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January 22, 1987

NATIONAL SECURITY STUDY
DIRECTIVE NUMBER 2-87

Central America (C)

This National Security Study Directive establishes the terms of reference for an interagency review of our basic strategy for Central America, with a view to maximizing the effectiveness of our policies over the next two years. (C)

Our program of \$100 million in assistance to the Nicaraguan democratic resistance has now begun. Our ability to sustain the program will require the support of our Congress and of friendly countries in Central America. Our leverage over the Sandinista regime in support of our political objectives will require staying power and therefore will undoubtedly require continued funding. (C)

Support for our Nicaragua policy by Congress and the Central American democracies will require, in turn, that the Nicaraguan resistance demonstrate its political and military credibility. The governments of Honduras, El Salvador, Costa Rica and Guatemala now are skeptical about prospects for the resistance and about the sustainability of U.S. policy. The ability and willingness of the four democratic governments to cooperate with us on Nicaragua policy will also be affected by the level of U.S. military and economic assistance to them. (S)

The interagency review should therefore consider, e.g.:

- the objectives of the \$100 million program and how it relates to other political, economic, and security components of our overall policy toward Central America;
- the likely effect of our \$100 million program on the political and military capability of the Nicaraguan resistance; the prospects for the resistance, given sustained U.S. support, by the end of this Administration;
- the strengths and weaknesses of the political alliance represented by the United Nicaraguan Opposition (UNO); and ways to broaden participation in the armed resistance by other democratic Nicaraguan opposition groups;

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- the role of the Nicaraguan internal opposition, including the Catholic Church, labor, private sector, and the political parties;
- the prospects for continued cooperation with our Nicaragua policy by the four regional democracies;
- the capability of the Sandinista regime to improve its counterinsurgency efforts and to suppress the internal opposition;
- the future course of Soviet and Cuban policy in supporting the consolidation of the Sandinista regime and using it to serve their pol-military interests in the region;
- the role of the Contadora and Support Groups in promoting a democratic solution in Nicaragua, and the role of Mexico and other Contadora governments in supporting Nicaragua;
- the role of the UN and OAS, European countries, and others in promoting democratic solutions; and
- the response of Nicaragua and the Central American democracies to these diplomatic efforts; the prospects for Central American diplomatic initiatives. (S)

The review should contain policy recommendations on, e.g.:

- how to strengthen other components of our policy in Central America -- military, economic, political -- to reinforce the impact of our support for the Nicaraguan democratic resistance;
- whether any changes should be made in our assistance, training and advice to the Nicaraguan democratic resistance;
- how to help UNO maximize its effectiveness and acceptability in Nicaragua, internationally, and in the U.S. Congress;
- what steps might be taken to encourage the civilian populace to assist the democratic movement within Nicaragua;
- what further steps are available to increase pressures, e.g., economic, on Cuba and Nicaragua; how we might raise the costs to the Soviet Union, Cuba, and bloc countries of continued support of Nicaragua;
- how can we diminish Western assistance to Nicaragua and increase it for the four democracies;

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- whether the U.S. should encourage or undertake a more activist diplomacy, e.g., President Arias' proposal to enlist Latin and European leaders in a call for democratization in Nicaragua; how to encourage a more activist diplomacy on the part of the four democracies, especially within Latin America;
- in addition to our standing admonition on jet fighter aircraft, possible new markers on their relations with Nicaragua which we should lay down with the Soviets that would establish explicit limits beyond which the United States would react;
- whether and under what circumstances the U.S. should conduct any talks with the Sandinista regime; whether diplomatic relations with Nicaragua should be continued and, if so, at what level;
- whether adjustments are needed in our security assistance in light of heightened security concerns in Honduras and the prospect of Nicaraguan promotion of terrorism in the region;
- whether changes should be made in our economic and security assistance for El Salvador to help the GOES deal with increased urban guerrilla activity, including front operations in the universities and labor unions;
- options for improving the economic situation in Central America, including aid levels and trade issues, including options for reviving intra-regional trade; (B)
- options for improving the political situation in Central America, e.g., measures to strengthen democratic institutions and to promote cooperation and mutual support among Central American democracies and from other democratic governments in Latin America; and
- a status report on implementation of the Kissinger Commission recommendations. (S)

This review shall be the responsibility of the Restricted Interagency Group on Latin America chaired by the Assistant Secretary of State for Inter-American Affairs. The report shall be submitted no later than February 13, 1987. (S)

Ronald Reagan

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