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**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC-8429-81  
24 December 1981

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America

1. Central American Overview

Evidence continues to accumulate suggesting increased terrorism and military operations by the guerrilla forces in El Salvador and Guatemala in the coming weeks (with the likelihood of some pause during the Christmas-New Year time period). The fiftieth anniversary of the communist-led peasant uprising in El Salvador occurs on 22 January 1982, and some analysts feel the next coordinated guerrilla actions might be keyed in some way to that date. Purposes of the simultaneous violence--which may also include increased terrorism in Honduras--remain as described in the last report. Some evidence indicates that the Nicaraguan buildup has recently been augmented by large numbers of additional soldiers and that jet fighters may arrive in January. [ ] 25X1

2. Honduras

Thus far, key military men appear satisfied with the handling and outcome of the 29 November 1981 elections that produced a victory for the Liberal Party. The fact that successful elections were held at all will improve the international reputation of Honduras and be a setback for regional backers of insurgency. [ ] 25X1

Nonetheless, a few officers are wary of Liberal Party members who, to some extent, sympathize with the Sandinistas in Nicaragua. Such Liberal Party figures are in a distinct minority, but the military establishment can be expected to scrutinize their every word and deed. Were Liberals with pro-Sandinista sympathies to grow in power, the result could be serious tension with the military establishment. This would certainly be the case if, for example, pro-Sandinista Liberals sought to block the appointment of the tough General Alvarez, expected to become Army CINC.

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Moreover, there is an outside chance that some within the new government may be less willing than was the Paz administration to work quite as closely with the US in Central America [REDACTED]

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Analysts continue to believe that the extreme left--in and out of Honduras--is working to build up its political and military capability and unity but that the timetable for movement beyond the terrorist phase to full insurgency is many months away. [REDACTED]

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Estimates for hard-core membership in the extreme left organizations remain at 600-800, but estimates of armed cadres are far lower--about 150 trained to date.

Even though there is no massive insurgent effort in the offing in the near term, the pace of terrorist incidents--such as recent hijackings--has picked up noticeably, and the extreme left does have some potential to hinder, if not disrupt, the formal passage of power to the new government in January 1982. [REDACTED]

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### 3. El Salvador

Analysts expect violence from the revolutionary left and, perhaps, from the extreme right as well to increase as the March 1982 elections draw near. Each side, for its own reasons, hopes to intimidate voters and thus hamstring or "invalidate" the balloting. Indeed, simultaneous guerrilla attacks on economic and other targets have increased in recent weeks--though the expected massive, coordinated, nationwide guerrilla offensive still appears to be some weeks away. One report suggests that large numbers of guerrillas are being trained and equipped in Nicaragua for the expected coordinated offensive in El Salvador.

The electoral process remains on track and in some ways has been strengthened. The recent OAS vote (22-23) urging Latin American support is one factor. In El Salvador, itself, the Electoral Commission has gained a more non-partisan image and greater international credibility with the resignation of two members of the co-governing Christian Party. [REDACTED]

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### 4. Nicaragua

There is no question that the Sandinistas remain fully committed to the export of subversion to nearby states and their domestic arms buildup. Reports indicate that Nicaragua may receive jet fighters in January and [REDACTED] suggests the Army has mobilized a large number of additional people.

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Concern was expressed about the possibility of Nicaraguan subversion in newly independent Belize. As of now, no indications of Nicaraguan efforts to work against the fledgling government have been seen. Analysts do believe, however, that Nicaragua has or could easily assemble enough in-country intelligence assets to mount a significant subversive effort, given the decision to do so. If nothing else, Belize's location makes it a tempting, potentially significant route for

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arms to Guatemalan or other insurgents. There are reports of ongoing Sandinista efforts to propagandize and even establish paramilitary training camps in the Costa Rican province of Guanacaste--on Nicaragua's southern border.  25X1

### 5. Guatemala

Analysts expressed greatly heightened concern--based on recent but tentative information--that the size and power of the guerrilla movement is substantially greater than previous estimates. Recent major sweeps and interrogations by the Guatemala Army suggest that the four major guerrilla groups total on the order of 4,000-5,000, rather than the 2,000-3,000 estimate of past months.  25X1

Guatemala, too, continues to move toward elections. The guerrillas may well step up their disruptive activities to hinder the elections and, conceivably, even score propaganda gains by "liberating" a given place for a time.

The elections could produce destabilizing tensions even without extreme leftist disruption. Official candidate Guevara--though favored--could obtain fewer votes than his most significant opponent, Mario Sandoval, leader of the far right. Should Sandoval lose, he may well refuse to accept the outcome and attempt to use his paramilitary group and what military support he has to oppose the result with armed actions. Should Sandoval win, however, the bulk of the military officers are likely to find this outcome unacceptable. In either case, the ensuing tension and potential violence between the military and the Sandoval-led elements of the far right would probably work to the advantage of the extreme left. Current evidence suggests a major guerrilla offensive scheduled for January 1982.  25X1

### 6. Costa Rica

The country's economic situation continues to deteriorate--inflation is at virtually unprecedented levels, and unemployment has tripled in only a few months. The Carazo government has been unwilling to comply with requirements for IMF aid, and such aid almost certainly is impossible before May--when a new president will be in office.

Leftist activity throughout the region and terrorist incidents inside the country have led to an increasingly anti-communist public attitude in Costa Rica. Despite this, the domestic Communist Party is said to expect to make gains in the March elections. One analyst expressed the concern that, though such gains are most unlikely, the Communist Party may react to a disappointment by becoming more militant and openly joining with the extreme left terrorists.  25X1

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### 7. Argentina

The advent of General Galtieri, who replaces the relatively conciliatory General Viola as President, has potential effects on several fronts. The Chileans probably will see it as an indication the Argentines will take an even firmer line in the longstanding Beagle Channel dispute. We do not, however, see any near-term

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prospects for hostilities. The ascendance of Galtieri could also signal a further slowing of the already modest political normalization, with a consequent sharpening of civil-military tensions. Finally, Galtieri may initially have the power to make economic policy more coherent, but over time may have to devote more and more time to political problems and watching potential military rivals to the detriment of economic strategy.

Reports--still unconfirmed--of Argentine efforts to move toward nuclear weapons capability suggest the need for additional collection and analysis.

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