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31 August 1981

MEMORANDUM FOR:

Deputy Director for National Foreign Assessment

Deputy Director for Operations

Chairman, National Intelligence Council

FROM:

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Director of Central Intelligence

SUBJECT:

Insurgency and Instability

in Central America -

Before going to California I approved the draft SNIE on insurgency and instabilities in Central America as sufficiently advanced to circulate in the intelligence community to draw reaction and additions. I am told that there is some feeling that the community reps would like more time to make their input. I too think that there are some additions that should be made. I would be inclined to have a broad discussion at the NFIB meeting tomorrow and then to spend more time coordinating and finalizing it. There is likely to be an NSC meeting on Central America shortly after Labor Day and certainly a week or so before President Duarte's visit which is scheduled to begin on 16 September. Now, as to additions and improvements:

- 1. I hope I'm not alone in that at least some of the points that General Walters makes should be addressed.
- Since the estimate stresses the "socio-economic inequalities" as creating vulnerabilities for insurgents to exploit, some attention should be given to land reform and other efforts in El Salvador to ameliorate these inequalities. To what extent has President Lucas, as General Walters indicates, made similar efforts in Guatemala?
- If this is to be a comprehensive estimate there should be a country outlook for Nicaragua as well as for El Salvador, Guatemala, Costa Rica and Honduras?
  - 4. What are the internal political forces?
- What is the extent of the fighting on the Atlantic Coast with Indian tribes?

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- 6. What is the reaction to the heavy Cuban, Soviet and other foreign presence?
- 7. What kind of a third force is there between the Somoza National Guard and the Sandinistas?
- 8. I am skeptical of the tendency to attribute the Nicaraguan military buildup to defensive motives to citing attributes to Cuba and the Soviets as the immediate objective of consolidating the Sandinista revolution in Nicaragua rather than spreading it to the other countries in an effort to recreate the Vietnam syndrome in the United States to attribute the insurgency to underlying economic and political conditions rather than external military pressures.
- 9. Are the underlying political and economic conditions in Honduras so different that the same kind of external pressure that has been injected into El Salvador could not create a comparable situation in Honduras?
- 10. Should not recent political developments be reflected, i.e., the French and Mexican diplomatic initiatives, the Enders ultimatum, today's report of the statement of the Nicaraguan Ambassador to the United States that the country's ties to the leftist insurgents are too strong to respond to that ultimatum, today's cable on the concerns of our own Ambassador to Honduras about conflicting objectives on our part.

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tactical information	25X
should be carried in the estimate perhaps	
with a map. To get this information and other insights the estimate should be coordinated at the level of the Chief of the Operations Directorate and Chief of its Latin America Division.	
12. Finally, there should be coordinated into the estimate our	
reading on the various vulnerabilities of Nicaragua and Cuba, together with the opportunities and risks to exploit those vulnerabilities. This	ios
would require an updating of what was previously done on Cuban vulnerabilit in Cuba,	25X
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William J. Casey	_

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