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# Short-Term Prospects for Central America

Special National Intelligence Estimate

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SNIE 82/83-82  
8 June 1982

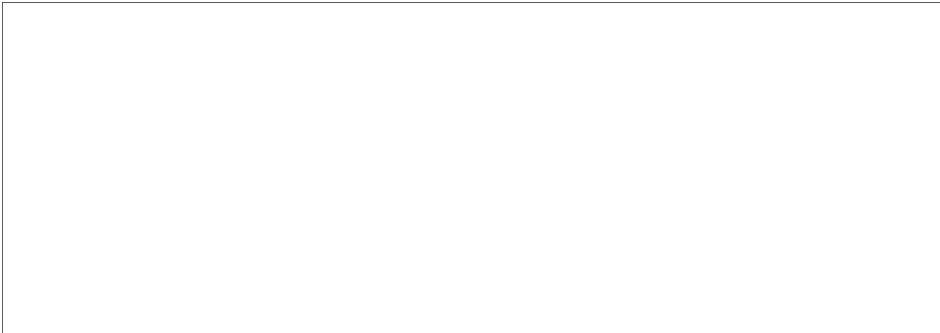
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NOFORN-- Not Releasable to Foreign Nationals  
NOCONTRACT-- Not Releasable to Contractors or  
Contractor/Consultants  
PROPIN-- Caution--Proprietary Information Involved  
ORCON-- Dissemination and Extraction of Information  
Controlled by Originator  
REL...-- This Information Has Been Authorized for  
Release to ...  
FGI-- Foreign Government Information  
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SHORT-TERM PROSPECTS  
FOR CENTRAL AMERICA

Information available as of 8 June 1982 was  
used in the preparation of this Estimate.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

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## EXECUTIVE SUMMARY

- With important outside support, moderate groups in Central America have been strengthened in a number of respects, politically and militarily, in recent months. Domestic support for Marxist-Leninist groups and radical causes has diminished, at least for the moment.
- It should be emphasized, however, that the magnitude and complexity of domestic vulnerabilities and Communist-supported subversion in Central America will remain so great that the recent positive developments will almost certainly not be sustained in the absence of continuing strong external support.
- The principal threats to US and allied interests will be posed by:
  - The development of an increasingly strong Sandinista regime in Nicaragua, and that regime's continuing cooperation with Cuba in promoting Marxist revolution elsewhere in Central America, together with its military buildup toward dominance over its neighbors.
  - Heightened foreign-supported subversion aimed especially at El Salvador, Guatemala, and Honduras, along with new problems deriving from possible Nicaraguan military reprisals against exile bases in Honduras in the event of continuing provocations staged from those bases.
  - The continuing critical nature of economic weaknesses and needs in El Salvador, Guatemala, Honduras, and Costa Rica.
  - Continuing fragile domestic political situations in El Salvador and Guatemala.
  - A probable increase in direct violence against US and moderate Central American individuals and interests.
- Cuba, Nicaragua, and the Salvadoran guerrillas—as well as Mexico and certain leftist political groups in Latin America and Europe—will continue to float negotiation schemes from time to

**Scope Note:** This Estimate focuses on issues of key importance to the United States concerning El Salvador, Guatemala, Honduras, Costa Rica, and Nicaragua. The period of the Estimate is through 1982.

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time. As before, from the viewpoint of Cuba, Nicaragua, and the Salvadoran guerrillas, these will be largely for tactical political use.

- The circumstances of the Falklands war will doubtless reduce the readiness of some Latin American states to support US initiatives concerning Central America. The direct adverse impact in Central America, however, is not likely to be substantial.
- The future holds many continued severe threats to US interests in Central America. These countries will have great difficulty maintaining their stability and independence in the absence of strong external support.

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## KEY JUDGMENTS

The threat posed by Communist-supported insurgency remains serious but the momentum of the extreme leftist groups in Central America has slowed, at least temporarily. A number of developments during recent months have for the moment strengthened moderate and democratic groups in the region:

- Fair elections have conferred power on new governments in Honduras, Costa Rica, and El Salvador, while Guatemala has moderate leadership; all four governments now have stronger support than their predecessors.
- Guerrilla forces in El Salvador and Guatemala failed to stop or disrupt the elections through violence and terrorism. In El Salvador such forces were repudiated by the people.
- Improved intelligence and military operations by the Salvadoran armed forces (even before their recent strengthening by the addition of US-trained officers and men) demonstrated that the guerrillas can be put on the defensive and contained.
- Factional rivalries have contributed to reducing somewhat the effectiveness of the guerrillas in Guatemala and El Salvador, despite Cuba's efforts to mediate these internal disputes.
- The previous assumption among many outside observers—Socialist International members and others—that victory for the extreme left in Central America was inevitable is no longer so firmly held.
- The growth of the exile anti-Sandinista movement and the increase in defections from Nicaragua point to problems for that country's Marxist-Leninist regime.

Despite these positive events of late, *the* dominant aspect of Central America's future will remain the weaknesses of moderate societies there, and the continuing efforts of Cuba, Nicaragua, and their allies to promote Marxist revolutions in the area.

Accordingly, the principal threats to US interests will be posed by these situations:

- Nicaragua will continue to build the most powerful armed force in the region and will have help from some 2,000 Cuban security

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advisers. This military force will continue to be used to maintain internal control, to intimidate neighbors such as Costa Rica and Honduras, and to build toward a dominant military position in the area.

- Soviet arms shipments to Cuba, already running at a higher level than at any time since the 1962 missile crisis, will probably remain substantial. These will continue to include new and sophisticated weapons which will free older Cuban weapons for transshipment to Nicaragua.
- Cuba and Nicaragua will continue to support the guerrillas in Guatemala and El Salvador while working to build up the extreme left in Honduras and Costa Rica. At the same time Cuba and Nicaragua will continue their covert efforts to divide and intimidate the governments of Honduras, Costa Rica, and El Salvador.
- For tactical reasons, Cuba and the extreme left may step up attempts to explore "political solutions" in order to reduce the level of counterinsurgency efforts by El Salvador, while they use the next months to regroup, rearm, and mold additional unity among the guerrillas.
- The danger of assassinations of US officials and moderate Central American leaders is likely to increase as the extremist leftist groups seek dramatic ways to seize the initiative.
- Honduras will increasingly become a key target of Cuban and Nicaraguan subversion. Castro and the Sandinistas will almost certainly use a variety of methods—subversion, intimidation, "peace" initiatives, propaganda, etc.—to try to force the Suazo government to reduce its strong pro-US stance in the region. We believe that such efforts will succeed in the absence of strong external support. Yet, in the event their efforts should fail, Cuba and Nicaragua might then adopt more militant policies against Honduras:
  - They might well attempt to establish an ostensibly home-grown Honduran guerrilla group in a remote area. In such a case, Nicaraguans and other foreign extremists would probably participate.
  - And in the event anti-Sandinista exile groups continue to mount operations into Nicaragua, units of Managua's ground and air forces may launch reprisals against exile bases in Honduras.

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- A number of outside entities—including the USSR, Libya, Palestinian terrorist groups,<sup>1</sup> and various leftist organizations—will continue to lend a broad array of support to Marxist revolutionary movements in Central America. Such support will continue to include training and arming of some guerrillas.
- Cuba, Nicaragua, and their allies will also continue to augment their subversive efforts with initiatives for “negotiations and peace.” These will be designed to attract non-Communist support for the extreme left, reduce foreign support for the target governments, divide the target governments, and complicate relations between the United States and its allies. We consider it highly unlikely that Cuba and Nicaragua will negotiate in good faith during the period of this Estimate.
- Meanwhile, the political situation in El Salvador will remain fragile, its new leaders continuing to have trouble achieving consensus in the country on national priorities, the reforms, and the apportionment of power, with the armed forces leadership seeking to keep repressive forces in check.
- The new government in Guatemala will remain vulnerable to overthrow, through a combination of possible plotting on the part of disgruntled military officers and missteps on the part of Guatemala’s very unpredictable new leader, General Rios Montt. International recognition through tangible support of the positive changes in Guatemala would strengthen moderate forces.
- Severely depressed economies in El Salvador, Guatemala, Honduras, and Costa Rica will constitute certain of the most critical challenges to moderate, constructive advance. The slump in world prices for these countries’ agricultural exports is expected to persist, thereby maintaining pressure on already scarce foreign exchange reserves. Violence and guerrilla activity will continue to harm production, erode investor confidence, limit the accumulation of capital, feed inflation, and contribute to already high levels of unemployment. Furthermore, needed austerity measures will be highly unpopular and likely to contribute to additional unrest. These economies will continue to be dependent in important measure on strong external support.

<sup>1</sup> See the recent CIA/DDI analysis ALA/82-10035C  *PLO Aid to Latin American Revolutionaries*, March 1982.

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For the longer run, beyond the period of this Estimate, the future holds many severe threats to US interests in Central America. The many weaknesses there will grow in the absence of continuing strong international support, and there is no guarantee that even such support will enable moderate forces there to carry the day. Events have demonstrated, however, that there is no inexorable downward path ahead.

- The Marxist revolutionaries and their various backers are beset with numerous weaknesses and constraints.
- There is considerable political vitality in the area—demonstrated especially by the courageous election turnout in El Salvador.
- Judicious infusions of military and other aid have helped in certain given instances.
- Important support for moderate forces and the target governments has come from Venezuela, Colombia, and other friendly governments, as well as from the Christian Democrats of Europe and Latin America along with the international free trade union movements.

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## DISCUSSION

### Regional Overview

1. US interests and allies in Central America will continue to be threatened by subversion and destabilizing forces through the remainder of 1982—the period covered by this Estimate. Cuba and Nicaragua will use extreme leftist groups and subversive violence in pursuit of their objectives in El Salvador, Guatemala, Honduras, and Costa Rica.<sup>2</sup> At the same time, however, there have been important favorable trends.

2. Opportunities and support for Marxist-Leninist groups and radical causes have diminished in recent months, while moderate and democratic forces have been strengthened. New governments—three of them headed by civilians—have come to power this year in the four target countries, while guerrilla and extremist groups have suffered significant setbacks. Insurgents failed to disrupt the elections last March in El Salvador and Guatemala, despite their plans to foment widespread violence. Despite Cuban mediation efforts, rivalries and tactical differences among the Marxist-Leninist groups in both countries remain unresolved, and this somewhat reduces their effectiveness. Interdiction has complicated Cuba and Nicaragua's task of supplying the guerrillas, though it probably has not yet reduced the net flow of materiel. Recently, after at least four years of sustained and substantial growth, the guerrillas have apparently begun to experience difficulty in recruiting new members—causing some resort to kidnaping by the Salvadoran guerrillas.

3. The most dramatic improvements have occurred in El Salvador, where the guerrillas appear demoralized and divided following steady military pressure and the failure to disrupt the 28 March election. Though the guerrillas threatened to disrupt the constituent assembly elections and to discredit them before a large international audience—whose interest in El Salvador they had done much to attract—voters unmistakably repudiated the extreme left in over-

<sup>2</sup> See the annex, "Country Outlooks," for discussions of internal conditions and prospects for these four Central American countries and Nicaragua.

whelming numbers. About 1.5 million people—perhaps 85 percent of the eligible voters—braved guerrilla intimidation and violence in generally fraud-free elections. Though that extraordinary demonstration of popular will to restore order did not end the country's political divisions, it highlighted the resiliency and resourcefulness of the Salvadoran people.

4. Despite these and other positive trends, the threat from the extreme left remains serious and will grow as Cuba and Nicaragua use the next months to continue to arm, rebuild, and improve the guerrilla forces in El Salvador and Guatemala. At the same time, Cuba and Nicaragua are attempting to intimidate Honduras and Costa Rica into neutrality or tacit cooperation while also working with the Soviet Bloc in a worldwide propaganda campaign to fragment the target governments, isolate them from outside help, and raise questions about the dependability of the US commitment.

5. In the next months, we expect Cuba and Nicaragua to continue supporting the extreme leftist groups while repeating their tactics after the failure of the "final offensive" of January 1981 in El Salvador—using offers of negotiations to make political gains and reducing the level of counterinsurgency pressure while the guerrillas strive to strengthen their military and political organizations.

6. Cuba and Nicaragua are using the Falklands crisis as a device to stir up anti-US sentiment in Latin America and to divide the United States from the majority of Latin American countries (such as Venezuela) that have been taking a firm anti-Communist stand in the Central American region.

7. The reconstruction of severely depressed and shattered economies will be among the most critical challenges facing the new governments. The economies of all four target countries are highly dependent on the sale of agricultural commodities and have suffered as prices for cotton, sugar, and coffee have declined. Also, violence and guerrilla warfare over the last four years have undermined agriculture and tour-

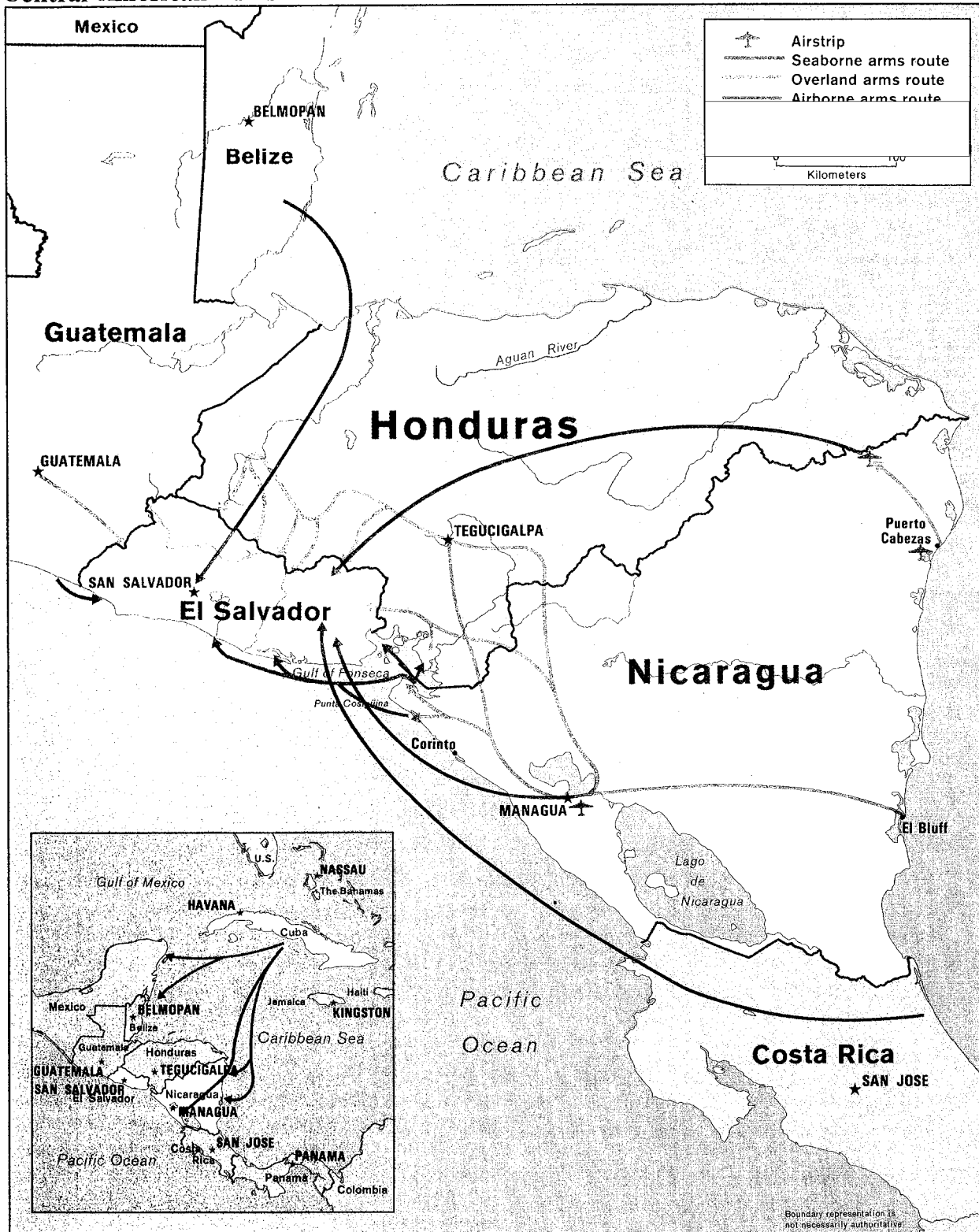
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### Central American Arms Routes



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ism, eroded investor confidence, caused a sustained flight of capital, and contributed to growing inflation, which ranged from 10 to 65 percent in the countries of the region last year. Unemployment has reached high rates, from 14 percent in Costa Rica to an estimated 35 percent in El Salvador. Growth rates have ranged from minus 10 percent in El Salvador to 1 percent in Guatemala. Needed austerity measures will be highly unpopular and will be likely to contribute to additional unrest. Even with some recovery in the world economy, markets are likely to remain soft for the region's principal exports, keeping the balance of payments under severe pressure. The extent to which imports can be maintained at tolerable levels will depend heavily on economic assistance from the United States, other bilateral providers, and the regional and global international financial institutions.

### The Threat From Cuban and Nicaraguan Subversion

8. The guerrilla warfare and subversion encouraged and supported by Cuba, Nicaragua, and the Soviet Union will continue to deepen the social and economic problems which also contribute to the political instability in the region. Realizing that the momentum of the extreme left has slowed in recent months, Castro may well decide to make greater efforts to strengthen the guerrillas. He is likely to step up Cuban covert action, propaganda, and threats against the moderate, pro-US governments in the region, especially Honduras. Sandinista leaders, who have described the Salvadoran insurgents as "our shield," will also persist in their support of the Salvadoran insurgents, whose survival they link closely to their own. Guerrillas in Guatemala and small extremist groups in Honduras and Costa Rica will also continue to be given tangible help by Havana and Managua to improve their capabilities for violence. In those three countries, as in El Salvador, the strategy of the Cubans and the Sandinistas<sup>9</sup> is aimed at enhancing their own power by undermining US and moderate interests and eventually at creating new Marxist-Leninist regimes.

#### Support for the Salvadoran Guerrillas

9. Though demoralized and weaker relative to the expanding military, the five insurgent groups in El

<sup>9</sup> For a discussion of those strategies, see NIE 82/83-1, *Insurgency and Instability in Central America*, 9 September 1981.

Salvador retain strong capabilities and continue to be sustained via supply lines from Cuba and Nicaragua. (See map of arms routes.) The number of direct flights between Havana and Managua by Cuban aircraft increased significantly early this year, and they now make the trip almost daily. We know that many carry arms and ammunition. During the spring of 1982, at least 180 tons of military equipment reportedly were to have been airlifted to Managua, probably for transshipment to the Salvadoran insurgents. The latter are likely to receive additional automatic rifles and heavier anti-aircraft weapons. Should they succeed in obtaining surface-to-air missiles, this would severely reduce Salvadoran military capabilities.

10. Though the bulk of materiel sent to the Salvadoran insurgents is probably getting through, increased arms interdiction efforts by the Honduran security forces and the Salvadoran Navy have caused the insurgents to shift their supply routes. Some arms continue to be delivered overland through Honduras and across the Gulf of Fonseca, but since last year the guerrillas have sought to avoid detection by giving greater priority to air and deep sea links.

11. Salvadoran guerrilla forces are not likely to grow very much this year, and may be able only to maintain estimated current levels of 4,000 to 5,000. To do so, however, it may be necessary for them to draw upon the approximately 5,000 to 10,000 part-time members of the guerrilla militia. In addition, the guerrillas are resorting to kidnaping to maintain militia force levels. Cuba and Nicaragua continue to provide training for Salvadoran guerrillas, and there is a good chance that advisers from those countries operate intermittently with local guerrillas. The insurgents have divided the country into five fronts, each with a commander and general staff. Guerrilla units are mostly concentrated in about eight base areas from which operations are launched. More than 50 guerrilla camps have been identified in these base areas, and there may be many more. The guerrillas' general headquarters—the Unified Revolutionary Directorate—is located in Nicaragua, and is linked to the fronts and base areas by an extensive command and control system.

#### Support for the Guatemalan Guerrillas

12. With increased Cuban and some Sandinista support, the guerrillas in Guatemala have been able to

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mount larger and more sophisticated operations over the past year. From a force of about 1,000 in 1979, insurgent groups have grown to an estimated 3,000 to 4,000. The guerrillas concentrate on small-scale operations, such as terrorist killings and bombings, economic sabotage, and ambushes of security forces. Their expanding military powers have also enabled them temporarily to occupy important provincial towns, and for the first time a guerrilla unit recently was able to overrun a military garrison located in an area of the Western Highlands where the guerrillas are strongest. Generally, however, the guerrillas have recognized that they are not ready for decisive confrontation and have avoided pitched battles with the military, even on occasions when retreat has forced them to abandon significant caches of weapons.

13. Cuban training and advice have been important factors in the rising competence of the guerrillas. Over the last several years hundreds have received guerrilla instruction in Cuba, and another 300 are receiving—or recently completed—training there. A small number of Cuban and Nicaraguan advisers may also be providing instruction at isolated guerrilla encampments in Guatemala. Arms deliveries—via Honduras, Mexico, Belize, and possibly Costa Rica—are becoming more frequent—and the methods of concealment more sophisticated. Cuban assistance probably has helped the guerrillas significantly to improve their external support network and to establish extensive arms caches and underground tunneling in rural base areas. In some isolated places where government presence has always been tenuous, the insurgents are exercising de facto control over the population.

14. Castro has also continued his efforts to forge greater unity among the guerrilla factions. Though Havana was able to persuade the four active insurgent groups to form a new umbrella organization last January, collaboration is still undermined by strong rivalries and distrust. Factionalism was apparently responsible in part for the guerrillas' failure to follow through on their plans to disrupt the elections on 7 March. The largest and most effective of the groups—the "Guerrilla Army of the Poor" (see map of front boundaries)—is, however, firmly committed to the military struggle and generally responsive to Cuban counsel. In contrast, the "Organization of the People in Arms"—the second largest group and most ideologi-

cally diverse—has been resistant to Cuban management. Its maverick leader refused to attend a unification meeting in Havana, and some members reportedly favor trying to negotiate with the Rios Montt government. Pressures from Cuba and the USSR have persuaded the traditionally orthodox faction of the Guatemalan Communist Party to make preparations for joining in the insurgency.

#### The Threat to Honduras

15. Because of its strategic location in the region and its strong support for US initiatives, Honduras is likely to come under steadily rising Cuban and Nicaraguan pressure this year. Castro understands that conditions in Honduras are not as conducive to the growth of insurgent groups and sentiment as they have been elsewhere in Central America, but has placed a high priority on stimulating violence there anyway. The extreme left in Honduras is small and divided, and Cuban efforts to coax its components into an effective united front thus far have failed. Acts of terrorism have increased, however, and some of them reportedly have been directly supported by Nicaragua. Castro has stepped up training of Honduran extremists.

16. Cuban and Nicaraguan concerns about Honduras's role as a base of US and anti-Sandinista influence are likely to mount this year, and cause Havana and Managua to take stronger measures to force the Suazo government to adopt more neutral regional policies. They are likely to employ a variety of methods—propaganda, intimidation, and terrorism, as well as the current "peace discussions" between Honduran and Nicaraguan military leaders—in a coordinated campaign. Both Havana and Managua are likely to press new efforts to subvert Honduran military leaders and to sow divisions among them. The Cubans received a setback, however, when the two senior colonels with whom they maintained official contact were removed in April as a result of an internal power struggle. Other Honduran officers and civilian leaders are undoubtedly also targets of Cuban operatives in Honduras.

#### The Threat to Costa Rica

17. Although Costa Rica is much more vulnerable to terrorist rather than insurgent activity at this time, Cuba and Nicaragua are likely to attempt to build for

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the future by increased efforts at unifying the disparate elements of the Costa Rican Communist coalition. This will require resolving tactical as well as ideological divisions between the generally nonviolent policies of the Costa Rican Communist Party and the small, extreme leftist Popular Revolutionary Movement, which has consistently advocated violence. Despite their differences, both groupings reportedly have small paramilitary capabilities that could, over time, be exploited by Havana and Managua. Ironically, potential Cuban and Nicaraguan efforts at building unity may already have been assisted by the coalition's electoral defeat in the February election, an outcome that probably has strengthened the position of its more hardline elements.

18. Both Cuba and Nicaragua recognize that Costa Rica remains overwhelmingly democratic, as emphasized by the recent election, in which the country's small Communist coalition saw its percentage of the popular vote decline to 6.4 percent from 7.3 percent in 1978. Castro and the Sandinistas are concerned over the Monge administration's willingness to counter Communist propaganda in regional and international forums, its avowedly pro-US posture, and its threat to invoke the Rio Treaty to defend Costa Rica's borders. As a result, they are likely to attempt to use their small but reliable core of political friends in the country, as well as Costa Rica's severe economic problems, to keep pressure on President Monge and blunt potential damage to their cause from San Jose.

19. Over the period of this Estimate, one likely Cuban-Nicaraguan thrust would be through the Communist Party, which has extensive ties with labor. There is, therefore, a strong possibility that Havana and Managua will attempt to push the party toward destabilizing actions against the economy, including work stoppages and violent strikes. Such actions appear all the more likely because of Monge's recently announced austerity measures, which are sure to be particularly unpalatable to organized labor. Furthermore—and despite San Jose's termination of consular ties last year—Castro's operatives have the necessary infrastructure to continue and to expand clandestine operations in Costa Rica which, at the least, could increase national anxieties over perceived threats to the country's democratic institutions. During the past year, such threats have repeatedly been underscored

by increased terrorism in San Jose, some of which has involved participation by pro- and anti-Sandinista Nicaraguans and individuals from other Latin American extreme leftist groups.

20. An additional, though longer term, threat involves Cuba's secret contacts with former Costa Rican Security Minister Johnny Echeverria, who late last year reportedly accepted Cuban funding to form a "broad-front" opposition political party. The party reportedly is to develop a paramilitary component that could take advantage of political or economic problems to threaten the constitutional process.

#### Prospects for Sandinista Rule in Nicaragua

21. Castro's determination to help the Sandinista leaders strengthen and further consolidate their rule will continue as his highest regional priority. With Soviet, Cuban, and other assistance, Nicaragua continues to build an army and militia force that is intended to defend against any perceived regional military threat. Managua already outstrips each of its neighbors in military manpower, armor, and artillery capabilities, and could probably beat back an attack by any of them. Over the remainder of the year, moreover, Nicaragua will widen its margin and may receive enough MIG or other jet fighter aircraft to at least match Honduras's air force—currently small and aged, but the best in the region.

22. This determined militarization is intended not only to establish strategic superiority in the region, but to construct a large and impregnable base of domestic control. Although there is a paucity of information about the morale and effectiveness of the Nicaraguan military, we know that the Sandinistas have worked hard to indoctrinate and discipline their armed forces. As in Cuba after the 1959 revolution, the new military has been constructed around a loyal core of veterans of the guerrilla struggle who occupy all high-level command positions. Recruits and volunteers from the lower classes, whose standard of living, sense of purpose, and nationalism may have increased since they put on uniforms, probably respond favorably to the regime's constant propaganda about the need to build strong defenses and vigilance against foreign foes. After nearly three years of such efforts, the Sandinistas, we believe, have succeeded in creating a military organization capable of and dedicated to maintaining them in power.

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23. The Sandinistas have also emulated the Cuban system by building an efficient security force and party-controlled mass organizations. Sandinista Defense Committees are being expanded at the community level throughout the country both to provide the regime with networks of loyal informants and to enhance its influence by attempting to dispense low-level social services. Recruitment drives for the militia have been accelerated, but harsh induction methods have alienated many peasants. Through a combination of pressure and patriotic appeals, the Sandinistas have succeeded in increasing discipline in the labor force, a major change in the wake of strikes, absenteeism, and work stoppages that were common last year. The Sandinista-controlled labor confederation—with about 125,000 members—is one of the largest of the mass organizations, and it is steadily gaining ground over the independent unions, which still number 35,000 to 40,000. Efforts by the government further to strengthen and indoctrinate “revolutionary” mass organizations are likely to be intensified this year. New measures to achieve its Marxist-Leninist goals may be announced on 19 July, the third anniversary of the Sandinista victory.

24. Since the state of emergency was imposed in March, the regime has significantly accelerated its disguised repression of democratic opposition groups. Prior censorship is now required, and editors of the prestigious independent newspaper *La Prensa* have been so intimidated that they often now voluntarily refrain from composing stories likely to anger the regime. Several leaders of opposition parties and the independent unions have been arrested on unspecified security grounds, and a number of others have left the country. Businessmen have come under tighter discipline through a series of economic decrees that allow the Sandinistas to control commerce and impose arbitrary “war taxes.” Relations between the Sandinistas and Catholic Church leaders have also deteriorated over the last few months as the bishops have continued to criticize the regime’s authoritarian methods. A Church radio station was recently closed temporarily, and the government is also moving to gain more control over the curriculum in the country’s large Catholic school system. Efforts to discredit the highly popular Archbishop of Managua, by linking him to the United States and exiled opposition groups, are likely to be stepped up. Harsh repression of Indians contin-

ues following forced removal of thousands from their home towns and their transport to detention camps. While many democratic opposition leaders remain, a number have left Nicaragua, and some of these have joined various anti-Sandinista groups in exile. Under present conditions, we believe that internal opposition groups are so weak and demoralized that they will be able to do little more than irritate the regime, and will probably continue to lose strength through the year.

25. Despite a history of factionalism that dates to the mid-1970s, the Sandinista leaders have displayed remarkable unity since coming to power. To a large extent this reflects the commonality of the Marxist-Leninist views among the nine members of the National Directorate, and probably also the unifying counsel of their Cuban advisers. Disagreements over tactics and personality conflicts among some of the leaders make a leadership shakeup inevitable in the long run, however. Those most likely to prevail—Humberto Ortega (who controls the armed forces), his brother Daniel (who is the junta coordinator), Tomas Borge (who runs the internal security and foreign intelligence services), Bayardo Arce (a major foreign policy and political coordinator), and Henry Ruiz (who oversees economic planning)—are also believed to be the most radical and attuned to Cuban approaches. They are likely, moreover, to react to future domestic and foreign challenges the way Castro did during the early years of his revolution, by using each perceived crisis as an opportunity further to radicalize and consolidate power. Cohesion among them and other Sandinista leaders will be reinforced, especially in the short term, by their probable agreement that the United States is intent on destroying their revolution and the recognition that their most critical current vulnerabilities are the floundering economy and the increasingly effective raids by anti-Sandinista exiles.

### Trends in the Target Countries

#### El Salvador

26. The prospects appear relatively favorable that El Salvador’s provisional government will be able to build upon the strong mandate of the 28 March constituent assembly elections and move the country toward a national election in late 1983 or early 1984. Although the government will continually reflect the

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fragility of El Salvador's rigid political system, on balance we judge that its more moderate and pragmatic elements are likely to gain greater influence during the period of this Estimate. The position of these elements will, as necessary, be reinforced by the military, which emerged as the major force for moderation during the month of political infighting that followed the election. During that time the armed forces repeatedly showed that, unlike the major contesting parties, they had not forgotten who the real enemy is and that they remain aware that national survival depends on maintaining foreign economic and military assistance.

27. On the military front, moreover, the relative balance of strength between the armed forces and the guerrillas appears to be shifting gradually. The insurgents, who in the months before the elections were able to project an image of growing might and to benefit from increasing international sympathy, have, at least temporarily, lost those psychological advantages. As the guerrillas' confidence has seemed to diminish, Salvadoran military leaders have continued to improve their counterinsurgency capabilities and prospects. About 500 junior officer candidates recently returned to El Salvador after receiving training in the United States, and will substantially increase the size of the officer corps. The military has also been augmented by the return of a US-trained quick-reaction battalion, by the acquisition of new equipment, and by the continuing expansion of the armed and security forces from 17,000 at the beginning of 1981 to 28,500 in May 1982. There is, however, a potential problem of ammunition and equipment shortages if El Salvador fails to receive its anticipated level of foreign military aid in the next few months.

28. Nonetheless, serious political problems continue to threaten the stability of the new government and its international legitimacy. Currently, there appears to be a return to the preelection political violence by both extremes, underscored by the recent murders of some Christian Democratic officials and peasants by rightwing extremists. Moreover, at least 3,000 peasant beneficiaries of the land reform have been evicted illegally by landowners. The assembly's postponement of further distribution of rented land to peasants has exacerbated divisions among the parties and provoked new problems with the military, which is determined

to maintain the land reform. It has also brought renewed criticism from friendly democratic governments. Roberto D'Aubuisson's election as assembly president and his continuing efforts to undermine reforms and the Christian Democratic Party are detracting from the positive results of the elections. The insensitivity of some rightwing leaders to the importance of international opinion, particularly in the United States, is likely to continue as a major problem because of the urgent need for external aid.

#### Guatemala

29. The Guatemalan Government's hold on power is the most uncertain in Central America, but we believe there is a slightly better than even chance that General Rios Montt will remain in power through the year. While he does not have a political constituency committed to his continuance in office, his policies thus far have addressed the major concerns of the military and the population. He retains tentative support from the junior officers who carried out the coup and placed him in power, as well as from key military unit commanders. Among military leaders there appears to be an awareness that another change in government—particularly one involving violence and a move to the right—would jeopardize growing international recognition of Guatemala's reforms, damage the military institution, and detract from their primary task of defeating the insurgents. Rios Montt also benefits from the fact that there are no obvious candidates—from either the senior or the junior ranks—who have the personal following to lead the country.

30. The new government has taken a number of steps aimed at reducing political polarization and the high levels of violence that have prevailed for many years. Rios Montt has given a high priority to eliminating government corruption and human rights abuses, and to planning social and economic reforms aimed at improving the lot of the Indians and peasants, who, over the last few years, have been more attracted than ever before to radical causes. The regime has arrested former officials, has disbanded semiofficial rightwing terrorist groups, and is attempting to formulate civic action programs in the contested Indian areas. The new approaches pursued since the coup last March have already had some significant results, including a

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sharp decline in the number of political assassinations, an apparent rise in popular support for the national government, and a renewal of hope in the chances for moderate solutions for Guatemala's serious problems.

31. Perhaps the crucial factor in Rios Montt's chances of holding office is his own highly idiosyncratic leadership style. A born-again evangelical Christian in a conservative Catholic country, he has not spared his audiences from rambling and righteous sermons, moody attacks on powerful groups, and other eccentric behavior. He has made clear, moreover, his belief in the divine providence of his undertaking. "Neither the voters nor bullets gave me this position," he said in a speech in April. "God placed me here."

32. There is, moreover, considerable dissension among senior officers concerning Rios Montt's failure to rein in junior officer advisers. His rebukes of the officers' personal behavior are also antagonizing them. Rios Montt's political longevity will probably depend on his ameliorating the divisiveness within the military and making progress in addressing the insurgency and economic problems facing the country. At the moment, however, his personal traits and lack of an organized and loyal constituency make him vulnerable to coup plotters.

#### Honduras

33. The government of Roberto Suazo Cordova is providing Honduras with its most competent leadership in years. The new administration's performance during its four months in office is enabling it to build on the general public support that greeted the country's first civilian government in a decade. The President's emphasis on honest and effective government and fiscal responsibility has been popular, especially since it contrasts with the corruption and ineptitude of past years. By staffing government ministries with a mixture of talented young people and seasoned technical specialists—predominantly from his own Liberal Party—Suazo has upgraded the quality of government.

34. Suazo has also been effective in winning the confidence of top military leaders, especially Commander in Chief Alvarez. The two men share strong anti-Communist sentiments, and the President has gone out of his way to help Alvarez prevail over rivals

in the military and to defer to the newly promoted general on military and security issues. The Honduran Communist Party—probably the largest radical entity in the country, with about 1,000 members and sympathizers—has taken the lead in intensifying efforts to establish the ground work for an armed insurgency. At a meeting early this year, the party leader, who had just returned from Havana and the USSR, reportedly purged the party of its remaining "softliners" and won an endorsement for a "prolonged popular war" strategy. The initial phase of that plan calls for increased terrorist activity and an acceleration of paramilitary training in Cuba. In response to these threats, the Honduran security forces are beginning to improve their counterinsurgency capabilities.

#### Costa Rica

35. The Monge government will return Costa Rica to policies more consistently in line with US interests in Central America and less given to the fiscal and political eccentricities that characterized the Carazo administration. Nevertheless, Costa Rica faces unprecedented economic problems that will defy quick solutions, the strong likelihood that leftist extremists will attempt to exploit the economic situation, and the probability that the woefully inadequate security forces will be unable to stem the country's use as an important link in regional arms supply. Additional challenges involve an increasingly volatile situation along the northwestern border with Nicaragua, as well as the possibility of Cuban and Nicaraguan clandestine operations calculated to destabilize the Monge government. Although its strong democratic institutions should enable Costa Rica to withstand these challenges, the tranquillity that has previously distinguished the country from much of the rest of Central America will be less pronounced in the future.

#### The International Arena and the Diplomatic Front

36. During the last four years a variety of other international forces have become actively involved for and against the extreme left in Central America. Various types and degrees of political, diplomatic, communications, financial, and moral support have been given to the guerrillas or their political fronts by Mexico, the Socialist International, many social democratic parties in Latin America and Europe, and a

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number of European government officials. Libya, along with the PLO and various other Palestinian terrorist organizations, has also provided guerrilla training and weapons. Since July 1979, Nicaragua has received \$400 million from Western industrialized countries, \$300 million from Mexico, and \$100 million from Libya.

the Caribbean Basin: (1) US-Cuban relations, (2) Nicaragua's relations with its neighbors and with the United States, and (3) the internal conflict in El Salvador. Lopez Portillo proposed that negotiations begin among the parties in all three areas, and hinted that Mexico could play a helpful role in facilitating contacts. Seeking to exploit the propaganda advantages presented by the Mexican proposal—about which Cuban officials were reportedly informed in advance—Castro, the Sandinistas, and the Salvadoran guerrilla groups have all declared their support for the Mexican plan, as did Moscow.

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40. Cuban propaganda is likely to continue stressing Castro's willingness to "talk, discuss, or negotiate" bilateral and regional problems. This, and accompanying diplomatic initiatives, are intended to establish a record of Cuban reasonableness and flexibility in the face of US "imperialism" and "intransigence." Castro's efforts are likely to meet with some success, moreover, especially with the nonaligned countries and also with certain West European audiences.

41. One of Castro's objectives in stressing his interest in "negotiations" is to increase the pressure—internationally and in the United States—on US policymakers and to make it more difficult for them to pursue policies aimed at constraining him. Castro has done this repeatedly in the past, while never considering concessions of any significance, especially in regard to his commitment to revolutionary causes around the world. As occurred recently, Castro can also be expected to use any high-level meetings with US officials to his own advantage, for propaganda purposes and for spreading doubts about US resolve and reliability as an ally.

42. Cuba, Nicaragua, and the Salvadoran guerrillas also use negotiations:

- To attract and hold non-Communist support for the extreme left, such as that from Mexico and many social democratic parties; this support helps to confuse observers about the real nature of the guerrilla movements; it acts to attract needed financial resources, and it offers political leverage against the continuation of foreign aid to the target governments.
- To reduce foreign support for the target governments by creating the impression of near-total international isolation and therefore hopelessness.

38. In contrast, the Christian Democratic parties and international free trade unions of Europe and Latin America oppose the extreme left and support moderate forces in Central America. Also, Venezuela and many Latin American states (excluding Cuba, Nicaragua, and Grenada) have essentially supported the moderate groups and condemned the extreme left in regional forums such as the OAS. The Falklands crisis may lead to some reduction of this support.

39. In this complex international arena, where political symbolism has a large role, Cuba, Nicaragua, and the Salvadoran guerrilla directorate have used negotiations and "peace initiatives" since 1979 in tandem with their subversive activities in Central America. Their recent negotiating initiatives were based in part on the proposals made by Mexican President Lopez Portillo in Managua last February, and have been directed at three "areas of tension" in

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- To create or aggravate divisions within the governing coalitions in each target country and sow distrust between those governments and the United States.

#### Outlook: Continuing Threats in the Region

43. Though a number of developments have strengthened US interests and allies, and undermined Marxist-Leninist causes in Central America, the threat of major reverses remains. A significant—and growing—threat is in Honduras, which recently has become a key target of Cuban and Nicaraguan subversion. The Sandinistas and Cubans are working to coerce Honduras away from its support of US policies. They are now concentrating on covert actions, terrorism, propaganda, diplomatic initiatives, and intimidation. Sandinista leaders probably have attempted to heighten Honduran fears of Nicaraguan military retaliations and of wider conflict by reminding them of the secret defense pact that links them with Cuba. They undoubtedly have also been warning their neighbors that they cannot depend on military backing from the United States or the peacekeeping mechanisms of the OAS. US policy in support of the United Kingdom in the Falklands war has added to the concerns of Honduran leaders—especially General Alvarez—about the reliability of their alliance with the United States. We believe, however, that as long as the Suazo government is reassured by strong US support, such Cuban and Nicaraguan intimidation will fail.

44. The threat of Nicaraguan retaliations against the Suazo government will increase, especially with any expansion of anti-Sandinista exile operations from Honduras. Nicaraguan fears have steadily risen as exile raids have taken a larger toll. One Nicaraguan official reportedly claimed that Managua's forces have suffered some 300 casualties in recent months. If such trends continue, we believe the Sandinistas—coordinating their policies closely with Havana—are likely to resort to more aggressive policies before the end of the year.

45. There might be a good chance that Cuba and Nicaragua would attempt to establish guerrilla groups in remote areas of Honduras. In the absence of sufficient trained Honduran guerrillas, Nicaraguans and former guerrillas from other Latin American countries who fought with the Sandinistas in 1979

might be clandestinely included in an ostensibly homegrown Honduran insurgent force. With sufficient external support, such an insurgent force could possibly survive in Honduras.

46. There is also a good chance that Nicaragua will take limited direct armed actions against anti-Sandinista camps in Honduras to retaliate against raids launched from across the border. If they were to take such military steps, the Sandinistas—and Castro—would probably reason that they could get away with them—in international opinion at least. They would probably endeavor to camouflage or justify such actions in a concerted diplomatic and propaganda campaign emphasizing their desire to “negotiate” regional problems while portraying Nicaragua as an innocent victim of US “imperialism.”

47. They would probably hope that pressure would quickly build for a negotiated settlement between Honduras and Nicaragua that would include some kind of guarantees from cross-border raids. Mexico, certain West European governments, and most of the Socialist International and others would probably again support this Cuban/Nicaraguan position in the interests of a “political solution.”

48. In El Salvador the collapse of the fragile coalition of moderate forces would be a serious setback to US interests and the gains achieved since the elections. The interim government there will face many old and new challenges over the next six months or so: the insurgency; grave economic problems; the multiple weaknesses of the ill-defined sharing of power among parties and the military; continuing distrust among key groups and leaders; and, perhaps most serious, rightist efforts to reverse the land reform while the guerrillas become more active and violence rises. In addition, the high expectations and widespread sense of relief among the populace that followed the elections will be in danger of dissolving if some tangible progress is not achieved in the short term. Improvements will be contingent, moreover, on the country's continuing dependence on substantial foreign support. Despite the dangers, we believe that if foreign aid continues, the prospects are favorable that El Salvador's provisional government will be able to build on the strong electoral mandate, in partnership with a military leadership which has demonstrated its commitment to the reforms and fair elections, and to move the country toward another vote next year.

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49. In Guatemala, major US interests are not likely to be endangered this year, unless there is a reversal of recent moderating trends. International recognition of the positive steps taken by the Guatemalan Government, through tangible support, will strengthen moderate forces there. Rios Montt remains an enigma to many domestic and foreign observers, and his support in the military is tenuous. We judge nonetheless that his government's chances of surviving through the year are slightly better than even. Though we cannot predict which of the many possible coalitions of forces might unseat him, or who would rise to the top, a successor government would in all likelihood be more conservative. A reversion to the often violent and archconservative policies of the military governments that dominated the country from the late 1960s through last March would work to the advantage of the extreme left.

50. Other short-term threats to US interests and allies in Central America will derive primarily from the expected increase in Cuban and Nicaraguan subversive efforts and acts of terrorism by radical groups. The danger of assassinations of US officials in the area and of Central American leaders is likely to increase this year as guerrilla and extremist groups search for dramatic ways to seize the initiative again. Honduran leaders will probably be special targets of such plots, though Rios Montt in Guatemala and leading Salva-

doran figures are also vulnerable to ample numbers of enemies. Terrorists from outside of the region could also pose an increased threat this year. Costa Rican President Monge, for instance, who recently ordered his country's Embassy in Israel moved to Jerusalem, could be a target of PLO and other radical Arab groups that for several years have had close ties with Central American extremists.

51. US interests and regional allies may be constrained, moreover, by a variety of regional and global factors that will probably tend to reduce, and in some cases neutralize, further short-term gains in Central America. As a result of the Falklands crisis, the United States is likely to be much more on its own in Central America. Venezuela will continue to support moderate forces in Nicaragua and El Salvador but will want less public identification with US activities there. Reduced resources will substantially limit Argentina's role in Central America, and bitterness toward the United States could lead it to pursue policies there that diverge from those of Washington. Anchored by their own crises to close dependence on the United States, the four target countries there have no reasonable alternatives at least in the foreseeable future. Bilateral relations would be subject to erosion, however, if US resolve and reliability as a partner in internal security, defense, and economic relations were seriously questioned.

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## ANNEX

### COUNTRY OUTLOOKS

#### El Salvador

1. The prospects appear relatively favorable that El Salvador's provisional government will be able to build upon the strong mandate of the 28 March constituent assembly elections and move the country toward a national election in late 1983 or early 1984. Although the government will continually reflect the fragility of El Salvador's rigid political system, on balance we judge that its more moderate and pragmatic elements are likely to gain greater influence during the period of this Estimate. The position of these elements will, as necessary, be reinforced by the military, which emerged as the major force for moderation during the month of political infighting that followed the election. During that time the armed forces repeatedly showed that, unlike the major contesting parties, they had not forgotten who the real enemy is and that they remain aware that national survival depends on maintaining foreign economic and military assistance.

2. Nevertheless, the government faces many challenges in the next few months, including an insurgency that retains strong capabilities and a war-ravaged economy that has virtually no short-term prospect for improvement. Attempts to address these problems will be complicated by unrealistic domestic and international expectations that the recent election will quickly result in a reduction of violence and economic improvement. Perhaps the most serious complication, however, is the institutional weakness of the government itself, which is largely an extension of El Salvador's longstanding political polarization and which, at this point, remains largely undiminished.

3. The unity of purpose that distinguished the election and the disharmony among the contesting parties that followed underscore El Salvador's strong desire for a democratic process on the one hand and the fragility of its political system on the other. Against a backdrop of international skepticism and a concerted guerrilla effort to disrupt the balloting, some 1.5 million voters—perhaps 85 percent of the eligible constituency—delivered a severe political and psycho-

logical setback to the far left in what even the most critical observers acknowledge was a generally fair contest. Nevertheless, the failure of the Christian Democratic Party (PDC) and of the two leading rightist parties to win a majority in the constituent assembly precipitated a month of intense political infighting that exacerbated already pronounced ideological divisions. Seeing the country's increased political legitimacy thus threatened and concerned over possible erosion of military unity, the armed forces high command imposed its prescription for a national unity government.

4. The net result is a fractious 60-member assembly with 24 seats held by the PDC, 19 by Roberto D'Aubuisson's ultraconservative National Republican Alliance (ARENA), 14 by the more moderate rightist National Conciliation Party (PCN), and the remaining three by two other tiny conservative groupings. As essentially decreed by the military, however, the executive is led by Alvaro Magana, an independent with close ties to the armed forces, and three vice presidents, one from each of the major parties. The power-sharing arrangement extends to the 15-member cabinet, with each of the major parties controlling four portfolios and independents appointed by the military holding three.

5. Despite the assembly's ideological divisions, its actions already reveal the emergence of a pragmatic sense among some of the parties as they seek to protect and enhance their positions. This has been most evident in the forging of temporary arrangements of opportunity, best illustrated by the PCN-ARENA election of D'Aubuisson as assembly president and later, by the PDC-PCN ratification of Magana as provisional executive. Significantly, ARENA's opposition to Magana—17 votes against—even in the face of intense armed forces pressure is said to have incensed the high command, which was already smarting at reports of D'Aubuisson's tampering with military unity.

6. Ironically, ARENA's refusal to yield has cast it, rather than the PDC, in the role of assembly maverick,

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a position that underscores the party's political inexperience and reinforces allegations that D'Aubuisson is controlled largely by Salvadoran oligarchs living in Miami and Guatemala. In contrast, the PCN has shown its political acumen by reinforcing its position as power broker through the votes on D'Aubuisson and Magana. By correctly reading the signals from the military on Magana, it has also firmed up its traditional links with the armed forces. Similarly, it is likely that Christian Democratic support for Magana has increased the party's credibility with the military. At the same time, the PDC is hoping that the armed forces' prescription is a further indication that the mainstream of the officer corps remains pledged to protecting the reforms of the last two years.

7. Although the military would prefer to concentrate on the insurgency, its recent formation of a six-man oversight committee to help the executive over major policy hurdles and to mediate serious partisan fighting suggests that it perceives a continuing need to exercise its power in the political arena. Its involvement may prove propitious, however, in helping a political center take shape with the PDC, elements of the PCN, and possibly the small Democratic Action party, which holds two assembly seats. Such an evolution would give the Christian Democrats the option of moving closer to the center-right position of the military and the PCN on some issues, while also enabling it to distinguish itself as the clear alternative for the national election on others. The PCN, meanwhile, would stand to gain the most recognition by virtue of its prominent swing role, a position it will increasingly use in preparation for the election.

8. ARENA's prospects, on the other hand, appear more limited. The party has recently suffered a number of serious defections from both its hardline and more moderate ranks. Hardliners reportedly were disenchanted by D'Aubuisson's bowing to the military prescription, symbolized when he abstained on the Magana vote; in addition, a few oligarchs—disappointed at D'Aubuisson's failure to win the provisional executive himself—allegedly have withdrawn their funding. Such erosion underscores both the fragility of ARENA's support and the naivete of some of its backers. Further defections over the next six months are likely, particularly among more moderate ARENA members—some of whom had previously bolted the PCN—who are concerned about D'Aubuisson's politi-

cal inexperience and fear that party zealots will again test the military's patience.

9. Despite the apparent erosion of support, ARENA's ability to garner 29 percent of the popular vote suggests that it has the potential to remain a major player in El Salvador's evolving political process. This, however, will require cultivating an image commensurate with its aspirations, a formidable task in light of its narrow ideology. Furthermore, its leaders have inadvertently allowed ARENA to be maneuvered into positions of lesser visibility in the government. This handicap is particularly apparent in the cabinet, where the PDC's control of the critical Foreign and Labor Ministries, the PCN's hold on Public Works and the Ministry of the Presidency, and the grasp of military-backed independents on the important Planning and Interior posts are likely to overshadow ARENA's generally obscure portfolios. Ironically, ARENA's major cabinet post—the Ministry of Agriculture—is one that could prove politically costly to the party and to the country as well.

10. The increasing importance of Agriculture and related ministries stems in part from El Salvador's continuing economic decline, underscored by a 1982 GDP growth rate of minus 10 percent. Industrial investment and production are down again this year as a result of the insurgency, a credit squeeze on the private sector, and lack of foreign exchange to purchase raw materials and equipment from abroad. Further agricultural deterioration reflects the effects of persistent rural violence, problems in implementing the land reform program, and low world prices for coffee and cotton. Meanwhile, private consumption is plunging because of reduced incomes and declines in supplies of domestic and imported goods. Because of increasingly acute foreign exchange problems caused by expanding current account deficits, foreign net disinvestment, and capital flight, the economy continues to be heavily dependent on official aid from abroad.

11. To spur production in the severely depleted cash crop industries and to restore the confidence of landed investors, the government recently postponed further distribution of rented land to peasants. Although the new law explicitly protects all current and pending claims to the land by peasant renters, it has precipitated strong opposition from the PDC and

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farmworkers organizations, inspired increased evictions by conservative landowners, and given the extreme left a valuable propaganda issue. The fact that the controversy has all the earmarks of developing into a major international setback for the government could once again inspire the military to force its prerogatives on the political parties, particularly as any perceived threat to agrarian reform threatens the continuation of US and other Western assistance.

12. Whatever its ultimate resolution and ramifications, the action by the assembly underscores the weaknesses of the unsophisticated body politic. Symptoms of these weaknesses will repeatedly be manifested in an inability to separate partisan and personal goals from common national priorities, and a failure to put behind the ideological and personalist conflicts that in the past have thwarted the democratic process and nurtured violent vendettas among political figures and groups. Such negative symptoms have, in fact, further revealed themselves in recent reports of increased activity by rightist death squads. These actions may proceed from a number of different and contradictory motives, including frustration over the failure of ultraconservative forces to control the new government, a belief that those elements do, indeed, dominate, or a misguided sense that the Western democracies cannot now back away from their commitment to support the provisional government.

13. The upswing in political violence is unlikely to abate soon, precisely because the controversy among disparate political elements over agrarian reform and other issues will continue and because the military increasingly will be distracted by its new battlefield initiatives. As a result, the myopia characteristic of certain political elements in El Salvador with regard to the nature of international opinion and their insensitivity to US policy considerations will also continue. Nevertheless, there are already signs that the extremists are becoming isolated by government, military, and domestic rejection of rightist violence. These signs have been especially reflected in the armed forces' recent arrest of a number of rightist vigilantes and members of the government's security forces, and by the assembly's assertion of its commitment to restoring a semblance of law and order through its unanimous appointment of an independent and fully staffed supreme court. Moreover, even the ultrarightist ARENA has publicly condemned recent violent acts by

extremists aligned with the party, and has unanimously endorsed declarations by the other parties and the press for greater military control over undisciplined security forces.

14. On the military front, the balance appears to be shifting in the government's favor. The government gained a strong psychological boost from the elections, and the recent return of a third quick-reaction battalion and nearly 500 junior officer candidates from the United States provides the Army with the additional manpower and leadership necessary to undertake more aggressive military operations against the insurgents. Furthermore, the expansion of the helicopter inventory to 20 UH-1Hs and the acquisition of some 180 military trucks have improved mobility greatly.

15. Nevertheless, weaknesses remain. Basic infantry training is generally poor, command and control are weak, and intelligence capabilities still need much improvement. Although overland and naval interdiction capabilities have improved somewhat, defenses are still porous, and the government has almost no capability for air interdiction. Finally, despite recent expansion, the 28,500-man military and security force still lacks the 10-to-1 force advantage over the some 4,000 to 5,000 guerrillas generally considered necessary to defeat an insurgency.

16. The guerrillas, for their part, still have not recovered from the demoralizing effects of the successful elections. Insurgent unity has been shaken by recriminations over the failed preelection offensive, and desertions have increased. Furthermore, the guerrillas are hurting from the disruption of their supply network. Stocks of ammunition, medical supplies, and even food remain depleted.

17. Nevertheless, the insurgents retain strong capabilities, and many appear to be resigned to a protracted military struggle. The guerrillas are especially entrenched in northern and eastern El Salvador, where they have large networks of well-defended base camps. (See next page for map of insurgent organization.) These support increasingly better armed and trained guerrilla forces. It will take a major sustained government offensive effort to dislodge them.

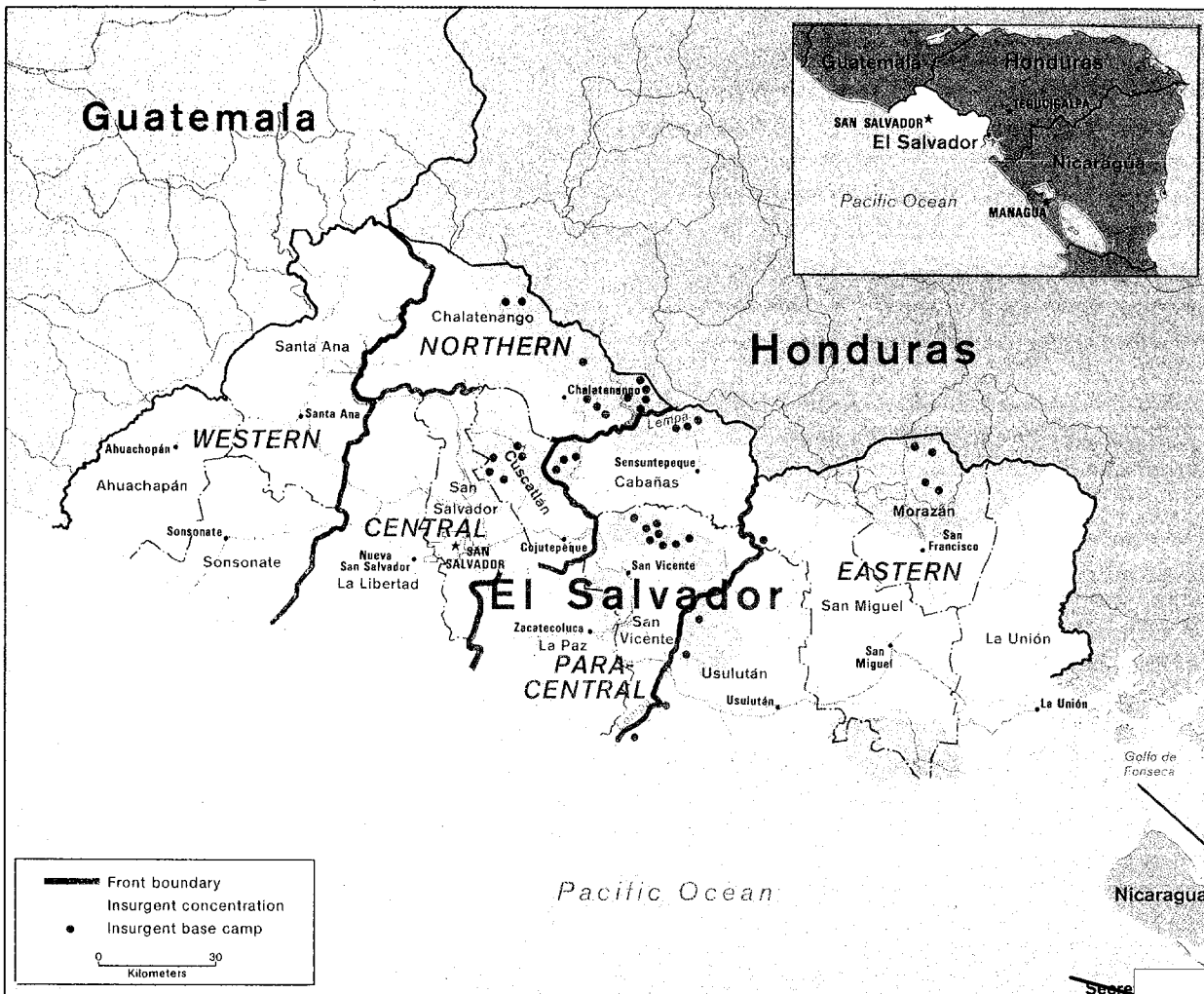
18. Furthermore, the Cuban and Nicaraguan arms pipeline remains open, assisting the insurgents in rebuilding their supply inventories and permitting stockpiling for future offensive operations. Personnel

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### Salvadoran Insurgent Organization



also continue to be sent to and from training courses in Nicaragua and Cuba, and many foreign trained guerrillas have recently assumed new leadership positions. The insurgents are planning to resume sabotage and hit-and-run raids on a greater scale in the near future, hoping to put the government off balance and regain the tactical initiative.

19. Overall, while the military appears to be gaining the upper hand, a decisive victory over the insurgents probably is still well down the road. Much will depend on the new government's ability to avoid divisive quarrels and address the country's worsening economic problems.

### Guatemala

20. The March coup that placed the reformist Rios Montt government in power has given Guatemala new opportunities to end its international isolation, acquire needed foreign assistance, and reverse guerrilla momentum in gaining Indian recruits. Despite public support and military backing for anticorruption and human rights measures, however, General Rios Montt still has only a tenuous hold on power. He has yet to demonstrate that he has the personal stability and requisite leadership qualities to grapple with lingering dissension in the armed forces, a deteriorating economy, and a serious guerrilla challenge. His tendency to

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isolate himself from major political forces and to offer simplistic solutions to complex economic and some military problems also contribute to our judgment that his chances for remaining in office during the period of this Estimate are only slightly better than even. While ongoing political maneuvering could hamper the military's counterinsurgency efforts, it has made strides in formulating a multifaceted approach to the problem. The guerrillas are well entrenched in some parts of the Western Highlands and are receiving increasing Cuban assistance, but their persistent disunity, their inability to carry out scheduled operations, and new government programs to gain the allegiance of the civilian population suggest that the insurgents will not succeed in achieving major advances in the months ahead.

21. Rios Montt appears to be the driving force behind the new government, deriving his political power from personal popularity and support for his policies from most junior officers and key military unit commanders. By taking steps to curtail government corruption and human rights abuses he is addressing the concerns of many of the junior officers responsible for the coup. The junta has arrested dozens of former officials involved in corruption, canceled several public projects that were sources of graft, and established a high-level oversight committee for new projects. National police units implicated in rightwing murders have been disbanded, policemen accused of abusing human rights since the coup are being arrested or relieved of their duties, and civilians not authorized to carry weapons are being disarmed. The actions have contributed to a decline in civilian deaths, particularly politically motivated murders in Guatemala City.

22. While the public welcomes the reduction in violence and military officers support reforms that may bring increased foreign assistance, the stability of the junta is still threatened by several factors, particularly those stemming from the enigmatic personality of the junta leader. Rios Montt's ambiguous, rambling public speeches often undercut the pragmatic direction of his policies. His public moralizing, moreover, is offensive to many in the government, and he increasingly interferes in the private lives of senior and junior officers. Rios Montt's critics also have more concrete complaints. His increasing preference for making decisions on his own is antagonizing senior commanders, particularly the other two junta members. And senior

officers are pushing for further steps to curb the influence of junior officer advisers, whose interference in military command assignments has unsettled military discipline.

23. Rios Montt's disinterest in economic and business matters is particularly distressing to the private sector, which witnessed a previously strong economy grow by only 1 percent last year. The economy is expected to stagnate again this year as international market conditions and the insurgency have caused the demise of tourism and a drying up of commercial credit, reduced private investment, and increased capital flight. Rios Montt's claims that Guatemala does not need bilateral foreign economic assistance have added to the unease among business leaders, although government officials are approaching friendly nations and international lending institutions for assistance to help cover balance-of-payments deficits.

24. Rios Montt does not appear to be in imminent danger of being ousted, given his continuing support from key military commanders and most junior officers. Among these groups there appears to be an awareness that another change in government—particularly to a more rightist orientation—would jeopardize growing international recognition of Guatemala's reforms, damage the military institution, and detract from their primary task of defeating the insurgents. Political opponents of the former government appear divided in their response to Rios Montt's programs and many are willing to allow the reforms time to take root. Finally, Rios Montt benefits from the fact that there are no obvious candidates—from either the senior or the junior officer ranks—who have the personal following to lead the country.

25. Rios Montt, a staunch anti-Communist, is dedicated to moving forward with a progressive counterinsurgency program, but is emphasizing new aspects designed to elicit civilian support in this effort. He has offered the guerrillas a monthlong amnesty during which they can surrender their arms without fear of retribution. Following the amnesty period the Army would implement a national defense plan involving a major near-term effort to undercut the insurgents. In preparation, the Army has recently been increased to approximately 17,400 men, with plans for the immediate mobilization of an additional 5,000 veterans, reservists, and civilians for six months. These troops will be deployed in heavily contested areas in the Western

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Highlands and near the capital. The government has announced that it will institute a state of emergency in these areas.

26. The junta is giving special emphasis to organizing loyal peasants into civilian defense forces (CDF). Approximately 6,000 partially armed peasants turned out for a progovernment rally in the Western Highlands, and plans in that region call for including an eventual 17,000 participants. While the Army has been reluctant to provide these unproven forces with adequate weaponry—fearing that guns would fall into guerrilla hands—the civilians have already engaged the guerrillas on several occasions with some success. With their knowledge of local terrain, they also serve an intelligence function and are making it difficult for guerrillas to cache arms and move freely.

27. The Army still faces mobility, intelligence, logistic, and equipment problems. It has serious difficulty moving men and materiel throughout a country five times the size of El Salvador. There are insufficient aircraft for the expanding task of the counterinsurgency. Inadequate communications prevent coordination of air and ground forces, and residual peasant distrust of government troops hinders the gathering of intelligence. New programs will require several months and greater resources than currently available before substantial gains can be expected in the counterinsurgency effort.

28. External assistance to the Guatemalan insurgent movement, particularly from Cuba, is on the increase, and guerrilla activity is correspondingly expanding. The return of trained combatants, increased arms flows, and the continuing deterioration of the economy could again increase the level of guerrilla activity significantly by the end of the year. But there are already some signs that the military is gaining new acceptance among the peasantry, and the government will be in a position to further weaken the insurgents' rural support base if it presses forward with reforms. Therefore, the course of the insurgency over the next several months will depend as much on the government's initiatives as on guerrilla tactics and level of external assistance. In this regard we judge that the insurgents will not make major advances in the near term.

29. Recruitment and training continue to be the primary focus of the insurgents. The increase in their

numbers over the past year reflects their success in provoking repression by the prior government. Army abuse of civilians, which the junta is trying to stem, has been an important factor—along with poor economic conditions—in the growth of popular support for the guerrilla movement.

30. We estimate that there are some 3,000 to 4,000 insurgent combatants in Guatemala. The widely varying criteria clandestine sources have used to differentiate among kinds of insurgents have complicated efforts to obtain solid evidence on their force strengths. Last December the Guatemalan military's analysis of captured guerrilla documents and insurgent interrogations led it to conclude that there were 3,800 insurgents in just the "Guerrilla Army of the Poor"—the largest guerrilla group. With this information—which was partially corroborated by guerrilla sources—we tentatively raised our estimate to 4,000 to 5,000, thereby more than doubling our benchmark figure of 2,000 in early 1981. Subsequent reporting, however, fails to support such a dramatic increase. Moreover, guerrilla inability to follow through on plans to disrupt the March elections has cast further doubt on the December information. Nevertheless, guerrilla units numbering as high as 200 to 300 have staged attacks over the last six months. This and the breadth of insurgent activity reinforce a general picture of substantial growth in guerrilla ranks, and reflect the insurgents' ability to call upon organized local forces to expand their numbers for specific missions.

31. The guerrillas have concentrated on economic sabotage and political terrorism, while avoiding major confrontations with full-strength Army units. Since the coup, however, the insurgents have placed new emphasis on attacking the civilian defense forces in order to discourage Indian cooperation with the military. This demonstrates guerrilla recognition that the Army is more effectively competing for the support of the peasantry. At the same time, consistent abuse of civilians by the guerrillas could undermine their recruitment efforts. The insurgents, backed by Havana, also have initiated a broad propaganda campaign to discredit the new government, another indication of guerrilla concern about the potential of the junta's reforms.

32. Cuba remains the principal ally of the guerrilla movement, providing training, arms, funds, and international propaganda support. In recent months, Cuban

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arms shipments through Mexico and Belize have accelerated. Further increases of aid will probably follow the same pattern of "supply-following unity" that preceded major Cuban involvements in Nicaragua and El Salvador. Nicaragua, echoing Cuba, has also been pushing the insurgents toward unity. Although representatives from the four main guerrilla groups formed a tenuous umbrella organization in Havana in January, subsequent evidence indicates that they have attained only minimal political cooperation and military coordination.

### Honduras

33. While the Suazo government is providing Honduras with its most competent leadership in years, its pro-US stance and firm response to radical leftist forces in the region have made the country a growing target for Cuban- and Nicaraguan-backed subversion. Havana and Managua are pushing the extreme left in Honduras to accelerate preparations for revolutionary violence and are stepping up attempts to cajole or intimidate the Hondurans into adopting a more neutral stance. The Honduran radical left is splintered, is relatively small, and—at least for the present—faces an inhospitable operating environment given popular satisfaction with the recent return to civilian rule. Nevertheless, the trend toward increased domestic terrorism and especially heightened concern about the military threat from Nicaragua have caused a growing sense of vulnerability among Honduran leaders. These fears are being exacerbated by what the Hondurans view as inadequate assistance from Washington, and, in the absence of substantial US backing, Honduras probably will begin in the months ahead to pursue more cautious policies in the region in order to appease its foreign adversaries.

34. The Suazo administration's solid performance during its four months in office is enabling it to build on the general public support that greeted the country's first civilian government in a decade. The President's no-nonsense emphasis on public probity, competence in government, and fiscal responsibility has struck a responsive public chord after years of official corruption and ineptitude. By staffing government ministries with a mixture of talented young people and seasoned technical specialists—selected predominantly from the mainstream of the Liberal Party—he has significantly upgraded the caliber of government per-

sonnel. Much of Suazo's focus has been on Honduras's serious economic problems, which include an unfunded budget deficit of \$100 million and the likelihood of a third consecutive year of nearly zero economic growth. His first step in implementing an austerity program has been to reduce the government's overstuffed bureaucracy, but—conscious of the need for reform—he is struggling to preserve the agrarian reform and some other social programs.

35. Suazo has also won high marks for gaining the confidence of the military, especially Commander in Chief Alvarez. The two men share strong anti-Communist sentiments, and the President has gone out of his way to help Alvarez prevail against two senior officers who—following a meeting with Castro last November—began arguing for an accommodation with Cuba and Nicaragua. When the officers put their troops on alert in late April to block Alvarez's promotion to general, they were removed from their positions and assigned to attache posts abroad. Despite some lingering potential for troublemaking by these and other dissidents, the military appears unified behind Alvarez, who is widely regarded as the country's most able military commander in some time.

36. Persuaded that it was only a matter of time before Cuba and Nicaragua would step up efforts to subvert Honduras, Suazo and Alvarez have crafted policies designed to thwart that challenge. The Hondurans have been partially successful in curbing overland arms shipments from Nicaragua to the Salvadoran insurgents. Moreover, Alvarez has taken the lead in developing closer ties to senior military leaders in El Salvador and has demonstrated a growing willingness to provide blocking forces to try to encircle Salvadoran insurgents. On the diplomatic front, Honduras has cooperated in the formation of the Central American Democratic Community and in other US-endorsed initiatives designed to unify Central American governments. Reflecting a growing fear of the Nicaraguan military buildup, Honduras recently signed an agreement that allows US military aircraft access to Honduran airports.

37. These actions—and especially Tegucigalpa's decision to permit greater activity in Honduras by anti-Sandinista insurgent groups—have in turn prompted Havana and Managua to reassess their strategy toward Honduras. From Cuba and Nicaragua's perspective, present circumstances have invalidated their "peace-

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ful corridor" approach, which posited that in the short term the main priority was to funnel arms through Honduras into El Salvador and Guatemala and that efforts to destabilize the government in Tegucigalpa—by provoking a backlash—would jeopardize more pressing goals. Consequently, Cuba and Nicaragua have set in motion plans to accelerate preparations for insurgency in Honduras.

38. The Honduran Communist Party—probably the country's largest extreme leftist group, with some 1,000 members and sympathizers—is taking the lead in intensifying efforts to lay the groundwork for insurgency. Following a trip to the USSR and Cuba in early 1982, Secretary General Padilla Rush purged the party of its remaining "softliners" and won an endorsement for a "prolonged popular war" strategy. The initial phase of his plan calls for increased terrorist activities and an acceleration of paramilitary training abroad. Subsequently, Fidel Castro reportedly has emphasized the need for haste. This, together with a report that Honduran radicals are being sent to Cuba for a "crash" paramilitary course, underscores Havana's desire to shorten the timetable.

39. Soon after the Communist Party meeting a disgruntled former senior party official told the US Embassy that the party—with increased Cuban funding and more assertive leadership by young Cuban-trained activists—was intensifying recruitment efforts in urban slums. Other information indicates that the party has moved to improve its paramilitary capability by revamping the party's structure and by asserting control over a small terrorist group that last year began carrying out operations in San Pedro Sula. The party has also created a second "action arm," which was responsible for the hijacking of a Honduran aircraft to Cuba in late April. Increased emphasis reportedly will be given to targeting anti-Sandinista insurgents and installations, and Communist terrorist squads may have been involved in recent surveillance of US military personnel.

40. Although the Honduran Communist Party remains Havana's most responsive instrument, the Cubans are also working with other Honduran radical leftist groups and are trying to promote unity among them. Early this year, after months of preparation, the Communists joined with four other groups to form the National Directorate for Unity. The five groups agreed that because of their small membership—

which totals an estimated 2,000 members and sympathizers—their priority over the near term would be to mobilize popular support. Like the Communists, however, the other four parties reportedly have endorsed the strategy of accelerated preparation for prolonged popular war. To help implement this approach, at least 50 Hondurans are said to be currently undergoing training in Cuba, and other Honduran trainees have been sent to Nicaragua and Libya in recent months.

41. While terrorist activity is almost certain to escalate in coming months, the extreme left will face serious obstacles as it attempts to gear up for insurgency. The lingering distrust and animosity among the leftist movements was underscored by the failure of three of the groups to send representatives to the meeting of the National Directorate for Unity that had been scheduled for late April. The lack of experience of the Honduran terrorists has been reflected in recent bungled bombings and in the failure of the perpetrators of the April hijacking to achieve most of their aims. The infusion of foreign-trained cadres will give the radical left an important boost. But public reaction to the hijacking and other indicators suggest that they will face an unreceptive operating environment as well as better trained and more proficient security forces.

42. Nicaragua—whose strategy presumably is closely coordinated with Havana's—is also using a variety of tactics to try to get Honduras to curb its support for anti-Sandinista insurgents and otherwise reverse its pro-US policies. After anti-Sandinista forces blew up two bridges in mid-March, Nicaragua recalled its ambassador and threatened to break diplomatic relations. The Sandinistas significantly increased troop strength and Cuban advisory presence in the border region and coupled these actions with stepped up diplomatic pressure. Counting on its significant military edge to give it leverage, Nicaragua has pushed for bilateral talks with Honduras to be held at the level of commander in chief and has emphasized the need to dismantle "counterrevolutionary" camps in Honduras and establish joint border patrols.

43. Concerned that it was being placed on the defensive diplomatically, Honduras countered with its own peace proposals, which stress the need for international involvement in monitoring any settlement with Nicaragua. On 23 March, Foreign Minister Paz Barnica announced a Honduran plan whose key ele-

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ments include international supervision and vigilance at the border and other sites in both countries, reduction in foreign military advisers, agreed-upon limits regarding the acquisition of modern weaponry, and a halt to regional arms trafficking. Honduras launched a diplomatic campaign to obtain support for its plan and has gained endorsement from a broad range of Latin American governments, including Mexico.

44. Having failed to intimidate the Hondurans, Nicaragua has recently shifted tactics and is now adopting a more accommodating demeanor. Less than a week after Nicaragua's Defense Minister Humberto Ortega reiterated his government's insistence on face-to-face talks with Alvarez in Managua, the chief of staff of the Sandinista Army arrived in Honduras for talks with his Honduran counterpart. Sandinista representatives went out of their way to appear cordial and, while offering no important concessions, succeeded in persuading the Hondurans to agree to attend followup discussions that would prepare the way for a meeting between Commanders in Chief. As an additional gesture, the Sandinistas released 38 Honduran fishermen whose arrest in March helped to sour relations.

45. The new flexibility demonstrated by the Sandinistas underscores the fact that increasingly effective border raids are taking a toll—one Nicaraguan official reportedly claimed that the Sandinistas have suffered some 300 casualties in recent months. The Nicaraguans presumably are also motivated by a desire to strike a deal with Honduras that would prevent former Sandinista leader Eden Pastora from using that country as his base of operations. Although the Hondurans have demonstrated no willingness so far to alter their negotiating position, some evidence indicates that frustration with the United States is causing key Honduran leaders to talk about reassessing their policy toward Nicaragua.

46. Honduran disgruntlement with the United States has its origins in what is widely perceived in Tegucigalpa to be a lack of US responsiveness to the pressing needs of a country that increased its own vulnerability to support US interests. Against this background, General Alvarez in particular has been incensed by the US role in the Falklands crisis—a response that is colored in part by his lengthy training in Argentina. He has stated privately that his growing doubts about the reliability of the United States as an ally are causing him to reconsider Honduras's hardline

policy against Nicaragua, especially in light of his concern that the United States might opt for its own accommodation with Nicaragua and Cuba.

47. Alvarez's attitude appears also to indicate that the Cubans—through their contacts with the two recently ousted Honduran officers—made some headway in undercutting US credibility

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48. Honduras has asked the United States to provide either F-4 or F-5E fighters free of charge and has requested US aid in financing the purchase of new Canadian-built transport aircraft. The Hondurans also need artillery and antitank missiles to offset Nicaragua's growing armor and artillery inventories. The Suazo government's prospects seem bleak for finding other governments—particularly in Latin America—that would provide substantial help in these areas. Nevertheless, there appears to be more than posturing behind Tegucigalpa's disillusionment with the United States, and in the absence of concrete reassurances the Hondurans probably will soon begin to back away from their pro-US stance on regional issues.

### Costa Rica

49. The Monge government will return Costa Rica to policies more consistently in line with US interests in Central America and less given to the fiscal and political eccentricities that characterized the Carazo administration. Nevertheless, Costa Rica faces unprecedented economic problems that will defy quick solutions, the strong likelihood that leftist extremists will attempt to exploit the economic situation, and the probability that the woefully inadequate security forces will be unable to stem the country's use as an important link in the guerrillas' regional arms supply network. Additional challenges involve an increasingly volatile situation along the northwestern border with Nicaragua, as well as the possibility of Cuban and Nicaraguan clandestine operations calculated to destabilize the Monge government. Although its strong

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democratic institutions should enable Costa Rica to withstand these challenges, the tranquillity that has previously distinguished the country from much of the rest of Central America will be seriously threatened in the future.

50. Costa Rica's virtual bankruptcy constitutes the broadest and longest term threat to social peace. Economic activity will drop some 6 percent in 1982, and imports will decline because of poor export performance, scarcity of foreign exchange, and limited access to credit. Unemployment will soon reach 14 percent—extremely high by Costa Rican standards—and consumers are facing triple-digit inflation. Despite Monge's willingness to test public resolve and that of his own party through strict austerity, complete economic recovery probably is years away.

51. The economic situation carries with it opportunities for Costa Rica's small Communist coalition. Although tactically and ideologically divided, the coalition was stung by its poor showing in the February election and may be ready to abandon its generally nonviolent policies. The likelihood that the austerity measures will spark some strikes could play into the coalition's hands, particularly as its largest component, the Costa Rican Communist Party (6,000 to 7,000 members) effectively controls more than 50,000 laborers. Communist-inspired violent strikes by banana workers before the election could be a harbinger, and coalition representatives have been quick to challenge Monge's initial austerity package.

52. The regional character of Central America's insurgencies is also increasingly apparent in Costa Rica. Over the past year, the country has been the scene of numerous terrorist incidents, at least some of which apparently were undertaken in support of the Salvadoran and possibly Guatemalan guerrillas. The recent seizure in San Jose of a large cache of arms probably intended for El Salvador and the arrest of nine suspected terrorists—including four Salvadorans and two Nicaraguans—underscore Costa Rica's continuing role in the regional arms link. Moreover, the sophistication of the operation—which included passports, blank travel papers, immigration seals from more than 30 countries, and some 13 vehicles specially fitted to conceal weapons and which apparently transited Nicaragua with impunity—points to an extremely well financed organization directed from outside the country. Some security officials have indicated

that as many as 15 other support cells may be operating in Costa Rica.

53. The discovery of the arms cache has also increased fears in Costa Rica that at least some of the arms were intended for domestic use. This has prompted the new government to announce the creation of a special antiterrorism squad—a clear signal that Monge expects subversive activity to increase and a tacit admission that the security forces are inadequately prepared for such an eventuality.

54. This fear is well founded. Lacking a standing army, Costa Rica relies on the 7,000-man Civil Guard as its first line of defense. The Guard, however, is poorly trained and generally armed only with pistols and carbines. Few of its crew-served weapons are in working condition, almost all ordnance is unserviceable, and cannibalization of weapons parts is widespread. The Guard's ability to provide national defense has been further weakened by Cuban penetration and by the economic situation. The impact that the economic crisis is having on defense was recently highlighted by reports that only 65 of the Guard's 360 patrol cars purchased three years ago are now operational.

55. Costa Rica's security inadequacies have been underscored by increased leftist subversion in Guanacaste Province, which abuts Nicaragua. Over the last eight months, weapons shipments by air and, to a lesser extent, by sea have been noted transiting this area. Most of the weapons reportedly are bound for the Salvadoran insurgents, although some apparently are being cached for later use in Costa Rica or elsewhere. The Sandinistas are also said to be recruiting land squatters in the area for eventual deployment to El Salvador, and encouraging the takeover of ranches both near the border and along the inter-American highway. Strong pro-Sandinista sentiment in Guanacaste, meanwhile, allows Nicaragua to maintain plausible denial and to use squatters to monitor Costa Rican security force movements.

56. Guanacaste also shelters many of the approximately 10,000 Salvadoran refugees in Costa Rica. Since September 1981 we have had indications of Sandinista or Salvadoran guerrilla attempts to gain control of the refugee camps in the area, long suspected by Costa Rican security officials as being support bases for the Salvadoran insurgency. One of

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the Salvadorans arrested in the arms cache discovery in San Jose has been identified as previously being resident in a refugee camp.

57. The arrival in Costa Rica in April of Nicaraguan war hero Eden Pastora and his assertion that he will unseat the Sandinista hierarchy have heightened tensions between San Jose and Managua. Monge's decision to expel Pastora reflects Costa Rica's desire not to repeat its involvement in the kind of counter-revolutionary activity that led to the overthrow of Anastasio Somoza and its fear that Nicaragua would use the Pastora threat to justify an invasion of Costa Rica. At the same time, Monge realizes that attacks staged from Costa Rica could ultimately jeopardize the centerpiece of his regional defense policy: the plan to request an OAS peace force to protect Costa Rica's borders in any war in Central America—a pointed reference to potential Sandinista aggression.

58. Nicaragua and Cuba are concerned by Monge's reliance on the Rio Treaty, which comes amid other signals of Monge's strong opposition to Communist subversion in Central America. These have included Monge's refusal to rule out US military assistance for Costa Rica, his willingness to counter Communist propaganda in regional forums, and his decision not to renew relations with Havana. Nevertheless, Castro's operatives have the necessary infrastructure in Costa Rica to support clandestine operations designed to destabilize the Monge government.

59. An additional problem for Monge involves the political ambitions of former Costa Rican Security Minister Johnny Echeverria, who has extensive ties with both Cuba and Nicaragua.

## Nicaragua

60. Since coming to power in July 1979, the Sandinistas have followed a gradualist strategy for the establishment of a Marxist-Leninist state in Nicaragua, closely patterned after the Cuban model. While concentrating on the buildup of the military, the militia, the security services, and the Sandinista mass organizations, the regime has gradually restricted the activities of the private business sector, the independent media, and the opposition political parties. In recent months, however, the Sandinistas' siege mentality—developed during the long struggle against Somoza—has been reinforced by their perception of renewed US effort to check leftist forces in Central America. Consequently, the regime has accelerated efforts to consolidate its control.

61. The Sandinistas regard recent diplomatic pressures against Nicaragua, their deteriorating economy, increasing activity by foreign-based opponents, the failure of the left to gain power in El Salvador, and US military aid to Honduras as evidence of Washington's conspiracy to destroy their revolution. Although the regime would prefer to avoid a premature crackdown on moderate groups that would jeopardize access to Western financial sources, the recent increase in internal and external pressures has propelled it toward greater repression of opposition elements and mass mobilization of the population.

62. Since the declaration of a state of emergency in March suspending most civil liberties, the regime has halted virtually all opposition political activity. The imposition of prior censorship and the banning of nonofficial radio newscasts have given the Sandinistas almost total control over the media, effectively denying the moderates the means to take their case to the public. Editors of the prestigious independent newspaper *La Prensa* have been so intimidated by numerous government-ordered shutdowns that they frequently anticipate—and refrain from publishing—those press items likely to anger the regime. Several opposition party and labor union activists have been arrested on unspecified security grounds, and some moderate leaders have been denied permission to leave the country. (b)(1)  
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63. Businessmen, meanwhile, have been hit with recent economic decrees that allow the regime to control commerce and production and impose "war

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taxes." Although business leaders fear the decrees threaten the existence of the private sector, they also are aware of the risks that a confrontational approach toward the regime would entail. Rather than resisting the government's measures, many businessmen probably will opt for quietly leaving the country.

64. Relations between the Sandinistas and local Catholic Church leaders also have deteriorated in the past few months as the bishops have continued to resist the regime's authoritarian methods. In February the bishops issued their strongest public attack yet on the regime's human rights record in a letter denouncing Sandinista actions against the Miskito Indians. The Sandinistas in turn have increased their pressure by temporarily closing a Church-owned radio station, taking steps to control the curriculum in the country's large Catholic school system, and imposing Cuban textbooks on some of the schools. The regime also continued its efforts to sow dissension by backing the Church's radical wing and to discredit Archbishop Obando y Bravo by linking him to Washington and exiled opposition elements. The Church, however, recently demonstrated its deep support in Nicaraguan society by successfully resisting Sandinista attempts to prevent public attendance at traditional Holy Week religious ceremonies.

65. The Sandinistas have used the crisis atmosphere during the state of emergency to stir up popular antagonism toward the United States and strengthen their network of neighborhood defense committees and the militia as instruments of social control and regimentation. Neighborhood committees—patterned after the Cuban model—have been instructed to increase their vigilance over the population and report "counterrevolutionary" activities to the security forces. Militia recruitment drives were accelerated during the first two months of the emergency, and harsh measures have been used to coerce or punish those who resist recruitment. In early April, 105 peasants fled to Honduras after being threatened with imprisonment and confiscation of their property for refusing to join the militia.

66. Through a combination of pressure and patriotic appeals, the Sandinistas have succeeded in increasing discipline in the labor force—a major accomplishment after strikes, absenteeism, and work stoppages became almost endemic last year. Appeals to revolutionary fervor and nationalism apparently have

strengthened the dedication and discipline of the Sandinista rank and file in the government, armed forces, and mass organizations.

67. Increased repression and revolutionary mobilization during the state of emergency have led several opposition leaders to conclude that a mixed economy and even the remaining vestiges of pluralism will not survive under the Sandinistas. Moreover, Eden Pastora's denunciation of the Sandinista leadership has provoked fears among moderate leaders that—given their vulnerability to Sandinista anger—a serious challenge from Pastora would lead to an even stronger repression of independent groups. Former junta member Alfonso Robelo and several other key moderates have given up trying to stop the Sandinistas' move toward totalitarianism from inside Nicaragua, and with some of their followers they have gone into exile to carry out their opposition to the regime. Other moderates are making preparations to flee the country or go into hiding. Many of those who will not or cannot leave have been intimidated by arbitrary arrests and bullying by Sandinista thugs. They probably will try to disassociate themselves from Pastora, Robelo, and other exiles.

68. Although Pastora represents no immediate threat to the regime, his denunciation of the Sandinista leadership has had an unsettling political and psychological effect in Nicaragua. Wall paintings reportedly have begun to appear in Managua and other areas suggesting popular support for Pastora, and his call for the overthrow of the regime has provoked several low-ranking defections from the Sandinista Army. Nevertheless, Pastora's recent expulsion from Costa Rica and the willingness of former colleagues in the Army to repudiate his action suggest he faces an uphill struggle.

69. The recent defection of Central Bank President Alfredo Cesar has damaged confidence in the Sandinistas within international financial circles, thus adding to the economic costs of increased political controls. Cesar has been personally credited by many foreign bankers with keeping Nicaragua financially solvent. The mobilization of reservists during the state of emergency and the maintenance of military forces on an alert status have been costly in terms of processing and distributing fuel, foodstuffs, and other resources. The diversion of resources to the military will mean more cuts in government spending for social services and productive investment, thereby lowering

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the standard of living. The recent economic decrees and stepped-up confiscations under the agrarian reform program have further undermined business confidence and are likely to accelerate the flight of capital, entrepreneurs, and qualified technical and managerial personnel.

70. By emphasizing the foreign threat, the Sandinistas have tried to offset growing uneasiness about their intentions among Western financial supporters. Western aid, however, probably will fall short of the level needed to support increases in real imports and real GNP this year, particularly since Managua is not likely to alter its accelerated drive toward a Marxist-Leninist state. The regime may give ground temporarily on individual issues, but the forces behind radicalization are likely to grow. Safeguarding the revolution remains the Sandinistas' top priority, and portraying the United States as the cause of Nicaragua's problems permits them to rally domestic support, suppress the opposition, and explain away their economic failures. Moreover, the more serious the armed challenge becomes—from Pastora or others—the more swiftly and brutally the Sandinistas will try to suppress opposition elements nationwide.

71. The Sandinistas' resolve to step up internal repression has been strengthened by mounting government casualties in clashes with antiregime bands. Managua's growing concern about unrest in the Atlantic Coast region and about the activities of foreign-supported guerrilla groups based in Honduras and Costa Rica has led it during the past several months to remove by force the Miskito Indian population along the northern border, to retaliate against Tegucigalpa by stepping up covert support of violent Honduran leftists, and to increase diplomatic pressures against San Jose. The regime also is counting on the intimidating effect that its continuing military buildup has on governments in the region. So far, the Sandinistas have refrained from carrying out retaliatory strikes against insurgent camps in Honduras for fear that such action would provoke a major US military move against Nicaragua. As their military strength grows, however, and if the border provocations continue, the Sandinistas will tend to become more belligerent, and the danger of a major conflict is likely to grow.

72. The military buildup continues to upset the regional military balance. The Sandinistas are building an army and militia force that is intended to defend

against any regional military threat. Even now the Sandinistas could probably beat back an attack by any one potential adversary in the region. Managua already outstrips each of its neighbors in military manpower, armor, and artillery capabilities. Over the next year Nicaragua will widen its margin, although its principal manpower effort will be the professionalization of its regular forces. Regular army strength has stabilized at about 15,000 to 20,000, but the expansion of reserve and militia units continues. The regular reserve force now numbers some 20,000, and the new drive to recruit more members for the irregular militia has pushed the total reserve figure to more than 50,000. Thus the armed strength available to the Sandinistas, not including the national police, is some 70,000 personnel. By comparison, the Honduran Army numbers 13,400 men plus an undertrained reserve force of 5,000.

73. In April, Managua received twelve 122-mm multiple rocket launchers and four heavy ferries for its T-55 tanks. The rocket launchers give Nicaragua a mass firepower capability unmatched in the region, and the tank ferries provide an offensive water-crossing capability for the armor force.

74. Preparations for the delivery of MIG-21 fighter aircraft to Nicaragua continue. Their receipt would enable it at least to match the Honduran Air Force, whose 14 aged Super Mysteres make it the best in the region. Aircraft revetments have been completed at Sandino Airfield outside Managua, and runway extensions and improvements continue at Puerto Cabezas and Montelimar. The Nicaraguans also are forming a new airborne commando unit at Montelimar, and several AN-26 transport aircraft are on order from the Soviet Union for the force.

75. The Cubans continue to play a key role in Nicaragua's military buildup. There are approximately 6,000 Cubans in Nicaragua of whom some 2,000 are military/security advisers. In addition to providing technical and training assistance, they have participated in a number of key construction projects such as building a strategic road to connect Puerto Cabezas with the rest of the country and improving various airfields to support jet fighter aircraft. Moreover, Cuban special troops are helping in counterinsurgency operations and in providing personal security for Sandinista leaders.

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76. We judge that during the period of this Estimate the Sandinistas will accelerate efforts to build the institutional bases for a totalitarian Marxist state by strengthening the mass organizations and their capacity for popular mobilization in support of regime policies. They also will continue to emasculate the already weakened democratic forces, but will try to avoid a total crackdown that would jeopardize Western aid. Nevertheless, a serious armed challenge to the regime would provoke a swift suppression of opposition elements and possibly lead to the declaration of a "socialist state" intended to elicit Soviet support and protection. The deteriorating economy will remain the Sandinistas' major vulnerability, but economic woes will encourage radicalization and the search for scapegoats. Although Moscow seems intent on limiting its share of the Nicaraguan financial burden, the USSR already shows signs of agreeing to a gradual increase of economic assistance in order to maintain the stability of the Sandinista regime.

77. Despite a history of factionalism going back to the mid-1970s, the Sandinista leadership has displayed remarkable unity during its almost three years in

power, reflecting to a large extent the commonality of Marxist-Leninist views within its nine-man National Directorate. Although tensions over tactical disagreements and personality conflicts among Sandinista leaders have not been completely resolved—making a leadership shakeup almost inevitable in the long run—cohesion is now being reinforced by their growing concern about Nicaragua's economic problems and by their perception that increasing foreign challenges could threaten their control. We believe that over the next several months the Sandinista leaders' shared interests in maintaining unity in the face of foreign threats—real and imagined—will continue to outweigh individual desires for primacy and foster a convergence of views about the need to step up the establishment of a one-party state. Moreover, the Directorate is dominated by hardliners who control the armed forces, the security services, the mass organizations, and the government bureaucracy. Even if unforeseen circumstances were to result in a power struggle, this would prompt further radicalization and an immediate move against opponents to forestall any attempt to exploit the Directorate's internal divisions.

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