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CENTRAL AMERICAN MONTHLY

REPORT #39

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OCTOBER 1986



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Washington D.C. 20505

DIRECTORATE OF INTELLIGENCE

OCTOBER 1986

CENTRAL AMERICAN MONTHLY REPORT #39



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This memorandum was prepared by the Central America and Nicaragua Branches, ALA. It was coordinated with the Directorate of Operations. It contains information available as of 1 November 1986. Questions and comments are welcome and should be addressed to Chief, Middle America-Caribbean Division, ALA,



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**October 1986
CENTRAL AMERICAN MONTHLY REPORT #39
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Coming Events in Central America During November 19

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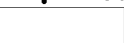
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PERSPECTIVE


EL SALVADOR: Ramifications of the Earthquake

The Salvadoran Government's handling of disaster relief in the aftermath of the 10 October earthquake--which left an estimated 1,000 dead and 10,000 injured--generally has received high marks, but President Duarte is likely to encounter political problems later if his reconstruction efforts are perceived to be inefficient or inadequate. US Embassy reporting indicates the government moved quickly and effectively to treat the injured and to provide food and temporary shelter for most of the homeless. Except for some continuing water shortages, basic services were largely restored within days, and foreign assistance has helped ease other shortages. Cooperation between civilian ministries, the military, and the private sector reportedly has been good despite some initial problems in coordinating relief efforts. 



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Preliminary assessments by US officials indicate that property damages and losses may exceed \$1.3 billion. The major damage occurred in a 20-block area of downtown San Salvador, where at least 40 government buildings and three major hospitals suffered extensive structural damage. Embassy officials report that poor neighborhoods with flimsy squatter housing and tenements also were hit hard. There was significant damage to many military installations in the capital--about \$110 million by one estimate--but the US defense attache reports that the damage offers the opportunity to build better and more modern facilities to replace the antiquated and inadequate buildings the armed forces had been using. 



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Besides the restoration of services, the government's reconstruction plan focuses on housing for as many 300,000 displaced persons--about 20 percent of the capital's population. US Embassy reporting indicates that the plan also calls for loans to small and medium-sized firms to ease private sector losses. Private businesses, many of them uninsured, suffered substantial damage that will limit their ability to contribute to recovery and put additional pressure on the government to provide subsidies and other assistance. 

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The long and costly reconstruction of damaged areas will further burden the already financially strapped government. Even with substantial foreign assistance, San Salvador will be faced with tough decisions on budget allocations that are likely to make it difficult to reach even this year's projected level of growth--less than 1 percent--in 1987. President Duarte has pledged that funds earmarked for Army civic action programs in the countryside will not be used in earthquake reconstruction. 


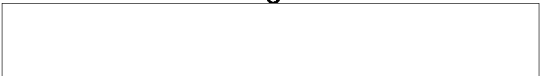
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The earthquake has had little impact on the level of fighting. The army has sustained operations throughout the country, according to the US defense attache, and has not withdrawn any units from the field to help with relief efforts in the capital.  the guerrillas continued to mount ambush and sabotage attacks even during the 10-day unilateral ceasefire they announced after the earthquake. 

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[Redacted]

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The rebels and sympathetic front groups are actively accusing the government of corruption and misconduct in its handling of disaster relief. [Redacted]

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[Redacted] **The insurgents probably will make some gains in recruiting in San Salvador's poorer neighborhoods.** [Redacted]

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Perceptions that the government is not doing all it can for the earthquake victims would play into rebel hands and could lead to greatly increased agitation as early as next year. Failure to meet expectations of the displaced for new and better housing and improved delivery of services could prompt questions about the administration's competence and honesty. The Embassy reports that Duarte is so concerned to avoid the appearance of corruption or diversion that relief supplies are not being used for purposes even bordering on military application--for example, aid to soldiers' families hurt by the earthquake--a policy that is sure to undermine morale in the armed forces if it is not soon reversed. [Redacted]

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His concern is well founded. Even before the earthquake, there was some grumbling that Duarte was more interested in prosecuting the war than in addressing development needs, and the President's standing with the lower classes could be badly damaged if rebel propaganda strengthens this belief. Similarly, opposition to Duarte from businessmen and the right could increase if they perceive his reconstruction plan is aimed at enhancing his popularity or is fostering greater public dependency on government programs at the expense of private enterprise. [Redacted]

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So far, San Salvador's performance in disaster relief matches that of the Guatemalan Government in 1976. The Guatemalans' quick, competent, and honest handling of relief efforts following an earthquake that caused far more damage than in San Salvador kept popular support on the government's side, partly because of a 7-percent growth rate that year. In contrast, widespread perception of governmental insensitivity and gross corruption following the devastating 1972 earthquake in Nicaragua is widely believed to have been a major factor in the Sandinistas' eventual victory over Somoza. Faced with a serious insurgency and longstanding economic problems while trying to recover from a damaging earthquake, the real test for the Salvadoran Government will be whether it can sustain its high marks for responsiveness, efficiency, and honesty over the coming months. [Redacted]

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NICARAGUA

Managua used the crash of an insurgent aircraft in early October and the trial of the surviving crewman to portray itself internationally as the victim of US "aggression" and to try to undermine US and regional support for the rebels. Sandinista media and diplomatic campaigns included formal diplomatic protests to Washington and San Salvador and public accusations that the aircraft crewmen were US Government employees assisted by El Salvador. The decision to try the survivor, a US citizen, in the Popular Anti-Somocista Tribunals--the longstanding venue for cases involving alleged "counterrevolutionary

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activity"--indicates a regime focus on whipping up support at home. To offset international criticism of the tribunals and aid Managua's propaganda efforts, the government has opened the proceedings to the public, and the crewman--unlike previous defendants--is being allowed to participate in his own defense.

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[Redacted]

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On the domestic front, the Sandinistas continued efforts to maintain a facade of pluralism while keeping the opposition off-balance. A second round of talks between Church and government officials was held in Magagua in late October, but reporting from the US Embassy indicates no substantive agreements were reached. The Sandinistas also participated in talks with opposition parties in the National Assembly on reforming the new constitution. At month's end, however, the regime halted the dialogue, citing differences among the opposition groups.

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Military activity was highlighted by fighting in the Las Vegas salient. [Redacted] the regime moved several hundred troops to the Honduran border earlier in the month, increased patrolling in the salient, and began to shell insurgent positions.

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[Redacted]

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Sandinista troops also harassed a Honduran border post and fired at two commercial buses, killing one civilian and wounding three others, according to Honduran press reports.

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[Redacted]

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On the economic front last month, food shortages in the rural northwest continued to mount, while falling export earnings threatened to squeeze imports of basic consumer goods even further. [Redacted] severe hunger in Chinandega Department, despite recent grain harvests, new foreign food donations, and the Sandinistas' priority of supplying rural areas first. At the same time, the regime publicly admitted that 1986 export earnings would be the lowest since the revolution. The reduction will translate

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into fewer imports of consumer goods, vital spare parts, and machinery, making the domestic economy--including food supplies--increasingly dependent on foreign donations.

[Redacted]

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[Redacted]

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HONDURAS

By the end of October, the military had united--at least temporarily--behind command changes resulting from the barracks putsch in late September.

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[Redacted]

Meanwhile, the military and President Azcona continued to emphasize the importance of minimizing publicity about anti-Sandinista activities in Honduras and indicated they expected the guerrillas to move back into Nicaragua soon after US aid arrives.

[Redacted]

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the military remains supportive of US policy towards Nicaragua but is increasingly sensitive to public complaints from displaced coffee growers, who claim the rebel presence has created an economic hardship. Riera is likely to be more forceful in seeking maximum economic benefits in exchange for the military's support of the anti-Sandinista rebels. A new Armed Forces Political Commission named by General Regalado is recommending the military play a more active role in mapping strategy and reviewing the military operations of the Nicaraguan rebels,

[Redacted]

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GUATEMALA

President Cerezo returned from a two-week tour of Europe with promises of increased economic aid, new backing for his regional peace initiatives, and a revived international interest in his country's nine-month-old government. According to the US Embassy in

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[Redacted]

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Madrid, Spanish President Gonzalez expressed full support for Cerezo's proposed Central American Parliament and the Contadora negotiations, both of which have stalled in part because of differences between Nicaragua and the Central American democracies. [Redacted]

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[Redacted]

[Redacted] Italy reportedly will provide Guatemala \$144 million in grants and soft loans over the next two years. Cerezo's promotion of Central American interests helped lay the groundwork for meetings between the European Economic Community and Central American countries to be held in Guatemala next February. While Cerezo was successful in promoting investment and attracting badly needed financial aid, he probably regards his greatest achievement as improving Guatemala's image in Europe, especially with Christian Democratic parties. [Redacted]

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COSTA RICA

While continuing to press for better terms, San Jose demonstrated some flexibility in its dealings with international creditors. President Arias publicly indicated that Costa Rica wants commercial bankers to reschedule all debt over 25 years, with a seven-year grace period for repayment. Nonetheless, at the end of October, San Jose made a token payment--the first in four months--of \$5 million in interest to commercial banks. A subsequent meeting with the bank advisory committee was "constructive," according to the US Embassy, but the creditors are unlikely to consent to the generous terms desired by Costa Rica. If the banks threatened to seize Costa Rican assets and further limit access to credit lines, the government probably would moderate its terms for rescheduling. [Redacted]

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PANAMA

President Delvalle prepared to submit controversial social security reform legislation in late October to facilitate ongoing negotiations between Panama and its major creditors on new rescheduling and financing packages. The bank advisory committee reportedly put debt talks on hold until Panama City secures a second World Bank structural adjustment loan, which has been delayed until the government reforms the social security system and sells off some public sector enterprises. According to US Embassy reporting, Panama is asking bankers to reschedule \$1.2 billion owed over the next three years and to provide \$200 million in fresh loans. Defense Chief Noriega's support for the unpopular reforms underscores Panama's commitment to securing legislation that meets the World Bank's demands, but the government's slowness in making economic adjustments probably will postpone final agreement until next year. [Redacted]

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REGIONAL PEACE NEGOTIATIONS

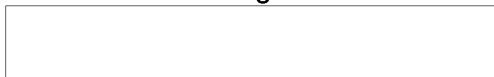
The Contadora talks continued to languish in October, despite steps by the mediators and support group to build on the marginal success of their meeting at the UN in late September. Serious differences notwithstanding, the participants issued a communique pledging to continue the search for a regional settlement. Indeed, in another effort to revive the talks, the Vice Foreign Ministers of the eight Contadora countries met in Mexico City at the end of October to assess the status of the negotiations, according to press and US Embassy reporting.



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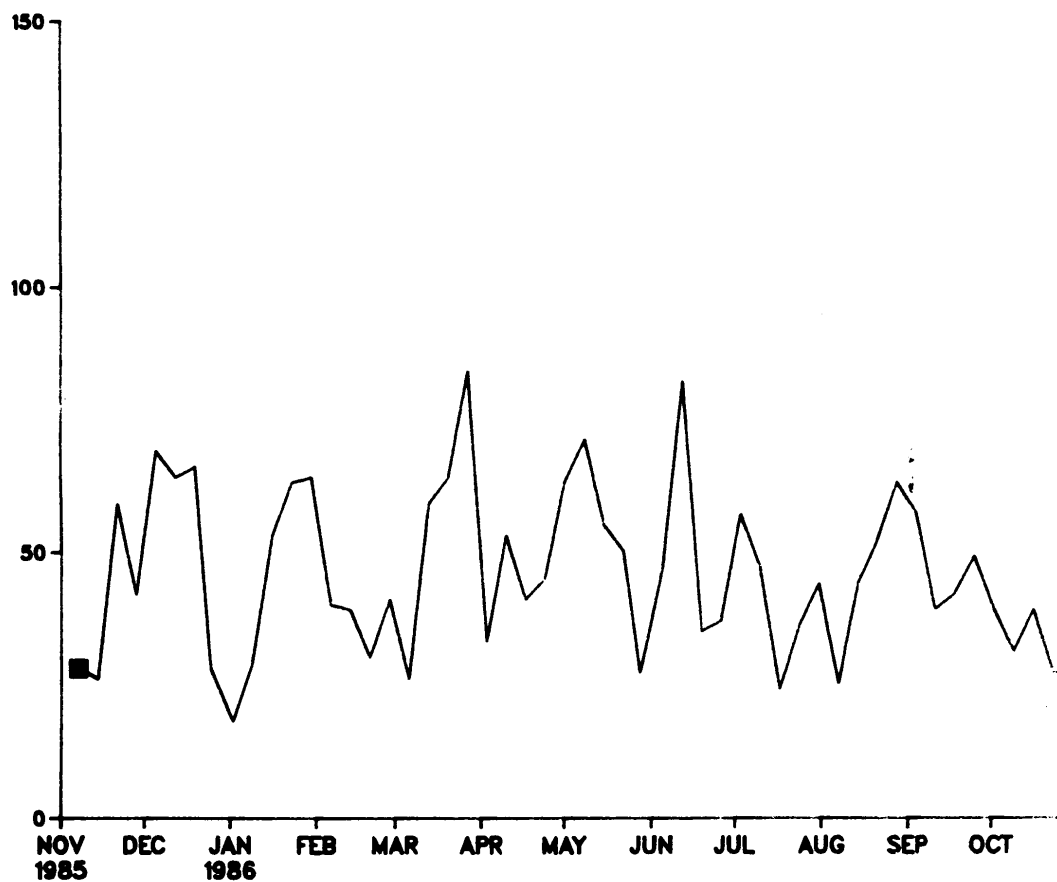
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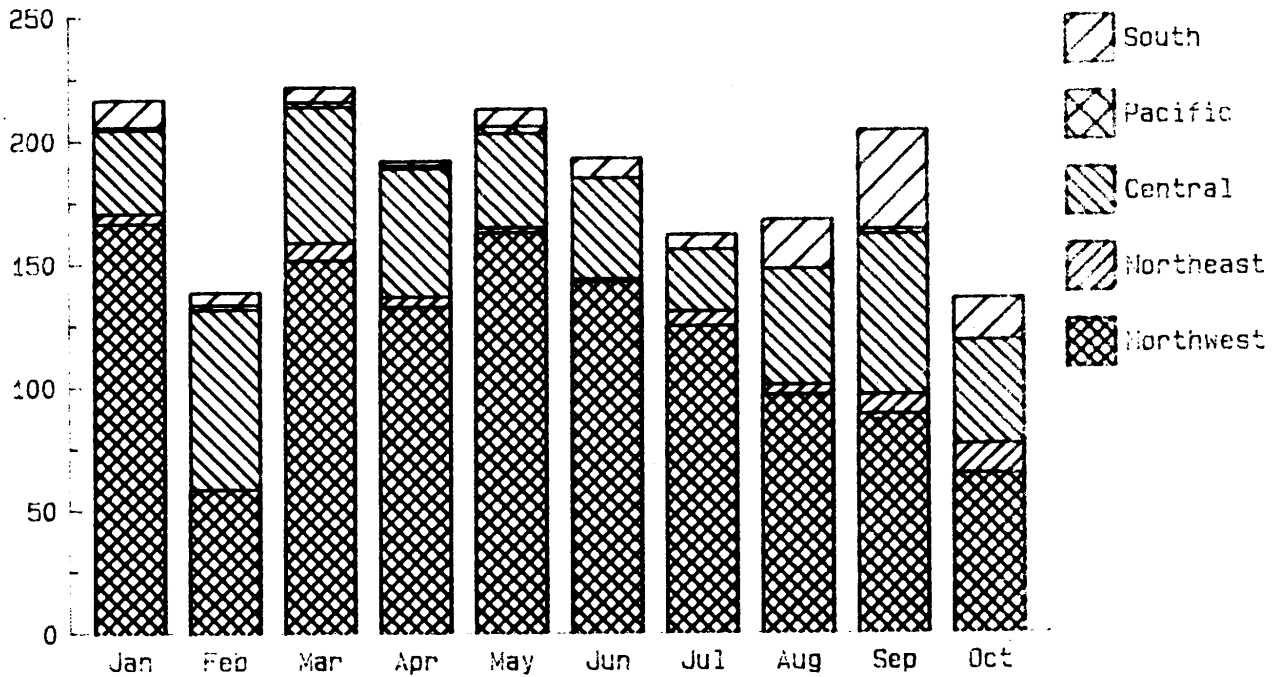
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Nicaraguan Clashes by Week, November 1985 – October 1986



Nicaraguan Clashes by Region January-October 1986



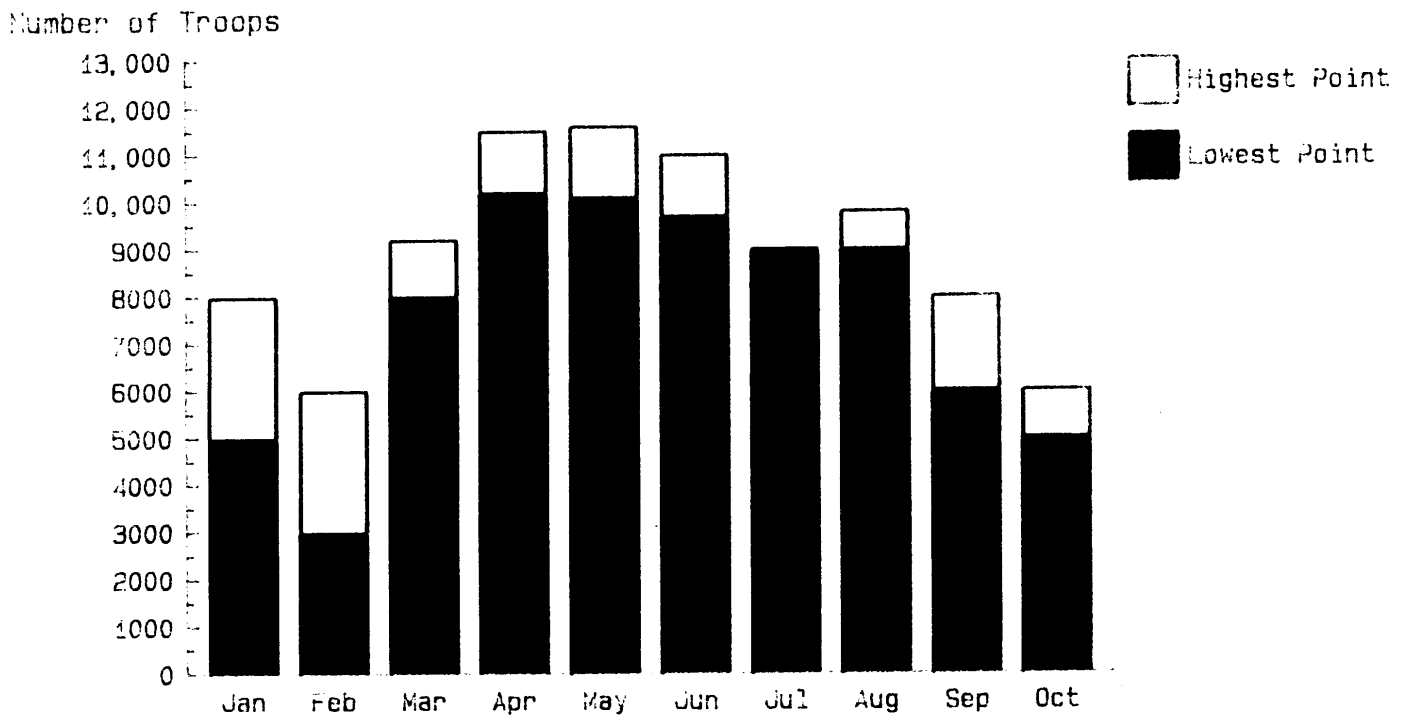
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FDN Troops Inside Nicaragua January-October 1986



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SIGNIFICANT NICARAGUAN POLITICAL EVENTS

10 October Nicaraguan Foreign Minister D'Escoto speaks before UN General Assembly on US intervention in Nicaragua, downing of rebel resupply flight, and US refusal to abide by decision of International Court of Justice. [Redacted]

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20 October Managua tries US survivor of downed rebel resupply flight in Popular Anti-Somocista Tribunal. Nicaraguan officials indicate he may be sentenced to 30-year prison term for "crimes against the state" and terrorist actions. [Redacted]

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[Redacted]

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[Redacted]

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Insurgent Human Rights Record

[Redacted]

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1 October

According to the proregime press, insurgents ambushed a vehicle in northern Nicaragua in late September, raped a female passenger, and killed her and two other civilians. Local residents reported to the US Embassy in Managua, however, that insurgents actually had ambushed a military vehicle, killing two soldiers and a pregnant civilian woman.

[Redacted]

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[Redacted]

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14 October

[Redacted] indicated that insurgents who stopped a bus on the Rama road exchanged fire with militia troops, causing an unknown number of injuries to passengers. [Redacted]

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[Redacted]

[Redacted]

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[Redacted]

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[Redacted]

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20 October

Six civilians, including three women, were killed and thirty-four wounded when a bus hit an insurgent landmine northeast of Managua, according to the proregime press. [Redacted]

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[Redacted]

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Sandinista Human Rights Record

1 October

According to the US Embassy in Managua, prisoners' family members reported that a hunger strike in January at one of Nicaragua's largest prisons was broken up with tear gas and automatic rifle fire. Some 15-20 prisoners were killed. [Redacted]

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2 October

The Interior Ministry announced that four officers had been disciplined for abuse of authority and mistreatment of prisoners, according to the proregime press. [Redacted]

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3 October

[Redacted] Sandinista troops committed numerous human rights abuses in August and September.

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- Sandinista troops machinegunned the house of a civilian, killing a young child and wounding two women, in Jinotega Department.
- The Sandinista Air Force indiscriminately bombed several locations in central Zelaya Department, seriously wounding members of several families.
- [Redacted] government troops frequently are recruited under false pretexts, and many of them desert because of bad treatment.

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[Redacted]

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[Redacted]

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-- Two youths were killed after the Sandinistas mined an area in northwestern Nicaragua. [Redacted]

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3 October

Sandinista troops continued to resettle civilians in northwestern Nicaragua by force during September. [Redacted]

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[Redacted]

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4 October

A Sandinista patrol in central Zelaya Department tortured three women in order to obtain locations of their husbands, then robbed and killed the women. [Redacted]

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[Redacted]

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5 October

[Redacted] Sandinista troops in Zelaya Department tortured a peasant by severing his hands and breaking his arms and legs before decapitating him. [Redacted]

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6 October

[Redacted] reported that Sandinista troops abducted two civilian women to deter an insurgent attack against their military vehicle. One of the women was wounded in a rebel ambush. [Redacted]

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6 October

[Redacted] Sandinista troops inside Honduras beat a Honduran civilian and killed several others. [Redacted]

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6 October

A Nicaraguan labor leader sent a lengthy letter to AIFLD officials detailing specific instances of Sandinista repression of the democratic labor movement since 1979. [Redacted]

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7 October

[Redacted] Sandinista troops in southern Nicaragua tortured a peasant by cutting off his fingers and then killed him. [Redacted]

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[Redacted]

[Redacted]

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[Redacted]

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[Redacted]

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10 October

Some 20 families fled to evade forcible evacuation by Sandinista troops to another area of northwestern Nicaragua, [Redacted]

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15 October

[Redacted] Sandinista forces tortured a civilian in southern Nicaragua by cutting off his ears and testicles before executing him. His children also were abducted but later found unharmed. [Redacted]

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19 October

For some 11 hours, Sandinistas bombarded the civilian populations of several villages in southern Nicaragua with BM-21 rockets, [Redacted]

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20 October .

According to the US Embassy in Tegucigalpa, a clergyman reported he led nearly 200 refugees from northern Nicaragua into Honduras in early April after Sandinista troops had burned his chapel, murdered five unarmed civilians attempting to flee Sandinista repression, and executed a peasant in the presence of his children. [Redacted]

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[Redacted]

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22 October

[Redacted] Sandinistas continued to relocate entire families by force in northwestern Nicaragua, executing those that attempted to flee. [Redacted]

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27 October

The US Embassy in Tegucigalpa reported that Sandinista troops inside Nicaragua fired an explosive across the border at a Honduran commercial bus, killing one civilian and wounding three. A second Honduran commercial bus was fired on by Sandinista troops inside Honduras the same day. [Redacted]

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[Redacted]

[Redacted]

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28 October

The US Embassy in Managua obtained a letter written by a Nicaraguan prisoner describing the details of her incarceration in state security and Justice Ministry prisons since her arrest in December 1982. The woman claims she has been subjected to sexual abuse while pregnant, physical torture, interrogations at gunpoint, deprivation of food, drink, and sleep, solitary confinement, and repeated threats to kill her and her children.



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NICARAGUAN TRAVELS/VISITS

Early October

Nicaraguan Foreign Minister D'Escoto visits New York to address UN General Assembly. [Redacted]

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[Redacted]

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18-21 October

Cambodian Vice Foreign Minister Bo Rasy visits Nicaragua at request of Nicaraguan Foreign Ministry. [Redacted]

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21 October

Nicaraguan Minister of Foreign Cooperation Ruiz and delegation visit Hungary to meet with economic officials. [Redacted]

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COMING EVENTS IN CENTRAL AMERICA DURING OCTOBER

November Trial of downed US airman in Nicaragua to continue until about 20 November. [Redacted]

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8 November Twenty-fifth anniversary of founding of Sandinista National Liberation Front. [Redacted]

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10 November Guatemala to host OAS General Assembly session. [Redacted]

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15-20 November European Parliament delegation to visit Guatemala, El Salvador, Honduras, Nicaragua, and Cuba. [Redacted]

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[Redacted]

17 November Honduran President Azcona to participate in Conference on the Caribbean in Miami. [Redacted]

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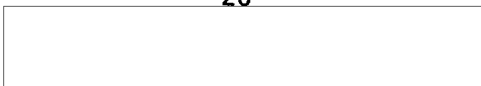
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- 78 - MCD Files
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