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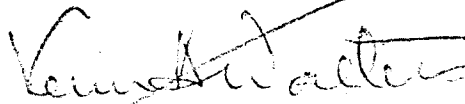
October 26, 1981

Admiral Bobby R. Inman
Deputy Director of Central
Intelligence
Washington, D.C. 20505

Dear Bobby:

Attached is the paper I mentioned to you about
the Liberal Party in Honduras. I would be most
grateful for any thoughts you have on it.

Faithfully,


Vernon A. Walters



State Dept. review completed

UNITED STATES PERMANENT MISSION TO THE
ORGANIZATION OF AMERICAN STATES
DEPARTMENT OF STATE
WASHINGTON, D.C. 20520

October 14, 1981

Dear Dick,

Here is the paper I told you about. I am unable to attest to its accuracy or lack of accuracy, but I have sent a copy of it to the Honduran desk (Kathleen Anderson X23385) for their comments. You may wish to query them, once they have had a chance to look it over.

*But if true, Honduras is in
Deep trouble internally -
Bill*

J. William Middendorf

Sandinista Influence in Honduran Liberal Party and in Scheduled Nov. 29 elections.

The 1979 Honduran political parties called for celebrating a constitutional assembly as the first step toward bringing back a Democratic form of government through an election process.

The three parties who won representation in the "Asamblea Constituyente" Constitutional Assembly were Partido Liberal with 35 delegates, Partido Nacional with 33 delegates, and Partido del Pinar with 3 delegates.

We will begin with a brief description of the Liberal Party and the influence that the Sandinista Movement (which now governs Nicaragua) has in the Honduras Liberal Party, which is composed of three political active groups or factions. Faction A, the Movimiento Rodista, originated by Mr. Rodas Alvarado, founder of the Liberal Party who recently died, about three years ago, and whose son, Modesto Rodas Vaca, of a Nicaraguan mother, is the leader jointly with Suazo Cordova, the president of the Liberal Party. These are the ones who control the Liberal Party.

The Movimiento Rodista is the most influential faction in the Liberal Party although the Liberal Party has two other currents, directed by different leaders, all struggling for power within the party.

Modesto Rodas Vaca has a long history of support for the Movimiento Sandinista Nicaraguense and has very high ties with the Sandinista Movement from the time when the Sandinistas were clandestinely fighting against Somoza. In fact, they were using Mr. Modesto Rodas' hacienda next to the Nicaraguan border

Eden Pastora and the guerrilla group that took over the National Palace in Nicaragua trained in Mr. Modesto Rodas' farm in Choluteca and his connection with Eden Pastora is a very close one, to the point that the rifle that Eden Pastora, Comandante Zero, used during the attack at the National Palace belonged to Mr. Modesto Rodas.

During the time of the operation at the National Palace in Nicaragua the military security police in Honduras arrested Mr. Modesto Rodas for clandestinely buying arms in San Pedro de Sela for the Frente Sandinista. This case was highly publicized in the Honduran press since it was an open trial.

Mr. Modesto Rodas is the second man under Suazo Cordova, the candidate for the presidency under the Liberal Party in Honduras. Mr. Modesto Rodas has traveled to Nicaragua and has been invited by Sandinista government to the various activities that have taken place in Nicaragua. When Fidel Castro visited Nicaragua, Modesto Rodas Vaca met with Fidel Castro together with Carlos Flores Facusse, a Honduran of Palestine descent owner of the major (leftist) circulation paper in Honduras, La Tribuna. Carlos Flores Facusse is also a representative of the legislative assembly and a leader in the Movimiento Rodista. He is of clear anti-American posture, and pro-Sandinista.

Another leader of the Movimiento Rodista is another representative called Carlos Montoya who has a long radical leftist background full of political activities during his time at the Autonomous University of Honduras. He is also aligned with the Sandinista government programs in Honduras.

These three individuals are aligned with the International Communist Brigade operation in Central America and are active in the Liberal Party of Honduras.

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Their political activities are obviously supported by major financial contributions that make possible their political efforts pro Suazo-Cordova, the president of the Liberal Party.

These individuals seem to be receiving money from Nicaragua to support their political campaigns since they have traveled to Nicaragua extensively and have been fully identified with Nicaraguan leaders. (All has been reported by the press).

The B faction of the Liberal Party is the Alianza Liberal del Pueblo (ALIPO). Its leaders are Carlos Roberto Reina and Jorge Arturo Reina, brothers.

Jorge Arturo Reina is the former dean of the University of Honduras, and while dean of the University contributed 2 million dollars to the Frente sandinista during the years 1977 and 1978; out of the budget of the University funding. These two Reina brothers are possibly the most influential connection between the Sandinistas and the Liberal Party since their alliances are directly with Cuba and are members of the Movimiento de Solidaridad de los Pueblos directed by Manuel Pineiro, head of the Cuban G-2, in charge of Departamento de las Americas.

The University of Honduras has traditionally been the focus of all communist terrorist activities in Honduras with the objective of Communist domination of Central America and these individuals, the Reina brothers, mentioned in this report are part of that organization that has existed for many years at the university of Honduras. Very reliable information indicates that many arms and ammo are being stored in the University which is the source of all marxist publications, leaflets, etc., that are printed for the Honduras destabilization effort.

The C faction called Frente Unido Liberal (FUL), is headed by Dr. Ortes Colindres and is what one could call the moderate leftist faction of the Liberal Party. Although it is also very well connected with the Sandinistas. They are the less aggressive without discarding the fact that they are

sympathizers of the Sandinistas. The principal director of FUL are Dr. Enrique Ortes Colindres, a prominent attorney who used to direct the Banco Centroamericano de Integracion Economica, and that used to serve as General Somoza's attorney in Honduras for the various Somoza personal holdings. A man of defined anti-American principles, but Somoza used him to keep the left in Honduras pacified (so he thought).

The second man in importance in the Frente Unido Liberal is Mr. Ramon Villeda Bermudez, son of the former president Villeda Morales known as Rabivera, who has also traveled to Nicaragua seeking economic assistance for his faction of the Liberal Party.

The Liberal Party with its 3 basic currents, the Movimiento Rodista, the Alianza Liberal del Pueblo, and the Frente Unido Liberal, together with the support that the Christian Democrats Party gave them, received 45% of the votes in the past election against the Partido Nacional, who took 40% and Partido del Pino who took 5%.

It is believed that if the elections were held today, the Liberal Party would beat the Partido Nacional and that Mr. Suazo Cordova would be elected President of Honduras against Ricardo Zuniga Agustino, the candidate for the Partido Nacional. In which case the Partido Liberal would be controlled by militants sympathetic to and activists for the Sandinista government in Nicaragua since the Liberal Party leadership have all come from the Autonomous Honduran University and have a long history of Sandinista support in its effort to overthrow Somoza.

At this moment it is very difficult to prove that the Sandinistas have given money to the various factions of the activist currents of the Liberal Party, but it is very obvious that they have money for their campaigns and have been able to advertise, campaign, buy autos, jeeps, travel, etc. with ample

economic support and that all signs and rumors in Honduras, indicate that the money is coming from the Nicaraguan government. After all, it would only be logical to assume that the Nicaraguans are paying back their political debt to Honduran allies who helped the Sandinistas against Somoza.

The fact is that the pro-Cuban and pro-Sandinista forces in Central America have not begun an active guerrilla campaign in Honduras, because they are well entrenched in the Liberal Party and have very high hopes of winning power in Honduras by an election come November 29th, 1981. Then, the men that will run Honduras will surface and the new policies will not be that of cooperation with the United States.

To believe that the United States, through its diplomatic channels is going to have any influence over the type of government and the goals of the administration that would be headed by Suazo Cordova, is to be naive, and only the sympathizers of a "change in Honduras" and the forces against the present Reagan policies in Central America are supportive of this opinion.

Presently confirmed and reliable information indicates that Mrs. Dora Telles, a Sandinista Comandante (of 9 comandantes in the Sandinista Revolution) visits the University of Honduras once a month carrying instructions, literature and money to the leftist organizations at the University. She enters the country from Nicaragua through clandestine sources and although the government is aware of her presence has not acted against her.

Mr. Jose Maria Reyes Mata is the most important guerrilla leader in Honduras and the ideologist of the International Movement in Honduras. He now lives in Nicaragua and has married a Nicaraguan girl, Giselle Najlas. They are now living in the former residence of Mr. Augusto Altamirano.

Mr. Jose Maria Reyes was freed a year ago after being arrested and sentenced

for kidnapping the Vice President of Texaco Oil Co. in San Pedro de Zula, Honduras. After his imprisonment, Jose Maria Reyes became a political liability for the Honduran government due to the heavy pressures exerted by the leftist organizations in the Honduran Autonomous University.

It is presumed that he was the intellectual director of about 25 kidnappings that have taken place in Honduras to the various private entrepreneurs that have been subjected to pay ransom for their lives.

A case in point is the \$2 Million Dollars paid by Paul Vinelli in a kidnapping carried out by Nicaraguans, Salvadoreans and Hondurans.

Jose Maria Reyes Marti is the only survivor of the original Che Guevara group in Bolivia.

Recently part of the group active in the Vinelli kidnapping were arrested in Costa Rica for conspiring to kidnap the personnel of the Guatemalan embassy in Costa Rica and Honduras has requested their extradition.

Again, the sources of all these kidnappings is the University where there exists coordination between the Frente Sandinista and the Frente Farabundo Marti of El Salvador.

The United States has to understand that the political climate prevailing in Honduras today is not appropriate to carry out an election; since there is high unemployment, acute inflation, severe credit shortage a decline in real economic growth and per capita income and coffee prices have not been good lately, and tremendous flee of hard currency and capital, the moment is very opportune for the leftist to win an election against the Partido Nacionalista which is headed by Ricardo Zuniga Agustino.

Ricardo Zuniga is what one calls in politics, a burnt cigar, due to the many years of political activities, being the second man of importance in the country under the latest three presidents of Honduras, Lopez Arellano, Melgar Castro and Policarpo Paz.

His candidacy is one that he has been seeking for the last 20 years, but he will produce a substantial abstention from his own party members that will give the Partido Liberal the edge over him, since the Partido Liberal will not count with the about 50,000 Social Democrat votes for them in the last election because they will be supporting their own candidate.

The most convenient position would be to support a postponement of the election, allow the present Honduran administration to generate a new impetus in the economy and work with the Partido Nacionalista to support another and more viable candidate, one that could be identified with the new economic impetus that the Honduras Government could create locally if the U.S. would support the private sector.

There is support for the postponement of the elections within the Social Democratic Party, El Pino, and the Partido Nacionalista, and also in a representative group of the Partido Liberal.

The present administration has to be aware that the enemies of the Reagan Administration are pushing for not postponing the elections because Honduras will be the Pandora's box of Central America if the liberals win the election and the Reagan Administration would lose the only solid ground that we have in Central America for reversing the present Marxist takeover of the area.

El Salvador is just the fuse under a powder keg

The wounding on Sept. 23 of two U. S. servicemen acting as advisers in Honduras dramatizes the continuing deterioration of the Central American situation. While the forces of the Salvadoran junta headed by President José Napoleón Duarte



Guerrillas are gaining in strength throughout Central America.

are numerically stable, the leftist rebels are increasing their strength. The buildup in Nicaragua continues (EW—Sept. 7), backed by Cuban shipments of Soviet arms. The expected victory of the Liberal Party in elections scheduled for Honduras in November introduces further pressure on El Salvador and

on neighboring Guatemala, where violence is rising. Important elements of the Honduran Liberal Party are friendly to the Sandinista junta in Nicaragua, and they might tolerate increasing infiltration across their country.

The Salvadoran military situation is grim, American observers say. The guerrillas have the psychological advantage because the government forces' weaknesses are known while guerrilla inadequacies are not. The Salvadoran army suffers from a shortage of noncommissioned officers. Their numerical strength—perhaps 15,000, counting the militia, does not give them the 10 to 1 advantage usually believed necessary to crush an insurgency. Salvadoran rebels are estimated to number about 4,500 regulars and 5,000 part-time fighters. The guerrillas have Communist advisers—Nicaraguans, Cubans, and Argentine Monteneros—and although they have had shortages of ammunition, their supply lines have been only temporarily interrupted. Government forces are tired, and their training does not go much beyond what U. S. recruits receive in boot camp.

Vietnamese advisers? Defense Minister José Guillermo García spends most of his time mediating political in-fighting in the military. On the guerrilla side, cadres trained in Cuba and Nicaragua are beginning to arrive in larger numbers. There are reports of Vietnamese Communist training teams. Added to all this are equipment shortages, and none of the U. S.-supplied helicopters was airworthy at one point in August.

But the upshot may be that the military contest will not be decided in El Salvador at all. If Honduras and Guatemala are increasingly brought into the fray, El Salvador could become a sideshow in a Central American regional struggle.

Now Pakistani fighters turn up as guerrillas in Libya

A scandal has erupted in Pakistan over 2,700 workers, supposedly recruited as "security guards," who have turned up in guerrilla training camps in Libya. There have been reports in the past that Pakistani soldiers were fighting alongside the Libyans (BW—Jan. 26), and Pakistani pilots are known to be flying Libyan jets, but the present row appears to be more complicated. Relatives of the men are demanding that the Pakistani government investigate, although some of the recruits indicate they are not unhappy with their situation. The Pakistani government says that it disallowed the whole recruitment, by a Liberian-based company, when it learned that army veterans and even deserters were being solicited.

There are about 100,000 Pakistani workers in Libya, and their presence has been a frequent source of friction between the Pakistani and Libyan governments. In February, 1980, Libya's mercurial ruler, Colonel Muammar Qaddafi, threatened to expel all Pakistani workers if outstanding issues were not settled between the two governments.

Nuclear deals. Those issues reportedly included the training of Libyans in nuclear physics by Pakistani scientists as part of a commitment from former Prime Minister Zulfikar Ali Bhutto. This training was purportedly in return for Libyan assistance in financing the building of an "Islamic atom bomb"

(BW—Jan. 30, 1979). Bhutto, who was put to death by the present government of General Mohammad Zia ul-Haq, is said by his former press attaché to have received huge cash payments outside normal banking channels to help pay for Pakistani nuclear research. Pakistan says it will check out the training camps. But Pakistani presence in other volatile areas of the Middle East has not aroused similar qualms.

At least 10,000 regular Pakistani army personnel are serving in Jordan, Abu Dhabi, and Libya. Pakistani pilots are flying Mirage aircraft in Libya and Abu Dhabi. There are an unknown number of troops in Saudi Arabia. And Oman has a recruiting mission in Baluchistan, which has traditionally supplied mercenaries to the Sultan of Muscat. There are also believed to be at least 1,000 Pakistani volunteers with the Palestine Liberation Organization—and two bodies were recently returned from the fighting in southern Lebanon. These soldiers are among the huge Pakistani expatriate community, which each year sends home about \$2.3-billion, a major prop for Pakistan's beleaguered economy. And their presence in the oil-producing Mideast countries reinforces the Moslem connection that has netted Pakistan grants of \$150 million annually for balance-of-payments support from Saudi Arabia, the United Arab Emirates, and Kuwait.