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# **Nicaragua: Controlling the Countryside**

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**An Intelligence Assessment**

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September 1987*

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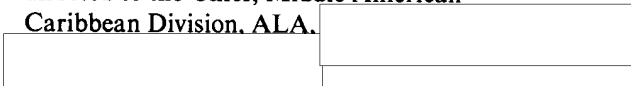
# Nicaragua: Controlling the Countryside



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**An Intelligence Assessment**

This paper was prepared by [redacted] Office of  
African and Latin American Analysis. It was  
coordinated with the Directorate for Operations.  
Comments and queries are welcome and may be  
directed to the Chief, Middle American-  
Caribbean Division, ALA, [redacted]



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**Nicaragua:  
Controlling the Countryside**



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**Scope Note**

This paper examines the various facets of the Sandinistas' rural policy and its impact on prospects for the insurgency over the next year. It was completed before the Central American presidents signed a peace plan that includes provisions calling for a cease-fire by 7 November and a simultaneous cutoff of external support for anti-Sandinista forces. Although such steps would dramatically affect the viability of the insurgency, we have proceeded with publication of this study in the belief that its analysis will be useful under a variety of circumstances. If the peace plan unravels, either by a failure of any of the parties to implement its provisions by the 7 November deadline or by violations of its provisions after the deadline, for example, we believe the Sandinistas will continue to pursue the approach outlined in this paper. Even if the peace plan holds up, we believe Managua would adhere to elements of its present strategy. In the weeks before a cease-fire took effect, for example, counterinsurgency operations would certainly continue and might even intensify as Managua tried to deal the insurgents a decisive military blow. Population control mechanisms, including both incentives and intimidation, would be a critical part of this campaign and might become even more important as Managua worked to consolidate its power in the countryside within the framework of a peace accord.



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**Key Judgments**

*Information available  
as of 6 August 1987  
was used in this report.*

The escalation of the insurgency in Nicaragua over the past year has been accompanied by the intensification of the contest between Managua and the rebels for the loyalty of the country's rural population. This paper examines the programs and policies the Sandinista regime has been pursuing in rural areas with an eye to gauging insurgent prospects for winning control of the countryside, assuming US military assistance continues. Its findings present a mixed picture:

- Over the short term, the regime's rural strategy will in all likelihood remain relatively effective in helping to assure the neutrality—if not the loyalty—of the great majority of the peasants and small-town inhabitants in the areas of the insurgency. The incentives provided by government socioeconomic programs—however inadequate—will continue to give a significant portion of the rural population a stake in the revolution, while government intimidation and suppression will discourage the disaffected from joining the insurgents.
- At the same time, however, the Sandinistas themselves worry about their ability to cope with a long-term, well-funded insurgency. Sustained military pressure coupled with deepening economic problems will inevitably reduce the regime's ability to deliver key social services to rural areas, and, with time, the resentment over forced service in the militia and increased political repression is certain to grow. Under such conditions, antigovernment sentiment would be likely to fester in the countryside, and the population would be more inclined toward active support of the insurgents.

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We believe the Sandinistas, bolstered by extensive foreign assistance—both Soviet Bloc and Western—made real gains between 1979 and 1983 in delivering important social services to the rural areas, but they were unable to sustain them after that time because of mounting pressures from the war and wide-ranging economic mismanagement. Spurred by evidence of growing popular dissatisfaction with the regime in the countryside, the Sandinistas since late 1985 and early 1986 have carried on an aggressive strategy to shore up their position.

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Accelerated land reform has been the most visible—and, we believe, most important—socioeconomic aspect of the new rural offensive. The regime reportedly targeted close to 1 million acres for confiscation and redistribution last year. The well-publicized retitling of land to peasants and

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cooperatives has illustrated the regime's commitment to "revolutionary change"; demonstrated that loyalty to the regime is rewarded; and improved government control over rural areas while denying the insurgents food, shelter, and intelligence.



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The Sandinistas have also worked hard to deliver social services to the countryside, diverting funds away from the cities and channeling them into the more hotly contested areas for programs such as housing construction and education. In our view, while the Sandinistas' efforts have not raised the levels of social services to pre-1984 levels throughout Nicaragua, the regime's system of resource allocation prevented precipitous nationwide drops and actually bolstered its position in key strategic areas, especially the northwest. The level of medical care in these areas has remained stable relative to other areas that suffered from shortages in doctors and hospital space. To further compensate for shortfalls, Managua has directed foreign personnel and aid projects to these areas.



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We believe the security and military buildup in rural Nicaragua will remain key to the regime's control over the population and efforts to undercut local support for the insurgents. The Sandinistas have created new counterinsurgency units, built up local defense capabilities, and constructed additional forward bases to improve troop mobility. In addition, they have increased the pace of the resettlement program—forcibly concentrating rural inhabitants in large camps—which, though costing the Sandinistas some political support from uprooted peasants, has further denied the insurgents food, shelter, and intelligence. The regime also has expanded the internal security apparatus and arrested thousands of alleged insurgent supporters—especially in the antiregime strongholds of Boaco and Chontales—over the past 18 months. These detentions have generated the impression of an all-pervasive security force



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We believe that rural popular discontent, while deep seated and widespread, is unlikely to pose a threat to the regime over the next year or so. Although increasing in number over the past year, open or violent manifestations of antiregime sentiments probably will be sporadic and isolated, and this is unlikely to change in coming months. The Nicaraguan

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populace is generally apathetic and easily intimidated. Therefore, no clear leaders are likely to emerge, and the security forces will be more than a match for demonstrators.



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We judge, however, that over the much longer term—perhaps two to four years—the regime most likely would become increasingly vulnerable to rural unrest as fewer in the countryside would have access to a shrinking pool of resources. This would be especially true if the insurgents could remain in the field permanently, to both protect local dissidents and offer a clear alternative to Sandinista rule.



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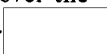


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**Nicaragua:  
Controlling the Countryside** 

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**Introduction**

Although the Sandinistas consistently have devoted resources to maintain tight control over Nicaragua's major urban areas since coming to power in 1979, their efforts in the countryside—home of nearly half the country's 3.2 million people—have vacillated. From 1979 to about mid-1983, the regime made real gains in delivering social services to the countryside and in building an effective security apparatus in rural areas. Managua's rural policies—battered by diminishing resources and the effects of political repression—began to show signs of faltering in the last months of 1983 and on through 1984. During 1985 the downward trend continued, but the regime—increasingly concerned about the growing insurgent threat and its eroding popular base in contested areas—planned and gradually implemented a major multifaceted effort to tighten its grip over the peasantry, a program that is still under way. 



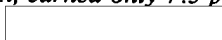
record in the countryside and evaluates its likely success over the next 12 to 18 months. The geographic focus is on the contested areas, primarily the northern and central portions of the country. Specifically, the study discusses the regime's gains in the countryside, the effectiveness of its various rural programs, and the extent of rural unrest. It also assesses the prospects for continued Sandinista control in coming months and the implications of Managua's policies for the United States. 

**A Fast Start Sputters**

Between 1979 and the end of 1983 the Sandinistas moved aggressively—and with considerable success—to improve living standards in the countryside and establish a firm base of support there. Rural Nicaraguans—farmers, agricultural workers, and small-town residents—had played a key role in the overthrow of the Somoza regime and were central to the

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**Rural Nicaragua on the Eve of Revolution**

*Under the rule of the Somoza family (1933-79), the rural sector was dominated by a small elite. In 1972, 3.5 percent of the rural population controlled more than 60 percent of rural income, according to academic studies. Rural laborers, who made up 51 percent of the population, earned only 7.5 percent of rural-generated income.* 

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*Land tenure was equally skewed, with much of the prime land owned by the Somozas and their associates. In 1963, according to Nicaraguan bank statistics, 1.5 percent of farm families controlled 40 percent of arable land while the bottom 79 percent owned only 14 percent. Of these, nearly half owned fewer than 17 acres, considered barely subsistence level, and had to supplement their incomes with a variety of jobs. Indeed, on the eve of the revolution, less than 25 percent of the rural population had a stable income, according to published statistics.*

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*The Central Bank calculated in the mid-1970s that over half the homes in the countryside were substandard, and almost none had a potable water supply. Government funding for home construction fell far short of needs, according to the same source. Delivery of health and educational services was also inadequate, according to several academic studies; both infant mortality and illiteracy were widespread.*

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Sandinistas' goal of reshaping society. Accordingly, the new regime in Managua set out soon after taking power to reorder the land tenure system, reduce illiteracy, and improve health care and general living conditions in the countryside. The programs generally were successful and improved the lives of thousands of rural Nicaraguans. In addition, the regime moved swiftly to establish a strong military presence in the countryside as a bulwark against counterrevolutionary activity. We believe the Sandinistas' various programs also were intended to break down what they viewed as the capitalist orientation of the peasantry and make them more receptive to state control over the economy.

Managua's efforts in the countryside, however, began to falter in late 1983. Difficulties persisted through 1984, with the result that, between late 1984 and mid-1985, mounting concerns in Managua about the regime's eroding rural base. By that time economic deterioration and the diversion of resources to the military buildup had depleted funds needed for the Sandinistas' rural strategy. Food production declined—in part because of agrarian reform—and many peasants were unhappy with the low prices the government purchasing monopoly paid for crops, according to US Embassy reporting. The Embassy indicates that most peasants, while enthusiastic about land redistribution, preferred individual grants and resisted collectivization. Moreover, the heavy-handed tactics of the security forces, military conscription, and the regime's Marxist indoctrination efforts had alienated much of the countryside and fueled the growing insurgency. In February 1985, a high-ranking Sandinista official told party cadres that peasant defections to the insurgents were a "growing problem" and that new policies would have to be adopted to stem the flow. In addition to joining the insurgents, thousands of rural Nicaraguans were migrating to Managua, bloating the capital's population by 40 percent over prerevolutionary levels—to some 1 million. Such growth strained urban services and contributed to a severe agricultural labor shortage in the countryside.

**Reinvigorating the Program**

official statements show that throughout 1985 the regime gradually devoted increased attention and resources to the countryside, and by early 1986 it was clear that continued insurgent military activity, coupled with the prospect of renewed US military aid to the resistance, had led Managua to remake its rural policy. The regime's goal, was to undercut support for the insurgents, discourage migration to Managua, and boost food production.

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Managua's strategy has been based on both incentives and repression to encourage opposition to—or at least neutrality toward—the insurgents. Many of the positive measures have been funded by diverting resources away from the relatively secure urban areas, President Ortega publicly backed this policy in March of 1986, admitting that his government had to reverse its long neglect of the countryside and warning new residents of Managua that they would have to return to their homes in the countryside if they wanted essential services. Learning from mistakes in the early 1980s, Managua also has tailored its policies to account for the peculiarities of each region in Nicaragua, and has been willing to alter or abandon unworkable policies.

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**Focus on Land Reform**

Accelerating land distribution has been the most visible—and, we believe, the most important—aspect of the new rural offensive. The Sandinistas were well aware that peasants in northern and central combat zones were dissatisfied with the pace of initial land redistribution programs, according to US Embassy reporting. As a result, the regime decided not only to increase confiscations but also, in a major policy reversal, to grant more individual titles and back away from creating large cooperatives, which had received almost all the land distributed in 1983 and 1984. According to US Embassy reporting, the regime implemented its new policy during 1985, and by

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*Figure 1. A rural school in the northwest. It is typical of dozens of such facilities scattered throughout rural Nicaragua.*

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*Figure 2. A rural hospital located outside Esteli. Such facilities are staffed largely by foreigners and treat locals as well as combat casualties.*

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**The Sandinistas' Fast Start in the Countryside**

*The Sandinistas launched their wide-ranging rural programs as soon as they entered Managua in July 1979 and registered considerable progress during the next four years. Their programs not only improved the lives of many Nicaraguans but also reinforced the regime's political standing in the countryside.* [redacted]

**Land Reform**

*Agrarian reform began in 1979 with the transformation of Somoza's land holdings into state-owned farms and intensified after the 1981 Agrarian Reform Law, which set criteria for the confiscation of private holdings. Redistribution accelerated, almost exclusively in the form of newly created cooperatives. By the end of 1984 almost 900 cooperatives—mostly in heavily contested regions in northern and central Nicaragua—had been formed with some 60,000 members. According to US Embassy reports, 18 percent of Nicaragua's total territory—over 5 million acres—had passed to public control at this juncture, leaving private holders with about 30 percent of the land as opposed to 48 percent in 1978. The Sandinistas also formed state-controlled rural unions to mobilize agricultural laborers in support of government policies.* [redacted]

**Education**

*With over half the rural population under 15 years of age, the regime moved quickly and aggressively to dominate and expand the rural educational system. Relying heavily on foreign—mostly Cuban—help, the regime in 1980 launched a massive literacy campaign designed to reduce the 75-percent illiteracy rate in rural areas in the eastern two-thirds of the country, as well as to politicize the population. According to regime statistics, the number of teachers in rural Nicaragua in 1982 almost equaled the total in the entire country the previous year. Total school enrollment in northern and central Nicaragua climbed some 35,000 to over 100,000, and about 200 new school buildings were constructed in those areas.* [redacted]

**Organizing the Masses**

*Regime officials also developed a network of Sandinista-run mass organizations to establish better control over the population, according to US Embassy reporting. These groups, based on Cuban models, helped extend the reach of the regime into remote areas, mobilizing mass support for the Sandinistas and assuming administrative functions—such as regulating access to health care and rationed foods—where formal bureaucratic structures were weak. Enthusiastic members of the Sandinista Youth Movement and block-level Sandinista Defense Committees often collaborated with security officials, according to US Embassy reporting.* [redacted]

**Health**

*According to the US Embassy, the Sandinistas have tried to extend health care to all Nicaraguans, putting the emphasis on prevention. The arrival of Cuban and other foreign medical personnel, many of whom were assigned to the countryside, increased the number of doctors from about 650 in 1970 to more than 2,000 by 1983. In addition, the government expanded Somoza's network of health centers from 172 in 1977 to nearly 450 in 1982, many of them colocated with agricultural cooperatives and churches to facilitate routine care. Rural hospitals increased from 37 in 1977 to 46 in 1982. Regime officials claim that the rate of mild and moderate malnutrition among children under five years of age was reduced to half the levels of 1977, that severe malnutrition was virtually eliminated, and that a large-scale vaccination program wiped out polio and reduced the incidence of other childhood diseases. The availability of prenatal care expanded significantly, and state-subsidized pharmacies were opened to offer medicines at reduced prices. The regime also takes credit for extending the average lifespan by some three years—from 56 to 59—as a result of improved health care during its first six years in power.* [redacted]

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**Securing the Countryside**

*The regime quickly strengthened its military presence in the rural areas. The militia, created in late 1979 to serve as a supplement to local police, had evolved by late 1980 into an important paramilitary force to supplement the regular Army, according to US Embassy and [redacted]. In September 1981 Managua claimed the militia had expanded to 120,000 combatants, who soon were conducting most of the counterinsurgency operations. With the growth of regular Army and specialized counterinsurgency units, the militia in 1983 assumed a static defense posture, defending hometowns and participating in local operations, according to [redacted].*

*[redacted] US Embassy reports indicate that the recruitment of such large numbers of rural Nicaraguans made the militia an important vehicle for political indoctrination. After 1980 the Interior Ministry's Directorate General of State Security also began to strengthen its presence in the countryside, ferreting out dissidents and rebel sympathizers, according to defector reporting. [redacted]*

*The relocation of peasants into resettlement camps reinforced the security and indoctrination campaign. The program began in late 1981, when the regime—seeking to deny rebels local support and to create free-fire zones—forcibly transported some 8,000 Miskito Indians away from areas near the Honduran border to camps in the interior. By forcing the Indians into government cooperatives, the regime also disrupted traditional social patterns and enhanced its control over a fiercely independent population. [redacted]*

the end of the year almost 249,000 acres of state-owned property were distributed to families—a dramatic increase over the 35,000 acres originally projected by the government for the year. [redacted]

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The agrarian reform decree of 1986 further accelerated redistribution, ending proscriptions against seizing smaller holdings and stating that opponents of the regime would lose their lands. Confiscations were concentrated in combat zones. In Boaco Department, for example, 16,000 acres of private lands—held mostly by dissidents—were seized and redistributed in 1986. In all, the US Embassy estimates that the regime targeted close to 1 million acres for confiscation last year. [redacted]

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**Expanding Social Services**

Managua has boasted of increases in all important social services in the countryside. Gains, however, were actually uneven, and, in some instances, delivery of key services declined to levels below those achieved in the early years of the revolution, despite the regime's efforts to reverse the trend. For example:

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- Although the health system's share of the budget has remained stable or shown slight increases, it has suffered from personnel losses, shortages of medicines and equipment, mismanagement, and the impact of the war. Consequently, as of early 1986, medical consultations had declined 11 percent from the preceding year, and hospital bed space for civilians had also dropped as facilities were converted to military use, [redacted]

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The health of rural children also apparently suffered. Frustration with the system drove over 1,000 medical specialists, as well as hundreds of other health professionals, out of Nicaragua during a two-year period ending in early 1986, according to regime studies [redacted]

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- Enrollment in primary school, which had peaked at 73 percent in 1983, dropped to 66 percent in 1986, leaving nearly 200,000 children—most in the countryside—without even a basic education. Moreover,

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according to 1986 government statistics, only 105 new classrooms were constructed in rural Nicaragua during the preceding year, which did not even compensate for those destroyed or abandoned as a result of the war.

- The supply of housing continued to fall behind demand in the countryside. By the end of 1986 the regime publicly admitted to a deficit of over 32,000 units in rural areas.

Only the social welfare system in rural Nicaragua has shown substantial gains during the past two years, according to US Embassy analyses

Recipients—including soldiers and their families, children orphaned by the war, and displaced persons—have received social security and income subsidies. Disbursements have been small, even by Nicaraguan standards, but for many have represented the only steady source of income, according to US Embassy reporting.

**Strengthening Rural Security**

While the Sandinistas tried to develop new incentives to rally rural Nicaraguans to the regime, Managua's gnawing concerns about peasant unrest and the growing insurgency also led it to expand its military and security apparatus in the countryside, starting with the militia. Since early 1986, according to Sandinista publications and experienced militia members in combat areas have been joined by a variety of other troops—including regular Army soldiers and conscripts—to form so-called Light Hunter Battalions for patrolling or participating in larger operations under the command of the Army. The regime has formed smaller units called Permanent Territorial Companies for static defense and joint actions with the Light Hunter Battalions,

In addition, the Sandinistas have expanded the military infrastructure—including roads and forward military bases—to enhance troop mobility and establish a presence in remote areas.

The Interior Ministry's Directorate General for State Security (DGSE)—the main internal security service—also has launched a massive buildup,

Additional staff and new departments have broadened the scope of DGSE activities and extended its reach into rural areas.

[Redacted]

In the face of mounting evidence of local support for the insurgents, the Interior Ministry and the Army have helped to extend the resettlement program from its origins in the northeast into the combat zones along the central and western portions of the border with Honduras and—more recently—into south-central Nicaragua. The regime planned to have some 135 camps established by the end of 1986, according to Sandinista press reports. Many of the residents of these camps receive military training and have formed self-defense units, according to regime press reporting. Around Nueva Guinea in the south, over 4,000 peasants have been relocated from mountain villages to camps farther north since mid-April, according to Sandinista press reports.

Managua also has strengthened its military presence in the countryside by creating new agricultural cooperatives in strategic locales, primarily in northern combat zones, and giving cooperative members military training. A regime military publication in late 1985 reported that the agricultural cooperatives were intentionally located in contested areas to serve as links "in the system of territorial defense." Indeed,

the goal is to form a buffer—stretching from the Honduran border to Boaco and Chontales Departments—that would help keep the insurgents out of the densely populated Pacific coast region.

that all the land between two towns in Boaco was to be confiscated as part of this program. Cooperative

[Redacted]

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members have been divided into 16-man squads, acting as work units by day and military units by night to patrol or guard facilities, according to the military publication. They are trained twice a month by Army personnel. Many "internationalists"—foreign volunteers—working on the cooperatives also receive training and have participated in combat actions along with their hosts, [redacted]

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[redacted] the press indicates that, because of the increase in fighting this year, the Sandinistas intend to confiscate more farms and turn them into cooperatives to help fortify the countryside. [redacted]

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**Shift to a Regional Strategy**

In addition to accelerating the pace of reform and strengthening their rural security apparatus, the Sandinistas since early 1986 have adjusted their tactics to reflect local conditions in different regions. For example:

- In central Nicaragua, where antigovernment sentiments have been the most intense, the regime has implemented severely repressive measures, such as widespread arrests and land confiscation, to discourage support for the rebels. [redacted]

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[redacted] the area has been the scene of most of the regime's human rights abuses over the last 18 months, and defectors report a major security buildup. Virtually all expropriated land, according to a recent US Embassy analysis, has been redistributed in the form of cooperatives—rather than to individuals—to help deny insurgents a local support base. Many of these cooperatives have been strategically placed to serve as centers of military activity. Aside from the cooperatives, we have no indications of substantial government social investments in the region.

- In the northwest, in contrast, the regime apparently has calculated that the population, while opposed to government policies, is more divided over the insurgency. As a consequence, Managua has used a mix of policies. While defectors report that the presence of the security services has grown substantially over the past year, the Sandinistas also appear to have increased social investment in the area. For example, the regime claims to have built 2,000 houses for government sympathizers since late 1985. Managua

also increased land distribution to individual peasants and in Jinotega launched a major schoolbuilding program, according to US Embassy and [redacted]

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- The regime made its most substantial tactical shift in northeastern Nicaragua, where policies of repression and resettlement in the early 1980s had failed to quell unrest. In mid-1985 Interior Minister Borge assumed direct control over the region, replacing his deputy, Luis Carrion, who apparently had come to symbolize the regime's hardline approach. [redacted]

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[redacted] during 1986 Borge traveled frequently to the region to try to win over the Indians, offering the Indians limited autonomy and other concessions to win their loyalty. The Interior Minister also has ordered troops in the area to respect human rights, [redacted]

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[redacted] Press reports indicate that the regime, with substantial Cuban assistance, has expanded social programs in the region, especially health and education—indeed, the northeast is a priority target for development in 1987, [redacted]

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At the same time, according to US Embassy reports, Borge's operatives have sought to keep the Indians divided by launching a major propaganda campaign aimed at aggravating differences between rival groups. In April of this year the regime put forward a plan for limited regional autonomy intended to undercut support for the insurgents. [redacted]

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**Gauging Regime Effectiveness**

The regime's rural strategy thus far has been relatively effective in controlling the countryside and helping to assure the neutrality—if not the loyalty—of the great majority of Nicaraguans in the areas of the insurgency, in our view. The incentives provided by government programs—however inadequate—have given thousands of Nicaraguans a stake in the revolution, while government intimidation and repression have discouraged the apathetic from actively supporting the insurgents. [redacted]

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**Land Reform: Economic Losses, Political Gains**

Despite the increased pace of land redistribution over the past 18 months, the agrarian reform program has failed to turn around flagging production. Indeed, in our view, Sandinista land tenure policies, along with low official prices and government control over distribution, have been the principal cause of declining production of basic grains and export crops. A recent US Embassy assessment indicates that, while state-run farms and cooperatives continue to receive priority deliveries of agricultural inputs, production has been so low that Sandinista officials charged with agrarian reform late last year urged the government in an internal memorandum to abandon the "dogma of immediate and massive collectivization." According to government statistics, for example, corn harvests in 1986 were half those in 1978, and similar declines were recorded in critical export crops, including cotton and coffee. [redacted]

The agrarian reform program also has fallen short of Sandinista claims in other areas over the past two years, according to US Embassy [redacted]. The regime, for example, has exaggerated its achievements in land distribution, inflating its figures by including land controlled by state farms and titles granted to longtime squatters. Moreover, actual conditions on many of the agricultural cooperatives belie regime statements that they are prospering. While some have been successful, the regime often assigns them the least desirable land and makes impractical decisions affecting production. The regime also frequently has had problems finding enough peasants to populate the cooperatives and often lacks the resources to capitalize new operations; several cooperatives in Boaco Department, [redacted] lost almost all their members because the government failed to provide seeds and other materials. [redacted]

The agrarian program also has alienated private-sector producers, who account for about 50 percent of all agricultural production. For example, in June 1986 the regime created a high-level—if short-lived—commission to discuss agricultural policies with large private landholders, according to US Embassy reporting. The meetings were unsuccessful, and by all accounts the farmers remain adamantly opposed to

the Sandinistas and are reluctant to make any significant capital investment. In mid-July of this year the regime's chief agrarian reform official again met with key landowners, reassuring them that their lands would not be confiscated and offering incentives to increase production. [redacted]

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Nonetheless, we agree with the US Embassy that on balance the expanded land reform program has been an important incentive for supporting the regime and provided important mechanisms for controlling the population. It has been by far the least expensive program to implement, and the well-publicized confiscations and distributions illustrate the regime's continued commitment to revolutionary change. At the same time, in our opinion, it has won grassroots support for the regime by demonstrating that loyalty to the regime is rewarded. Moreover, by concentrating peasants in agricultural and resettlement cooperatives, the government has improved control over rural residents while denying the insurgents access to local sources of food, shelter, and intelligence. Even independent farmers have to come to the cooperatives for seeds and equipment. [redacted]

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[redacted] land reform and other programs in southern Matagalpa Department had succeeded in winning the loyalty—or at least the neutrality—of many civilians, and a [redacted] that in some areas farther north recent Sandinista social projects have bolstered local support for the government. [redacted]

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[redacted] the program has been especially effective in south-central Zelaya, where relocation programs have had a serious impact on insurgent operations. [redacted]

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[redacted] attests to the political gains Managua nets from agrarian reform. [redacted]

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[redacted] small and medium-sized independent farmers benefit from government crop subsidies; moreover, they are able to sell some of their produce, such as fruit, both on the open market and through black-market outlets. [redacted]

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[redacted] told Embassy officers that the members feel they have

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a stake in the survival of the regime, even though they do not own the land and the farming is difficult. Some members have expressed fear they would lose access to the land in the event of an insurgent victory.

[redacted] who works on one of the more fertile cooperatives adds that, while problems persist, he and the farm are making a profit because of government subsidies and that they have benefited significantly from the program.

**Social Services: Managing Declining Resources**

Although the delivery of social services has eroded during the past two years,

[redacted] US Embassy analyses indicate that the levels of key social services—such as access to doctors and schools—still remain substantially higher than before the revolution. The expanded welfare program in the countryside also has been a political plus, according to US Embassy reports, while the regime's frequent public reaffirmations of its commitment to divert funds from the cities to the rural areas has given a psychological boost to rural inhabitants.

Moreover, we believe that, by concentrating its resources in key geographic areas, the regime has strengthened its position among peasants who might be tempted to aid the insurgents, especially in the northwest. Despite the drop in the overall rate of medical consultations, for example, the number of such consultations has remained stable in northern combat zones, and dental exams even showed a slight increase. Over one-third of all government-built housing is also scheduled to be located in the north and given to loyal peasants. Patterns in the delivery of other social services,

[redacted] also point to the regime's determination to maximize the political impact of its ever-shrinking resource base in contested departments.

**Military and Security Capabilities: Real Gains**

The regime's improved counterinsurgency capabilities thus far have prevented the insurgents from gaining a permanent foothold in rural Nicaragua, giving the regime breathing space to shore up support among the peasants, in our view. During the past two years the Sandinistas, in our judgment, have made steadily more effective use of their 12 to 14 counterinsurgency

battalions, helicopter force, and signals intercept capabilities to seek out and attempt to engage the insurgents in their rural operating areas. Counterinsurgency units are also more experienced and aggressive than the militia and reserve forces they supplement, and their leadership seems improved.

[redacted] the increased use of armed MI-17 and MI-25 helicopters in rural Nicaragua has had a negative psychological impact on rebel troops while increasing government troop mobility and helping to improve resupply operations. The Sandinistas also have constructed a large number of artillery and air support bases in forward rural areas to improve firepower and rapid response capabilities. Newly created Nicaraguan units apparently are performing well in small-unit operations appropriate to a counterinsurgency campaign.

[redacted]

The Interior Ministry and other security forces have become increasingly effective in preventing the formation of an internal front in support of the insurgents. Arrests increased twofold during the first half of 1986 alone. In January of last year, according to press reports, internal security officials arrested more than 400 suspected rebel sympathizers in southern and eastern Zelaya Department after insurgent units were forced to return to Honduras for refitting, leaving their local support networks unprotected. In April the Sandinistas announced the arrest of some 1,500 suspects in Matagalpa. Moreover, the US Embassy estimates that the security services were key in the forcible relocation of as many as 250,000 Nicaraguans away from insurgent operating areas in Jinotega, Madriz, Esteli, and Nueva Segovia Departments during 1985 and 1986, and more campaigns are planned.

Rebel commanders have attested to the effectiveness of these measures.

[redacted] rebel leaders believe the forced relocations have robbed the insurgents of local sources of food,

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**The Critical Role of Foreigners**

Assistance from Cuba and the Soviet Bloc, as well as other foreign governments and private groups, has been vital in shoring up Sandinista rural policies. In addition to food donations, foreign countries provide technical assistance and equipment to cooperatives and independent farmers and carry out large-scale agricultural projects. Foreign medical personnel and teachers also fill important voids in the countryside, and foreigners have often financed the construction of clinics and schools. [redacted]

**Cuban and Soviet Bloc Assistance**

Cuba and the Soviet Bloc provide most of the technical and other assistance in the rural sector, [redacted]

[redacted] As early as 1980, Cuban teachers participated in the literacy campaign and advised Nicaraguan instructors. Havana also has sustained a medical corps of at least several hundred doctors—albeit mostly new and inexperienced—in Nicaragua, as well as large supplies of medicines, [redacted]

[redacted] Many of these doctors serve in rural health clinics and help account for the large increases in medical personnel in Nicaragua registered in the early 1980s. [redacted]

[redacted] over half the 123 foreign medical personnel in the north were Cuban, and [redacted]

[redacted] Cubans are staffing a major military hospital in Managua. In addition, Cubans provide medical training for Nicaraguans. The Cubans also have participated in the development of the Sandinista internal security apparatus, which has been key to the regime's counterinsurgency strategy. Cuban advisers often work with the Nicaraguans in planning operations and interrogating prisoners, [redacted]

The Soviets and the East Europeans also have helped bolster Sandinista rural policies. Hungary built an

agricultural training facility in the northwest, and Bulgaria is developing Nicaragua's tobacco industry, according to US Embassy reporting. East Germany is financing a dairy farming project in Matagalpa and helping to rehabilitate several mines. In addition, these countries, as well as Czechoslovakia, provide training and equipment for the security service, [redacted]

[redacted] Moscow furnishes considerably fewer personnel, while providing equipment, such as tractors, and funding for large-scale agricultural projects. The Soviets, for example, are financing a massive irrigation project and have built a tractor maintenance school in Sebaco, according to press and US Embassy reports. Moreover, we estimate that, over the last two years, the USSR has given Nicaragua some 80,000 tons of basic grains, and the other Warsaw Pact countries have given close to 90,000 tons. [redacted]

[redacted] points to continued heavy dependence on Moscow and the Eastern Bloc for food imports in 1987.

**Western Support**

Western governments and private groups have provided substantial assistance to the countryside. Between 1979 and 1984 the European Community gave \$81 million in aid, over half of which was food assistance, according to US Embassy reports. In 1985, EC food aid totaled nearly \$21 million and \$9 million was provided for training and humanitarian programs. The regime will be looking for more food donations in 1987, according to US Embassy reporting. The Netherlands, Spain, and Sweden provide the most bilateral assistance, ranging from \$10 million to \$18 million each, according to US Embassy reporting. The Swedes, who have been especially active, plan to provide about \$25 million in direct aid during 1987 and 1988, much of which will go to rural projects

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such as village stores, according to US Embassy reporting. [redacted]

Private groups of sympathizers—frequently called internationalists—have formed proregime solidarity groups that have donated food, medicine, and other goods for distribution in the countryside. Western medical personnel also serve in rural Nicaragua, sometimes targeting specific regions. The Sandinistas have admitted publicly that the internationalists are critical to sustaining the rural health system. [redacted]

[redacted] nearly half the medical personnel in the northwest were Westerners, including doctors, nurses, and technicians mostly from France, Italy, and Canada. Various foreign groups, [redacted]

[redacted] also have furnished badly needed medical supplies to clinics in that region. The Sandinistas place these personnel in contested areas both to service the locals and to treat wounded combatants, [redacted]

[redacted] Westerners have constructed hospitals, clinics, and schools, and participated in teaching brigades. Many donate their labor during coffee harvests, although their inexperience limits their value as laborers, according to US Embassy reporting. [redacted]

Many internationalists work closely with cooperatives, and some of the more committed foreigners receive military training and serve in local militia units. Last year, [redacted] several foreigners who were killed during rebel attacks on farms were armed and uniformed. Others, taken captive, had permits to carry weapons. [redacted]

shelter, and intelligence in areas of the northwest.

More recently, [redacted] 25X1

[redacted] the 25X1

relocations in the far south have imposed real hardships on rebel combatants operating in the area. In 25X1

addition, [redacted] the Sandinistas 25X1

have established informant networks to report on rebel movements. Such activities, according to [redacted] 25X1

[redacted] US Embassy reporting, have fostered the 25X1

impression of an all-pervasive security force and discouraged local assistance to the insurgents in some areas. Even in Boaco, according to [redacted] 25X1

[redacted] claims that the insurgents have 25X1

been “strategically defeated”—combined with declin- 25X1

ing insurgent activity and widespread arrests—caused 25X1

many regime opponents to lose heart during 1986. 25X1

The insurgents’ expanded presence in Boaco since last March probably has assuaged some of these sentiments, but locals probably are still concerned about reprisals if the rebels again withdraw from the area. [redacted]

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#### Continuing Popular Resistance

Despite the security gains the regime has made in the 25X1

countryside over the past two years, there are strong indications of continuing discontent, manifested in

part in continuing support for the insurgents. [redacted] 25X1

[redacted] peasants are the major source 25X1

for recruits and that they frequently provide the 25X1

guerrillas with food, shelter, intelligence, and medical assistance. Hundreds reportedly act as couriers, and others temporarily fight with insurgent units operating in their areas. Precise amounts of material support

to the guerrillas from locals are uncertain, but rebel 25X1

forces operating in Boaco and Chontales Departments, [redacted] 25X1

[redacted] rely almost exclusively on local food sources. 25X1

[redacted] 25X1

Rural Nicaraguans also have expressed their antipathy toward the Sandinista regime with a growing number of demonstrations and spontaneous attacks on government officials and facilities during the past 18 months. For example, [redacted] 25X1

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*Figure 3. A rural health center located in the Pacific coast region. It is located next to a parish church to facilitate access, and is named for a hero of the revolution to underscore the regime's commitment to health care.*

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*Figure 4. A rural household in the northwest. The family operates a small food stand in the foreground.*

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[redacted] agricultural workers joined their employer in Boaco in successfully resisting government efforts to confiscate his land. In mid-1986 there were two reported incidents of peasant attacks on government granaries, according to the US Embassy. The Embassy reports that locals also have attacked—and sometimes killed—regime officials trying to enforce commercial regulations. In late June of 1987, 1,000 residents of Boaco protested against the high casualties and poor training received by youths conscripted into the Army. [redacted]

probably come at least partially from the regime's vast holdings rather than from confiscations. Even so, large-scale farmers and ranchers in key strategic areas—such as Boaco and Chontales Departments, where antigovernment feelings run high—will remain vulnerable. Moreover, we believe that for strategic reasons the Sandinistas may continue to back away from concentrating on strictly individual grants, preferring to tie the parcels to more easily controlled cooperatives that also serve as military posts. We also expect the Sandinistas to pursue improved relations with certain private-sector producers—perhaps through additional concessions on marketing and pricing—to try to avert further sharp drops in production of food and export crops. [redacted]

Resistance to Sandinista indoctrination efforts also remains a problem in rural schools. A rural parochial schoolteacher has told the Embassy that the school had resisted government efforts to regulate religious teaching and had removed proregime instructors. Parents of children in public schools often provide “counterindoctrination” lessons to their children at home, [redacted]

We believe the delivery of essential services will continue to deteriorate, despite the regime's efforts to keep key social programs afloat. Inasmuch as the recently released economic plan for 1987 suggests that the war will absorb even more than the current 60 percent of the national budget, malnutrition and public health standards probably will worsen, and improvements in education are unlikely. Housing starts will slip, and any construction probably will be related to establishing new agricultural cooperatives. [redacted]

[redacted] Resistance is so strong within the Indian community on the Atlantic coast that some families refuse to send their children to Sandinista schools. [redacted]

### Outlook

We believe the Sandinistas have been anticipating an expanded level of fighting for some time and have used the last two years—with varying degrees of success—to shore up their position in the countryside. Moreover, the regime recognizes it will continue to remain vulnerable to rural discontent that could easily be exploited by the insurgents if they are able to continue to sustain large-scale operations inside Nicaragua. Given this threat, we expect the Sandinistas to pursue their policies—especially land reform and the military and security buildup—even more aggressively in coming months, underscoring their determination to win the peasants over, or at least to keep them neutral. [redacted]

We also believe, however, that the Sandinistas will be able to avoid any precipitous drop in the delivery of services in the countryside. We anticipate that the deterioration in rural services will continue to be gradual and localized, thereby limiting its political impact on the regime. Managua is likely to continue shifting development funds away from urban areas and to concentrate its efforts in critical regions. The hotly contested northwest, for example, is almost certain to receive a disproportionate share of services, in our view. We believe the northeast will be another high-priority target as the regime pursues its policy of courting the Indians. Foreign assistance will remain critical in further bolstering the regime's presence in the rural areas, and the Sandinistas will almost certainly continue to direct foreign medical personnel and technicians to politically sensitive regions. [redacted]

### Key Programs

We expect that an expanded land distribution program will be at the center of the regime's rural strategy in coming months. To avoid further declines in agricultural production, however, new grants will

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**The Military and Security Buildup**

We expect the Sandinistas to pursue their military and security buildup in the countryside. On the basis of current practices, we believe the regime will focus on maintaining—if not increasing—active-duty force strength in rural Nicaragua, providing further training to local militia forces, improving command and control, and building additional forward bases and roads to enhance mobility. We also expect the internal security service to improve further in the coming year as more rural informants are recruited. [redacted]

Sandinista behavior to date suggests that forced resettlements are likely to continue and that more agricultural cooperatives will be established in combat zones. Recent press reporting points to new efforts on this score in southern Zelaya Department, and additional relocation sites probably will be created in the northwest as well. In the northeast, however, the program generally has been completed and, unless fighting increases substantially, further massive relocations are unlikely in view of the Sandinistas' desires to reach an accommodation with the Indians. [redacted]

**Persistent Discontent**

Although we believe that the combined effects of economic distress, conscription and forced service in the militia, ideological indoctrination, and political repression are almost certain to generate more discontent, we expect that more open or violent manifestations of unrest are likely to remain sporadic and isolated over the next year or so. Incidents so far appear spontaneous; they lack clear leadership and have been easily suppressed by the security forces. In addition, rural Nicaraguans—like their urban counterparts—have been traditionally apathetic and slow to risk opposing Managua. Moreover, because of the Sandinistas' emphasis on indoctrinating rural children in the schools, many of the Nicaraguan youth—who might fuel more generalized discontent—probably will not be inclined to oppose the regime. Therefore, although we believe that many Nicaraguans will continue to demonstrate their opposition by joining or aiding the insurgents, the great majority in the countryside probably will try to sit out the conflict. [redacted]

We judge that over the much longer term—perhaps two to four years—the regime's vulnerability to rural unrest may increase substantially, if the strength and

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**Indicators of an Eroding Sandinista Position**

*In our judgment, a number of possible developments favorable to the insurgents during the next 12 to 18 months could hasten the erosion of the regime's rural base. On the military side, we believe Sandinista control over the countryside would decline rapidly if:*

- *Transportation problems strained the regime's ability to fight a multifront war.*
- *Spot shortages of fuel and ammunition resulted from poor planning or breakdowns in foreign military assistance.*
- *Desertions and low morale within the Army increased substantially.*
- *An elite unit suffered a major defeat in the field.*
- *The internal security apparatus failed to detect major rebel support networks.* [redacted]

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*In terms of social programs, the regime would have more difficulty maintaining popular support in the countryside if:*

- *Increased urban unrest forced the regime to shift resources to the cities.*
- *External economic assistance—especially food and medical aid—declined sharply, forcing deep cuts in social services.*
- *Managua proved unable to cope with a major crop failure or epidemic.* [redacted]

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operating areas of the insurgency continue to grow and the government becomes increasingly unable to provide key social services. Such vulnerability almost certainly would be greater in some rural areas than in others. The insurgents probably could make their greatest gains in exploiting regime vulnerabilities in central Nicaragua, where the population has been strongly antigovernment and has provided sustained support for local rebel units. The traditional independent stance of the Indians in the northeast and their consistent opposition to Sandinista policies probably will continue to make that area fertile ground for antigovernment activity despite the regime's efforts to bolster its position there with economic and political incentives. The government's vulnerability in the northwest is less certain, given the relative effectiveness of social programs and agrarian reform. [redacted]

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**Implications for the United States**

In our view, the Sandinistas' rural policies have made the countryside less than a hospitable environment for the insurgents. The Sandinistas are more deeply entrenched in the rural areas than ever, and the rebels, even with US military assistance, face a difficult task in challenging the regime's military and security apparatus. The Sandinistas' expanded security network, for example, will complicate insurgent operational planning, and the large-scale peasant relocation program will increase the need for external supply, straining the rebels' already fragile aerial resupply system. Moreover, the insurgents probably will encounter a more intimidated population and will find it difficult to convince rural Nicaraguans to assume the risks involved in opposing the regime.

[redacted]

We believe the Sandinistas' perception that their rural strategy is working will reinforce Managua's intentions to resist a dialogue with the armed opposition.

[redacted] many regime leaders are confident that, by shifting resources, resettling rural inhabitants, and negotiating autonomy for the Atlantic coast, they have undercut local support for the insurgency. [redacted]

[redacted] the Sandinistas calculate that Washington's policies will change

when a new administration takes office in 1989, and their strategy seems intended to hold off massive popular defections—at least in key geographic areas—until the insurgency subsides and the regime can devote more resources to economic and social programs.

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[redacted] the Sandinistas are much less confident of their ability to manage a long-term and well-funded insurgency, and we agree with the regime's apparent belief that it would be much more vulnerable to the social tensions almost certain to accompany a prolonged conflict. A prolonged insurgency—perhaps two to four years—would undercut the Sandinistas' short-term calculations and force them to deal with mounting unrest with a shrinking resource base benefiting ever-smaller numbers of rural Nicaraguans. As a result, the delivery of social services—even with substantial external support—probably would decline sharply. More widespread and frequent antigovernment demonstrations would most likely occur and the population probably would be more inclined to support the insurgents.

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