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America and the international community. The United States has spent billions of dollars and applied substantial diplomatic, military and informational power to effect outcomes in its favor. Yet the situation is still not settled and may be taking a turn for the worse. The purpose of this study is to evaluate the effectiveness of recent U.S. strategy in Central America. Obviously, the scope is broad and it is very difficult to cover all aspects in great detail and do justice to the complexities involved. However, the fact that one author is Honduran and the other recently served two years implementing U.S. military policy in Honduras brings some depth of experience to the task. In offering recommendations for U.S. strategy at the conclusion, the authors do so with a sense of humility as many distinguished government officials and analysts of U.S. strategy and Central American affairs have been working on this effort for many years. If the study prompts critical thinking and raises questions for further research, it has accomplished its purpose. The study begins with a short background of historical U.S. interests and involvements in Central America concluding with a review of current interests and threats to those interests. Then, the Carter and Reagan administration strategies are described and evaluated. The study concludes with the authors' recommendations for U.S. strategy in Central America.

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EVALUATION OF UNITED STATES STRATEGY IN CENTRAL AMERICA

AN INDIVIDUAL STUDY PROJECT

by

Colonel Carlos O. Reyes Barahona (Honduras)
Lieutenant Colonel James A. Witter, IN

Mr. James Trinnaman
Project Adviser

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ABSTRACT

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The Sandinista overthrow of the Somoza dictatorship in Nicaragua and the increasing insurgency in El Salvador in 1979 redirected U.S. attention to Central America. For the last year and one-half of the Carter administration and the full eight years of the Reagan administration, two presidents implemented strategy to achieve desired outcomes in these countries in order to protect U.S. interests. The continued instability in the region has caused not only bordering countries to become involved, but also many countries in South America and the international community. The United States has spent billions of dollars and applied substantial diplomatic, military and informational power to effect outcomes in its favor. Yet the situation is still not settled and may be taking a turn for the worse. The purpose of this study is to evaluate the effectiveness of recent U.S. strategy in Central America. Obviously, the scope is broad, and it is very difficult to cover all aspects in great detail and do justice to the complexities involved. However, the fact that one author is Honduran and the other recently served two years implementing U.S. military policy in Honduras brings some depth of experience to the task. In offering recommendations for U.S. strategy at the conclusion, the authors do so with a sense of humility as many distinguished government officials and analysts of U.S. strategy and Central American affairs have been working on this effort for many years. If the study prompts critical thinking and raises questions for further research, it has accomplished its purpose. The study begins with a short background of historical U.S. interests and involvements in Central America concluding with a review of current interests and threats to those interests. Then, the Carter and Reagan administration strategies are described and evaluated. The study concludes with the authors' recommendations for U.S. strategy in Central America. *Keywords: International relations; El Salvador; Nicaragua; Latin America; National interests. (Coda)*

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EVALUATION OF UNITED STATES STRATEGY IN CENTRAL AMERICA

CHAPTER I

INTRODUCTION

The countries of Central America have been embroiled in conflict for the past ten years. The United States, feeling threatened by this instability, has focused its attention on Central America and has used large expenditures of national power to resolve the turmoil in its favor. The conflict continues. The Marxist-Leninist Sandinista government in Nicaragua has withstood U.S. pressures for change, has held off Contra attacks, and is consolidating its power. An insurgency in El Salvador, led by a coalition of Marxist-Leninists and socialist groups, is still very effective after ten years of battle with the military forces of the U.S.-backed El Salvadoran government. An insurgency of smaller proportions but of twenty-years duration in Guatemala is still active. Honduras and Costa Rica have been adversely affected to a great extent by the conflict in Nicaragua and El Salvador. Leftists in their countries have been bolstered by successes in Nicaragua and have stepped up their activity. In addition, the fighting in El Salvador and Nicaragua has caused over 80,000 Nicaraguan and 20,000 El Salvadoran refugees to seek safety in Honduras and over 80,000 Nicaraguan refugees are inside northern Costa Rica. The refugees are a threat to sovereignty and have displaced many nationals. The fighting and military build-up have disrupted economic development and trade, making

worse an economic situation which was already a disaster. The consequences of both continued conflict and possible unacceptable outcomes to U.S. national interests are great.

The purpose of this study is to evaluate recent U.S. strategy in Central America and make recommendations where deemed necessary. For the purposes of this study, Central America includes the five countries of Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica. The scope of this study is broad. Rather than zeroing in on a particular country or component of U.S. power, the study analyzes problems in a region and describes and evaluates the ends, means and resources which make up U.S. strategy. Because of the broad scope, many areas will not be given the depth of analysis possible. However, because one author is a Honduran Colonel and the other is a U.S. Army Lieutenant Colonel who recently spent two years in Honduras implementing U.S. military strategy, some experience is brought to the project. Additionally, it is an opportune time for evaluation of U.S. strategy in Central America for several reasons. First, newly elected President Bush has directed the National Security Council (NSC) to conduct a thorough strategic assessment of global U.S. interests and strategy. He directed the NSC to report in mid-May on new or modified American foreign policy proposals.¹ Second, the Soviet head of state, Premier Mikhail Gorbachev, has announced a dramatic shift in the Soviet strategic vision which includes a primary focus on internal reform, a commitment to negotiated nuclear and conventional arms reduction, promotion of trade and financial cooperation with the West, and

implications that the Marxist-Leninist tenet of socialist world domination is no longer a principal objective guiding Soviet foreign policy.² Recently, in a speech on 4 April during his visit to Cuba, Premier Gorbachev said, "We are against doctrines which justify the export of revolution and counterrevolution."³ It remains to be seen what effect Premier Gorbachev's policy will have on Cuban support for insurgencies in the region. But this new Soviet stance offers new opportunity for U.S. - USSR negotiations concerning Central America and other regions. A third reason making it an opportune time for an evaluation of U.S. strategy is that the five presidents of Central America recently concluded a conference in El Salvador on February 14, 1989, aimed at reviving the Arias peace plan which they signed in 1987.⁴ For several of the conditions cited above, many political analysts and newspaper editorialists are commenting about a favorable climate in which the United States and the USSR could make important gains in world peace and development through creative and imaginative policies and negotiations. At the same time, however, the challenges to U.S. interests in Central and South America are significant. These challenges are having an immediate and devastating impact on the health and welfare of millions of people in this area. These challenges and many serious internal problems in the United States dampen some of the enthusiasm over the positive climate for negotiations. In an environment of complexities and difficulties in both internal matters and the Central American region, the United States must have a clear vision of what needs to be accomplished and develop and implement

strategy which brings about desired results. One purpose of this study is to establish this vision. At the outset, it is important to review past U.S. interests and strategy in Central America to provide insight into how the U.S. policy makers and public may think and act today, and to determine how governments and peoples in the region relate and react to the United States and its policies.

HISTORY OF U.S. INTERESTS AND STRATEGY IN CENTRAL AMERICA

The United States has a long history of involvement in Central America. After consolidating acquisition of territory in the south and west, described as a period of "manifest destiny", the United States started to look to Mexico and further south to ensure that there would be no threats. U.S. interest in the isthmus was first expressed by President Monroe in 1823 when he declared the Western Hemisphere was "...not to be considered as subject for future colonization by a European power."³ His policy threatened outside interventionists with designs on the weak governments in Latin America with the use of U.S. force. After defeating Mexico in 1848 and acquiring California, the United States started to explore the possibility of a shorter water passage between the Atlantic and Pacific oceans in order to avoid the three month sail around South America.⁴ As early as 1850, the United States and England signed a treaty specifying arrangements for operation of a proposed canal through Nicaragua linking the two oceans.⁷ Some Americans thought that manifest destiny should continue and supported American adventurer William

Walker's quest to take over the Nicaraguan government with a band of several hundred men, which he eventually did in 1858, declaring himself president. The following attitudes expressed in an article, "The War in Nicaragua," covering Walker's exploits and the colonization period, in Harpers' Weekly on February 27, 1857, provide a description of the ethnocentric values of some Americans at the time.

And this brings us... to the question of Central America, which, recurring at frequent intervals, now again looms up before us, pregnant with mischief if met in a timid or vacillating spirit, but fraught with no dangers that may not be conquered by a bold and honest policy... We believe that he (Walker) should succeed, and we do wish him success. Reckless and unscrupulous as he is, we can not see what is to be gained by returning the country to the possession of the mongrel banditti and native cut-throat ruffians who, for the last thirty years, have made that beautiful part of the world a mere den of thieves. We have no doubt that Walker, if once securely established, would be compelled, by love of organization and discipline that marks our race, to establish a government which, though founded on fraud and violence, would in the lifetime of a single generation, give to that country a degree of tranquility and repose which it has never enjoyed even under the palmiest days of Spanish occupation.■

William Walker was driven out of Nicaragua and executed in Honduras by the Honduran government. The United States did not move to annex territory in Central America. However, it intervened frequently to reestablish stability.

The U.S. interest in maintaining stability was an extension of the Monroe Doctrine. It involved U.S. effort to increase the stability and solvency of Central American countries. It arose primarily when several European countries threatened to intervene physically in order to get trade payments owed them by weak Cen-

tral American governments, which were frequently in domestic turmoil. The extension of the Monroe doctrine was explained by U.S. Secretary of State Philander Knox in 1912. He said:

On the one hand, this country will certainly decline to go to war to prevent a foreign government from collecting a just debt; on the other hand, it is very inadvisable to permit any foreign power to take possession, even temporarily, of the customhouses of an American Republic in order to enforce the payment of its obligations; for such temporary occupations might turn into a permanent occupation... The heaviest and most matter-of-fact responsibility that today rests upon the United States is that we should respond to the needs still felt by some few of our Latin-American neighbors in their progress toward good government, by assisting them to meet their obligations and to keep them out of trouble... especially Honduras and Nicaragua.⁹

Secretary Knox set forth procedures to reinforce and guarantee the revenue system of the Central American countries. One of these was that the countries' Receiver General of Customs would be approved by the President of the United States and that the United States "shall afford him such protection as it may deem requisite." He went on to justify the U.S. position by asking the following rhetorical question:

With the Monroe doctrine as a trust of our national faith, can we refuse to these Republics that measure of assistance which will render their governments stable and keep them from foreign interference?¹⁰

Secretary Knox noted humanitarian and trade benefits as other reasons for U.S. assistance in ensuring stability and highlighted the importance of Central America to the United States in 1912. He declared:

The logic of political geography and strategy, and now the tremendous national interest created by the Panama Canal, make the safety, the peace,

and the prosperity of Central America and the zone of the Caribbean of paramount interest to the Government of the United States. Thus the malady of revolutions and financial collapse is most acute precisely in the region where it is most dangerous to us.¹¹

With the expanded Monroe doctrine justifying U.S. actions to promote stability, the United States entered a period of active intervention in Central America. Walter Lippman in his book, "Men of Destiny", written in 1927, used data from Professor Shephard of Columbia University, who counted thirty-one U.S. military interventions in the Caribbean between 1898 and 1927: in Cuba, four; Panama, five; in the Dominican Republic, five; in Nicaragua, six; Haiti, one; Mexico, two; Honduras, six; Costa Rica, one; and Colombia, one.¹² While many thought that the U.S. involvement was altruistic and beneficial to these countries, Walter Lippman presented an alternate view. He said, "All the world thinks of the United States today as an empire, except the people of the United States... To admit that we have an empire still seems to most Americans like admitting that they have gone out into a wicked world and there lost their political chastity." He further explained this conflict between values and actions by saying:

An overwhelming majority of our citizens do not wish to rule other peoples, and there is no hypocrisy in the pained protest which rises whenever a Latin American or European speaks of us as imperialistic. We do not feel ourselves to be imperialists as we understand that word... Foreigners pay little attention to what we say. They observe what we do. We on the other hand think of what we feel. And the result is that we go on creating what mankind calls an empire while we continue to believe quite sincerely that it is not an empire because it does not feel to us the way we imagine an empire ought to feel. ¹³

Lippman described another aspect of American intervention which didn't involve military force but other forms of diplomatic and economic power. He said:

Scattered all over the Caribbean are American High Commissioners and other officials, working under treaties, loan agreements...For all practical purposes, we control the foreign relations of all the Caribbean countries; not one of them could enter into serious relations abroad without our consent... We help many countries to decide what they call their elections, and we do not hesitate, as we have done recently in Mexico, to tell them what kind of constitution we think they ought to have.¹⁴

He described the process of U.S. policy planning for the region and concluded that it was not far reaching or well thought-out. He stated:

When something happens in the Caribbean, the only voices heard are those of the oil men, the fruit men, mining men, bankers on one side, and the outraged voices of the Gladstone liberals on the other. The debate is conducted by the hard-boiled and soft-hearted. There is no opinion which is hard-headed and far-seeing. The effect on policy is bad... ¹⁵

Writing this in 1927, Walter Lippman was referring in part to events of the U.S. intervention in Nicaragua in 1927 which turned out to be an occupation by U.S. Marines for six years, ending in 1933.

The Marines went into Nicaragua in 1927 "on behalf of 'free elections' and against a supposed 'Bolshevik threat' emanating from revolutionary Mexico" and battled against "the Mexican-backed guerrillas of Augusto Sandino."¹⁶ This intervention is significant in that it was the first intervention not only to restore stability, but also to prevent suspected communist elements from taking hold in Central America. Shortly after the Marines

were pulled out, the "elected" president Jose Moncada was assassinated by Anastasio Somoza, the U.S. hand-picked commander of the bipartisan constabulary force, the National Guard, which was organized and trained by the United States to protect the government. Somoza subsequently established a 40-year family dictatorship in Nicaragua which lasted until the Sandinistas overthrew his son in 1979.¹⁷ Noting the frustration of U.S. Army and Marine officers, who during their occupation tried to encourage reform, historian Lawrence Yates said, "Although army and marine officers alike shared the view that the inculcation of American values and the implantation of U.S. institutions in Latin American soil required a long period of tutelage, running perhaps into decades, six years in Nicaragua had dampened the military's enthusiasm for continuing the effort."¹⁸ In this same period, there was also a great conflict in Nicaragua's neighbor, El Salvador, which like the "Sandino Affair" would become relevant again in 1979. Augustin Farabundo Marti, the son of a Salvadoran landowner and founder of the Central American Socialist Party, organized the El Salvadoran peasant laborers to protest in order to get their confiscated lands back and to get better wages and conditions from the controlling landowner oligarchy. Three days after Marti's arrest on January 22, 1932, the peasants in the western part of the country rebelled. Marti was executed by a firing squad, and General Maximiliano Martinez, ruler of the country, crushed the rebellion.

The general extracted retribution at the rate of at least 100 to one. El Salvador's rich Indian dress and culture were wiped out. While no one knows exactly how many Indians and peasants were

murdered by Hernandez Martinez's troops, some Salvadoran historians put the figure as high as 40,000.¹⁹

This event, referred to as the Matanza, the Spanish word for massacre, is said by historian Thomas Anderson to have evoked through to the present day a paranoic fear of communism and it "... is expressed in the continued labeling of even the most modest reform movements as communist inspired."²⁰ Sandino's and Marti's names, although alive in sections of the Nicaraguan and El Salvadoran populace, were not heard again by U.S. officials until forty-three years later in the early 1970's. Leftists groups adopted their names, and the Sandinistas, Sandinista Front for National Liberation (FSLN), and the Farabundo Marti Front for National Liberation (FMLN) pushed to overthrow the military governments of Nicaragua and El Salvador, respectively. The far left factions of the FSLN and FMLN have built strong anti-American sentiment into their ideology which is linked directly to the early period of American involvement in Central America. An example of this is in a portion of the Sandinista Nicaraguan Defense Minister's speech to army personnel in August of 1981. Minister Humberto Ortega said:

Our revolution has a profoundly anti-imperialist, profoundly revolutionary, profoundly class character. We are anti-Yankee, we are against the bourgeoisie. We are inspired by the historical traditions of our people. We are inspired by Sandinismo, the most beautiful tradition of our people...²¹

Although U.S. policy toward Central America became less directly interventionist starting with President Franklin Roosevelt's Good Neighbor Policy, the earlier history of U.S.

political and economic relations have left a legacy which many analysts conclude is one of distrust and latent anti-Americanism. Analysts Robert Leiken and Barry Rubin stated that the consequences have been twofold:

An increasing desire on the part of Latin American countries to establish foreign policy agendas separated and even opposed to that of the United States; and a susceptibility in certain sectors in Latin America to Soviet influence under the initial assumption that "The enemy of my enemy is my friend."²²

And although U.S. business interests developed local resources, expanded transportation networks and provided jobs, "the questionable practices followed by the fruit companies in those early years, together with the power they wielded over weak governments, did a lot to create the fear of 'economic imperialism' that to some degree still persists among Central Americans."²³

After World War II and during the 1950's, U.S. strategy was to contain communist expansion. The United States pushed for the formation of alliances to help in this effort. The North American Treaty Organization covered Europe and the Inter-American Reciprocal Assistance Treaty, or Rio Treaty, covered Latin America. What the alliances did not cover, however, was internal insurgencies. Revolt by indigenous people against their government complicated U.S. foreign policy, which was initially oriented on external intervention. The United States was quick to demonstrate, however, that it would act unilaterally when it felt its interests were threatened. An important tool of U.S. containment policy became military and economic aid, later termed

"security assistance." This program opened an avenue for U.S. influence and its purpose was to strengthen friendly governments so that they could defeat insurgency.

In 1954, the United States covertly backed a coup by the Guatemalan military to overthrow President Arbenz whose land reforms were protested vehemently by the American-owned United Fruit Company, which had extensive holdings in Guatemala.²⁴ Initially captivated by Fidel Castro's reform rhetoric, upon his overthrow of Cuban dictator Batista, the United States was caught unprepared in 1960 when Fidel Castro announced he was a Marxist-Leninist and Cuba was an ally of the Soviet Union. This caused the United States to turn its attention to the south in earnest. At the same time that the Kennedy administration was covertly planning the Bay of Pigs military operation to oust Castro, the President announced the Alliance for Progress program for Central America and the Caribbean as a preemptive antidote to counter severe economic problems, mounting social pressure and the growth of revolutionary movements.²⁵ In announcing this program President Kennedy said:

Our nations are the product of a common struggle --the revolt from colonial rule. And our people share a common heritage--the quest for dignity and the freedom of man... We North Americans have not always grasped the significance of this common mission, just as it is true that many in your own countries have not fully understood the urgency of the need to lift people from poverty and ignorance and despair. But we must turn from these mistakes--from failures and misunderstandings of the past--to a future full of peril but bright with hope... Thus, if the countries of Latin America are ready to do their part then I believe the United States should help provide resources on a scope and magnitude sufficient to make this bold development plan a success, just

as we helped to provide the resources adequate to help rebuild the economies of Western Europe.²⁴

This program was to run for ten years and "although never so stated, an implied objective of the Alliance was to erect a restraining fence around Cuba which had begun to export its brand of communism."²⁷ It included: assistance to each country to develop its own development plan; \$500 million to combat illiteracy, improve productivity and use of land, wipe out disease, attack archaic tax and land-tenure structures and to improve educational opportunities; reduction of trade barriers for exports into the United States; efforts to reduce the violent changes in Central American commodity export prices; providing food relief; assisting in technology and training programs; and protecting countries so that they could divert monies spent on military to development.²⁸ The Alliance of Progress got reduced emphasis after the Soviets withdrew their missiles from Cuba and its author, President Kennedy, was assassinated in 1963. U.S. political interest and subsequent aid programs ran hot and cold, and "...the Alliance for Progress died of inactivity by the end of the 1960's and U.S. foreign policy south of the border again lapsed into 'benign neglect.'"²⁹

After Fidel Castro established himself in Cuba, he turned his country into "...the headquarters for the training, preparation, and launching of revolutionary expeditions by political exiles aided by Cuban authorities and directed against several states."³⁰ One was the Dominican Republic, a Caribbean country almost directly between Cuba and Puerto Rico, ruled for thirty-one years by a ruthless and tyrannical dictator, Rafael Trujillo.

When Trujillo was assassinated in 1961, the country went into political turmoil for several years. In 1965 President Johnson ordered U.S. military forces into the Dominican Republic in response to a request for assistance by the governing military junta, which declared that it couldn't guarantee the safety of U.S. citizens. President Johnson quickly augmented the initial force of 400 marines to an eventual presence of 20,000 troops. Protection of U.S. citizens turned into a bigger mission of preventing another Cuba. Analysts A.J. and Ann Thomas stated that the degree of communist involvement and control in the riots were disputed; however, to the United States it was the main threat, as evidenced by Secretary of State Dean Rusk's statement below. He said:

What began in the Dominican Republic as a democratic revolution was taken over by communist conspirators who had been trained for it and had carefully planned that operation...We acted to preserve the freedom of choice of the Dominican people until the OAS (Organization of American States) could take charge and insure that its principles were carried out.³¹

The United States' action demonstrated its continued concern over the spread of communism and willingness to intervene to stop it. It also reenergized the debate over the moral and legal justification for interventions into a country's "internal affairs" to protect the safety of nationals. U.S. success in the Dominican Republic and the defeat in 1967 of revolutionary forces in Bolivia, led by Cuban rebel Che Guevara, were followed by a period of lesser communist threat in Central and South America.

During the late 1960's and into the early 1970's, U.S. administrations engaged communist expansion far away in Asia in the

Vietnam war. This was the first direct U.S. intervention which did not achieve its objectives. As the war raged on, the questionable nature of U.S. entry into the war and the legitimacy of the government which it was assisting caused the U.S. public to challenge the government's assessments of U.S. interests and its strategy to protect them. This concern over U.S. foreign involvement continues strong today and will be evident in the upcoming review of the Carter and Reagan administrations' strategies in Central America. Fortunately, favorable economic growth rates in Central America, averaging approximately 4-5% per year, and relative stability during this period lessened the need for the United States to turn its attention to Central America. This changed by 1979. Again, American interests became focused on Central America and have remained so to this day. It is to these interests and threats to them that the study will turn. Before doing that, however, this chapter will conclude with an assessment of U.S. historical involvement in Central America.

The United States has acted in Central America for its self-interest. When it has acted, however, it has done so generally believing that its interests were compatible to those of the country involved. During interventions, the United States often sought to improve the economic and health conditions in the country involved, and it usually pushed for reforms in the political and economic structure. When U.S. interests were not at stake, however, the United States generally neglected the region. From the post-World War II period on, the main preoccupation of the United States was concern over the spread of communism. It

tolerated and in many cases supported autocratic governments friendly to it. In general, Americans have a high level of frustration over Central America's lack of progress in democratic government, associated judicial reform and economic growth. The more empathetic Americans focus on the negative legacy of Spanish rule in Central America, the lack of fertile land and absence of natural resources as reasons for this. Others believe that a lack of drive, poor work ethic, and uninspired and corrupt leaders are to blame. Central Americans, on the other hand, have a high level of distrust for U.S. policies toward their countries, yet they recognize that they must cooperate to a large degree because they are highly dependent on the U.S. economy. Frequently, they feel that they have been neglected. When the United States has turned attention toward them, they feel they have not been listened to or understood well and have been subject to manipulation.

The importance of understanding the history of U.S. involvement in Central America and its impact on the psychology of the relationship and the formulation and implementation of future foreign policy cannot be overstated. The objective of foreign policy is to influence. Policy formulated without being analyzed against past experiences and policy implemented by officials who are not aware of and sensitive to past relationships has less probability to influence successfully.

RECENT U.S. INTERESTS IN CENTRAL AMERICA
AND THREATS TO THOSE INTERESTS (1979-1984)

The purpose of this section is to summarize U.S. interests in Central America and threats to those interests at the end of President Carter's and into President Reagan's tenure. This will set the stage for the next chapter which describes strategy to protect U.S. interests.

U.S. interests in Central America declared by President Carter's Assistant Secretary of State, Viron Vaky, in 1979 were:

1. The existence of reasonably stable and friendly governments free from domination by outside powers.
2. Security against use of the region by forces hostile to the United States.
3. Human rights, including the development of stable democratic institutions.
4. Economic and social development through domestic reform and increased regional cooperation and integration. ³²

The National Bipartisan Commission on Central America, established by President Reagan to study Central America, declared interests in 1984 which were similar to those above, except for the addition of two which were:

1. To preserve the moral authority of the United States. To be perceived by others as a nation that does what is right because it is right is one of this country's principal assets.
2. To bar the Soviet Union from consolidating either directly or through Cuba a hostile foothold on the American continents in order to advance its strategic purposes. ³³

By 1980, there were sizeable threats to these U.S. interests in Central America. The threats were communism, economic decline and drug activities.

The Spread of Communism

The Sandinistas in Nicaragua finally announced they were a Marxist-Leninist government, allied with the Soviet Union and supportive of all communist revolutionary groups in neighboring countries. The leftist FSLN in El Salvador launched an extensive military campaign in January 1981, pitting battalion sized units in conventional action with the Salvadoran military. Although this "final push" was blunted, the FSLN remained viable. In Guatemala, the situation was more stable but there still existed a twenty year-old leftist insurgency which was active in the hinterland.

Many U.S. policy makers and citizens were concerned that communism would spread across Central America, bringing in governments hostile to the United States. There was also a concern about increasing Cuban and Soviet influence in the region. After a year of study, the National Bipartisan Commission on Central America gave its assessment of this threat to the Congress and President Reagan on 10 January 1984. They concluded that:

At the level of global strategy, therefore, the advance of Soviet and Cuban power on the American mainland affects the global balance. To the extent that a further Marxist-Leninist advance in Central America leading to progressive deterioration and a further projection of Soviet and Cuban power in the region required us to defend against security threats near our borders, we would face a difficult choice between unpalatable alternatives. We would either have to assume a permanently increased defense burden, or see our capacity to defend distant trouble-spots reduced, and as a result have to reduce important commitments elsewhere in the world. From the standpoint of the Soviet Union, it would be a major strategic coup to impose on the United States the

burden of defending our southern approaches, thereby stripping us of the compensating advantage that offsets the burden of our transoceanic lines of communication.³⁴

Defense and security analyst Ashley Tellis described a continuum of perceptions about the threat in the region. He suggested:

"Doves" tend to view the problems in that region as stemming from indigenous structures of poverty, injustice and oligarchic, closed political systems, rather than Soviet interventionist activity. In contrast, "hawks" argue that the core issue revolves around Soviet-Cuban-Nicaraguan covert intervention and a Soviet effort to advance into and destabilize America's southern flank.³⁵

In developing his assessment of the threat, Tellis described how the Soviet Union took advantage of the Nixon Doctrine which in the early 1970's, after withdrawal from Vietnam, was one of benign neglect in Central and Latin America. He said the Soviet Union initially deferred to U.S. hegemony in the region, a concept called "geographic fatalism." This was based on American military intervention in the Dominican Republic in 1965 and more subtle interventions to replace leftist leaning governments in Guatemala in 1954 and Chile in 1973. The Soviet policy under this concept was to encourage Latin American communist parties to infiltrate trade unions and other parts of the political mainstream, while Moscow worked to establish normalization of diplomatic and commercial ties. The 1979 victory of the Sandinistas in Nicaragua changed Soviet ideas about U.S. hegemony in the region. It was hailed by Cuba and the USSR "... as a historic watershed reversing the dismal trends that had afflicted communist fortunes since the ouster of Allende in Chile in 1973,

and was perceived as the first real opportunity in two decades to bury the doctrine of geographic fatalism."³⁶ The Soviets now saw an opportunity to increase their influence and, therefore, greatly built up and modernized Cuban and Nicaraguan military forces, airfields and seaports. Tellis described this threat to the United States as follows:

What is of serious concern, therefore, is not the possibility that the United States may be surrounded by numerous nation-states professing ideological orientations alien to our own; the United States has coexisted with such regimes and can continue to do so. Rather, the picture becomes unsettling from the U.S. vantage point when states discard their national independence to align themselves so closely with the Soviet Union as to assume the latter's foreign policies and objectives as their own.

Thus, what is really important is not simply the rearmament of Cuba per se--or, for that matter, of Nicaragua--as much as the goals embodied by the quality and nature of the armaments so transferred and the military facilities established in the wake of Soviet-aligned partisan victories. The bulk of the Soviet arms transfers to both these states does not consist merely of infantry and personnel arms which might be construed as "defensive" in orientation; instead, power-projection, amphibious and transport assets, and high quality strike/interceptor aircraft constitute the bulk of Soviet generosity. It is logical to conclude that massive transfers of such weapons hardly mark the wherewithal with which insurgencies are ignited or stoked.³⁷

Tellis stated that those who fear and focus on Cuban/Soviet encouragement of insurgencies miss the even greater threat that the Soviet objective for the area will bring. This objective is to cement a series of forward investments enabling an interdiction capability effective enough to disrupt sea lines of communication that link the U.S. reinforcement forces with its European allies. "Soviet strategy thus projects that Cuban-and Nicaraguan-based

Soviet forces would engage in persistent harassment and sea denial operations, attempting to seal the four choke points in the thirteen Caribbean sealanes through which all the reinforcements would have to pass."³⁸ Tellis concluded:

The Soviet aims in Central America are thus far more grandiose than "exporting revolution." In the short run, the Soviet Union seeks to exacerbate the turmoil in Central America in the hope of establishing herself as a vital power broker whose acquiescence would be necessary to create a durable peace in America's own backyard -- a posture consistent with the claim of Soviet ideologists that her superpower status vests her with a crucial voice indispensable to the resolution of all global problems.³⁹

More menacing in the longer run is that the "... ultimate Soviet strategic objective is to mount the kind of power projection into the Caribbean-Central American Region--or failing which, at least effectuate the kind of hemispheric denial--that would squarely interdict vital American interests and Western Alliance lifelines and in effect hold America's global strategy hostage in event of a larger conflict."⁴⁰

Timothy Ashby in his book, "The Bear In The Back Yard," agreed with the conclusions above. He quoted Soviet Admiral Gorshkov's comments from a 1979 Soviet publication, "Naval Power in Soviet Policy." Gorshkov said, "To achieve superiority of forces over the enemy in the main sector and pin him down in the secondary sectors... means to achieve sea control in a theater or a sector of a theater....The enemy will be paralyzed or constrained in his operations... and thereby hampered from interfering with our operations." Gorshkov also said, "A Central American isthmus dominated by Soviet client states would almost

certainly lead to a Managua-style regime in Mexico, thereby confronting the United States with a populous enemy along what is presently an undefended, contiguous border some two thousand miles long."⁴¹

Assessing the resources that the Soviets are putting into the strategies described above, President Reagan's Commission on Integrated Long-Term Strategy reported as follows:

the USSR has thirty times more military advisors and trainers than the United States in the Third World; Soviet aid for Third World countries is now five times greater than that of the United States; and, while over the last two decades the United States has cut back its training programs for military personnel by two-thirds, the Soviets trebled theirs and now train almost twice as many as does the United States. ⁴²

The threat of communism and instability in Central America loomed large at the end of the Carter administration and into the Reagan administration.

Economic Decline

The second threat to U.S. interests in Central America is economic decline. U.S. economic interest in the region is related more to the Central American economies' impact on promoting stable governments in the area than it is to their importance to the prosperity of the American economy. The Assistant Secretary of State of the Carter administration described the impact of interrelated economic and social problems on the political systems of the Central American countries. He said socioeconomic strains were undermining institutions, from public order and social services to the media and political parties. He noted that the countries have always had inequitable economic growth and

maldistribution of income, but after a period of steady economic decline in the 1970's, there was widespread frustration of aspirations. He concluded:

...as pressures build up, governments have tended to rely on repression of dissent. Movements expressing pressures for modernization or more basic demands for equity have too often been frustrated by electoral manipulation and violence, censorship of the media, outlawing of political parties, and suspension of constitutional guarantees. Where legitimate channels of redress are choked off, the political situation tends to polarize to the extremes and the likelihood of peaceful evolution and change is reduced.⁴³

President Reagan, in a speech to the Organization of American States in 1982, said U.S. economic interests in the Caribbean were "vital" to the United States. It is important to note, however, that he included the twenty-odd countries of the Caribbean with the five countries of Central America and was emphasizing the commercial water arteries in the Caribbean sea. He said:

The Caribbean region is a vital strategic and commercial artery for the United States. Nearly half of our trade, two-thirds of our imported oil, and over half of our imported strategic minerals pass through the Panama Canal or the Gulf of Mexico.⁴⁴

Later in his remarks, he declared that the importance of economic growth in Central America is that it will allow democracy to grow. In his words:

The well-being and security of our neighbors in this region are in our vital interest. Economic health is one of the keys to a secure future for our Caribbean Basin and to the neighbors there... The economic disaster is consuming our neighbors' money, reserves, and credit, forcing thousands of people to leave for other countries -- for the United States, often illegally -- and shaking even the most established democracies. And economic disaster has provided a fresh opening to

the enemies of freedom, national independence, and peaceful development.⁴⁵

Economic growth in Central America is important to the United States because it improves the chances of democratic political development and reduces the flow of immigrants to the United States. Most analysts agree with this and the conclusion that the economies of Central America are not vital to U.S. prosperity.

Donald Nuechterlein rated the economies of Central America as being of "major" importance to the United States, using the four-category typology he developed to rate the intensity of U.S. interests. The intensity ratings, from highest to lowest, are: survival, vital, major and peripheral. Nuechterlein described a major interest as "... one that a country considers to be important but not crucial to its well-being."⁴⁶ Others rate the economic interest lower. Robert Leiken and Barry Rubin said:

Current U.S. economic interests in the region are few; our trade and investment are slight. No strategic raw materials are presently obtained from Central America, and it is not a major petroleum producer.⁴⁷

Abraham Lowenthal made a stronger point that the Central American economy is of little importance to the United States. He concluded that "United States firms now have almost twice as much invested in Canada than all of Latin America and the Caribbean; they have as much invested in the United Kingdom and Ireland as in all of South America; and more invested in Denmark than in all of Central America."⁴⁸ Lowenthal suggested that not only are their economies of little importance but also their sociopolitical elements. He explained:

The countries of Central America are small and weak. Their capacity to resolve international problems is limited. U.S. investment, financial and commercial interests are meager. The region's persistent failure to achieve lasting democracy or sustained respect for human rights has never had profound impact on the United States, because Central America's economic and demographic connections with this country have been much less significant than those of the Caribbean and Mexico. And Central America's economy - primarily dependent on the export of bananas, coffee, cotton, and sugar is likely to remain integrated into the international capitalist system on more or less the same terms, regardless of the region's internal politics, unless (as in the case of Nicaragua) the United States imposes economic sanctions.⁴⁹

While downplaying a direct U.S. economic interest in Central America, almost all analysts agree with President Reagan's assessment that healthy economies in Central America are crucial to eliminating many of the factors on which insurgencies and instability thrive. For this reason the economies of Central America are important to the United States. The next section describes the conditions of the Central American economies and challenges to them.

In the 1960's and 1970's, economic growth in Central and South America kept ahead of population growth. The General Treaty for Central American Integration, signed by the five countries in 1960, led to the establishment of a Central American Common Market. The Bipartisan Commission on Central America described this period as follows:

The common market inspired a surge of energy and optimism throughout the region. Manufacturing for import substitution produced significant industrialization, particularly in Guatemala and El Salvador. Intra-regional trade grew from only \$33 million in 1960 to over \$1 billion in 1980, a

proportional increase two and a half times greater than growth in world trade during these decades... Generally favorable and stable international prices for Central America's export commodities also contributed to this dynamic economic growth. The region's exports went up dramatically, rising from \$250 million in 1950 to \$3.5 billion in 1978. Gross domestic product in the region increased at a rate of 5.3 percent per year in real terms between 1950 and 1978. Incomes calculated on a per capita basis rose at rates all the more impressive because they were accompanied by population growth with few parallels in the world. The five republics had a population of less than eight million in 1950, and of more than 20 million by the end of the 1970's. Yet between those years real per capita income doubled.⁵⁰

This growth, however, was marred by a system in which economic gains went into the hands of only a few elite.

Thus, as an example, in El Salvador in 1980, 66 percent of the national income went to the richest 20 percent of the population, 2 percent to the poorest 20 percent... Over 60 percent of the region's population was living in poverty. The real incomes of poor families in Guatemala were actually lower in 1980 than in 1970.⁵¹

The economic situation in the 1980's remained poor. And although the growth in the earlier period did not filter down to the masses, it aroused expectations which have now been shattered. Howard Wiarda described the situation as follows:

"... the problems include devastating poverty, the world's highest per capita debt, un- and underemployment that may reach 40 to 50 percent of the work force, negative growth rates over the past five years, immense income inequalities, declining terms of trade, immense capital flight, very little new investment, little U.S. foreign assistance, declining living standards now reaching back to 1960's levels, increased protectionism on the part of those countries with whom Latin America must trade, rising prices for the goods Latin America must import, and, in some countries, devastation of the economic infrastructure by guerrilla forces."⁵²

Wiarda cited population growth as the major factor which impinges on any correction of the economies, calling it the "population-treadmill effect." He explained:

High-fertility countries, such as those of Latin America that face a doubling or even tripling of the school-age population by the end of the century, will require major increases in spending for education even if the objective is just to maintain the present, rather low educational levels. The same population-treadmill effect applies to electric power, transportation, jobs, housing, health care, and other basic services. Given present and projected population growth, the Latin American economies must move ahead at unprecedented rates just to stay even.⁸³

Wiarda concluded, "The vicious circles of Latin America underdevelopment are such that one may doubt, even without being unduly pessimistic, that they will ever be resolved."⁸⁴ From this dire forecast, which will have to be faced head-on by any U.S. strategy to assist, the study turns to the causes of the economic quagmire. These causes will have to be alleviated if economic growth and stability are to be realized.

There is substantial agreement on the causes of the drastic economic situation in Central America and, for that matter, Mexico, the Caribbean, and South America. The Bipartisan Commission listed the following causes for economic decline: high oil prices; world inflation; prolonged world recession and weak demand and prices for commodity exports; intra-regional tensions and unrest collapsing the Central American Common Market and causing capital flight; bad government policies resulting in disincentives to investment; and excessive foreign debt, the interest on which saps any progress in export earnings.⁸⁵ Of all these causes, Howard Wiarda concluded that the major cause is the

general world recession, which occurred in 1979 and continues.

As he explained:

The bottom simply dropped out of the markets for the products that Latin America traditionally exported as the big importers went through their own recessions and curtailed purchases. Trade dried up, which in turn had a ripple effect on the Latin American domestic economies. As markets dried up, the Latin American economies went into a tailspin from which they have not yet recovered. Increasingly, drugs came to replace traditional exports such as coffee, bananas, or sugar.²⁴

Wiarda maintained that U.S. growth has primarily been in the service sector and hasn't stimulated Central American economies. In addition to the causes given by the Bipartisan Commission on Central America, Wiarda added the following internal causes: widespread corruption; the enormous growth of Latin American bureaucracies which serve as a social safety net and enables a regime to retain its enemies as well as its supporters on the public payroll; and the growth of state-owned industries, or "parastatals," which are wasteful and inefficient.

This concludes the description of U.S. economic interests in Central America and challenges to them. Obviously, the adverse economic situation in Central America is formidable and applies vast pressure on the political stability of the region.

Drug Trade

The third threat to U.S. interests in Central America is the increasing drug trade. Not much has to be written here to describe the impact of drug use on the economic, health and moral fabric of the United States. It is described almost daily on television and in newsprint. Although drugs are produced princi-

pally in Colombia, Bolivia, Peru, Ecuador and Mexico, they are also produced in Central America. Central American countries at this time, however, serve more as transshipment bases. The U.S. concern in the region is that drug operations will continue to expand and that drug money will buy the political apparatus, and hence blunt any movement to honest, pluralistic and democratic government. In the worst case country, Colombia, the infamous Medellin Cartel earns a reputed profit of US\$2 billion to \$4 billion a year. Analyst Bruce Bagley gave an example of the tremendous effect the drug empire has on Colombia. He said drug czar Carlos Lehder:

gained notoriety in early 1985 with his announcement that he would pay \$350,000 to anyone who could kill or capture the DEA chief, and a lower amount for others. In March 1985, in hiding as a result of Colombian President Betancur's crack-down, he gave an interview (subsequently aired on television) in which he appealed to discontented military officers and Marxist revolutionaries alike to join him in the cocaine bonanza... the arm of the struggle against America...the Achilles' heel of American imperialism."²⁷

The effect of the drug business on the institutions of Central American countries has not yet been documented in detail, but one can conclude that it will be very detrimental to them and, in turn, to U.S. interests in the region.

This concludes examination of recent U.S. interests in Central America and threats to those interests. The situation facing the Carter administration and then the Reagan administration was deemed serious enough that both focused their foreign policy extensively on the region. The next chapter describes the U.S. strategy to protect U.S. interests in Central America for the past nine years.

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CHAPTER II

RECENT U.S. STRATEGY IN CENTRAL AMERICA

The purpose of this chapter is to describe the Carter and Reagan administrations' strategy to reduce threats to U.S. interests outlined in the previous chapter. The chapter is divided into six sections. The first three sections review the Carter and Reagan administrations' strategy to pressure Nicaragua to make reforms, to assist the El Salvadoran government in defeating insurgency, and to increase economic growth and political stability in the region. This will be done by reviewing strategy announcements, actions and reactions to events in the approximate chronological order in which they occurred. The fourth and fifth sections will describe the Reagan administration's strategy to reduce the Central American debt problem and the influence of the drug business, respectively. The final section will summarize the Reagan administration's overall strategic approach toward Central America.

THE BEGINNING YEARS - THE CARTER ADMINISTRATION (1978-1980)

The Carter administration turned its attention toward events in Nicaragua in 1978, when the Sandinistas were increasing pressure to oust dictator Anastasio Somoza. The Carter administration recognized the corruptness of the Somoza regime and the likelihood of success by the determined insurgency. The administration decided to take a diplomatic route to set up negotiations with the objective of causing Somoza's removal and replacement by moderate elements in the leftist Sandinista coalition. Mexico

and other Latin American nations were invited to join an effort to mediate between the Nicaraguan opposition and Somoza, under Department of State auspices. Mexico declined, saying this would be an intervention in Nicaragua's internal affairs. The Carter administration's negotiation effort and Mexico's negative response was the first episode of political negotiation on Nicaragua. In June 1979, the United States requested a meeting of the Organization of American States (OAS) in an effort to avoid total destruction of the National Guard and the triumph of the revolutionary army through a multilateral cease-fire. Mexico blocked this by responding that the OAS "cannot legally, politically nor morally intervene in this purely Nicaraguan affair."¹ President Carter had equal difficulty negotiating concessions with Somoza, who believed that he could hold out for more favorable conditions and terms. By the time President Carter personally asked him to step down, there was little hope of keeping the Marxist faction of the revolutionary force leadership from consolidating its power within the Sandinista movement.² The failed mediation effort and past U.S. support for Somoza probably foreclosed on any U.S. hope that Marxist leadership might have considered President Carter's advice to take a nonaligned stance. But the Carter Administration tried one more tactic to influence the Sandinistas. It offered the new government \$115 million in aid. Aid was suspended in 1980, however, when there was a great deal of evidence that the Sandinistas were supplying aid to the leftist insurgents in El Salvador.³ After failure in Nicaragua, the Carter administration had to turn its attention immediately

to El Salvador where leftist insurgents, bolstered by the Sandinista's success in Nicaragua, started a drive to topple the governing junta.

In October 1980, the Carter administration prepared to give the governing junta in El Salvador \$50 million in economic aid and \$6 million in nonlethal military aid. However, an increase in human rights abuses in El Salvador caused President Carter to suspend aid in December 1980.⁴ President Carter's foreign policy was built on a foundation which emphasized human rights. Aid was given to a country based on its government's record of respect for its citizens and rule by law. In February 1980, President Carter received a letter from the San Salvador Catholic Archbishop, Oscar Romero, requesting that he not give material aid to the El Salvadoran government because of its failure to provide human rights to its people. Archbishop Romero's letter said in part:

Because you are a Christian and because you have shown that you want to defend human rights, I venture to set forth for you my pastoral point of view concerning this news (of impending U.S. aid) and to make a request. ... I am very worried by the news that the government of the United States is studying a form of abetting the army of El Salvador by sending military teams and advisors to "train three Salvador battalions in logistics, communications and intelligence." If this information from the newspapers is correct, instead of promoting greater justice and peace in El Salvador, it will without doubt sharpen the injustice and repression against the organizations of the people who repeatedly have been struggling to gain respect for their most fundamental human rights.

The present junta government and above all these armed forces and security forces unfortunately have not demonstrated their capacity to resolve, in political and structural practice, the grave

national problems. In general, they have only reverted to repressive violence, producing a total of deaths and injuries much greater than the recent military regime, whose systematic violation of human rights was denounced by the Inter-American Commission of Human Rights.

The brutal form in which security forces recently attacked and assassinated the occupiers of the headquarters of the Christian Democratic Party, in spite of what appears to be the lack of authorization for this operation from the junta government and the party, is an indication that the junta and party do not govern the country, but that political power is in the hands of the unscrupulous military who know how to repress the people and promote the interests of the Salvadoran oligarchy.⁵

During the first three months of 1980, approximately 900 civilians were allegedly killed by government forces, more than the total in 1979.⁶ Archbishop Romero, himself, was assassinated on March 29, 1980, while conducting mass in San Salvador, in a cancer hospital run by Catholic sisters. New York Times correspondent Raymond Bonner reported that in 1984 the former ambassador to El Salvador, Robert White, told a House subcommittee that Roberto D'Aubuisson, an ex-army major and leader of the ultra right faction, planned and ordered the assassination.⁷ Then in December of 1980, the bodies of four American nuns were unearthed in El Salvador. They were serving in El Salvador and were murdered by a suspected military "death squad".⁸ This event triggered President Carter's suspension of aid. One month later, however, with his term coming to a close in January 1981, President Carter restored economic and nonlethal military aid to El Salvador. One analyst theorized that, although President Carter was deeply troubled by the deaths of the nuns and other human rights violations, he restored aid because he succumbed to the

criticisms arising from failure of U.S. strategy to get U.S. hostages out of Iran and to prevent communist consolidation in Nicaragua. He wanted to be assertive in the end.⁹ Another explanation is that the United States did not want to lose its influence in El Salvador, and aid was used as a "carrot" to induce the military to support economic and political reforms.¹⁰ The El Salvadoran government's inability to stop human rights violations by the military would continue to be an issue in Congress and the media throughout the tenure of President Reagan and up to the present time.

THE REAGAN ADMINISTRATION'S FIRST TERM (1981-1984)

In January 1981, the Reagan administration came to office and there was a dramatic shift in strategy. Although the ends of the Carter and Reagan administrations were essentially the same, the ways and means were greatly different. "The Carter administration, perceiving inequity, underdevelopment and repression as the main engine of Central American instability--not Cuba or the Soviet Union, as was later contended by the Reagan administration--considered political and economic change as necessary and inevitable."¹¹ Jeanne Kirkpatrick, selected by President Reagan to be U.S. ambassador to the U.N., described her perspective of the differences in the "means" of the two administrations. She said the Carter administration pulled support from Somoza, because of human rights violations in Nicaragua, at critical times which weakened him and strengthened his opponents. She also said the U.S. mediation efforts and its initiatives in

the Organization of American States (OAS) strengthened the opposition by encouraging internationalism of the opposition. In fact, she stated, the Carter administration "...was vastly more supportive of the Sandinistas than it was of the Somoza regime, despite the fact that Somoza and his government were as doggedly friendly and responsive to U.S. interests and desires as the Sandinistas have been hostile and nonresponsive".¹² She implied that the Carter administration was naive to put human rights first and to think that democracy would emerge in Nicaragua. There was a key difference in the "means" of the Carter and Reagan strategies. The Carter administration was hesitant to work with an authoritarian government and preferred mediation to solve disputes, hoping that democratic values would emerge. The Reagan administration's objective was to help governments to reform, but the primary thrust was to shore them up so that they could ensure stability. It operated under the assumption, which Jeanne Kirkpatrick stated, using Thomas Hobbes's thoughts, that "... the primacy of order is the basic value of a political system without which no other value can be enjoyed".¹³ Under this principle, the first task is to get stability, and then reform can be attended to. The conservative republican sponsored "Santa Fe Report: A New Inter-American Policy," published by the Council for Inter-American Security in 1980, further highlighted what it concluded were the differences in means of the Carter and Reagan administrations' strategies. The report stated:

An ideologically motivated and selectively applied policy of human rights is detrimental to human rights properly conceived. It has cost the United States friends and allies and lost U.S.

influence in important Latin American countries. It has even contributed to the destabilization and loss or prospective loss of countries like Nicaragua, El Salvador, Guatemala, and Costa Rica...The reality of the situations confronted by Latin American governments that are under attack by domestic revolutionary groups assisted by the Soviet-Cuban axis must be understood not just as a threat to some alleged oligarchy but as a threat to the security of the United States. If the United States will content itself with a foreign policy that promotes peace and stability and the exclusion of Communism from the Americas, there will be ample opportunity to promote respect for concrete civil liberties and actual economic betterment for all the people of the Americas.¹⁴

The Reagan administration turned up the flow of military and economic aid to El Salvador with fewer strings attached. Fifty-five trainers were sent to El Salvador. Their military was expanded from 13,000 to 40,000 between 1981 and 1985. One battalion and over 500 officers received training in the United States. Several battalions were trained by U.S. personnel in a U.S. funded training site in northern Honduras.¹⁵ Concerning Nicaragua, after failure of a diplomatic attempt early in 1980 to get the Sandinistas to make reforms, the Reagan administration sought and obtained funding for the Contra rebels to fight the Sandinista government. The CIA trained Contra forces. Initial amounts of small covert funding was used from 1981 to 1984, and then President Reagan went to Congress and the public to get support for much larger sums. In addition to economic sanctions prohibiting U.S. trade with Nicaragua, the United States used its influence to stop or impede loans by international banking organizations such as the World Bank, the International Monetary Fund, and the Inter-American Development Bank. Reagan's adminis-

tration also exponentially increased the military and economic aid to Honduras and Costa Rica. These countries were necessary to Contra operations, and both governments agreed to allow Contras to set up inside their borders and Contra supplies to flow through their countries.¹⁶ The democratic-controlled Congress kept a guiding and restraining hand on administration policies and an equally watchful eye. Well aware of the bad human rights record in El Salvador, Congress passed a public law on December 29, 1981, linking U.S. aid to verified human rights protection which was to be certified by the administration. The main components of the law were as follows:

In fiscal year 1982 and 1983, funds may be obligated for assistance for El Salvador...only if not later than thirty days after the date of enactment of this Act and every one hundred and eighty days thereafter, the President makes a certification...that the Government of El Salvador:

- (1) is making a concerted and significant effort to comply with internationally recognized human rights;
- (2) is achieving substantial control over all elements of its own armed forces, so as to bring an end to the indiscriminate torture and murder of El Salvadoran citizens by these forces; and
- (3) is making a concerted and significant effort to comply with internationally recognized human rights...¹⁷

The law also required the President within ninety days to report on:

The viewpoints of all major parties to the conflict in El Salvador and of the influential actors in the El Salvadoran political system regarding the potential for and interest in negotiations, elections and a settlement of the conflict; and the views of democratic Latin American nations, Canada, the Organization of American States, and European Allies of the United States regarding a negotiated settlement to such conflict.¹⁸

And the law also stated that it was the sense of Congress for the President to consult with regional leaders regarding the attainment of a negotiated settlement in El Salvador. The general philosophy and strategy of the Carter administration were apparent in this legislation, and Congress generally resisted the Reagan strategy throughout his tenure.

On February 24, 1982, a month after a leftist government took over in Grenada, President Reagan in a speech to the Organization of American States briefed an economic component of his strategy to decrease the underlying causes for instability in the region. His Caribbean Basin Initiative was passed as the Caribbean Recovery Act seventeen months later on 28 July 1983. The program consisted of the following:

Expansion of an existing tariff free or reduced tariff status under the generalized system of preferences to a wide variety of potential products for two years to encourage investors to manufacture new export products. This would enable investors to enter the market knowing that their products will receive duty-free treatment for at least the pay-off lifetime of their investments.

Tax incentives to U.S. firms to invest in the Caribbean Basin.

A supplemental fiscal year 1982 appropriation of \$350 million to those countries which are particularly hard hit economically. Much of this aid will be concentrated in the private sector to help foster the spirit of enterprise necessary to take advantage of the trade and investment portions of the program.

Technical assistance and training for the private sector.

Encouragement of Mexico, Canada, Venezuela, European countries, Japan and other allies as well as multilateral development institutions to increase their assistance in the region.

Special measures to ensure Puerto Rico and the U.S. Virgin Islands benefit and, therefore, continue with their strong traditions of democracy and free enterprise to play leading roles in the development of the area.¹⁹

The countries entitled to this aid were: Antigua, Aruba, Barbuda, Barbados, the Bahamas, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Christopher, Nevis, St. Lucia, St. Vincent, the Grenadines, Trinidad and Tobago. Panama was removed from this program by the Reagan Administration in 1988. It was one of many U.S. economic sanctions to force General Noriega to step down, after he was indicted by a federal court in Miami for drug dealing.

President Reagan, in an attempt to build bipartisan support for his strategy in Central America, addressed a joint session of Congress on April 27, 1983. The following statements provide insights into his philosophy and strategy. He said:

I do not believe that the majority of the Congress or this country is prepared to stand by passively while the people of Central America are delivered to totalitarianism and we ourselves are left vulnerable to new dangers.

There is no thought of sending American combat troops to Central America; they are not needed--indeed, they have not been requested there. All our neighbors ask of us is assistance in training and arms to protect themselves while they build a better, freer life.

We will pursue four basic goals in Central America. First, in the response to decades of inequity and indifference, we will support democracy, reform, and human freedom...

Second, in response to the challenge of world recession and, in the case of El Salvador, to the

unrelenting campaign of economic sabotage by the guerrillas, we will support economic development...

Third, in response to the military challenge from Cuba and Nicaragua--to their deliberate use of force to spread tyranny--we will support the security of the region's threatened nations...

Fourth, we will support dialogue and negotiations both among the countries of the region and within each country. The U.S. will work toward a political solution in Central America which will serve the interests of the democratic process.²⁰

In his speech, President Reagan admitted that there were still major problems in El Salvador regarding human rights, the criminal justice system, and violence against the non-combatant. But he described the actions of the guerrillas, trained in Nicaragua and Cuba, as being worse. Concerning Nicaragua, he described how the Sandinistas came into power promising pluralism and freedom, and how President Carter and he had initially tried to support them. He outlined the stages by which the Sandinistas tightened their control through repression and broke their promise to the Nicaraguan people and the Organization of American States. Assessing the regional threat to the United States, he said:

The goal of the professional guerrilla movements in Central America is as simple as it is sinister -- to destabilize the entire region from the Panama Canal to Mexico. If you doubt me on this point, just consider what Cayetano Carpio, the now deceased Salvadoran guerrilla leader, said earlier this month. Carpio said that after El Salvador fell, El Salvador and Nicaragua would be "arm-in-arm and struggling for the total liberation of Central America."²¹

President Reagan's Under Secretary of State later stated a more forceful policy goal which implied the United States wanted the removal of the Sandinistas from government, not just their reform. He said on September 12, 1983:

We want to prevent the expansion of totalitarian regimes--particularly Leninist ones, since they will import Stalinist police systems, bring in Soviet arms, and even invite Soviet bases. There are two more reasons why Leninist regimes are particularly dangerous: once entrenched, they tend to become irreversible and they usually seek to export totalitarianism to other nations... We must prevent the consolidation of a Sandinista regime in Nicaragua... If we cannot prevent that, we have to anticipate the partition of Central America. Once those in Congress who are now blocking adequate assistance give us the means to succeed, the capability and determination of the United States will become clear. This will make the Soviet Union more cautious, which in turn will help our success. On the other hand, if we signal that we are afraid of victory over the forces of violence, if we signal that we have opted for protracted failure, we will only encourage the Soviets to redouble their effort.²²

Congress, however, did not accept the philosophy of this forceful approach and took more steps to change it. One month after the President's speech, Congressman Edward Boland introduced legislation restricting U.S. aid and actions to only those efforts to stop transfer of military equipment to insurgents in friendly countries. It prohibited the United States from any actions designed to overthrow any country in Central America.²³ The Reagan administration, however, continued to apply pressure in the region, and it was not apparent that the Sandinistas were backing down.

The Reagan administration approved the first introduction of large U.S. combat units in the region in the form of a large scale, combined U.S.-Honduran exercise. This took place in the Spring of 1983 and was done to show U.S. resolve in the region. In July of 1983, a 96-man guerrilla force from Nicaragua entered into remote north-eastern Honduras to establish a base to promote

insurgency against the Honduran government. The guerrillas were Hondurans who were recruited in 1981 and trained in Cuba and Nicaragua. Once in Honduras the group received no support from the populace, which very quickly told Honduran authorities of their presence. The guerrillas were killed or captured by the Honduran military.²⁴ It was apparent that the Reagan administration and the Sandinistas were both stepping up the pressure. It was because of this escalation that the Contadora countries entered the arena in hope of mediating and negotiating a compromise.

In September of 1983, after a series of meetings initiated by President Belisario Betancur of Colombia, the Foreign Ministers of Mexico, Colombia, Venezuela and Panama published objectives to constitute the basis for a negotiated settlement of the turmoil in Central America. This was the beginning of the Contadora Peace Plan. The countries came together over their concern about the increasing military build-up in the region, U.S. support for the Contras and hostile positioning against Nicaragua, and Nicaragua's support for communists in neighboring countries.²⁵ The group concluded that the cause of the instability in the region was not tensions between the East and West, but in the economic and social problems that the countries encountered. Furthermore, Contadora reaffirmed the principle of non-intervention and self-determination and called for dialogue and negotiations.

The need for maintaining consensus among the four Contadora countries called for adjustments and mutual concessions which

limited their ability to develop a comprehensive plan. The following were two of the major differences:

The Salvadoran civil war could not be discussed because Mexico supported the FMLN-FDR while Venezuela favored the Christian Democrats and Jose Napoleon Duarte. Nor could the behavior of international actors in the region be openly debated: Mexico attributed the intervention only to the United States; Venezuela blamed it on Cuba and Soviet Union as well.²⁶

Contadora undertook its tasks with the hope that the observance of internal rules of peaceful coexistence among states would neutralize external pressures and condition the behavior of other countries not in the region. Contadora hoped that progress in the negotiations would present a real obstacle to what they thought were Washington's war plans.²⁷ By joining forces under Contadora, the regional powers believed that they might be able to constrain the United States from its unilateral actions and thereby enhance their own role. Contadora forged a consensus around a number of objectives that could constitute the basis for a negotiated settlement. These were stated in the 21 points of the Document of Objectives of September 1983, calling for democracy and national reconciliation, an end to support for paramilitary forces across borders, control of the regional arms race, reduction of foreign military advisers and troops, and prohibition of foreign military bases.

Contadora aimed to fill a diplomatic vacuum. The Sandinistas have preferred not to work with the Organization of American States (OAS) since they believed the United States still controlled its members, despite considerable evidence to the contrary. They favored the United Nations, where the dominant Third World coalition is sure to favor Nicaragua over the United States. For this reason, the United Nations has been an unaccep-

table mediator for the United States, which strongly advocates hemispheric solutions to hemispheric problems. ²⁸

Although it took another year for Contadora to table a peace treaty, their strong entry into the diplomacy of negotiations in Central America was something desired by the U.S. Congress and a force the Reagan administration would have to deal with.

In October 1983, six months after his address to the joint session, President Reagan ordered U.S. forces onto the island of Grenada. Their mission was to protect U.S. citizens and restore political order after the pro-Soviet leader of the country, Maurice Bishop, was shot to death along with eighteen other members of his cabinet at the order of his deputy, Bernard Coard.²⁹ The short duration of the operation and minimal U.S. casualties probably helped to gain a favorable U.S. public and congressional response. It sent a strong message to Cuba and the U.S.S.R. as to President Reagan's assertiveness. However, it appeared not to have support from the international community, except for the Eastern Caribbean states that had requested the intervention, and El Salvador and Israel. On November 2, 1983, the U.N. General Assembly voted on a resolution sponsored by Nicaragua, Zimbabwe, and Guyana, which called for the immediate cessation of fighting on the island and withdrawal of all troops, characterizing the intervention as a "flagrant violation of international law." The resolution was adopted 108 to 9 with 27 abstentions.³⁰

In December of 1983, Vice President Bush went to El Salvador to continue the pressure on the El Salvadoran government and military to reform human rights practices. In a speech at a dinner

hosted by the El Salvadoran President, Vice President Bush said in part:

The right wing fanatics are the best friends the Soviets, the Cubans, the Sandinista comandantes, and the Salvadoran guerrillas have. Every murderous act they commit poisons the well of friendship between our two countries and advances the cause of those who would impose an alien dictatorship on the people of El Salvador. These cowardly death squad terrorists are just as repugnant to me, President Reagan, to the U.S. Congress, and to the American people as the terrorists of the left. Mr. President, I know that these words are not those of the usual dinner toast. My intention is not to abuse your hospitality nor to offend you and your other guests. I speak as a friend, one who is committed to your success -- the success of democracy in El Salvador. And I owe it to you as a friend to speak frankly...I ask you as a friend not to make the mistake of thinking that there is any division in my country on this question. It is not just the President, it is not just me or the Congress. If these death squad murders continue, you will lose support of the American people, and that would indeed be a tragedy.³¹

The problem of human rights violations and government control over the military continued up to the present. Thirty days into his presidency, President Bush sent Vice President Quayle to El Salvador to express again this same message and warning to the government.³²

On January 1, 1984, President Reagan received the report of the National Bipartisan Commission on Central America, which he established in June 1983 to study Central America. President Reagan sought advice on what would be appropriate elements of a "... long term U.S. policy that would best respond to the challenges of social, economic and democratic development in the region and to external threats to its security and stability."³³ Chaired by Henry Kissinger, the twelve member commission empha-

sized and described in detail the economic and sociopolitical problems in the region. The Commission recommended an immediate emergency stabilization program consisting of the following: the immediate addition of \$400 million in bilateral economic assistance to the already appropriated FY 84 amount of \$477 million; establishment of a debt task force to assist countries in debt renegotiations with banks and encourage banks to give new loans; new legislation to establish a trade credit insurance program which would provide U.S. government guarantees for short term trade credits to Central America countries from U.S. commercial banks, which would allow needed industrial imports; the U.S. joining and contributing to the Central American Bank for Economic Integration which makes loans to entrepreneurs and farmers; U.S. emergency credit to the Central American Common Market Fund to refinance part of the accumulated trade deficits among countries which have caused contraction of interregional trade; the United States hosting a meeting of Central American leaders to develop a comprehensive plan of economic development and reinvigoration of the Central American Common Market; and the establishment of an Emergency Action Committee of concerned private citizens and organizations with a mandate to provide advice on new initiatives to spur growth and employment in the region.³⁴

For the medium and long term, the Commission recommended that the United States undertake programs in 31 specific areas. These are at Inclosure 1. The specific recommendations were designed to accomplish the following objectives:

Strengthen democratic institutions and processes to bring about greater participation in the political and development process.

Arrest economic decline and stabilize the region's economies.
Assist in the economic transformation and laying of the basis of sustained economic growth.
Assist in formulating programs to increase equity and the spreading of the benefits of economic growth to the populace.³⁵

To resource programs in these areas, the Commission recommended that Congress appropriate on a multiple-year basis a total of \$8 billion over a five year period beginning in 1985. This essentially doubled each year the amount of money appropriated in 1983.³⁶ Noting that their request was coming at a time of budget deficits, the Commission stated:

We recognize that such a proposal, at a time of serious concern in the United States about the level of governmental spending and the prospective size of the federal budget deficit, may be viewed with scepticism. However, we firmly believe that without such large scale assistance, economic recovery, social progress, and the development of democratic institutions in Central America will be set back.³⁷

Using this report, the Reagan administration developed the Central American Democracy, Peace and Development Initiative and requested funding of \$6.9 billion from 1984 through 1989. At Inclosure 2 is a breakout of monies by country and purpose. The funding was approved, although for the past three years it was reduced by fifteen percent per year. At Inclosure 3 is a breakout of the request for the FY 89 assistance to Mexico, Central America, the Caribbean and South America. The preponderance of aid goes to Central America, in order of El Salvador, Honduras, Guatemala and Costa Rica. In 1988, the Reagan administration requested that the initiative for Central America be extended to 1992.³⁸

Concurrent with implementation of aid programs, the Reagan administration kept the pressure on the Sandinistas. The President authorized the mining of Nicaraguan harbors by an elite CIA unit on April 6, 1984. U.S. training exercises in the region, mostly in Honduras, increased, and a U.S. military presence of 1200 service members was established there to support the growing number of exercises. Heated debates continued in Congress about policy and funding for El Salvador and the Contras. For example, democratic Congressman Studds stated that:

The President has clearly staked out his course. It is one based on military force and covert action, not negotiations and peace. It pays lip-service to the goals of the Contadora nations, while steadily increasing the numbers of U.S. military trainers, troops and arms in the region.³⁹

He and other democrats criticized the ineffectiveness of the El Salvadoran military, their corruption and human rights violations. Democratic Congressman Bonior said, "If we tie our nation's prestige to a government that cannot meet these basic conditions, if we commit ourselves to massive military aid without asking whether that aid is being used in support of realistic policies, then we are endangering ourselves indeed".⁴⁰ Republican Congressman Lagomarsino argued that if aid was withheld, the El Salvadoran military would feel less secure and be less likely to reform or support any dialogue with the armed opposition.⁴¹ Funding for El Salvador continued, but not for the Contras. The negative feelings of the U.S. public and Congress toward covert CIA operations against Nicaragua built up pressure which assured passage of a second Boland Admendment on October 3, 1984, which

suspended aid to the Contras for one year. Although humanitarian and nonlethal military aid was given on and off thereafter, this signaled the beginning of the end of full Contra support.⁴²

In September 1984, the Contadora countries tabled their draft peace plan, the Contadora Acta. To the surprise of the United States, the Sandinistas accepted the plan. They did because it was seen as a vague statement of goals without concrete limits on Nicaraguan action. It did not have detailed provisions for verification and enforcement. It deferred negotiations on foreign military and security advisors and arms and troop reductions until after the treaty was signed. It also required the United States upon signature to cease military exercises and support for the Contras, El Salvador and Honduras.

The provisions for democratization and internal reconciliation were hortatory and unenforceable as drafted. They would have allowed the Sandinistas to claim that the Nicaraguan elections scheduled for November 1984 were in compliance with the Acta despite charges by the democratic opposition, led by Arturo Cruz, that the electoral process was rigged. Nicaragua accepted the Acta as a final document, not a draft for discussion, because it asked little of Nicaragua immediately and left no possibility for Nicaragua to be pressured in post signature negotiations. Accepting the Acta also improved Nicaragua's image internationally, just as the United States Congress was to vote on aid for the Contras and Nicaraguan President Daniel Ortega was to address the United Nations General Assembly.⁴³

Daniel Ortega's signing gave the appearance of the Sandinistas wanting a negotiated settlement and the Reagan administration the appearance of wanting to continue forceful pressuring for unilateral concessions. Assistant Secretary of State Longhorne Motely, analyzing President Ortega's quick move to sign the draft

treaty, said the Contadora Acta "...satisfied Nicaragua's basic demands but left issues fundamental to others for 'future discussions' and ...was a transparent ploy aimed at resisting the balancing changes sure to be insisted upon by the other participants."⁴⁴ He concluded that the 1980 United States offer of a large amount of aid for reconstruction did not cause the Sandinistas to change and that the only incentive which proved effective in prodding the Sandinistas to compromise was the Nicaraguan Opposition. He declared the Sandinistas would have no reason to compromise if this pressure was taken away. He said:

Nicaragua's freedom fighters deserve the solidarity of the West no less -- some would say more, because of the imperative of proximity -- than the Afghan rebels or the Polish Solidarity movement. Shall we always wring our hands when a country suffers from Soviet or Marxist dictatorship but fail to help those who resist it?⁴⁵

After Nicaragua accepted the Acta, Honduras, El Salvador and Costa Rica started to draft a new one, which became the Acta of Tegucigalpa of October 1984. It was:

...a substitute draft that sought to correct what they and the United States had seen as the main problems of the September 1984 Acta. The timetable for disarmament and demilitarization procedures was changed to produce more simultaneous action on these issues, and the roles of the Central American governments in the verification and enforcement processes were enhanced. The Nicaraguans immediately rejected the October draft and repeated that they would not accept any substantive changes in the September Acta.⁴⁶

With the process at an impasse, Mexico, on behalf of the Contadora countries, suggested that the United States initiate direct talks with the Sandinistas. The Contadora countries looked to the nine subsequent bilateral talks in Manzanillo, Mex-

ico, between the United States and Nicaragua to achieve a breakthrough. In the ultimate round in late 1984, Nicaragua hinted that it was willing to be flexible on key security issues in a strictly bilateral agreement. The United States pointed out that Nicaragua logically could not enter into two contradictory agreements, and eventually concluded that Nicaragua was proposing at Manzanillo the substitution of a limited bilateral agreement on security issues for a comprehensive Contadora agreement. The United States, therefore, suspended the bilateral talks in January 1985 to emphasize multilateral discussions within Contadora.⁴⁷

THE REAGAN ADMINISTRATION'S SECOND TERM (1985-1988)

In April 1985, Nicaragua and the Central American drafters of the Tegucigalpa Acta seemed to reach an agreement on revised verification procedures involving concessions by both parties.

But the negotiations bogged down again in the summer of 1985, when Nicaragua once more tried to substitute a series of bilateral security agreements for Contadora's comprehensive agenda. Nicaragua favored such an approach to avoid the issue of democratization and internal reconciliation, a shorthand term for talks between the Sandinistas and their armed and unarmed opponents, (including the Contras) leading to the eventual incorporation of the opposition into democratized political process. Democratization and internal reconciliation may well be the most difficult issues of all, because it would, in the words of President Reagan, "overthrow the Nicaraguan government, in the sense of changing its structure." The Sandinistas, however, say it is a non-issue; they will not deal with the Contras and Nicaragua is already democratic.⁴⁸

The Reagan administration proposed a peace plan on April 4, 1985, which centered on the issues of democratization and inter-

nal reconciliation in Nicaragua. President Reagan called for a cease-fire and talks between the Nicaraguan government and the Contras. At the same time, he asked Congress to release an appropriation of \$14 million in humanitarian aid for the rebels. The plan failed to obtain sufficient backing as Congress came up with less forceful alternatives and generally favored the Contadora process. The Contadora Four wanted nothing to do with this plan because it included aid for the Contras.⁴⁹

Contadora has succeeded in influencing the U.S. congressional debate over foreign policy in Central America. This is especially evident in the controversial votes in the House of Representatives over U.S. aid to the Contras. In 1985, one of the compromise bills presented by the House Democrats in an attempt to block the President's request for \$14 million for the Contras proposed that these same monies be allocated to the Contadora group instead. By 1986, Contadora had become the only viable congressional alternative to administration policy in Central America. The new surge of interest in the regional peace initiative was not surprising. In late 1985, four Latin American countries - Peru, Argentina, Brazil and Uruguay - formed a "support group" for their original counterparts, giving the multilateral peace effort a badly needed shot in the arm. For the first time these eight countries took a tough public stand: they explicitly stated their opposition to U.S. aid to the Contras, asked the administration to set aside its militaristic emphasis, and called for the resumption of bilateral talks between Nicaragua and the United States.⁵⁰

In September 1985, the Contadora group presented a third draft. Costa Rica stated that it was willing to sign this September 12 draft. El Salvador and Honduras expressed general support but identified issues that required further negotiation. Guatemala maintained neutrality on the content of the draft, while pointing to constitutional difficulty of their current

government to commit Guatemala in view of upcoming elections. Nicaragua stated it was not ready to declare its view and later presented extensive objections to the September 12 draft.⁵¹

As Congress was suspending funds to the Contras, the National Security Council, specifically the National Security Advisor to the President, Admiral John Poindexter, and his subordinate, Lieutenant Colonel Oliver North, found covert ways to continue getting funds to the Contras. Lieutenant Colonel North and indirectly the Reagan strategy, which sought change in Nicaragua by use of force, were put on trial for disobeying the laws passed by Congress. The Iran-Contra scandals which broke in 1986 consumed the energies of the Reagan administration and negated any possibility of any significant amount of military aid to the Contras. In their most active period, February-November 1986, the estimated ten to twelve thousand Contras were only able to conduct one or two significant military operations. When they did overrun a sizeable base, they were only able to hold it for a few days. In addition, they were not able to set up bases inside Nicaragua. The U.S. Southern Command, Commander in Chief, General Galvin, said that the Contras, or any insurgency, needs quite a while to make an impact.⁵² Congress, however, was not willing to wait and see the Contras succeed, and many doubted their success, even if they were supported for a much longer period. But the Reagan administration was not about to abandon the Contras, and it continued within its means to pressure the Sandinistas.

In November 1985, the National Command Authority authorized the use of U.S. helicopters assigned to Joint Task Force Bravo in

Honduras to move a Honduran battalion to the Honduran-Nicaraguan border. This was in response to an incursion by Nicaraguan military forces which sought to attack Contra base camps in Honduras. The Honduran military was not lifted into the immediate area of conflict as the operation was more a gesturing move. This scenario was repeated again in the fall of 1986.

The Honduran government and military, which supported the U.S. government throughout the Reagan administration, was becoming increasingly concerned about the decreasing U.S. support for the Contras. The Contras did not get the aid required to prosecute sustained action nor were they able to set up in Nicaragua on a permanent basis to fight the war from there. As a result, the estimated 10,000 Contras and their 50,000 family members threatened more and more to become a permanent presence in Honduras. This was not the plan and it presented a threat to Honduran sovereignty. There were other concerns, one of which was the loss of esteem because of international press criticisms of Honduras over harboring the Contras. When it was a covert operation, the U.S. and Honduran governments denied Contra presence in Honduras. When the media broke the stories of Contra bases in Honduras, the Honduran government lost credibility. The government and military were also embarrassed and upset on several occasions when U.S. officials returned from visits with the Contras and Honduran officials and gave details of the Contra situation and sensitive issues discussed with Hondurans. This was seemingly done with no consideration of the adverse impact on a much needed ally. Many Hondurans became increasingly angry about

Honduras' role in U.S. policy. The Honduran government, military and public became sensitive to the U.S. military presence in Honduras. Although the combined engineering and medical exercises and humanitarian assistance projects were beneficial and brought some positive media coverage, the influx of service members, helicopters, visitors and U.S. media during large exercises attracted adverse coverage. Some Honduran officials and media thought Honduras was being used as a pawn and that the U.S. military presence might become permanent. There was even speculation about U.S. Southern Command moving to Honduras after departure from Panama. A permanent presence, however, was not desired either by the Honduran government or the military. Several instances of short notice coordination of visits by high ranking U.S. officials and U.S. officials arriving at Honduran facilities unannounced increasingly offended Honduran officials.

The process of peace negotiations moved forward in May 1986, when the five Central American Presidents met at Esquipulas, Guatemala. Although there were still profound differences between Nicaragua and its neighbors over the meaning of democracy and the process of reconciliation, the Presidents reiterated commitment to reach agreement within the Contadora guidelines. In June, Contadora and the Support Group foreign ministers met in Panama and presented Central American countries with an amended draft agreement. All countries expressed support for the Contadora process but made various points about the draft.²³ The Contadora process made little progress after the June 1986 meeting. The draft was not signed and the participating nations were

not formally preparing a new draft. The Contadora Group and its Support Group focused on just keeping the process alive diplomatically as a potential option for the future. The effort to keep the process going was exemplified by a January 1987 trip through Central America by the eight foreign ministers from the Contadora and the Support Group nations. They were accompanied by the Secretary Generals of the United Nations and the Organization of American States.⁵⁴

The nations comprising Central America's "Core Four" (Costa Rica, El Salvador, Guatemala, and Honduras) remained in serious disagreement with Nicaragua on various issues central to the Contadora process, including the definition of democracy and the criteria for arms limitations. The Core Four continued to discuss the elements for the Contadora Treaty, but they also began taking important independent initiatives during 1986 and 1987. Notable among the initiatives was the May 1986 effort by Guatemala's President Vinicio Cerezo to establish a Central American Parliament and the February 1987 plan by Costa Rica's President Oscar Arias for a comprehensive strategy to end the regional conflict. These initiatives placed greater emphasis on the political commitments such a treaty should entail than on the security commitments, on the assumption that arms control and other military commitments would be workable if Nicaragua's internal political order became clearly democratic, but not if it retained its Marxist-Leninist bent.

On 5 August 1987, President Reagan presented a peace plan that spelled out the "basic elements that need to be included" in

any regional peace accord. The six point proposal called for an immediate cease-fire, a simultaneous suspension of U.S. aid to the democratic resistance and Soviet bloc assistance to the Sandinistas, the withdrawal of foreign military advisors from Nicaragua, and national reconciliation, democratization, and respect for basic human and political rights in Nicaragua.⁵³ This Reagan peace plan proposal was rejected by the presidents of the five Central American countries, who met in Guatemala City the next day, because it was considered an ultimatum to Nicaragua. The five presidents instead signed the "Central American Peace Agreement" proposed by President Arias. The agreement called for: national reconciliation, cease-fire, democratization, free elections, cutoff of aid to the Contras and other insurgents, nonuse of territory for armed groups' attacks, resumption of Contadora negotiations, refugee support and resettlement, economic development, verification, and a calendar of implementation. In a statement on 8 August, President Reagan declared he "welcomes this commitment to peace and democracy" but noted the "agreement makes clear that there is much work to be done by the parties involved".⁵⁴

The Central American Peace Plan, Arias Plan, constituted an example of reconciliation of national interests among countries with different interests and objectives. In Guatemala, all five presidents agreed that the main objective of the plan had to be the achievement of some peace and stability within the region. President Arias declared that Daniel Ortega decided to sign the plan when he realized that all the other Central American presi-

dents would do so, and the Sandinistas could not afford to be politically isolated in Central and South America by opposing a peaceful solution to the crisis. Richard Millett concluded that the Reagan administration's efforts to "... dismiss the plan as 'fatally flawed' did more damage to administration credibility than they did to the support for the Arias Plan, especially after its author, Costa Rican President Oscar Arias, was awarded the Nobel Peace Prize."²⁷ From August 1987 to the end of the Reagan term, the foreign ministers of the Central American countries worked on specifying implementing procedures.

The Reagan administration continued to support the Contra effort and apply pressure to get complete verifiable measures to force pluralism in Nicaragua. The Congress and the Central American Presidents, however, sought other means. Speaker of the House, Congressman Jim Wright, got actively involved. He "... promoted contacts between the Sandinistas and the Contras, marshalled support for the efforts of President Arias, held highly publicized meetings with Nicaraguan President Daniel Ortega during his November, 1987, visit to the OAS, and led Congressional opposition to administration policies."²⁸ On October 20, 1987, the former president of Costa Rica and leading figure in the ruling National Liberation Party told the U.S. Congress that "to renew Contra aid now would demonstrate a glaring disregard for the judgment of Central America's leaders about what is best for the region."²⁹ On February 3, 1988, a Reagan administration aid proposal, which included provisions for lethal aid, was defeated in the House. The Democrats put forth a more stringent aid pack-

age which passed in March. With military aid ended, the armed Contra force began pulling back into Honduras in January 1988.

In March, 1988, the Sandinistas again crossed into Honduras to destroy Contra supplies and base camps. President Reagan ordered four U.S. reinforced infantry battalions into Honduras as the Sandinistas made their biggest incursion. By the time the troops arrived at the Honduran Air Academy base in Palmerola, approximately 200 miles from the incursion area, the Sandinistas were withdrawing from Honduras. The U.S. forces trained with the Honduran army and departed eight days later. There were media reports that the Reagan administration exerted strong pressure on the Honduran government to accept this show of force, but these were denied by both governments.⁴⁰ In July, 1988, the Sandinista government expelled the American Ambassador Richard H. Mellon for what it said was his role in a protest in Nicaragua. President Reagan, in turn, expelled the Nicaraguan Ambassador from Washington.⁴¹

By the time President Reagan left office, the peace plan negotiations were solidly in the hands of the Central American countries with support of the Contadora countries. The Contras were neutralized. The United States as a major actor, however, continued diplomatic pressure for what it wanted specified in any final solution. Aid to El Salvador continued, but debate over support for the government increased.

THE REAGAN ADMINISTRATION AND THE DEBT PROBLEM

As 1985 brought forth a flurry of diplomatic activity over peace plan proposals, it also was the year the debt crisis again came to a head. To discourage default by Latin American countries, Secretary of State James Baker in 1985 announced proposals that would get the United States more directly involved in the situation. The United States initiated and participated in meetings of debtor countries and commercial and development banks. It convinced banks to stretch out their loan payment schedules and reduce interest rates.⁶² The U.S. response was not a bail-out, but it was different from previous policy in which the U.S. strategy took a hands-off approach and let debtor countries negotiate directly with banking institutions. There were two reasons for this. First, their debt was not seen as a result of U.S. actions. Second, the United States did not have the resources to bail them out; and even if it did, it would send the wrong signal to countries which needed the disciplining of the banking institutions, if they were to make the structural and behavioral changes necessary for economic recovery. Howard Wiarda, in describing this approach, said:

Under the Baker plan, International Monetary Fund imposed austerity would still be necessary, and Latin America would continue to be put through a wringer. The difference was that now, for the first time, the U.S. government was assuming some responsibility for resolving the debt crisis.⁶³

The debt crisis, however, continued and is worse today than it was in 1985. It continues to negate economic growth and recovery.

THE REAGAN ADMINISTRATION AND THE DRUG PROBLEM

Under the Central America Initiative, the United States provided \$2 million to Central American countries for narcotics operations.⁴⁴ Drug Enforcement Agency offices opened up in Honduras, Guatemala and Costa Rica. Although the main target of the counter-drug operations was South America, the strategy eventually touched Honduras, and implications were that U.S. involvement would increase. In 1986 the National Command Authority authorized an anti-drug U.S. military operation in Bolivia. A task force of over one thousand U.S. soldiers and supporting helicopters from SOUTHCOM deployed to Bolivia. They conducted "Operation Blast Furnace" to destroy crops and processing labs.⁴⁵ Concurrent with statements indicating increased use of U.S. forces to destroy crops and conduct interdiction operations, the United States pressured countries to extradite U.S.-indicted drug lords. On 5 February 1988, a U.S. Grand Jury in Miami, Florida, indicted Panama leader and strongman Manuel Noriega on drug charges. The Reagan administration placed economic sanctions on Panama throughout the spring of 1988, but they failed to bring about Noriega's removal. A month after Noriega's indictment, the Honduran military handed over Juan Ramon Matta Ballesteros, a Honduran citizen linked to the Medellin drug Cartel in Colombia. He was also suspected of the murder in Mexico of U.S. Drug Enforcement agent Enrique Camarena. This extradition violated Honduran law and caused immediate political debate within the country. A riot ensued, allegedly fueled by Matta supporters and

leftists, in which the U.S. Consulate in the capital city was set on fire, resulting in over \$1 million in damages. When President Reagan left office in January of 1989, one analyst concluded:

He has unquestionably assigned more financial and human resources to anti-drug programs than any of his predecessors. But judging by the current scope of the drug trafficking problem, these programs have clearly been inadequate.**

SUMMARY OF THE REAGAN ADMINISTRATION'S STRATEGY

This concludes the review of the Reagan administration's strategy to promote U.S. interests in Central America. In summary, the ends of the Reagan administration's strategy were: democratic reform in Nicaragua to the extent that Nicaragua would not have a Marxist-Leninist government, or be aligned with Cuba and the USSR and supportive of insurgencies in neighboring countries; defeat of the insurgency in El Salvador; strengthening of democratic processes in all Central American countries; economic recovery and debt reduction; and reduction of drug production, shipment and influence. The ways of the Reagan strategy were forceful, direct and most often undertaken as a unilateral or a limited bilateral action. The means against Nicaragua involved: economic sanctions; U.S. covert action; U.S. military force gesturing through exercises, primarily in Honduras; and covert and overt support to the Contra rebels. In neighboring Honduras and Costa Rica, it included greatly increased security and economic assistance programs in order to gain their approval and support of U.S. strategy. Aid was also given to bolster their democratic progress. In El Salvador, the means included ex-

tensive military and economic assistance and diplomatic pressure for reform. The overall strategy also included two regional economic assistance programs and forceful action to curb drug production and shipment. The next chapter will evaluate the success of the Reagan administration's strategy.

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CHAPTER III
EVALUATION OF THE REAGAN STRATEGY
IN CENTRAL AMERICA

The purpose of this chapter is to evaluate the effectiveness of the Reagan administration's strategy in three areas. First are the political objectives of obtaining democratic reforms in Nicaragua and defeating the leftist insurgency in El Salvador. The second area is economic growth and debt reduction in friendly Central American countries. The third is reduction of drug trade.

DEMOCRATIC REFORM IN NICARAGUA AND
DEFEAT OF INSURGENCY IN EL SALVADOR

The first question in evaluating strategy is have the ends above been obtained? The answer is no! Nicaragua is still controlled by the Sandinistas, who remain staunchly aligned with Cuba and the USSR, and the insurgency in El Salvador continues despite three presidential elections. The second question to be asked is are these adverse results because of the failure of the Reagan administration strategy? This question is difficult to answer because it is very evident that the Reagan administration's strategy was greatly restrained by the democratic controlled congress. Those who feel that the Reagan strategy toward Nicaragua did not work have several main arguments. One is that the Reagan strategy of confronting the Sandinistas allowed them to assume the role of the underdog, thereby winning support and sympathy from third world countries and many developed countries. Additionally, it allowed the Sandinista's to blame the United

States for its military build-up and restriction of freedoms in order to mobilize against the threat of possible U.S. intervention. Therefore, it is argued that the Reagan strategy actually facilitated Sandinista consolidation of power. The presence of the U.S. external threat also greatly hindered any efforts for change by more liberal Sandinistas and other opposition groups inside Nicaragua because they were labeled as siding with the "Yankees". The U.S. strategy gave the Sandinistas all the psychological benefits which come from fighting an external threat. For example, the Sandinistas could claim that it was not the inefficiency of their economic reform which ruined the Nicaraguan economy but, rather, the U.S. imperialist's economic embargo. The second argument, which follows from the first, is that in taking a unilateral approach, the United States did not mobilize the influence and power of multilateral diplomacy. Building multilateral support would have required more patience, but, had the Sandinistas continued efforts to destabilize neighbors, the eventual sanctions by other Central American governments and the Organization of American States would possibly have had greater influence. And, if these sanctions were ignored by the Sandinistas, the United States would have had more backing for courses of action it chose to take. In fact, the United States possibly could have gotten support for drastic action.

Concerning the administration's strategy to support the El Salvadoran government against the leftist insurgency, opponents have several arguments. One is that the United States, by not being involved in a substantial way much earlier to help al-

leviate the political and economic conditions which gave way to unrest, entered too late to defeat the insurgency without direct U.S. military intervention. This argument, which can also be used to criticize U.S. neglect of conditions in Nicaragua prior to the Sandinista revolt, is supported by the U.S. military's low intensity conflict doctrine. This doctrine emphasizes the necessity for early involvement to assist in correcting the conditions on which insurgency spawns. Historically, and in the present crisis in Central America, the United States did not mobilize to "help" a government threatened with insurgency until the insurgency was so well organized that it was hard to defeat. Also, by that time, it is so active militarily that the government under siege is incapable of making the substantial reforms necessary to defuse it. The lines are drawn and the United States finds itself supporting a government which lacks many, if not most, of the values for which the United States and democracy stand. The situation in El Salvador is an example. The case can be made that the landed oligarchy and the military have maintained power, have not changed over the past nine years, and at this point are unable to do so. A good question is why the United States waits until a "crisis" to become involved? Is it because it doesn't want to spend the effort and resources, or because it doesn't have the resources necessary to make a difference in all the countries where it has vital interests? One analyst reviewing U.S. foreign policy concluded that during the height of the Vietnam war the United States spent approximately \$150 million a day or \$55 billion per year. The present total of

all U.S. foreign assistance for FY 1989 is approximately \$12 billion. The question which arises is, if the United States spent more to help countries to develop, would it open up markets thereby increasing U.S. prosperity and, at the same time, avoid large expenses for drastic action later in a stability "crisis"? But there are those who argue that U.S. support is actually counterproductive. They argue that no amount of support, even if it occurred before the insurgency, would have influenced the El Salvadoran institutions to reform. Proponents of this argument cite systemic and structural intransigence as the problem. They argue that the only avenue for constructive change is social upheaval.

Arguments can be made that the Reagan administration's strategy was successful. It can be argued that the progress towards political ends which were made, for example, the Sandinista signing of the Arias Peace Plan, their continuing negotiations with the four other Central American Presidents, and their concessions in several areas, were due to the pressure of the Reagan strategy. It could also be argued that it was the militant Reagan strategy which got the Contadora countries involved to start the peace plan process. Without the fear of U.S. intervention and the Contras, it is possible that the normal hands-off climate would not have fostered regional diplomatic efforts. This result, however, was most surely an unintended one. Of course, the most frustrated Reagan proponents would argue that the Sandinistas would eventually have been removed, either by internal forces or by the Contras, if only the Reagan

strategy had been allowed to be executed untethered over an extended period of time.

Concerning El Salvador, the proponents of the Reagan strategy would point out that insurgent strength and operations were greater in 1981 than today and that most analysts conclude that the guerrillas have given up any hope they had for a military victory. Supporters would quote professionals of low intensity conflict who have concluded that it takes approximately ten to fifteen years for an insurgency to reach maturity and have a good probability for success, and it takes the same amount of time to defeat one which has been unattended for a long period. They would protest, therefore, that it is too early to evaluate the Reagan strategy in El Salvador.

The real failing of the Reagan administration strategy to democratize the Sandinistas and defeat the insurgency in El Salvador was that it never got the consensus required to be fully implemented. This, therefore, makes an objective evaluation of it spurious, if evaluation is possible at all in the inexact science of politics. Several analysts have noted the lack of consensus and reasons for it. Richard Millett, in a December 1988 article, "The United States and Central America: A Policy Adrift," wrote:

Many of the problems which handicapped efforts to respond to the ongoing crisis in Central America existed long before 1988. These included the continuing difficulty in mustering public support or even comprehension of the policy...A recent poll showed that more Americans (43%) thought that El Salvador was "an enemy to the United States than perceive it as a friendly country or an ally (32%)." In addition, 61% thought that

the conflict between the Contras and the Sandinistas was taking place in Southeast Asia.¹

Even when there was better understanding, Millett reported "... poll after poll continued to show a majority of Americans opposed to providing lethal assistance to the Contras."² Millett said the other reasons for lack of consensus for the Reagan administration's strategy were: the adverse effects of the Iran-Contra scandals; constant battle over the budget deficit making it difficult to muster congressional support for maintaining, much less increasing, aid to Central America; the ongoing peace plan and negotiation process by the Contadora countries and the acceptance of the Arias Peace Plan by the Central American Presidents, which emphasized a negotiated settlement; and the difficulty in making Soviet expansionism a key argument for forceful pressure when the Soviets announced they would pull out of Afghanistan and emphasized better relations.³

In an earlier analysis of the Reagan strategy in 1986, William Bode said the "Reagan Doctrine" concerning pressure on Nicaragua really didn't take shape until his second term. In analyzing the lack of support for the Contras or, what President Reagan began calling them, "Freedom Fighters," Bode observed the United States was not familiar with supporting resistance forces indirectly and has entered a competition in which the Soviets are well versed. He said the Soviet propaganda machinery was quick to discredit the Contras "...with charges of large-scale drug smuggling and rampant human rights abuses..." which hurt their credibility. He stated:

Only the Afghan Mujahidin seem invulnerable to criticism: Television images of Soviet helicop-

ters and armored forces attacking poorly equipped tribesmen and the desolate landscape produced by the Soviet scorched-earth campaign against defenseless villagers cannot be erased by clever slogans.⁴

For the President to get support for freedom fighters who are not directly fighting the Soviets, Bode concluded that public consensus has to be built by informed and responsible debate. Both Bode and Representative Ike Skelton, who favored the administration's strategy, concluded that the Reagan administration paid a huge price in consensus building by using covert means to pressure Nicaragua which hindered public debate. In developing this argument, Ike Skelton said:

Whether it lacked the courage of its convictions or whether it thought such a course was the quickest way to its ends, the administration decided not to inform the American public about the important stakes in Nicaragua...Covert assistance gave the efforts in Nicaragua the aura of illegitimacy. Such assistance can work only when one of two conditions are met: if the program is a relatively small one or if there is genuine bipartisan support for such a policy. Covert assistance to Nicaraguan resistance fighters met neither of those conditions.⁵

Skelton added that the American public saw no comparable dramatic events about Nicaragua to those showing Soviet invasion forces operating in Afghanistan. He suggested that events in Nicaragua seemed to the public like a civil war, reminding them of Vietnam "...with the United States once again backing an unscrupulous group, this time a bunch of rebels who had been part of Gen. Anastasio Somoza Debayle's corrupt National Guard."⁶ Even worse, he said,

...was having the issue of covert military support for the Contras introduced to the American public and Congress through the pages of the Wash-

ington Post in early 1982. This was no way to broach the issue to a public nor to a Congress who were leary of repeating our tragic experience in Viet Nam...One report, a November Newsweek cover story entitled "America's Secret War," simply increased the aura of illegitimacy to the U.S. effort.⁷

Skelton concluded that the Reagan administration's "...efforts to educate the public on the issues in Central America, especially with respect to Nicaragua, were neither consistent nor sustained."⁸ And when the administration did get support and an aid package passed in October, 1986 for fiscal 1987, Skelton noted it wasn't to last, because a month later the scandal of the Iran weapons sale and diversions of monies to the Contras was revealed. From then on, the administration's energies were consumed in saving Reagan's presidency. Offering advice to the incoming President, Skelton said:

One of the problems we Americans have is that we do not identify with our neighbors to the south. The next President will have to embark upon an effort to change the attitude of the American public on this important matter. Although very difficult, this can be done...This time we need to build public support with bipartisan backing on Capitol Hill for a long range plan to deal with the problems of all of Latin America -- Mexico, Central America and South America -- right at the beginning of a new administration.⁹

Building consensus on support for the El Salvadoran government's battle against the insurgents was also a problem for the administration. In their book, "American Military Policy in Small Wars: The Case Of El Salvador," four U.S. Army Lieutenant Colonels, one of whom served in 1983 as a trainer with the El Salvadoran General Staff, concluded that policy makers sensed the absence of domestic consensus for support of El Salvador. They

decided, therefore, to dodge the provisions of the War Powers Resolution.¹⁰ This resolution requires the President to notify Congress of military involvements which may lead to hostilities and requires Congressional approval for the involvement to continue past 90 days. The administration set the number of trainers in El Salvador at 55 and limited their actions so that their involvement would not have to receive congressional approval. The Lieutenant Colonels noted the frustration of using the War Powers process but concluded that it is necessary in order to get the commitment of the country to an effort. They said:

One former MILGROUP commander remarked that "the War Powers Resolution is an unreasonable constraint and really impacts adversely on our military's ability to respond in a low-intensity conflict situation "... Yet blaming the War Powers Resolution may miss the point. With or without that measure, the American people and their elected representatives will always have a strong interest in how U.S. forces are employed. Although imposed specifically to avoid violating the War Powers Resolution, the restrictions on Americans serving in El Salvador testify more broadly to the near impossibility of effective military action if there is not a supporting consensus at home.¹¹

Another reason for failure to get consensus for its forceful strategy was the administration could not get Congress or the public to believe that U.S. interests in Central America were vital to the United States. As was shown earlier, most analysts concluded that U.S. economic interests in the Central American economy was only for its contribution to stability of the countries themselves. Concerning security interests, while the case for the Soviet strategy of gaining a foothold in America's back

yard is fairly substantial, even at the unclassified level, the administration was not able to sell this. Possibly, the fact that the United States has lived with a communist Cuba for 29 years and was successful in preventing missile introduction lends assurance that the United States could also live with a much smaller Cuba in Central America within the same limitations. One analyst, and possibly the Congress and the U.S. public, doubts whether Cuba and Nicaragua would ever risk a neutralizing blow from the United States by acting on behalf of the USSR to block the Caribbean waterways during a U.S.-Soviet confrontation in Europe.

There also was difficulty in building consensus because of apparent contradictions between U.S. fundamental values, such as commitment to just laws, respect for the individual, and freedom, and support for the El Salvadoran government and the Contras, which were not inculcated with these values. This contradiction is heightened when the United States supports undemocratic but friendly regimes for long periods of time and pressures them to reform only when a communist movement threatens. It was difficult to gain public and international support for the United States and against the Sandinistas, after they overthrew an extremely corrupt dictatorship which the United States generally supported for forty years. Likewise, it is just as difficult to get support for policies which keep an El Salvadoran government in power which has a long history of doing the bidding of the economic elite and the military in a repressive manner. Abraham Lowenthal explains this contradiction, its impact on consensus,

and what the U.S. government must do to avoid it. He said:

The rise of bureaucratic-authoritarian regimes in Latin America during the 1960s and 1970s, some of them directly or indirectly supported by U.S. policies, raised troubling questions about whether the United States was contributing, inadvertently or perhaps even consciously, to the institutionalization of injustice. As a nation committed to freedom, equality, and respect for the individual, this country cannot comfortably appear to induce or even condone poverty or repression anywhere, especially in a region where U.S. influence is important. Explicit or even tacit alliances between the United States and repressive regimes inevitably produce a tension between this nation's domestic consensus and its foreign policy. Failure by the U.S. government to concern itself with dire poverty and grossly inequitable income distribution, especially in neighboring countries tied to the United States by shared traditions and continuing interpenetration, would evoke similar strain. Systematic contradictions of this sort, if continued over time, could erode the credibility of our national values and the commitment of our citizens. Those who take seriously our nation's heritage and proclaimed values will necessarily object to U.S. cooperation with repressive regimes in Latin America.¹²

In conclusion, it is difficult to evaluate objectively the effectiveness of the Reagan strategy to democratize Nicaragua and El Salvador and to assist El Salvador in defeating its insurgency. It is difficult now, and will be in the future, to correlate results to a strategy which was never applied consistently. The present majority calling the Reagan administration's strategy a failure are probably taking too simplistic an approach which may overlook important functions of the strategy. Certainly, however, there are very clear lessons on "how not to" develop a consensus for strategy.

ECONOMIC GROWTH AND DEBT REDUCTION

What about the strategy to assist El Salvador, Honduras, Guatemala, and Costa Rica with economic recovery and debt reduction? There does appear to be a reversal of the negative economic trend, but it is not significant. The economies of Central America have never shown the potential which exists in other countries of South America and the recent success stories of South Korea and Taiwan. The U.S. Agency for International Development reported the following amounts of U.S. aid in millions of dollars for economic development in the region over the past four years, through the Caribbean Basin Initiative of 1983 and the Central American Initiative of 1984: Honduras \$668.5; El Salvador \$1513; Guatemala \$508.5; and Costa Rica \$702. The report showed that improvement in gross domestic product for the region went from -.5% in 1983 to +2.9% in 1987, government fiscal deficits dropped from 6% to 2.5%, and nontraditional exports to the United States rose from \$290 million to \$608 million.¹³ The report provided positive indicators in other U.S. aid programs such as education, health and hygiene, and family planning.

Although the report presents positive data, it is obvious that no significant improvement can be made until peace and stability come to the area. As analysts point out, the problem is exacerbated because it was poor economies which created the conditions for instability. Concerning the debt problem, it has continued unabated. The Reagan administration's strategy of assisting debtor countries in negotiating better terms for their

loans has only helped them to manage and forestall their debt payments. The resolution of this problem is also tied to the growth of the economies and peace.

The Reagan administration opened a flow of money to Central America in 1984, which previously had only been a trickle. Of the approximate \$12 billion a year, provided by the Foreign Aid Bill, Central America has been getting an average of approximately \$700 million per year for the past four years, or 5% of the total. One could speculate that had the United States provided aid at the present level earlier, the insurgencies might not have occurred, and the threat of communism would not be present today. And it may have negated the need for approximately \$1 billion of military aid to the region over the past 7 years. The fact that the United States does not focus attention and resources on an area until communism threatens undercuts the credibility of efforts and rhetoric about helping underdeveloped countries. General Fred Woerner, CINC, U.S. Southern Command, thinks that economic and security assistance makes a critical difference. In a speech before the Congress in February 1989, he stated his case for more aid to countries in Latin America. He also stated his frustration with the large proportionate amount of money being earmarked by Congress to Israel and Egypt, about two-thirds of the total.¹⁴ But many doubt that the United States has the capability to assist all those in need and at the level required. And most believe that U.S. capability to provide aid will decrease in the future. There are also some who point out that many corrupt political leaders take advantage of this aid to enrich themselves and strengthen their hold on the people.

The Washington Post recently stated that the United States Agency for International Development assessed the effectiveness of the U.S. aid program and concluded that, after spending tens of billions of dollars in 25 years to help third world nations stem poverty, the effort has largely failed to achieve its objectives. The report, released on 21 February 1989, stated "only a handful of countries" receiving U.S. aid since the 1950's "has ever graduated from dependent status,"; that where economic growth has occurred, it has been "largely the result of individual nations making the right policy choices"; and that U.S. aid has played only "a secondary role" and has "not always succeeded in fostering growth-oriented policies among recipient states."¹⁵

The economic problems of Central America are complex. They will not be solved overnight. The effect of the Reagan administration's economic assistance is difficult to measure and may take some time. Certainly, if aid programs are stopped or greatly reduced, there will be less chance of economic recovery.

DRUG TRADE

Concerning the administration's strategy to reduce the drug flow, it was primarily a unilateral or, at most, a bilateral effort in the region. In reviewing the ways of the strategy, Bruce Bagley said, "One of the most glaring deficiencies of the U.S. strategy is the tendency toward nonconsultative, unilateral decision-making in bilateral or multilateral affairs."¹⁶ He noted the administration's push was to "Americanize" anti-drug operations in Latin America and used the examples of the U.S.

Army operations in Bolivia and the emphasis on extradition of drug lords. He concluded that this approach is limited. He said, "...the introduction of U.S. forces undermined the popularity and nationalist credentials of President Victor Paz Estenssoro's government" and "was condemned by virtually all factions on Bolivia's political spectrum, and was rejected as an option by most other Latin American countries, including Colombia and Mexico."¹⁷ The riot in Honduras in May, 1988, over an extradition there produced the same results.

The Reagan administration called the U.S. interests in Central America "vital" to U.S. security and put a great deal of effort into developing strategies to produce desired outcomes. In this chapter, the strategy was evaluated. The study will now turn to recommending a strategy for the Americas for 1989-1992.

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CHAPTER IV

RECOMMENDATIONS

The purpose of this last chapter is to provide recommendations for U.S. strategy in Central America. Each of the seven recommendations will be followed by a discussion.

1. Negotiate With The Soviets To Reduce The East-West Confrontation In Central America.

The U.S. predominant interest in foreign affairs from 1947 to the present has been containment of Soviet communism. This has been true in Central America. Rhetoric may focus on other interests, but actions substantiate that the United States gets quickly and actively involved when the perceived threat is communist expansion. There is a good reason for this survival interest. The anti-capitalist foundation of the communist doctrine and the pronouncements and foreign policy of the Soviet leaders have pitted the USSR against the United States for the past forty-two years. One present point of confrontation just happens to be in Nicaragua and El Salvador in Central America. The policy of "containment" is credited to diplomat and Soviet expert George Kennan, who described it in a 1947 article, "The Sources of Soviet Conduct." The Soviet behavior he described in 1947 has existed basically unchanged until recent announcements by Premier Gorbachev. In 1947, George Kennan described the Soviet ideology as grounded on a belief "...in the basic badness of capitalism, in the inevitability of its destruction, and in the obligation of the proletariat to assist in that destruction..." This created the antagonism between capitalism and socialism.¹ Out of this

antagonism, Kennan described Soviet conduct in foreign relations as being secretive, deceptive, insincere, suspicious, and unfriendly. Of these characteristics, he said:

These phenomena are there to stay, for the foreseeable future. There can be variations of degree and emphasis. When there is something the Russians want from us, one or the other of these features of their policy may be thrust temporarily into the background; and when that happens there will always be Americans who will leap forward with gleeful announcements that 'the Russians have changed'... But we should not be misled by tactical maneuvers. These characteristics of Soviet policy...are basic to the internal nature of Soviet power, and will be with us, whether in the foreground or the background, until the nature of Soviet power is changed.²

Noting the patient persistence of Soviet diplomacy, Kennan concluded "...the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies."³ But Kennan also argued that the United States could do more than hold the line. It could be an example for the countries of the world by "...coping successfully with the problems of its internal life and with the responsibilities of a world power..."⁴ Kennan suggested that the United States alone could not exercise a power of life or death over the communist movement and bring about the fall of Soviet power in Russia, but he stated:

The United States has in its power to increase enormously the strains under which Soviet policy must operate, to force upon the Kremlin a far greater degree of moderation and circumspection than it has had to observe in recent years, and in this way to promote tendencies which must eventually find their outlet in either the breakup or the gradual mellowing of Soviet power.⁵

The United States did not adopt a strict policy of containment, meeting every communist advance, but it has, in an unpredictable and sometimes stumbling manner, challenged most. In some cases it has worked, in others it has failed. And while U.S. responses over the past ten years to challenges of communist advances in Central America have been assessed by many to be a failure regionally, one could posit that it has been part of an overall strategic success story. For many are observing a "melting" and even the beginnings of a possible "break-up" of Soviet hegemony in Eastern Europe, their strongest power base. Has the U.S. strategy of containment, in its many forms since 1947, and most recently implemented in Central America, won out over Soviet goals of communist expansion? Certainly, Premier Gorbachev's criticism of their economic system and some political tendencies, and his cooperativeness indicate that, at this moment, it has. And it has happened so quickly and unpredictably that most analysts and American officials cannot believe it. The Soviet announcements are what the United States wanted to hear for forty-two years. In hearing it, the joy for most isn't forthcoming because they believe it must be a ruse, part of a strategy to lull the "West" into pacifism.

In light of changes in Soviet rhetoric, the formulation of strategy in Central America becomes not only what specific actions to take in the region but more importantly, what strategy should the United States take toward the Soviet Union? Should it overtly or covertly take actions to increase the instability in the Soviet Union and its satellite countries with a goal of caus-

ing quick and possibly violent change? Or should the United States assist the Soviet Union in its reform by linking U.S. support and/or pledge of noninterference to desired changes in Soviet foreign strategy and internal reforms? Concerning Central America, the United States would tie support for the USSR to its reduction of military aid to Cuba and Nicaragua. Presently, the USSR gives \$5 billion and \$1 billion a year to Cuba and Nicaragua. Or, should the United States continue its present strategy and see if the Soviet Union will continue to unravel?

The United States appears to be taking the third option. The Washington Post, on 27 March 1989, quoted Secretary of State James Baker's comments on U.S.-Soviet relations. Secretary Baker said:

So we wish Gorbachev success...We do believe at the same time we must be prudent and cautious in the way we approach the Soviets because they are a heavily armed superpower, and we also believe that whether or not perestroika (restructuring) succeeds depends on what happens in the Soviet Union and not what we in the West might do or not do.²

This approach is a familiar, play-safe strategy. It seeks the presumed safety of the status quo in superpower relations. It finds comfort in the relatively successful U.S. strategy of containment and U.S.-USSR competition, which has evolved over the past forty-two years. This strategy does keep the United States in a good state of military and mental preparedness if the camouflage is lifted off of the "true" Soviet expansionist strategy, which may have used reforms to fool the West. But this strategy has two serious faults. First, it may, in fact, keep the Soviet Union from continuing to make reforms desired by the

United States. An anxious Soviet leadership, with no U.S. cooperation or guarantees, may hold back or even step in at some point with more controls than before, fearing that the United States is standing in the wings to take advantage of any turmoil produced by the current reforms. Second, and more important, this "safe" approach continues the confrontation which has diverted production and resources from developing the global economy necessary for the long term prosperity of modern industrial states. This prosperity, in turn, is necessary for the improvement of the economies of the Third World, in which three-quarters of the population of the world live in poverty.

Premier Gorbachev has admitted that their economy is "bankrupt." The U.S. strategy of containment has certainly helped to cause this. But it can be argued that in winning, the U.S. economy has not emerged unscathed. Some, in fact, diagnose the U.S. economy as mortally wounded. Even the most anti-communist proponent cannot be unaware of the immense cost of the U.S.-USSR confrontation, and its adverse impact on the abilities of the nations involved to get to the business of reversing the ominous negative trends in global economic, social and environmental conditions. It is quickly becoming more a situation wherein the United States could remain militarily strong and forceful but see the world and itself suffer a calamity from non-military events.

The United States must press the intentions of Premier Gorbachev with the goals of reducing confrontation and the arms race and increasing cooperation. If this opportunity is lost, it may

never be recovered. A strategy of standing back is not imaginative, courageous or morally strong. The United States has the opportunity to set the agenda and reaffirm its leadership role. In this role, the United States needs to recognize the existence of several superpowers and the rise of more. The United States must bring these powers together and facilitate the mapping out of a new cooperative vision.

2. Reduce The U.S. Deficit And Strengthen Key U.S. Values.

A strong economy gives the United States prestige, credibility and bargaining power in negotiating a new relationship with the Soviet Union. It is also essential to the development of third world countries. Every source reviewed for this study which analyzed the economies of the Central American countries concluded that a strong U.S. economy is the most important factor to their growth. A strong U.S. economy opens markets and produces funds for loans. Presently, there is a contradiction in the U.S. economy. It is growing, but it is underpinned by huge debt. This causes the United States to borrow in order to finance the deficit. The heavy borrowing soaks up investment monies available to third world countries. Additionally, it causes interest rates to rise which increases the interest payments on third world debt. Although the causes of U.S. economic problems are complex, there is general agreement that erosion of several key values contribute to it. Traditional values of hard work, saving, enjoying simple pleasures, and of family have given way to materialism, living for the moment, and irresponsibility. President Bush talked about values in his in-

augural address. He told Americans they should not be only the sum of their possessions. He emphasized productivity and the importance of the family to the moral fabric of U.S. society. He stressed volunteerism and generosity as critical values needed to resolve problems. President Bush, before an audience of college students at Washington University in St. Louis, on 17 February 1989, said, "My friends, from now on in America, any definition of a successful life must include serving others."⁷ This view on values was also recently commented upon by businessman Ross Perot. He said the United States was putting its economy in jeopardy. He asserted that:

We're acting as the inheritors of great wealth.
We're living on our children's future. We're enjoying the moment. We're living beyond our means and we don't like to face our problems.⁸

As the United States must get involved to end the cold war and the arms race, it must also solve internal problems affecting the moral and economic fabric of its society. Success in these two areas is a prerequisite for the United States to continue as leader of the free world and as a major aid contributor to third world countries struggling to establish more effective forms of government and raise the standard of living of their people.

3. Support The Arias Peace Plan.

It is time for the United States to get behind the Arias Peace Plan. It is the plan of the five Presidents, four of whom the United States recognizes as being duly elected by their countrymen. The United States has pushed for provisions to its liking to the point of blocking progress. Its concerns have been

made and analyzed by all. It is time for the United States to let the five Presidents and Contadora have responsibility for their relations. The United States, at this juncture, needs to assert its influence to build a larger multinational effort through the Organization of American States and countries of Western Europe. It needs to get them involved as guarantors of the treaty. This increased multinational influence would hold parties to the treaty process rather than the United States.

It is likely that the Sandinistas will not be voted out of office. The elections, even if supervised, could very well be rigged, as it was alleged that the elections were rigged in El Salvador in 1984. If this happens, the United States should use its influence to push the guarantors, if they need pushing, to take actions as defined within the treaty. In this strategic concept, described in 1987 by Viron Vakey, ex-assistant Secretary of State, the ends in Nicaragua become prevention of its use as a Soviet base for strategic weapons and as an exporter of insurgency and not the removal of the Sandinistas.* These two ends need to be part of a wide range of issues in the U.S. - USSR negotiations. If the USSR does not persuade Nicaragua to stop export of revolution, the United States could stop support to the USSR and influence the treaty guarantors to execute sanctions in the treaty. If these ends are still not produced, even after diplomatic efforts and sanctions by the guarantors, then the United States still has the option of acting unilaterally and doing so with some legitimacy. The United States must honor its promise to help the Contras and their families by relocating them

in Nicaragua or other countries, including the United States, now that the five Central American Presidents agreed in February to demobilize them in exchange for democratization of Nicaragua.

In El Salvador, as the Arias Peace Plan is implemented, the United States should continue support, but it must still be tied closely to reforms in human rights conditions. The aid should become primarily economic aid. The professed intentions of the elected president to continue human rights reform must be demonstrated. The United States must be prepared to escalate sanctions against the El Salvadoran government and military in order to influence them in this matter, if a reverse trend occurs. As the guarantors strengthen their role, they would take over this function.

4. Increase Economic Assistance To Central America To The Level Recommended By The National Bipartisan Commission On Central America, And Apply Monies To The Thirty-One Programs Which Have Been In Effect At Reduced Levels Since 1984.

The only way this is possible in the short term is by freeing up monies. Negotiation with the USSR on defense spending reduction could free up monies to reduce the deficit and increase foreign aid. For example, mutual agreement by both sides to stop or reduce anti-missile systems development (e.g., SDI) could offer up an estimated \$6 billion in the short term.

U.S. officials and economists have been saying for years that U.S. national security and the U.S. economy are dependent on the economic growth and market expansion in the third world. If this is a fact, it is an opportune time for the United States to

put its money where its rhetoric is. Most agree that the paucity of U.S. foreign aid, approximately 1.1% of the total budget, in relation to its wealth is because foreign aid has no constituency in Congress. The President is the constituent, and he must sell the importance of U.S. involvement in increasing the economic growth in the third world. This will be difficult because the public does not see immediate benefits from foreign aid.

The United States emphasizes being a good neighbor. It's time to figure out the extent to which the United States has the resources to make a difference. The Peace Corps was one such vision. But there must be many more. The U.S. economy has been an enduring strength. Another is the highly educated technical and professional work force, many of whom belong to associations or service organizations. Viron Vaky recommended that the United States should offer incentives to professional organizations to become involved with neighboring counterparts to provide training and services. A senior U.S. military officer, visiting Joint Task Force Bravo in Honduras, mentioned a concept wherein states and/or businesses in the United States could establish support and cultural relationships with Central American countries and businesses, respectively. Ten years ago, when most governments in Latin America were ruled by dictators, this concept would not have been politically feasible. But now that most countries are fledgling democracies, it is morally and politically viable. And the potential positive impact on U.S. citizens who get involved could do much to strengthen some of the waning key values essential to U.S. moral and economic growth. The United States must

push Western European democracies and economic surplus partners such as Japan, Taiwan, and South Korea to participate as well, either directly or through participation in international development banks.

5. Continue Leadership In Finding Solutions To Reduce The Third World Debt.

The United States has recently taken the lead role in proposing a plan to reduce the debt burden not only on Central American countries but all third world countries. The plan proposed in March, 1989, by Treasury Secretary Nicholas Brady, following riots in Venezuela caused by austerity measures related to debt payments, consists of: negotiations with banks to take a 20 percent reduction in the \$420 billion debt of the developing countries over the next three years; commitment of \$25 billion by the International Monetary Fund and the World Bank in new loans over the next three years; and negotiations for a system of guarantees for the remaining debt carried by the commercial banks to induce them to grant new loans. This plan is still being negotiated. Its significance is that it expresses a determination at the political level.¹⁰ The United States must continue to exert its leadership in this role.

The recommended strategy for long term debt reduction is that put forth by Jabangir Amuzegar, former Executive Director of the International Monetary Fund. The components of his program are:

1. Both debtors and creditors must commit to pursuing high employment growth devoid of a strict ideological underpinning. Any transfer of real resources from rich to poor countries would

be conditioned solely on the poor countries' real annual growth performance without emphasizing any particular set of economic reforms. Growth would be monitored by the IMF or the World Bank. Credit suppliers and aid donors would raise or lower annual fund transfers on the basis of growth record, regardless of the economic policies used to achieve it. For this purpose the use of market principles or state guidance or direction would be irrelevant. Only results would count.

2. Underdeveloped countries' annual debt service obligation would be tied to the creditor countries' economic performance. An index would be calculated to reflect creditors' economic growth, price stability, orderly exchange rates, import liberalization, and other factors that influence debtor countries' exports and therefore their ability to pay.¹¹

This program is a major change from recent strategies. It is, however, consistent with the increase in multinational economic cooperation and global economic principles. It also complements the strategy for a negotiated peace treaty in Central America.

6. Provide Monetary Aid And Training Assistance To Countries To Fight Drug Production.

The United States should continue to provide monies and training for Central American countries to prosecute their drug control efforts. But the United States must end emphasis on direct U.S. activities to stop production in Latin American countries. Demand in the United States must be reduced and monies put into programs to do that. These include education, rehabilitation and law enforcement. Directing money and U.S. troops into efforts to find and destroy plants and chase down poor farmers in underdeveloped countries is not good policy. U.S. Attorney General Dick Thornburgh understands that the problem is one of values. He said law enforcement cannot win the war against drugs

until drug use goes out of fashion with the public. He said, "The only way to win it, conclusively, is on the field of values."¹² It is an ethnocentric approach which blames a person with no other livelihood for causing a problem in the United States. U.S. aid should be given to support countries' efforts to give their farmers an alternate crop to grow which could still support their families. Much tighter controls to eliminate the laundering of monies through Western banking institutions must be a multinational effort to enact rigid laws. The United States must lobby for extradition rights in Latin American countries but not violate their laws if they fail to do so. The United States must pull together a multinational effort to publicize any government's involvement in the drug business and push for multilateral political and economic sanctions against those which are involved.

7. Improve Communication With The Central American Countries To Avoid Unilateral Decision Making On Policies Toward The Region.

Usually, the United States has used its power to impose its point of view on the Central American countries without, at least, hearing their positions. Many policies were based solely on the basis of cold facts, not giving importance to the feelings and reactions of the people of this region. This has produced adverse responses to the United States that in the long run worsen the relationship and destroy the purpose of the policies. The heritage, idiosyncrasy, and way of thinking, feeling and acting are very different between the United States and Latin American countries. Constant and open dialogue can help account for these differences and create better policy.

The strategy recommendations offered here will require strong leadership to package and promote. The President will have to overcome the easiest and most comfortable tendency which is to continue as is. Continuing as is will cause the United States to miss the greatest opportunity in forty-two years to create imaginative and productive strategy. The President must get bipartisan support and commitment of the Congress before implementing these recommendations.

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3. Ibid., p. 91.
4. Ibid., p. 97.
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NBCCA Recommendations

- No. Recommendation
- 1 Organize summit of U.S. and Central American leaders.
- 2 Increase private sector involvement.
- 3 Establish U.S. Government role in renegotiation of official debt.
- 4 Encourage renegotiation of private debt.
- 5 Increase economic aid in FY 1984.
- 6 More emphasis on housing and infrastructure.
- 7 Provide trade credit guarantees.
- 8 Revitalize the Central American Common Market.
- 9 The United States should join the Central American Bank for Economic Integration.
- 10 Should be a major increase in other donor assistance to Central America.
- 11 Authorize \$8 billion in U.S. assistance funds and guarantees for 5 years, FY 1985-FY 1989.
- 12 Appropriate funds on a multi-year basis.
- 13 Require host government economic policy reforms.
- 14 Help create a Central American Development Organization.
- 15 Use economic aid to promote democracy;
- 15.1 Promote community organizations and democratic institutions;
- 15.2 Expand USIA's binational centers; and,
- 15.3 Increase USIA's exchange programs.
- 16 Help Central Americans to receive duty-free trade with other countries.
- 17 Review U.S. nontariff barriers.
- 18 Promote exports from Central America and development of energy sources.
- 19 Establish a venture capital corporation.
- 20 Expand Overseas Private Investment Corporation insurance coverage.

- No. Recommendation
- 21 Promote small businesses.
- 22 Accelerate agricultural development;
- 22.1 Provide long-term credit for land purchases by small farmers;
- 22.2 Study the holding of idle, potentially productive land;
- 22.3 Improve title registration and the defense of property rights of farmers;
- 22.4 Provide short- and medium-term credit for working capital improvements and equipment;
- 22.5 Encourage pricing policies which protect the interests of both producers and consumers;

"The best route to consensus on U.S. policy toward Central America is by exposure to the realities of Central America."

Henry Kissinger,
January 10, 1984

- 22.6 Encourage an equitable distribution of agricultural wealth, including agrarian reform and land-to-the-landless type of program;
- 22.7 Improve and expand rural infrastructure, e.g., roads, storage facilities, and rural electrification;
- 22.8 Increase rural research and extension programs;
- 22.9 Halt deforestation and environmental degradation; and
- 22.10 Increase support for cooperatives.
- 23 Increase emergency food aid.
- 24 Increase funding for training and education programs;
- 24.1 The Peace Corps should expand recruitment of teachers to serve in a new literacy corps;
- 24.2 The Peace Corps should expand recruitment of primary, secondary, and vocational teachers to serve in a new Central American teachers corps;

- No. Recommendation
- 24.3 Expand secondary-level technical and vocational education and apprenticeship programs;
- 24.4 Increase support for education programs in business and public administration;
- 24.5 Expand the International Executive Service Corps;
- 24.6 Develop a program for 10,000 government-sponsored scholarships;
- 24.7 Prepare and implement a plan to strengthen universities; and
- 24.8 Subsidize translation, publication, and distribution of books and educational material.
- 25 Expand health and nutrition programs;
- 25.1 Increase technical assistance for health programs;
- 25.2 Eradicate vector-borne diseases, e.g., malaria and dengue fever;
- 25.3 Expand oral rehydration and immunization programs;
- 25.4 Train primary health care workers; and
- 25.5 Encourage adequate public investment in primary health care and in preventive and environmental interventions.
- 26 Continue AID population and family planning programs.
- 27 Strengthen judicial systems; impose sanctions against death squad members.
- 28 Support refugee programs.
- 29 Give more military aid to El Salvador.
- 30 Authorize multiyear funding of military aid to ensure predictability.
- 31 Military aid to El Salvador should be tied to periodic reports on human rights, progress toward free elections and elimination of death squad activities, and other political reforms.

Funding of the Central America Initiative, FY 1984/85-1987
(\$ thousands)

	1984/85	1986	TOTAL	1987 Supplemental	1987	TOTAL
Appropriated Funds						
ESF	826,993	457,812	1,284,805	415,000	200,000	1,699,805
Development Assistance	299,933	254,952	554,885	231,062	100,000 ^a	885,947
PL 480						
Title I	130,100	89,500	219,600	89,000	0	308,600
Title II ^b	11,591	19,671	31,262	18,181	0	49,443
Subtotal	1,268,617 ^c	821,936	2,090,552	753,243	300,000	3,143,795
Peace Corps	18,200	10,800	28,800	10,500	0	39,300
USIA	7,800	19,500	27,300	15,900	0	43,200
Narcotics ^d	848	328	874	1,256	0	2,129
OPIC	4,544	3,330	7,874	3,300	0	11,174
Subtotal ^e	31,092	33,758	64,848	30,956	0	95,803
Total appropriated	1,299,709	855,691	2,155,400	784,198	300,000	3,239,598
Guarantees						
Trade Credit Insurance						
Program	0	178,800	178,800	200,000	0	378,800
Housing	5,000	40,488	45,488	2,800	0	48,088
Commodity Credit						
Corporation	58,700	34,000	93,700	48,000 ^f	0	141,700
OPIC	10,103	33,050	43,153	33,000 ^f	0	76,153
Eximbank	8,943	7,957	17,900	8,500 ^f	0	26,400
Subtotal	84,746	292,078	376,822	292,100	0	668,922
TOTAL	1,384,455	1,147,767	2,532,222	1,076,298	300,000	3,908,520

^a FY 1987 supplemental includes \$100 million for El Salvador earthquake reconstruction.

^b Includes Section 416 commodities \$6 million in FY 1986 and \$7.7 million in FY 1987.

^c For FY 1984, includes supplemental plus \$25 million of PL 480 reallocations only.

^d For further information on narcotics program see Appendix G.

^e Excludes non-CAI related program costs.

^f Projected based on FY 1986 allocations.

**Latin America and the Caribbean:
FY 1989 Foreign Assistance Request**

(millions US\$)

	ESF	Economic Assistance		Total	MAP	Military Assistance		Total
		DA	PL 480			FMS	IMET	
Central America	434.0	209.2	93.0	736.2	182.0	0.0	3.885	165.885
Belize	2.0	7.4	0.0	9.4	0.5	0.0	0.100	0.600
Costa Rica	70.0	12.0	15.0	97.0	1.5	0.0	0.230	1.730
El Salvador	185.0	67.7	39.8	292.5	95.0	0.0	1.500	96.500
Guatemala	80.0	34.0	23.1	137.1	5.0	0.0	0.400	5.400
Honduras	87.0	40.0	15.1	142.1	60.0	0.0	1.200	61.200
Panama	0.0	0.0	0.0	0.0	0.0	0.0	0.455	0.455
Regional Programs	10.1	48.1	0.0	58.1	NA	NA	NA	NA
Caribbean	65.0	83.3	69.1	217.4	10.5	0.0	1.690	12.190
The Bahamas	0.0	0.0	0.0	0.0	0.0	0.0	0.060	0.060
Dominican Republic	25.0	20.3	28.3	73.6	2.0	0.0	0.700	2.700
Eastern Caribbean	15.0	20.2	0.0	35.2	5.0	0.0	0.400	5.400
Guyana	0.0	0.0	4.0	4.0	0.0	0.0	0.050	0.050
Haiti	0.0	25.2	6.8	32.0	0.0	0.0	0.055	0.055
Jamaica	25.0	17.6	30.0	72.6	3.5	0.0	0.300	3.800
Suriname	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Trinidad & Tobago	0.0	0.0	0.0	0.0	0.0	0.0	0.075	0.075
Caribbean Basin Initiative	499.0	292.5	162.1	953.6	172.5	0.0	5.575	178.075
Andean	36.0	54.3	56.1	146.4	13.0	0.0	2.685	15.685
Bolivia	25.0	22.3	29.7	77.0	5.0	0.0	0.400	5.400
Colombia	0.0	0.0	0.0	0.0	5.0	0.0	0.950	5.950
Ecuador	9.0	16.7	0.5	26.2	3.0	0.0	0.650	3.650
Peru	2.0	15.3	25.9	43.2	0.0	0.0	0.560	0.560
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.125	0.125
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.775	0.775
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.125	0.125
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.125	0.125
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.050	0.050
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.225	0.225
Paraguay	0.0	0.0	0.0	0.0	0.0	0.0	0.125	0.125
Uruguay	0.0	0.0	0.0	0.0	0.0	0.0	0.125	0.125
Latin America and Caribbean Regional Programs	12.5	24.9	0.0	37.4	NA	NA	NA	NA
Panama Canal Military Schools	NA	NA	NA	NA	0.0	0.0	2.100	2.100
TOTAL: Latin America and the Caribbean	547.5	371.7	218.2	1,137.4	185.5	0.0	11.135	196.635

NA = not applicable.