



United States Department of State

Washington, D.C. 20520

March 22, 1989

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TO: HA - Dick Schifter

FROM: HA - George Lister *Z*

SUBJECT: El Salvador/Nicaragua

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On March 20 the Fund for New Priorities (please note attached) organized a panel discussion on El Salvador, Nicaragua and the Arias Plan. The meeting was held at the Rayburn Building (ref. invitation) and was attended by close to 200 Congressional staffers, Movement activists, academicians, the press, etc. Cong. Jim Moody (D-Wis.) was introduced as a staunch opponent of aid to the Contras. The four panelists were: Adolfo Aguilar Zinser, former aide to President Echeverria; James Chace of Columbia University and Foreign Affairs; Tom Farer, formerly with ABA and the IAHR; and, Wayne Smith, ex-chief of our Interests Section in Havana. Wayne was introduced as an FSO who had resigned from the Department for reasons of principle (applause).

Moody emphasized that this is a key moment in our relations with Central America because President Bush has ordered a review of our policy in that area. He described the FMLN conditions for negotiation as "not too unreasonable" and he also referred to progress in Nicaragua, including GRN talks with the Opposition and the resumption of Catholic Radio broadcasts.

Aguilar complained at length about USG policies and misconceptions. He said there were differences between the Yankees and the Latinos regarding the meaning of: anti-Communism, democracy (the USG equates democracy with elections), allies (the USG has no allies, only instruments), reality (the USG sees reality as everything within the Beltway), etc. Aguilar described El Salvador as an historical conflict between two forces. Duarte and the DC have been pushed aside, leaving Arena and the FMLN to fight it out. The elections brought the war back to the real arena. Now the USG has the opportunity to work for peace in El Salvador, along with Latin Americans.

James Chace reported that U.S. economic policies have helped to ruin the Nicaraguan economy, and that it is unlikely Soviet subsidies will increase - although Moscow is not abandoning the

Sandinistas. The latter will probably remain in power. The USG should support the Arias Plan. El Salvador presents a much greater challenge. A U.S. Military Adviser confided to Chace that the FMLN holds about as much territory as before. The guerrillas can't lose and can't win, but they are no longer insisting on power sharing. So this is the time to negotiate.

Tom Farer was as articulate as usual, describing Central America as a "psychological playground" for the U.S. and others who intervene there at no cost to themselves, only to those who live there. He referred to the exhaustion of Communist ideology and cited some examples of the incredible news coming from the USSR, Hungary, Poland, etc. Farer claimed the USG objective in El Salvador is to decimate and emasculate the Left, but we should recognize the latter is a legitimate player in Central America. Tom then cited some basic problems in El Salvador, including first of all the absence of a system of justice, as well as the lack of an upper class social conscience, the military's determination to govern the country regardless of who may be elected, etc.

I had to leave before Wayne Smith spoke.

Attachments:

cc: Bill Farrand
Leon Weintraub
B. Aronson
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ARA/CEN - Mr. Sullivan