CHAPTER V

THE REAGAN ADMINISTRATION’S POLICY TOWARDS NICARAGUA: 1981-1984

When President Ronald Reagan assumed the Presidency of the United States in early 1981, the course of deepening American involvement in Nicaragua had already been charted. From the beginning the Reagan administration conceptualized both Nicaragua and the Central American situation as essentially a Cold War problem. Its task was to redress the superpower imbalance and contain Soviet-Cuban “expansionism” in the Central American isthmus. This categorization of the Central American crisis as an East–West conflict was the result of the Reagan administration’s conviction that Carter’s “liberal” human rights policies had destabilized the region. The administration considered the situation in Central America as a loss of U.S control in its “backyard” and a deterioration of U.S power. The administration had seen the region’s violence as essentially fuelled by Cuba and the USSR, and that their influence and expansionism would continue unless contained “on the ground.”1 It provided the administration’s rationale for a more concerted effort to pursue a military solution against Nicaragua. Even during the presidential campaign of 1980 itself, the Republican Party platform had clearly stated its opposition to the Carter administration’s aid programme to Nicaragua.

The Administration’s Security Concerns and Strategies

Central America was a major foreign policy issue for the administration because

of its national security dimension. The president and the administration’s major foreign policy-makers had stated repeatedly that Central America was vital to United States national security. “The national security of all Americas is at stake in Central America….We have a vital interest, a moral duty and a solemn responsibility.” The administration’s affirmation that Central America was vital to U.S security was defended basically on three grounds namely credibility, the domino theory and the need to protect America’s rear.

The credibility argument stated that Central America was the United States backyard and immediate sphere of influence and that superpowers were supposed to control things in their spheres of influence. Therefore, “defections,” such as Nicaragua, would be seen as a loss of power, a sign of weakness and ultimately a sign of encouraging adversaries. The second explanation as to why Central America was vital was the domino theory. Administration officials had repeatedly affirmed that unless contained, Marxism–Leninism (or precisely Soviet-Cuban power) would move inexorably south into South America and north to Mexico, eventually threatening the United States itself. The domino analogy had dominated American foreign policy thinking since the end of World War II. It reached its zenith with reference to Vietnam. The third major explanation of U.S security interest in Central America was that it constituted America’s “strategic rear.” The argument was that the United States had a fairly secure Central America which allowed it to concentrate on the world’s other hot spots.

2. ibid, p. 237.
3. The domino theory states that if some key nation or geographical region falls under Communist control, a string of other nations will subsequently topple like a row of dominoes. For an important critique of the domino theory as it has operated in United States foreign policy, see Theodore Draper, “Falling Dominoes,” New York Review of Books, 27 October 1983.
Soviet-Cuban influence in the isthmus, however, threatened America’s “strategic rear” and unless the region was cleared, the United States would have to devote military and other resources to contain the beachhead. The United States, therefore, had to restore a stable, predictable, supportive, and “low cost” environment of the kind that characterized past relationships. This argument had been articulated most explicitly by Under Secretary of Defence for Policy, Fred Ikle:

We should seek to prevent the partition of Central America, a division of this region into spheres, one linked to the Soviet bloc and one linked to the United States. Such a partition would inexorably lead to a hostile confrontation of large military forces, a confrontation that could last for decades…. Nicaragua – if it continued on its present course – would be the bridgehead and arsenal for insurgency for Central America. And once the Sandinistas have acquitted the military strength that they have long been planning for, they might well use that strength for direct attacks on their neighbours to help speed up the “revolution without frontiers.”

Thus the Reagan administration’s foreign policy was oriented around a grand strategy of containing the Soviet Union, premised on a starkly bipolar view of geopolitics, placing great reliance on the military components of power. Secretary of State, Alexander Haig amplified the mission by declaring that there was “a mass of intervention in this hemisphere, through Cuba and the Soviet Union.” He asserted further, that the region had implications for U.S interests elsewhere, “We Americans must be as concerned about illegal Soviet intervention in El Salvador as in Africa, in

the Middle East, in Southeast Asia and where international law is violated and the rule of force is applied.” Cuba, in particular, was singled out as an instrument of Soviet ambitions. A lengthy “research paper” was prepared in 1981 by the Department of State to demonstrate Cuba’s support for violence in Latin America. In this document, the “Moscow-Havana axis” was blamed for Castro’s propaganda, training, and assistance on behalf of revolutionary groups throughout Latin America. These activities, the Department also said, could well bring more Cubas or totalitarian regimes so linked to the Soviet Union that they become factors in the military balance.  

Given the uncertainties generated by the failed policies of past administrations, the new Reagan administration felt that it should act decisively against Soviet adventurism in the Third World. In this context, the unrest in Central America presented the administration with an opportunity to demonstrate U.S power. The root of the conflict was Soviet-Cuban adventurism compounded by weakness of the United States under Carter. In contrast to Carter’s policy, the administration emphasized U.S military power, U.S security assistance, and support for pro-United States regimes regardless of their human rights record. The strategic underpinning for the U.S national security posture continued to be deterrence combined with the Reagan


Doctrine. The Doctrine held that the U.S would support revolutions against established Marxist-Leninist regimes and support established non-Marxist-Leninist systems struggling against Marxist-Leninist revolutions. The focus was primarily on the Third World, with particular attention to Central America. It was a new Reagan strategy of “rolling back” Soviet gains in the Third World. The Reagan Doctrine was a response to the crisis in the world political and economic system which was consolidated under U.S leadership during World War II. More specifically, its self-stated purpose was to respond to the Soviet strategy of supporting movements of national liberation and particularly, to the Brezhnev Doctrine of 1968 which stated that “once part of the Soviet bloc, always part.”

The Reagan Doctrine intended to regain for the United States the global strategic initiative, by reversing the gains of Third World liberation movements and by positing such reversals as an historic trend particularly in Nicaragua, Angola, Cambodia, and Afghanistan. At first glance the Reagan Doctrine had a familiar look, practised by Presidents Truman, Eisenhower, Nixon, whose names had been used for containment as a defensive theory to limit the further spread of Soviet power. The Reagan Doctrine on the other hand, was considered as an offensive one. It upheld liberation or the goal of trying to recover communist-controlled turf for freedom. In theory, its reach was


universal. In practice, the places to which the Reagan Doctrine had been applied were a particular set of Third World countries where the Marxist grip was relatively recent and therefore presumably light.

The Administration’s Objectives in Nicaragua.

The administration’s policy towards Nicaragua was a hostile one, regardless of how Sandinistas behaved, and diminished the incentive for moderation carefully crafted by the Carter administration. The administration seized upon Nicaragua as a perfect issue with which to assert its new hard line foreign policy. Secretary of State Alexander Haig, anxious to establish himself as the ‘vicar’ of foreign policy declared the region to be a “test case” in the struggle with international communism.\(^\text{11}\) The administration viewed the Sandinista regime as the most serious threat to U.S security interests. Operationally, the administration had seen essentially three important policy tasks. The first was to stop Nicaraguan meddling in its neighbours’ affairs. The second was to purge the isthmus of Soviet-Cuban influence and sanitize Nicaragua’s relations with those countries. The third was to prevent the Sandinista regime from consolidating itself as a Marxist-Leninist regime.

The administration’s first tactic was to claim that Nicaragua was the wellspring of revolution in El Salvador. This charge was backed by arguments that grossly exaggerated the amount and significance of relatively minor arms and material flows. Instead of conventional military tactics, the Reagan administration opted for ‘unconventional’ warfare against the Sandinistas. The first concrete step was a secret move by the administration in March 1981, which was revealed only to the Senate Intelligence

Committee. Reagan reaffirmed the covert programmes against Nicaragua started under Carter, and also took an important step beyond by authorizing the launching of new covert military operation.\textsuperscript{12} The goal of this action was to stop the arms flow to El Salvador. From the beginning, the purpose of the covert war was designed to keep the Sandinistas in a state of alert as well as to defuse congressional opposition. The decision to pursue a “covert war” against the Sandinistas reflected the tension between the Reagan administration’s determination to take strong military action and the political restraints on direct U.S intervention. While seeking an increase in Congressional funding for the Contras, President Reagan said:

> If the spread of Communism was not stopped in time, Nicaragua could become a ‘beach-head’ for the Soviet Union in North America. Will we permit the Soviet Union to put a second Cuba, a second Libya right on the doorsteps of the United States? It is not Nicaragua alone that threatens us, but those using Nicaragua as a privileged sanctuary for their struggle against the U.S.\textsuperscript{13}

The administration decided to make Nicaragua a test case of the Reagan Doctrine. The administration’s officials believed that failure to react on an issue close to home would encourage the Soviet Union and jeopardize American ability to dictate events elsewhere in the Third World. In early meetings of the National Security Council, Alexander Haig, the Secretary of State, advised a determined show of American will and power and a high level of intensity at the beginning. To bolster his case, Alexander Haig, asked Robert McFarlane, Counsellor to the Department of State, who


would later become the National Security Advisor, to draw up an options paper enti-
tled *Taking the War to Nicaragua*, which weighed the possibility of the open use of force against Cuban ships and planes and a naval blockade against Nicaragua. But the President’s advisers including Vice President George H.W. Bush, Secretary of Defence Casper Weinberger, and the Joint Chiefs of Staff vetoed Haig’s call to war. Any overt display of force, they reasoned, would conjure up the image of “another Vietnam” in the mind of the public, divert resources from more important battlefields in Europe and West Asia, and jeopardize the Administration’s efforts to garner congressional support for its domestic and foreign policy agenda.

**Counter-Insurgency and the Contras**

In February 1981, the Department of State had issued a White Paper showing the link between the insurgency in El Salvador and an elaborate arms network that extended from Moscow via Vietnam and Cuba, eventually to Nicaragua. The administration was determined to stop the alleged flow of arms to El Salvador. The administration decided on a more confrontational approach towards Nicaragua. A meeting of the National Security (NSC) on 16 November 1981 made the pivotal decision to fund and direct a secret anti–Sandinista guerrilla force, which later became known as the Contras, or counterrevolutionaries. In briefing the Congressional Intelligence Committee in December 1981, the CIA Director William Casey described the proposal as a $19 million programme to set up a five hundred man force aimed at the “Cuban infrastructure” in Nicaragua that was allegedly training and supplying arms to the Salvadoran guerrillas. The House Intelligence Committee approved of interdicting arms from

15. ibid.
Nicaragua but was sceptical as to whether that was Reagan’s objective. In December 1981 Reagan signed a directive that authorized the Central Intelligence Agency (CIA) to conduct covert military and political action to cut off alleged Nicaraguan support for the guerrillas.

From 1981 onwards, the government of the United States launched a policy of aggression against Nicaragua and threatened the use of force. The first was manifested through the organization and the encouragement of irregular forces of a mercenary character and the mining of the Nicaraguan ports. The second was through a series of threats and the mobilization of troops and military demonstrations within Nicaraguan waters and close to its terrestrial and maritime frontiers. The first military demonstration took place in December 1981, with the arrival of U.S. boats and fighter planes in Nicaraguan waters and airspace. The warships, in many cases, approached within a few miles of the Nicaraguan coast. Later whole fleets of warships were deployed in both oceans and espionage flights multiplied. In fact, there was a permanent military presence in the proximity of Nicaragua and violation of Nicaraguan waters and Nicaraguan airspace by U.S. ships and military airplanes was routine. This policy of force was reinforced by the creation of military alliances with other countries in the region, including the intention of the U.S. government to reactivate the Central American Defence Council. Nicaragua was a member of the Council by right.

and the United States was violating the same agreement that created the Council which established that all decisions taken within it be unanimous.

Originally, the announced justification for organizing the mercenaries was that they would interdict arms shipments from Nicaragua to the Salvadoran rebels. But this pretence did not last. The Contras announced that their goal was to overthrow the Sandinista government and Reagan dubbed them “freedom fighters.” Through the CIA and the Contras, the United States waged an undeclared war on Nicaragua.19 For the purpose of deepening U.S. covert war against Nicaragua, the administration also promoted Honduras as a military proxy in the region. Most of the Contra attacks came from across the eastern and central portions of the Nicaraguan-Honduran border, far from the purported arms-smuggling routes in the west. This, combined with the Contras disclaimer that they were trying to interdict arms, made it difficult for the Reagan Administration to keep up the fiction that the purpose of the covert war was to interdict arms flowing from Nicaragua to the Salvadoran guerrillas.20 In the fall of 1982, the administration changed the basic rationale for the covert war, at least as it was presented to Congress. Direct arms interdiction was replaced by the stated objective of harassing and punishing Nicaragua in order to convince the Sandinistas to end their support for the Salvadoran insurgency. As one administration official explained, “it became clear that cutting the roads from Nicaragua was not enough. It was necessary to raise the cost to the Sandinistas and the Cubans of meddling in El Salvador.”21

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21. ibid, p. 440.
The CIA and the Counter Insurgency

Within two months of President Reagan’s inauguration, the CIA had proposed and the National Security Council (NSC) considered, plans for covert action against Nicaragua to deal with the alleged growing Cuban presence in Nicaragua. The United States continued to recognize the Nicaraguan Government, but diplomatic relations became increasingly adversarial because of the administration’s concern that the Sandinistas were continuing to receive significant military support targeted for insurgent groups beyond Nicaragua’s borders. In December 1981, President Reagan signed his first Finding specifically authorizing covert paramilitary actions against the Sandinista Government in Nicaragua. The CIA proposed a variety of covert operations. Among the paramilitary operations proposed, the most ambitious called for the CIA to assemble, train an armed commando force of five hundred Latin Americans, mostly Cuban exiles with the purpose of conducting military operations against Nicaragua from base camps in Honduras. The primary mission of this force was to attack Nicaragua’s economic infrastructure in the hope that the resulting economic hardship would produce political destabilization.

A second paramilitary option called for the United States to provide financial and logistical support for an Argentine effort to train 1,000 Nicaraguan exiles for the purpose of overthrowing the Nicaraguan government. A third, more limited option involved the funnelling of military aid, particularly small arms, through the Honduran

22. Under the law, covert actions may be initiated only by a personal decision of the President. A Finding is an official document embodying that decision. Report of the Congressional Committees Investigating the Iran/Contra Affair (Darby: Diane, 1995) p.32.

Armed Forces to Nicaraguan exiles already operating along the Nicaraguan–Honduran border. This was an extension of a paramilitary operation approved in March 1981 to interdict arms flows from Nicaragua to El Salvador and Guatemala.

The CIA’s paramilitary plans touched off a heated debate within the Reagan administration over the goals of U.S. policy toward Nicaragua. Some officials argued that the programme of covert operations should be aimed at overthrowing the Sandinista government. Others, including officials from the Department of State and even the CIA itself, argued that the objective of U.S. policy should the more limited one of interdicting the flow of arms from Nicaragua guerrillas. They warned that efforts to depose the Sandinistas could spark a wider regional war, drawing the United States into direct military involvement.24 After an extended debate within the administration, President Reagan signed National Security Decision Directive 17 on 2 December 1981. It granted the CIA broad authority to conduct covert political and paramilitary operations against Nicaragua.

**Congress, Covert War and the Boland Amendment**

Efforts to limit the covert war began almost soon as congressional oversight committees were notified of it in 1981. Edward P. Boland, the Chairman of the House Intelligence Committee, at first backed a 1981 Reagan administration proposal to channel $19 million through the CIA to Nicaraguan exiles based in Honduras. Although supportive of the plan, Boland expressed concern in a December 1981 letter to CIA Director William Casey about the number and tactics of the rebels, the U.S. ability to control them and the possibility of military clashes between Nicaragua and Honduras. In mid 1982 several Democrats on the House Intelligence Committee

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considered eliminating funding for the covert war during consideration of the upcoming year’s intelligence authorization.25

By the fall of 1982, press reports spoke of a growing U.S. involvement in Nicaragua. Administration spokesmen responded by stating that the U.S. Government was seeking not to overthrow the Nicaraguan Government, but merely to prevent it from exporting revolution to El Salvador. Aid to the Contras was presented as an act in defence of El Salvador, not a hostile act against Nicaragua. Congress soon began to question this explanation. The Contras were in the field for the announced purpose of overthrowing the Sandinistas, not simply to interdict supplies destined for El Salvador. Congress debated the issue extensively, with some members questioning whether their own government was violating the charters of both the United Nations and the Organization of American States by interfering in the internal affairs of Nicaragua.

Out of this debate emerged an amendment to the Defence Appropriations Bill for fiscal year 1983, later known as Boland I. Introduced by Representative Edward P. Boland, the amendment passed in the House by a vote of 411-0 and was adopted in December 1982. This first Boland Amendment prohibited CIA use of funds “for the purpose of overthrowing the Government of Nicaragua.”26 The Appropriations Bill


26. Defense Appropriations Act for FY 1983, Sec. 793, cited in Report of the Congressional Committees Investigating the Iran-Contra Affair, n.23, p.33. In enacting the Boland Amendment, the Congress rejected a bill that would have barred all covert action funding, as well as an amendment that would have barred administration support of any insurgent group having the purpose to overthrow the Nicaraguan Government.
stipulated that “none of the funds provided in this act may be used by the CIA or the Department of Defense to furnish military equipment, military training or advice or other support for military activities, to any group or individual, not part of the country’s armed force, for the purpose of overthrowing the Government of Nicaragua.”

As the covert war widened, both the House and Senate Intelligence Committees began to worry that the operation was spiralling out of control. In an effort to hold the CIA to its original objective of arms interdiction, the Committee added to the Classified Annex of the 1983 Intelligence Authorization Act provisions prohibiting U.S aid to paramilitary groups for the purpose of overthrowing the government of Nicaragua or provoking a military exchange between Nicaragua and Honduras. The administration continued to expand the covert war during the early months of 1983, as the issue returned to the top of the congressional agenda. In March 1983, 1,500 exile troops invaded Nicaragua. Though they were thrown back to Honduras, the new attacks promoted a series of stories in the press documenting the continued U.S involvement in training, financing, arming and advising the exiles.

The new revelations convinced several members of Congress that the administration’s real intention was to overthrow the Sandinistas, in violation of the Boland Amendment. Daniel Patrick Moynihan, Vice-Chairman of the Senate Intelligence Committee, reported that a number of his colleagues on the Committee shared that suspicion. Senator Patrick Leahy travelled to Central America on behalf of the Intel-

27. Dario Moreno, n.7, p.122.
ligence Committee to investigate U.S. operations and upon his return said that it appeared to him that the administration was ignoring the intentions of Congress. Representative Wyche Fowler conducted a similar investigation for the House Intelligence Committee and returned with the same conclusion. Finally, Boland himself declared that the evidence was “very strong” that the administration was violating the Amendment bearing his name. 30.

In May 1983, both the House and Senate Select Committees on Intelligence challenged the administration’s Nicaragua policy, but in different ways. The Senate Intelligence Committee took the rather unusual step of requiring that the “administration articulate, in a clear and coherent fashion its policy objectives.” Before the Committee could vote for more aid, it wanted a new Presidential Finding. The House Permanent Select Committee on Intelligence on the other hand, favourably reported a new bill named the “Boland–Zablocki bill, to the full House for consideration. The bill barred aid for the Nicaragua covert action programme, but it also took the administration at its word about the need to stop arms flows to El Salvador. 31. On 28 July, after several days of bitter debate, the House of Representatives passed the Boland – Zablocki amendment by a vote of 228-195. The legislation provided $ 80 million in assistance to Central American governments to stop the flow of arms to rebel groups, but no funds for “support of military or paramilitary activities in Nicaragua.” 32. The Republican majority in the Senate, however, was not prepared to halt the war. Eventually, the House and Senate reached a compromise whereby the administration received

30. Senator Moynihan’s views were reported in the New York Times, 1 April 1983.
31. Report of the Congressional Committees Investigating Iran-Contra Affairs, n.23, p.34
32. ibid.
$24 million (about half its initial request) to keep the covert war going from October 1983 to June 1984.

**Economic Warfare**

As the policy of hostility unfolded, President Reagan approved a policy with the goal of preventing a proliferation of a Cuban model state in Central America that could threaten both the United States strategic and economic interests.\(^{33}\) The Reagan administration halted bilateral aid to Nicaragua almost immediately. To discourage American private business, Nicaragua was excluded from the programmes of the Export Import Bank as well as those of the Overseas Private Investment Corporation, which offers insurance for U.S. companies investing abroad.\(^{34}\) To prevent private banks from providing loans to Nicaragua; the U.S. government’s Inter-Agency Exposure Review Committee, which rates an underdeveloped nation’s creditworthiness, downgraded Nicaragua’s rating in early 1983 from “substandard” to “doubtful,” despite the fact that Nicaragua was at the time on schedule with its repayment of the massive external debt inherited from Somoza.\(^{35}\)

Trade between the United States and Nicaragua had declined ever since Reagan became president. In 1980, 30 percent of Nicaragua’s trade was with the United States as compared to just 1 percent with the Soviet bloc. By 1984, trade with the United States had fallen to 17.5 percent of the total and trade with the Soviet bloc had risen to 20 percent.\(^{36}\) The United States pressure on the World Bank caused the organization

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34. William M. LeoGrande, n.20, p.434.
to take unilateral action against Nicaragua, which included suspension of its loan programmes. In 1983, the United States also announced a 90 percent reduction in sugar which it bought from Nicaragua. Another aspect of the U.S. war on Nicaragua was economic strangulation. It appeared that the United States had at least two motivations in trying to undermine the economy of the country. First, Washington was aware that an economic collapse in Nicaragua would destabilize and discredit that nation’s new political system and might lead ultimately to its demise, just as the Nixon-Kissinger plan to destabilise the Chilean economy had done in that country less than a decade earlier. Yet another U.S. motivation was the destruction of the Nicaraguan economy to demonstrate once again that any alternative to laissez-faire capitalism, especially one that U.S. officials would describe as Marxist-Leninist or Communist could not work.

Having suffered from tremendous economic decline during the last phase of the Somoza regime, Nicaragua was in no position to withstand economic aggression from the most powerful nation on earth. Much of the country’s agricultural, industrial and commercial infrastructure had been damaged during the war. Its public and private banking system had been looted by the departing dictator and his cronies. The country


had been saddled with a foreign debt of over $1.6 billion and capital flight during the
conflict had exceeded $500 million 39.

The Reagan administration not only cut off all U.S. assistance to that country but
also insisted that the Inter-American Development Bank (IDB) on which most Latin
American countries rely for economic assistance, do the same. After 1982 virtually
all IDB and World Bank assistance to Nicaragua dried up, in spite of the fact that both
institutions had enthusiastically supported it in the beginning. While recommending
considerable international financial support, the IDB warned that any untoward event
could lead to financial trauma. By blocking IDB and World Bank aid, the Reagan
administration deliberately induced that type of trauma40.

Another aspect of the U.S. economic assault on Nicaragua was the severance of
normal trade with that country. Prior to the Sandinista victory, Washington was
Managua’s leading trading partner. Within weeks of coming to power, the Reagan ad-
ministration cut off all Nicaraguan access to American wheat, followed by a later threat
to stop the import of Nicaraguan beef. In October 1982, the Standard Fruit Company
suddenly pulled its banana buying operations out of Nicaragua. In May 1983 the United
States cut the quota for the import of Nicaraguan sugar by almost 90 percent. Even at
that point the country’s economy had been closely tied to the United States. For in-
stance, $58 million in Nicaraguan exports went to the United States, and $110 mil-

40. ibid, p. 233.
lion in the latter’s exports entered Nicaragua. The Reagan administration also put pressure on other countries to curtail or terminate trade and aid relationship with Nicaragua. Venezuela stopped while Mexico drastically curtailed its provision of oil supplies at concessionary terms in the mid 1980s.

**Propaganda Policy**

From the outset the Reagan administration attacked the Sandinistas with propaganda. The purpose of the policy was to discredit them in the eyes of the Nicaraguan people, to cause them to become condemned and isolated internationally, and to sway U.S. public opinion to support the Contra war and other anti Sandinista measures. At home, the Reagan administration launched a public relations campaign to portray Nicaragua as a Marxist-Leninist dictatorship guilty of gross human rights abuses, a pawn of Cuba and the Soviet Union, and the primary source of external support for the Salvadoran insurgency. The U.S Ambassador to the United Nations, Jeane Kirkpatrick led the assault on Nicaragua’s human rights record. She characterized the regime as a totalitarian dictatorship even more “repressive… than was the dictatorship of Somoza.”

The most impressive element of the Administration’s public relations campaign against the Sandinistas was a press briefing conducted jointly by the CIA and the Defense Intelligence Agency. The thrust of the briefing was that Nicaragua had undertaken a major military build-up with Cuban and Soviet assistance, a build-up far beyond normal defence requirements that it was intended for aggressive use against Nicaragua’s

42. Harry E Vanden and Thomas W. Walker, n. 38, p. 156.
neighbours. Some of the most important distortions concerned the alleged Sandinista military threat. Washington argued that the Sandinistas had engaged in massive arms build-up that was unrelated to its defence needs and therefore threatening to the stability of all of Central America. The U.S Department of State issued a White Paper entitled *Communist Interference in El Salvador*, in which it maintained that the Nicaraguan government was playing a major support role in the uprising in El Salvador. The charge that Nicaragua was providing important and continuous arms support to the Salvadoran rebels was never seriously substantiated during the Reagan administration. From the beginning the Sandinistas did express their moral support for the Salvadoran rebels. However, although they later acknowledged that some arms might have passed through their country at the turn of the year 1980-81, they remained adamant that this traffic subsequently had stopped. The Reagan administration did an unconvincing job of documenting its arms–running charges against Nicaragua. The White Paper proved very little and was largely discredited shortly after it appeared. Wayne Smith, Chief of the U.S Interest Section in Havana from 1979 to 1982 later said that the document became a source of acute embarrassment to the administration, primarily revealing shoddy research and fierce determination to advocate the new policy whether or not the evidence sustained it.”

44. For the text of the briefing see *New York Times*, 10 March 1982.
In June 1983 the administration decided a new method of trying to win public support for the President’s policy in Central America. In July 1983 the then National Security Adviser William Clark announced that “the president had decided that the administration must increase our efforts in the public diplomacy field to deepen the understanding of the support for our policies in Central America.” As a result, an Office of Public Diplomacy for Latin America and the Caribbean was established in the Department of State, headed by Otto Reich, who was given the rank of Ambassador. The mission of the office namely public diplomacy was a new non-traditional activity for the United States government. In fact, “public diplomacy” turned out to mean public relations – lobbying, all at the taxpayer’s expense. The office arranged speaking engagements, published pamphlets, and sent materials to editorial writers to persuade the public and Congress to support appropriations for the Contras.

On the diplomatic front, the administration sought to isolate Nicaragua from its Central American neighbours and to reduce West European support for the Sandinistas. The administration combined its diplomatic moves with military actions designed to intimidate the Sandinistas. In addition to the constant drumbeat of rhetoric about Nicaraguan subversion, the administration undertook a massive military build-up in Honduras. From fiscal year 1980 to fiscal year 1984, U.S. military aid to Honduras rose from $3.9 million to $78.5 million. The United States also organised a Central American Democratic Community, composed of Costa Rica, Honduras and El Salvador. Under U.S. pressure, France delayed its military supplies and also agreed not to make any additional supplies to Nicaragua. Similar pressures were brought to bear on other

47. Report of the Congressional Committees Investigating the Iran-Contra Affair, n.22, p.34.

West European countries, not only to prevent arms shipments to Nicaragua but to reduce economic support for the Sandinistas as well as. The explicit objective of these measures was to counter Nicaragua.

The Reagan administration also undertook a massive propaganda campaign to convince public opinion that the Salvadoran guerrillas were supported by Nicaragua and the Soviet bloc. The planners of the covert operations clearly had even more ambition of overthrowing the Sandinista government. When William Casey, the CIA Director, reported to the Congressional Intelligence Committee, he presented two versions of the operations goal. The optimal goal of the plan was to overthrow the Sandinista government, and the minimal goal a programme of arms interdiction.\textsuperscript{49} In fact, the administration believed that the United States could not live with Sandinista Nicaragua. While addressing Congress in April 1983, President Reagan said that the “governments in Central America with ideological and political loyalties to Cuba and the Soviet Union posed a direct challenge to which we must respond, Nicaragua should terminate the Cuban and Soviet military presence on its soil.”\textsuperscript{50}

**Contadora Initiatives and the Administration**

The search for peace in Central America had been marked by frustrated expectations and lost opportunities due to the military orientation of U.S policy. On 8 and 9 January 1983 the foreign ministers of Mexico, Colombia, Venezuela and Panama met

\textsuperscript{49} Patricia Flynn n.12, p.10.

\textsuperscript{50} See *Nicaragua’s Peace Initiatives* (Managua: Centro de Comunicacion Internacional, Government of Nicaragua, 1986).
on the Panamanian island of Contadora. The official purpose of the meeting, promoted by Mexico, was to discuss the dangers to regional peace and security posed by the Central American crisis. The common concern of the participants was, and continued to be, the military build-up in the area and the U.S. objective of finding a military solution to the political and social conflicts in Central America. The document issued by the ministers stated that the root causes of the region’s instability lay not in East-West tensions but in the economic and social backwardness of the countries. It also reaffirmed the validity of the principles of non-intervention and self-determination, and called for dialogue and negotiations. On 20 April 1983 the Contadora foreign ministers held the initial joint meeting with representatives of Honduras, El Salvador, Nicaragua, Costa Rica, and Guatemala in an effort to set the general rules for negotiations.

From the beginning of 1983, Washington showed its determination to prevent Latin American initiatives from influencing the outcome of the regional conflict, from limiting its own scope of action, and from facilitating a cessation of hostilities which would guarantee the survival of the Sandinista regime. Reagan always looked upon Contadora as a development opposed to U.S. interests, inspired by the anti-American and pro-Sandinista inclinations of some of its participants. Contadora’s proposed solutions for Central American problems were looked upon as alien to U.S. concerns on national security. The administration manifested its indifference to Contadora at its creation and soon thereafter. On 28 April 1983, Reagan named a special envoy to explore prospects for a political settlement of Central America’s problems. In July,


52. ibid., p. 102.

53. ibid., p. 107.
one day after he received a letter from the four presidents of the Contadora countries inviting the United States to co-operate in the search for peace in the area, Reagan gave another revealing response in announcing plans for military and naval manoeuvres in Central America. In other efforts to bypass or at least to neutralize the Contadora, the United States convoked other forums and devised alternative mechanisms and initiatives to build consensus and promote multilateral actions. The administration’s commitment to military options was confirmed on 25 October 1983. While the Contadora nations were meeting in Panama, U.S troops occupied the tiny Caribbean island of Grenada.

The Kissinger Commission Report

The major step in the Reagan effort to build support for its policies came with the publication of the Report of the National Bipartisan Commission on Central America in January 1984. In response to rising criticism of U.S actions in Nicaragua, President Reagan had named in November 1983 a special panel, composed of well known figures in law, business, government and education, to examine the problems in the region with the aim of providing advice on long term U.S policy. Representatives of both the Democratic and Republican viewpoints were members of the Commission which was chaired by former Secretary of State Henry Kissinger. The panel conducted a series of hearings and made several trips to Central America. It produced a report of over 130 pages that generally endorsed the approach being followed by the administration.54

In spite of the indigenous sources of revolution and the justified demands for correcting centuries of economic and political inequalities, the report argued that the top priority for the United States was to meet the external threat to the region. Virtually all the members agreed that U.S security was directly threatened by Soviet and Cuban exploitation of the economic and political instability in Central America. According to the report, the communists were taking advantage of local instability to extend their power, and that security interests must take precedence over the long-term efforts to solve the more fundamental problems. As the Kissinger Commission reported, the consolidation of a Marxist-Leninist regime in Managua would be seen by its neighbours as constituting a permanent security threat. The Commission did call for an extended U.S commitment to economic assistance and political reform in order to avoid future crises, but in the final analysis U.S “credibility” required a strong and immediate response on both the military and economic fronts. It also added that the United States “preferred to resolve the conflicts in the region peacefully” and wanted to pursue “the formidable challenge of improving the lives of everyone in the region including Nicaragua.”

Direct Confrontation

In January 1984, the CIA escalated its campaign to disrupt Nicaraguan shipping by mining operations. This brought forth a firestorm of criticism from Latin America, Western Europe and the U.S Congress itself. Co-ordinated from a U.S war ship, naval forces struck on 5 January at the oil facilities at Puerto Sandino in Nicaragua. Similar attacks followed on 25 February on the Atlantic port of El Bluff and the

55. ibid., p.119.
Pacific port of Corinto. In March 1984 the administration renewed its request to Congress for $21 million in supplemental funds for the Contras. Despite initial procedural and jurisdictional skirmishes, the Senate Appropriations and Intelligence Committees approved the request and the Senate voted to uphold the funding, defeating a series of amendments to end the covert war. Yet, pressure from Senate Republicans persuaded President Reagan to issue an assurance that “the United States does not seek to destabilize or overthrow the government of Nicaragua; nor to impose or compel any particular form of government there.”\(^{57}\)

On 5 April the United States vetoed a United Nations Security Council resolution condemning the mining of the ports, an action quite contrary to the United States traditional posture of supporting free navigation.\(^{58}\) In April 1984, Nicaragua requested the International Court of Justice (ICJ) to take initiatives against the United States. When ICJ took an interim decision to the effect that the United States should stop any activity limiting, blocking, or threatening access to Nicaraguan ports and also stop all military and paramilitary activities against Nicaragua, the Reagan administration challenged the verdict of the Court by saying that the ICJ had no jurisdiction in this case.\(^{59}\)

On 6 April 1984, the *Wall Street Journal* reported that the CIA had participated in the mining of Nicaraguan harbours. The ensuing controversy centred on the administration’s alleged violation of the law and mismanagement of the covert war. The CIA’s role in the mining appeared to escalate direct U.S military involvement in an act of war against the Sandinistas, threatening not only Nicaraguan commerce but the ship-

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\(^{57}\) Cynthia Arnson, n.25, p.45.


\(^{59}\) ibid., p.28.
ping of U.S allies as well. In April both the House and Senate approved nonbinding “sense of the Congress” resolutions condemning the mining. The House voted to defeat the administration’s $21 million supplemental funding request and ultimately, the Senate accepted the House position.60

The mining of Nicaragua’s harbours weakened Senate support for the covert war, setting the stage for a cut-off of funding in October 1984. In June, during consideration of the FY/1984 Defense Authorization Bill, four Democratic members of the Senate Intelligence Committee who had previously supported the administration, voted to cut-off funds for the war. Later a proposal in the Senate to fund a phase-out of the covert operation lost by a vote of 57-42.61 The shifting votes in the Republican-dominated Senate showed that administration bungling, mismanagement and perceived illegality had begun to reap a harvest of distrust, even among past supporters.

The congressional opposition to the administration’s policy in Nicaragua stemmed from a basic rejection of both the administration’s goals, gradually perceived as the overthrow of the Sandinista government and its sponsorship of a covert proxy war. Initially Congress went along with a covert military operation for what it viewed as the legitimate purpose of intercepting arms going from Nicaragua to rebels in El Salvador. When Contra rebels themselves declared their intention to overthrow the Managua government, and skirmishes along the Nicaraguan–Honduran border threatened to escalate into a broader conflict, Congressional scepticism turned into alarm, and House Democrats led an effort to terminate funding for the covert war. Frustrated by the unreliability of Congressional appropriations for the Contras; a coalition of

60. Cynthia Arnson, n.25, p.46.
61. ibid.
U.S government officials, private fundraisers, arms dealers, foreign governments and a variety of conservative individuals devised ways to channel “unofficial” funds to the Contras. In the early stages, this effort drew on the capabilities of private groups such as the Christian Broadcasting Network and Soldier of Fortune magazine to raise money for the covert war. In 1984 alone this campaign reportedly raised over $10 million.\(^6^2\)

Subsequent revelations in the Iran-Contra hearings showed how deeply and often illegally, White House staff members were involved in this enterprise. Documents and testimonies provided to the Senate and House select committees investigating what was later called the Iran-Contra affair indicate that in the late spring of 1984, National Security Council officials approached both Israel and Saudi Arabia for assistance in sustaining the Contras.\(^6^4\) Israel eventually supplied weapons. By July 1984, Saudi Arabia also was funnelling U.S $1 million a month into a Grand Cayman Islands bank account controlled by the Contras.

On 21 September 1984, the Nicaraguan government unexpectedly announced that it would accept the regional peace proposal put forth by the Contadora group.\(^6^5\) The Reagan administration had never expected Nicaragua to agree to sign the regional peace treaty proposal. The Contadora Plan called for mutual reduction in arms, troops, and foreign advisors among South American countries. It prohibited the establishment

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\(^6^2\) Harold Molineu, n. 16, p. 207.  
\(^6^3\) Harry E. Vanden and Thomas W. Walker, n. 38, p. 168.  
\(^6^4\) See the testimony of Richard Secord and Robert McFarlane before the Special Committees of the Senate and House of Representatives Investigating Illegal Arms Sales to the ‘Contras’, 5 May 1987 and 11 May 1987, cited in Peter Kornbluh, n.14, p.1119.  
of foreign military bases in these countries and barred them from supporting irregular
troops trying to overthrow any government.66 While the Contadora proposal was ac-
cepted by the Nicaraguan government, the United States rejected it and insisted that a
necessary part of any agreement should be verifiable pledges by the Sandinistas to
hold free and fair elections that met Washington’s definition of pluralism.67 This showed
the intransigence of the administration. The administration did not want any concilia-
tory policy towards the Sandinista government. This was clear when the Deputy Sec-
retary of Defense, Fred Ikle in a speech said “we must prevent consolidation of a
Sandinista regime in Nicaragua.” He also called repeatedly for a “military victory” for
the “forces of democracy” in Central America and warned that the continued exist-
ence of the Sandinistas would require a partitioning of Central America analogous to
the partition of Europe.68 When the Nicaraguan elections were held in November 1984,
the U.S refused to send observers and denounced the election even though European
reporters confirmed that by Central American standards they had been free and fair, at
least as much as those conducted under American auspices in El Salvador. Washing-
ton tried to undermine the election and encouraged domestic opposition not to
participate in the election. The election ensured Sandinista legitimacy both nationally
and internationally.69

67. William Jesse Biddle, U.S Nicaraguan Talks: Going Through the Motions
   (Washington DC: Center for International Policy, 1983), cited in William M.
   LeoGrande, n. 20, p. 444.
68. Remarks by Fred C. Ikle, cited in Christopher Dickey, “Central America: From
   Quagmire to Cauldron,” Foreign Affairs (New York) Vol. 62, No. 3, Summer
   1984, p. 667.
69. Peter Calvert, “U.S Decision Making and Central America: The Reagan Ad-
   ministration,” in Peter Sherman and Philip William (eds) The Super Powers,
   Central America and the Middle East (London: Brasseys, 1988) p.3.
In the first term in office, the main objective of the Reagan administration was to prevent any kind of consolidation of a Marxist-Leninist regime in Nicaragua that would be a threat to its national security interests in the region. At the same time the administration also sought to isolate Nicaragua from its Central American neighbours and destabilise it through direct economic sanctions and covert military support to Nicaraguan Contra rebels. For these efforts the administration took Honduras as a base for the covert war against the Sandinistas. The administration also tried to convince public opinion that the El Salvadoran guerrillas were supplied with arms by Nicaragua and the Soviet bloc countries. However, in taking the decision to pursue covert war against Nicaragua, the administration came to realise the domestic political constraints arising mainly from the U.S. Congress as well as from the general public in the United States.