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CIA Director Sees Sandinista Ouster as Possible

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BODY:

CIA Director William Casey says the Nicaraguan government, despite having \$500 million worth of sophisticated Soviet weaponry, could face collapse as a result of rebel pressure and mounting domestic discontent.

In a speech Thursday marked by optimism about Central America's future, Casey said there is nothing inevitable about the final consolidation of communist rule in Nicaragua.

"Just as there is a classic formula for communist subversion and takeover, there is also a proven method of overthrowing repressive government that can be applied successfully in Nicaragua," he said.

With House and Senate approval of \$100 million in U.S. assistance, Casey said the Nicaraguan rebels will be able to "turn up the heat" on the Sandinista government and expand their ranks as well.

He said the Contra rebels need not match the Sandinistas weapon-for-weapon in order to achieve their objectives.

"History shows that a combination of nagging insurgent military pressure and progressive withdrawal of domestic and international support is what brings down or alters an unpopular government," Casey said.

He spoke to the University Club, a private group.

Casey said the Sandinistas have been increasingly on the defensive because rural peasants have been unhappy with the government's collectivization and resettlement programs and its mandatory draft and "anti-church policies." "The heavy financial burden of the Sandinistas' counterinsurgency effort combined with poor economic management also is creating discontent within the country," he said.

The stated administration policy is to encourage the Sandinistas to negotiate with their opponents by helping the Contras bring military pressure on the

CC: [unclear]

government.

Outright defeat of the Sandinistas is not part of the publicly announced policy, but Casey's speech reflects an increasing willingness among administration officials to discuss that possibility.

But Casey said that with "Cuban helicopter pilots and combat direction and a half-billion dollars of sophisticated Soviet weaponry," the Sandinistas are going all out to defeat the Contras before U.S. assistance can reach it.

"In the meantime, the Sandinistas are sticking to their blueprint of building a state security apparatus, the strongest armed forces in Central America and in developing a center for exporting subversion and terrorism in the region," he said.

Libya has been providing Nicaragua with about \$100 million annually, Casey said, adding that Nicaragua has been training young men for "violence and subversion, sending them as far down into South America as Chile." Libya is training Latin Americans for subversion in Central America, Venezuela and Ecuador, he said. U.S. weapons seized by Vietnam a decade ago, he said, have been showing up in such countries as Honduras, El Salvador, Jamaica and Colombia "with Cuba, we believe, doing the delivery." Casey also mentioned the "enormous cache" of such weapons which recently turned up in Chile, earmarked for leftist rebels.

"U.S. policy has to deal with the reality of a Soviet and Soviet-surrogate network of Third World subversion," he said. "It cannot be wished away."