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NATIONAL SECURITY COUNCIL

October 17, 1983

NOTE FOR DIRECTOR OF CENTRAL INTELLIGENCE

FROM: CONSTANTINE MENGES

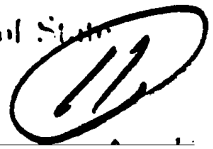
*18 Oct.*  
*2/15/83*  
*10/19*

Attached is the State Department's Action Plan on Boland-Zablocki. The first two pages are a good summary.

My apologies for the fact that the attachments do not have tabs, but my copy does not have them either. Enclosed is one copy for you and one for Clair George.

United States Department of State

Washington, D. C. 20520



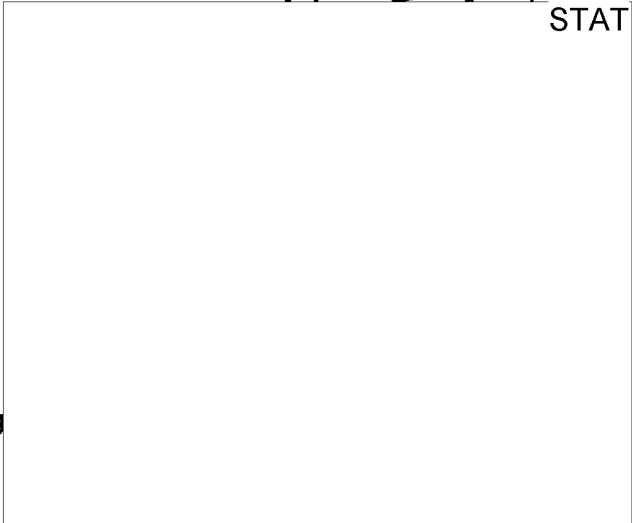
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INFORMATION MEMORANDUM

S/S

~~UNCLASSIFIED~~  
~~(SECRET Attachments)~~

TO: The Deputy Secretary  
FROM: H - Alvin Paul Drischler, Acting  
ARA - James Michel, Acting  
SUBJECT: Action Plan on Boland-Zablocki



During the past two weeks we have:

-- Personally called on most of the 44 House Members identified as key swing votes in our analysis of the July 28 voting to brief them in depth on our Central American policy



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-- Met twice with Ken Robinson and Republican staffers of the House Intelligence to concert our tactics and strategy;

-- Conducted in-depth substantive briefings on the Hill for the 42 members of the Coleman Republican Task Force on Foreign Policy and for Republican Members of the Foreign Affairs and Intelligence Committees, as well as a number of the Republicans on our target list;

-- Met with Representative Dan Mica to plan a similar effort on the Democratic side, to begin with a briefing for all the target Democrats on Monday, October 17; and

-- Drafted various alternative amendments Robinson can offer, obtained inter-agency, White House and NSC clearance, and passed the amendments to Robinson.

Thus far, Department officials sharing in this effort have personally spoken with 27 of the 44 Members on our key target list. The initial results show a slight shift in our favor since the July vote, and a large number of undecided. Of seven Republicans contacted who voted against us in July, three report they are still leaning against (Boehlert, NY; Jeffords, VT; and McKernan, ME); three are now leaning for us (Coughlin, PA; Horton, NY; and Zschau, CA); and one is undecided (Schneider, RI). Of eight Democrats contacted, who were "soft



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opponents" in July (showing a mixed voting pattern but against us on the final vote), four now claim they are undecided, and four are leaning against.

We have asked all officers making these calls to complete them by Tuesday, October 18. In addition, these initial calls indicate that higher level follow-ups would be useful or necessary in a number of cases. We are planning to hold an IG Working Group meeting on Monday afternoon to decide in detail which follow ups are needed and at what level. We expect to have specific recommendations for participation by the White House, the Secretary, and you on Tuesday morning, October 18.

In addition, we have scheduled meetings early next week with several of our key Democratic supporters (Representatives Fascell and Mica). Mica is inviting all 25 Democrats on our target list to a full briefing by representatives of ARA and the NSC. Jim Michel held a dry run of this briefing with Mica on Thursday. An impressive Nicaraguan defector will meet with the Members of the House Intelligence next week. We have also asked the Secretary or you to meet with the Members of the House Republican Task Force on Foreign Policy for a final high-level meeting with our supporters a day or two before the vote is expected to take place.

Attachments:

- Tab 1 - A copy of the Three Possible Amendments to Section 108 of H.R. 2968, fully cleared, provided to Mr. Robinson.
- Tab 2 - Information on our Central America Policy provided to all key Target Members and Supporters.
- Tab 3 - The Text of Draft Letter from the Secretary to all Members of the House.
- Tab 4 - The Package of Instructions and Briefing Materials provide to all Department Officials making the Calls on the Target Members, including the Target List and Assigned Contacts.

Drafted:H:GdeSantillana:jvm  
10/14/83:x28728  
ARA #70

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consideration of H.R. 2968, the intelligence authorization act for FY 1984.

At Tab 1 are three possible amendments to section 108 of H.R. 2968 to be introduced by Mr. Robinson. They are:

- an amendment to strike section 108;
- two versions of an amendment incorporating "strict reciprocity", i.e., the funds will not be cut off until the Nicaraguans stop supporting anti-government forces elsewhere in Central America as determined by a Presidential certification;
- an amendment, patterned after one introduced by Mr. Mica, providing that section 108 shall take effect only when (1) Nicaragua has stopped its support for anti-government forces, (2) it has entered into a reciprocal and verifiable agreement with other governments of the region on the basis of the Contadora "21 points", and (3) the cessation of Nicaragua's support for anti-government forces and the entry into force of the agreement has been verified by the OAS <sup>or</sup> the President.

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This last amendment should attract support from members who previously voted for the Boland-Zablocki proposal (H.R. 2760) because, since passage of H.R. 2760, the nations of the region adopted a Document of Objectives (the 21 points") calling for a verifiable agreement on cessation of support for anti-government forces.

~~At Tab 2 is a fall back amendment which might be the basis of an agreement with Chairman Boland.~~ Deleted, per NSC request.

Tab 3 provides suggested language for a motion to recommit.

Amendment to H.R. 2968

Offered by Mr. Robinson

On page 5, strike out line 20 and all that follows through  
line 3 on page 6.

Amendment to H.R. 2968

Offered by Mr. Robinson

On page 5, line 22, immediately after "Sec. 108.", insert

"(a)."

On page 6, between lines 3 and 4, insert the following:

(Version 1)

(b) The prohibition contained in subsection (a) shall not take effect if the President certifies and reports to the Chairman of the Permanent Select Committee on Intelligence in the House and the Select Committee on Intelligence in the Senate that the Government of National Reconstruction of Nicaragua is continuing to provide support, including the furnishing of arms, personnel, training, command and control facilities and logistical support, to military and or paramilitary operations by anti-government forces in any country in Central America or the Caribbean.

(Version 2)

(b) The prohibition contained in subsection (a) shall not take effect until the President certifies and reports to the Chairman of the Permanent Select Committee on Intelligence in the House and the Select Committee on Intelligence in the Senate that the Government of National Reconstruction of Nicaragua has ceased providing support, including the furnishing of arms, personnel, training, command and control facilities and logistical support, to military and or paramilitary operations by anti-government forces in any country in Central America or the Caribbean.

[Differences between versions 1 and 2 are underlined]

Amendment to H.R. 2968

Offered by Mr. Robinson

On page 5, line 22, immediately after "sec. 108.", insert

"(a)".

On page 6, between lines 3 and 4, insert the following:

(b) the prohibition contained in subsection (a) shall take effect when --

- (1) the Government of National Reconstruction of Nicaragua has ceased its activities (including the furnishing of arms, personnel, training, command and control facilities and logistical support) in support of military or paramilitary operations by anti-government forces in any country in Central America or the Caribbean;
- (2) a reciprocal and verifiable agreement has entered into force among Government of National Reconstruction of Nicaragua and the other governments of the region on the basis of the <sup>21 - Point</sup> Document of Objectives adopted on September 10, 1983, by the governments of Columbia, Mexico, Panama, Venezuela, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua; and
- (3) the cessation of such activities, and the entry into force of the agreement, has been verified by the General Assembly of the Organization of American States, or by the President of the United States in a report to the Congress.

**BRIEFING PACKAGE ON NICARAGUA-RELATED LEGISLATION**

Attached is material on Nicaragua designed for use with (and, as appropriate, by) congressmen and staffers. Items include:

- Overview and talking points on importance of Nicaraguan resistance movement to goal of peaceful settlement in Central America.
- History of US efforts to negotiate with Sandinistas.
- Importance of Nicaraguan resistance to US policy goals.
- International law.
- Policy implications of curbs on covert action.
- Fears of expanded US role.
- Refutation of charges US supports Somocistas.
- Other pressures Sandinistas face.
- Socialist International letter urging Sandinistas to fulfill their promises.
- Accomplishments of anti-Sandinista guerrillas.
- Newspaper articles.

Attachments:

As stated.

Doc #5638N



the Nicaraguan resistance movement  
and the Search for Peace in Central America

The achievement of a negotiated settlement to the current Central American conflicts is a key US policy objective in the region. There are now signs of movement toward this goal. A critical element in this improved climate has been signs of a changed attitude by the Sandinista regime in Nicaragua.

This development has been fostered by the armed resistance movement now active in Nicaragua--a movement that poses a threat to vital Sandinista interests and impairs their capacity to spread revolution. At this critical juncture, however, the President is threatened with a loss of authorization to help the Nicaraguan resistance forces. If this happens, the movement toward a negotiated settlement stands to suffer a severe setback as the Sandinistas revert to their former intransigence.

The removal of this incentive for negotiation of a peaceful settlement would invite continued, and even increased Nicaraguan support for insurgency and terrorism in neighboring countries. It would also make it easier for the Sandinistas, with Cuban and Soviet assistance, to pursue the destabilization of governments friendly to the U.S. by providing a continued sanctuary within Nicaragua for subversives from other Central American countries.

Reducing the prospects for successful negotiations and diminishing the impediments to Nicaraguan support for neighboring insurgencies would undermine U.S. foreign policy objectives and important security interests in Central America.

The attached point paper spells out in greater detail the relationship between US security interests and hope for a negotiated settlement on the one hand, and the pressure being brought to bear by the Nicaraguan resistance movement on the other.

**Nicaraguan support for subversion and terrorism in neighboring countries is a fact. This support is carried out under the active direction of Cuba and the Soviet Union.**

- The abundant and well-documented evidence for this is overwhelming. There can be few objective observers, in this country or abroad, who are unconvinced of Sandinista support for external subversion.
- The Democratic controlled House Permanent Select Committee on Intelligence has consistently confirmed Nicaraguan and Cuban support for Central American guerrilla groups (see for example the Committee staff report of September 22, 1982 and the Committee report of May 13, 1983).
- Defectors from Nicaragua (Miguel Bolanos) and from the Salvadoran guerrillas (Alejandro Montenegro), as well as from Honduran terrorist groups, have confirmed the Sandinista role. (See Bolanos' interview in the June 19, 1983 Washington Post.)
- US human and technical intelligence means have provided additional detail and confirmation.

**the continuing turmoil and instability in Central America, undermining basic U.S. security interests and foreign policy objectives.**

- Central America's stability and development can best be realized through democracy, reform, human freedom and equitably distributed economic growth.
- As opposed to these goals, the leftist guerrillas now operating in the region represent forces of political repression, a one-party state, militarization, and close ties to the Soviet Bloc.
- History shows it is difficult to defeat a guerrilla movement with a geographically proximate sanctuary, command and control center and source of resupply. Nicaragua serves these purposes for the Salvadoran guerrillas.
- As long as this situation continues, the U.S. faces an open-ended cycle of violence and turmoil throughout Central America, the potential for a flood of refugees, and a direct threat to U.S. national security resulting from increased Soviet/Cuban military and political presence in the region.

**neighboring countries, it must realize that its continued support for terrorism and subversion gives rise to countervailing pressures that threaten the Sandinistas' own national interests.**

- Since early in their rule, the Sandinistas have demonstrated that they share with the USSR and Cuba a deep ideological commitment to spread Marxist revolution.
- Financial, military, and political support from the Soviet Bloc, radical Arabs, and others have given the Sandinistas immunity from conventional diplomatic/economic pressures as they subvert their neighbors.
- The history of US bilateral aid is illustrative: we gave the Sandinistas \$118 million in direct assistance before cutting off aid due to Sandinista support for Salvadoran insurgency. This had no deterrent effect. Similarly, we offered to restore aid if the Sandinistas stopped exporting subversion. This, too, failed to sway them.
- Over the past several months, however, the Sandinistas have had to face, for the first time, a threat to their internal control in the form of an armed resistance movement opposed to Sandinista external and internal policies. The pressure generated by this movement offers the best hope yet of shaking the Sandinistas from their single-minded support for region-wide revolution and bringing them to the negotiating table.

The pressure that has been generated has begun to produce signs of a possible agreement between Nicaragua and its neighbors. Removal of pressure would undercut the negotiating process and thereby diminish prospects for democratic reforms and stability in the region.

- On July 19, Sandinista Junta Coordinator Ortega announced a six-point peace plan which, though flawed, included for the first time Nicaragua's acceptance of multilateral negotiations as well as an end to arms trafficking and training in support of subversive movements; an end to arms supplies to both sides in El Salvador (admission that guerrillas receive outside arms); withdrawal of foreign military bases and end to joint military exercises.
- A few days later, Cuban Premier Castro admitted the presence of Cuban security advisers in Nicaragua; implied that under certain circumstances he would be willing to withdraw advisers and end arms shipments to Nicaragua; recognized the multilateral nature of Central American problems and the need for concessions from all sides; and said Cuba would support elections with guarantees in El Salvador.
- Most significantly, the Contadora process -- which the US strongly backs -- has resulted in a September agreement among participating parties (the Contadora Four: Colombia, Mexico, Panama, Venezuela; plus Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) on a 21-point Document of Objectives to serve as a framework for regional peace. According to Colombian President Betancur, the document has been ratified by all Central American governments.
- Ambassador Stone has held two meetings with the Salvadoran left, and representatives of the Salvadoran left have met twice with the Government of El Salvador's Peace Commission.
- These initial moves toward a possible peaceful settlement, following a long period of intransigence by the Sandinistas and their Cuban mentors, must be attributed to the pressures being felt from the determined resistance of neighboring countries to Nicaraguan-sponsored subversion, the demonstrated capacity of the United States to assist these threatened nations and, most significant, to the pressures being brought on the Sandinistas by the Nicaraguan resistance movement.
- It is only the resistance movement that poses a direct threat to Sandinista domination of Nicaragua. This movement is therefore the strong incentive for the negotiation of a political settlement in Central America. Denying the President authority to assist this movement risks undercutting this hopeful trend toward Nicaraguan willingness to negotiate.

## HISTORY OF U.S. POLICY ON TALKING TO THE NICARAGUANS

The United States has been the target of repeated charges, levelled by the Sandinista regime that it is uninterested in dialogue. In fact, the United States has been willing to discuss issues of mutual concern with the Sandinistas since before they came to power in July 1979. We have manifested this willingness to talk with concrete action. The record of our unrequited overtures demonstrates beyond any doubt the falsity of Sandinista charges that the U.S. lacks interest in discussions. It proves, in fact, that it is the Sandinistas who have stymied all attempts at meaningful consultation.

The United States, the Central American democracies, and other members of the hemispheric community have made repeated attempts to engage Nicaragua in a dialogue that would address the concerns of every country in the region, including Nicaragua's stated major concerns, guaranteed security for its borders and the creation of conditions which would permit the Sandinistas to abide by the commitment to democratic pluralism they made to their people and the international community at their accession to power.

The following are bilateral and multilateral approaches to Nicaragua in which the United States has participated:

- in 1978, the United States participated in a three-nation mission of "friendship and reconciliation" under OAS auspices in an effort to find a peaceful solution to the conflict in Nicaragua.
- after the fall of Somoza in 1979, the United States for nearly two years used economic assistance and diplomatic support to encourage the Sandinistas to respect their commitments to political pluralism, free elections, a mixed economy, and a non-aligned foreign policy;
- in August 1981, after Nicaragua had secretly but massively supported guerrilla warfare in El Salvador, the United States presented a five point peace proposal to the Sandinistas;
- in April 1982, the United States presented the Sandinistas an eight point proposal to solve regional problems;
- in October 1982, the United States, along with seven other regional democracies, signed the San Jose Declaration;

- today, the United States is encouraging the multilateral efforts of the Contadora group as it has since they started in January 1983.

Equally clear and consistent has been the response of the Government of Nicaragua. The Sandinistas have:

- increased their armed forces from 14,000 to 70,000;
- received 2,000 Cuban military advisers, as well as smaller numbers of Soviet and Eastern European bloc security personnel;
- reneged on their promises of early elections, repressed moderate opposition groups, and initiated the establishment of a state aligned with and modeling itself after the Soviet Union;
- in conjunction with Cuba, provided active military support to guerrilla groups in El Salvador;

All of these actions were taken or begun during the regime's first 18 months, despite the U.S. policy to achieve an accommodation with the new government. The only ones who pushed Nicaragua into the arms of Cuba and the USSR were the Sandinista leaders themselves.

In addition, the Sandinistas:

- rejected our August 1981 proposal;
- failed to give a substantive reply to our April 1982 proposal;
- refused to consider the October 1982 San Jose Declaration as a basis for further discussions;
- refused for many months to give serious attention to their neighbors' proposals in the Contadora process.

This is a history of Nicaraguan intransigence -- an illustration of the clear intent of the Sandinistas to push aside efforts at negotiated peace while pursuing single-mindedly their goal of region-wide revolution.

### Importance of Nicaraguan Resistance to U.S. Policy Goals

U.S. objectives in Central America are peace and stability, avoidance of communist or other hostile regimes, and internal systems characterized by healthy economies, democratic institutions, and observance of human rights and freedoms. These objectives are shared by the overwhelming majority of nations in the region.

The Administration's policy toward Central America consists of four elements directed specifically at those goals. These elements are: support for democracy, reform, and human freedom; support for economic development; support for dialogue and negotiation; and provision of the security shield necessary for the other three elements to prosper.

The Sandinista regime in Nicaragua, on the other hand, represents virtually the diametrical opposite of the goals shared by the US and friendly nations of the region.

The Sandinistas have:

- Purposefully undermined peace and stability by providing material and logistical support to insurgent and terrorist groups in neighboring states while building up the most powerful conventional military machine Central America has ever seen.
- Rejected, until very recently, repeated attempts by the US and their neighbors to engage them in meaningful negotiations. Even now, the Sandinistas' grudging acceptance of some of the generally recognized principles of negotiated settlement is far from clear proof they have changed their ways.
- Instituted a repressive internal system featuring one-party rule, tight media controls and other curbs on political and civil rights, while aligning themselves closely to the USSR and Cuba.
- Proved willing to sacrifice their own citizens' economic well-being in favor of a huge military build-up, while at the same time abetting the destruction of the Salvadoran economy through their support for the Salvadoran guerrillas.



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In their four years of rule in Nicaragua, marked by the policies outlined above, the Sandinistas have proved beyond dispute that they are a force for destabilization abroad and repression at home. Until they stop subverting their neighbors, there can be no peace in Central America and, hence, no realization of US policy goals. Moreover, the Sandinistas have proven impervious to all attempts to get them to modify their behavior through persuasion, diplomatic pressure or economic assistance. Only since they have come under direct attack from the armed Nicaraguan resistance movement has there been any evidence of a willingness to consider change. This evidence, however, is too tenuous to give grounds for optimism. The pressure of the resistance forces must continue if there is to be meaningful change in Sandinista policies.

Doc #5569N

INTERNATIONAL LAW

- Every State has the right under internaional law to defend itself against attempts by another State to assist insurgent groups in its territory, and furthermore has the right to seek and receive support from friendly countries in doing so.
- The right of individual and collective self-defense is specifically recognized by the U.N. Charter and the Rio Treaty. Each American state has a duty under the Rio Treaty and the OAS Charter to assist other American States in defending themselves against aggression.
- This principle of international law clearly applies to what is happening in Central America. The governments of Cuba and Nicaragua have been engaging in a serious and sustained effort to overthrow the government of El Salvador through the direction, support and infiltration of arms to insurgents in that country. Much of this infiltration has violated the territory and sovereignty of Honduras as well. All of this clearly amounts to an armed attack under international law.
- El Salvador and Honduras have a clear right to defend themselves against this armed attack, and the United States has a clear right to assist them in collective self-defense.

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### Fears of Expanded U.S. Role

There are concerns that armed opposition activities in Nicaragua will lead that country to strike at neighbors blamed for harboring these elements thus touching off a general war leading to US involvement. While the risk of a wider conflict in this volatile region cannot be dismissed, the above scenario is not the only -- or even likeliest -- means by which this could occur. It must be remembered that Nicaragua, long before it encountered armed resistance, was bent on a course of aggression and destabilization against its neighbors, including long-time democracy Costa Rica. This activity on the part of the Sandinistas is the proximate cause of turning Central America into the sphere of tension and conflict that it is today. Thus, if left unchecked, Sandinista policies could sooner or later create a situation in which the US faced the choice of either allowing the Sandinistas and their Soviet/Cuban mentors a free hand, or intervening to stop them by force.

Repeated conventional efforts to get the Sandinistas to stop interfering with their neighbors have been ineffective. Four years of Sandinista rule have demonstrated clearly that their pursuit of region-wide revolution will not be curbed by diplomatic or economic leverage. Proposals for physically interrupting Sandinista support for insurgency carry serious risks. The House of Representatives Permanent Select Committee on Intelligence, in its May 13, 1983 report on H.R. 2760, recommended U.S. assistance to friendly Central American countries for the purpose of enabling them to prevent infiltration of arms from Nicaragua or Cuba. The same report pointed out, however, that much of this effort could involve use of US military personnel.

The Nicaraguan opposition movement offers a middle ground -- a realistic prospect for modifying Sandinista behavior short of direct US intervention. (The effects the opposition is having are spelled out elsewhere in this package.)

If the opposition -- through lack of external support or otherwise -- ceased to be a factor, it can be taken for granted that the Sandinistas would be encouraged in their aggressive designs. Once again Central America would be on a course leading to a US choice of direct intervention or unacceptable strategic losses.

Doc #5575N

There are three Nicaraguan opposition groups: the Nicaraguan Democratic Force (FDN), the Democratic Revolutionary Alliance (ARDE), and the MISURA Revolutionary Front (Miskito, Sumo, and Rama indians). All three of these groups have grown in response to Sandinista abuses. They are not creatures of Somocismo or of the U.S.

Critics have charged that the FDN is a "Somocista" group, and that the U.S. seeks to replace the GRN with a Somoza-style government. Although the FDN includes some officers and enlisted men from the Somoza-era National Guard, its National Directorate includes only one Guard officer - Enrique Bermudez - whom even the GRN admits was not implicated in any illegal activity. The other Directorate members are people who had opposed Somoza and who had worked for his removal from power. Several had worked with the Sandinistas before the latter began to betray their original promises to Nicaragua.

While all FDN officers are former Guard officers, some of the non-commissioned officers and the vast majority of the FDN enlisted men have no National Guard background. It is noteworthy that at least seventy former Guardsmen are in the Sandinista army; the first Sandinista Minister of Defense also was a former Guard officer.

Furthermore, the FDN has called for the establishment of democratic institutions in Nicaragua. In January 1983, it proposed the revocation of the state of emergency, the separation of the public administration from partisan political activities, and the convocation of internationally-supervised elections in Nicaragua by September 1983.

The claim that, first, the FDN is Somocista, and second, that it has no real support in Nicaragua, is heard more outside Nicaragua than inside. For example, in March 1983, two U.S. reporters travelled with FDN guerrillas in Nicaragua. Their reports attested to the level of their support in the countryside, in the same areas that once supported Sandino.

The U.S. does not seek a Somocista-style government in Nicaragua. The U.S. gave ample support to the mediation efforts in 1978 and 1979 to remove Somoza from power. The U.S. gave economic and diplomatic support to the new government that took power, which promised to respect democracy and to follow a non-aligned foreign policy. We hope that our use of pressure will result in a government more willing to respect the rights of its neighbors and its citizens.

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OTHER PRESSURES THE SANDINISTAS FACE

-- The U.S. is not alone in applying pressure - be it military, economic, or diplomatic - to bear on the Sandinistas. Other countries are concerned about Sandinista support for subversion and attacks on pluralism. These countries have taken steps that complement our policy.

-- The Contadora countries - Mexico, Panama, Colombia, and Venezuela - pressured Nicaragua for months to accept the principle of multilateral negotiations. They then worked on Nicaragua to accept a statement of objectives (the twenty-one points). They will now pressure Nicaragua to accept a final agreement, including meaningful verification measures.

-- In July, four Socialist International (SI) leaders sent a letter to the Sandinistas criticizing their record on elections and democracy. The letter underscored SI and Western European concern about the Marxist orientation of the Sandinistas. Because the Sandinistas had considered the SI to be a firm supporter, the letter caused great concern in the Nicaraguan government.

-- In a similar vein, donations and other foreign assistance from Western Europe and third world countries has fallen short of Sandinista expectations. West Germany has announced that it will not fund new assistance programs for Nicaragua. Other donors are also concerned about the tacit support such assistance implies for Sandinistas' policies.

-- Even Mexico, which has been the Contadora country most friendly toward Nicaragua, recently imposed stricter repayment terms on Nicaraguan oil imports. Under the previous terms, Mexican oil subsidies had reached about \$120 million in 1982. This move by Mexico, along with our recent reduction in the U.S. sugar quota for Nicaragua, will add to the government's economic difficulties.

doc.5571N 10/6/83

Informal Translation of Socialist International Leadership  
Letter to Nicaraguan Leaders

Esteemed friends:

July 19 will be the fourth anniversary of the fall of the Somoza dictatorship and the triumph of the Nicaraguan Revolution.

That day was greeted by all social democratic men and women as the end of a nightmare of suffering, human rights violations and wars endured by that small, great country that is Nicaragua. It is a page of history which will be recorded always as a positive event in itself and charged with profound transcendence for Latin America.

Likewise, from a hope and a historic ambition that belonged legitimately to the Nicaraguan people it was considered (also) as the patrimony of all Latin Americans who love liberty, peace and the independence of their people in the face of whatever form of dictatorship, of oppression and of internal or external dependence.

That was what was called and continues to be called the original goals of the revolution, based fundamentally in democratic pluralism, the existence of a mixed economy and an international policy of non-alignment.

We ally ourselves fully with this original goal of the revolution, we launch campaigns in all directions and we will continue to have firm confidence that this is the best for Nicaragua, for Latin America and for the world.

Four years later we reaffirm our support for the Revolution in Nicaragua and in order not to fall into any of the temptations that we denounce of intervention in the internal affairs of your country, which to us seems illegitimate regardless of where it comes from, this letter only contains our concern over the worsening of the situation in the Central American region and in Nicaragua, and our profound conviction that the fulfillment of the original goal will contribute decisively to peace -- which is once again absent in Nicaragua and more threatened than ever in the region -- and to the happiness of your people.

We consider ourselves friends of the Nicaraguan revolution. Friends sometimes less appreciated for not being dependent upon any external purpose of our own conscience for men who believe in Democratic Socialism, in the self-determination of peoples, in freedom and in

peace. Considering ourselves such, and not wanting to play anyone else's game, we privately write you and believe our duty--in this difficult moment--to risk asking you that, in fulfillment of the original project you decide upon, on the fourth anniversary of the Revolution, the proclamation of the Political Parties Law, the Electoral Law, the ruling that guarantees freedom of speech, and the summons for free elections next year, 1984.

Facing the already unsustainable crises of growing confusion and tension, a bold initiative like the one we are fraternally asking you for, would rescue international public opinion, strengthen the actions of the liberal sector of the United States, particularly the decisions of the Congress of that country to stop all kind of military actions, direct or indirect against Nicaragua. Moreover, it is necessary for the Nicaraguan Revolution to receive again international cooperation and solidarity. As we have already pointed out, it would do no more than develop the project that the triumphant Nicaraguan peoples' Revolution offered to your people and to the world.

Within this climate, the efforts of the Contadora Group could achieve the full channeling toward the solutions that Latin America hopes for.

Whatever happens, we will always condemn and will oppose the use of force, and consequently, we will defend the the right of the Nicaraguans, and the right of all people, to live in peace.

Willy Brandt  
Felipe Gonzalez  
Carlos Andrés Perez  
Daniel Oduber



## ACCOMPLISHMENTS OF THE ANTI-SANDINISTA GUERRILLAS

-- Popular Support: The three major anti-Sandinista groups have about 11,000 armed members, while the Sandinistas have about 70,000 in the Nicaraguan army, reserves, and militia. Despite their inferior numbers, the guerrillas have been able to grow and to penetrate deep in government-controlled territory, relying upon popular support in some areas, and upon tacit acceptance in others.

-- Arms Flow to El Salvador: In September, the guerrillas attacked an arms transshipment point in Estero de Padre Ramos, Nicaragua (reported in the September 21 issue of the Washington Post). Salvadoran guerrillas continue to receive arms as well as other assistance from Nicaragua, but some Salvadoran guerrillas have asserted that FDN actions have delayed or cancelled some arms shipments.

-- Attacks on Economic Targets: In September, FDN commandos successfully disabled the Puerto Sandino offshore tanker-pipeline hookup. Later that month, ARDE forces successfully attacked and destroyed power transmission towers.

-- Nicaragua's New Diplomatic Stance: In July, the Sandinistas announced for the first time that they would accept multilateral discussions with their neighbors in the Contadora Group. In September, they accepted the Contadora twenty-one points. These positive developments were the product of a series of military, diplomatic, and economic pressures applied on the Sandinistas. The anti-Sandinista guerrilla movements are an essential part of this process.

-- Nicaraguan Opposition: Similarly, the Sandinistas have reacted to these pressures by relaxing some restrictions on the legal opposition groups. An opposition political party and a trade union were allowed to hold public conventions, and the government has largely refrained from attacking the private sector. We believe this to be a tactical shift for the Sandinistas, but it reflects the concern that the anti-Sandinistas have generated within the government.

# Nicaragua Buildup: Soviet Threat to Region Seen

By DREW MIDDLETON

Special to The New York Times

PANAMA, March 5 — Senior American officers at the United States Southern Command here are concerned that the Soviet Union and its allies are building up Nicaragua as a bridgehead to increase their influence throughout Central America.

**Military Analysis**  
One senior officer said, "The Government of El Salvador with our help may be able to put out the fire there, but the present pace of Communist expansion makes it inevitable that five or six years from now Central America and the United States will face a similar crisis in another country."

The present military buildup in Nicaragua is the object of almost as much concern at Southern Command headquarters as is the faltering Salvadoran campaign against the insurgents.

The strength of the Nicaraguan Army today is 60,000 men. This is the largest army in Central America and the total exceeds the combined forces of the country's closest neighbors — El Salvador, Honduras and Costa Rica.

### Big Increase Is Planned

The Government has announced that it intends to increase the size of the army to 200,000 troops. Brazil, with a population of 125 million, compared with Nicaragua's 2.7 million, has an army of 182,000.

Intelligence sources report that with Cuban assistance "at least two" Nicaraguan airfields are being improved to take Soviet jet aircraft. The deployment of MIG-23 fighters on these airfields, and on another that is being built on the Caribbean island of Grenada, these sources said, would give leftist-

ruled nations the ability to cover the entire Caribbean with high-performance aircraft.

The arrival of such aircraft plus the recent introduction of 25 Soviet M-54/65 tanks gives Nicaragua a qualitative as well as a quantitative advantage over every other military force in the region.

Nicaragua's military development, intelligence sources reported, is being assisted by 2,000 Cuban military and security advisers. Between 4,000 and 5,000 Cubans are working in civilian capacities, many of them serving in key positions in the Government.

Following a pattern familiar in Soviet-influenced states in the Middle East, advisers on the reorganization of the police force and improvement of communications have arrived from East Germany and Bulgaria. Some North Korean and Soviet advisers also have been reported in the country.

There is a resignation in the American officer's reporting of these developments. They are sure of their facts but they fear that outside of the State Department and the Pentagon no one in the United States is listening.

A major irritant, they insist, is that they are warning not simply about a threat to Central and Latin America as a whole but to the North Atlantic alliance's ability to wage war.

"No one, no one seems to understand this," a senior officer said. Half of the North Atlantic Treaty Organization's supplies and a high percentage of United States troop reinforcements in the event of war would come out of United States ports on the Gulf of Mexico. About 45 percent of crude oil shipments to the United States pass through the Caribbean Sea. The tanker routes across the South Atlantic carry about two-thirds of Western Europe's oil. Cuba sits at the edge of these sea-

lanes with an army of 225,000 and increasing powerful air and naval forces. The armaments include intelligence officers reported, 200 MIG fighter and fighter bombers including two squadrons of MIG-23's, 600 tanks, 90 helicopters including the new attack craft known by the NATO code name Hind, 50 torpedos and missile attack boats and two submarines.

### Soviet Arms Deliveries Rise

The Soviet Union delivered 70,000 metric tons of military equipment to Cuba in 1981, the officers said. This was the highest figure since the 1962 missile crisis. Deliveries in 1982 and the first months of this year have continued on the same scale.

Part of these deliveries, officers at Southern Command emphasize, are transshipped to Nicaragua where some were transferred to the insurgents in El Salvador at the beginning of the civil war there. Lately, according to United States military sources, most of the guerrillas' arms have come from captured Salvadoran Government supplies.

Cuba's growing military strength and the present vulnerability of the sea supply lines to Europe lead some officers to conclude that in the event of war between NATO and the Warsaw Pact-

forces, the United States would be forced to divert significant military resources needed elsewhere to the elimination of the Cuban threat.

Soviet propaganda outlets are now broadcasting more frequently and in more languages of the region than the Voice of America. The Moscow radio, for example, broadcasts two and a half times as much material as the Voice of America each week. Propaganda from all Communist countries outstrips that of the United States by a margin of 6 to 1 in hours broadcast.

Soviet influence is also exerted through the use of scholarships. The number of Latin American students trained each year in the Soviet Union, excluding Cubans, has risen from 500 to 4,500 in 10 years.

There are some momentarily cheerful notes, a senior officer said. But a minute later he pointed out that insurgent action had increased dramatically in Peru.

Insurgency has diverted attention from the most important seaway in the region, the Panama Canal, which in peace is essential to international trade. In war, a senior officer emphasized, it would be "critical to the United States for transfer of forces and logistics in support of any major contingency."

9/2/83

WORLD NEWS

A-29

# Base for Ferrying Arms to El Salvador Found in Nicaragua

By Sam Dillon  
Knox-Hunter

**PEIKO DE PADRE RAMOS**, Nicaraguan radio-equipped warehouse and fishing cooperatively, disguised as a fishing cooperative in an island in northwestern Nicaragua served for three years as a transit point for smuggling arms to El Salvador, numerous residents here say.

Though the Nicaraguan government the operation, fishermen and others in tiny coastal hamlets nearby say soldiers in military vehicles regularly loaded wooden boxes to the water's edge and hauled for El Salvador's coast 40 miles to the north.

The report occasionally finding wooden boxes containing foot-long "cas"—presumably mortar shells or munitions—on shore north of the mouth of this estuary where the boats hasten to enter the Pacific Ocean.

At least fleet, including half a dozen tugboats, canoes that can carry thousands of pounds of cargo, has been involved in the operation, residents say, with regular departures at two-week intervals.

The Reagan administration has confirmed since soon after the inauguration in

1981 that Nicaragua's Sandinista government was supplying arms to the Salvadoran guerrillas. But U.S. officials have consistently refused to provide evidence of the Nicaragua-to-El Salvador arms flow, contending it would compromise intelligence sources. Without the proof, critics have been skeptical of the U.S. allegations. No U.S. officials were interviewed in connection with this report.

Anti-Sandinista "counterrevolutionaries" attacked the island Sept. 14, blowing up the warehouse and three small boats. A communiqué from the Honduran-based, U.S.-financed Nicaraguan Democratic Force (FDN) claimed responsibility, calling the site "an important center of logistical supply" for Salvadoran guerrillas.

Sandinista authorities claimed the FDN had attacked the state-financed Mario Carrillo fishing cooperative. Barracuda, the official newspaper, condemned the attack as "rational criminality."

Defense Ministry officials, asked about the details in this account, insisted that no military installation had existed on the island.

Officials in the Fisheries Ministry and the National Development Bank said Monday, however, that the Mario Carrillo co-

operative is not on the island and that no state-recognized cooperative operates in this region.

Indeed, in two visits to La Concha, the swampy island base said by the government to house the Mario Carrillo cooperative, reporters found no evidence the facility was ever used for fishing.

Instead, reporters found a Sandinista Army banner, a makeshift target with dozens of spent rifle shell casings, a radio antenna and three long, empty wooden boxes amid the ruins of the tin-roofed warehouse destroyed in the FDN attack.

Fishermen and other residents who live in huts lining this tangled estuary, and also small farmers and fishermen in Jiquilillo, Padre Ramos, Venecia and other nearby hamlets, said La Concha island was not a fishing cooperative but a "military base."

The island has been off limits to local residents for three years, they said. Reporters were granted government permission to visit the island last week to report the FDN attack.

Some area residents were hesitant to discuss the La Concha activity, calling it a "delicate situation," but others openly talked with reporters. "I don't get involved in politics, but ev-

eryone around here knows they are carrying the arms to El Salvador," said the wife of a Padre Ramos fisherman.

Several residents said they had seen what they described as the arms trafficking in La Concha, and had learned other details through casual conversations with locals involved in the smuggling forays.

To avert potential difficulty for them, names of residents who talked about the arms-trafficking have been omitted.

A shotgun-toting guard who lives 200 yards across from La Concha, Vicente Perez Castellon, fired into the air to warn off reporters landing on the island in a rented launch. When presented with a government letter of authorization, however, he consented to show reporters around the destroyed facility. He maintained it was a fishing cooperative.

Perez Castellon said the facility's radio had been used to monitor Fisheries Ministry radio reports on fishing conditions. A Fisheries Ministry official in Managua said the ministry does not broadcast fishing reports and knew of no fishing cooperatives equipped with two-way radios.

Fishermen said departure of the arms See NICARAGUA, A-1, Col. 1

# FERRIS SONS

Reflecting an opinion widely held at the White House, Rep. Samuel C. Byrd (D-W. Va.) said the administration wanted to settle the dispute with Congress because "Ronald Reagan wants some coverage on Lebanon."

The key provision of the compromise agreement would permit Reagan to order "such protective measures as may be necessary to ensure

# Nicaraguans in Fishing Villages Tell of Arms Smuggling Efforts

### NICARAGUA, From A29

Shipments depended on weather and other conditions, as well as reports of "intelligence" conditions in the Gulf of Fonseca, which separates Nicaragua from El Salvador. Salvadorean and the rebel gunboats patrol the 20-mile wide gulf.

Soviet-like weapons used by the Sandinista Army have never appeared in the hands of Salvadorean rebels, and there was no indication of where the arms delivered to La Cioncha had originated.

Neither was there any indication here of how high within the Sandinista military hierarchy the involvement extended.

Nicaraguan officials have never

known.

Administration officials said they believed this provision also would cover the sending of forward observers to positions held by the Lebanese army as long as the activity was related to protection of the Marines.

Administration officials insisted, however, that the broadly worded provision was not an attempt to widen the scope of Marine activities in Lebanon, which are limited by the

publicly admitted involvement in the smuggling of arms to El Salvador.

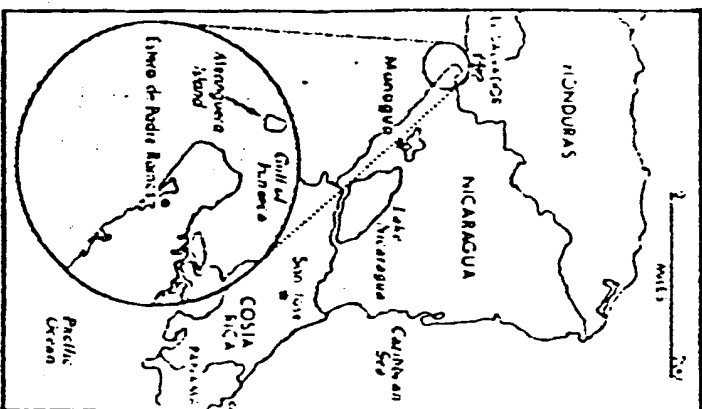
The fisherman said that weeks after the Sandinista-led ouster of president Anastasio Somoza in 1979, military men came to the village looking for experienced smugglers.

Beginning soon thereafter, Andres Lopez, identified by several residents as a smuggler who lived in Venezuela on the northern shore of the estuary, emerged as the focal leader of the operation, the fishermen said.

Then La Concha's guard, Perez Castillon, began to warn local residents away from the island and several unusually large launches appeared for the first time at the locality, residents said.

expanding the force of invasion of U.S. forces in Lebanon.

The resolution would limit the Marines to their current role and strength—approximately 1,200 troops on the ground in Beirut and 400 support personnel offshore—by making reference to agreements drawn up with Lebanon on Sept. 25, 1982, when the Marines became part of the multinational force.



By Alan McFary—The Washington Post

at leaders. Senate Minority Leader Robert C. Byrd (D-W. Va.) continued to oppose the compromise agreement, saying he would not support it unless the administration could offer "a better instruction" for the 15-month time limit.

Sen. Edward M. Kennedy (D-Mass.) also expressed reservations, saying that he regards the 18 months "as a blank check for far too long a period."

Though the White House would welcome the backing of as many Senate Democrats as possible, administration strategists made a deliberate decision late last week to virtually ignore Byrd and concentrate instead on winning O'Neill's support.

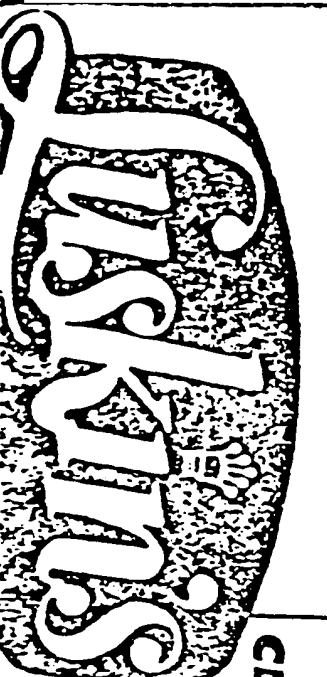
Reagan is assured of backing in the Republican-controlled Senate, but the White House needed O'Neill's and Zaborok's support to gain approval of the compromise resolution in the Democratic-run House.

On the House side, most Democrats—including some liberals who were wary of the agreement last week—seemed inclined to go along with their leaders and vote for the agreement.

Fifteen Democrats on the Foreign Affairs Committee met yesterday afternoon. According to Rep. Peter

they would vote... These three... said they were... they had no choi... give Reagan the... "fifteen even... ton," said House... Thomas S. Foley... "But any other... worse. A year has... again in the middle... campaign. Six mo... shorter, tells the... ing in Lebanon; th... to bide their time... Foley said.

**NOR**  
JORDINE WALTERS  
Redhead  
1679  
WIREMASTERS  
CHAMBRAGE  
279



**THE CHEAPEST GUY IN TOWN!**

**WASHINGTON'S SKIN**

# On U.S. Latin Policy

By Mortimer B. Zuckerman

Because of enormous public confusion over the United States' involvement in Central America, I recently visited the region with a delegation of Congressmen to see it first-hand. I went holding political views of El Salvador and Nicaragua shared by many liberals and centrists in our nation. I returned impressed with the effectiveness of United States policy and convinced that we need to be involved.

I had thought that in El Salvador we were engaged in wrong-headed and dangerous military action on behalf of a repressive Government, and that Washington had failed to address economic and political grievances built up after decades of injustice. I went with the impression that the guerrillas seemed to have won popular support for their efforts to revolutionize the political system. My instinct was that this was only an internal struggle, not an East-West competition, and that once again we were backing the wrong side for the wrong reason.

But I returned home with the sense that United States military support was critical for physical security in the countryside, which, in turn, is necessary to guarantee ordinary Salvadorans' ability to make free

*Mortimer B. Zuckerman is chairman of The Atlantic Monthly.*

choices. I also concluded that our military support is essential if we are to persuade the Salvadoran Government to democratize the political process and implement a program of agrarian reform and economic development. The guerrillas seem to have no larger a popular base than the Government does: Both sides command support with guns.

In Nicaragua, the Sandinista revolution carried the hope for a better and freer life after the feudal tyranny of the United States-supported Somoza regime. Yet what I found was a Government busily consolidating a left-wing totalitarian state internally, and aggressively involved in attempting to overthrow its neighbors. It is the pressure of the United States-backed threat of a military confrontation that has produced the Sandinistas' first clear willingness to negotiate a genuine agreement not to destabilize their neighbors.

In El Salvador, the masses have not been angered to the point of large-scale popular uprisings like those in Nicaragua or Cuba. No popular revolt accompanied the guerrillas' "final"

offensive in 1980-81, and last year's election showed that at least two-thirds of the people objected to being "liberated" by the revolutionary guerrillas. The guerrillas do not appear to have widespread popular support. In this situation, a military solution to control an insurgency is feasible.

To this end, the United States is training and equipping the Salvadoran Army for infantry and small-unit tactics, keeping the soldiers in the field to gage, harass and exhaust the guerrillas. We will have trained about 50 percent of the officers and noncommissioned officers by the end of 1983 in effort to substitute effective commanders for those appointed for political loyalty. As a result, the Army has improved its morale and field performance and engaged in its most sustained and aggressive campaign. It has captured the momentum and substantial military control in much of the eastern provinces, particularly in San Vicente and Usulután. The rebels have withdrawn to remote areas, have been counter-attacked, have limited themselves to hit-and-run attacks and appear to have increasing logistical and manpower problems.

In San Vicente, the Government has coordinated its military presence with programs in health, education, agriculture, transportation and reconstruction to retain the area's loyalty after the army leaves. This is a phase in an overall National Plan for Reconstruction. The cost of this program has been minimal by United States standards: only \$65 million in military aid and \$200 million in economic aid. Even the guerrilla political leader Ruben Zamora acknowledged to us that if this aid comes, the rebels can no longer hope to win the war.

The aid program also serves as leverage against the right-wing military. Only the United States can induce it to move away from a feudal political heritage of violence and vigilantism.

The left feeds off the rigidity of

# On U.S. Latin Policy

By Mortimer B. Zuckerman

## Seek democracy

right and military oppression and develops popular support by promising to redistribute the wealth. It also benefits when rightist oligarchies buckle under economic pressures. The best way to diminish popular support for a violent Communist revolution is to open up the political channels and institute agrarian and economic reform. This can take place only when there is no widespread military insurgency.

Our pressure brought about last year's Salvadoran election and this year's negotiations for drafting a new constitution leading to presidential elections in 1984. Elections may be only "one note in the song of democracy," as a Salvadoran clergyman put it, but they represent legitimization of potential civilian control over military and paramilitary forces. Both have perpetrated atrocities that, if allowed to continue, will turn the masses implacably hostile. Our pressure is thus necessary on two counts: to prevent an extremist left-wing takeover while pushing the Government toward rights and democracy.

However, no amount of change will end the Salvadoran conflict if Nicaragua, which regionalized the conflict in Central America, continues to fuel it. When they took over, the Sandinistas feared and hated the United States because of its patronage of Anastasio Somoza Debayle and military invasions over the past 130 years. The Sandinista hymn is "We fight against the Yanqui, enemy of humanity." President Jimmy Carter attempted to offset this by extending economic aid and friendship, but the Sandinistas remained convinced that the revolution would be safe from our intervention only if governments similar to their own were installed elsewhere in Central America. The Sandinistas set out to implement their slogan "revolution without boundaries."

In 1980, the Sandinistas, with Cuban advisers, brought the five main guer-

rilla factions from El Salvador together in Managua, worked out a unity pact, set up joint command and control structures, organized training and logistical support on Nicaraguan soil and provided initial arms supplies. A Salvadoran rebel leader, Mario Aguinada, told us that support for training, logistics and command continues.

In Costa Rica, we were told that the Sandinistas are engaged there in a major propaganda campaign and are encouraging unrest, including infiltration in the northern provinces. The attempt to destabilize Costa Rica, a democracy without an army since 1948, is the clearest indication of Sandinista intentions.

Inside Nicaragua, the Sandinistas began and continued a program of totalitarian consolidation of power. The elements of the broader anti-Somoza coalition were discarded one by one — the Roman Catholic Church, other political parties, the press. The only Jewish community center and synagogue were seized and burned. The Sandinistas built the largest military force in Central America. A Cuban-style pattern, with a widespread Cuban presence, has emerged.

To contain an interventionist Nicaragua, Washington sought — unsuccessfully — negotiations four times to bring about noninterference in neighboring territory and limits on Nicaragua's military buildup and the institutionalization of democratic opposition to create internal brakes on aggression. Rebuffed diplomatically, the United States moved militarily, ordering exercises, including fleet deployment. The Central Intelligence Agency expanded its support of the "contras" — the anti-Government guerrillas that harass the countryside. We continue to train and equip the Honduran Army, which Nicaragua considers its most dangerous regional military adversary. A border shootout in May with Nicaragua brought about full mobilization of the Honduran Army, signaling its participation in any military crisis in the region.

The cumulative military pressure organized by the Reagan Administration has resulted in a major shift in Sandinista policy. In our meetings with the Sandinista leadership, we were told that Nicaragua was prepared to negotiate verifiable nonintervention in neighboring territories, especially El Salvador. This change appeared to be due exclusively to the perception that the United States had been provoked to the point that a military confrontation was possible.

The United States has long supported repressive rightist regimes, sometimes by using our troops. We must develop an alternative to such regimes — and those of the left — by opening up Latin American political and economic processes. Our interests are involved because what happens in Nicaragua and El Salvador can affect Mexico or the Panama Canal. Central America is on our strategic doorstep. We cannot remain above the fray.

Dear \_\_\_\_\_:

The search for a peaceful solution to the conflict in Central America commands high priority. We are convinced that only a negotiated settlement can create the climate for stability and economic growth that we and the Central Americans desire.

Although this will be a long and difficult process, last month saw the most encouraging sign yet that such a settlement is possible. The nine parties to the so-called Contadora initiative agreed on a document of objectives calling for reciprocal and verifiable commitments to end the conflict in the region. It also called for respect for democratic pluralism. This agreement was made possible by a shift by Nicaragua, whose intransigence had thwarted several previous peace initiatives.

We believe Nicaragua's willingness to accept the document of objectives is attributable to a conclusion of the Sandinista regime that an alternative course of their continued intervention in the region and its consequences would carry an unacceptable price. This price is being levied by the Nicaraguan opposition movement -- yet another manifestation of basic unpopularity at four years of Sandinista repression at home and interventionism abroad.

Against the background of these promising developments, I am seriously concerned over indications that the House of Representatives may enact provisions in the Intelligence Authorization bill that would give the Sandinistas a unilateral assurance that the United States will withhold support from the Nicaraguan resistance movement. This can only reduce pressure on the Sandinistas, encourage their increased intransigence and interventionism, and lead to collapse of the hopeful movement toward peace outlined above.

In sum, the Administration is pursuing a policy, aimed at peace in Central America, that is now beginning to bear fruit. I urge the House not to impose restrictions on this policy, thereby undermining the cause of peace and democracy that we all support.

Sincerely,

George P. Shultz



**Page Denied**

SECRET

- 2 -

Please report the results of your meetings, including any suggested follow-up, to our Legislative Management Officer for ARA, Gerry de Santillana, on the memo form provided at Tab 8.

Attachments:

- Tab 1 - List of Key Members and Assigned Department Contacts
- Tab 2 - Biographic Sketches
- Tab 3 - Analysis of Swing Votes on Boland-Zablocki:  
How Contacts Voted
- Tab 4 - Talking Points on Legislative Outlook for Covert Action Issue
- Tab 5 - Intelligence Authorization Bill, H.R. 2968
- Tab 6 - Briefing Package
- Tab 7 - Materials to be Left with Members
- Tab 8 - Follow-up sheet for Reporting Results of Your Meetings

cc: S/SE - Ambassador Stone  
C - Mr. Derwinski

Drafted: H: JdeSantillana fbl  
9/30/83 X 8728  
ARA-56

SECRET

KEY HOUSE VOTES ON BOLAND-ZABLOCKIREPUBLICANS

Chappie, Eugene A. (CA)  
 Coughlin, Lawrence (PA)  
 Boehlert, Sherwood L. (NY)  
 Evans, Cooper (IA)  
 Fish, Hamilton, Jr. (NY)  
 Horton, Frank (NY)  
 Jeffords, James M. (VT)  
 McDade, Joseph M. (PA)  
 McKernan, John R., Jr. (ME)  
 McKinney, Stewart B. (CT)  
 Martin, Lynn M. (IL)  
 Molinari, Guy V. (NY)  
 Pritchard, Joel (WA)  
 Ridge, Thomas J. (PA)  
 Schneider, Claudine (RI)  
 Snowe, Olympia J. (ME)  
 Stangeland, Arlan (MN)  
 Williams, Lyle (OH)  
 Zschau, Ed (CA)

CONTACT

Drischler/Bennett  
 Middendorf  
 Reich  
 Motley/Michel  
 Middendorf  
 Middendorf  
 Johnstone  
 Drischler/Bennett  
 Reich  
 Johnstone  
 Johnstone  
 Drischler/Bennett  
 Motley/Michel  
 Motley/Michel  
 Middendorf  
 Johnstone  
 Drischler/Bennett  
 Reich  
 Johnstone

DEMOCRATS

Applegate, Douglas (OH)  
 Annunzio, Frank (IL)  
 Andrews, Michael A. (TX)  
 Bevill, Tom (AL)  
 Biaggi, Mario (NY)  
 Boner, William Hill (TN)  
 Brooks, Jack (TX)  
 de la Garza, E. (TX)  
 Dowdy, Wayne (MS)  
 English, Glenn (OK)  
 Flippo, Ronnie G. (AL)  
 Gaydos, Joseph M. (PA)  
 Hefner, W. G. (Bill) (NC)  
 Hughes, William J. (NJ)  
 Jones, Ed (TN)  
 Jones, Walter B. (NC)  
 Levitas, Elliott H. (GA)  
 Mackay, Kenneth H. (FL)  
 Murtha, John P. (PA)  
 Ortiz, Solomon P. (TX)  
 Reid, Harry (NV)  
 Tallon, Robin M. (SC)  
 Valentine, Tim (NC)  
 Whitley, Charles O. (NC)  
 Williams, Pat (MT)

Gillespie  
 Gillespie  
 Motley/Michel  
 Reich  
 Middendorf  
 Motley/Michel  
 Middendorf  
 Motley  
 Drischler/Bennett  
 Motley/Michel  
 Reich  
 Motley/Michel  
 Motley  
 Gillespie  
 Drischler/Bennett  
 Motley  
 Bennett  
 Middendorf  
 Reich  
 Reich  
 Motley/Michel  
 Motley/Michel  
 Reich  
 Reich  
 Gillespie

ARA-41

HOUSE "SWING VOTES" ON BOLAND/ZABLOCKI

On July 28, six separate House floor votes took place on Boland-Zablocki or various alternatives. Our vote analysis has identified 29 key "swing votes," 14 Republicans and 15 Democrats, Members who voted for Boland-Zablocki on final passage, but supported Administration positions on one or more earlier amendments. In contrast to these 26 "soft" opponents, our analysis identifies 13 "soft" supporters, 5 Republicans and 8 Democrats. The only four House Members not present all appear potential Administration supporters. A listing follows.

"SOFT" OPPOSITION: Members voting for Boland/Zablocki on final passage, but supporting Administration positions on earlier amendments (figures in parentheses indicate percentage of support for Administration positions on the six votes:

<u>REPUBLICANS - 14</u>		<u>DEMOCRATS - 15</u>	
Coughlin (83)	(PA)	Brooks (33)	(TX)
Evans, Cooper (83)	(IA)	Mazzoli (33)	(KY)
Fish (83)	(NY)	Andrews (17)	(TX)
Eorton (83)	(NY)	De la Garza (17)	(TX)
Pritchard (83)	(WA)	Biaggi (17)	(NY)
Ridge (83)	(PA)	Carper (17)	(DE)
Williams, Kyle (83)	(OE)	English (17)	(OK)
Zschau (83)	(CA)	Hefner (17)	(NC)
McKernan (50)	(ME)	Hughes (17)	(NJ)
Snowe (33)	(ME)	Jones (17)	(NC)
Boehlert (17)	(NY)	MacKay (17)	(FL)
Jeffords (17)	(VT)	Ortiz (17)	(TX)
McKinney (17)	(CT)	Valentine (17)	(NC)
Schneider (17)	RI)	Whitley (17)	(NC)
		Williams (17)	(MT)

TOTAL: 29

"SOFT" SUPPORTERS: Members voting against Boland/Zablocki on final passage, but abstaining or opposing Administration positions on one or more earlier votes:

<u>REPUBLICANS - 5</u>		<u>DEMOCRATS - 8</u>	
Molinari (50)*	(NY)	Applegate (17)	(OH)
Stangeland (50)*	(MN)	Bevill (67)	(AL)
McDade (50)*	(PA)	Flippo (67)	(AL)
Selmon (83)	(NY)	Gaydos (67)	(PA)
Martin (50)	(IL)	Levitas (67)	(GA)
		Murtha (67)	(PA)
		Boner (50)	(TN)
		Tallon (50)	(SC)

TOTAL: 13

OTHER POTENTIAL SUPPORT: Members not present or voting on Boland/Zablocki, but possible supporters:

<u>REPUBLICANS - 1</u>		<u>DEMOCRATS - 3</u>	
Chappie	(CA)	Dowdy	(MS)
		Heftel	(HI)
		Jones	(TN)
TOTAL: 4			

\* Not present last 3 votes; supported on earlier votes.

ARA-4

TALKING POINTS

BOLAND-ZABLOCKI LEGISLATIVE OUTLOOK

-- One of the first pieces of legislation you are likely to face after returning from the Columbus Day recess is the FY-1984 Intelligence Authorization Act (H.R. 2968).

-- That Bill, as it stands now as reported out of Committee, contains a flat prohibition on any support for covert activities in Nicaragua (Section 108).

(IF ASKED: The language in H.R. 2968 is not precisely the same as the Boland-Zablocki Bill approved July 28. In addition to the ban on covert action contained in H.R. 2968, the Boland-Zablocki Bill provides a fig leaf of funding for overt action to stop the arms flow from Nicaragua and several other provisions.)

-- Thus, we expect the House will again be faced with a floor vote on this issue which is central to our policy and effort in Central America.

-- We do not know what kind of a rule will be adopted for the Intelligence Authorization Bill; whether one or more amendments will be permitted.

-- However the Bill comes up, we hope you will support an alternative to the current language in the Bill, or vote against the Boland-Zablocki provisions if they are proposed again as an amendment to the FY-1984 Intelligence Authorization Bill.

-- I would like to bring you up-to-date on the situation in Central America and what we are trying to do there.

ARA-57

## Union Calendar No. 143

98TH CONGRESS  
1ST SESSION

# H. R. 2968

[Report No. 98-189, Parts I and II]

To authorize appropriations for fiscal year 1984 for intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1983

Mr. BOLAND introduced the following bill; which was referred to the Permanent Select Committee on Intelligence

MAY 16, 1983

Reported and referred to the Committee on Armed Services for a period ending not later than May 30, 1983, for consideration of such portions of the bill as fall within its jurisdiction pursuant to clause 1(c), rule X

MAY 24, 1983

Reported from the Committee on Armed Services, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## A BILL

To authorize appropriations for fiscal year 1984 for intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That this Act may be cited as the "Intelligence Authoriza-  
4 tion Act for Fiscal Year 1984".

5           TITLE I—INTELLIGENCE ACTIVITIES

6                   AUTHORIZATION OF APPROPRIATIONS

7       SEC. 101. Funds are hereby authorized to be appropri-  
8 ated for fiscal year 1984 for the conduct of the intelligence  
9 and intelligence-related activities of the following elements of  
10 the United States Government:

- 11           (1) The Central Intelligence Agency.
- 12           (2) The Department of Defense.
- 13           (3) The Defense Intelligence Agency.
- 14           (4) The National Security Agency.
- 15           (5) The Department of the Army, the Department  
16 of the Navy, and the Department of the Air Force.
- 17           (6) The Department of State.
- 18           (7) The Department of the Treasury.
- 19           (8) The Department of Energy.
- 20           (9) The Federal Bureau of Investigation.
- 21           (10) The Drug Enforcement Administration.

22                   CLASSIFIED SCHEDULE OF AUTHORIZATIONS

23       SEC. 102. The amounts authorized to be appropriated  
24 under section 101, and the authorized personnel ceilings as of  
25 September 30, 1984, for the conduct of the intelligence and



1 intelligence-related activities of the elements listed in such  
2 section, are those specified in the classified Schedule of Au-  
3 thorizations prepared by the Permanent Select Committee on  
4 Intelligence to accompany H.R. 2968 of the Ninety-eighth  
5 Congress. That Schedule of Authorizations shall be made  
6 available to the Committees on Appropriations of the Senate  
7 and House of Representatives and to the President. The  
8 President shall provide for suitable distribution of the sched-  
9 ule, or of appropriate portions of the schedule, within the  
10 executive branch.

11 CONGRESSIONAL NOTIFICATION OF EXPENDITURES IN

12 EXCESS OF PROGRAM AUTHORIZATIONS

13 SEC. 103. During fiscal year 1984, funds may not be  
14 made available for any intelligence or intelligence-related ac-  
15 tivity unless such funds have been specifically authorized for  
16 such activity or, in the case of funds appropriated for a differ-  
17 ent activity, unless the Director of Central Intelligence or the  
18 Secretary of Defense has notified the appropriate committees  
19 of Congress of the intent to make such funds available for  
20 such activity, except that, in no case may reprogramming or  
21 transfer authority be used by the Director of Central Intelli-  
22 gence or the Secretary of Defense unless for higher priority  
23 intelligence or intelligence-related activities, based on unfore-  
24 seen requirements, than those for which funds were originally  
25 authorized, and in no case where the intelligence or intelli-

1 gence-related activity for which funds were requested has  
2 been denied by Congress.

3 AUTHORIZATION OF APPROPRIATIONS FOR DESIGN AND  
4 CONSTRUCTION OF AN ADDITIONAL BUILDING AT THE  
5 CENTRAL INTELLIGENCE AGENCY HEADQUARTERS  
6 COMPOUND

7 SEC. 104. Of the amounts authorized to be appropriated  
8 under section 101(1), there is authorized to be appropriated  
9 the sum of \$75,500,000 for the design and construction of a  
10 new building at the Central Intelligence Agency headquarters  
11 compound.

12 AUTHORITY FOR TRANSFER OF AUTHORIZED FUNDS OF  
13 THE CENTRAL INTELLIGENCE AGENCY TO THE STATE  
14 OF VIRGINIA

15 SEC. 105. Of the amounts authorized to be appropriated  
16 under section 101(1), the Central Intelligence Agency is au-  
17 thorized to transfer an amount not to exceed \$3,000,000 to  
18 the State of Virginia for the design and construction of high-  
19 way improvements associated with construction at the Cen-  
20 tral Intelligence Agency headquarters compound.

21 AUTHORIZATION OF APPROPRIATIONS FOR COUNTERTER-  
22 RORISM ACTIVITIES OF THE FEDERAL BUREAU OF IN-  
23 VESTIGATION

24 SEC. 106. In addition to the amounts authorized to be  
25 appropriated under section 101(9), there is authorized to be

1 appropriated for fiscal year 1984 the sum of \$13,800,000 for  
2 the conduct of the activities of the Federal Bureau of Investi-  
3 gation to counter terrorism in the United States.

4 PERSONNEL CEILINGS ADJUSTMENTS

5 SEC. 107. The Director of Central Intelligence may au-  
6 thorize employment of civilian personnel in excess of the  
7 numbers authorized under titles I and II of the Intelligence  
8 Authorization Act for Fiscal Year 1983 (Public Law 97-269)  
9 and title I of this Act when he determines that such action is  
10 necessary to the performance of important intelligence func-  
11 tions. Additional numbers of civilian personnel authorized by  
12 the Director of Central Intelligence under this section for an  
13 element of the Intelligence Community may not exceed 2 per  
14 centum of the number of civilian personnel authorized under  
15 such titles for such element. The Director of Central Intelli-  
16 gence shall promptly notify the Permanent Select Committee  
17 on Intelligence of the House of Representatives and the  
18 Select Committee on Intelligence of the Senate whenever he  
19 exercises the authority granted by this section.

20 PROHIBITION ON COVERT ASSISTANCE FOR MILITARY

21 OPERATIONS IN NICARAGUA

22 SEC. 108. None of the funds authorized to be appropri-  
23 ated by this Act may be obligated or expended for the pur-  
24 pose or which would have the effect of supporting, directly or  
25 indirectly, military or paramilitary operations in Nicaragua

1 by any nation, group, organization, movement, or individual.  
2 Any funds requested for such purpose or which would have  
3 such effect are hereby deleted.

#### 4 TITLE II—INTELLIGENCE COMMUNITY STAFF

##### 5 AUTHORIZATION OF APPROPRIATIONS

6 SEC. 201. There is authorized to be appropriated for the  
7 Intelligence Community Staff for fiscal year 1984 the sum of  
8 \$19,100,000.

##### 9 AUTHORIZATION OF PERSONNEL END-STRENGTH

10 SEC. 202. (a) The Intelligence Community Staff is au-  
11 thorized two hundred and fifteen full-time personnel as of  
12 September 30, 1984. Such personnel of the Intelligence  
13 Community Staff may be permanent employees of the Intelli-  
14 gence Community Staff or personnel detailed from other ele-  
15 ments of the United States Government.

16 (b) During fiscal year 1984, personnel of the Intelli-  
17 gence Community Staff shall be selected so as to provide  
18 appropriate representation from elements of the United  
19 States Government engaged in intelligence and intelligence-  
20 related activities.

21 (c) During fiscal year 1984, any officer or employee of  
22 the United States or a member of the Armed Forces who is  
23 detailed to the Intelligence Community Staff from another  
24 element of the United States Government shall be detailed on  
25 a reimbursable basis, except that any such officer, employee,

1 or member may be detailed on a nonreimbursable basis for a  
2 period of less than one year for the performance of temporary  
3 functions as required by the Director of Central Intelligence.

4 INTELLIGENCE COMMUNITY STAFF ADMINISTERED IN  
5 SAME MANNER AS CENTRAL INTELLIGENCE AGENCY

6 SEC. 203. During fiscal year 1984, activities and per-  
7 sonnel of the Intelligence Community Staff shall be subject to  
8 the provisions of the National Security Act of 1947 (50  
9 U.S.C. 401 et seq.) and the Central Intelligence Agency Act  
10 of 1949 (50 U.S.C. 403a-403n) in the same manner as activ-  
11 ities and personnel of the Central Intelligence Agency.

12 TITLE III—CENTRAL INTELLIGENCE AGENCY  
13 RETIREMENT AND DISABILITY SYSTEM

14 AUTHORIZATION OF APPROPRIATIONS

15 SEC. 301. There is authorized to be appropriated for the  
16 Central Intelligence Agency Retirement and Disability Fund  
17 for fiscal year 1984 the sum of \$86,300,000.

18 TITLE IV—ADMINISTRATIVE PROVISIONS RE-  
19 LATED TO THE CENTRAL INTELLIGENCE  
20 AGENCY AND THE INTELLIGENCE COMMU-  
21 NITY STAFF

22 ELIGIBILITY FOR APPOINTMENT TO CERTAIN CENTRAL  
23 INTELLIGENCE AGENCY POSITIONS

24 SEC. 401. Section 5 of the Central Intelligence Agency  
25 Act of 1949 (50 U.S.C. 403f) is amended by striking the last

1 "and" in subsection (d), by striking the period at the end of  
2 subsection (e) and substituting in lieu thereof "; and", and by  
3 adding at the end thereof the following new subsection:

4 "(f) Determine and fix the minimum and maximum  
5 limits of age within which an original appointment may be  
6 made to an operational position within the Agency, notwith-  
7 standing the provision of any other law, in accordance with  
8 such criteria as the Director, in his discretion, may pre-  
9 scribe."

10 ELIGIBILITY FOR INCENTIVE AWARDS

11 SEC. 402. (a) The Director of Central Intelligence may  
12 exercise the authority granted in section 4503 of title 5,  
13 United States Code, with respect to Federal employees and  
14 members of the Armed Forces detailed or assigned to the  
15 Central Intelligence Agency or to the Intelligence Communi-  
16 ty Staff, in the same manner as such authority may be exer-  
17 cised with respect to the personnel of the Central Intelligence  
18 Agency and the Intelligence Community Staff.

19 (b) The authority granted by subsection (a) of this sec-  
20 tion may be exercised with respect to Federal employees or  
21 members of the Armed Forces detailed or assigned to the  
22 Central Intelligence Agency or to the Intelligence Communi-  
23 ty Staff subsequent to five years preceding the date of enact-  
24 ment of this section.

1 TITLE V—GENERAL PROVISIONS

2 RESTRICTION OF CONDUCT OF INTELLIGENCE ACTIVITIES

3 SEC. 501. The authorization of appropriations by this  
4 Act shall not be deemed to constitute authority for the con-  
5 duct of any intelligence activity which is not otherwise au-  
6 thorized by the Constitution or laws of the United States.

7 INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

8 SEC. 502. Appropriations authorized by this Act for  
9 salary, pay, retirement, and other benefits for Federal em-  
10 ployees may be increased by such additional or supplemental  
11 amounts as may be necessary for increases in such benefits  
12 authorized by law.

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the Nicaraguan Resistance Movement  
and the Search for Peace in Central America

The achievement of a negotiated settlement to the current Central American conflicts is a key US policy objective in the region. There are now signs of movement toward this goal. A critical element in this improved climate has been signs of a changed attitude by the Sandinista regime in Nicaragua.

This development has been fostered by the armed resistance movement now active in Nicaragua--a movement that poses a threat to vital Sandinista interests and impairs their capacity to spread revolution. At this critical juncture, however, the President is threatened with a loss of authorization to help the Nicaraguan resistance forces. If this happens, the movement toward a negotiated settlement stands to suffer a severe setback as the Sandinistas revert to their former intransigence.

The removal of this incentive for negotiation of a peaceful settlement would invite continued, and even increased, Nicaraguan support for insurgency and terrorism in neighboring countries. It would also make it easier for the Sandinistas, with Cuban and Soviet assistance, to pursue the destabilization of governments friendly to the U.S. by providing a continued sanctuary within Nicaragua for subversives from other Central American countries.

Reducing the prospects for successful negotiations and diminishing the impediments to Nicaraguan support for neighboring insurgencies would undermine U.S. foreign policy objectives and important security interests in Central America.

The attached point paper spells out in greater detail the relationship between US security interests and hope for a negotiated settlement on the one hand, and the pressure being brought to bear by the Nicaraguan resistance movement on the other.

Nicaraguan support for subversion and terrorism in neighboring countries is a fact. This support is carried out under the active direction of Cuba and the Soviet Union.

- The abundant and well-documented evidence for this is overwhelming. There can be few objective observers, in this country or abroad, who are unconvinced of Sandinista support for external subversion.
- The Democratic controlled House Permanent Select Committee on Intelligence has consistently confirmed Nicaraguan and Cuban support for Central American guerrilla groups (see for example the Committee staff report of September 22, 1982 and the Committee report of May 13, 1983).
- Defectors from Nicaragua (Miguel Bolanos) and from the Salvadoran guerrillas (Alejandro Montenegro), as well as from Honduran terrorist groups, have confirmed the Sandinista role. (See Bolanos' interview in the June 19, 1983 Washington Post.)
- US human and technical intelligence means have provided additional detail and confirmation.

terrorism in Central America is a vital ingredient in the continuing turmoil and instability in Central America, undermining basic U.S. security interests and foreign policy objectives.

- Central America's stability and development can best be realized through democracy, reform, human freedom and equitably distributed economic growth.
- As opposed to these goals, the leftist guerrillas now operating in the region represent forces of political repression, a one-party state, militarization, and close ties to the Soviet Bloc.
- History shows it is difficult to defeat a guerrilla movement with a geographically proximate sanctuary, command and control center and source of resupply. Nicaragua serves these purposes for the Salvadoran guerrillas.
- As long as this situation continues, the U.S. faces an open-ended cycle of violence and turmoil throughout Central America, the potential for a flood of refugees, and a direct threat to U.S. national security resulting from increased Soviet/Cuban military and political presence in the region.

neighboring countries, it must realize that its continued support for terrorism and subversion gives rise to countervailing pressures that threaten the Sandinistas' own national interests.

- Since early in their rule, the Sandinistas have demonstrated that they share with the USSR and Cuba a deep ideological commitment to spread Marxist revolution.
- Financial, military, and political support from the Soviet Bloc, radical Arabs, and others have given the Sandinistas immunity from conventional diplomatic/economic pressures as they subvert their neighbors.
- The history of US bilateral aid is illustrative: we gave the Sandinistas \$118 million in direct assistance before cutting off aid due to Sandinista support for Salvadoran insurgency. This had no deterrent effect. Similarly, we offered to restore aid if the Sandinistas stopped exporting subversion. This, too, failed to sway them.
- Over the past several months, however, the Sandinistas have had to face, for the first time, a threat to their internal control in the form of an armed resistance movement opposed to Sandinista external and internal policies. The pressure generated by this movement offers the best hope yet of shaking the Sandinistas from their single-minded support for region-wide revolution and bringing them to the negotiating table.

Nicaragua and its neighbors. Removal of pressure would undercut the negotiating process and thereby diminish prospects for democratic reforms and stability in the region.

- On July 19, Sandinista Junta Coordinator Ortega announced a six-point peace plan which, though flawed, included for the first time Nicaragua's acceptance of multilateral negotiations as well as an end to arms trafficking and training in support of subversive movements; an end to arms supplies to both sides in El Salvador (admission that guerrillas receive outside arms); withdrawal of foreign military bases and end to joint military exercises.
- A few days later, Cuban Premier Castro admitted the presence of Cuban security advisers in Nicaragua; implied that under certain circumstances he would be willing to withdraw advisers and end arms shipments to Nicaragua; recognized the multilateral nature of Central American problems and the need for concessions from all sides; and said Cuba would support elections with guarantees in El Salvador.
- The Contadora process--which the US supports--continues on track providing an important vehicle for discussions among all parties to regional conflicts as well as a specific substantive framework for an eventual negotiated settlement.
- Ambassador Stone has held two meetings with the Salvadoran left, and representatives of the Salvadoran left, for the first time, met in August with the Government of El Salvador's Peace Commission.
- These initial moves toward a possible peaceful settlement, following a long period of intransigence by the Sandinistas and their Cuban mentors, must be attributed to the pressures being felt from the determined resistance of neighboring countries to Nicaraguan-sponsored subversion, the demonstrated capacity of the United States to assist these threatened nations and, most significant, to the pressures being brought on the Sandinistas by the Nicaraguan resistance movement.
- It is only the resistance movement that poses a direct threat to Sandinista domination of Nicaragua. This movement is therefore the strongest incentive for the negotiation of a political settlement in Central America. Denying the President authority to assist this movement risks undercutting this hopeful trend toward Nicaraguan willingness to negotiate.

## HISTORY OF U.S. POLICY ON TALKING TO THE NICARAGUANS

The United States has been the target of repeated charges, levelled by the Sandinista regime that it is uninterested in dialogue. In fact, the United States has been willing to discuss issues of mutual concern with the Sandinistas since before they came to power in July 1979. We have manifested this willingness to talk with concrete action. The record of our unrequited overtures demonstrates beyond any doubt the falsity of Sandinista charges that the U.S. lacks interest in discussions. It proves, in fact, that it is the Sandinistas who have stymied all attempts at meaningful consultation.

The United States, the Central American democracies, and other members of the hemispheric community have made repeated attempts to engage Nicaragua in a dialogue that would address the concerns of every country in the region, including Nicaragua's stated major concerns, guaranteed security for its borders and the creation of conditions which would permit the Sandinistas to abide by the commitment to democratic pluralism they made to their people and the international community at their accession to power.

The following are bilateral and multilateral approaches to Nicaragua in which the United States has participated:

- in 1978, the United States participated in a three-nation mission of "friendship and reconciliation" under OAS auspices in an effort to find a peaceful solution to the conflict in Nicaragua.
- after the fall of Somoza in 1979, the United States for nearly two years used economic assistance and diplomatic support to encourage the Sandinistas to respect their commitments to political pluralism, free elections, a mixed economy, and a non-aligned foreign policy;
- in August 1981, after Nicaragua had secretly but massively supported guerrilla warfare in El Salvador, the United States presented a five point peace proposal to the Sandinistas;
- in April 1982, the United States presented the Sandinistas an eight point proposal to solve regional problems;
- in October 1982, the United States, along with seven other regional democracies, signed the San Jose Declaration;

- today, the United States is encouraging the multilateral efforts of the Contadora group as it has since they started in January 1983.

Equally clear and consistent has been the response of the Government of Nicaragua. The Sandinistas have:

- increased their armed forces from 14,000 to 70,000;
- received 2,000 Cuban military advisers, as well as smaller numbers of Soviet and Eastern European bloc security personnel;
- reneged on their promises of early elections, repressed moderate opposition groups, and initiated the establishment of a state aligned with and modeling itself after the Soviet Union;
- in conjunction with Cuba, provided active military support to guerrilla groups in El Salvador;

All of these actions were taken or begun during the regime's first 18 months, despite the U.S. policy to achieve an accommodation with the new government. The only ones who pushed Nicaragua into the arms of Cuba and the USSR were the Sandinista leaders themselves.

In addition, the Sandinistas:

- rejected our August 1981 proposal;
- failed to give a substantive reply to our April 1982 proposal;
- refused to consider the October 1982 San Jose Declaration as a basis for further discussions;
- refused for many months to give serious attention to their neighbors' proposals in the Contadora process.

This is a history of Nicaraguan intransigence -- an illustration of the clear intent of the Sandinistas to push aside efforts at negotiated peace while pursuing single-mindedly their goal of region-wide revolution.

UNDERMINING, CAUSE OF PEACE

- Q. How do you reconcile violence perpetrated by the Nicaraguan opposition -- especially against civilian targets -- with a professed goal of peace and reconciliation?
- A. In the first place, the activities of the Nicaraguan opposition are part of a larger conflict in Central America that the Nicaraguan regime itself has been instrumental in provoking. Moreover, the targets of the most widely publicized of those attacks -- including the military planes at the Managua airport, a radio direction finding facility at Managua, the oil terminal at Puerto Sandino, and the port facilities at Corinto -- all have clear military or strategic value. Such attacks, in addition, have been insignificant compared to the ruthless economic warfare being waged against El Salvador by guerrillas encouraged and supported by the Sandinistas.

As to the US position, we regret loss of civilian life wherever it occurs. Our support for the Nicaraguan opposition is directed at clear and limited objectives -- to get Nicaragua to stop subverting its neighbors and agree to a peaceful settlement.

SECRET



Sandinistas in this direction for four years to no avail.

The record shows that only physical pressure on the Sandinistas appears likely to get them to abandon their reliance on violence and come to the bargaining table.

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IS THE U.S. SUPPORTING A RETURN OF SOMOCISMO?

The U.S. supports three anti-Sandinista groups in its covert operations in and against Nicaragua: the Nicaraguan Democratic Force (FDN), the Democratic Revolutionary Alliance (ARDE), and the MISURA Revolutionary Front (Miskito, Sumo, and Rama indians). All three of these groups have grown in response to Sandinista abuses. They are not creatures of Somocismo or of the U.S.

Critics have charged that the FDN is a "Somocista" group, and that the U.S. seeks to replace the GRN with a Somoza-style government. Although the FDN includes some officers and enlisted men from the Somoza-era National Guard, its National Directorate includes only one Guard officer - Enrique Bermudez - whom even the GRN admits was not implicated in any illegal activity. The other Directorate members are people who had opposed Somoza and who had worked for his removal from power. Several had worked with the Sandinistas before the latter began to betray their original promises to Nicaragua.

While all FDN officers are former Guard officers, some of the non-commissioned officers and the vast majority of the FDN enlisted men have no National Guard background. It is noteworthy that at least seventy former Guardsmen are in the Sandinista army; the first Sandinista Minister of Defense also was a former Guard officer.

Furthermore, the FDN has called for the establishment of democratic institutions in Nicaragua. In January 1983, it proposed the revocation of the state of emergency, the separation of the public administration from partisan political activities, and the convocation of internationally-supervised elections in Nicaragua by September 1983.

The claim that, first, the FDN is Somocista, and second, that it has no real support in Nicaragua, is heard more outside Nicaragua than inside. For example, in March 1983, two U.S. reporters travelled with FDN guerrillas in Nicaragua. Their reports attested to the level of their support in the countryside, in the same areas that once supported Sandino.

The U.S. does not seek a Somocista-style government in Nicaragua. The U.S. gave ample support to the mediation efforts in 1978 and 1979 to remove Somoza from power. The U.S. gave economic and diplomatic support to the new government that took power, which promised to respect democracy and to follow a non-aligned foreign policy. We hope that our use of pressure will result in a government more willing to respect the rights of its neighbors and its citizens.

CONTADORA DOCUMENT OF OBJECTIVES

There follows the text of the Document of Objectives agreed to at the September 7 - 10 meeting of the Contadora Four, Colombia, Mexico, Panama, and Venezuela, and the Central American states, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

We have received this text on a strictly confidential basis and provide it for your information only. Although a version of the document, synthesized as twenty-one points, has been leaked to the press, the text we provide below has not been released publicly.

We have also attached the twenty-one points as they have been reported in the press. While you will note some discrepancies between the public version and the confidential text, public comments on the Document of Objectives should refer only to the public text.

Document of Objectives

Considering:

The situation prevailing in Central America characterized by a climate of tension that threatens the security and peaceful coexistence of the region, which requires for its solution the observance of the principles of international law which regulate the activities of states, especially:

- Free (self) determination of peoples;
- Non-intervention;
- Sovereign equality of states;
- Peaceful solution of controversies;
- Abstention from recourse to the threat or use of force;
- Respect for the territorial integrity of states;
- Pluralism and its various manifestations;
- Full play for democratic institutions;
- Fomenting of social justice;
- International cooperation in favor of economic development;

- 2 -

- Respect for and promotion of human rights;
- Proscription of terrorism and subversion.
- Desire to reconstruct the Central American fatherland through the progressive integration of its economic, juridical, and social institutions.
- The necessity for economic cooperation among the states of Central America in order to contribute in a fundamental way to the development of the peoples and the strengthening of their autonomy.
- The commitment to create, foment, and invigorate democratic systems in all of the countries of the region.
- The need to eliminate unjust economic, social, and political structures which aggravate conflicts in Central America.
- The need to put an end to tensions and establish the bases for understanding and solidarity between the countries of the area.
- The arms race and the growing traffic in arms in Central America which worsen political relations in the region and divert economic resources that could be destined for development.
- The presence of foreign advisors and other forms of foreign military interference in the region.
- The risks of using the territory of Central American states for the realization of military and political destabilizing actions against others.
- The need for political accommodation in order to bring about dialogue and understanding in Central America, to exorcise the danger of the generalization of the conflicts and put into effect mechanisms that can assure peaceful coexistence and the security of peoples.

signatories expressed the purpose of achieving the following objectives:

- Promote detente and put an end to situations of conflict in the area, avoiding any actions which might put in danger political confidence or tend to obstruct the objective of achieving peace, security, and stability in the region.

- 3 -

-- Assure strict compliance with the principles of international law previously listed, the lack of observance of which could determine responsibilities.

-- Respect and guarantee the exercise of human, political, civil, economic, social, religious, and cultural rights.

-- Adopt measures conducive to the establishment and, as may be the case, the improvement of democratic, representative, and pluralistic systems that guarantee effective popular participation in the taking of decisions and assure free access of diverse currents of opinion to honest and periodic electoral processes founded in the full observance of the rights of the citizens.

-- Promote actions of national reconciliation in those cases in which there are deep divisions in the society, in order to permit, in accord with the law, participation in political processes of a democratic character.

-- Create political conditions designed to guarantee the international security, the integrity and the sovereignty of the states of the region.

-- Control the armaments race in all of its forms and begin negotiations on the control and reduction of actual inventories of armaments, and of the number of persons under arms.

-- Proscribe the installation in their territories of foreign military bases or any other form of foreign military intervention.

-- Reach agreements to reduce, with a view to eliminate, the presence of foreign military advisors and other foreign elements who participate in military and security activities.

-- Establish internal mechanisms to control or impede the traffic in arms from the territory of any country of the region to the territory of any other country.

-- Eliminate the traffic of arms, within the region or coming from outside the region, destined to persons, organizations, or groups which intend to destabilize the governments of the Central American countries.

-- Impede the use of their own territory and not permit from it military or logistical support to persons, organizations, or groups that intend to destabilize governments of the countries of Central America.

-- Refrain from fomenting or supporting acts of terrorism, subversion or sabotage in the countries of the area.

-- Constitute mechanisms and coordinate systems of direct communication with the object of preventing or, as the case may be, resolving incidents between states of the region.

-- Continue the humanitarian aid designed to assist the Central American refugees that are displaced from their countries of origin, bringing about at the same time adequate conditions for the voluntary repatriation of these refugees, in communication or cooperation with the High Commissioner (for refugees) of the United Nations and other international organizations that may be pertinent.

-- Undertake programs of economic and social development with the purpose of achieving greater welfare and an equitable distribution of wealth.

-- Revitalize and normalize mechanisms of economic integration in order to achieve sustained development based on cooperation and mutual benefit.

-- Seek to obtain foreign monetary resources which will permit new inputs to finance the reactivation of intraregional commerce, overcome grave balance of payments problems, get funds for working capital, support programs to broaden and restructure productive systems and foment medium and long-term investment projects.

-- Seek a better and broader access to international markets in order to expand the flow of commerce between the Central American countries and the rest of the world, especially with industrial countries, by means of a revision of commercial practices, and elimination of trade barriers both tariff and non-tariff in nature and the assurance of remunerative and just prices for the products exported by the countries of the region.

-- Seek mechanisms of technical cooperation for the planning, programming, and execution of multi-sector investment and commercial promotion projects.

The Ministers of Foreign Relations of the Central American countries, with the participation of the countries of the Contadora group, will initiate negotiations with the purpose of preparing agreements and adopting the necessary means to realize and develop the objectives contained in this document, and assure the establishment of adequate systems of verification and control. For these purposes they have taken account of the initiatives presented in the meetings convoked by the Contadora group.

Informal Translation of Socialist International Leadership  
Letter to Nicaraguan Leaders

Esteemed friends:

July 19 will be the fourth anniversary of the fall of the Somoza dictatorship and the triumph of the Nicaraguan Revolution.

That day was greeted by all social democratic men and women as the end of a nightmare of suffering, human rights violations and wars endured by that small, great country that is Nicaragua. It is a page of history which will be recorded always as a positive event in itself and charged with profound transcendence for Latin America.

Likewise, from a hope and a historic ambition that belonged legitimately to the Nicaraguan people it was considered (also) as the patrimony of all Latin Americans who love liberty, peace and the independence of their people in the face of whatever form of dictatorship, of oppression and of internal or external dependence.

That was what was called and continues to be called the original goals of the revolution, based fundamentally in democratic pluralism, the existence of a mixed economy and an international policy of non-alignment.

We ally ourselves fully with this original goal of the revolution, we launch campaigns in all directions and we will continue to have firm confidence that this is the best for Nicaragua, for Latin America and for the world.

Four years later we reaffirm our support for the Revolution in Nicaragua and in order not to fall into any of the temptations that we denounce of intervention in the internal affairs of your country, which to us seems illegitimate regardless of where it comes from, this letter only contains our concern over the worsening of the situation in the Central American region and in Nicaragua, and our profound conviction that the fulfillment of the original goal will contribute decisively to peace -- which is once again absent in Nicaragua and more threatened than ever in the region -- and to the happiness of your people.

We consider ourselves friends of the Nicaraguan revolution. Friends sometimes less appreciated for not being dependent upon any external purpose of our own conscience for men who believe in Democratic Socialism, in the self-determination of peoples, in freedom and in



peace. Considering ourselves such, and not wanting to play anyone else's game, we privately write you and believe our duty--in this difficult moment--to risk asking you that, in fulfillment of the original project you decide upon, on the fourth anniversary of the Revolution, the proclamation of the Political Parties Law, the Electoral Law, the ruling that guarantees freedom of speech, and the summons for free elections next year, 1984.

Facing the already unsustainable crises of growing confusion and tension, a bold initiative like the one we are fraternally asking you for, would rescue international public opinion, strengthen the actions of the liberal sector of the United States, particularly the decisions of the Congress of that country to stop all kind of military actions, direct or indirect against Nicaragua. Moreover, it is necessary for the Nicaraguan Revolution to receive again international cooperation and solidarity. As we have already pointed out, it would do no more than develop the project that the triumphant Nicaraguan peoples' Revolution offered to your people and to the world.

Within this climate, the efforts of the Contadora Group could achieve the full channeling toward the solutions that Latin America hopes for.

Whatever happens, we will always condemn and will oppose the use of force, and consequently, we will defend the the right of the Nicaraguans, and the right of all people, to live in peace.

Willy Brandt  
Felipe Gonzalez  
Carlos Andrés Perez  
Daniel Oduber

Current  
Policy No. 509

# Economic Growth and U.S. Policy in Central America

September 14, 1983

United States Department of State  
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Following is an address by Kenneth W. Dam, Deputy Secretary of State, before the Forum Club, Houston, Texas, September 11, 1983.

President Reagan spoke on April 27 to a special joint session of Congress to explain our response to the problems in Central America. He outlined a policy based on four interlocking elements: democracy, dialogue, defense, and development.

First, and I quote the President:

We will support democracy, reform, and human freedom. This means using our assistance, our powers of persuasion, and our legitimate leverage to bolster humane democratic systems where they already exist and to help countries on their way to that goal as quickly as human institutions can be changed. . . . We will work at human rights problems, not walk away from them.

Second, we favor negotiations and dialogue to resolve conflicts in ways that promote the development of democracy. The President's special envoy, former Senator Richard Stone, is working to facilitate negotiations both within and among the countries of Central America. We welcome the meeting that took place August 25 in Bogota, Colombia, between representatives of El Salvador's Peace Commission and the guerrillas. And we support the regional Contadora process, in which five Central American nations, including Nicaragua, are engaged with their nearest neighbors.

Third, to give diplomacy a chance to work, we are using military assistance as a shield to help Central American

countries defend themselves. This shield should foreclose a military victory by antidemocratic forces supported through Nicaragua by Cuba and the Soviet Union.

Fourth, and again I quote the President:

In response to the challenge of world recession and, in the case of El Salvador, in response to the unremitting campaign of economic sabotage by the guerrillas, we will support economic development.

It is this economic dimension of our policy toward Central America that I should like to focus on today. Amidst all the debate over the situation in Central America, surprisingly little attention has been paid to what should be done about the region's pressing economic troubles.

Few would deny that economic difficulties lie at the heart of much of Central America's instability or that sound economic growth is vital to the region's future. Promoting that growth in a framework of equitable development is a major focus of our policy. Our assistance to the region makes the point: \$1c of every dollar of U.S. aid to Central America this fiscal year is devoted to economic goals. And now the National Bipartisan Commission on Central America, headed by Henry Kissinger, has begun to give special attention to the region's long-term development needs.

So it is fitting that we take a moment to assess both the obstacles to growth in Central America and how they might be overcome.

## Potential for Economic Growth

Let me begin with something that is often overlooked. Central America is clearly capable of strong and sustained economic growth. That is the proven record of the 1950s, the 1960s, and most of the 1970s.

From 1960 to 1979, real gross domestic product (GDP) in the United States grew by an average of 6.7% per year; the industrialized market economies as a whole grew at a rate of 4.2% per year. During those same 20 years, Central America did more than keep up. According to the World Bank, every country in Central America grew faster than the United States and faster even than the industrial country average. Annual growth rates averaged from a low of 4.4% in Honduras to a high of 6.3% in Costa Rica.

It is also true, of course, that Central America's population growth during those same 20 years was among the highest in the world, averaging about 3%. Even so, per capita income increased in every country. And, in each case, the percentage of total production accounted for by manufacturing and other industrial activity increased. For instance, between 1960 and 1979 industrial activity in Honduras rose from 19% of total production to 26%.

In the mid-1970s, in fact, Central America's economic prospects attracted a major Japanese investment campaign. In El Salvador, for example, Japanese firms were particularly active in textiles and electrical appliances. By 1978, Japan was El Salvador's second largest foreign investor.

Against such a favorable back-

ground, how is it that Central America's rapid development lost momentum? How do economic problems relate to today's tragic conflicts? Many factors are involved, but three stand out: local social and political conflicts, the impact of the global economic recession, and the spread of guerrilla warfare and attacks on the economy. Let me take each in turn.

First, local social and political conflicts in Central America, misuse and maldistribution of the benefits of development span many years. The region was still relatively quiet politically when I traveled there briefly 5 years ago. But even then the underlying economic problems and social tensions were unmistakable. In major cities, high walls separated palatial homes from the deepest squalor. Growth was slowly improving the lot of many people, but growth was also increasing expectations. And except for Costa Rica, there were few democratic outlets to help resolve frustrations and social tensions peacefully. The repression and instability that ensued proved bad for both business and labor. Over the past 5 years, social conflicts and political uncertainty have increasingly prevented needed new investment and have set back development.

The second obstacle to growth was a series of adverse developments in the world economy. Beginning in the late 1970s, the prices of Central America's basic export crops plummeted. Consider the four principal exports of the region. Coffee is the single most important export product for most countries in the area. Bumper crops in Brazil and Colombia caused world coffee prices to fall by more than 26% in nominal terms between 1977 and 1980. Cotton is the second most important export of El Salvador, Guatemala, and Nicaragua. In 1981, cotton prices stopped keeping pace with world inflation and fell by some 20% in nominal terms in just 9 months. The world price for bananas, a mainstay for Costa Rica and Honduras, also failed to keep pace with world inflation rates. The price of sugar, meanwhile, fell near its historic lowpoint in real terms.

The rise in import costs was nearly as damaging as this fall in export revenues. Two of Central America's most important imports are petroleum and financial capital borrowed from hard currency countries. In 1978 and 1979, the second oil shock almost doubled the price of imported oil. And in the 1980s, the higher cost of capital on world financial markets increased the cost of rolling over old debt and contracting new debt to offset falling export revenues.

The result was a shocking economic dislocation. By 1981, it actually took two bags of Central American coffee to buy what one bag had bought in 1978. The

shift in overall terms of trade meant that Costa Rica, for example, had to export 1.7 times as much to pay for the same amount of imports as 3 years before.

Domestic policy responses in Central America to these changed circumstances were generally slow and sometimes inappropriate. This led to the flight of local capital, heavy external indebtedness, and vitality-sapping controls. The Central American Common Market, the vehicle for preferential trade within the region, weakened rapidly as the economy of each of its members declined and grew more protectionist. The value of trade among Central American nations fell by one-third in nominal terms, from a high point of over \$1.1 billion in 1980 to \$775 million in 1982. In real terms the decline was much greater.

No Central American nation escaped the effects of this general decline. Even democratic Costa Rica, which faced fewer of the political and social challenges prevalent elsewhere in the region, went into a deep economic slump. Until 1980, Costa Rica's real growth rate had averaged more than 6% per year—the highest in the region. In 1982, in contrast, economic activity in Costa Rica declined 9%.

The economy of El Salvador contracted even faster. The reason is that El Salvador has been hit hardest by the third—and, in certain cases, the most important—factor in Central America's economic decline: the disruption of economic life by guerrilla violence.

In a nation where safe drinking water is scarce, guerrillas have destroyed water pumping stations and the transmission towers that carry the energy to run them. They have destroyed 55 of El Salvador's 260 bridges and damaged many more. In a 22-month period ending last November they caused over 5,000 electrical interruptions—an average of almost 8 a day. In 1982 alone, the guerrillas destroyed over 200 buses. Less than half the rolling stock of the railways remains operational.

In a nation where overpopulation is endemic, where employment is hard to find, and where capital investment must be nurtured, guerrilla attacks have forced the closing of factories, the abandonment of farms, and the displacement of thousands of workers. One out of eight of El Salvador's most productive land reform cooperatives is either abandoned or operating only sporadically because of guerrilla violence.

The result has been human as well as economic disaster. On the average, every man, woman, and child in El Salvador is one-third poorer today than 4 years ago. During the off-season, agricultural unemployment is now 40%. In 1981, El Salvador was able to import

only two-thirds as much by volume as in 1977. Critical goods like medicines and raw materials have been cut back sharply. And to maintain even this reduced level of foreign purchases, its central bank has had to increase net borrowings by almost \$300 million.

El Salvador, moreover, is not the only country affected by the consequences of guerrilla warfare. The spread of violence and uncertainty has made investors wary of ventures anywhere in Central America, even in the most stable countries of the region, Honduras and Costa Rica.

## U.S. Policy

The United States is working hard to help the Central Americans overcome these obstacles and resume strong economic growth. Our policy is designed to address each of the problems I have mentioned.

First, to combat social tensions and the long-term instability of dictatorships, whether of the right or the left, we are supporting democratic politics and reform. Democracy gives people a stake in peaceful development. And it gives investors the stability they need to plan ahead, confident that the future is less likely to hold arbitrary shifts in government policies or sudden outbreaks of civil strife.

El Salvador's elected Constituent Assembly has, for example, twice extended land reform legislation in response to popular demand; 500,000 Salvadorans have now benefited directly from the land reform. Both the AFL-CIO and the Agency for International Development are working hard to consolidate the reforms and to increase agricultural productivity. After initial declines, yields are beginning to increase again. And by developing a rural middle class with money to spend on domestically produced goods, the land reform should provide an indispensable base for greater national output and employment.

Second, to help cushion adverse developments in the world economy and complement domestic policy reforms, we have increased both bilateral economic assistance and other forms of cooperation. In this fiscal year, we are obligating some \$625 million in bilateral economic assistance for Central America. That amount is more than four times greater than our military assistance. This economic aid includes:

- Balance-of-payments support to permit needed imports of consumption and production goods;
- Project money to build and improve basic assets like roads and bridges;

- Technical assistance to help the Central American governments provide services to their people more efficiently;
- Food aid; and
- Funds for the construction of low-cost housing.

We are also going beyond traditional economic assistance in two ways. We are encouraging close cooperation between individual countries and the International Monetary Fund (IMF) as well as the development banks. This cooperation should facilitate necessary internal adjustments and provide essential external capital flows. At the same time, we are creating new market opportunities for Central American products. The Caribbean Basin Initiative (CBI), which received strong bipartisan support in Congress and which the President signed into law just this past August 5, is a hallmark of our efforts to lay a sound basis for future growth. I shall return to it in a minute.

Third, because of the guerrillas' explicit targeting of the Salvadoran economy, our military assistance program is designed to help shield economic activity. Behind that shield, the Salvadoran economy can function, people can go to work, and vital public services can be restored. Right now a major civil-military operation is underway in the two provinces (San Vicente and Usulután) where guerrilla activity has been most damaging to coffee, cotton, livestock, and dairy farming. This operation is expected to permit 28 of El Salvador's 42 largest farm cooperatives to resume normal operations. Twenty schools and eight small hospitals have been opened since June.

It is difficult to quantify the lost value of foregone investments and disrupted production. We estimate that all of our economic assistance since 1980 does not fully offset guerrilla damage to the Salvadoran economy. But it is making a critical difference.

### Future Prospects

What does the future hold? The answer, of course, depends on the ability of our friends in Central America to design and implement policies that will go beyond immediate needs and improve conditions for long-term development.

But we can certainly help. U.S. businesses have relatively small stakes in Central America. At the end of last year, for example, total U.S. direct investment in Central America was less than one-half of 1% of U.S. investment abroad. Nonetheless, economic development in Central America is in the national interest of the United States. The peace and prosperity of our neighbors is a goal worth spending money on, even a lot of money.

So it is not surprising that many Americans have recently begun talking about a "Marshall Plan" for Central America. Americans are every bit as committed to the peace and prosperity of Central America as they were to the reconstruction of Europe after World War II.

But the term "Marshall Plan" should not be taken literally. The analogy between postwar Europe and present-day Central America is less than precise. Postwar Europe faced problems of reconstruction, not of long-term development and immediate defense. Europe's internal conflicts and even occasional violence were contained by democratic experience and widespread belief in a new future. And Europe had a large pool of trained manpower with a long industrial tradition. For all of these reasons, massive infusions of capital were quickly useable in postwar Europe. The problems of Central America are different.

But if the term "Marshall Plan" is used to emphasize the high priority we are already giving to economic assistance for the region, it is consistent with our thinking. Central America needs relatively high levels of assistance. It needs them now and perhaps for some years to come. It needs them for both development and defense. And it needs them to restore destroyed and deteriorated assets.

As the region recovers its balance, however, we will want to ensure that Central America's economies do not succumb to the tendency of some small, developing economies to adjust to large inflows of capital in ways that create permanent dependence. Massive inflows of aid can reduce the incentives for domestic saving. They can help maintain exchange rates at levels that discourage domestic investment. And the necessarily large role of governments in using foreign aid can also inflate the size of the public sector at the expense of more dynamic private enterprise.

Looking to the future, then, I would suggest six considerations that should be kept in mind in determining realistic levels of assistance for Central America after the present emergency.

The first is the one I have just outlined: the need to avoid impairing the region's independent economic potential by fostering dependence or undermining productivity. Nicaragua provides a concrete illustration. Since July 1979, Nicaragua has benefited from unprecedented levels of economic assistance from around the world. Their own figures indicate that they received more than \$500 million in assistance loans each year from 1980 to 1982. During the Sandinistas' first 22 months in power, the United States was Nicaragua's single largest bilateral donor

of assistance, and we supported them when they applied to the international financial institutions for multilateral aid.

In spite of these high levels of aid, and an initial spurt of growth in 1979 and 1980, the Nicaraguan economy is now declining rapidly. We do not know just how rapidly because the Nicaraguan Government no longer publishes timely statistics. We do know that the public sector's share of gross national product (GNP), which was 15% before the revolution, reached 41% in 1980, and is even higher today. The indications are that the growth of the nationalized sector has been accompanied by disastrous losses in production. And little of the available external assistance has gone into developing the productive activities that will be needed to sustain Nicaragua's praiseworthy new literacy and public health programs. Arturo Cruz, once the Director of Nicaragua's Central Bank and a member of the revolutionary government junta, has concluded that "Nicaragua is condemned to be an international beggar."

A second consideration is that private investment, not official aid, is the key to growth. Funds for investment can come from only two sources: domestic savings or foreign savings, the latter in the form of foreign investment, loans, or economic assistance. To be self-sustaining, most of the investment must come from domestic resources. As I noted in presenting the U.S. position to the UN Conference on Trade and Development in June: "Adequate incentives for people to produce, save, and invest are the heart of effective policies for sustained growth."

Domestically, the nations of Central America can work to develop the kind of business environment conducive to private domestic investment. Political stability is a prerequisite. But open markets, an equitable and efficient tax system, sound monetary and foreign exchange policies, and a government commitment to encourage new enterprises are also needed. Sound government policies and nondiscriminatory legal procedures can also help attract foreign investment, and with it the technology and know-how to increase Central America's international competitiveness.

A third consideration is the distribution of investment between industry and agriculture. My own conviction is that industry should be developed, but not at the expense of agriculture. In country after country, an increasingly productive agricultural sector has proved to be the force driving economic growth.

Central America's own record is a case in point. For the most part, Central America has been highly successful in selling its agricultural goods to the world market: coffee, cotton, sugar,

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Without disturbing the production of agricultural exports, the Central Americans can also increase their industrial exports. In the late 1970s, they had already begun to achieve this goal, as the statistics I mentioned earlier demonstrate. They can do so again, and better.

This brings me to my fourth consideration: international trade is key to Central America's future growth. Although Central American domestic markets are relatively small, Central America enjoys a similar resource base and shorter transportation lines to major markets than the five members of the Association of South East Asian Nations (ASEAN). The ASEAN nations have had an average growth rate of about 6% over the last decade. With the exception of the Singapore city-state, the ASEAN nations are, like Central America, engaged mainly in agriculture and the production of basic commodities. But unlike the Central American Common Market, they have not protected themselves behind a common tariff barrier. Instead, they have fostered growth through open markets and exports, combined with cooperative economic policies and joint industrial projects. The experience of the ASEAN nations confirms what common sense suggests—that the Central American nations should also be able to compete effectively in world markets.

A fifth consideration is that we should commit ourselves to making the benefits of American trade and commercial investment available to Central America. For years, Latin American experts have been telling us that what our neighbors wanted and needed most was a long-term U.S. commitment to their stable growth. That is why the President worked so hard on the Caribbean Basin Initiative. The CBI

is an innovative 12-year program of one-way free trade and tax incentives for 27 nations in the Caribbean and Central America. The CBI provides market-oriented incentives for investment and business in the region, based on free trade and free investment flow. It emphasizes private enterprise and recognizes that private investment is the engine of development. We expect the designation of the first CBI beneficiaries to take place in November and the 12-year free trade provisions to go into effect in January.

By harnessing normal market forces to foster a growth pattern appropriate to the region, the CBI should attract capital and create employment opportunities on a lasting basis. It is an approach that creates opportunities without dependence. I believe it should typify much of our thinking about how to promote future growth in the area.

My sixth and final thought is that we should do more to help meet the basic human needs of the people of Central America. On a world scale, these are "middle-income" countries. But continued technical assistance and other forms of cooperation in health, education, and population are still essential. Indeed, because they are our neighbors, the grounds for a special U.S. effort are strong.

Our private sector could and, I believe, should play a major role—both independently and in cooperation with the Agency for International Development. There is great scope for universities, businesses, religious organizations, and even local governments to cooperate with their counterparts in Central America. The needs are great for improved training, transfer of technology, health services, and other cooperation to better the quality of life in both urban and rural areas.

### Freedom: The Key to Dynamic Growth

The United States is now on the road to a sustained economic recovery; most other industrialized nations are not far behind. The challenge is to transform this revival into a truly global recovery, based on renewed growth in world trade and investment.

Central America, which is so close and so important to the United States, must share fully in this recovery. I think it can. The six considerations I have outlined today are designed to do just that. Central America can avoid dependency, strengthen its private sector, develop agriculture as well as industry, and increase its foreign trade. In turn, the United States can ensure the availability of American markets and enterprise, and cooperate to better meet the basic human needs of Central America's people.

The key to establishing this dynamic is freedom. Freedom from outside intervention. Freedom from tyranny. And freedom to create. As President Reagan stated in his September 1981 speech to the IMF and World Bank:

Only when the human spirit is allowed to invest and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive, and free.

That is our goal: neighbors who are both free and independent. Let us move now to an era of economic and political cooperation, securely founded on peaceful development. ■

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# The Miami Herald

Monday, June 20, 1963

International Edition

## Nicaraguan: Expulsions Part of Plot

By DON OBERDORFER and JOANNE OHANG

WASHINGTON — The recent expulsions of three U.S. diplomats from Nicaragua was the product of a two-year plan — authorized at high levels of the former Sandinista government in Managua — to discredit opposition forces there through a web of false accusations, according to a former official of Nicaragua's Sandinista government.

The former official, Miguel Boudon, said he was in charge of an organization called "Comandante Espinoza" as part of the plan, which the Sandinistas called "Operacion Espinoza."

Boudon, 36, is the Managua-born son of an American, Gerny Hubert Boudon, and a Nicaraguan, Dr. Roberto Boudon, a former Young Men's Christian League official who helped to bring the Sandinista revolution against Somoza. He moved to Nicaragua for Managua when they were both still in their 20s.

Boudon, who was a U.S. citizen until 1958, said he had learned that through the Sandinista press in 1972, officials from Nicaragua had accused him of being a spy for the CIA. He said he had provided an affidavit to the U.S. State Department for the very U.S. agency in working against the CIA for many years.

### Among the Accusations

Nicaraguan newspapers had been publishing the story since a front-page article in 1972 titled "U.S. Spies in Nicaragua" and "The Incredible Story of Espinoza's Activities in Nicaragua." The article stated that Boudon was a CIA spy who had been in Nicaragua since 1958, and that he had been in contact with the CIA for many years.

The Sandinista government in Managua had been publishing the story since 1972, and it was part of a plan to discredit opposition forces. Boudon said he had been in contact with the CIA for many years, and that he had been in contact with the CIA for many years.

Public organizations are working during the trial of Jose Jose Pina to Managua, the Managua newspaper, to discredit the CIA and the Sandinista government.

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was actively working to discredit the CIA. He said he had been in contact with the CIA for many years, and that he had been in contact with the CIA for many years.

The presence of Soviet Cuban, Bulgarian and East German advisers to the Nicaraguan security apparatus is extensive. Boudon said two high-ranking Soviet officers and a Cuban officer were assigned as advisers to the 23 Nicaraguans in the counterintelligence section where Boudon worked.

The officer's father, Dr. Roberto Boudon, had to leave Saturday night. "I'm sorry. We're very happy our son has left Nicaragua."

The doctor was in charge of Managua from Nicaragua last year ago. He said his American-born wife, Gerny Hubert Boudon, visited their son in Managua in October. She had no recollection of that time that Miguel Boudon had conversations with the Sandinistas, but he had said.

"We found out the same day he went to Cuba Hill," Dr. Boudon said.

### Filmed 'expose'

Miguel Boudon, elaborating on Operacion Espinoza, said that for as long as he was in charge of something like the U.S. Embassy, Boudon was in charge of the budget of Pineda's house and, on one occasion, personally carrying his baggage.

"I know everything about my father," he said. "I know where he went and what he did. I even know what kind of exercises he did."

The plan, Boudon said, called for Sandinista agents to use American diplomats and suspicious citizens to discredit the CIA. He said he had been in contact with the CIA for many years, and that he had been in contact with the CIA for many years.

A final goal of the plan was that every month, every American and every Nicaraguan contact who was in the Managua area, especially in Boudon's area, was to produce a written report that would discredit "Espinoza" and produce a conspiracy against the U.S. government.

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### Interview

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Washington, September 22, 1983

The Washington Post

WORLD NEWS

... A59

# Base for Ferrying Arms to El Salvador Found in Nicaragua

By Sam Diles

**ESTERO DE PADRE RAMOS**, Nicaragua, September 22 (AP)—A small, remote Nicaraguan town served for two years as a transportation point for smuggling arms to El Salvador, according to a report by a former U.S. intelligence official.

Although the Nicaraguan government denies the charges, intelligence and other sources say the town, Estero de Padre Ramos, is a military training center for the army's elite and housed them in two-story houses built for El Salvador's exiles in the north.

Federated report occasionally leading some sources have estimated that long "military" — community center which is similar to those built in the north of the country when the army left to the north to join the Frente Unido.

A 14-mile long, winding half a dozen kilometers across the sea carry thousands of pieces of cargo, he has reported in the past, including arms, with regular shipments to the north.

The report also says that the community is

1981) the Nicaraguan's Sandinista government was accused of using the town as a base for U.S. officials have occasionally refused to provide members of the Nicaraguan-El Salvador arms fire, including a small, remote Nicaraguan town. Without the proof, such have been skeptical of the U.S. allegations.

No U.S. officials were mentioned in the report.

And Sandinista "representatives" attacked the report. It, however, is the source and then went back. A spokesman from the Nicaraguan-based U.S. defense, Nicaragua (Nicaragua) First (FDN) claimed responsibility, calling the site "an important center of logistical support" for Sandinista guerrillas.

Sandinista spokesman denied the FDN had attacked the site from the north. He said the site was a "military training center" for the army's elite.

Defense Ministry officials said since the site is in the north, it was not an ordinary smuggling hub, but a military base.

Officials in the Federal Ministry and the National Development Fund and Monday, however, that the Nicaraguan-El

Salvador is not on the island and that no government-sponsored operations in the region.

Indeed, in the view of La Cuesta, the military aimed base used by the government to train the Nicaraguan-El Salvador, reports heard to process the facility was never used for training.

La Cuesta, however, said a Sandinista Army base, a military base with dozens of small, one-story houses, a radio antenna and three long, narrow wooden boats and the ruins of the abandoned warehouse complex in the FDN area.

Federated and other sources who live in the town, the source said, and some other former and current in the area, from Padre Ramos and other nearby houses and in Cuesta said the site is a military base, not a "military base."

The source has been all kinds of local reports he has seen, they said. Federated and other sources have reported to the site, but not to report the FDN site.

Some other sources are believed to be in the La Cuesta area, calling it a "military base," but others simply said they were not.

The source's report is not a

source would have known they are carrying the arms to El Salvador," said the site of a Padre Ramos (Nicaragua).

Several sources said they had seen what they described as the arms facilities in La Cuesta, and had heard from others through local communities that boats arrived in the morning.

The source provided details for three years of reports who lived about the area, but did not say.

A long-standing guard who has 200 yards across from La Cuesta, former Padre Ramos, found out the site was all reports in the north in a small house, he said. He said a government base of military training, he said, to see reports about the abandoned facility. He mentioned it was a long-running.

Former Cuesta and the source's role had been used to train Federated Ministry officials reports on being received. A former Ministry official in the area and the source said he had seen reports and that he had seen reports on the abandoned facility.

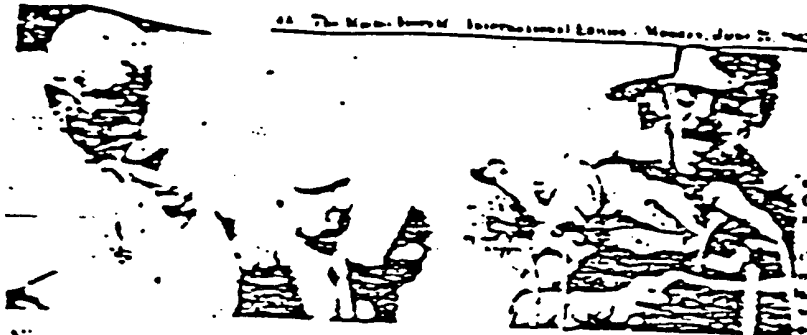
Federated and other sources of the arms in NICARAGUA, AP (AP)

## Nicaraguans in Fishing Villages Tell of Arms Smuggling Efforts

**NICARAGUA** (From AP) — Reports from fishing villages in the north of Nicaragua, where the Sandinista government has been in control since 1979, say that the government is using the area to smuggle arms to El Salvador. The reports also say that the government is using the area to train its guerrillas.

Reports from fishing villages in the north of Nicaragua, where the Sandinista government has been in control since 1979, say that the government is using the area to smuggle arms to El Salvador. The reports also say that the government is using the area to train its guerrillas.





Nicaraguan junta leader Daniel Ortega, right, with pope: Heckling was orchestrated, defector says.

# U.S. diplomats 'starred' in delicately spun plot

BY DAVID H. HOFFER

Some leading Cuban spies were set up as part of an elaborate plot by the U.S. Embassy in Havana and been recruited by State Department and CIA officials.

At least one was believed to be a spy for the Washington Post by State Department officials who arranged for meetings with leaders of the Marxist Revolution. A copy of the report was sent to the Post shortly after the meeting last month for 12 hours and has been used in the past.

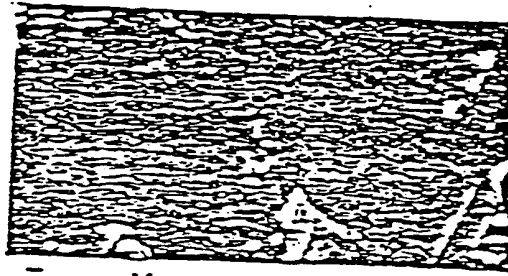
Because of its confidential nature, the report was not made public until the late 1970s. It was then that the CIA and State Department officials learned that the report had been written by a CIA operative who had been recruited as a confidential source.

He was believed to be the main source of information after being recruited by the CIA. The report was written after the meeting and was used in the past for 12 hours and has been used in the past.

But, as he said, it was extremely difficult to get the report. In addition to the fact that the report was written by a CIA operative who had been recruited as a confidential source, the report was written after the meeting and was used in the past for 12 hours and has been used in the past.

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U.S. Ambassador James Phillips, Emilio Rodriguez and David Greig in Miami after meeting from Nicaragua.

As soon as it was confirmed that a report had been written by a CIA operative who had been recruited as a confidential source, the report was written after the meeting and was used in the past for 12 hours and has been used in the past.

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## Spies' services

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...they were as a result of the CIA and other officials had the report sent back to Cuba.

The report was written by a CIA operative who had been recruited as a confidential source. It was written after the meeting and was used in the past for 12 hours and has been used in the past.

It was after he left Nicaragua. He was convinced that the report was written by a CIA operative who had been recruited as a confidential source. It was written after the meeting and was used in the past for 12 hours and has been used in the past.

This was the high point of a June 5 press conference in Managua, in which Castro proclaimed and many reporters were shown with some good-bye words. Castro announced the expulsion of Prietel and two other U.S. diplomats on grounds of espionage charges.

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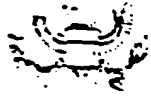
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Washington, D.C. 20520

TO: Gerry de Santillana  
Room 7251

FROM:

SUBJECT: House Members Contacted on Boland-Zablocki

Member Visited:

Date:

Assessment: For Administration Position \_\_\_\_\_  
Leaning For \_\_\_\_\_  
Undecided \_\_\_\_\_  
Leaning Against \_\_\_\_\_  
Against \_\_\_\_\_

Remarks:

Follow-up Suggested: (Including Level of Follow-up):

ARA-57