

PI Separated
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MEMORANDUM FOR: Director of Central Intelligence
FROM : Deputy Director for Intelligence
SUBJECT : Nicaragua

1. It is time to talk absolutely straight about Nicaragua. To recap where we are:

- Based on all the assessments we have done, the Contras, even with American support, cannot overthrow the Sandinista regime. Whatever small chance they had to do that has been further diminished by the new weaponry being provided by the Soviets and Cubans.
- The Soviets and Cubans are turning Nicaragua into an armed camp with military forces far beyond its defensive needs and in a position to intimidate and coerce its neighbors.
- The Nicaraguan regime is steadily moving toward consolidation of a Marxist-Leninist government and the establishment of a permanent and well armed ally of the Soviet Union and Cuba on the mainland of the Western Hemisphere. Its avowed aim is to spread further revolution in the Americas.
- The FDN has been denied American assistance. Without further assistance by February, all the information we have suggests the Contras are going to begin heading into Honduras. The Hondurans will then be faced with some 12,500 armed fighters (whom the Hondurans see as closely allied with Alvarez, thereby potentially unsettling Honduras itself).
- Flight of the Contras into Honduras will be followed not only by their families but presumably by a second wave of refugees and others who, seeing abandonment of American efforts to force the Sandinistas to alter their regime, will see the handwriting on the wall, determine that their personal futures are in peril and leave the country. It is altogether conceivable that we could be

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looking at an initial refugee wave from Nicaragua over the first year of 150,000 to 200,000 people (the ~~total~~ of the Contras alone could account for 50,000).

Failure of the United States to provide further assistance to the resistance and collapse of the Contra movement would force Honduras to accommodate to the Nicaraguan regime. One result of this would be the complete reopening of the channels of arms support to the Salvadoran insurgency, thereby reversing the progress made in recent months.

These unsettled political and military circumstances in Central America would undoubtedly result in renewed capital flight from Honduras and Guatemala and result in both new hardship and political instability throughout the region.

2. These are strong assertions but our research as well as the reports of our people on the spot (for example our COS in Honduras) make it possible to substantiate each of the above points.

3. What is happening in Central America in many ways vividly calls to mind the old saw that those who forget the past are condemned to repeat it.

-- In 1958-60 we thought that we could reach some sort of an accommodation with Castro that would encourage him to build a pluralistic government in Cuba. We have been trying to do the same thing with the Nicaraguans, with the same success.

-- In Vietnam, our strategy consisted of a series of measures applied very gradually and over a long period of time. With each step of new US involvement the gradual approach enabled the enemy to adjust to each new turn of the screw so that by the end of the war, even in the face of the most severe bombing, the Vietnamese had developed enormous tolerance. Half measures, half-heartedly applied, will have the same result in Nicaragua.

-- In 1975, the United States President announced that American assistance to UNITA in Angola was in the national interest of the United States and strongly urged the Congress to support military assistance to that group. The Congress turned it down, thereby not only proving that the United States would not involve itself in any significant way in the Third World to combat Soviet subversion and activity but, moreover, that the Congress could effectively block any moves the President did wish to make. The Roland Amendment and the cutoff of aid to the Contras is having the same

effect again, showing the Soviets and our Third World friends how little has changed in nine years, even with a President like Ronald Reagan.

In a variety of places, including Vietnam, negotiations in effect became a cover for the consolidation and further expansion of Communist control. While they might observe whatever agreements were reached for the first weeks or as long as American attention (particularly media attention) was focused on the situation, they knew they could outlast our attention span. Usually within a relatively short period of time they were openly violating whatever agreements had been achieved.

4. The truth of the matter is that our policy has been to muddle along in Nicaragua with an essentially half-hearted policy substantially because there is no agreement within the Administration or with the Congress on our real objectives. We started out justifying the program on the basis of curtailing the flow of weapons to El Salvador. Laudable though that objective might have been, it was attacking a symptom of a larger problem in Central America and not the problem itself.

5. It seems to me that the only way that we can prevent disaster in Central America is to acknowledge openly what some have argued privately: that the existence of a Marxist-Leninist regime in Nicaragua closely allied with the Soviet Union and Cuba is unacceptable to the United States and that the United States will do everything in its power short of invasion to put that regime out. Hopes of causing the regime to reform itself for a more pluralistic government are essentially silly and hopeless. Moreover, few believe that all those weapons and the more to come are only for defense purposes. Only when we acknowledge what the objective is in Central America, can we begin to have any kind of rational discussion on how to achieve it. As long as one maintains the fig leaf of curtailing the flow of arms to El Salvador, all other efforts can easily be politically dismissed.

6. Once you accept that ridding the Continent of this regime is important to our national interest and must be our primary objective, the issue then becomes a stark one. You either acknowledge that you are willing to take all necessary measures (short of military invasion) to bring down that regime or you admit that you do not have the will to do anything about the problem and you make the best deal you can. Casting aside all fictions, it is the latter course we are on. Even new funding for the Contras, particularly in light of the new Soviet weaponry, is an inadequate answer to this problem. The Contras will be able to sustain an insurgency for a time but the cost and the pain will become very high and the resistance eventually will wither. Any negotiated agreement simply will offer a cover for the consolidation of the regime and two or three years from now we will be in considerably worse shape than we are now.

What to do

The alternative to our present policy -- which I predict ultimately and inevitably is leading to the consolidation of the Nicaraguan regime and our facing a second Cuba in Central America -- is overtly to try to bring down the regime. This involves a mustering of political force and will, first of all within the Administration, and second with the Congress, that we have not seen on any foreign policy issue (apart from our defense rearmament) in many years. It seems to me that this effort would draw upon the following measures:

- Withdrawal of diplomatic recognition of the regime in Managua and the recognition of a government in exile.
- Overt provision to the government in exile of military assistance, funds, propaganda support and so forth including major efforts to gain additional support in international community, including real pressure.
- Economic sanctions against Nicaragua, perhaps even including a quarantine. These sanctions would affect both exports and imports and would be combined with internal measures by the resistance to maximize the economic dislocation to the regime.
- Politically most difficult of all, the use of air strikes to destroy a considerable portion of Nicaragua's military buildup (focusing particularly on the tanks and the helicopters). This would be accompanied by an announcement that the United States did not intend to invade Nicaragua but that no more arms deliveries of such weapons would be permitted.

8. These are hard measures. They probably are politically unacceptable. But it is time to stop fooling ourselves about what is going to happen in Central America. Putting our heads in the sand will not prevent the events that I outlined at the beginning of this note. Can the United States stand a second Cuba in the Western Hemisphere? One need only look at the difficulty that Cuba has caused this country over the past 25 years to answer that question.

9. The fact is that the Western Hemisphere is the sphere of influence of the United States. If we have decided totally to abandon the Monroe Doctrine, if in the 1980's taking strong actions to protect our interests despite the hail of criticism is too difficult, then we ought to save political capital in Washington, acknowledge our helplessness and stop wasting everybody's time.

10. Without a comprehensive campaign openly aimed at bringing down the regime, at best we somewhat delay the

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inevitable. Without US funding for the Contras, the resistance essentially will collapse over the next year or two. While seeking funding from other countries to the Contras could help for a time, it is essential to recognize that almost as important as the money is the fact of the United States support both from an economic and political standpoint. Somehow, knowing that Taiwan, South Korea and Singapore are behind you does not carry the same weight. Economic sanctions surely would have a significant impact in the initial months, but unless accompanied by a broad range of other actions this impact will diminish over time and we will find ourselves with a Nicaragua even more closely attached to the Soviet Union and Cuba than we have now.

11. All this may be politically out of the question. Probably. But all the cards ought to be on the table and people should understand the consequences of what we do and do not do in Nicaragua. Half measures will not even produce half successes. The course we have been on (even before the funding cut-off) -- as the last two years suggest -- will result in further strengthening of the regime and a Communist Nicaragua which, allied with its Soviet and Cuban friends, will serve as the engine for the destabilization of Central America. Even a well funded Contra movement cannot prevent this; indeed, relying on and supporting the Contras as our only action may actually hasten the ultimate, unfortunate outcome.

RG
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