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Central
Intelligence**

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Nicaragua: Prospects for Sandinista Consolidation

National Intelligence Estimate

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**NICARAGUA: PROSPECTS FOR
SANDINISTA CONSOLIDATION**

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which was approved by the National Foreign
Intelligence Board on that date.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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KEY JUDGMENTS

We judge that the Sandinistas are intent on creating a Marxist-Leninist one-party state in Nicaragua, closely patterned on that of Cuba and aligned with the Soviet Union, that would continue to challenge US political and security interests in Central America. The Sandinista leadership has been remarkably united in pursuit of this goal despite some differences over the tactics and pace of consolidation. The principal impediments to full consolidation are a persistent insurgency, popular discontent, the internal political opposition, the Catholic Church hierarchy, a worsening economy, the need for Western political and economic support, and fear of US intervention. [REDACTED]

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None of these factors, however, have prevented the Sandinistas from pursuing a gradual consolidation of a system that retains little more than symbolic remnants of political pluralism and an increasingly shrinking and beleaguered private economic sector. The Sandinistas have exploited divisions and mistrust within the internal political opposition, which has been unable to decide upon an effective or united course of action to defend itself. Managua's international position, its support for insurgencies in El Salvador and elsewhere, and growing Soviet Bloc ties reflect its increasingly pro-Soviet course and dependence—as does the integral Cuban and other Soviet Bloc role in almost all facets of its development. The consolidation process thus far has been managed skillfully enough to avoid an open break with sympathetic Western governments and political entities, though even many of these are increasingly dubious about the Sandinistas' ultimate goals. [REDACTED]

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The Sandinista consolidation of power has closely followed the pattern of other Marxist-Leninist regimes in the Third World, with a small core of dedicated revolutionaries providing direction with the assistance of Cuban and other Soviet Bloc advisers. Most of the elements of the Sandinista plan to build a Marxist-Leninist state were in place within the first two years. (See annex, "Nicaragua's Development as a Marxist-Leninist State.") These included party control of the military, security services, and government bureaucracy; the use of Sandinista mass organizations; and domination of the media. The regime also proceeded with its plans to reduce the private sector by increasing state ownership and market controls. The Sandinistas tightened control after 1982, using insurgent attacks to justify a ban on most opposition party activities and suspension of civil liberties. [REDACTED]

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Until recently, the Sandinistas faced growing pressures to slow their consolidation or alter their policies, but the balance now appears to have shifted. The 1984 election was an important turning point for the Sandinistas, and, according to Sandinista leader Bayardo Arce, they regarded it as "using an instrument claimed by the bourgeoisie . . . to move ahead in matters that for us are strategic." The strategy of engineering a substantial victory successfully achieved the minimum goal of providing the Sandinistas with an alleged mandate to further consolidate their control, although it failed to give them the clear-cut legitimacy they desired because of the boycott by the main opposition parties and the government's harassment tactics during the campaign. [REDACTED]

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Since the election, the government has taken a number of steps indicative of a tougher line with the main opposition parties, including ending the National Dialogue talks and imposing travel restrictions. The Sandinistas probably will continue to deny these parties opportunities to organize public support and are likely to renew emergency control measures through the year. We believe, however, that the Sandinistas are unlikely over the next few years to abandon altogether the fig leaf of political pluralism. They will probably continue to portray the small parties participating in the new Constituent Assembly as the legitimate opposition. They also are likely to make heavy use of mass organizations—including the militia, civil defense committees, Sandinista youth, and labor federations—to assist their political consolidation and help give the impression of widespread popular support. [REDACTED]

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The Sandinistas will easily dominate the Assembly and use it to institutionalize their control by writing their own constitution within two years. We expect the constitution, while honoring civil liberties in the abstract, to provide the legal basis for restricting them, as well as for dominating the mass media, promoting state intervention in the economy, and establishing the irreversibility of the revolution and the special role of the Sandinista National Liberation Front (FSLN). We believe the regime will continue its efforts to develop the FSLN into a disciplined Marxist-Leninist party, with Cuban and other Soviet Bloc advice and assistance. Tactical disagreements and personality conflicts would appear to make a leadership shakeup likely over the long run, but we doubt that the leadership will experience a significant change in membership or structure within the next year or so. [REDACTED]

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In the economic arena, the increase in state controls—the government now directly produces over 45 percent of GDP—has been accompanied by a steady deterioration in output and growing consumer

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shortages. Declining Western financial support, reduced private investment, and public sector mismanagement—together with a general worsening of the terms of trade—will continue to depress living standards. The Sandinistas probably will try to utilize growing consumer problems and business disruptions to justify further state control of the economy over the next year. The government is likely to target private sector leaders in particular in an effort to intimidate them and reduce their opposition political role. [REDACTED]

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Internationally, Managua has shifted its foreign trade away from the United States and toward the Soviet Bloc and radical Arab states over the past five years, and it probably will rely increasingly on Soviet Bloc and radical Arab economic support to offset declining private investment and Western aid. While the Soviet Bloc appears unwilling to meet Nicaragua's hard currency needs, it appears ready to shoulder a heavier economic burden to support Sandinista consolidation. Such aid, however, probably would not be sufficient to assure growth and overcome the burdens of the Sandinista-run economy. [REDACTED]

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Meanwhile, popular discontent has risen and become more open because of economic problems and harsh government policies—most significant, forced military conscription. But the domestic opposition is weak and fragmented and remains unable to capitalize on this vulnerability. The Catholic Church probably will continue to be the strongest nonmilitary obstacle to consolidation. However, its hierarchy fears that the regime's restrictions on foreign priests and efforts to control Catholic education will undermine the church's long-term ability to resist. [REDACTED]

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We believe Nicaragua will continue to strengthen its armed forces, further upsetting the regional military balance. Additional Communist military advisers, principally Cubans, are likely to arrive to support an increasingly sophisticated inventory of military equipment and assist the counterinsurgency effort. At least 50 Cubans reportedly died as a result of fighting last year, and the number is likely to grow as a result of their close involvement with Sandinista forces in the field. Development of air defenses will probably receive special attention, possibly including delivery of medium- and high-altitude surface-to-air missiles. We believe that Moscow will not risk delivery of MIG-21 fighters this year, but we cannot rule out the possibility the Soviets will approve the delivery of less sophisticated L-39 jet trainer/attack aircraft. Managua is unlikely to use its forces to initiate a border war with its neighbors because of a potential US response, but may use them to increase the scale of raids on insurgent camps in Honduras. [REDACTED]

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The 12,000- to 15,000-man insurgency has been a major obstacle to the Sandinistas' consolidation, forcing them to increase defense expenditures and exacerbating their economic difficulties. The continued

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insurgency also undermines public confidence in the regime and challenges its claim of political legitimacy. In other ways, however, the insurgents have aided the Sandinistas by assisting Managua's efforts to elicit international sympathy and support, cast the United States in the role of the aggressor, and justify the increasing military buildup and economic deprivations. [REDACTED]

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The guerrillas still are providing strong military resistance to the Sandinistas despite the cutoff in US aid last year. Their strength probably would continue to grow if they could obtain sufficient external funding, although it would not grow enough to threaten the overthrow of the regime in the next year or so. Popular sympathy for the insurgents appears to be on the rise generally. In addition, active support has increased in their areas of operation, and new recruits have continued to join up. Nonetheless, serious logistic shortages have forced the insurgents to scale down their activities, and they are unlikely to raise sufficient aid from private sources or other foreign governments over the next several months to prevent a further decline in their effectiveness. The Sandinistas have begun a major push, assisted by an expansion in their own counterinsurgency capabilities, to exploit growing guerrilla weaknesses and reduce guerrilla numbers significantly by the end of the year. [REDACTED]

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Insurgent morale would be damaged by a US failure to renew support, and guerrilla capabilities would be further degraded, although we doubt that they would precipitously disintegrate. Nevertheless, there is some chance that the insurgency will decline drastically if US aid is not renewed, and particularly if Honduras decides the effort is a lost cause and reduces its support significantly. In any case, significant numbers of guerrillas probably would have to be demobilized—perhaps one-third to one-half of the current 12,000- to 15,000-man force over the next 12 to 18 months—and they and their supporters would be likely to seek refuge in Honduras and Costa Rica in increasing numbers as insurgent fortunes declined and operations were reduced. This, in turn, would be likely to cause major problems for those countries, particularly Honduras. [REDACTED]

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We believe the insurgency drove the Sandinistas to the negotiating table, and its persistence and growth have been key factors in shaping Sandinista objectives and strategy in the Contadora process and in bilateral talks with the United States. Without a viable insurgency, Sandinista incentives to make negotiating concessions would be reduced, and the domestic opposition would be weakened significantly. [REDACTED]

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We believe that the Sandinistas' main objectives in regional negotiations are:

- To buy time for consolidation of the regime.
- To ease external pressure by demonstrating "reasonableness" to outside observers in order to consolidate their internal control.
- To obtain an explicit or implicit guarantee that the United States will not overthrow the regime.

The Sandinistas have indicated their willingness to give assurances on key US and regional concerns, including withdrawal of support to insurgents in other Central American countries, ending the presence of foreign military advisers, and limiting the acquisition of arms. Despite these assurances, we believe that the Sandinistas will attempt to evade compliance on these points, and that it will be difficult to establish effective verification measures. In fact, they are already attempting to lay the groundwork for circumventing potential restrictions. While they have expressed agreement with Contadora's democratic principles, they continue to resist any meaningful provisions for internal democratization in a draft treaty. [redacted]

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We doubt that Sandinista leaders would abide by their suggestions that they would stop support for the Salvadoran guerrillas if all foreign support to the anti-Sandinista insurgents also were ended. The construction of a new training center for Salvadoran guerrillas last year and the presence of the headquarters of all five guerrilla factions in Nicaragua indicate the continuing Sandinista commitment. While the flow of arms to El Salvador appears to have dropped off, other material continues to be sent, and the guerrillas probably rely on the Sandinistas for almost all their ammunition needs. Although Managua might temporarily suspend the flow if necessary in the context of a peace agreement, it probably believes it can circumvent restrictions and continue to supply covert support. [redacted]

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We believe that Managua will continue to develop political, economic, military, and cultural links to Communist states, and its dependence on Moscow and Havana is likely to grow. The Sandinistas also regard support for foreign revolutionaries as a basic tenet of Marxist-Leninist ideology and as necessary for their long-term survival. Thus, the unimpeded consolidation of such a regime would imply the following threats to US strategic interests over time:

- Nicaragua's acquisition of additional weapons and other military equipment, which would further upset the regional military balance and complicate US force planning.

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- Increased Soviet and Cuban military presence, including access to port and air facilities and enhanced intelligence gathering, particularly in the Panama Canal area and along the Pacific and Caribbean coasts.
- A more secure base for support of radical insurgent and terrorist groups aimed at destabilizing other governments in the region and elsewhere in the Western Hemisphere.
- A sharp increase in the number of refugees from Nicaragua, thereby creating further potential for instability in neighboring countries. [redacted]

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US acquiescence in the consolidation of another interventionist Marxist-Leninist regime in the hemisphere would produce a definite change in Latin American geopolitical assumptions, affecting other regional governments' postures toward Nicaragua, demoralizing vulnerable democratic parties, and encouraging other pro-Soviet and pro-Cuban revolutionary movements. [redacted]

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DISCUSSION


The Consolidation Process to Date

Political, Economic, and Military Trends


1. Since coming to power in Nicaragua in July 1979, the Sandinistas have followed a gradualist strategy for the establishment of a Marxist-Leninist state closely patterned on the Cuban model. Most of the elements of the regime's plan to build a Communist state were in place within the first two years, although the regime still proclaims a commitment to political pluralism, a mixed economy, and nonalignment. (See annex, "Nicaragua's Development as a Marxist-Leninist State.") The Sandinistas have moved incrementally to limit a domestic backlash, avoid a harsh US response, and attempt to retain the cooperation of Western governments and Nicaragua's own private sector to rebuild the war-shattered economy. 

2. The Sandinistas announced in 1980 that elections would be held in five years, allowing them to concentrate on establishing the means for effective control. These included party control of the military, security services, and government bureaucracy, development of Sandinista mass organizations, domination of the media, and reorientation of the educational system—all under the guidance of hundreds of Cuban advisers. 


3. Nicaragua's substantial military buildup has been keyed to maintaining internal control, defending the regime from external threats, and providing a shield behind which the Sandinistas can consolidate their control and support other regional revolutionaries. The buildup has also upset the regional military balance, and it represents a growing potential offensive threat to Nicaragua's immediate neighbors. The Sandinistas' effort has been supported by arms agreements worth about \$500 million with Cuba and other Soviet Bloc countries. This aid and the growing presence of military advisers enabled the regime to transform a 5,000-man guerrilla army into the largest and best equipped force in Central America, with an active-duty strength of nearly 60,000.¹ Total strength when mobilized, 

including militia and reserve forces, is nearly 120,000. 

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4. The buildup dates from the Sandinistas' victory in 1979, before there was any significant insurgent activity. By the fall of 1981 the regular Army had acquired heavy artillery, its first battalion of T-55 tanks, and some 800 trucks. In 1982 the regime began construction of the largest military airbase in Central America at Punta Huete. Nicaragua's acquisition of additional armor, artillery, and air defense assets during 1982-83 further upset the regional military balance and gave Nicaragua a growing offensive capability. The arms buildup accelerated in 1984, including more than a doubling of Nicaragua's tank and armored vehicle inventory, the acquisition of a basic air defense radar system, and the delivery of MI-24/25 attack helicopters. 

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5. Sandinista leaders had established firm ties to Cuba and some links to the Soviet Union well before coming to power, and over the last five years steadily growing Communist military and economic aid has played a key role in helping the Sandinistas to consolidate. In the fall of 1979, about 200 Cuban military advisers were assigned to the Sandinista Army, and some 2,000 teachers had arrived by late 1980. By 1984, an estimated 7,500-9,500 Cubans were serving in Nicaragua—including 2,500-3,500 military and security advisers—as well as several hundred Soviet and Bloc military and civilian personnel. Managua has also joined the Nonaligned Movement to increase its international support in the Third World. Nevertheless, the Sandinistas have increasingly endorsed Soviet foreign policy positions. The regime has pursued gradual economic integration into the Soviet Bloc by developing trade ties, seeking membership in CEMA, and sending growing numbers of Nicaraguans to train in Communist countries. 

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6. The Sandinistas became a source of regional subversion soon after the revolution because of their Marxist-Leninist ideology, the debt owed Cuba and other regional radicals for participating in the overthrow of the Somoza government, and their belief that the revolution would not survive in the long run without the support of radical leftist regimes or groups

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in neighboring states. By mid-1980, Nicaragua had become the principal conduit for supply of the Salvadoran insurgents and the site of their military and political headquarters. [redacted]

7. In the economic arena, there has been a parallel steady increase in state economic control since the Sandinista takeover, accompanied by a deterioration in economic activity and living standards (see chart, figure 1, on economic indicators). [redacted]

[redacted] in 1979 clearly laid out the Sandinistas' ultimate intention of sharply reducing the role of the private sector after an indefinite period of tactical alliance and establishing state control of the economy. Early government takeovers of farms, industries, and services—largely Somoza controlled—increased public sector participation in economic activity from 12 percent before the revolution to nearly 40 percent by 1981. Since then, nationalizations have slowed, but the Sandinistas have continued to expand their economic role through indirect controls, including discriminatory allocations of credit, foreign exchange, and imports; wage and price controls; and commercial regulations. Since bank nationalization, for example, private concerns that formerly received three-fourths of all domestic credits now receive just one-tenth of new bank credits. The Sandinistas have also attempted to gain control of organized labor via regulations on union activities, the formation of new pro-Sandinista labor coalitions, and the repression of the few independent unions that remain. [redacted]

8. The small economic rebound the Sandinistas enjoyed following the revolution proved short lived. The early expansion resulted from generous foreign financial aid that supported a sharp increase in imports needed to offset war damages. We estimate that the economy has declined each year since 1981 because of a worsening of terms of trade, a leveling off in foreign aid receipts and, most important, because hostile antibusiness policies have eroded business confidence and sharply curtailed private investment. The insurgency has also added to economic problems, especially since early 1983. By 1984 the output of goods and services was 25 percent below average 1975-77 levels. More significant, unprecedented inflation, high unemployment, and growing consumer shortages—despite government rationing—are increasing public discontent. Some of the early social advances of the revolution—increased educational opportunities, better health care and housing, and consumer subsidies for staples—have been offset for many Nicaraguans by the increased regimentation of society and the depressed economy. [redacted]

9. Even substantial foreign financial support over the past five years, including \$2 billion in aid and another \$1 billion in debt relief, has not been enough to keep living standards from falling. Concessional government-to-government loans for nonmilitary purchases skyrocketed under the Sandinistas, jumping from an average \$42 million per year during 1975-77 to over \$400 million per year during 1980-84 (see table 1). In 1980 and 1981 the Sandinistas rescheduled, on highly favorable terms, most bank and bilateral debt. While initially living up to the easy rescheduled conditions, Managua has virtually ignored obligations since 1982, steadily rebuffing efforts by commercial banks, the IMF, the World Bank, and many governments to collect backdue interest and principal. Managua's medium- and long-term debt has jumped from \$1.1 billion at the end of 1979 to \$4.3 billion at the end of 1984, and total debt now approaches \$5 billion. [redacted]

10. These economic difficulties, coupled with the Sandinistas' increasingly repressive tactics, gradually eroded the overwhelming popularity they enjoyed when they came to power and swelled the ranks of the anti-Sandinista insurgents. Non-Sandinistas who had been appointed to the government junta resigned to protest their lack of influence, and by 1982 even several prominent Sandinistas had joined the exile ranks. [redacted]

11. The Sandinistas have taken advantage of the insurgency not only to rationalize Nicaragua's economic problems but to expand greatly their control over the domestic opposition. This clampdown became particularly severe after March 1982, when, in response to the initiation of organized insurgent attacks, the government declared a state of emergency that banned most opposition political party activities, established censorship of the press, and suspended civil liberties. Although some of the restrictions were eased during the 1984 election campaign, the state of emergency has never been lifted. Intimidation and violence against political, business, and labor members of the opposition have generally increased, and the Sandinistas also have had a number of sharp clashes with the Catholic Church. Meanwhile, the government has used periodic charges of an imminent US invasion to organize and mobilize greater numbers of the Nicaraguan people in defense of the regime, including a significant expansion of the militia and neighborhood civil defense committees. [redacted]

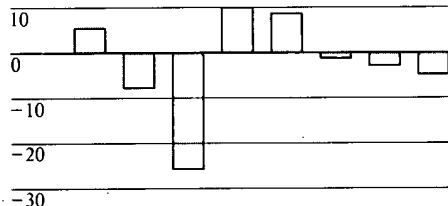
12. The insurgency continued to grow despite increased Sandinista efforts to suppress it. In late 1981

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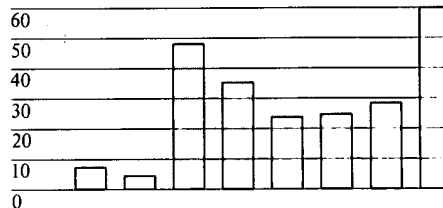
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Figure 1
Nicaragua: Economic Indicators ^a

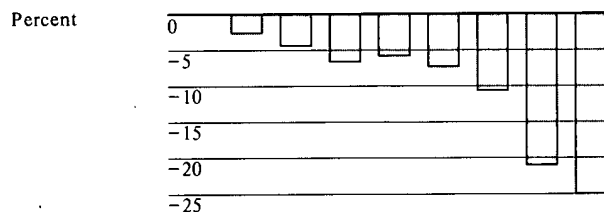
Real GDP Growth
Percent



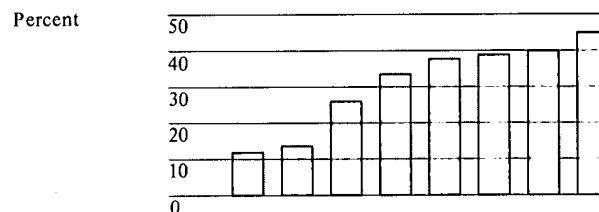
Consumer Price Inflation
Percent



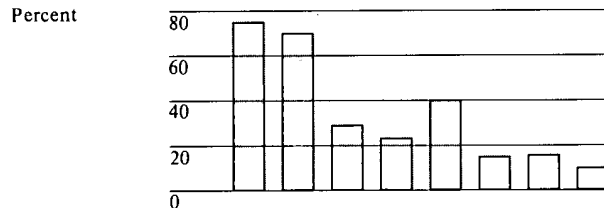
Central Government Budget Deficit as a Share of GDP
Percent



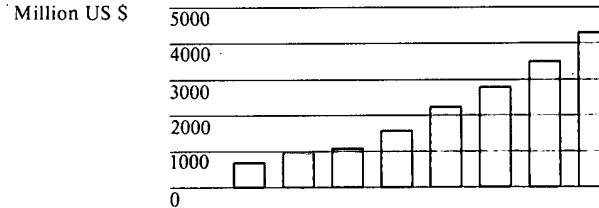
Public Sector Production as a Share of GDP
Percent



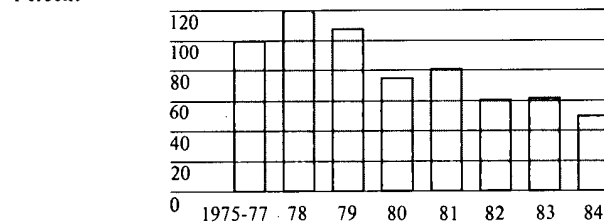
Share of Bank Credit Provided Private Sector
Percent



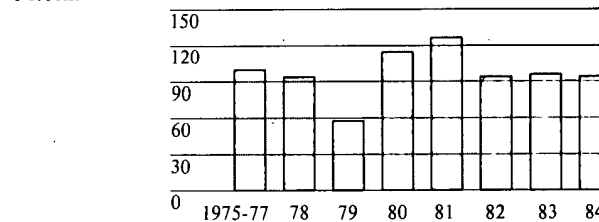
External Public Debt (yearend, medium, and long term)
Million US \$



Index of Export Volume
Percent



Index of Nonmilitary Import Volume
Percent



^a Figures for 1984 are estimates

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Table 1
Nicaragua: The Foreign Financial Gap

Million US \$
(except as indicated)

	1975-77	1982	1983	1984
Trade balance	-86	-418	-485	-685
Exports, f.o.b.	518	406	428	365
Imports, f.o.b.	604	824	913	1,050
Military		100	135	250
Other		724	778	800
Net Services	-62	-273	-283	-280
Interest obligations	43	217	200	200
Other	-19	-56	-83	-80
Net Transfer	13	86	150	250
Military grants		34	64	150
Other		52	86	100
Current account balance	-135	-605	-618	-715
Debt principal due	35	150	155	160
Financial gap	170	755	773	875
Medium- and long-term capital inflows	163	645	826	850
Commercial bank loans	74	Negl	Negl	Negl
Rescheduled debt and arrears	Negl	184	205	260
Interest		93	104	140
Principal		91	101	120
Official loans	89	461	621	590
From government	42	425	553	560
For military		66	71	100
For other		359	482	460
From multilateral sources	47	36	68	30
Net short-term capital (includes errors and omissions)	-9	11	-72	5
Drawdown in reserves	16	99	19	20
Other financial items				
External debt (yearend, medium and long term)	703	2,800	3,500	4,300
Commercial bank debt	368	964	1,030	1,120
Net international reserves ^a	31	-431	-450	-470
Debt service due ^b (percent)	15.1	90.4	82.9	98.6
Debt service paid (percent)	15.1	45.1	35.0	27.4

^a Foreign exchange reserves minus short-term liabilities.

^b Debt interest and principal due as percent of merchandise exports.

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the anti-Sandinistas numbered some 500 personnel—largely former members of Somoza's National Guard—and their attacks were confined to the immediate Honduran border area. By early this year, however, guerrilla forces had grown to 12,000-15,000, their ranks enlarged by peasants, Indians, and former Sandinista supporters, and their reconstituted leadership drawn largely from recognized opponents of Somoza. [redacted]

The 1984 Elections

13. We believe the Sandinistas organized the 4 November 1984 election of a president, vice president, and a constituent assembly not as an open and democratic competition, but as part of a carefully controlled process to consolidate their power and legitimize their rule. Sandinista leader Bayardo Arce said during a secret May 1984 speech to local Communists, "We are using an instrument claimed by the bourgeoisie which disarms the international bourgeoisie, in order to move ahead in matters that for us are strategic." The regime hoped that an ostensibly free election would generate international pressure on the United States to reduce its pressure for democratic pluralism. In addition, it would allow the Sandinistas to claim popular backing for the drafting of a new constitution aimed at establishing the basis for a "socialist" state. [redacted]

14. The regime weighted election campaign rules in its favor in order to reduce the chances of effective opposition participation, and allowed 16-year-olds to vote in an effort to expand the electorate in its favor. When the main opposition parties threatened to boycott, the government made a series of minimal concessions on campaign rules, both to give the appearance of flexibility and to maintain the participation of the minor parties. During the party registration period, the regime also organized a series of attacks on opposition campaign rallies to discourage popular participation. When the candidate of the major democratic opposition coalition appeared to have reached an agreement to participate in the balloting if the date was postponed, the Sandinistas abruptly broke off the talks. As the election neared, the regime used coercive tactics to keep two moderate opposition parties in the race, and refused to recognize the decision of one of them to withdraw. [redacted]

15. The election failed to give the Sandinistas the clear-cut legitimacy and international recognition they hoped for because of the boycott by the major opposition coalition and the regime's harassment tactics against the remaining parties. Nevertheless, junta members Daniel Ortega and Sergio Ramirez received

some 67 percent of the vote for president and vice president, and the Sandinistas claimed an 82-percent turnout. Although many foreign statements welcoming the elections regretted that the conditions for full participation did not exist, few explicitly criticized the regime, and none alleged voter fraud. The Sandinistas were unable, however, to attract many high-ranking foreign dignitaries (except Fidel Castro) to President Ortega's inauguration ceremony despite strenuous efforts. [redacted]

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Sandinista Political Strategy for Building Socialism

16. The 1984 election appears to have been an important turning point for the Sandinistas that probably will give them a freer hand in extending and consolidating their control. The regime, claiming a popular mandate, is likely to move forcefully to strengthen party and state institutions, to proceed with its plans to reduce the private sector, and to be much tougher with its principal political opponents. Nevertheless, within this framework, the regime over the next year will probably not abandon its pattern of incremental change—because of its concern over a backlash, chiefly from abroad. As in the past, the Sandinistas are likely to make gestures of flexibility to retain international support and ease internal and external pressures. The regime probably judges it would be too costly to abandon altogether the fig leaf of political pluralism, a mixed economy, or nonalignment. [redacted]

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Squeezing the Opposition

17. The government has already taken a number of steps since the election that indicate it will now take a tougher line with the opposition. First, the Sandinistas responded to a boycott of recent "National Dialogue" talks by some of the main opposition sectors by canceling the discussions. Second, in November and December 1984 the Sandinistas restricted over a score of major opposition leaders from traveling abroad—an action designed not only to intimidate but perhaps to encourage them to go into self-imposed exile when the ban was removed. Third, the regime rescinded some concessions it made during the election campaign by renewing censorship of the archbishop's radio sermons and resuming heavy censorship of the opposition newspaper. The Sandinistas also made some well-publicized gestures of flexibility during the period before the inauguration, including new discussions with Miskito insurgent leader Brooklyn Rivera concerning limited Indian autonomy and the initiation of a new dialogue with the Catholic Church. [redacted]

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18. The Sandinistas will probably continue to deny the main opposition coalition meaningful opportunities to organize public support. The regime now has two legal weapons to restrict the coalition parties: denial of legal status and extension of the state of emergency. Opposition parties that boycotted the election lost their legal status—their rights to hold meetings, to publish newsletters, and to issue political statements. The state of emergency—which imposes censorship and bans public meetings or marches by all opposition parties—expires on 20 April, and the Sandinistas are likely to renew it. Even if it were relaxed, the concession would probably apply only to legal parties. The relative absence of international criticism has made it easy to maintain the law. Socialist International leaders, for example, did not speak out when the Sandinistas broke their promise to suspend the law during the election campaign. [redacted]

19. The government is likely to target private-sector leaders in particular over the next year in an effort to further intimidate and control the major opposition coalition. Business leaders are the most intransigent among the civil opposition, and the insurgents have drawn such important leaders as Alfonso Robelo and Adolfo Calero from the private sector. As the economy further deteriorates, the regime probably will also continue to use the private sector as a domestic scapegoat. [redacted]

20. The Sandinistas will attempt to distract attention from more aggressive actions against the major opposition coalition—the Democratic Coordinating Board—by portraying the small parties participating in the new Assembly as the legitimate opposition. (See table 2.) The Assembly is likely to include in its own rules the provision in the election law calling for the replacement of delegates who refuse to occupy their seats, permitting the Sandinistas to undermine an opposition protest by installing proregime party members. The Sandinistas probably will ignore two of the three small Communist parties in the Assembly, but are likely to maintain some ties to the Moscow-line Nicaraguan Socialist Party. [redacted]

21. The Sandinistas have established almost total control over the flow of information in Nicaragua since imposing the state of emergency, and probably will seek to institutionalize their dominance through a repressive media law. Both television stations have been under Sandinista control since 1979, and only a few independent radio stations remain. The government's most influential critic, the opposition daily *La Prensa*, has been so hobbled by censorship, arrests, and restrictions that its symbolic importance probably now

outweighs its actual impact. The Sandinistas are also likely to have the Assembly approve a draconian media law that would set the legal basis for state control over all means of communication and compensate for lifting state-of-emergency controls. The law probably would be similar to a draft withdrawn from the Council of State last year that banned news serving the interests of "imperialism," disrespectful use of national symbols, and "false news" that could lead to price speculation. [redacted]

22. The Sandinistas recognize that the Catholic Church is one of the most influential obstacles to further consolidation, and they probably will take additional steps to counter its influence. The regime may make offers to "guarantee" church autonomy in specified areas, but, in our view, fundamental differences on basic values make further clashes inevitable and will undermine even limited agreements. Over the last year, Sandinista pressures against the church have included attempts at entrapment, detention of one priest for alleged counterrevolutionary activity, expulsion of 10 others, denial of entry to foreign priests, delays in renewing visas for 100 foreign priests serving in Nicaragua, and press attacks on the hierarchy. [redacted]

23. The government will continue its support of sympathetic clergy—the loosely organized "popular church"—to undermine the hierarchy and help legitimize the idea that Marxism and Christianity are compatible. The state's encroachment on Catholic education, by attempting to impose curriculum changes and appoint school officials, has caused clashes in the past, and the government is likely to attempt to impose further changes. Nevertheless, the government's recent offer of dialogue with the hierarchy indicates that it will continue to employ the tactic of making occasional gestures of accommodation. [redacted]

Building Sandinista Institutions and a Single-Party State

24. We expect the regime to continue its efforts to develop the Sandinista National Liberation Front (FSLN) into a disciplined Marxist-Leninist party, even as it remains unwilling to proclaim this objective openly. Sandinista statements (see page 14) have publicly acknowledged a relationship between Marxism and "Sandinism," and they have also spoken favorably of the ultimate goal of progressing toward "socialism." Such statements of ideological affinity will probably continue to increase, along with Sandinista willingness to identify more openly with Communist states. The FSLN's tactical perspective, however, was reflected in

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Table 2
Nicaraguan Political Parties

Party	Leader	Remarks	Percentage of Total Votes in November 1984 Election
Sandinista National Liberation Front (FSLN)	Nine-member National Directorate	Ruling party; Marxist-Leninist	62.8 (61 seats)
Nicaraguan Socialist Party (PSN)	Luis Domingo Sanchez Sancho	Moscow-line Communist party; allied with FSLN since 1980; broadly supportive of FSLN programs.	1.2 (2 seats)
Communist Party of Nicaragua (PCDEN)	Eli Altamirano Perez	Hardline Communist party founded by radicals who left PSN; criticizes Sandinistas for moving too slowly toward consolidation.	1.4 (2 seats)
Popular Action Movement Marxist-Leninist (MAP-ML)	Isidro Tellez	Tiny ultraleftist Communist party; criticizes the FSLN for moving too slowly toward Communism.	0.96 (2 seats)
Independent Liberal Party (PLI)	Virgilio Godoy	Left-of-center democratic party allied with the Sandinistas from 1980 until February 1984; increasingly critical of FSLN; currently experiencing internal differences over role in postelection Nicaragua.	9.6 (9 seats)
Democratic Conservative Party (PCD)	Eduardo Molina	Small faction of opposition. Conservatives that broke away in late 1983 over leadership dispute; has been critical of Sandinistas but benefits from official favoritism (a PCD member participated in the recently dissolved government junta); currently on the verge of a split over participation in the National Assembly.	13.2 (14 seats)
Popular Social Christian Party (PPSC)	Mauricio Diaz	Left-of-center democratic party allied with the Sandinistas but troubled by their policies; sharply critical of the regime during the campaign.	5.2 (6 seats)
Democratic Coordinating Board (CDN)	Eduardo Rivas Gasteazoro	Coalition of moderate and conservative democratic political parties, business and labor organizations; opposed to Sandinista policies.	Boycotted elections
CDN member parties:			
Democratic Conservative Party of Nicaragua (PCDN)	Mario Rappaccioli	Largest opposition party.	
Social Democratic Party (PSD)	Luis Rivas Leiva	Seeking membership in Socialist International; strong ties to opposition newspaper <i>La Prensa</i> .	
Social Christian Party (PSC)	Agustin Jarquin	Has strong ties to International Christian Democrats.	
Constitutionalist Liberal Party (PLC)	Alfredo Reyes Duque Estrada	Smallest and least influential member of coalition.	

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Sandinista Policy Statements

In May 1984 Bayardo Arce, a member of the FSLN's nine-member Directorate and Coordinator of its Policy Committee, addressed leaders of the Moscow-line Nicaraguan Socialist Party (PSN) on the basic goals of the Sandinista leadership. The speech was not originally intended for publication, but an unauthorized tape recording was used for a verbatim account in the Spanish newspaper *La Vanguardia*. Only then did FSLN presidential candidate Daniel Ortega claim publicly—and, in our view, falsely—that Arce's presentation did not represent official FSLN policy [redacted]

Arce affirmed that "Sandinism is . . . Marxism." He referred to the leaders of the two parties as "we Communists," and the parties themselves as "a single force," and predicted that eventually they would "drop the fiction of a Marxist-Leninist Socialist Party on the one side and those of the Sandinista Front on the other" and "gradually form a single party." He explained that for the present, however, "we have not declared ourselves Marxist-Leninists publicly and officially," because "our strategic allies tell us not to declare ourselves Marxist-Leninist, not to declare socialism." To do so would jeopardize the prospects of further Western economic aid to Nicaragua—a paradox Arce described as "the first experience of building socialism with capitalist dollars." [redacted]

Arce conceded that the FSLN had promised the Organization of American States in June 1979 to guarantee "nonalignment abroad, a mixed economy, and political pluralism" for reasons of expediency. The promise was designed to keep "the international community" from supporting a US proposal that might have kept the Sandinistas from victory in July 1979. Moreover, clearly referring to the impact of the insurgency, Arce notes that "if we did not have the US-imposed state of war, the electoral problem would be totally outdated in terms of its usefulness." For these reasons the Sandinistas had to endure the "nuisance" of elections and other "bourgeois formalities" impeding the "dictatorship of the proletariat." [redacted]

Once the elections were past, however, "we" could proceed with drafting a "new constitution" which "will allow . . . for the construction of socialism in Nicaragua." That socialism would be radical in domestic and foreign policies: "Agrarian reform . . . confiscations, nationalization of the banks and foreign trade . . . the Soviet-Cuban military advisers, the internationalism of the revolution . . . are the facts of the revolution and everything we have done has that dynamic behind it." Underscoring the FSLN's determination to support like-minded revolutionaries elsewhere and remain allied

with the Soviets and Cubans, Arce said that "imperialism asks . . . us to abandon interventionism, to abandon our strategic ties to the Soviet Union and the socialist community." But the Sandinistas "cannot" do either "unless we cease being revolutionaries." [redacted]

None of the other *comandantes* have been as candid in describing the Sandinistas' basic goals. Occasionally, however, they have made statements either publicly or privately that are consistent with points raised in the Arce speech. For example:

— Daniel Ortega, much like Arce, stressed that "we" were holding elections in order to "go beyond the notions of traditional bourgeois democracy" and "to consolidate the revolutionary government." (June 1984 interview with a Soviet journalist)

— Ortega's brother, Humberto, like Arce, equated Sandinism with Marxism. "Marxism-Leninism is the scientific doctrine that guides our revolution." He maintained "without Marxism-Leninism, Sandinism cannot be revolutionary. Thus they are indissolubly linked." (Address to Nicaraguan military specialists, 25 August 1981)

— Tomas Borge, the last surviving member of the trio who founded the FSLN in 1961, stressed, like Arce, the FSLN's commitment to establishing a non-Western political and economic order in Nicaragua. "There cannot be a mixed economy here identical to the one in Venezuela or a political pluralism identical to Mexico's . . . we are Marxists." (Interview published in *Le Monde Diplomatique*, Mexico City, September 1984)

— Several *comandantes* have echoed Arce's identification of the FSLN's purposes and prospects with those of the Soviets and their allies. Even Jaime Wheelock, generally considered the least ideological of the nine, stressed that "when Lenin led the Bolsheviks to the seizure of power . . . socialism triumphed. . . . The Soviet Union . . . has helped the revolutions on all continents, particularly in small countries, to have their path better cleared." (*America Latina*, Moscow, October 1983) [redacted]

Finally, the depth of the Sandinista leaders' commitments to these objectives, implicit throughout Arce's presentation to his fellow Marxists, was reflected in a private comment several months ago by another *comandante*, Henry Ruiz, to a Nicaraguan of long acquaintance: "We will go back to the mountains and eat [excrement] for six more years, if necessary, to preserve the purity of the revolution." [redacted]

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Sandinista Directorate member Arce's secret May 1984 speech, when he said that, "our strategic allies tell us not to declare ourselves Marxist-Leninist, not to declare socialism." The Sandinistas probably will continue to heed such advice, allowing other political parties to exist until the regime is fully consolidated. []

25. Soviet and other Bloc involvement in party affairs is likely to continue to increase. []

membership probably has grown to several thousand, but the FSLN by design is likely to remain a relatively small organization of highly dedicated and well-disciplined militants. []

26. The top Sandinista leaders have maintained a public unity extraordinary for any government. Effective power over party and state has resided with the nine-man Sandinista National Directorate, which has remained intact since 1979. There have been recurrent reports—generally fragmentary and often contradictory—of policy differences, with one faction preferring tactical moderation and the other more inclined toward radicalization. The frequent reverses in policy since 1979 suggest the ups and downs of factional debate, but we do not believe there is disagreement over basic goals and directions. (See page 16 on decisionmaking by *comandantes*.) []

27. The Sandinistas have publicly stated that collegial decisionmaking by the National Directorate will continue in the new presidential system. Daniel Ortega's presidential status may marginally enhance his personal authority, but it probably will not upset factional balance. Indeed, eight of the nine *comandantes* traveled abroad recently, suggesting a conscious attempt to remain evenhanded in handling leadership perquisites. Furthermore, Ortega has appointed some 44 Sandinista officials to the ministerial level, creating a large collegial decisionmaking body in the new government. Although tactical disagreements and personality conflicts would appear to make a leadership shakeup likely in the long run, we currently have no indicators that the leadership will experience a significant change in membership or structure in the next year or so. []

28. In our view, the new Assembly will become another tool for the Sandinistas to legitimize their rule.

The Assembly's primary function will be to write a constitution within two years. We expect the document to provide the legal basis for restricting civil liberties, promoting state intervention in the economy, and establishing the irreversibility of the revolution and the special role of the Sandinista Front. The Nicaraguans may go through the motions of studying the constitutions of other countries, but they are most likely to draw inspiration from Cuba's 1976 document. Although the Assembly replaces the quasi-legislative Council of State, the Sandinistas have already indicated that it will have only limited legislative powers. President Ortega also has confirmed that the Sandinista National Directorate will continue to define national policy, which the government will then apply. In addition, the Sandinistas are likely to attempt to make the judiciary—currently pro-Sandinista, but jealous of its autonomy—more responsive to extralegal considerations through new appointments and continuation of popular tribunals outside the regular court system. []

29. In our assessment, the regime firmly believes that, for its revolution to survive, popular participation—even if coerced—is necessary. Consequently, it will continue efforts to organize public support through Sandinista mass organizations. Sandinista Defense Committees—some 500,000 strong by the regime's count—are modeled on Cuban block committees and play a key role in political education, mobilization, and social control. They are used as vehicles to disseminate propaganda, garner support for civil defense and the militia, distribute ration cards, organize community development activities, intimidate the government's opponents, and monitor anti-regime activities and attitudes. The Sandinistas probably will concentrate on giving the members greater ideological training, developing greater cooperation with government agencies, and overcoming substantial public resistance to the committees' intrusiveness. The regime's policies seem to have been effective in developing support among youth, and the Sandinista youth organization will continue to play a useful role for organizing them and identifying future leaders. The Sandinista Front also will attempt to strengthen sectoral organizations for women, peasants, culture, and labor in order to consolidate its control. []

30. The Sandinistas have used social welfare programs to reward their supporters and give others a tangible stake in the revolution, but their record has been mixed and future prospects are limited by growing constraints on economic resources. Significant progress has been made in the provision of low-cost housing, mass education, and health care. Nevertheless, each of these successes has been partial, and last

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The Comandantes: Nicaragua's Decisionmakers

Formed in March 1979, the National Directorate of the FSLN, which has ruled Nicaragua since the Sandinistas toppled the Somoza regime in July of that year, has remained remarkably unified. Because the Directorate's nine members led the insurrection that overthrew Somoza, they are known as *comandantes de la revolucion* (commanders of the revolution), the highest honorary rank in Nicaragua. The Directorate is the supreme decisionmaking body for the FSLN and the Government of National Reconstruction (GRN); *comandantes* hold key Cabinet posts, running the Ministries of Defense, Interior, External Cooperation, and Agricultural-Livestock Development and Agrarian Reform. Daniel Ortega held the post of coordinator of the GRN junta, from which he communicated Directorate decisions to the government, until he was inaugurated President in January 1985.

We believe that the *comandantes*, as committed Marxists, view the world almost solely in political terms. Most of their decisions, therefore, are aimed at furthering the political power of the FSLN. For example, Nicaraguan officials have told [redacted] that the FSLN/GRN has no long-term or coordinated economic planning procedures and that government economists have criticized the efficacy of some Directorate decisions. Economic managers have not participated in shaping land reform policy and have criticized the agrarian reform program, among others, as being manipulated to increase rural support for the FSLN at the expense of farm production.

The closed political environment and consistent public display of unity make it difficult to assess how the decisionmaking process works. We believe the Directorate generally operates as a collegial body, making decisions based on consensus. [redacted] speculate that, when disagreements emerge, there may be an informal reckoning of strength rather than a formal vote. In fast-breaking situations, the more powerful among the nine (Tomas Borge, Humberto Ortega, and Daniel Ortega, for example) tend to decide alone or with partial consultation. Because public unity is the cardinal rule of the Directorate, individual *comandantes* invariably refrain from public dissent from any

decision after it is reached; those linked with an unpopular decision tend to keep a low public profile temporarily.

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Several factors seem to influence decisionmaking in the Directorate.

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[redacted]. Certainly there have been abrupt later modifications of decisions—for example, those on electoral procedures and censorship. Borge, Bayardo Arce, and Henry Ruiz seem to hold relatively hardline views on the direction of the revolution, advocating further militarization, greater control of the opposition, and a totalitarian Marxist-Leninist system. Victor Tirado, too, has recently shown a relatively firm commitment to orthodox Marxism-Leninism, at least publicly. In contrast, the Ortega brothers—supported by Carlos Nunez, Jaime Wheelock, and Luis Carrion—sometimes appear to take a more pragmatic approach, as if willing to temper some Marxist goals at home and abroad in order to ensure the viability of the regime.

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[redacted] since 1983 the Ortegas appear to have at least temporarily gained the upper hand among the *comandantes*. To that extent the ideological orientation of the regime may have been less rigidly orthodox Marxist than it would have been if the Borge line had been dominant. These putative differences in ideology should not be overemphasized, however.

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[redacted] that the regime at least partly contrived such differences for Western consumption.

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Friendships, rivalries, and individual responsibilities also influence decisionmaking in the Directorate. Bor-

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year the government announced that it would reduce social expenditures. The Marxist content of education has generated parental opposition, and the war has had a disruptive effect. Advances in preventive medicine have been accompanied by severe shortages of medicines. [redacted]

31. The only program going forward is agrarian reform, which the government sees as an important political tool in defeating the insurgents. Government grants of land-use titles have greatly increased in the last two years—some 10.8 million acres, or 20 percent of the cultivated land, has now been distributed—and we expect this trend to continue. We have little information on the political effectiveness of the program, but we believe that the accumulation of economic difficulties probably has limited its success. [redacted]

Further Socialization of the Economy

Current Problems in the Domestic Economy

32. The economy is a shambles and has almost no prospect of improvement during the next few years. Sandinista financial mismanagement has depleted foreign exchange reserves, and expected receipts from this year's harvests have already been spent. Production continues to contract because of public sector mismanagement, growing harassment of private business, and lack of foreign exchange for imported inputs. Huge budget deficits and growing shortages have sent consumer price inflation climbing to at least 60 percent. Unemployment is estimated to be at 30 percent and growing. [redacted]

33. [redacted] recent food shortages in urban areas have been the worst in living Nicaraguan memories, and ongoing Sandinista price, credit, and commercial policies will only compound the problem. During 1984, for example, milk's controlled price was just a fraction of producers' costs, causing milk to largely disappear from traditional markets. The Sandinistas reacted to such shortages by announcing new state controls over food wholesale and retail marketing. Consumer supplies are likely to tighten further because of a lower import trend and the likelihood that government policies will continue to disrupt production for the domestic market. Despite growing consumer distress, organized economic protests are not likely to be tolerated, and Managua will probably continue trying to deflect grassroots criticism by increasingly excoriating the insurgents and "US economic aggression." [redacted]

Changing Trade and Aid Patterns

34. The structure and pattern of Nicaragua's foreign trade have been fundamentally changed under the Sandinistas. Exports are off dramatically, and, although imports have generally risen, we believe that lower financial support from Western sources will soon begin to erode import levels. The US share of trade with Nicaragua (see table 3) has dropped considerably, to 16 percent of imports and 13 percent of exports, and the slack has been taken up primarily by the Soviet Bloc and Mexico. The Sandinistas have sent numerous commercial missions to Bloc and radical Arab countries, and they have had considerable success in promoting sales. Since the revolution, exports to Soviet Bloc countries have grown to about 13 percent of total foreign sales, and radical Arab states take 10 percent of the total. Nevertheless, the Soviet Bloc's economic problems and inability to provide sophisticated products is likely to limit Sandinista ability to offset completely a continued erosion of Western trade. [redacted]

35. Export volume has been halved since the revolution, and the Sandinistas are unlikely to be able to boost exports much during the next few years. Although some showcase agricultural projects are scheduled to come on stream soon, major delays in construction and crop plantings probably will prevent any substantial increase in exports for some time. Punitive exchange policies and regulated export prices—which have not been adjusted to reflect higher domestic costs—are further undermining production incentives for private exporters. Moreover, many of the export-oriented farms and industries have been taken over by

Table 3
Nicaraguan Exports to
the United States

Million US \$

	Annual Average 1975-77	1984 ^a
Bananas		23
Shrimp	20.3	11
Meat	32.6	9
Coffee	21.0	5
Sugar	39.3	4
Tobacco	5.6	3
Fruit	5.0	
Nonferrous ore	3.0	
Other	13.2	4
Total	140.0	59

^a Based on US trade data for the first 11 months.

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an inefficient state apparatus. The Sandinistas' managerial skills are extremely limited, and even with priority training efforts it probably will take years for them to be able to manage efficiently the export operations they now have. [redacted]

36. While Nicaragua's imports have increased significantly, the pattern has been changing and we expect a decline as Managua's deteriorating credit rating further erodes import capacity. As a result, shortages of spare parts and raw materials will worsen and further undercut dwindling local supplies of consumer goods. Sandinista refusal to live up to debt obligations has caused even sympathetic countries such as Mexico to toughen terms for new loans. Critical debt arrearage problems will only worsen as debt rescheduled soon after July 1979 begins to come due this year. The Sandinistas will almost surely limit any debt service payments to bilateral donors still providing funds and continue to string others along with empty promises. Even so, because prospects for attaching assets are so poor, commercial creditors will have little option but to continue writing off Nicaraguan debt and hoping that new rescheduling exercises get them some return in the long run. [redacted]

37. Nicaragua's apparent failure to obtain any significant increase in current financial support, despite numerous aid missions to the Soviet Bloc in 1984, suggests that the Communists will continue to be reluctant to offset completely further aid declines from the West. Furthermore, the Soviets appear unwilling to provide the hard currency needed to meet Nicaragua's financial needs. Nevertheless, the Soviet decision to make up for a Mexican shortfall and meet Nicaragua's oil needs indicates that Moscow is prepared to shoulder a heavier economic burden, if necessary, to support Sandinista consolidation. The result is likely to be greater Nicaraguan dependence on the Soviet Bloc for economic assistance over the next several years. [redacted]

Strangulation of the Private Sector

38. Despite the worsening economic situation, the Sandinistas are unlikely to try to improve relations with the private sector. Rather, we expect them to channel economic and financial dislocations toward the consolidation of Sandinista power. The government, for example, will probably take advantage of bankruptcies to take over businesses. To undermine the political opposition further, Managua will target and harass private-sector organizations, which may further encourage emigration of key business leaders,

many of whom have been affected by the regime's economic policies [redacted] a growing sense of private-sector hopelessness and notes that virtually all leading businessmen have sent at least some family members and much of their money out of the country. Nevertheless, much of the private sector appears determined to remain, at least over the short term. [redacted]

39. While Nicaragua's private sector is largely convinced that nationalizations will resume as soon as Managua can reallocate managerial resources from the war effort, Sandinista expansion in state ownership over the next year or so will probably continue to be gradual. Scarce Sandinista managerial skills make more rapid nationalizations at this time economically impractical. Moreover, Managua will want to avoid large or dramatic new takeovers because of its concern about maintaining a mixed-economy facade to avoid unnecessary alienation of Western creditors and world opinion. Nevertheless, the Sandinistas now hold all banks as well as all enterprises dealing with insurance, mining, and forestry. They also control one-fourth of all agriculture and almost one-half of industry, and now provide more than half of all services. [redacted]

Continuation of the Military Buildup

Improving Conventional Capabilities

40. The continuing inflow of armaments reflects the publicly stated Sandinista goal of creating a modern military organization capable of defending Nicaragua against any regional threat, as well as imposing high costs on the United States in the event of a military intervention. Nicaragua's acquisition of 113 T-55 medium tanks and over 200 other armored vehicles gives Nicaragua an offensive capability as well. Managua has concentrated on developing mobile forces through the acquisition of nearly 4,000 trucks and jeeps and about a dozen MI-8 helicopters. Nicaragua's growing firepower strength includes 24 BM-21 multiple rocket launchers, 24 152-mm heavy artillery pieces, 28 PT-76 light amphibious tanks, and the T-55s. The Sandinistas have made rapid strides in the last year in developing their air defense system, which now includes new radars, a limited ground-controlled intercept capability, some heavier caliber (57 mm) anti-aircraft guns with fire-control radar, and widespread deployment of portable SA-7 missiles (SAMs). This system already represents a threat to insurgent resupply aircraft, and no neighboring countries have air defense systems even remotely comparable. The Sandinistas' close-air-support capability has improved

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through their acquisition of the MI-24/25 and more MI-8 helicopters, but the absence of fighter aircraft remains the principal gap in their air defense system.

41. We believe that Nicaragua's inventory is likely to improve quantitatively and qualitatively over the next several years. Development of air defenses will probably receive special attention, with deployment of more radars and anti-aircraft guns, and possible delivery of more sophisticated SAMs, such as the high-altitude SA-2, medium-altitude SA-3, or mobile low-altitude SA-9 systems. The new airbase at Punta Huete may become operational this year, and the regime has already begun deployment of air defenses there. The Sandinista Navy, which has acquired nearly a dozen patrol craft over the past 18 months, is likely to expand further, and may eventually add torpedo and guided-missile patrol boats capable of attacking larger ships.

42. The Sandinistas appear determined to acquire jet fighter aircraft, but the ultimate decision will be made in Moscow. Although the Soviets will continue to probe the limits of US tolerance, we believe they take US warnings about sophisticated aircraft seriously and will not risk delivering MIG-21s this year. The Soviets, however, may consider less sophisticated jet aircraft such as the L-39 a gray area. (See map, figure 2.) While Moscow may not want to exacerbate US-Soviet relations at present, we cannot rule out a Soviet-approved delivery of L-39s in the coming year. Libya, moreover, has tried at least twice to deliver the Czechoslovak-made L-39 trainer/ground attack aircraft to Nicaragua, first directly by air in 1983 and then via Bulgaria by ship in 1984. The Bulgarians apparently have balked at making the delivery, however, and it remains to be seen if Nicaragua will receive the L-39 from some other country. Czechoslovakia, for example, has hinted that it may deliver L-39s itself.

Foreign Military Presence

43. We believe that the number of foreign military and security advisers—currently estimated at 2,500-3,500 Cubans (see table 4) and perhaps 200 others, including Soviets, East Europeans, North Koreans, Libyans, and a few PLO members—is likely to increase slightly should the Sandinistas acquire more sophisticated weaponry.

Cubans pilot some of Nicaragua's MI-8 helicopters in combat areas, and [] that they are accompanying MI-24/25 crews on combat missions. Reportedly, some 50 Cuban military men were killed in combat last year. Although there is no evidence to indicate that integral Cuban combat units are present, we believe that deaths among Cubans will continue to grow as a result of their increasingly close involvement with Nicaraguan troops in the field. Last year, moreover, the Cuban civilian presence in Nicaragua of some 5,000 to 6,000 personnel became increasingly geared to meeting military contingencies. The Cubans have replaced most females and older male civilian advisers with military-age males, all of whom were required to have had some military training.

44. Some members of the Soviet military mission—estimated to number 50 to 75 men—are acting as advisers to the Nicaraguan General Staff, and others have been sent to areas of insurgent activity to evaluate Sandinista performance, but we believe that the Soviets will continue to maintain a low profile. Other,

Table 4
Cuban Military and Civilian Personnel
Estimated To Be in Nicaragua, January 1985

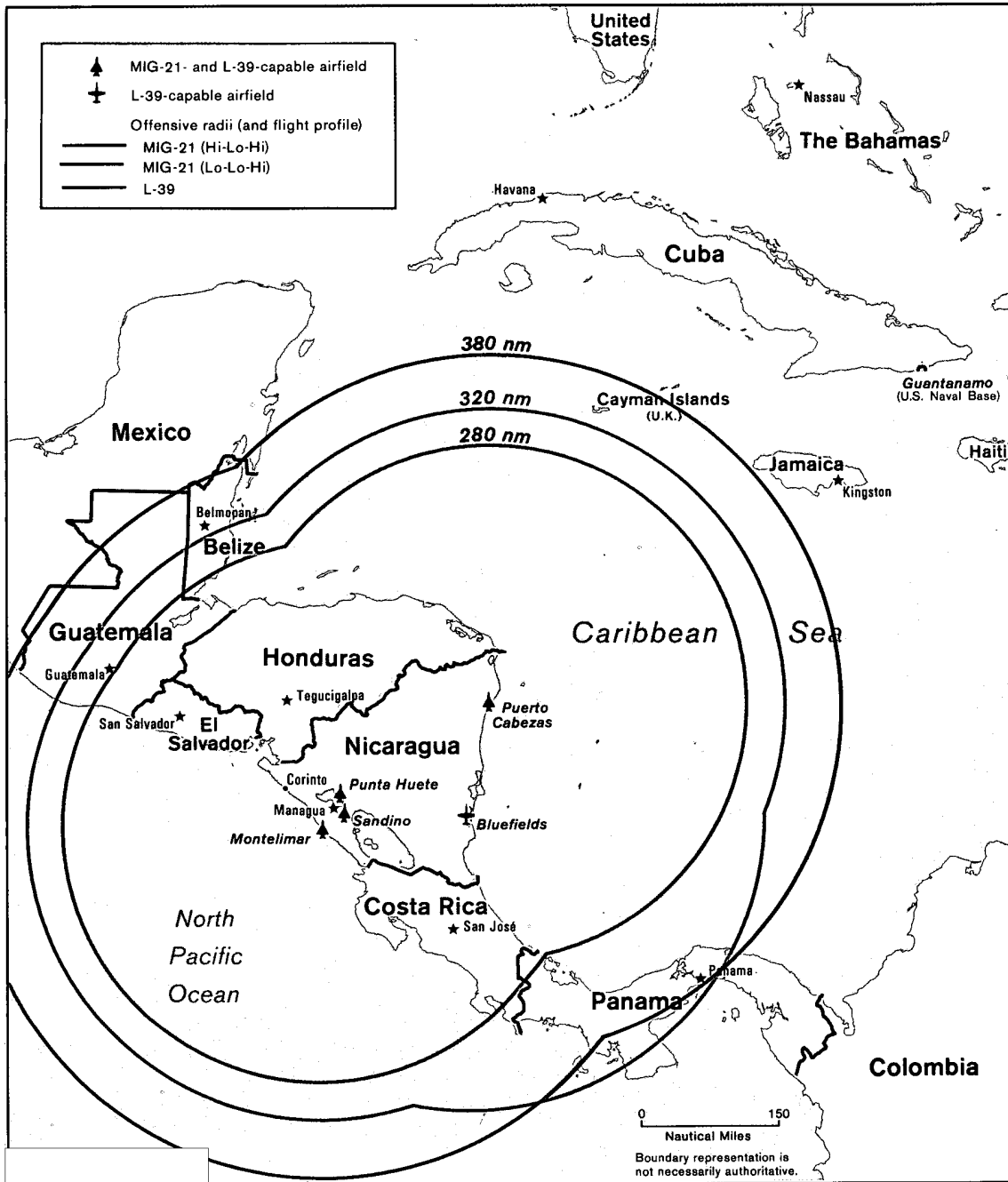
Military and security personnel	
General Staff (including 120-man VIP security company)	600-900
High command reserve	120-200
Military zones	20-25
Military regions	80-100
Operating brigades (15)	80-125
Active battalions (70-80)	700-900
Inactive battalions (50)	60-100
Air Force and air defense	100-200
Navy	40-50
Ministry of Interior and special troops	700-900
Total military and security (rounded)	2,500-3,500
Civilian personnel	
Construction workers	2,000
Government advisers	1,000-1,500
Medical personnel	300
Teachers	0 ^a
Total civilian (rounded)	3,500-4,000
Total of all Cubans (rounded)	6,000-7,500

^a About 1,500 Cuban civilian teachers stationed in Nicaragua returned home as part of their annual rotation in November 1984. It is still unclear whether they will return to Nicaragua for the 1985 school year. If they do, the estimate of the total Cuban presence would rise to 7,500-9,000.

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Figure 2
Radii of MIG-21 and L-39 in Offensive Role



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[Redacted] suggest an expanding presence by other Soviet allies in recent months, including a North Korean naval mission and Libyans. [Redacted]

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the continuing Soviet interest in diversifying Nicaragua's Communist military ties. [Redacted]

Counterinsurgency Capabilities

45. The Sandinistas have substantially increased their counterinsurgency capabilities in the last year, relying less on militia and reserve forces to fight the insurgents and more on regular Army units and special troops. They also have used artillery, tanks, and aircraft in an effort to bring greater firepower to bear on the insurgents and prevent the concentration of forces. The new MI-24/25 helicopter gunships will add greatly to these capabilities, and the Sandinistas reportedly have begun to employ them with Cuban assistance. The Sandinistas also appear to have better intelligence about insurgent plans and operations. Despite these improvements, problems with command and control, logistic shortcomings, and poor troop morale have limited the effectiveness of Sandinista counterinsurgency operations, and we doubt that they will improve significantly over the next six months or so. Nevertheless, the Sandinistas appear determined to bring all their assets to bear in an attempt to weaken the insurgent threat significantly by the end of this year. [Redacted]

Risk of Hostilities

46. The most immediate threat posed to Nicaragua's neighbors by its military buildup is the Sandinista capability to support regional leftists behind a strong conventional shield [Redacted]. Although Honduras—and, to a lesser extent, Costa Rica—provides safehaven to anti-Sandinista insurgents, there is little likelihood of a Nicaraguan conventional attack on either neighbor because of Sandinista fears of a US military response. Border incursions have taken place in the past with varying frequency and are likely to continue, at least sporadically. These include aggressive patrolling, hot pursuit of fleeing guerrillas, mortar or artillery exchanges, mining of Honduran roads, military reconnaissance overflights, firing on aircraft along the border, and maritime patrols resulting in naval incidents or seizure of fishing vessels. In the last 18 months, the Sandinistas have staged two raids and one rocket attack on the largest insurgent base in Honduras. The Nicaraguans may decide to escalate by

repeating these attacks, possibly with helicopter gunships. Managua may feel that Honduras would be unable to protest such an attack effectively without acknowledging the sizable insurgent presence on its soil. [Redacted]

Obstacles to Sandinista Consolidation

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The Internal Opposition

47. The main opposition parties (see table 2, at paragraph 20) of the Democratic Coordinating Board—the umbrella organization that also includes business and labor groups—appear to have fewer options to pressure the Sandinistas in the postelection period than previously. Although the Board intends to carry on its activities much as it did before, it will be increasingly difficult to make its voice heard because of continuing censorship, its absence from the Assembly, and the reduced willingness of the regime to even deal with it. Many opposition organizations have atrophied under state-of-emergency restrictions and their leaders are few in number and lack personal followings. Further, differences over such issues as the degree to which the opposition should engage the regime in dialogue have weakened opposition unity and produced divisions that the Sandinistas have skillfully exploited. [Redacted]

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48. The strategy of the opposition to challenge the Sandinistas and increase its maneuvering room relies primarily on gaining international support to pressure the regime. [Redacted] the opposition plans to carry out an intensive public relations campaign abroad, as demonstrated by Board leader Arturo Cruz's recent visits to the heads of government in Costa Rica, Colombia, Venezuela, and Spain. The opposition's call for government-insurgent talks, as well as Cruz's joint appearance with insurgent leaders abroad and his call for renewed US aid to the guerrillas, acts to pressure the regime by increasing the insurgents' political stature. Nevertheless, the opposition probably will not directly defy the regime through activities such as organizing protest marches or calling strikes. Independent labor unions, which are weak and subject to regime pressures, appear incapable of mounting serious resistance. [Redacted]

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49. A postelection climate in which the opposition is ignored or repressed creates a major dilemma for opposition leaders. By remaining in Nicaragua as an obstacle to consolidation, they also lend credibility to Sandinista claims of pluralism. By leaving, they abandon the political field to the Sandinistas but enhance the image of the insurgents as the only viable opposition force. In any case, at the present pace of Sandinis-

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ta consolidation, we believe the prospects that the internal political opposition alone can significantly modify regime policies are diminishing. [redacted]

50. The three small democratic parties in the new Assembly are in a poor position to challenge the regime. They will probably oppose many of the Sandinista moves to produce a "Socialist" constitution, but they generally support the broad thrust of the revolution's social programs and have only 29 of the 96 seats in the Assembly. Furthermore, their leadership is generally divided, and many members fear that, if they attempt to withdraw from the Assembly in protest, they will be replaced by other individuals more subservient to Sandinista influence. [redacted]

51. The Catholic Church will be a major internal rallying point for Sandinista opposition, despite its own internal divisions. Archbishop Obando y Bravo remains popular with the vast majority of Catholics, has close friendships with political and religious leaders in the region, and probably cannot be intimidated despite regime pressures. Furthermore he has [redacted] publicly called on the regime to negotiate with the armed opposition. The government continues to undermine the archbishop through its contacts with the small proregime "popular church," which commands disproportionate attention because of its press contacts and foreign friends. Some of the religious orders in Nicaragua—where two-thirds of the priests are foreign—also oppose Obando y Bravo. The hierarchy itself is divided, and the failure of the Episcopal Conference to issue a pastoral letter on the elections indicates resistance to taking controversial stands on political issues. [redacted]

52. The Sandinistas' increasing difficulty in retaining popular support is a significant obstacle to the consolidation of the regime. Discontent probably will increase significantly this year as a result of the deteriorating economic situation and the need to divert scarce resources to the counterinsurgency effort. President Ortega has announced that over 40 percent of the government budget in 1985 will go to defense needs, as compared with 25 percent in 1984. Popular discontent already has risen because of the decline in living standards, the constant demands for sacrifices with no promise of improvement, the politicization of every aspect of society, reaction to repression of the church, and anti-Cuban sentiment. Military conscription has been profoundly unpopular, and [redacted] a noticeable decrease in enthusiasm at government rallies. Nevertheless, with the exception

of widespread draft dodging and increasing resistance of parents to government roundups of draft-age youth, we do not detect a significant increase in taking risks to defy the regime. There have been relatively few wildcat strikes and spontaneous demonstrations, and no increase in opposition party strength. Despite this passivity, the Sandinistas cannot count on active mass support, particularly if the insurgency continues to remain a major problem. [redacted]

Prospects for the Insurgency

53. The insurgency (see map, figure 3) is a major obstacle to consolidation in that it encourages the erosion of active support for the Sandinistas by creating uncertainties about the future of the regime and challenging its claims of political legitimacy. The insurgent groups (see table 6)—totaling 12,000 to 15,000 men—also give hope to the leaders of the civic opposition, who have resisted government pressures to condemn them. Sandinista leader Bayardo Arce has [redacted] credited the insurgents with being a principal reason why the Sandinistas proceeded with their election plans. Sandinista efforts to combat the insurgency have been counterproductive in developing popular support for the government and accentuated the regime's underlying vulnerabilities. Finally, the insurgency has put international pressure on the Sandinistas and driven them to the negotiating table, and its persistence and growth have been key factors in shaping Sandinista objectives and strategy in the Contadora process and bilateral negotiations with the United States. [redacted]

54. Nevertheless in other respects the insurgency has worked to the benefit of the Sandinistas. It has given the regime an excuse for accelerating the militarization of Nicaraguan society, including the state of emergency, the acquisition of sophisticated weapons, and the expansion of the armed forces. It has provided them a scapegoat for their economic difficulties and an excuse for nonpayment of foreign debts. It has also aided the Sandinistas by eliciting international sympathy and support and allowing them to cast the United States in the role of aggressor. The Sandinistas also make periodic allegations of insurgent atrocities which they use as a propaganda tool. This tactic appears to have more impact internationally than domestically in their attempts to discredit the insurgents. [redacted]

55. Over the last three years, the guerrillas have made substantial military progress, inflicting thousands of casualties on the Sandinistas and significant economic damage. The largest group, the Nicaraguan

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Figure 3
Areas of Heaviest Insurgent Activity



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Table 6
Nicaraguan Insurgent Groups

Nicaraguan Unity for Reconciliation (UNIR)	
Nicaraguan Democratic Force (FDN)	Headed by Adolfo Calero, the FDN operates out of base camps in Honduras into northwestern and central Nicaragua. With up to 12,500 armed combatants, it is the largest and best equipped of the guerrilla organizations.
Misura Revolutionary Front	Steadman Fagoth leads this group of Indian insurgents. Its 700 members operate on Nicaragua's Caribbean coast.
Democratic Revolutionary Alliance (ARDE) ^a	Alfonso Robelo's small organization discontinued its alliance with Eden Pastora's forces last year. Its 150-man military wing, which formerly operated along the Costa Rican border, will strike at targets on the Pacific coast under UNIR auspices while Robelo concentrates on political activity.
Democratic Revolutionary Alliance (ARDE)^a	
Sandinista Revolutionary Front (FRS)	Eden Pastora, the well-known ex-Sandinista commander, has agreed to coordinate activities with the FDN but steadfastly refuses to merge with the larger group. Although battered by government forces last year, his force of some 700 combatants continues to stage ambushes and small-unit actions in the southeast.
Misurasata	This Indian organization, which operates on the Caribbean coast, has about 800 armed militants. It is divided because of leader Brooklyn Rivera's negotiations with the regime for regional autonomy.

^a Both Robelo's and Pastora's factions claim the name of ARDE. Robelo's faction has joined UNIR while Pastora's has agreed only to coordinate activities with UNIR.

Democratic Force (FDN), has proved to be a relatively proficient and well-organized fighting force, with considerable staying power. Since late 1981, the FDN has greatly enlarged its operating zones, threatened several departmental capitals, and grown to over 11,000 armed men. The three main insurgent groups—the FDN, Eden Pastora's forces in the south-

east, and Miskito guerrillas on the Caribbean coast—have gained substantial popular support in their operating areas, and they have had more volunteers than they are capable of equipping. Furthermore, popular sympathy for the insurgency appears to be on the rise generally.

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56. Despite these successes, the insurgents have been constrained by uncertain and now seriously declining external support, an inability to develop an urban infrastructure, and the lack of an integrated political-military strategy. Furthermore, the guerrillas have failed at several attempts to achieve greater unity, although it has not prevented tactical cooperation between differing groups in those few areas where zones are adjacent. The guerrillas have made some political gains inside and outside Nicaragua, but their record is mixed. The FDN has been largely successful locally in shedding its image of domination by former members of Somoza's National Guard, but it still faces an uphill struggle combating Sandinista propaganda worldwide. Although Eden Pastora recently was publicly received by Spanish Prime Minister Gonzalez, foreign governments generally are wary of publicly embracing the insurgents.

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57. The FDN has adapted relatively well to the US aid cutoff in May 1984, but the other groups have had to cut back their operations severely. The FDN has raised substantial funds from private sources and has received greater cooperation from Honduras and Guatemala, although we estimate that it is now receiving less than one-third of previous aid. Shortages of ammunition have forced it to scale back objectives and adopt new tactics to conserve resources, especially because its ranks have been swollen by another several thousand recruits since the cutoff in US assistance. Meanwhile, the Miskito Indians of the Misura organization have fared less well, and their strength—about 700 men inside Nicaragua—reportedly is now one-half the size it was about a year ago. There also has been a substantial drop in the size and activities of Pastora's forces, which we estimate now number no more than 1,500 men and, like the other factions, have had to reduce their operating area substantially.

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58. Despite increasing Sandinista counterinsurgency capabilities, we believe that the insurgent military threat would grow substantially with a steady source of external funding, perhaps rising to some 20,000 combatants within a year. Guerrilla ranks would be likely to swell as a result of the deteriorating economy and increased Sandinista repression. An active insurgency would be likely to pressure Managua to continue negotiations to reach a modus vivendi with

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the United States and Nicaragua's neighbors, but would probably not, at least in the next year or so, become a force capable of threatening the overthrow of the Sandinista regime. [redacted]

59. Without regular external aid, insurgent prospects are likely to decline over time, especially as the Sandinistas are already mounting a major push to exploit their growing vulnerabilities. Morale would be damaged by a US failure to renew support, and we doubt the insurgents can obtain enough funds to compensate from other private and government sources. While the insurgency probably would not precipitously disintegrate, there is some chance that key foreign supporters, particularly Honduras, will decide the conflict is a lost cause and drastically reduce their support. In any case, the FDN would have to reduce its operations considerably. Significant numbers of insurgents probably would be demobilized—perhaps between one-third and one-half over the next 12 to 18 months—and they and their supporters would be likely to seek refuge in Honduras. Still, the FDN's demonstrated tactical flexibility, its ability to obtain external financing, and continuing popular resentment against the Sandinistas should enable the FDN to maintain at least 5,000 men over the next year. The other factions may shrink more rapidly, however, and by the end of the year are likely to have little capability to offer effective resistance without a new source of external support. [redacted]

Sandinista Foreign Policy Goals

Nicaraguan Objectives in Regional Negotiations

60. We believe the Sandinistas' main objectives in regional negotiations are: to buy time for consolidation of the regime; to ease external pressure by demonstrating "reasonableness" to outside observers, in order to consolidate their internal control; and to obtain an explicit or implicit guarantee that the United States will not overthrow the regime. Sandinista leader Bayardo Arce reportedly has stated that such delay has enabled them to build their military strength and squeeze their domestic opponents. To achieve a US guarantee, the Sandinistas have indicated a willingness to give assurances on some key US and regional concerns, including support of insurgents in other Central American countries, assignment of foreign military advisers, and the acquisition of arms. Despite these assurances, we believe the Sandinistas will attempt to evade compliance on these points. The Sandinistas have rejected what they term unwarranted interference in their internal affairs and will continue

to resist inclusion in a treaty text any provisions concerning democratization. [redacted]

61. Nicaragua scored propaganda gains by offering to sign the draft Contadora treaty of 7 September, which would have greatly reduced the US military presence in the region but would have cost Managua little. This draft imposes no real obligations to democratize, defers agreement on arms control, and has verification provisions that are sufficient to handicap the anti-Sandinista insurgents but too weak to preclude aid to the Salvadoran guerrillas. The Sandinistas' acceptance of this draft, combined with their declaration that no amendments would be approved, was clearly prompted by their recognition of the draft's weaknesses from the US point of view and was an abrupt reversal of their earlier resistance to Contadora draft texts. The changes to the 7 September Contadora draft requested by Costa Rica, Honduras, and El Salvador have thus far been rejected by Nicaragua. The Contadora Group is attempting to come up with a new version, but prospects for a draft acceptable to all sides appear poor, at least in the near term. The Sandinistas probably will continue to participate in the Contadora process to avert resumption of US support for the insurgency and to maintain a favorable international image. [redacted]

62. We believe Managua has little incentive to make significant concessions as long as it believes it can eliminate the insurgents gradually on its own. If the Contadora talks should falter, Nicaragua would be likely to increase its efforts to reach bilateral accords with its neighbors and the United States in order to eliminate support for the guerrillas, secure its borders, and deny the insurgents a secure rear base from which they could funnel logistic support. In this event, Honduras and Costa Rica would be under considerable pressure from Managua to reach an accommodation. [redacted]

Closer Alignment With Moscow and Havana

63. Managua probably will continue to develop political, economic, military, and cultural links to Communist states, and its dependence on Moscow and Havana is likely to grow. High-level travel to the Soviet Union and the Bloc appears to be increasing, and six of the nine *comandantes* made visits last year. The regime probably believes that it can deflect foreign concern over its greater willingness to openly associate with Communist states by blaming this trend on US hostility. [redacted] Cuba, the Soviet Union, and Bulgaria are helping train the

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Sandinistas how to reorganize the bureaucracy, and Nicaragua's limited capability for central planning suggests the need for more foreign assistance in that area. The Soviets probably will seek to limit their economic and military advisory presence, but the number of Bloc advisers is likely to increase slowly to reflect Nicaragua's growing trade, development, and military ties.

vanguard party still needs to reflect multiclass interests. [redacted] the Soviets are generally satisfied with the Sandinistas' strategy for consolidating power. Moscow's decision to begin oil deliveries to Nicaragua in late 1983 demonstrates a willingness to help the Sandinistas address near-term shortfalls without extending a major commitment as it has in Cuba. Moscow's direct delivery of MI-24/25 helicopter gunships—the major weapon system most appropriate to counter the insurgency—demonstrated a more overt Soviet role in the Sandinista military buildup.

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64. There are some indications that Cuba's civilian presence may decline in 1985. Several hundred medical personnel were withdrawn recently, and Nicaraguan and Cuban leaders have stated that the 1,500 teachers may not return. Even these departures would not appreciably reduce the Cuban role. The visits of six Cuban vice ministers and the Minister of Culture in one month alone last year suggests the extent of Cuban influence in economic and social affairs. Moreover, the

however, the Soviets have informed the Nicaraguans that they would not accept the risk of military confrontation with the United States in the event of a US intervention. Similarly, the Cubans have advised the Nicaraguans not to commit acts that would provide the United States with justification for military intervention.

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Continuing Export of the Revolution

65. The Sandinistas have said that arms control and restrictions on the number of foreign advisers are the only aspects of their relations with Communist states that are negotiable, but they are already attempting to lay the groundwork for evading potential restrictions. The presence of Cuban civilian workers in Nicaragua is currently not included in the Contadora negotiations, and Managua's continued claim of only several hundred Cuban military advisers suggests that it would attempt to cloak their presence. In addition,

67. The Sandinistas hold the export of their revolution as a basic precept of their Marxist-Leninist ideology. Managua's efforts to spread the revolution have grown since 1979 and encompass military training, financial support, and safehaven to a variety of Latin American and other radicals. The establishment of a major training facility for Salvadoran guerrillas on the Cosiguina Peninsula in 1984 and presence of the headquarters of all five insurgent factions in Nicaragua indicate the continuing Sandinista commitment. Arms infiltration into El Salvador appears to have dropped off substantially from the levels of earlier years because of substantial reserve of weapons that apparently has accumulated and the leveling off of insurgent force levels. Nevertheless, reporting continues to indicate that ammunition, communications equipment, and other material are being sent to the guerrillas from Nicaragua, and they probably rely on the Sandinistas for almost all their ammunition needs.

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Although the Sandinistas derive great benefits from the Cuban military presence, even their complete removal would be highly unlikely to reverse the totalitarian direction of the revolution. The Sandinistas would suffer most in areas where managerial and technical skills are necessary—command and control, communications, and maintenance—but in most other areas the regime could improvise or rely on increased training in Cuba.

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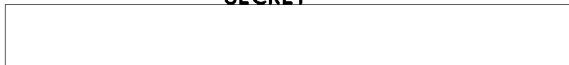


66. From the Soviet perspective, Nicaragua's revolutionary regime diverts US resources and attention from other critical areas and provides a base for covert support for regional leftists. The Soviets have publicly characterized Nicaragua to be "a country of socialist orientation" since 1982—differing from the USSR in that it continues to have a mixed economy and its

68. Although its support to the Salvadoran rebels best illustrates its export of the revolution, Nicaragua has increasingly employed this strategy elsewhere. The Sandinistas helped to infiltrate nearly 200 Nicaraguan- and Cuban-trained guerrillas into Honduras during the past two years, although over half were later captured or died. Managua also provides military training and support to leftist radicals from Guatemala, Costa Rica, Colombia, Chile, and elsewhere, regardless, in many cases, of the current status of official relations. Some of these individuals reportedly assist

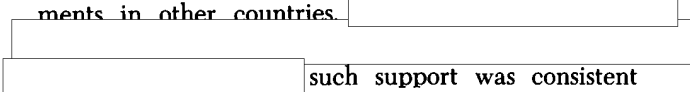
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the regime by fighting the anti-Sandinista insurgents and are given the option of joining resistance movements in other countries.



such support was consistent with Sandinista policy to create tension in countries with different political orientations and to keep other nations off balance.

69. We doubt that Sandinista leaders would abide by their suggestions that they would stop support to the Salvadoran guerrillas if the foreign assistance to the anti-Sandinista insurgents were also ended. Although Managua might temporarily suspend the flow if necessary in the context of a peace agreement, the regime has been largely successful in disguising its aid to the insurgents thus far, and it probably believes it can circumvent any restrictions and continue to supply clandestine aid. The Sandinistas probably would eliminate obvious—and more easily monitored—aspects, such as Salvadoran insurgent communications, but would be unlikely to cut off all forms of assistance.



Implications for the United States

Basic Nature of the Sandinista State

70. We believe that the Sandinistas are intent on creating a Marxist-Leninist state closely aligned with Cuba and the Soviet Union, that their behavior to date clearly marks this course, and that effective obstacles to this trend are few and diminishing. A consolidated Sandinista government is likely to be far more imitative of its political mentor and adviser—Cuba—than of the Mexican system, for example. Managua's international stance, the export of its revolution, and its growing Bloc ties and influence cast it in Havana's mold. A firmly implanted Sandinista regime probably will become a second Cuba on the Central American mainland, even if there were a few internal differences such as the continued opposition of the Catholic Church or a few small opposition parties to symbolize continued political pluralism.

71. The unimpeded consolidation of such a regime would imply the following threats to US strategic interests over time:

— **Fortress Nicaragua.** Nicaragua probably will continue to receive military equipment, includ-

ing additional offensive and defensive weaponry. This would further upset the regional military balance, and the United States would be faced with the choice of providing new arms and defense commitments to Nicaragua's neighbors, or risk losing influence throughout the area. Furthermore, should Nicaragua acquire advanced fighter aircraft, this would complicate US force planning in the region.

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— **Soviet-Cuban Military Access.** Sandinista consolidation would open up opportunities for an increased Soviet and Cuban military presence, including access to port and air facilities and enhanced intelligence gathering. With such access, the Soviets and Cubans would be able to conduct better surveillance of US military activities in the Panama Canal area and along the Pacific and Caribbean coasts, as well as monitor key sea lines of communication in the region.

— **Export of the Revolution.** A firmly established Sandinista government would become a more secure base for regional revolutionaries aimed at the destabilization of other governments, not just in the immediate region but in South America as well.

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— **Refugee Movements.** Over 100,000 refugees have left Nicaragua in the past five years. This outflow could increase substantially, particularly to Honduras and Costa Rica. Among these would be anti-Sandinista insurgents and their supporters. Such an outflow would represent a potential threat to internal stability of countries in the region.

— **Impact on US Allies.** US acquiescence in the consolidation of another Marxist-Leninist regime in the hemisphere would produce a definite change in Latin American geopolitical assumptions. Regional states, feeling a heightened sense of vulnerability, would probably move to accommodate Managua on a wider range of issues. Moreover, vulnerable democratic parties would be demoralized, and Cuban- and Soviet-supported revolutionary movements would be encouraged.

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ANNEX

Nicaragua's Development as a Marxist-Leninist State ²

A detailed comparison of five Third World Marxist-Leninist states—Cuba, South Yemen, Ethiopia, Angola, and, before October 1983, Grenada—demonstrates a common pattern in the consolidation of power and development of ties to the USSR and its surrogates. When viewed in the context of this established pattern, the Nicaraguan revolution is clearly following a Marxist-Leninist path; the Sandinistas have taken most of the same steps taken by the five other Marxist-Leninist regimes early in their stages of power consolidation. In particular, Managua has completed its control over the military and security services. However, the Sandinistas lag in establishing complete single-party control and in eliminating vestiges of independent labor, media, and professional groups. Moreover, the Catholic Church has deep roots in Nicaragua and remains the regime's strongest nonmilitary opponent.

Judging from the patterns established by the five Marxist-Leninist regimes, we would expect the Sandinistas to continue to tighten their control over opposition parties, independent trade unions, professional organizations, and the remaining opposition press. Like some of the regimes we examined, the Sandinistas may follow a more measured path in centralizing control over the economy and increasing control over private education. On the international front, we expect the regime to continue to support regional revolutionary causes and seek additional Soviet and Soviet-surrogate ties.

The Indicators

Our analysis of the Nicaraguan revolution is based on the application of 47 indicators (see table 7, appended) that measure both general progress in consolidating power and the extent to which this consolidation will lead to a Marxist-Leninist regime strongly influenced by the USSR and its surrogates. Five Marxist-Leninist regimes were examined—Cuba, Grenada, Angola, Ethiopia, and South Yemen. To ensure the broader applicability of the indicators, regime selection was influenced by varied geographic

² This comparative analysis is intended to examine the Marxist-Leninist dynamics of the Nicaraguan revolution and the role of the USSR and its allies, as well as to suggest policies the Sandinistas are likely to adopt in the future.

location, length of revolutionary process, method of gaining power, and sociological and political characteristics.

To help differentiate between revolutionary dynamics per se and those uniquely associated with a Marxist-Leninist movement, we applied our indicators to Iran. The parallel is interesting: Iran mirrors many of the steps the Marxist regimes have taken while adopting an Islamic rather than a Marxist ideology. The similarities in tactics used to consolidate internal control demonstrate the powerful revolutionary dynamics driving all of these regimes, including Nicaragua; the differences, in turn, highlight Marxist-Leninist strategy and the role of the USSR and its surrogates.

The indicators were developed out of an iterative process

They were arranged under 10 major categories of steps that each of the regimes has taken to consolidate power and firm its relationship with the Soviet Bloc. These identified categories are:

- Developing a strong centrally controlled single-party government.
- Taking control of and expanding the military as well as seeking to quell whatever internal or external armed opposition might exist.
- Taking control of and strengthening the security and intelligence services.
- Gaining control of the private sector and developing a centrally controlled and planned economy.
- Forming a new or taking over the existing labor movement and mass organizations aimed at groups such as youth, students, and women.
- Developing a monopoly of the country's media.
- Increasing control of educational systems and using them to promote ideology.
- Exerting control over the population through restriction of civil liberties and intimidation.
- Curbing influence of religious institutions.

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— Aligning with the Soviet Bloc through international forums and other means and through support to other leftist or revolutionary causes.

Move to One-Party Government

Internal Activities. In each of the Marxist-Leninist governments studied, the regimes first came to power as part of a broad-based opposition to a previous government. In the case of Nicaragua, Cuba, Grenada, Ethiopia, and Iran, the government was viewed as repressive and out of touch; in Angola and South Yemen, the struggle was against colonial rule, as well as competing nationalist organizations. The more moderate or dissident members of the new government, however, were soon neutralized—in some cases, they became disillusioned and left on their own; in others, they were forced out. Only in Nicaragua, in Grenada, and in the early days of the Cuban regime were there attempts to develop any semblance of coalition governments before casting off the moderates. Most of the regimes fairly quickly established one-party systems. Nicaragua has not done so but is moving in that direction. While the Sandinistas have privately professed their belief in Marxism, they have not yet adopted it as the official state ideology. Iran provides an interesting parallel here: it soon established an official ideology, but it was Islam rather than Marxism.

External Activities. In most cases Moscow's role was small, played either directly or through a pro-Soviet Communist party, before the establishment of these regimes. In Cuba and South Yemen, there were Communist parties but neither played a significant role in the revolution; only afterward were they integrated into the regime. In Ethiopia, the existing Communist movement has been co-opted and neutralized. Grenada did not have a Communist party, and the pro-Soviet party in Nicaragua was largely bypassed by Havana. In Nicaragua, however, Cuba had long-term ties to Sandinista leaders and played a major role in arming them in the last year of their struggle to attain power. Only in Angola did the USSR provide significant support to the regime before the regime gained power.

In every case, nonetheless, ruling party ties to the Soviet Bloc increased after the regime came to power; these ties included training of cadres and assistance in reorganizing and strengthening party and bureaucratic structures. In South Yemen, for instance, Moscow helped establish a party school. Another important

indicator is how Moscow classifies foreign revolutionary movements—it currently regards the ruling parties in Nicaragua, South Yemen, Ethiopia, and Angola (and Grenada before the intervention) as “revolutionary democratic parties”—considered by the USSR as the last stage in a party's development before it becomes a true Communist party. Only Cuba has an officially recognized ruling Communist party.

Control of Military and Security Services

Internal Activities. Each of the regimes studied either established new or reorganized old military and security services, and moved quickly to strengthen these institutions and put them under firm control, frequently by an extensive purge of personnel. To keep the military in line, extensive political/ideological training programs were developed and political cadres or commissars were assigned. With the exception of Ethiopia (which is basically a military government), they have brought the military under the control of the ruling party. As an additional check on the regular military forces, many of these regimes also established popular militias.

External Activities. Each of the Marxist regimes turned to the Soviet Bloc to fulfill its needs for military equipment, training, and advisers. While they may obtain weapons from other sources, the USSR and Eastern Europe have become the major suppliers. Soviet and Cuban advisers often play key support roles—providing training, assisting in military planning, and piloting aircraft. The Angolan and Ethiopian regimes rely on thousands of Cuban troops to assist in defending against internal or external threats. The East Germans have been the most active in helping regimes train intelligence/security officers and strengthening their security organizations—frequently reorganizing them along the lines of the Soviet and East German services, and East German advisers frequently hold key positions within the services, particularly in communications security. East German security and intelligence advisers are reported to be in Nicaragua.

Exert Economic Controls

Internal Activities. Each of the regimes has taken steps to control the country's economy, but the extent and pace of this activity have varied widely, reflecting a number of factors such as the need to consolidate political power, the preexisting economic structure of the country, and—in most cases—the need to rely on

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the West for economic and technical assistance. Although there were plans for additional nationalization and land redistribution, Grenada nationalized only a few companies. Angola, while nationalizing farms and businesses that had been abandoned by the Portuguese, set up joint ownerships with a number of foreign companies, particularly in the vital oil industry. Ethiopia and South Yemen conducted major nationalization programs—particularly of foreign businesses—and land redistribution; a number of state farms and cooperatives have also been formed. Nicaragua has nationalized a large share of its industry, banking, and investing as part of its efforts to gain greater control of the economy. It also redistributed more than a fifth of its agricultural land, most of it to state farms and cooperatives. Cuba, by comparison, fairly quickly gained control of the private sector but has had difficulties with central planning.

External Activities. While all of the Marxist regimes have moved to develop closer economic ties to the Soviet Bloc—including trade, credits, technicians, and minor economic aid—all except Cuba still rely heavily on the West for economic trade and assistance. This reliance is due partly to the inability and unwillingness of Moscow and its allies to provide to other countries the high level of economic assistance it provides Cuba.

Mass Organizations and the Media

Internal Activities. All of the regimes made efforts to take over existing labor organizations or develop new ones under strict party control. Similarly, these regimes have either penetrated existing mass organizations or formed new ones aimed at such societal groups as women, youth, and students. Only Nicaragua has not completely eliminated or outlawed independent mass groups (neither had Grenada during its short tenure). All of the regimes established monopoly control of the media, and Nicaragua is close to this point now.

External Activities. Each of the regimes surveyed established closer ties to the Communist Bloc nations in the areas of labor, mass organizations, and the media. East Germany has been particularly active in training journalists and providing equipment, but the USSR and (especially in Latin America) Cuba have also been active.

Education and Religion Control

Internal Activities. The Sandinistas, like the Marxist-Leninist regimes we examined, have increased the

level of ideological content in the educational system and have conducted literacy campaigns along the lines of Cuba's as a means of indoctrinating adults and youths. In Nicaragua, however, efforts to control the educational curriculum and increase Marxist ideology have been impeded as the Catholic Church has fought to preserve the autonomy of church-run schools. In fact, only Cuba and Ethiopia have been successful in closing all private schools.

The extent of efforts to control religious institutions has depended to some degree on whether they constitute a viable political opposition. In Angola and South Yemen—and to some extent in Ethiopia—religious institutions did not constitute a major obstacle to the regime. While some controls were taken, such as banning religious broadcasts, confiscating property, or restricting foreign ties, religion—except for some fundamentalist groups—was not attacked as it has been in Cuba. The Nicaraguan regime, on the other hand, is faced with a politically active church that—although it supported the revolution—is now considered a major obstacle to consolidation; accordingly, the Sandinistas are actively trying to discredit and split the church hierarchy. Nicaragua's promotion of a pro-regime faction of the church is unique among the cases studied, as is its assertion that Marxism and Christianity are compatible.

External Activities. All of the Marxist regimes have sent large numbers of students to the Communist Bloc for academic training. While many go to the USSR and Eastern Europe, Cuba also hosts large numbers of African and Latin American students. There are, for example, four high schools in Cuba specifically set up for some 2,400 Ethiopian students. In addition, Cuban teachers have been sent to Nicaragua, and Communist Bloc educational materials and equipment are used there. There is little evidence of Communist Bloc involvement in domestic religious problems, although Cuban advisers in Grenada closely monitored the situation and suggested that the regime seek advice from Nicaragua in handling church resistance problems.

Social Control

All of the regimes surveyed restricted civil liberties and used intimidation and harassment tactics to discourage opposition. A favorite tool has been the development of revolutionary defense committees—groups organized in neighborhoods, workplaces, and so forth—aimed at both spreading the revolutionary ideals and monitoring citizens for signs of antirevolutionary behavior. In some cases—particularly in Ethiopia—such

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groups have gotten out of hand and caused widespread terror. Police and security forces have also played a major role suppressing opposition.

International Alignment

In the international arena, all of the Marxist regimes have aligned themselves more closely with Soviet foreign policy positions, and have supported them—and generally opposed the United States—in the international arena; all have actively participated in international Communist-front organizations such as the World Peace Council and the World Federation of Democratic Youth. All of the revolutionary regimes along with Iran have supported foreign revolutionary causes—particularly in neighboring countries—to varying degrees. Cuba has been the most active in this area, particularly in the early days of its own revolution. Angola has supported liberation groups in southern Africa; South Yemen has in the past supported insurgents in North Yemen and elsewhere; Ethiopia has supported liberation groups, particularly in Africa; Grenada was helping to support leftists in the Caribbean; and Nicaragua has been active in supporting revolutionary groups in neighboring countries. The USSR and many of the other Bloc countries have signed friendship treaties with Angola, Ethiopia, and South Yemen. While the Soviets have refrained from signing such treaties in the three Latin country cases, East Germany signed one with Cuba in 1980, and

[redacted] Cuba is the only one of the three Latin American countries where the Soviets have access to naval, air, and/or military facilities in country.

Implications

The observed pattern of developments for those Marxist-Leninist states that have been in existence longer than Nicaragua suggest a number of steps that the Sandinista government will attempt to undertake in the future. The pace and vigor of each of the following activities, however, are likely to depend on a

number of factors, including domestic resistance, concern over international reaction (principally from the United States), and the degree of external support from the USSR and Cuba. Expected initiatives include:

- Continued consolidation of political control, in large measure by making it increasingly difficult for opposition groups and parties to operate and co-opting those that participate in the loyal opposition.
- Over the longer haul, establishing a one-party regime with Marxism-Leninism as the official ideology.
- Tighter controls over independent trade unions and professional organizations.
- Efforts to gain total control over communications media, by such means as adopting more restrictive media laws.
- Initiatives to increase control over business while stopping far short of complete abolition of the private sector.
- Additional attempts to control the ideological content of education, such as imposing curriculum changes in Catholic schools and discrediting outspoken clergy.
- Efforts to increase ties to the USSR, Cuba, and other Communist countries—particularly in the military area—as a way of increasing the regime's chances of survival. For instance, after the regime consolidates control, we would expect the Sandinistas to seek friendship treaties with Bloc states.
- Continued military and diplomatic support to Marxist-Leninist revolutionary movements—particularly in the region—by providing training, sanctuary, logistics, and political support.

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Table 7
Consolidation of Power by Marxist-Leninist Regimes:
An Indicators Approach ^a
 (Plus signs indicate steps taken by regimes, minus signs steps not completed)

	Nicaragua	Cuba	S. Yemen	Ethiopia	Angola	Grenada	Iran ^a
Regime's time in power	5½ years	26 years	17 years	10 years	9 years	4½ years	6 years
Move to One-Party Government							
Internal Activities							
• Take power as a broad-based opposition to previous government.	+	+	+	+	+	+	+
• Neutralize or eliminate moderate or dissident factions.	+	+	+	+	+	+	+
• Enhance central party control of government.	+	+	+	+	+	+	+
• Suppress, harass, or co-opt other political parties.	+	+	+	+	+	+	+
• Establish one-party system.	-	+	+	+	+	+	+
• Adopt Marxism-Leninism as official ideology.	-	+	+	+	+	-	-
External Activities							
• Communist Bloc party ties, training of cadres.	+	+	+	+	+	+	-
• Communist Bloc assistance in reorganizing and advising party/government.	+	+	+	+	+	+	-
• Soviet designation as vanguard, revolutionary democratic party.	+	+	+	+	+	+	-
• Soviet acceptance as Communist party.	-	+	-	-	-	-	-
Take Control of Military							
Internal Activities							
• Establish new or reorganize and expand old military services.	+	+	+	+	+	+	+
• Conduct political training, assign political commissars.	+	+	+	+	+	+	+
• Put under party control.	+	+	+	-	+	+	+
External Activities							
• Receive major military equipment, advisers, training from Communist Bloc.	+	+	+	+	+	+	-
• Have large number of foreign Communist combat troops in country.	-	+	-	+	+	-	-
Take Control of Security Services							
Internal Activities							
• Establish new or reorganize and expand old security and intelligence services.	+	+	+	+	+	+	+
• Put under tight control.	+	+	+	+	+	+	+

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Table 7 (Continued)
Consolidation of Power by Marxist-Leninist Regimes:
An Indicators Approach ^a
 (Plus signs indicate steps taken by regimes, minus signs steps not completed)

	Nicaragua	Cuba	S. Yemen	Ethiopia	Angola	Grenada	Iran ^a
External Activities							
• Receive equipment, training, and assistance in organizing/managing intelligence/security services from East Germany or other Communist country.	+	+	+	+	+	+	-
• Develop closer security/intelligence relations (liaison) with Bloc services.	+	+	+	+	+	+	-
Exert Economic Controls							
Internal Activities							
• Nationalize some key companies (such as utilities), initiate land reform/redistribution.	+	+	+	+	+	+	+
• Major nationalization and/or joint ownership of industries.	+	+	+	+	+	-	+
• Major land redistribution; formation of co-ops and state-controlled farms.	+	+	+	+	+	-	-
• Centralize control and planning of all significant means of production.	-	+	-	+	-	-	-
External Activities							
• Increase economic ties with Communist Bloc (trade, credits, technicians).	+	+	+	+	+	+	+
• Become reliant on USSR for economic survival.	-	+	-	-	-	-	-
Form or Take Over Labor/Mass Organizations							
Internal Activities							
• Penetrate existing or form new labor and other mass organizations (youth, women, etc.).	+	+	+	+	+	+	+
• Tighten party control.	+	+	+	+	+	+	+
• Prohibit independent mass organizations.	-	+	+	+	+	-	+
External Activities							
• Increase ties with mass organizations in Bloc countries (exchanges, training).	+	+	+	+	+	+	-
Develop Media Monopoly							
Internal Activities							
• Censor, harass, and/or close newspapers and other independent media.	+	+	+	+	+	+	+
• Put all media under central party/government control.	-	+	+	+	+	+	+
External Activities							
• Receive Communist Bloc journalist training, equipment, news services.	+	+	+	+	+	+	-
Increase Control of Education							

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Table 7 (Continued)
Consolidation of Power by Marxist-Leninist Regimes:
An Indicators Approach ^a
 (Plus signs indicate steps taken by regimes, minus signs steps not completed)

	Nicaragua	Cuba	S. Yemen	Ethiopia	Angola	Grenada	Iran ^a
Internal Activities							
• Increase ideological content and political control of education through curriculum, literacy campaigns, and teachers.	+	+	+	+	+	+	+
• Close private schools and put all schools systems under direct party/government control.	-	+	-	+	-	-	-
External Activities							
• Receive Communist Bloc academic/political training, teachers, materials, equipment.	+	+	+	+	+	+	-
Exert Social Control							
• Use intimidation, harassment to discourage opposition (through defense committees, police, etc.).	+	+	+	+	+	+	+
• Restrict civil liberties (right to strike, freedom of speech, assembly).	+	+	+	+	+	+	+
• Use large-scale terror tactics to thwart internal opposition (torture, executions).	-	- ^b	+	+	-	-	+
Curb Religious Influence							
• Reduce influence of religion through control or co-optation.	+	+	+	+	+	+	-
• Harass clergy and laity, including removing religious leaders.	+	+	-	+	-	-	-
• Gain effective control (major church closings, expulsions, discrimination against churchgoers) of religious institutions.	-	+	-	-	-	-	-
Alignment With Soviet Bloc							
• Conduct high-level exchanges/meetings with Communist Bloc leaders.	+	+	+	+	+	+	-
• Participate in international Communist-front organizations.	+	+	+	+	+	+	-
• Support the Soviet Union against the United States in international forums.	+	+	+	+	+	+	-
• Provide support to other leftist or revolutionary groups.	+	+	+	+	+	+	+
• Sign friendship treaty with USSR or other Bloc country.	- ^c	+	+	+	-	-	-
• Allow Soviet access to naval/air/military facilities.	-	+	+	+	+	-	-

^a Iran was examined as a means of differentiating general totalitarian traits from those unique to Marxist-Leninist movements.

^b Immediately after Castro came to power, however, there were as many as 2,000 executions of people judged to have committed

atrocities under the Batista regime.

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