

October 15, 1996

To: DRL - John Shattuck

From: DRL - George Lister

Subject: Pena Gomez - USG's Nicaragua Policy

Please note my attached Saturday memorandum, reporting Pena Gomez concern over our views on Nicaragua's October 20 elections. I immediately took the memorandum down to John Hamilton, in ARA. He said there has been some confusion as to our public position regarding Daniel Ortega, but he provided me with the attached copy of our excellent October 11 press statement. I then called Pena back and read the concluding marked sentences. Pena was very relieved and congratulated the Department, and I so informed Mr. Hamilton - all of this Saturday morning.

I have long considered Pena and Ortega as good examples of the democratic left and the anti-democratic left. Pena has been the head of the Latin American section of the Socialist International for almost 20 years, and recently he has been trying to push Ortega in that direction. The attached New York Times October 4 editorial is relevant.

Obviously this will require careful attention.

cc: Steve Coffey, Gare Smith, John Bargeron, Peter Eicher, Daphne Titus
ARA - Amb. Davidow, John Hamilton, ARA/CEN, ARA/CAR, Amb. Babbitt

October 12, 1996

To: DRL - Steve Coffey

From: DRL - George Lister ✓

Subject: Pena Gomez - Nicaraguan Sandinistas

This morning I finally reached Pena Gomez of the Dominican Republic. We have called each other, without success, over the past few days. He is now in Miami (305-445-7821), and claims his recent New York surgery has been successful. He sounded quite good.

Pena had one urgent message on the Nicaraguan elections. He said he has been in close touch with the Sandinistas, pushing them to moderate their radical views and to take a more friendly position vis-a-vis the USG. Pena feels Daniel Ortega and others have responded favorably, and he urges that we do the same in our public statements on the elections. Pena emphasized that his message is very important, because at this moment there is great risk of misunderstanding in USG-Sandinista relations. Pena said he is certain the FSLN is no longer a threat to the U.S., and that it would be in our interests to take a more relaxed and moderate stance. Pena added that he had promised the FSLN to pass on this message to the Department, and that he would now call Managua to tell Ortega that he had done so. I promised Pena to convey his message immediately, but of course without making any policy commitment.

Pena plans to return to the Dominican Republic in about ten or fifteen days, but does not expect to become politically active until next year.

cc: John Shattuck, Gare Smith, John Bergeron, Peter Eicher
ARA - Amb. Davidow, John Hamilton, ARA/CEN, Amb. Babbitt

DEPARTMENT OF STATE
ARA/NEA REARCSPAGE #1 OF 02 STATE 214822 112154Z
PRESIDENCE IN PANAMA AFTER 1999?

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Q: THE UNITED STATES IS PREPARED TO EXPLORE THE POSSIBILITY OF A U.S. PRESENCE AFTER 1999 WITH THE GOVERNMENT OF PANAMA. SUCH AN ARRANGEMENT MUST BE MUTUALLY AGREED AND IN THE INTERESTS OF BOTH COUNTRIES.

IN OUR VIEW, A MODEST PRESENCE AFTER 1999 COULD BE BENEFICIAL TO BOTH COUNTRIES, UNDER THE RIGHT CONDITIONS.

Q: WHEN WILL NEGOTIATIONS WITH PANAMA BEGIN?

A: THERE IS NO CURRENT TIMETABLE FOR FORMAL NEGOTIATIONS. THE TWO GOVERNMENTS HAVE AGREED TO HOLD INFORMAL, EXPLORATORY TALKS. EXPLORATORY TALKS WERE SCHEDULED IN NOVEMBER 1995, BUT THOSE TALKS WERE POSTPONED AT THE REQUEST OF THE GOVERNMENT OF PANAMA, WHICH WANTED MORE TIME TO PREPARE.

Q: MAY HAVE WE APPOINTED A SPECIAL COORDINATOR IF NO NEGOTIATIONS ARE EXPECTED?

A: IN 1995 PRESIDENT CLINTON AND PRESIDENT PEREZ BALLAGUERES AGREED TO EXPLORATORY TALKS TO DETERMINE IF THERE IS SUFFICIENT MUTUAL INTEREST TO WARRANT MOVING TO MORE FORMAL NEGOTIATIONS. THAT IS THE FIRST STEP, AS

SPECIAL COORDINATOR, AMBASSADOR NIGHTINGALE WILL CHAIR AN INTERAGENCY WORKING GROUP THAT WILL REVIEW ISSUES RELATED TO A POSSIBLE POST-1999 PRESENCE IN PANAMA.

Q: HAVE THE PANAMAIS ASKED US TO STAY?

A: NO, THE GOVERNMENT OF PANAMA HAS NOT ASKED US TO STAY, BUT THEY HAVE AGREED TO DISCUSS INFORMALLY THE POSSIBILITY OF A POST-1999 U.S. PRESENCE AND THEY HAVE PROPOSED THE CREATING A NEW MULTINATIONAL COINTERDRUGS CENTER USING FACILITIES CURRENTLY OPERATED BY AMERICAN MILITARY FORCES. THE INTERAGENCY WORKING GROUP CHAIRED BY AMBASSADOR NIGHTINGALE WILL, INTER ALIA, DEVELOP A USG RESPONSE TO THE INITIATIVE.

2. BBA PRESS STATEMENT (POSTER), OCTOBER 11, 1996:

FOR IMMEDIATE RELEASE

OCTOBER 15, 1996

STATEMENT BY NICHOLAS BERNS, SPOKESMAN

-- NICARAGUA, U.S. DELEGATION TO OBSERVE THE ELECTIONS --

AGENCY FOR INTERNATIONAL DEVELOPMENT ADMINISTRATOR J. BRIAN ATKWOOD WILL BE HEADING THE U.S. DELEGATION TO OBSERVE THE UPCOMING PRESIDENTIAL ELECTIONS IN NICARAGUA ON OCTOBER 28.

USAID ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN MARK SCHMIDLER AND DEPUTY ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS JOHN R. HAMILTON WILL ALSO BE MEMBERS OF THE DELEGATION.

THE U.S. GOVERNMENT HAS PROVIDED NINE MILLION DOLLARS TO SUPPORT THE ELECTORAL PROCESS IN NICARAGUA, INCLUDING THE WORK OF FIVE U.S.-BASED INTERNATIONAL ELECTION OBSERVER GROUPS FROM THE NATIONAL DEMOCRATIC INSTITUTE, THE INTERNATIONAL REFORMER INSTITUTE, THE CARTER CENTER, THE CENTER FOR DEMOCRACY AND THE INTERNATIONAL FOUNDATION FOR ELECTION SYSTEMS (IFES).

THROUGH CAPEL, THE ELECTORAL UNIT OF THE INTERAMERICAN INSTITUTE FOR HUMAN RIGHTS (IIHR), USAID IS SUPPORTING THE NICARAGUAN SUPREME ELECTORAL COUNCIL, WHICH IS CHARGED WITH CARRYING OUT THE ELECTION.

WE ARE SUPPORTING, ALONG WITH OTHER DONORS, THE OAS OBSERVER MISSION FOR THESE ELECTIONS.

THIS ASSISTANCE CONTINUES OUR LONG-STANDING EFFORTS IN SUPPORT OF DEMOCRACY IN NICARAGUA. U.S. POLICY IS INTENDED TO SUPPORT FREE, FAIR, TRANSPARENT AND INCLUSIVE ELECTIONS, WHILE REMAINING STRICTLY NEUTRAL WITH RESPECT TO THE OUTCOME.

THE U.S. HAS NOT AND WILL NOT TAKE SIDES IN NICARAGUA'S ELECTIONS. WE ARE PREPARED TO RECOGNIZE AND WORK WITH ANY CANDIDATE WHO THE NICARAGUAN PEOPLE CHOOSE AS THEIR PRESIDENT IN DEMOCRATIC ELECTIONS.

TEL:001

Daniel Ortega's Second Act

Few politicians seem less suited for a political comeback than Daniel Ortega. The doer leader of Nicaragua's Sandinista Front in the revolutionary 1980's, Mr. Ortega seemed allergic to charisma. His political judgment led him into such misadventures as visiting Moscow just before a Congressional vote on American aid to the contra rebels fighting his Government. The Reagan Administration's war on Nicaragua, compounded by Sandinista economic ineptitude, brought the country an inflation rate of 30,000 percent. Before he turned over the presidency to Violeta Chamorro in 1990, Mr. Ortega and other Sandinista leaders indulged in an ugly grab of property and houses. Yet despite all, he has pulled almost even with the front-runner in the current presidential race. Voting is later this month.

The two leading candidates are both extremists, and either would polarize politics in Nicaragua. But no matter who wins, the election is proof that Nicaragua has come far. The country's first real elections were held in 1990. Mr. Ortega scheduled them when polls indicated he would win. When he lost, he surprised many by leaving office without a fight. Today few doubt that the elections will be free and the results respected.

The front-runner is Arnaldo Aleman, a conservative who boasts he is the favorite of the United States. As Mayor of Managua he received American aid for paving roads and other projects, and gained a reputation as a doer. He has authoritarian tendencies, and many poor people do not like the rich oligarchs who snake up his circle of friends. His support has remained stagnant at 48 percent.

Mr. Ortega has taken a sharp and not very

credible turn in the center for this campaign. His vice-presidential candidate is a rancher whose land was expropriated by the Sandinistas. He has pledged support for a market economy. The Sandinista hymn, which contained the line "We fight the Yankees, enemy of humanity," has been dropped in favor of Beethoven's "Ode to Joy."

Most of his supporters are not nostalgic for the Sandinista years, merely desperate for change. The shams around Managua grow larger and bleaker daily. Crime is soaring. Former combatants still fight in parts of the countryside. The overwhelming problem is the economy. Mrs. Chamorro's Government conquered inflation, but its austerity program has led to extremely high unemployment.

Many Aleman backers hope that a victory by him will inspire investment back home by wealthy expatriate Nicaraguans in Miami. Many supporters of Mr. Ortega are hoping that he will put them to work in government jobs if he wins. This self-interest reflects a widespread cynicism inspired by the frustrating divisions in Nicaraguan politics. There are 28 parties competing in the election, and the ballot is more than a yard long.

The ultimate rich outsider, of course, is the United States. This is Mr. Aleman's strong suit. Mr. Ortega says he wants good relations, but he will probably get no aid if Jesse Helms, who has blocked aid even to Mrs. Chamorro's Government, remains in the Senate. Regardless of who wins, Nicaraguans will continue to depend on remittances from relatives working in America. The Sandinistas told the Yankees to go home. Today, many Nicaraguans would add "and take me with you."