached memorandum was prepared for Assistant Secretary Vaky. You might find it useful to review it prior to the PRC meeting this afternoon.



Chief, Latin America Division
OPA

Date

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ELEMENTS OF U.S. POSITION ON NICARAGUA

1. Consult with Andean nations, Mexico and others to share our appraisal of gravity of Nicaraguan situation, and to secure support for an OAS meeting.
2. Join others in calling (or call, if necessary) for OAS meeting of Foreign Ministers, on an urgent basis, to consider present Nicaraguan situation as a threat to peace. (U.S. would make a statement calling for a negotiated transition of power and free elections, as soon as feasible, and expressing U.S. willingness to assist.)
3. Take steps (if possible through the OAS) to halt arms flow to both sides so that the parties can be persuaded to negotiate.
4. Instruct Ambassador Pezzullo, upon arrival in Managua, to

(a) join others in helping to build an effective moderate opposition, to provide for a transition of power as soon as feasible,

(b) point out to Somoza the necessity of accepting a negotiated solution with free elections, and the steps to achieve same,

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(c) encourage National Guard and Liberal Party to support negotiated solution.

5. Maintain present "cool" position with respect to economic and military aid.

6. Take other available steps to support moderate opposition and promote negotiated solution.