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Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

CAS 12/10/2004

File Folder NSC 00001 2/6/81 [CARIBBEAN BASIN AND POLAND]
(1/2)

FOIA

2000-002

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2

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
812	DISTRIBUTION RECORD	RE PAPERS FOR NSC MEETING <i>R 6/6/2006</i>	1	2/10/1981	B1 B3
813	MINUTES	OF NSC MEETING P. 2-6 ONLY <i>PAR 12/21/2005 M05-016 #19084; PAR 11/16/2011 M08-109 #813</i>	5	ND	B1
814	PAPER	RE CENTRAL AMERICA TAB A <i>R 6/6/2006</i>	5	ND	B1
815	TABLE OF CONTENTS	<i>R 6/6/2006</i>	1	ND	B1
816	PAPER	RE CUBAN FOREIGN POLICY <i>R 6/6/2006</i>	3	2/5/1981	B1
817	PAPER	RE LATIN AMERICA <i>R 6/6/2006</i>	8	ND	B1
818	LIST	RE OPTIONS <i>R 6/6/2006</i>	3	ND	B1
819	TALKING POINTS	RE EL SALVADOR <i>R 6/6/2006</i>	3	2/5/1981	B1
820	TALKING POINTS	RE NICARAGUA <i>R 6/6/2006</i>	3	2/5/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

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WITHDRAWAL SHEET

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Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

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CAS 12/10/2004

File Folder NSC 00001 2/6/81 [CARIBBEAN BASIN AND POLAND]
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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
821	BRIEFING NOTE	RE CARIBBEAN <i>D</i> 6/25/2008 <i>NLRRF00-002</i>	2	2/6/1981	B1
822	TALKING POINTS	RE JAMAICA <i>R</i> 6/6/2006	3	2/5/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

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NATIONAL SECURITY COUNCIL MEETING:

DATE:

2/6/81

SUBJECT:

Caribbean Basin
Poland

PARTICIPANTS:

The President
The Vice President
State:
Secretary Alexander A. Haig, Jr.
Defense:
Secretary Caspar T. Weinberger
Treasury:
Secretary Donald T. Regan
Justice:
Attorney General William French Smith
DCI:
Mr. William J. Casey
JCS:
General David C. Jones
White House:
Mr. Edwin Meese
Mr. James A. Baker
Mr. Richard V. Allen
Adm James W. Nance
Vice President's Office:
Adm Daniel J. Murphy, Chief of Staff
NSC:
Ms. Janet Colson
Mr. Tim Deal
Mr. Charles Tyson

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11/21/07

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RECEIVED 18 FEB 81 12

TO AGENCIES

FROM ALLEN

DOCDATE 10 FEB 81

CAS

11/28/97
11/21/00

KEYWORDS: POLAND

CARIBBEAN

NICARAGUA

CENTRAL AMERICA

CUBA

ECONOMICS

SUBJECT: PAPER FOR NSC FEB 11 MTG & MINUTES FOR NSC MTG ON 6 FEB

ACTION: ALLEN SGD MEMO TO AGENCIES DUE: STATUS C FILES IFM

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NATIONAL SECURITY COUNCIL

Feb 10, 1981

Please replace page 4 of Tab A
of the package for the NSC Meeting
scheduled for Feb 11, 1981 with
the attached.

Thanks

Carol
Carol Cleveland

770 A
390

DEPARTMENT OF STATE
BRIEFING PAPER

~~SECRET/SENSITIVE~~ (Entire Text)

The Nicaragua Finding
and Central American/Cuban Policy

THE PROBLEM:

We now have conclusive evidence that the Government of Nicaragua has been involved in shipping arms to the insurgents in El Salvador. (A CIA report on Nicaraguan activities is available to NSC principals.) The law requires a determination stopping and recalling certain assistance if the President finds Nicaragua is abetting violence.

THE ISSUE:

How to handle the Presidential finding on Nicaraguan Government support for violence in a way which contributes to our overall Central American Policy and our immediate objectives of stabilizing El Salvador and keeping Nicaragua itself from falling entirely under Cuban-Soviet domination.

BACKGROUND:

Since the establishment of the current Sandinista government in Nicaragua in July of 1979, the US has extended substantial economic assistance (about \$100 million) to help with recovery from the devastation of the civil war and to try and support the private sector and other anti-marxist groups.

The Congress passed a supplemental authorization and appropriation in 1980 providing \$75 million of Economic Support Funds (ESF) for Nicaragua. This legislation also provides that the President had to determine that the Government of Nicaragua was not aiding or abetting violence in other countries before any of the ESF could be disbursed. President Carter executed such a determination in September 1980, and \$40 million of the ESF was disbursed in October. Because of legislative delays \$15 million had been advanced in the spring from development assistance permitting that amount from the supplemental to be diverted to El Salvador. Some \$15 million is pending, and about \$5 million has been used for various grant activities largely for non-government organizations.

~~SECRET/SENSITIVE~~
XDS-3, 2/9/01

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BY LOT NARA, DATE 6/6/06

The law also provides that, should the President subsequently determine the government is involved in violence, he must terminate ESF assistance and make previously-extended ESF loans (the \$40 million) immediately due and payable. Under another provision of the act the President could waive this entire provision or the part making disbursed funds immediately repayable. As the Nicaraguans are broke, quick repayment is highly unlikely.

ANALYSIS:

Action in this case must be the product of general considerations, among them the situation in El Salvador, where our objective is to preserve the current government hopefully without U.S. intervention; the situation in Nicaragua, where we hope to prevent complete domination of the country by the pro-Cuban and pro-Soviet factions; and our general objective of containing Cuban activities harmful to our interests. The timing of our action is also critical because it involves the safety of our personnel in Nicaragua and our overall purpose of exposing and combatting Cuban influence.

(1) El Salvador Considerations. Despite the large flow of communist assistance to the insurgency, the government forces continue to hold. But the situation is extremely delicate; the 15,000 man security forces are neither well trained nor well equipped. In effect three or four hundred good Salvadoran officers are all that block an insurgent victory. We have already moved to strengthen the Salvadoran military. Moreover, a major interagency study, already advanced, will identify options for additional actions in the security, economic, political and international areas. Restraining the inflow of materiel and particularly inflow of any military personnel from outside the country is critical.

A Presidential finding on Nicaraguan intervention will not stop the infiltration. In the wake of such a finding Nicaragua and Cuba may step up the infiltration, and even send in significant numbers of troops. Additional pressure on Nicaragua to halt infiltration, albeit temporarily, in exchange for continued assistance may be our most important leverage to buy needed time for El Salvador.

(2) Nicaraguan Considerations. In the past 10 days the Nicaraguans have told our Ambassador they intend to halt their help for insurgents. As our primary intelligence lags, it is possible the flow is being stopped. However, the general view in the interagency group is that it is unlikely that Nicaragua will stop interfering in neighboring countries, although it might stop arms supply for a limited time.

The general situation in Nicaragua continues in flux:

- tensions are high, fed by government talk of a threatened invasion and moves to build the militia to 200,000;
- the regime faces failure on almost all fronts; economic recovery has failed; workers are moving from government to independent labor unions; relations are strained with all neighbors and most donor countries; popular support is falling;
- we know least about the military; there may be splits but we do not know its cohesion or capability.

We believe the non-marxists in the government and even some of the marxists want to preserve US assistance. We also believe there is a core of hardliners, closest to the Cubans and Soviets, who would welcome a visible US act which would allow them to make the US the whipping boy as they move to a one-party totalitarian state. Our demarches on infiltration to El Salvador are dividing these groups. We do not know which group will eventually dominate but creating this pressure is in our interest.

(3) Cuban Considerations. Cuba is the core of our problem in Central America. We are just beginning to address the Cuba problem; it is complex and goes to the heart of our national security. We must be guarded on actions taken in Central America until our Cuba policy is worked out.

(4) The issue of Timing.

(a) The case for delay. If the support to insurgents in El Salvador continues, the question is only when the Presidential determination is made. Because we

stopped all new assistance commitments to the Government of Nicaragua at the beginning of this Administration, we can justify giving a new President a few weeks to review the implications before making such a major determination.

(b) Safety of embassy personnel. Making the determination may focus an already emotional Nicaraguan population against the US, particularly against the some 150 official Americans in Managua. We shall want to provide time to reduce the staff to an essential few before announcing the determination.

(c) Our larger objectives for the Congress and public. Our greater concern is not the Nicaraguan role in El Salvador but the Cuban role. We have already started a major effort to get the Cuban link out to the public both here and abroad. Action on the Nicaragua determination focuses in the wrong place at least until the Cuban involvement is more generally known. There is some pressure in the Congress to make the determination soon. The complexity of the issues involved and particularly the relationship of the determination to other key issues have not yet been made clear to interested members of the Congress.

OPTIONS:

Within the legal, practical, security and other restraints identified above there are the following four options for the timing and modalities of the required Presidential determination.

1. Immediate determination. The President makes the determination as soon as most of our personnel are evacuated; the \$40 million already disbursed would be due immediately. Quick action would be consistent with the evidence, meet certain Congressional pressures, but would deny us needed time for strengthening El Salvador and addressing the more basic Cuban problem.

2. Determination in 30 days. The determination is delayed 30 days. We would tell the Nicaraguans we would watch the situation closely for 30 days to see whether or not they are stopping infiltration and we would ask them to take steps to make such a standdown more evident. We would explain privately to key members of Congress what we are doing and why.

During the 30 days we would draw down our personnel unless we become convinced that infiltration has stopped. This option gives us some time for strengthening El Salvador, addressing Cuba issues and providing security for our people; Congressional and public pressure on the President to make the determination may grow.

3. Determination in 90 days. We could use more time to strengthen El Salvador, promote divisions in Nicaragua and develop and execute our Cuban policy. A 90 day testing period instead of the 30 days in option 2 would have many advantages. However, such a delay in making the determination would substantially increase public and Congressional pressures, especially as our efforts to explain the Cuba connection widely will increase knowledge of Nicaraguan involvement as well.

4. Immediate public determination and partial waiver. The President makes the determination as in option one but waives the immediate repayment provision. In practice the only difference between our current situation with assistance actually suspended and the situation in this option is that the determination is made publicly. This determination could be reversed at a later time if the Nicaraguans stop abetting violence.

Under this option our Ambassador would inform the Nicaraguans that we have no choice but to make the determination. Nonetheless, we are prepared simultaneously to waive the repayment and to keep our pending assistance available for a later time. In return, he would ask for two things: (1) immediate steps to shut down the arms conduit and (2) government handling of the determination in such a way that hostile propaganda and other activities do not endanger our personnel.

This option buys time while reducing Congressional pressure. However, the Ambassador's assessment is that it carries significant risks for our people, even if the requested assurances are provided.

February 9, 1981

10 FEB 1987 17 36



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MESSAGE DESCRIPTION

<u>TO (Agency)</u>	<u>DELIVER TO:</u>	<u>Dept/Room No.</u>	<u>Extension</u>
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<u>DoD</u>	Col Charles Stebbins JCS	697-9121	
<u>DoD</u>	Mr. Jay Rixse Dept of Defense	695-6064	

REMARKS:

White House Ct
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just 20, 1987
11/21/84

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

NATIONAL SECURITY COUNCIL MEETING

February 6, 1981

~~SECRET/SENSITIVE~~

Time and Place: 1:30 p.m. - 2:40 p.m., The Cabinet Room

Subject: Caribbean Basin; Poland (Ø)

Participants

The President
The Vice President

State:
Secretary Alexander A. Haig, Jr.

Defense:
Caspar T. Weinberger

Treasury:
Secretary Donald T. Regan

Justice:
Attorney General William French Smith

DCI:
Mr. William J. Casey

JSC:
General David Jones

White House:
Mr. Edwin Meese, III, Counsellor to the President
Mr. James A. Baker, III, Chief of Staff to the President
Mr. Richard Allen, Assistant to the President for National
Security Affairs
Adm. James Nance, Deputy Assistant to the President for
National Security Affairs

Vice President's Office:
Adm. Daniel J. Murphy, Chief of Staff

National Security Council:
Janet Colson
Timothy E. Deal
Charles Tyson

~~SECRET/SENSITIVE~~

Review on February 6, 1987

White House C
CAS

Just 23, 1997
11/7/97

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- TAB 2 Cuba Promoting Revolution in Latin America
- TAB 3 Overt Options--Cuba
- TAB 4 El Salvador Talking Points
- TAB 5 Nicaragua Talking Points
- TAB 6 Cuba and Caribbean Instability
- TAB 7 Jamaica Talking Points

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DOCDATE 06 FEB 81

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11/21/64

KEYWORDS: CARIBBEAN POLAND
 CUBA JAMAICA
 NICARAGUA NSC

SUBJECT: ALLEN BRIEFING BOOK FOR 6 FEB NSC MEETING

ACTION: NOTED BY ALLEN DUE: STATUS C FILES IFM O

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Exec sec/room 7241 <u>Attn: Jerry Bremet</u>		<u>10/2/81</u>	<u>16:25</u>	<u>[Signature]</u>
SECRETARY OF DEFENSE				
The Pentagon <u>Attn: Mr. Jay Rixse</u>		<u>10/2/81</u>	<u>1600</u>	<u>[Signature]</u>
DIRECTOR, ACDA				
Room 5933/Dept of State				
DIRECTOR CIA				
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The Pentagon <u>Attn: Col Charles Stebbins</u>		<u>10/2/81</u>	<u>1600</u>	<u>[Signature]</u>
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THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL WITH
SECRET ATTACHMENT~~

February 10, 1981

MEMORANDUM FOR THE VICE PRESIDENT
 THE SECRETARY OF STATE
 THE SECRETARY OF DEFENSE
 THE DIRECTOR OF CENTRAL INTELLIGENCE
 THE COUNSELLOR TO THE PRESIDENT
 THE CHIEF OF STAFF TO THE PRESIDENT
 THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Paper for NSC Meeting on February 11, 1981 and
 Minutes from NSC Meeting on February 6, 1981 (C)

Attached are two items for your use at the NSC Meeting which is scheduled for February 11, 1981. At Tab A is a paper which was prepared by the Department of State for this meeting. At Tab B is a copy of the minutes from the NSC Meeting which took place on February 6, 1981. (C)

James W. Allen
 Richard V. Allen
 Assistant to the President for
 National Security Affairs

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Review on February 10, 1982

CAS

Oct 23, 1997
11/21/09

MINUTES

The President: Interagency groups are reviewing the items on today's agenda. Their work is not complete, but they will have issues for decision shortly. The NSC should meet frequently and help to formulate our policies. I urge cooperation at all levels. No one should stand on ceremony. During the campaign, I pledged to implement a new foreign policy and restore the margin of safety. I look to this group to help me. The Intelligence Community has a vital role. I intend to restore the vigor and effectiveness of our intelligence services. (C)

I will use the NSC structure to obtain your guidance, but I will make the decisions. Once made, I expect the Departments to implement them. Subcabinet appointments will play an vital role in effective implementation. The NSC is not just another cabinet agency. Although the decisions will be mine, you are the obvious source for good ideas. I want good advice. The NSC staff functions as an integral part of the White House, and Dick Allen places a premium on good management. (C)

Mr. Allen: The object of this first meeting is to provide information. We will then have an opportunity to assess what information is available. We would like to hear criticism and advice to simplify our tasks. Papers to the President take a circuitous route. The NSC staff can help expedite them. (U)

It is appropriate to discuss the items on today's agenda, especially following the visit of Jamaican Prime Minister Seaga. His visit, the President's pre-inaugural meeting with the Mexican President, and his upcoming meeting with Lopez Portillo in Mexico underscore our interest in this area. (U)

It is important to mention at the outset that Cuba's role in the area is a central fact. Cuba is in an autonomous position in the Caribbean largely because of Soviet assistance. There are 33 states in the Caribbean, 19 independent and 14 self-governing. They are small, beset by problems, and vulnerable to outside force. (C)

If the President so directs, we could develop an overall policy for the Caribbean basin within about four months. The wisdom of a comprehensive policy is that we would thereby recognize that any action taken with respect to one country or one issue will have an impact on others in the area. Such a policy would, among other things, involve finding ways cope with the Cuban problem and the situation in El Salvador, the question of foreign assistance, and the transfer of technology to the area. (C)

Secretary Haig: This area is our third border. There is no question that it is in turmoil. The middle class in the region is demanding a greater stake in societies which can't easily cope with the need for change. Yet these countries could manage if it were not for Cuba. Cuba exploits internal difficulties in these states by exporting arms and subversion. (S)

The visit of Prime Minister Seaga was a hallmark for a notable leader who had succeeded in throwing out a Marxist government. He is visible, has good sense, and is committed to creating jobs and dealing with Jamaica's balance of payments difficulties. The visit was successful due in part to the work of the Treasury Department and to our ability to provide needed aid. We established a good basis for a sound relationship. David Rockefeller will lead a group to Jamaica to encourage greater private investment in that country. (C)

Attorney General Smith: According to our drug enforcement people, Jamaica is the major supplier of marijuana to the US. They derive a substantial cash flow from drug trade. (C)

Secretary Haig: While this is a problem, we must keep our policies in tandem. We don't want to create a revolutionary situation. We kept this item off the agenda for Seaga's visit. We will do something about this problem after we have done something positive for Jamaica. (C)

The President: This drug problem has been on my mind. We are only now learning of the harmful effects of marijuana, frequently from those people who once favored its use. Drugs are a threat to our people. Once we have made progress in improving the Jamaican economy, we should make termination of the drug trade as our quid pro quo. (C)

Secretary Haig: We have a dialogue on this point. The problem is how hard and when to push it. Looking at the main issue -- Cuba -- brings us back to the mainland. The Cubans are heavily involved in Central America. 600 tons of arms are going into El Salvador in various ways. In the case of Nicaragua, we face a delicate question. We probably have enough evidence on hand about Nicaraguan support for El Salvadoran revolutionaries to cut off aid to Nicaragua. The first order of business is to show the Nicaraguans that we will not tolerate violations as did the past Administration. We have raised the question of arms traffic with the Nicaraguan regime, and they have assured us that they will take action to curb the flow of arms to El Salvador. They claim that the problem arises in lower levels of the government; the evidence does not support them. (S)

Mr. Casey: There have been 100 planeloads of arms from Cuba over the past 90 days. The Nicaraguans can't be ignorant of that. (S)

Secretary Haig: The Salvadorans have captured American arms left behind in Vietnam. Not even the Cubans are capable of orchestrating such complicated arms transactions alone. (S)

I saw Amb. Dobrynin last night. Senator Percy had apparently arranged for me and Dobrynin to have a discussion on arms control. Percy and Dobrynin had obviously been concerting beforehand. I told Dobrynin that the first order of business was to establish an acceptable code of international behavior. The first order of the day was Soviet activity in Afghanistan and the use of Cuban proxies in troubled areas. The US would not stand by and permit the Cubans to draw us into another Vietnam.

We would get to the source of the problem. The Soviets have other ideas: they want to provide some formula for a phased withdrawal from Afghanistan, say, over two years in return for arms control talks. (S)

Secretary Weinberger: We should make no promises on timing that we could not accept at a later date. That is why I had said that six months were needed before any resumption of arms talks. We don't want to appear too eager since this weakens our position. (S)

Secretary Haig: Secretary Weinberger and I have work underway on Caribbean contingencies. We will have to deal with Nicaragua, El Salvador, and, most especially, with Cuba. The worst thing would be to have the US dragged into another draining experience like Vietnam. (S)

In the case of El Salvador, former Ambassador White was totally wrong. He claimed that the government's recent success in repelling the guerrilla offensive was a victory due to our policy of not arming the Salvadorans. The guerrillas did have a setback; they did not get the popular support for which they hoped. Now they have adopted a classic guerrilla stance. But there are only about 200 professional Salvadoran military officers left. The military ranks are thin; a collapse could come suddenly. The situation was so bad in San Salvador under Ambassador White that Duarte couldn't tell our Defense Attache what was happening. Only now is the truth beginning to trickle out. (S)

Our interagency group is active. We are sending down a qualified, interim replacement for White. DOD will also send a senior adviser. In the meantime, highly sensitive contingency planning continues. (S)

The President: My own feeling -- and one about which I have talked at length -- is that we are way behind, perhaps decades, in establishing good relations with the two Americas. We must change the attitude of our diplomatic corps so that we don't bring down governments in the name of human rights. None of them is as guilty of human rights violations as are Cuba and the USSR. We don't throw out our friends just because they can't pass the "saliva test" on human rights. I want to see that stopped. We need people who recognize that philosophy. In Angola, for example, Savimbi holds a large chunk of Angolan territory. With some aid, he could reverse the situation. We should also reestablish relations with countries like Chile who have made substantial progress -- and stop worrying about Allende's fate. (S)

Secretary Haig: One important case is Bolivia. We withdrew our Ambassador and cut off aid. When countries like this have tough things to do, we should help them. If you beat them up, it works against us. We need to send a good person there and open the lines of communication. (S)

Secretary Weinberger: There is no doubt that we face a tough situation in El Salvador and Nicaragua. The problem stems from Cuba. With some covert aid, we could disrupt Cuban activities. I am not sure that most Americans understand the situation there. The majority probably believes that these governments are repressive and that we should not do anything provocative. We need to explain to people that this is a dangerous situation for the US, and that we may have to move strongly. (S)

The President: El Salvador is a good starting point. A victory there could set an example. (S)

General Jone: We welcome the change in policy. American influence has declined. In 1970, we had 500 advisers in Latin America. That number has now fallen to 65. The Soviets have more military advisers in Peru than we have in all of Latin America. We used to bring young officers to the US for training. Our training program is now down to \$4 million. (S)

Only 2% of our security assistance budget goes to Latin America. The Soviets provide substantially more military aid to the region. We cannot send more than six advisers into a country without Congressional approval. The law ties our hands. (C)

We need to let the Latin Americans know that we can be helpful. In 1975, President Ford agreed we needed to put the Cubans on notice for their activities in Angola. The Clark Amendment stopped us. Even if we can't always stop the Cubans, it is important that we make them pay the price of admission. In the Caribbean Basin what happens in one country influences the other. To stop the Cubans and help others stop them, we need better intelligence, a psychological warfare program, and an ability to impede guerrilla activities. (S)

In El Salvador, we probably bought about two months' time. We have provided \$25 million in military equipment over the last few weeks. Another \$30 million is in the pipeline. The Salvadorans need training. We also need to work with the Honduran and Guatemalan governments. Socialist International is causing us problems with political support for El Salvador. (S)

General Haig: We will wrap up our interagency work on options for El Salvador in about two weeks. We need to turn the situation around. The Socialist International is indeed a problem. A public communications effort about our policy is essential. (S)

The President: How can we intercept these weapons? How can we help? (S)

Mr. Casey: [REDACTED]

The Cubans have a covert effort underway directed toward all of Central America. They have trained 100 Guatemalans in the last 90 days. Each of them returns to Guatemala with ten rifles. Radio Havana broadcasts one hour daily to Guatemala in five Indian languages. The Mexicans give sanctuary to Guatemalan insurgents much as the Costa Ricans did for Nicaragua. (S)

The drug business through Miami is being used to finance the purchase of weapons for insurgents. ICA and other agencies need to pull all this together. In addition, covert action to train and help local militia and police to intercept the weapons traffic from Cuba would help. The Argentines are deeply involved in Central America. They too have the capability to train and supply logistical support. (S)

As Amended
E.O. 12958
Sec. 3.3(b)(7)(C)

Mr. Allen: This probably could not be done within existing guidelines. New findings would be needed. (S)

Mr. Meese: What are we talking about in the way of covert activity? Only teaching and training? (S)

Mr. Casey: Yes. (U)

Mr. Allen: But that would still require new findings. (S)

Mr. Casey: The most effective way to put pressure on Cuba would be through Angola. We should seek a repeal of the Clark Amendment and consider aid to Savimbi. (S)

Secretary Haig: We are considering tactics to obtain repeal of the Clark Amendment, but we don't want to lose. (C)

Attorney General Smith: After Afghanistan the President proposed a blockade of Cuba. Even George Kennan supported that notion. If the Soviets invade Poland, we might find a blockade desirable. (S)

Mr. Casey: The developments in Central America have implications outside the continent, especially if the British pull out of Belize. The Guatemalans will face a guerrilla war on two fronts. The guerrillas will create problems for them in the upcoming elections. (S)

Mr. Allen: We need a positive policy for the region that provides justification for everything we do. (S)

Mr. Meese: We should have options for dealing with these situations. (S)

Secretary Haig: We are working on that now. (S)

The President: We can't afford a defeat. El Salvador is the place for a victory. (S)

Secretary Haig: Regarding Poland, the Soviets view the situation there as more critical now than last November. We have a list of contingency actions ready. (S)

Mr. Meese: We must have agreement on how to deal with the press. We should not make available the agenda or content of these meetings -- with no ifs, ands, or buts. (S)

The President: There can be no room for argument on that point. For too many years, we have been telling adversaries what we can't do. It's time we make them start wondering what we will do. (S)

5 February 1981

CUBAN FOREIGN POLICY AND ACTIVITIES ABROAD

The Castro regime's foreign policy is based on a combination of geography, ideology, and President Fidel Castro's psychological makeup. Castro, as the supreme decisionmaker in Cuba, is the primary architect of that policy. He sees Cuba as a very small country with extremely limited resources trying to exist in a superpower environment. To achieve his goal of complete independence from the nearest superpower, he deliberately chose to ally himself with a distant superpower that could provide the political, economic, and military support needed to maintain himself in power. This alliance suited him ideologically because in his formative years he had accepted an interpretation of history that emphasized the negative influence of capitalism on the world. It was thus convenient for him to focus on Washington as the source of all of Cuba's ills and, by extension, all the world's ills as well. Driven by a burning desire to be a major actor on the world stage, Castro--once he had "freed" Cuba--took upon himself the task of freeing the rest of the world.

His own revolutionary experience in overthrowing his predecessor taught him that violence is an inevitable element of all true social revolutions. He reasons that the old order will always fight to retain its privileges and can be overcome only through violence. Once victory has been achieved, it is then necessary to consolidate the rebels' gains by destroying all old institutions--social as well as political, economic, and military--and replacing them with new ones totally subservient to the new leadership. He saw the defeats of Salvador Allende in Chile and Michael Manley in Jamaica as proof that true revolutionary gains for the masses could not be achieved through peaceful means. He therefore is committed irrevocably to violent revolution--revolution that is aimed at destroying US influence worldwide.

In applying his theory of violent revolution, he no longer maintains the belief that a guerrilla team in the field is sufficient to precipitate the conditions necessary for its own success. He learned from Che Guevara's defeat in Bolivia in 1967, and now places much greater stress on exploiting opportunities as they arise naturally. In effect, the Guevara debacle--the worst in a long string of guerrilla defeats--signaled an end to nine years of reckless Cuban behavior in Latin America.

In the decade after the Guevara debacle, Cuban foreign policy concentrated on bridge building, overcoming the isolation resulting from the policy of the 1960s, and improving Cuban prestige worldwide. This new gambit had the advantage of making Cuba--because of its improved position in the Third World--more valuable to Moscow, thereby increasing Havana's leverage in obtaining the Soviet assistance needed to ease the impact of the Castro regime's continuing domestic failures. It also caused Castro's attention to shift to Africa where Cuba's commitment to

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violent revolution seemed tailor-made for a continent in the throes of independence: what had been rejected in Latin America was welcomed in Africa. During this period, Castro developed the policy of sending abroad technical assistance missions that contrasted sharply to the guerrilla teams that had been exported in the 1960s. The aid program has succeeded so well that Havana now has more than 2,500 medical personnel serving around the world and eventually will have some 25,000 construction workers in foreign countries.

Events in Angola opened up a new era in Cuban foreign policy. The massive Cuban troop buildup there in 1975, in which the Cubans assumed the major burden of combat from the Popular Front for the Liberation of Angola, was not the result of previous planning and coordination between Moscow and Havana. On the contrary, it was a unilateral Cuban operation designed in great haste to rescue the force of Cuban military advisers and technicians who were being overrun by Angolan factions supported by Zaire and South Africa. The ease of the Cuban victory there, however, led directly to Castro's willingness to respond favorably when a similar opportunity to demonstrate Cuban military prowess occurred in Ethiopia. The latter was a clear cut case of Cuban readiness to serve as Soviet Gurkhas; Cuban combat forces in Ethiopia were there primarily to preserve Soviet--not Cuban--interests.

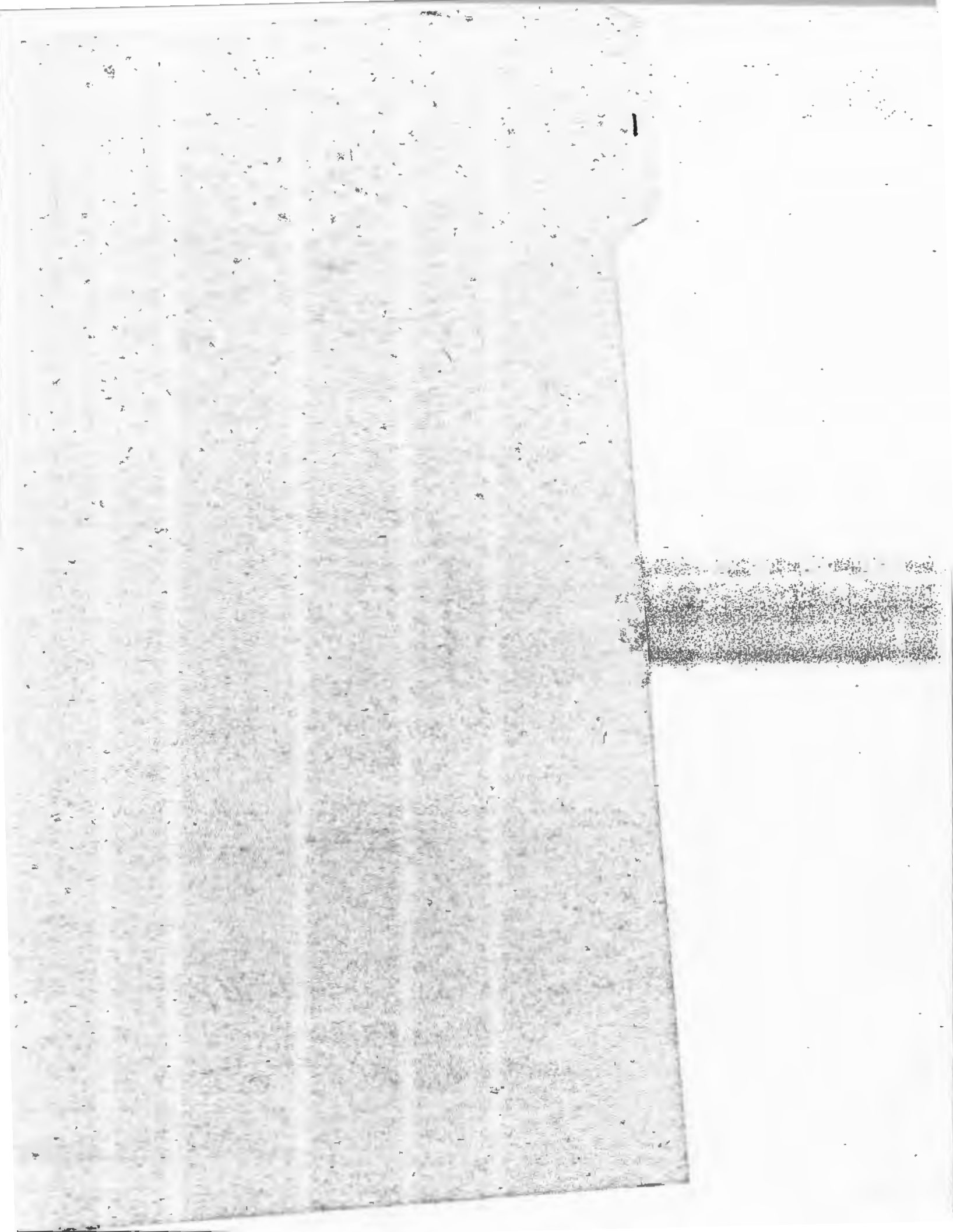
As opportunities in Africa faded at the end of the last decade, events in Grenada, Nicaragua, and Suriname indicated to Castro that it was time to turn again to Latin America. He now sees this hemisphere, and Central America in particular, as the scene of the most promising opportunities to promote revolution and damage US influence. His revolutionary fervor is further increased by what he believes is the real threat of direct US action against Cuba. He traditionally has used "the export of the revolution" as a defensive tactic during periods of greatest pressure from the US, in effect, having Latin American revolutionaries "defend" Cuba by diverting US attention to other areas. He sees El Salvador as his first priority with Guatemala not far behind; Honduras and even Costa Rica are also on his timetable. He is meddling in a number of other countries in the hemisphere as well but he probably views these operations as having little more than nuisance value--at least for the moment.

Havana will continue to maintain large Cuban military missions in Africa and will continue to try to expand its non-military presence as a means of bolstering its leadership role in the Nonaligned Movement. It will also try to develop further its ties to oil-rich radical Arab countries, hoping to exploit them for economic as well as political reasons. Unless the forces it is supporting in Latin America receive some decisive setbacks, Havana will not deviate from its present course, which stresses subversion rather than normal diplomacy in the hemisphere. Its relations with Moscow will grow ever warmer, driven by Cuba's need for massive Soviet aid and the Castro regime's inability to make its economy work. His economic problems may cause Castro to try to develop a

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more favorable modus vivendi with the US, but he will never lose his basic antipathy toward the US nor will he ever surrender what he considers as his "right" to promote violent revolution.

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THE WHITE HOUSE
WASHINGTON

February 5, 1981

~~SECRET~~

~~MEMORANDUM FOR~~

- THE VICE PRESIDENT
- THE SECRETARY OF STATE
- THE SECRETARY OF THE TREASURY
- THE SECRETARY OF DEFENSE
- THE ATTORNEY GENERAL
- THE COUNSELLOR TO THE PRESIDENT
- THE CHIEF OF STAFF TO THE PRESIDENT
- THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
- THE DIRECTOR OF CENTRAL INTELLIGENCE
- THE CHAIRMAN, JOINT CHIEFS OF STAFF

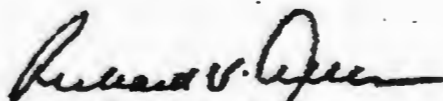
SUBJECT: National Security Council Meeting

There will be a meeting of the National Security Council at 1:30 p. m., Friday, February 6. The meeting will be informational and will last one hour.

The agenda for the meeting will include:

- U. S. Policy - Caribbean Basin
- U. S. Policy - Poland
- Future Topics for NSC Meetings

Principals only are requested to be present.


Richard V. Allen

~~SECRET~~
Review on February 5, 1987

Latin America has been Castro's first and lasting interest and therefore has provided the clearest image of the Cuban leader's revolutionary fluctuations over the past two decades--the early quixotic forays, the retrenchment after Guevara's death in 1967, and the emphasis on diplomatic relations during the early 1970s.

In 1977, the level of Cuban support to Latin American revolutionaries was at a low; the impetus seriously to reappraise strategy toward the area did not arise until 1979, when the Sandinista threat to Somoza became substantive. The Sandinista example spurred Castro to promote actively the development of strong, viable revolutionary vanguard movements in Central and South America beginning in 1979. That summer he told several high-level Latin American visitors that Nicaragua proved that armed struggle was the only path to revolution. Cuban officials also warned Communist Party leaders in Central America that they would lose Cuba's support if their parties did not actively promote armed insurrection. On 26 July 1980 Castro made this point publicly and in stronger terms than he had used for years. He said that "the experience of Guatemala, El Salvador, Chile, and Bolivia teach us that there is no formula other than revolutionary struggle."

Castro's personal involvement with Central American Communist party leaders and revolutionary movements has been more intense over the past five months than in any similar period in recent years. His optimism over trends in El Salvador in early 1980 was tempered by the failure of the rebels to achieve a quick victory. But rather than losing heart, he has pressed even harder for a revolutionary triumph. He seems convinced that if Salvadoran rebels are to succeed this year, they must do so before the new administration in Washington has established itself and developed a Salvadoran policy that is accepted as reasonable by moderate Latin American governments.

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BY WJ, NCA, DATE 6/6/86

At the same time, Castro has been trying to light a fire under the Guatemalan guerrillas and to convince Honduran leftists that they must give high priority to preparations for eventually launching their own revolution. In his fervor to promote revolution, he appears to be offering the Guatemalan guerrillas more arms than they can presently use, and to be pushing the Hondurans toward a revolution they still are far too weak and disorganized to wage successfully. This seemingly undue haste does not result from Havana's ignorance of the leftists' capabilities and weaknesses; it is more attributable to impatience, a desire to maintain the revolutionary momentum, and an interest in diverting US attention away from Cuba itself. The Castro regime's traditional paranoia, fed by the deterioration in relations with the US after 1978, increased markedly following the November elections in the US.

There is also growing evidence of increased Cuban support for guerrilla movements in South America albeit at a lower level than Central America. Training of Chilean and Argentine guerrillas appears to have increased substantially beginning in early 1979 followed by a number of attempts--mostly unsuccessful in Argentina--to reinfiltrate guerrillas. Terrorist activity has revived in Chile and renewed infiltration attempts are likely. Meanwhile, the MIR and Montoneros most likely will maintain a high international profile supporting the Sandinistas in Nicaragua and possibly involving themselves in guerrilla operations elsewhere in the hemisphere.

Havana's involvement with the M-19 in Colombia is growing. It is suspected of having played a role in the occupation of the Dominican Embassy in Bogota in March 1980 and reportedly received a large number of guerrillas for training in Cuba late last year. Revolutionaries from

Bolivia, Uruguay, Venezuela, and Brazil were believed to be receiving political and military training in Cuba or with the PLO in Lebanon as recently as last year. Small numbers of guerrillas from each of these countries reportedly have been or will be reinfilitrated to develop new guerrilla cadre. Elsewhere in the hemisphere, Havana's support for subversive movements is minimal.

Continued Involvement in Africa -----

Havana continues to expand its influence and presence in Africa despite some occasional setbacks. Large numbers of Cuban troops are likely to remain in both Ethiopia and Angola so long as a significant external threat exists. Small Cuban military detachments are in a number of other African countries; Havana believes this type of support pays off politically. For example, some 150 Cuban counterinsurgency experts reportedly arrived in Mozambique last month to assist the Machel government deal with a growing insurgency.

Castro's successes in Africa are largely attributable to his ability to anticipate the needs of developing countries and to respond quickly with assistance. Cuba's serious economic problems have not prevented many Sub-Saharan countries from viewing it as an attractive development model. Havana's entree is also aided by its support for liberation movements in the region, and by its longstanding opposition to colonialism and apartheid.

Having established diplomatic relations with seven African states during the past two years, Havana now has ties with 37 out of the 46 Sub-Saharan countries. In addition to assessing local conditions, this diplomatic network identifies and cultivates groups sympathetic to the

Castro regime--whether they are part of or opposed to the ruling government. Moreover, Havana hopes to buttress its claims to be nonaligned by establishing diplomatic relations with countries of differing ideologies.

Following the one-week visit to Havana last fall of Paulo Muwanga, chairman of Uganda's ruling Military Commission, Cuba and Uganda signed an agreement on scientific and technical cooperation. Cuba sent 20 health and agricultural specialists to Uganda and granted 200 scholarships to Ugandan students for study on the Isle of Youth, where thousands of African and Latin American children already are enrolled in work-study programs. Although Muwanga's visit also sparked rumors of the imminent arrival of Cuban troops, none are yet known to have arrived. The expected reduction or removal of Tanzanian forces following the recent Ugandan elections however, could result in the introduction of some Cuban military advisers.

Havana expects to open an embassy in the Seychelles shortly. A small number of Seychellois students already are attending school in Cuba, and Victoria has agreed to accept a few Cuban doctors. Responding to domestic pressure, President Rene thus far has refused to accept Cuban armed forces personnel.

In recent months, Cuba has attempted to shore up relations with some of its established African allies by playing host to a number of high-ranking delegations and by signing several protocols increasing bilateral cooperation. The foreign ministers of Madagascar (Malagasy Republic), Benin, and Sierra Leone recently visited Cuba, as did members of Ethiopia's Central Committee and of the Cuba-Cape Verde Intergovernmental Committee. In August, Burundi signed a protocol for economic, scientific, and technical cooperation, and two months later Guinea-Bissau signed a similar agreement. The accession of Joao Bernardo Vieira

to the president in Guinea-Bissau may lead to even closer ties; as Minister of Defense in 1978, Vieira received advance military training in Cuba.

Cuban military and economic assistance, however, has not kept some African countries, such as Sierra Leone and Guinea, from drifting away. Sierra Leone, a longtime aid recipient, early last year expressed dissatisfaction over the costs of maintaining a mission in Havana and threatened to close its embassy there. The desire of Guinea's Sekou Toure to play a great role in the nonaligned movement and his seeming turn toward the West have created other problems. Toure, for example, has campaigned aggressively to get the nonaligned movement to condemn the Soviet invasion of Afghanistan, a move that Havana has had to resist. Cuba recently turned down a request for science and engineering teachers, but did send some road construction crews and 35 instructors for the Guinean fishing school. Although Toure has moderated his Western tilt, his drive for influence in the NAM could generate further frictions with Havana.

Gabon, ever a close ally of the Castro regime, broke relations last August, partly because Cuban diplomats were in contact with Gabonese students. Libreville also views the sizeable Cuban presence in Angola as potentially threatening. Havana is concerned that Libreville's move could provoke other African leaders to charge Cuba with meddling in their diplomatic affairs and encourage them to protect the Cuban presence in Angola and Ethiopia.

The Cubans also suffered a minor setback in Sudan recently, when one of their diplomats arrived unexpectedly in Khartoum with the announced intention of opening an embassy. The Sudanese suspected that the "diplomat"--who had been forced to leave his post in Mexico City in 1972 after

a shooting incident--was actually an intelligence operative. They declared him persona non grata, and he left shortly thereafter.

Political Action Activities

The Castro regime uses cultural and informational exchanges and contacts to introduce and expand its influence abroad. These activities are part of a multifaceted yet carefully coordinated mechanism designed to promote Cuban policies and undercut US influence worldwide. The mechanism is extremely complex and involves elements of the party, the government, mass organizations, commercial and cultural entities, front groups, and the regime's subversion apparatus, yet it is still flexible enough to make allowances for national and regional differences as well as for class distinctions in each country.

The main goals of these efforts are:

- To raise the political consciousness of the masses through propaganda.
- To create political structures through which the masses can be motivated and mobilized to support--wittingly or unwittingly--Cuban policy goals.
- To train revolutionary cadres to provide leadership.

Moreover, cultural exchanges and contacts provide the Cubans with a channel through which they can identify cooperative intellectuals who can be useful in propaganda operations; activists in labor unions, youth groups, and women's and farmers' organizations who might profit from training and indoctrination in special schools in Cuba; and potential agents for intelligence collection and operations.

Radio Broadcasts

Radio Havana, Cuba's shortwave broadcasting service, transmits over 355 program hours per week in eight languages to all points of the world. This service uses eight transmitters located near Bauta, outside Havana; since May 1979 it has also been relayed on several shortwave frequencies from transmitter sites in the USSR.

Cuba also has mediumwave Spanish-language and English-language broadcasts to the Caribbean nightly over "La Voz de Cuba," a network of high-powered transmitters located in different parts of Cuba.

Prensa Latina

As the press agency of the Cuban Government, Prensa Latina combines news gathering and intelligence collection with propaganda dissemination and intelligence operations.

Prensa Latina has 36 field offices around the world and numerous stringers. In addition to its press transmissions to subscribers in all parts of the world, Prensa Latina disseminates a number of publications and places material in a variety of other foreign publications.

Front Groups

Havana sees its role in the Third World largely as that of an organizer and then a catalyst of revolution with the successful completion of the former being a prerequisite for the success of the latter. The Cubans either join existing groups and try to influence them from within or, where formal structures are lacking, establish new organizations. To counter the influence of the Interamerican Press Association, for example, they formed the Federation of Latin American Journalists,

with non-Cubans in the leadership to mask Cuban involvement. In December 1977, Cuban labor officials were instrumental in organizing the First Caribbean Trade Union Conference which was attended by some 40 regional labor delegations.

Sports Competition and Cultural Events

Cuba places considerable importance on fielding large and usually formidable sports teams for virtually all regional games where they can arrange an invitation. The Castro regime not only sends impressive delegations to cultural events elsewhere in the region, it also plays host where appropriate. Havana was the site of the 11th World Festival of Youth and Students in the summer of 1978, and entertained delegations from some 140 countries or political entities.

2

Possible US Options for Cuba

- A. The US has a relatively small amount of direct leverage on Cuba.
 - 1. Most leverage devices, such as economic sanctions and diplomatic isolation, were used during the 1960s.
 - 2. The international support needed to make these devices effective has evaporated, especially as the perception of a Cuban threat diminished during the early 1970s.
- B. Castro's growing paranoia over the likelihood of a US invasion could be exacerbated by a variety of actions.
 - 1. Heightened US military activity would be especially worrisome for the Castro regime:
 - a. Strengthen forces at the Guantanamo Naval Base.
 - b. Resume SR-71 overflights and continue SR-71 peripheral flights.
 - c. Increase frequency of SIGINT collection flights in the vicinity of the island.
 - d. Increase US military presence in the region, e.g., SOLID SHIELD exercise.
 - e. Closely surveil Cuban merchant vessels enroute to Nicaragua.
 - f. Make it clear that the US will prohibit emigration from Cuba to the US by force if necessary.
 - g. Initiate clandestine broadcasts to Cuba.
 - h. Beef up US air and naval forces in southern Florida.
 - 2. A series of economic and diplomatic actions could be taken in conjunction with the above and would have a small impact by increasing the cost of Cuban adventurism.
 - a. Strictly enforce US economic sanctions concerning trade with the US through Cuban front companies.
 - b. Assist such countries as Egypt and China to satisfy their national sugar requirements through domestic production, thus causing Cuba to lose customers.
 - c. Terminate flight activity between Cuba and the US.
 - d. Terminate all Cuban access to US fishing grounds.
 - e. Ask Venezuela to cancel the "quadripartite" oil agreement (this might require compensating the Venezuelans).
 - f. Try to alienate Cuba's radical Arab allies (Iraq, Algeria, Libya) who are providing Havana with hard currency for the services of Cuban construction and public health personnel in their respective countries.
 - g. Withdraw the US Interests Section from Havana (thus denying Cuba a focal point of retaliation) and expel the Cuban Interests Section from Washington.
 - h. Blacklist Soviet and other merchant vessels involved in trade with Cuba from using bunkers in the US or from visiting US ports for delivery or cargo.
 - i. Attempt to restrict Cuban access to selective goods that are crucial to Cuban production, e.g. herbicides for the important tobacco industry that can only be obtained in the West.

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BY KDJ, NADA DATE 6/6/06

- j. Discourage the travel of Cuban exiles back to Cuba, thus denying the Castro regime a source of hard currency.
 - k. Continue efforts to prevent Cuba from hosting next UNCTAD meeting and gaining seat on US Security Council.
3. In addition, a number of propaganda actions could be implemented.
- a. Take advantage of domestic discontent in Cuba by giving the Cuban population access to the news through radio broadcasts on mediumwave (with programs tailored specifically for Cuban audiences).
 - b. Counter the broadcasts to the Caribbean on mediumwave in English of Radio Moscow and The Voice of Cuba--both of which are transmitted from Cuba--by starting our own mediumwave broadcasts in English to this area.
 - c. Expose Cuba's economic exploitation of Third World countries. For example, Cuba's over-exploitation of fishing grounds belonging to Guyana and Angola.
 - d. Promote the publication of books, newspapers, and magazines of well-founded factual information showing how the Castro regime has failed economically despite massive infusions of Soviet aid and despite being in power more than two decades with no effective domestic opposition.
 - e. Expose Cuba's corruption of high Costa Rican officials whom the Cubans have paid to assist the revolutions in Nicaragua and El Salvador.
 - f. Selectively plant stories of contaminated Cuban seafood products in importing countries such as Japan.
 - g. Point out to other Soviet "surrogates" Cuba's preferential treatment by the USSR, e.g. Cuba receives its arms from the USSR free of charge while Ethiopia must pay dearly with scarce foreign exchange.
- C. The implementation of such actions would aggravate Cuban concerns over US intentions but probably would not cause Castro to cease his support for Salvadoran insurgents.
- 1. Cuba, however, probably would be forced to increase its military readiness.
 - a. There would be some economic dislocations as reserve call-ups diverted labor resources.
 - b. A small percentage of scarce materials--such as petroleum and construction materials--might be diverted to the armed forces.
 - 2. In addition, there would be some effect on the Cuban leadership.
 - a. It would be forced to divert some of its time to the issue of US intentions.
 - b. Some of the more pragmatic elements of the hierarchy probably will increase their arguments for a less dangerous foreign policy line.
- C. There also are some potentially negative results.
- 1. Castro is likely to exploit the situation to rally domestic support.
 - a. This could provide him significant relief from the pressure of popular discontent.

2. Cuba could respond to US pressure by reinstating the Mariel boatlift.
 - a. If convinced that the US would forcibly return would-be refugees to Cuba, thus presenting a direct challenge to the Cuban defense establishment, Castro probably would back away from provoking a confrontation.
 - b. If he miscalculated US resolve and US naval vessels actually violated Cuban territorial waters to block refugee boats, the chances for a clash with Cuban military forces would be very high.
3. Unleashing Cuban exile organizations against Cuba would almost certainly cause Castro to respond in kind.
 - a. Castro is far better prepared for this game than is the US.
 - b. The US is much more vulnerable to terrorist activity than is Cuba.
4. In a tense environment, Castro has available a number of pressure points at which to retaliate against the US.
 - a. The Guantanamo Naval Base.
 - i. Cuban military action unlikely; sponsoring a massive refugee influx more probable.
 - b. The US Interests Section
 - c. US citizens who are prisoners in Cuban jails.
 - d. US citizens aboard pleasure craft that wander into Cuban territorial waters. They could be imprisoned by Cuban authorities.
5. The USSR might pressure West Berlin or other points if the US moves against Cuba.
 - a. Soviet leader Brezhnev recently intimated as much to West German Chancellor Schmidt.

1950

5 February 1981

EL SALVADOR TALKING POINTS

Current Situation

1. The situation is reverting to patterns prevailing prior to the January insurgent offensive but with higher levels of violence.
 - The Salvadoran military appears to be resuming a defensive posture; not having the resources to mount simultaneous operations against the several large concentrations of guerrillas in the country.
 - The left paid a costly but not prohibitive price for its offensive thrust and now is carrying out more selective hit and run attacks on military and economic targets--the sabotage of 56 electrical towers this week is but one example.
 - Widening military operations by the insurgents pose the danger that indiscriminate government counter-measures will enable the guerrillas to boost recruitment.

2. The insurgents at some point will renew more widespread assaults, the timing dependent in part on the advice and arms flow from Cuba and Nicaragua.
 - a. The Sandinistas apparently stepped up arms deliveries in the past week or so but both Havana and Managua are also fostering the concept of political negotiations to build leftist legitimacy and deflect some of the international pressure being directed against them.

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BY LOJ, NARA, DATE 6/6/06

3. The Salvadoran insurgents have a demonstrated ability to coordinate countrywide assaults and are acquiring the experience to employ their sophisticated weaponry more effectively.
 - a. Guerrillas still number 3-4,000.
 - b. Lacking broad popular support, they are attempting to bring the economy and government to a halt.
4. The Salvadoran military believes it can contain the present levels of guerrilla activity--but it cannot reduce the magnitude of guerrilla operations in the near term.
5. Although the government has been able to deny mass popular support to the insurgents, it continues to have no real backing outside the military and the still narrowly based Christian Democrats.
6. Junta President Duarte is the most able politician in the country, but he is detested by business and distrusted by most military.
 - a. Given the increasingly rightist cast to the military leadership, any progress Duarte makes will be painstakingly slow.

The Diplomatic Offensive

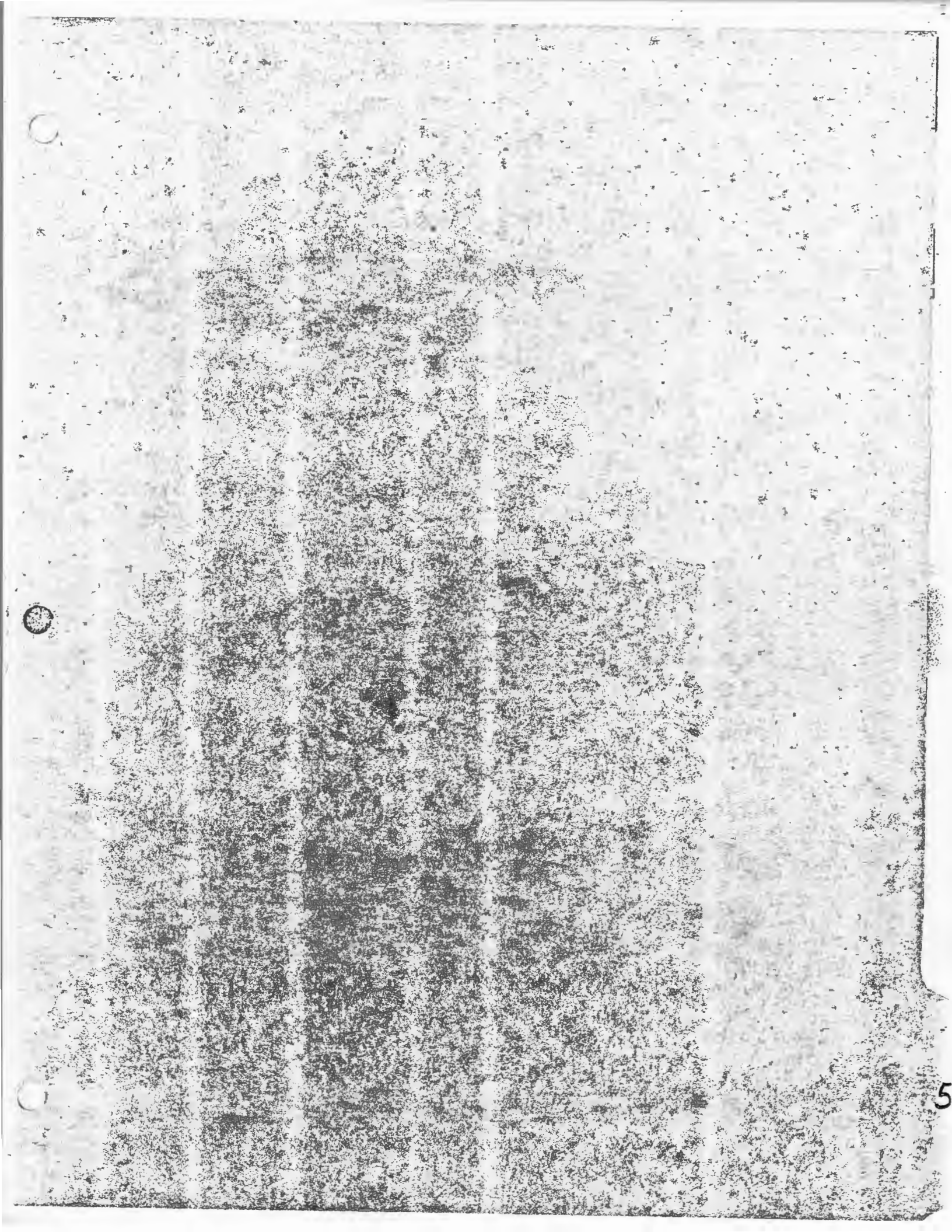
1. Junta President Duarte has laid plans for a more aggressive campaign, both against the Nicaraguan Government, regionally, and internationally.

-- El Salvador recalled personnel from its embassy in Managua this week.

- The foreign minister will protest specific acts of Nicaraguan involvement, including the incursion last month of two planes that were downed after flying in arms from Nicaragua.
- The junta will send delegations abroad to present evidence of Nicaraguan involvement and lay the groundwork for a possible meeting of foreign ministers.
- Government "truth squads" are to travel more widely both in the US and Europe.

2. These efforts suffer several weaknesses.

- a. Duarte still probably hopes the US and Venezuela will apply the principal pressure on Nicaragua.
- b. Limited financial and manpower resources repeatedly curtail plans--trips are postponed and plans to bolster European embassies are not acted on.
- c. Even if it had the resources, the government would still face a major task and one of the principal problems is the widely held--and accurate--perception of indiscriminate security force violence.
 - 1. The failure to take action against right-wing terrorists and the fact that the military frequently operates outside civilian control provides unending incidents and damaging publicity. This officially condoned terrorism is the bedrock of the government's problem.



5 February 1981

NICARAGUA TALKING POINTS

- A. During the past 18 months, Nicaragua and Cuba have coordinated support activities in support of Salvadoran revolutionaries, including the shipment of arms and materiel, the provision of training and safehaven, propaganda, and strategic advice. Our evidence is abundant.
1. In Novmeber, arms transfers from Nicaragua--by land via Honduras, by sea across the Gulf of Fonseca, and especially by air from remote Papalonal airstrip--were sharply increased.
 2. Despite Nicaraguan denials, clandestine arms flights have continued during the past two weeks, and Havana and Managua reportedly intend to boost the arms flow--probably attempting to transfer as much insurgency as possible before US pressure forces a lower profile.
 3. We anticipate only a temporary and perhaps partial standdown.
- B. The immediate objective should be to persuade the Sandinistas to halt the weapons deliveries by escalating the political and economic costs to Nicaragua.
1. Take steps to contribute to the international isolation of the Nicaraguan Government.
 - a. Present evidence--such as captured documents, testimony of captured insurgents and arms traffickers--of Nicaraguan support for the Salvadoran insurgency.

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- b. Undertake a propaganda campaign highlighting Nicaraguan support for revolutionaries and terrorists, restrictions on freedom of expression, militarization, etc.
2. Take steps to erode Nicaragua's reserves of hard currencies.
 - a. Try to block financial assistance from international lending institutions.
 - b. Request other donor countries--such as Venezuela and West Germany--to restrict aid to Nicaragua.
 - c. Persuade US commercial banks to postpone the resumption of short-term trade credits.
 - d. Encourage US investors to liquidate their existing assets in Nicaragua.
 - e. Bar Nicaraguan export crops from US markets, and embargo selected US exports--such as aircraft and parts--to Nicaragua.

C. Negative Aspects

1. While these measures may force the Sandinistas to cut back on their support activities, we would expect them to resume their aid to Salvadoran insurgents as soon as circumstances permit.
2. The Nicaraguan Government will charge the US with economic aggression, and this charge will readily be accepted by some Latin American governments--for example, Mexico and Panama.

3. The Sandinistas will crack down on the private sector and political dissidents.
4. Any economic sanctions will fall most heavily on the Nicaraguan private sector, the group we have been trying to support.
5. US investments in Nicaragua might be nationalized without compensation, and Nicaragua could default on repaying its foreign debt.
6. Barring Nicaraguan exports, and embargoing selected US exports, would be temporarily disruptive, but alternative markets and suppliers could be found within two years.
7. Revealing convincing evidence of Nicaraguan involvement will jeopardize intelligence sources.

6

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821	BRIEFING NOTE RE CARIBBEAN	2	2/6/1981	B1

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7

5 February 1981

JAMAICA TALKING POINTS

- A. Prime Minister Seaga, elected in a landslide last October that gave him 51 of the 60 seats in parliament, inherited an empty treasury and a staggering \$1.4 billion foreign debt.
1. Since assuming office, Seaga has moved rapidly to impose tight management on public spending and to implement an ambitious three-year recovery program.
 2. Seaga is keying his efforts to early conclusion of a three-year loan from the IMF expected to total \$570 million; he is also mustering a campaign to revive domestic and foreign private sector investment.
 3. Even with a complete drawdown of IMF funds and re-scheduling of the commercial debt, Jamaica will still be \$250 million short of financing to achieve its optimistic 2-percent growth target.
 4. Unemployment (estimated at 35 percent and probably steeper in the urban slums) is an urgent problem for Seaga; however, it is expected to remain high through 1981.
 5. After eight years of negative real growth under Manley, Jamaica suffers from a drop in real per capita income of over 25 percent, a drain on foreign exchange to defray sharply escalating oil bills, and the consequences of the emigration of about 40 percent of the professional class.

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- B. Seaga has made an encouraging start in bridging immediate gaps but he will need substantial outside assistance over the longer term.
1. To translate his popularity into a lasting mandate, Seaga will have to show results soon if he is to meet the high expectations of his followers.
 2. Signs are that the "honeymoon" may be short and that the island's powerful trade unions might resist any further cuts in real wages under an anticipated IMF austerity program.
 3. Strains in Seaga's labor-based government will be exploited by both the legitimate opposition and the small core of violence-prone radicals who stand to gain at his expense.
 4. Any increase in violence would tax Jamaica's poorly-equipped and overworked security forces, which continue to battle scattered lawlessness on the island.
- C. Options
1. To urge friendly donor countries to assist Seaga with loans and material aid.
 2. A private approach to Western Hemisphere countries sympathetic to the new Jamaican Government in securing food and security assistance--Brazil for instance. Venezuela and Mexico are already taking steps to help.

3. To encourage expatriate Jamaicans, who possess much of the talent and money needed to reverse the island's decline, to return or reinvest their wealth.
4. To upstage the Cubans by stimulating a highly visible program to provide medical and educational aid and training and to foster the construction of low cost housing.
5. To persuade and assist the UK in taking the lead in upgrading the capabilities of the British-trained security forces.