

SECRET

26 October 1984

MEMORANDUM FOR: DCI
FROM : SA/DCI/IA
SUBJECT : NSC Meeting, 30 October 1984

1. You are scheduled to attend an NSC meeting on Tuesday, 30 October at 3:30 p.m. This will be a principal plus one meeting and we recommend that you take Bob Gates.

2. Attached you will find:

-- At Tab A is material prepared by Bob Vickers from which talking points can be drawn on the current situation in El Salvador and Nicaragua.

-- At Tab B is material prepared by Bob Vickers from which talking points can be drawn on the Contadora process. This includes a rundown on the positions of each of the participants in the Contadora process.

-- At Tab C is a summary of [redacted] concerns expressed by the Presidents of the Core Four over the Nicaraguan elections. [redacted]

-- At Tab D is the updated version of Bob Vickers' paper entitled, "Negotiations as a Communist Tactic."

-- At Tab E is a draft Central American monthly article on the Contradora process.

-- [redacted]

-- Finally, at Tab G you will find the key judgments from the recent DDI/ALA paper entitled, "El Salvador: Guerrilla Capabilities and Prospects Over the Next Two Years."

3. We have arranged a pre-brief for you on Monday at 2:45. Included will be Bob Gates, Bob Vickers, John Helgerson, and [redacted]

4. If there is anything else I can do to help in the preparation of this meeting, please call me. [redacted]

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NIO/LA
26 October 1984

NSC TALKING POINTS

Overall developments in Central America continue to be generally favorable to US interests in the region, but problems do remain:

E1 SALVADOR

In El Salvador, [redacted] indicate that the insurgents are anxious to reach a negotiated settlement with the government because they no longer believe they can win a military victory in the foreseeable future, and because the future degree of Cuban and Nicaraguan support is in doubt.

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-- [redacted] Nicaragua has first priority, and that the Salvadoran insurgency could be renewed once the Nicaraguan revolution is consolidated.

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The Salvadoran insurgents themselves are now hopeful of negotiating some form of agreement with Duarte that would allow them to rebuild their damaged political and labor organizations, particularly in San Salvador and other major cities. Furthermore, if they can obtain a ceasefire which would postpone or prevent major offensive actions by the Salvadoran armed forces, it would give them more time to strengthen their military forces while expanding their political activities.

-- [redacted] the insurgents broadcast a number of "maximum goals" for the talks. These goals were much less ambitious than previous demands, and included such items as the release of all political prisoners, the right to organize government workers and peasants into unions, and full access to the media by all labor and popular organizations.

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Thus although President Duarte now has the insurgents on the military and political defensive, he will have to be careful not to make any concessions to the insurgents that weaken his own military efforts and give the leftists too much political breathing room inside El Salvador. He especially should not agree to a ceasefire proposal that leaves the insurgents armed and in control of major base areas, because this would probably precipitate a revolt by his own military.

-- [redacted] Duarte is aware of these dangers and is prepared to offer few, if any, concessions in future talks.

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Turning to the situation on the ground, the death of Col. Monterossa is a real loss to the Salvadoran Army and a blow to its morale. Nevertheless, the appointment of Col. Mendez as a replacement is a good one, and the Army should be able to resume offensive operations without significant pause. The insurgents tried to take advantage of the loss by calling for a popular uprising, but this fell on deaf ears. Meanwhile, the major insurgent radio station in eastern El Salvador has been shut down as a result of military action.

-- The guerrillas have tried to focus new attention on the urban sector to make up for their setbacks in the countryside. Student groups, labor unions, and other popular sector associations are preparing for strikes and protests to take advantage of the political opening. Terrorism probably will also escalate as the guerrillas, frustrated with their defensive posture in the field, seek to weaken the government's image and intimidate the public by fomenting unrest in the cities.

NICARAGUA

In Nicaragua, the Sandinistas also are on the political and military defensive, and their economic problems continue to mount. They appear determined to push ahead with their elections on 4 November, despite the withdrawal of the major democratic opposition party, primarily to legitimize their regime and reduce US options to interfere in their domestic political affairs.

-- [redacted] the elections were mainly for "show"--to convince the international community that Nicaragua was a good, pluralistic democratic country. [redacted] the Sandinistas had also managed to avoid the mistakes of Castro by not attempting immediately to collectivize agriculture or enforce doctrinaire reforms. [redacted] however,

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that the ultimate intention was to eliminate the private sector. [redacted] they were attempting to create a coherent ruling party on Marxist-Leninist lines, and had turned to the Soviets for guidance and assistance. Once a disciplined party was created, it would be possible to dispense with the temporary supporters of the revolution.

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[redacted] should dispel any illusions about the ultimate intentions of the Sandinistas to establish a Marxist-Leninist regime. Managua may hope that early elections will reduce the options of the US to interfere in its domestic political affairs by having a "legitimate" government in place which would not be subject to the subsequent "democratic" election provisions in the draft Contadora Treaty. In effect, the Contadora Treaty would serve to ratify Nicaragua as a democratic state. The Sandinistas would then be able to write their own constitution and consolidate the regime at their own pace.

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The greatest Sandinista fear would probably be that the elections fail to bestow the necessary legitimacy on their regime to gain international recognition and prevent US interference. In particular, there is a danger to them that one of the Contadora countries may condemn their elections and question Sandinista legitimacy to sign the Treaty.

Meanwhile, the anti-Sandinista insurgents continue to carry on militarily despite the cutoff of US aid.

-- Recently, the insurgents have begun to attack the northern city of Esteli to demonstrate their continued strength, forcing the Sandinistas to deploy aircraft, tanks, and artillery in defense. [redacted] indicate the Sandinistas have suffered heavy losses, and while the insurgents may not take the town, they have already shown they remain a major force to be reckoned with on the eve of the election.

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Finally, the Sandinistas continue to get financial aid from various sources to alleviate their economic difficulties.

-- Although Mexico has suspended shipments of crude oil, it is continuing delivery of refined products in return for cash downpayments, and has accepted barter deals to pay off past debts.

-- The insurgents plan to announce a ceasefire around 1 November so they cannot be blamed for attempted to disrupt the [redacted] or for a low water turnout.

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-- Libya has provided Nicaragua with \$100 million recently, [redacted]
[redacted] Nicaragua will be the focus for
Libyan aid to other regional radical groups during the coming
year. Chile, El Salvador, and Colombia will be special targets
for destabilization.

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Attachments:

- A. Contadora Talking Points
- B. Concern of Presidents of the Core Four Contadora
Countries Over the Nicaraguan Elections

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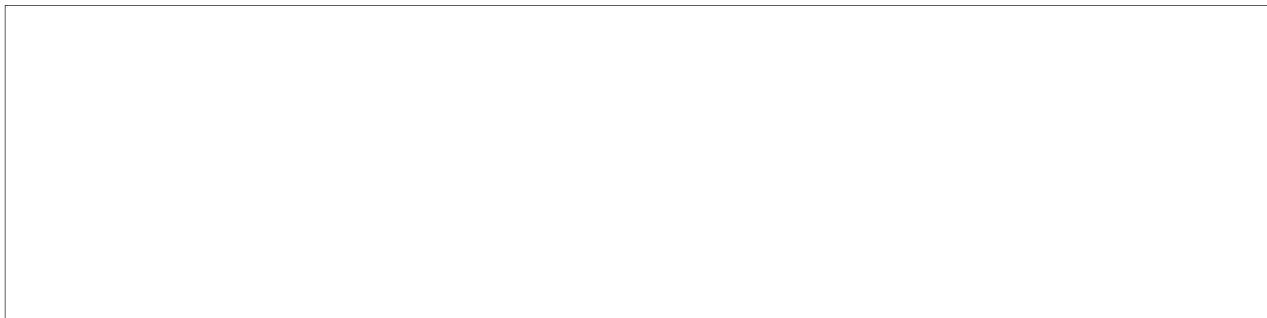
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CONTADORA TALKING POINTS

Contadora--because it is a peace initiative and because it was sponsored by respected Latin American democracies--has wide acceptance, but to the Central American countries most threatened by foreign-supported subversion, the Contadora initiative has produced a peace instrument of such imbalance that it augments, not reduces the threat to them. Moreover, the current draft treaty virtually guarantees the survival of Marxist Nicaragua and, thus, the consolidation of Cuban/Soviet influence in the Isthmus. Because Contadora is a peace initiative designed to end the bloodshed in Nicaragua and El Salvador, there is a reluctance to criticize the draft treaty directly. Nonetheless, there is a wide variance between the public and private attitudes of the leaders of the Contadora countries toward the treaty and, with the exception of Mexico, these leaders believe that the treaty provisions are particularly inadequate with regard to verification. This concern persuaded the countries of Costa Rica, Honduras, Guatemala and El Salvador (Nicaragua was invited but refused to attend) to meet and discuss revisions to the treaty. The result of that meeting was to propose to replace the Additional Protocol with a Protocol of Guarantor States. The meeting also agreed to have only the four original countries (Mexico, Panama, Colombia and Venezuela) sign the Protocol. The Guarantor nations would be limited (suggestions are Brazil, Argentina, Spain and West Germany. France would be welcomed as a guarantor as well).

The following represent an update of our perceptions of the private views of leaders of the Contadora countries toward the process. It is too soon to know the reaction to the latest initiative by the countries of Guatemala, Costa Rica, El Salvador and Honduras to replace the Additional Protocol.



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Venezuela:

- Venezuelan Government officials express their misgivings about the Contadora process. One official believes the treaty as written would be "unverifiable" and does not provide sufficient guarantees against Soviet/Cuban/Nicaraguan penetration of the region.

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Costa Rica:

- Costa Rican officials have strong concerns about the Contadora Treaty as originally revised. They believe their country will have serious problems with Nicaragua, regardless of what happens to the Sandinista regime. Through the Contadora process, Costa Rica hopes to impose an "international big brother" on the Sandinistas.

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El Salvador:

- The espousal by officials of the Salvadoran Government of the Contadora process is for international consumption only. The GOES has no intention of signing an agreement unless significant changes are made in the revised acta. The GOES does not trust the Sandinistas to comply with any agreement in any event.
- The GOES further believes that a "regionalization" of the Contadora process would be desirable; its position is that the original Contadora countries made a good beginning with the initial draft agreement, but the process should go further and essentially make Central America responsible for its own destiny.

Honduras:

- There appears to be a difference in Honduras between civilian and military authorities over the Contadora process. The civilians believe that the revised acta represents an improvement and that it would be acceptable to Honduras with certain changes. In the aggregate, these changes would signify a relinquishment by Nicaragua of its current overwhelming military superiority.
- The Honduran military puts no faith whatsoever in the Contadora process as a solution to the problems in Central America. The military believes it will merely buy time for the Sandinistas to consolidate their regime.

Guatemala:

- Despite its public stance of neutrality on regional issues, the Guatemalan Government is privately concerned over the existence of a Marxist, expansionist regime in Nicaragua. Guatemala pays lip service to the Contadora process, primarily because of its dependence upon Mexico and Venezuela for oil.

Panama:

- Panamanian officials view the Contadora Process as an important and irreplaceable initiative but believe that more negotiations are necessary among the Central American countries. Panamanian military leaders favor additional changes to make the treaty more restrictive of Nicaragua.

Colombia:

- President Betancur of Colombia was a primary proponent of the Contadora Process and favors its rapid implementation, in part because of the personal acclaim that he will receive by that action. Recently, he has become concerned that Nicaraguan intransigence vis-a-vis the elections will damage the Contadora process and he is urging the Sandinistas to postpone the elections and become more flexible.

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26 October 1984

MEMORANDUM

SUBJECT: Negotiations as a Communist Tactic

1. [redacted] Castro and the Sandinistas look upon negotiations, including the Contadora process, as something they urgently need to relieve the pressure on Nicaragua. The Sandinistas also hope to get the political credibility needed to consolidate their regime. [redacted] the situation on the ground and geopolitical realities, suggest that the Communists are ready to negotiate in El Salvador in order to solidify and further develop a base in Nicaragua.

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2. [redacted]

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- insurgent military success in Salvador would bring the US in militarily after the President's reelection;

- Nicaraguan Contras are geared for a long struggle with which they can build a sociopolitical structure inside Nicaragua and develop an opposition that will be very difficult to dislodge; and

- the Salvadoran insurgents' best hope of gaining power is to build a political base inside El Salvador while negotiating.

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