CHAPTER VI

THE REAGAN ADMINISTRATION’S POLICY TOWARDS NICARAGUA: 1985-1988

During the second term in office, the Reagan administration increased its pressure on Nicaragua. The administration was not in a position to accept any negotiated settlement in Central America as long as the Sandinistas were in control of the Nicaraguan government. Under the presidency of Ronald Reagan, Nicaragua came to be seen as a test case of the Reagan Doctrine, which espoused support for armed resistance movements against revolutionary Marxist-Leninist regimes in the Third World.1 Early in his second term in office, President Reagan himself publicly declared his intention to remove the Nicaraguan government “in the sense of its present structure” and to force its Sandinista leadership to bring change in a manner the United States desired.2 President Reagan used his 1985 State of the Union Message to dress up his Contra programme into a doctrine on wars of national liberation. “We must not break faith with those who are risking their lives on every continent from Afghanistan to Nicaragua to defy Soviet-supported aggression and secure rights which have been ours from birth.... Support for freedom fighters is self defense.”3 According to the Reagan administration’s analysis, Nicaragua represented a major Soviet effort to permanently


disrupt the balance of power between East and West in the Western Hemisphere.

One positive development that had been taking place at a time when Reagan was campaigning for a second term was Secretary of State George Schultz’s visit to Nicaragua at the urging of Mexican President Miguel de la Madrid Hurtado and ensuing talks with the Sandinistas. However, on 17 January 1985 the United States unilaterally suspended the bilateral talks with the Sandinistas that had been taking place in the Mexican city of Manzanillo. The Nicaraguans resented the United States attempt to interfere in their country’s internal affairs. This dealt a harsh blow to the normalisation of relations between the two states. After making this unilateral decision to the detriment of the previous agreement, the U.S. administration took the unusual step of disqualifying the jurisdiction of the International Court of Justice. On 18 January 1985, the Department of State issued a formal statement on the U.S. withdrawal from the proceedings initiated by Nicaragua in the International Court of Justice. As the Nicaraguan government saw it, the United States had unleashed strong propaganda to discredit the Court, and when was defeated judicially proceeded to ignore its jurisdiction and competence and announced its withdrawal. In a speech delivered on 22 February 1985, to the Commonwealth Club of San Francisco, Secretary of State George


5. Alejandro Bendana, ibid.

Schultz asserted that for years the Soviet Union and its proxies were backing insur-
gencies designed to spread communist dictatorships and at that current moment a
democratic revolution was sweeping the world. The implication was that the United
States had an obligation to aid the latest generation of freedom fighters.7

Despite Congress’s ban on U.S. military aid to the Nicaraguan rebels from mid-
1984, the Reagan administration’s reliance was on the Contra insurgency as the core
of its policy towards Nicaragua. By early 1985, President Reagan publicly proclaimed
the Contras jungle war to be the most important front in a global struggle “to repeal...
the infamous Brezhnev doctrine, which contends that once a country has fallen into
Communist darkness, it can never be allowed to see the light of freedom.”8 After two
years of sustained battle, in 1985 President Reagan won congressional approval for
U.S. involvement in the war against the leftist government in Nicaragua. It was a major
victory for Reagan who had thrown the weight of his presidency behind the Contras
battle against the Sandinistas. President Reagan had called the issue as one of the
greatest moral challenges to the United States and described the Contras as freedom
fighters.9

To gain victory, the administration accepted two conditions of enormous politi-
cal importance imposed by Congress. The first was the insistence by most congres-

7. Ted Galen Carpenter, “US Aid to the Anti-Communist Rebels: The ‘Reagan Doc-
trine’ and its Pitfalls,” *Policy Analysis*, CATO Institute, No.74, 24 June 1986,

(Washington DC) No. 66, Spring 1987, p. 156.

9. President Ronald Reagan, “Remarks at a Fund-raising Dinner for the Nicaraguan
sional leaders that the U.S. aid be spent for food, clothing and other humanitarian purposes. The second condition was not to allow either the CIA or the Pentagon to administer the aid. The administration accepted the demands but retained the right to ask for military aid later. Although the President did not submit a formal funding request to Congress until April 1985, the campaign to secure its approval began much earlier. In February, President Reagan and Secretary of State Shultz went on a rhetorical offensive, calling the Contras “our brothers” and the moral equivalent of “the Founding Fathers and the brave men and women of the French Resistance.\textsuperscript{10}

On 3 April 1985, President Reagan submitted a request to Congress for direct military aid to Contra rebels. Support for the Contras had weakened due to the administration’s political blunders, including its failure to inform the Senate Intelligence Committee about Central Intelligence Agency (CIA) involvement in the mining of Nicaraguan harbours. On 23 April 1985, the opposition Democratic controlled House of Representatives rejected it by 248-180.\textsuperscript{11} During this period, the administration was trying its best to put economic pressure on Nicaragua. This was demonstrated when Mexico, itself heavily indebted to U.S. bankers, refused to supply any more oil to Nicaragua without cash in advance. It was this action that drove President Ortega to visit Moscow and the crucial moment at which Congress had just rejected Reagan’s request for aid to the Contras.\textsuperscript{12} In the wake of the defeat in the House of Representa-


tives of the aid package, President Reagan imposed economic sanctions against Nicara-
guana on 1 May 1985, which was approved by Congress. The sanctions included a total embargo on trade with Nicaragua, notification of U.S. intention to terminate its Treaty of Friendship, Commerce, and Navigation with Nicaragua and suspension of services to the Nicaraguan Airlines. The President authorised these steps in response to the emergency situation created by the Nicaraguan government’s aggressive activities in Central America. Later in June, Congress voted to provide $27 million as “humanitarian aid” to the Contras.

Through military, economic and diplomatic pressures, the U.S. sought to achieve a change in the political regime in Nicaragua, either by forcing the government into political negotiations or by bringing about the collapse of Sandinista rule. It was seen as an opportunity of overthrowing a communist regime, particularly when the general Soviet notion was that Communist revolutions were irreversible. On Nicaragua, the stated parameters of U.S. policy was on the one hand the avoidance of a second Cuba in the Central American region and on the other hand to help an anti-Communist insurgency to succeed in Nicaragua. From the Nicaraguan standpoint the counterrevolution in the country was receiving military aid from the United States which was engaged in

planned offensives and engaged in the act of sabotage against the civilian population.\textsuperscript{16} However, the Reagan Administration wanted to avoid a direct application of military force. An assault on Nicaragua would intensify the opposition in the United States to the administration’s Central American policies. Thus, Reagan had been working hard to get rid off the “Vietnam Syndrome” and build up a mood of fake patriotism in the country by supporting Contra rebels.\textsuperscript{17}

**Contadora Peace Initiative**

In January 1986, the foreign ministers of the Contadora group met in Caraballeda, Venezuela, and worked out a new regional peace initiative known as the Caraballeda Message. It called for the removal of all foreign military advisers from the region, a suspension of foreign military manoeuvres, a halt to support of guerrilla armies and respect for self determination and territorial sovereignty of each country.\textsuperscript{18} Apart from the Contadora Plan, at the eight Latin American Foreign Ministers meeting in February 1986, Peruvian Foreign Minister Allan Wagner Tizon also proposed a peace plan which called for a series of immediate steps including the cessation of support for irregular forces which operated in the region, a reference to U.S. backed Contras fighting to overthrow the Sandinista regime. However, the U.S. administration was

\textsuperscript{16} Nicaragua: The Counterrevolution, Development and Consequences (Managua: Centre for International Communication, Government of Nicaragua, n.d.)


not in a position to accept these proposals.

The administration opposed the Contadora initiative because it excluded a foreign military presence from Central America that would drastically change the U.S. military posture, especially in El Salvador and Honduras where there were hundreds of United States advisers and a variety of installations were used by military and intelligence forces.\textsuperscript{19}

On 25 February 1986, President Reagan submitted to Congress another Contra aid request for $100 million dollars of which $30 million would be used for non-military aid. He also called for the elimination of previously imposed restrictions on Contra aid — primarily on direct involvement by the Pentagon and the CIA and other intelligence agencies.\textsuperscript{20} In return for Congressional approval, Reagan pledged to begin direct “discussions” (not negotiations) with the Nicaraguan government. The primary argument of the supporters of covert aid from the administration’s side was that the Sandinistas were turning Nicaragua into a communist state closely tied to Cuba and the Soviet Union. If not stopped, the Sandinistas would subject the Nicaraguan people to all miseries of totalitarianism and turn Nicaragua into a base for fostering communist movements throughout the hemisphere. “Nothing short of force was to stop them, and it would be better if that force were exerted by Nicaraguan fighters than Americans.”\textsuperscript{21} On 25 June 1986 itself the House voted for the $100 million aid. Reagan was


\textsuperscript{20} President Ronald Reagan, “Remarks at a Fund-raising Dinner for the Nicaraguan Refugee Fund,” 15 April 1985, n.9.

jubilant on the occasion and remarked that “once more the members of both parties have united to prevent totalitarian expansion and promote the cause of democracy.” On 31 August, the Senate also approved the same Contra aid provisions. Despite the corruption, human rights atrocities and the lack of political appeal or military prowess of the Contras; due to the intense lobbying of the administration, the U.S. Congress lifted all previous restrictions on CIA involvement in the paramilitary campaign.

A congressional decision to provide aid to anti-communist rebels operating in Afghanistan and Cambodia also reflected the then emerging conservative mood in Washington. Moreover, in a movement to strengthen the Reagan Doctrine, Congress repealed the Clark Amendment, which had prohibited U.S. aid to anti-communist forces in Angola. These measures indicated the success that the Reagan administration enjoyed in creating support for pro-American guerrillas fighting communist regimes.

Despite all the aid sanctioned by Congress, the Reagan administration failed to replace the Sandinista government. Within the United States there was little support for any use of U.S. forces except to counter a direct Soviet strategic threat or Nicaraguan aggression against U.S. allies and none for an invasion to overthrow the Sandinistas. Such an action would have caused significant division, weaken the national consensus behind U.S. foreign policy which the administration had wanted to restore, and the


increased support for its Central American policies. The administration understood that beyond the Western Hemisphere, it would strain relations with Western Europe and provoke a mood of anti-Americanism.

Iran - Contra Scandal

The Reagan administration which was constrained by the Congressional attitudes and public opinion had been engaged in clandestine funding of the Contras through the CIA. Frustrated by the unreliability of Congressional appropriations for the Contras, a coalition of U.S. government officials, private fund-raisers, arms dealers, foreign governments and a variety of conservative individuals and causes devised ways to channel “unofficial” funds to the Contras. A coalition led by William Casey of the CIA, National Security Advisers Robert McFarlane (until December 1985) and John Poindexter, along with National Security Council aide Lieutenant Colonel Oliver North and Assistant Secretary of State Elliott Abrahams, developed an elaborate network to channel non-governmental money to the Contras. Labelled “the Enterprise” (and sometimes Project Democracy) this endeavour exploited the willingness of wealthy conservatives to contribute to patriotic causes endorsed by the White House. It then turned to soliciting money from foreign governments with close ties to the United States. En route to Central America, the funds bypassed government accounts via

laundry arrangements provided by a number of false companies.28

One of the more ambitious aspects of the “Enterprise” was to raise funds by siphoning off profits earned from the surreptitious sale of U.S. arms to Iran which was at that point engaged in a prolonged war with Iraq. In spite of the Congressional and Presidential ban on dealing with “terrorist” governments such as Iran, Casey, North and company arranged, through a variety of private arms dealers to sell sophisticated weapons to the Iranians. The excess profits were then to go into private bank accounts to finance the Contra War. This also occurred despite the restrictions placed on U.S. intelligence agencies by the Boland Amendment.

In late October 1985 Oliver North sought Reagan’s approval for an intelligence operation to air drop information and weapons to Contras and to sink ships carrying arms to Nicaragua. Poindexter, then the deputy to McFarlane signed for Reagan in the space marked “Approved” and then added the words “President approves.”29 Simultaneously, the U.S. also indulged in mining the harbours of Nicaragua. In 1985-86, there were many press reports suggesting that the NSC staff was actively involved in supporting Contras in contravention of Congressional constraints on such funding. When Congress got these clues on the deceptive activities from press reports, they were denied by NSC officials. McFarlane, in three letters, on 5 and 12 September and 7 October 1985, addressed to Lee Hamilton, the Chairman of the House Permanent Select Committee on Intelligence, falsely stated that none from the NSC staff had


violated the Boland Amendment in the “letter and spirit.” McFarlane’s successor, John Poindexter continued to cover the involvement of the NSC staff in the Contra operations and lied to Congress in his letter of 21 July 1986, to the effect that none from the NSC violated the Boland Amendment.

The entire Iran-Contra operation was a secret operation known only to a few members of the National Security Council (NSC). The lid over the covert operation was opened by a Lebanese weekly, *Al-Shiraa* on 3 November 1986, when it reported that the U.S. had secretly sold arms to Iran to secure the release of American hostages in Lebanon. The story focused on the secret mission by Robert McFarlane to Teheran with weapons, a Bible signed by Ronald Reagan and a cake. Since the Iranian Revolution in 1979, the U.S. Congress had banned any official contact with Iran. The most secret part of the Iran-Contra operations was the diversion of profits from the sale of arms to Iran to support the Contra rebels. Israelis claimed that Oliver North had in December 1985 talked to them on diverting profits from arms sale to Iran for the purpose of supporting the Contras. North himself claimed later during congressional hearings that he got the idea from international arms dealer Ghorbanifar in London in January 1986. In reality, Ghorbanifar was not interested in geopolitics or anti-communism but in making profits. He mooted the idea of selling TOW missiles to Iran to secure the release of the chief of CIA’s Beirut station, Buckley who was held

30. ibid.


32. P.M. Kamath, n.29, p.184.

hostage. North eventually thought it was a splendid idea to sell the Iranians arms and use the proceeds to finance the Contras.  

Once the Iran–Contra scandal became public, there was a frantic effort to destroy the evidence, which could implicate President Reagan and others closely involved in the Iran-Contra decision-making. In November 1986, North destroyed several documents relating to the conspiracy, including diversion of profits from arms sales to Iran to Contra operators. Between 22 and 29 November 1986, North deleted 736 messages from his computer while Poindexter deleted 5012 messages from his computer. These also contained evidence of deal and of the diversion of profits. Between 21 and 25 November 1986, North also destroyed official materials relevant to the Iran-Contra case. Later, during his trial he justified it as necessary “to protect the lives of individuals involved in the Iran–Contra operations.”  
The only copy of the Finding that retroactively authorized sale of arms to Iran was destroyed by Poindexter, as it made embarrassingly clear that it was an exchange of arms for hostages.  

When it became public, the then Iranian Speaker Rafsanjani termed the mission as indicative of U.S. ‘helplessness.’ The US Justice Department in their investigation subsequently uncovered a memo written by North indicating that $12 million of “residual funds” from the Iranian sales were to be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This clearly established  

35. ibid., p.116.  
36. ibid. See Chapter 3.  
37. P.M. Kamath, n.29, p. 184.
linkage between the Iranian sales and the aid to Contra rebels. Another disclosure on 25 November 1986 by the U.S. Attorney General Edwin Meese, who was investigating the first disclosure on the U.S. supply of weapons to Iran, found that the profits generated by the sale of arms to Iran were diverted to the Contras fighting against the Sandinista government in Nicaragua.  

Within the Administration there was a massive effort to cover up, engage in damage-control exercises and ultimately to save the principal movers — President Reagan and his government itself. On 26 November 1986, the Federal Bureau of Investigation began an investigation at the instance of the Attorney General. It focused on the arms sales to Iran and diversion of profits to the Contras. On 19 December 1986, Congress appointed Laurence Walsh as the Independent Counsel to investigate official involvement in the Iran-Contra issue. His office was also to investigate U.S. covert assistance to the Contras. The President himself appointed the Tower Commission under the chairmanship of John Tower, a former Republican senator. Other members of the Commission were Edmund Muskie, a former Democratic Senator and short term Secretary of State under Carter, and Brent Scowcroft, National Security Adviser under Gerald Ford.

Congress also appointed in January 1987, a Select Committee to investigate the entire scandal under the Ethics in the Government Act. It was a joint House-Senate Committee chaired by Senator Daniel Inouye. The Independent Counsel viewed his task as to determine who committed the crime and also to find out whether the Presi-

38. ibid.
dent himself was involved. But it was clear that immunity or no immunity, neither North nor Poindexter would incriminate the President. Grant of such immunities by the Congress made the task of final prosecution of top officials extremely difficult.

One stark reality was that all the three investigations did not focus on the constitutional question of failure of both the branches in knowing their limits in exercising shared powers. In general, President Reagan promised all investigating Committees and agencies of his “complete co-operation.” But in effect all federal agencies created roadblocks, particularly in the investigations by the Independent Counsel. As a result, the main issue of privatization, mainly that of the making of national security policy by raising funds outside governmental institutions did not figure in depth. In all investigations, however, all policy makers at the top tried to co-operate with investigators while divulging as little as possible. President Reagan had answered written interrogatories for the grand jury in the fall of 1987. The Independent Counsel found “documentary proof” that North reported his activities to McFarlane and Poindexter. This along with the testimony on North’s activities to aid the Contras demonstrated that he obstructed Congressional enquiries.\(^{40}\) The system of congressional committees giving immunities from criminal prosecution for their testimony before the committees affected subsequent trials. But the congressional decision on the grant of immunity was final. North and Poindexter were granted immunity by the Senate Select Committee on Intelligence. Immunity was considered necessary by Congress both to “address an immediate crisis of political confidence and to shed light on flaws in the functioning of the national security apparatus.” But it turned to be “fatal” to the prosecution of North and Poindexter.\(^{41}\)

\(^{40}\) Lawrence E. Walsh, n.34, p.30.

\(^{41}\) ibid., p. 555.
The Independent Counsel found enough evidence that President Reagan knew and in some cases directly participated in fund raising efforts to support the Contras. Col. North’s testimony reiterated that whatever he did was fully backed by Reagan. When he took secret papers and notepads away from his office for destruction, the President personally called him to appreciate his act and told him “you are an American hero.”42 This was supported by Reagan’s testimony in defence of Poindexter wherein he had several memory lapses on questions, which could harm him and Poindexter. But he clearly remembered the Boland Amendment preventing Contra aid as a disaster.43 He also showed contempt for congressional inquiry into NSC staff’s Contra-support activities. Reagan also made false statements before the trial court and to the Tower Commission. Thus the Reagan administration violated many of the laws of the United States including the one that proscribed tax-exempt funds being used for an “illegal purpose.” Above all the U.S. government’s involvement to supply weapons to the Contras was in defiance of the Congressional ban (Boland Amendment) imposed from October 1984 to October 1986.44

The Congressional Committee that investigated the Iran-Contra affair recommended that Section 501 of the National Security Act be amended to require that Congress be notified prior to the commencement of a covert action except in certain rare instances and in no event later than 48 hours after a Finding was approved. This

42. ibid. p. 116.
recommendation was designed to assure timely notification to Congress of covert operations. The committee recommended legislation requiring that all covert findings be in writing and personally signed by the President. It also recommended legislation requiring that copies of all signed written Findings be sent to the Congressional intelligence committees.\textsuperscript{45} 

In March 1987 Reagan expressed regret regarding the situation during a nationally televised address. He took full responsibility for his actions and those of his administration. Ultimately fourteen officials were charged with criminal violations as a result of the Iran-Contra investigation. All individuals tried were convicted; one CIA official’s case was dismissed because the government refused to declassify information needed for his defence; and two convictions were overturned on technicalities. A few of the most prominent persons were charged. However, they were all pardoned in the final days of the George H. W. Bush presidency, who had been vice-president at the time of the affair. The scandal as such had no impact on United States policy towards Nicaragua, but captured the attention of the American public as well as the international media on the happenings in Central America.

\textbf{Arias Plan} 

As the Reagan Administration was trying to rescue itself from the rubble of the Iran-Contra scandal, on 7 August 1987, five Central American Presidents met in Guatemala and signed a Central American Peace Plan.\textsuperscript{46} President Oscar Arias of Costa Rica was the architect of the plan and the驾车 force behind its implementation. The Arias Plan was designed to bring an end to the civil wars that were raging in Nicaragua, El Salvador, and Guatemala. It called for a peace process, the withdrawal of foreign troops, and the establishment of a truth commission to investigate human rights abuses. The plan was widely seen as a significant step towards peace in Central America, but its implementation was slow and sporadic.

\textsuperscript{45} Report of the Congressional Committees Investigating the Iran/Contra Affair, n.28, p.423.

Rica had suggested the peace proposal which eventually came to be known as the Arias Plan, in February 1987. The accord provided powerful arguments against Contra aid and opposed the administration’s efforts to portray Nicaragua as an intransigent regional menace. The Arias Plan contained proposals to meet four key objectives: i) the cessation of hostilities and promotion of national reconciliation through dialogue, negotiations and an amnesty for irregular forces, ii) the ending of all outside assistance to insurgents, iii) the establishment of regional security and verification guarantees, and iv) the promotion of a democratic opening through human rights guarantees like press freedom, freedom to organise political parties and free elections.47

The Arias Plan set in motion a revolutionary process that led to an invitation to the Organisation of American States (OAS) and the United Nations to help negotiate the region’s civil war and disarm and repatriate the guerrillas.48 The Arias Plan attracted more attention in the U.S. Congress than most of the documents issued by Contadora, largely because it explicitly addressed the political commitments, not simply legal and diplomatic procedures.49 Even though President Arias received the Nobel Peace Prize for this breakthrough, Washington and its Contra allies were not enthusiastic because the agreement would lead to an end of U.S. aid for the Contras and a

likely reduction of its activities in El Salvador and Honduras. The Reagan administra-
tion saw the accord as being more in the interests of Nicaragua than of the United
States. The administration was sceptical about the Sandinistas’ willingness to genu-
inely democratise.\footnote{Nina M. Serafino, “Dateline Managua: Defining Democracy”, \textit{Foreign Policy} (New York) No.70, Spring 1988, pp. 166-167.} As it turned out; Nicaragua was the first of the parties to begin
implementation of the plan. Political prisoners were released; the state of emergency
was lifted, the Catholic radio stations returned to broadcasting; opposition groups and
parties were allowed to demonstrate; and the FSLN even opened direct talks with the
Contras. Little progress was made in the negotiations, however, as the Sandinistas
would not give the Contra leaders the share of power they demanded nor would Wash-
ington take any meaningful steps toward dismantling the Contras or reducing U.S.
interference in Nicaraguan affairs.

\textbf{Jim Wright Plan}

The stalemate in negotiations ended in the summer of 1987 when the Speaker of
the U.S House of Representatives Jim Wright took it upon himself to bring together
the various parties involved in the Central American imbroglio.\footnote{Harold Molineu, n. 27, p.212.} It was an unusual
move into the world of diplomacy by a member of Congress, but it forced the issue in
Washington, and the White House was compelled to endorse publicly the effort to
seek a multilateral solution. President Reagan endorsed the new plan proposed by Jim
Wright and it later came to be known as the Reagan/Wright Plan.\footnote{Susan Kaufman Purcell, “The Choice in Central America” \textit{Foreign Affairs} (New York) Vol. 66, No. 1, Fall 1987, p. 115.} It drew heavily upon
the original Arias proposal in its emphasis on democratization but it attempted to cor-
rect what the United States regarded as the weakness of the Arias initiatives. The Wright plan provided for a negotiated rather than a declared ceasefire verified by the OAS or other international observers. The Sandinistas were not permitted to negotiate directly with the rebels but only with representatives acceptable to them.

Under the Reagan/Wright plan, the Sandinistas had to rescind the emergency law and restore civil rights. The United States was to lift its economic embargo of Nicaragua and allow Managua to participate in economic assistance and trade programmes. The plan differed from the Arias Plan mainly in its desire to ensure that the Nicaraguan resistance survive in case negotiations failed. President Reagan had several reasons for offering this peace plan. In the wake of Iran-Contra hearings he had to rebuild a political solution. Unless, he did so, the chance of Congressional approval for additional aid for the Nicaraguan rebels seemed slim.

However, in November 1987, the Sandinistas announcement of their willingness to enter into negotiations with the Contras hampered the administration’s efforts to gain support for Contras and isolate Sandinistas. Despite the formidable array of both international and domestic criticism President Reagan continued his efforts to win economic and political support for the Contras and to isolate Nicaragua.53 President Reagan used his 1988 State of the Union address to appeal for new Contra funding, setting off an immediate conflict with Congressional Democrats. President Reagan called for $36.25 million in Contra aid.54 Ten percent of this was designated for non-lethal assistance, but this would be released only after a negotiated ceasefire agreement with Nicaragua. Following the 24 March 1988 ceasefire agreement between the

Contras and the Sandinistas, Congress approved a $17.7 million aid for food and medicine but attached numerous conditions to ensure that the administration would not use the funds for any form of military aid to its allies.\textsuperscript{55} Until the end of 1988, President Reagan’s policy towards Nicaragua was to destabilize leftist Sandinistas through supporting Contra rebels.

When the new administration under George H.W. Bush assumed office in 1989, the Central American policy of the United States was being handled poorly. To James Baker, the new Secretary of State under the Bush administration, Central America was a lose-lose situation.\textsuperscript{56} There was nothing to be gained and much to be lost from continuing the Reagan strategy. In seeking to finesse the Central American problem Baker had several goals. First, he wanted to remove an issue that had the potential to damage President Bush as it had earlier damaged the Reagan administration. Second, he wanted President Bush to be free to go on other things deemed more important. The Central American issue had damaged U.S. relations with its allies and was a nonconstructive issue in U.S-Soviet relations. Third, Baker wanted to establish a co-operative, working relationship with Congress. Meanwhile Congress agreed to continue to provide humanitarian aid to the Contras fighting the Sandinista regime, through the scheduled February 1990 election in Nicaragua.\textsuperscript{57} This provision was intended to put pressure on Nicaragua to continue its democratization process. The administration also had entered into negotiations with the Soviet Union to put pressure on the Sandinistas to run

\textsuperscript{55} Richard L. Millet, n. 46, pp. 402-403.


\textsuperscript{57} ibid., p.34.
an honest election. The United States had provided funds and other support to the
Nicaraguan opposition, but even the officials in charge of distributing the largess were
pessimistic that it would produce results and was convinced that the Sandinistas would
win.58 No one including the CIA, President Bush, Secretary Baker, or the various poll-
sters predicted the opposition victory. But the electoral result came as a shock. To
everyone’s surprise Violeta de Chamorro and the National Opposition Union (UNO)
defeated Daniel Ortega and the FSLN.

In his second term in office, President Reagan’s policy towards Nicaragua had
been tied up with a commitment to the anti-Sandinista Contra forces. The administra-
tion’s policy was conducted covertly due to the constraints imposed by domestic and
international political opposition. The administration’s public statements of policy
objectives were often not congruent with actions taken in the field as was clear from
the Iran-Contra affair. Ultimately, the Reagan administration’s policy towards Nicara-
guia was a policy of using coercion to destabilize the leftist Sandinista regime through
covered war and install a government in favour of the United States interests. The ad-
ministration also made the effort to keep Nicaragua away from any kind of Soviet-
Cuban Marxist consolidation.

58. ibid., p.36.