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REAGAN- REPORT
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WASHINGTON

A former CIA analyst says in a report the Contras already have been defeated by the Nicaraguan government and any more U.S. aid to the rebels would only antagonize other Latin American nations.

The author of the report, David MacMichael, a former Marine Corps officer and CIA analyst said last week his report on the Contras, to be released Monday, was discarded by the Reagan administration.

He first came to public attention last year when he said there was no evidence since 1981 that Managua's Sandinista government was shipping arms to left-wing guerrillas in El Salvador.

That contention is strongly disputed by administration officials who displaying with great fanfare last week a cache of weapons and other military supplies that the administration says is the sort now flowing from the Sandinistas to the guerrilla groups in El Salvador.

In his report, based on a four-week trip to Nicaragua between Jan. 31 and March 3, MacMichael says the Contras inside Nicaragua "have been chopped into small groups by persistent and remorseless government offensives."

He said the Nicaraguan system of universal military conscription and clearing border areas of local population has been effective and that Sandinista claims of having won a strategic victory over the insurgents is correct.

His report became public as President Reagan presses his campaign - capped by a nationally broadcast address Sunday night -- for Congress to approve \$100 million in military and humanitarian aid to the rebel Contras, who are trying to overthrow the Sandinistas.

MacMichael lists eight Latin American leaders, including Colombian President Belisario Betancur, who have told the administration that they believe U.S. aid to the Contras is "a bad idea."

The leaders also have said the aid package would be an indication that the United States has rejected a diplomatic solution for the region and has opted for an escalation in military action.

The eight nations involved in the Contadora peace process have taken Reagan's aid request as a direct rebuff to their February appeal to Washington to support a dialogue.

MacMichael estimates there are no more than 2,500 Contras inside Nicaragua. Administration officials claimed recently that the Contra forces consist of up to 20,000 with a large proportion controlling chunks of Nicaraguan territory.

MacMichael's report argues that the Contras have lost and further aid to them would be fruitless.

"It is one thing to fund an enterprise, no matter how seamy or illegal, that promises quick success and quite another to be asked to finance indefinitely a project teetering on the brink of fiasco in the hope that it might recover."