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A HISTORICAL STUDY OF THE EFFECTIVENESS  
OF U.S. SECURITY ASSISTANCE TO  
PANAMA, COSTA RICA AND NICARAGUA

THESIS

Steven N. Bishop  
Captain, USAF

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OF U.S. SECURITY ASSISTANCE TO  
PANAMA, COSTA RICA AND NICARAGUA

THESIS

Presented to the Faculty of the School of Systems and Logistics  
of the Air Force Institute of Technology

Air University

In Partial Fulfillment of the  
Requirements for the Degree of  
Master of Science in Logistics Management

Steven N. Bishop, B.S.

Captain, USAF

September 1986

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### Acknowledgments

I had much assistance and advice from others while writing this thesis. I am very appreciative to my thesis advisor, Dr. Richard T. Taliaferro, for his expertise and suggestions. Our weekly discussions were very interesting and informative. In addition, I wish to thank my wife, Tao, for her patience and also thank my father, Brigadier General Clifton N. Bishop, NCANG, Ret. His suggestions and experiences greatly helped in the research.

Finally, I would like to recognize my mother, Louise Bishop. She died in April, 1985, while I was traveling to AFIT, but her many years of love and guidance certainly helped me to succeed in this endeavor.

Steven N. Bishop

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Abstract

Soviet-backed insurgencies from Nicaragua and Cuba threaten United States interests in Panama, Costa Rica and the entire region. These threats could also eventually force the United States to defend against Soviet bases at United States borders. Therefore, the United States is furnishing security assistance to Panama and Costa Rica to strengthen the overall national security of the United States.

➤ This thesis studied United States security assistance objectives in these countries, how they evolved to current policies, and what the actual threats were to the United States in the region. Also, an evaluation of the United States Security Assistance Program's effectiveness and the role the United States Security Assistance Program can play in the future were studied. The results of this study indicate that Nicaragua's Marxist regime is a threat to United States interests in the region and overall national security. Therefore, providing security assistance to Panama and Costa Rica, while aiding the Nicaraguan Contras to free Nicaragua of Soviet ties, is necessary to safeguard United States national security. —

A HISTORICAL STUDY OF THE EFFECTIVENESS  
OF U.S. SECURITY ASSISTANCE TO  
PANAMA, COSTA RICA AND NICARAGUA

I. Background and Literature Review

Overview

Soviet expansionism in Central America is a threat to United States interests in the area according to the 1984 Report of the National Bipartisan Commission on Central America. The report mentions that overthrows of present regional governments could ultimately create political upheaval in the United States. In addition, further expansionism will expand Soviet military capability against the United States. Marxist-Leninist led insurgencies in Panama and Costa Rica are aided by the Soviet Union through Nicaragua and other Soviet backed regimes, and the large Nicaraguan military is a threat to the security of Panama and Costa Rica. President Reagan said that Nicaragua, Cuba, and the Soviet Union are trying to destabilize the hemisphere and that Central America's problems do directly affect the security of the United States (63:1, 3). Therefore, the United States is furnishing security assistance to Panama and Costa Rica to safeguard United States interests in these countries and the surrounding region. By reducing these threats, the overall national security of the United States will be improved.

People in Central America have suffered centuries of violent rule by military conquerors and dictators. Also wars, earthquakes, floods, and the declining world economy combined to lower most Central Americans' quality of life throughout history to present times. This situation contributed to political instability. Communist-backed rebels, dissatisfied with the conditions, grew in numbers in Central America after the Cuban Revolution in 1959. Ultimately, in July, 1979, the Somoza dictatorship in Nicaragua was overthrown. The Sandinistas became the first revolutionary government in Latin America since the Cuban Revolution. Forty thousand Nicaraguans were killed in the revolution, and over 2,700 more have since died fighting the anti-Sandinista Contras (3:4). The Contras have been organized and funded by the United States Central Intelligence Agency (19:2286).

In Costa Rica, as discussed in chapter IV, some officials want to ally with the United States to isolate Nicaragua, and allow the Contra groups to use Costa Rican territory. Others want to remain neutral and deal more with Costa Rica's economic problems. The official view from Panama on the Contras was heard when the foreign minister of Panama in February of 1986 asked the United States to end its aid to the Contras in exchange for an agreement from the Sandinistas that they would liberalize their policies (1:6). Also, in February of 1986, the president-elect of Costa Rica, Oscar Arias, stated he did not favor United States aid to the rebels (16:9).

The United States policy toward Central America originated with the Monroe Doctrine. As explained in Chapter III, the Doctrine was developed by President James Monroe in 1823 and declared that the

Americas were off limits to incursions from European powers. If this happened, the United States would oppose these actions by whatever means necessary (12:1-13). Since the conception of the Doctrine, the United States has enforced these limitations. In 1985, the Reagan Administration stated in the Congressional Presentation Document that our key objectives in Central America are democracy, peace and development. The Administration recommended increased levels of security assistance to safeguard these objectives (12:1-35).

Marxist politics in the countries of Panama and Costa Rica contribute to their economic problems. Foreign capital is hesitant when there is uncertainty and distrust for private enterprise (32:162). Without sufficient security assistance to safeguard economic growth, these anti-democratic forces will thwart any economic growth. The National Bipartisan Commission on Central America in 1984 concluded that "Central America is both vital and vulnerable, and that whatever other crises may arise to claim the nation's attention the United States cannot afford to turn away from that threatened region" (12:1-35).

#### Statement and Approach to the Problem

The United States government feels its interests in Panama, Costa Rica and the region are threatened by these Marxist insurgencies. The problem is to protect United States interests in these countries and the region against these insurgencies. This paper traced, analyzed, and compiled into one document the evolution of United States security

assistance to Panama, Costa Rica and Nicaragua. This analysis was used to explain the effect of the past and current United States security assistance to the region.

#### Justification

The United States has provided military aid and advisors to Central America since the beginning of the twentieth century (20:40). Longstanding tradition and treaty agreements bind the United States to security assistance with Central America. This vulnerable southern flank provides critical links in the network of United States listening posts which monitor naval activities in the Caribbean. In addition, communications, tracking, training and navigation facilities are located in Panama.

Former United States ambassador to the United Nations, Jeane N. Kirkpatrick, wrote that "the deterioration of the United States position in the hemisphere has already created serious vulnerabilities where none previously existed and threatens now to confront this country with the unprecedented need to defend itself against a ring of Soviet bases on and around our southern and eastern borders" (20:94).

A historical study of United States security assistance to Panama, Costa Rica and Nicaragua will help explain United States objectives and interests in the region.

#### Literature Review

A study of United States policy in Central America was conducted by the National Bipartisan Commission on Central America in 1984. This

commission, headed by Dr. Henry A. Kissinger, recommended methods of economic and security assistance for the people of the region and for the security interests of the United States (41:14). The commission stated that further Marxist-Leninist insurgencies will lead to further deterioration and more Soviet and Cuban power in the region. In the commission's view, this would require the United States to defend against security threats near its borders. The United States would have to assume more responsibility for defense in the region and, therefore, its ability to respond in other areas of the world would be reduced (41:92). The United States transoceanic lines of communication would be more difficult and expensive to protect (41:92). According to the commission, 50 percent of the United States shipping tonnage needed to reinforce Europe and 40 percent for East Asia from the Gulf of Mexico, during a war, would have to go through the Central American zone. Half of all other foreign cargo, including crude oil, is shipped to the United States through this region (41:92). In addition, the commission mentioned that Panama must not be threatened since a threat to the Canal automatically constitutes a strategic threat to the United States (16:93). The findings also mentioned that because of the use of Nicaragua as a base for Soviet expansionism, there was a definite threat to the security interest of the United States.

The researcher conducted an extensive data search and review of materials relating to security assistance and history of Panama, Costa Rica, and Nicaragua. The literature review can be identified as a

review of early historical civilian studies, current periodicals, professional and international journals and government documents.

Civilian historical studies were found in abundance. Studies by Parkinson, Gray, Bell, and Langley provided specific information on past activities in the three countries. These studies revealed that Europeans have been involved in Central American's affairs since the early sixteenth century. Spain, England and France exploited the region for resources, and even private citizens, such as William Walker in Nicaragua have ravaged the area for personal gain. In addition, a historical study of these documents revealed there were United States political and military involvement in the region on numerous occasions. Today, United States ability to force or guide Central American countries is not as strong as seventy-five years ago. Since the United States can no longer direct the governments in the region, the United States now must concern itself with preventing Soviet domination in the region (38:15).

Current periodicals supplied recent information on proposed United States aid to the region. U.S. News and World Report, The New York Times, Newsweek, Time, and The Washington Post were valuable sources of information on this aid.

Journals, professional and international, gave more detailed information on the crisis in the area. The most often used were Mexico and Central America Report, Latinamerica Press, Mesoamerica, and Hemisphere Hotline. Especially worthwhile was the latest information on United States aid to the Contras found in these journals. The United States Department of State Bulletin published by the State

Department Public Affairs Office provided the official United States objectives for the security assistance to Panama, Costa Rica and Nicaragua. The official positions and statements made by significant foreign policy members and official administration press releases on foreign policy were also found in these bulletins.

A Department of Defense (DOD) literature search was conducted through the Defense Logistics Studies Information Exchange (DLSIE) and the Defense Technical Information Center (DTIC) to determine what studies were available. In addition, the historical references, state department bulletins, government periodicals, journals, newspapers and magazines were found at the libraries of Wright State University and the University of Dayton.

A study by the ex-Minister of Foreign Affairs and Public Instruction of Costa Rica gave considerable information on past history and activities in Costa Rica (29). This study concentrated on early Costa Rican history. The sixteenth century, when the Spanish arrived, to the early nineteenth century is thoroughly covered. This early history helped explain why modern Costa Rica's tradition of democracy differs from those of Panama and Nicaragua. In addition, the small family-owned ranches and farms are in contrast to larger land ownership by smaller numbers in Panama and pre-Marxist Nicaragua. The large majority white population in Costa Rica is also much greater than in the other countries of Central America. The early history explains the significant differences in security needs of Costa Rica and why the United States has provided this security.

Various authors in the study provided viewpoints on the region and opinions for solving the crisis in Central America. The American Enterprise Institute for Public Policy Research conducted a study on the future conduct of American foreign policy (44). Particularly informative was an article by former United States ambassador to Venezuela, William H. Luers. Mr. Luers discussed the two common views present in American politics concerning Central America. First, some feel the low level of United States economic interest in Central America is a good indication of the little importance of Central America. This belief is that the Soviet Union will not support these countries economically and they must depend on the United States. Also, this view feels that the canal is safe because Panama would never risk angering its neighbors by restricting traffic. The neighboring countries and Panama, according to this view, are much more dependent on the canal than is the United States. In addition, this belief thinks that a couple more Marxist regimes in Central America would not be a threat to the United States Caribbean sea lanes.

The opposite view, discussed by Mr. Luers, is that there is a severe economic and political strain on the governments of Central America. The relatively huge debt conceivably could pose a problem for the United States banking system and the international financial system. These economic and social problems require United States assistance. In addition, the importance of the canal and the sea lanes are significant to the United States. This researcher and the 1984 National Bipartisan Commission support this view of importance to the United States and the need to safeguard United States interest in the

region (44:31). In addition, the Institute for the Study of Latin and Economic Crisis produced a study of Marxism in Central America, and a further study on communism in Panama, Costa Rica and Nicaragua was conducted by Hoover International Studies. These studies provided an insight into the underlying forces and objectives of the Soviets in the area (14,32).

The Defense Institute of Security Assistance Management (DISAM) at Wright-Patterson AFB library was used for present and historical facts on Panama, Costa Rica and Nicaragua's military. In addition, the United States Security Assistance program statistics for these countries are found in numerous documents at DISAM. Major Noel Hidalgo, a member of the Latin American security assistance faculty, identified these documents and they were used in this thesis: Foreign Military Sales and Military Assistance Facts; Military Assistance and Sales Manual; The Congressional Record; Congressional Presentation on Security Assistance programs; Foreign Assistance and Related Agencies Appropriations; Defense Foreign Affairs Handbook; Annual Reports on Military Assistance and Exports; Security Assistance Management Manual; Country Reports on Human Rights Practices; Worldwide Directory of Defense Authorities with International Defense Organizations and Treaties; United States Department of State Bureau of Public Affairs Policies; World Armaments and Disarmaments; The Military Balance; Market Intelligence Report and International Defense Review.

## Definitions

Security Assistance is the transfer of defense hardware and services to friendly foreign countries under authority of the Foreign Assistance Act of 1961 and the Foreign Military Sales Act of 1968. The following four Security Assistance programs require United States Government funding while the fifth and sixth programs require foreign funding (59:4,5).

(1) The Foreign Military Sales (FMS) Financing Program furnishes direct credits, at both Treasury and concessional interest rates, to enable foreign governments to purchase United States defense articles, services, and training.

(2) The Economic Support Fund (ESF) provides economic assistance on a grant or loan basis to countries selected for their special political and security interest to the United States.

(3) The Military Assistance Program (MAP) provides grant funding for the purchase of defense articles and services.

(4) The International Military Education and Training (IMET) program provides professional military training on a grant basis to selected foreign military and selected civilian personnel both in the United States and in overseas facilities.

(5) The Foreign Military Sales (FMS) and Foreign Military Construction Sales Program is for eligible foreign governments to purchase defense articles, services, and training from the United States Government.

(6) Commercial Sales licensed under the Arms Export Control Act (AECA) are sales made by United States industry directly to a foreign buyer.

#### Scope and Limitations

The scope of this study included all forms of past and present United States Security Assistance to Panama, Costa Rica and Nicaragua. The major programs were the Foreign Military Sales Financing Program, Economic Support Fund, Military Assistance Program, International Military Education and Training Program, Foreign Military Sales and Foreign Military Construction Sales Program, and The Commercial Sales licensed under the Arms Export Control Act Program. In addition, some security assistance from other countries to Panama, Costa Rica and Nicaragua was studied. To explore the security dimensions of these countries, a study of the history, geography, economy, and the religion was made. These variables, along with a study of the Marxist threats to the countries, were used to satisfy the research objectives. Although, the thesis dealt only with security assistance to Panama, Costa Rica and Nicaragua, the region of Central America was examined to evaluate United States national interest.

#### Research Objectives

The objectives of this thesis were:

1. To analyze the history of Panama, Costa Rica and Nicaragua, and to understand the historical events and issues that have contributed to the need for United States security assistance.

2. To document and record past and present United States security assistance to the three countries.

3. To examine the degree to which Marxist insurgency in the region threatens the national interest of the United States.

4. To document and evaluate the effect of United States security assistance in reducing these threats.

#### Investigative Questions

1. What are United States security assistance objectives in these countries, how have they evolved to current policies, and what is the threat to United States security in the region?

2. How effective has United States aid been when compared against the stated objectives of military assistance?

3. What should the future United States security assistance policy in the area be?

#### Methodology

The research methodology of this study included manuscript researches, as well as opinions of the researcher and others, to evaluate the effectiveness of United States security assistance to counter insurgencies. Historical references from Wright State University, the University of Dayton and the Defense Institute of Security Assistance Management at Wright-Patterson AFB were studied. Readings from the State Department's Office of Public Affairs bulletins, government periodicals, journals, newspapers, and magazines

provided information on past and current activities in the countries. The United States Southern Command at Howard AFB and the International Logistics Center of the United States Air Force Logistics Command at Wright-Patterson AFB was contacted for information. Also personal interviews with State Department and Department of Defense officials added informative opinions and information on present and future United States policies to the countries.

This study examined the region's geography, early history, society, religion, economy, government, and recent history, to develop an understanding of how and why United States and other major countries' foreign policies evolved in the region. This contrast and comparison of foreign policies was used to evaluate the effectiveness of the United States security assistance programs.

#### Plan of Presentation for the Thesis

Chapter I: Introduction. This chapter states the problem, the justification of the thesis, defines terms, outlines objectives, and lists research questions to be answered by the thesis. It also contains an overview of security assistance to Panama, Costa Rica, and Nicaragua, a literature review, and a description of the methodology used to prepare the thesis.

Chapter II: Analysis Of The Region. This chapter studies the geography, early history, society and religion, economy, and government of the three countries. Primary sources were manuscripts and periodicals found at Wright State University and University of Dayton libraries.

Chapter III: Past United States and Other Nations Involvement with Panama, Costa Rica and Nicaragua. This chapter chronologically traces the development of United States security assistance and foreign policy to the three countries. In addition, involvement of other countries is studied. Primary sources of data come from the Defense Institute of Security Assistance Management (DISAM) at Wright-Patterson AFB.

Chapter IV: Current Situation. This chapter discusses and compares the evolutions of United States and other major countries' foreign policies. In addition, this chapter studies the present military forces of each country, security assistance and United States objectives, and recent events in the area.

Chapter V: Conclusions and Recommendations. This chapter summarizes the major findings of the research effort, states their significance, and make conclusions and recommendations. The investigative questions for this study are also answered in this chapter.

## II. Analysis of The Region

### Introduction

It is important to have a grasp of the character of a region when studying United States security assistance programs. This analysis will help to understand United States foreign policy to Central America and how it evolved. The unique characteristics of each country require individual study but also a regional perspective to fully understand the problems.

### Geography

Panama. Panama is the southernmost country in Central America and it connects the Central American isthmus to the South American continent. Panama is bordered by the Caribbean Sea, the Pacific Ocean, Columbia and Costa Rica. It is located Latitude - 7° 12'N to 9° 39'N and Longitude - 77° 90'W to 83° 05'W. The country is shaped like a reclining letter S and has an area of 29,762 square miles. Panama has a population of approximately 2,000,000 people, with the capital, Panama City, home for 900,000 people (42:28). The climate of Panama is tropical with an average temperature of 80 degrees Fahrenheit and average rainfall of about 130 inches (27:111). The country can be divided into five regions that reflect population concentration and economic development as well as geography: Darien, Central Isthmus, Central Panama, Chiriqui, and Atlantic Panama (23:57). Darien is the

largest land area and least populated of the regions. It is more than one-third of the land mass of Panama and includes the area from Panama City to Columbia. Central Isthmus is the area from the town of La Chorrera on the Pacific side to the Atlantic. It is about 100 kilometers wide and is densely populated (23:57). Central Panama is southwest of the canal and is located between the continental divide and the Pacific. It is sparsely populated with a long dry season for agriculture (23:58). Chiriqui is on the Pacific side and has the second largest land mass of the regions and the second largest population (23:58). The fifth region, Atlantic Panama, is located near Costa Rica, where only 5 percent of the population lives and banana plantations are found (23:58).

The coast and rivers of Panama are important sources for trade and the economy. Many islands are found off the coast. On the Caribbean side are the islands of Bocas del Toro, Archipelago and Mulatas and on the Pacific side are the Pearl Islands, Taboga Island and Coiba (27:111). The 366 Mulatas islands run for 160 kilometers along the coast (23:55). In total, there are approximately 1,000 islands off the Pacific coast (23:57). The Atlantic coastline is 1,246 kilometers long and has several good natural harbors. The Pacific coastline is about 1,634 kilometers long and very shallow (23:57). Therefore, the Atlantic coast ports of Cristobal and Almirante are the most important. The more than 300 rivers in Panama are short and only one, the Rio Tuira, is navigable (23:55). The most famous is the Chagres and it is now dammed to form Gatun Lake, part of the Panama

Canal system (27:111). The second largest river in Panama is the Rio Chepo, an important hydroelectric facility (23:55).

The land and climate are dominated by highlands, which make up around 56 percent of the entire country (27:110). The Cordillera Central mountain range contains an inactive volcano that is 11,416 feet in elevation (27:110). This range is in the eastern part of Panama and the range west of the Canal Zone is called the Serrania de Tabasara. The richest soils in Panama are located in the Cordillera Central mountains. Near the Colombian border, the highlands are related to the Andean system of South America (23:55). The forests of Panama range from dense tropical rain forests of the Caribbean coast to the semi-deciduous forests along the Pacific coast (27:111). Since the climate is tropical and the mountain ranges are low in elevation, temperatures are high with little seasonal change. Temperatures on the Pacific side of the isthmus are lower than the Caribbean side. The rainfall ranges from 1.3 meters to more than three meters, with a rainy season between April and December (23:59). Overall, rainfall is much heavier on the Atlantic than on the Pacific side of the country.

The natural resources of Panama are limited. Petroleum and coal resources have not been successfully determined. The forests, which provided half of the country's energy requirements as late as the 1950's, are declining rapidly due to cutting and clearing of the land (23:115). The rivers do provide a source for electricity. In 1980, thirty locations were identified on the rivers that would produce about 1,900 megawatts (23:115). In addition, salt, ferrous sand, bananas, fishing, livestock, sugar, bauxite, phosphates, and non-ferrous

minerals, such as copper, are important resources (23:116).

Significant deposits of copper are still available for mining in Panama.

The Panama Canal, built in 1914, is the most important resource of Panama. The Canal is 51 miles long and can be crossed in 8 hours (27:115). The Canal runs from northwest to southeast across the Isthmus of Panama, from Cristobal on the Atlantic coast, across the Continental Divide, and descends to the Pacific Ocean at Balboa (27:114). The locks are 1,000 feet long and 110 feet wide and are in six pairs to allow ships to pass in opposite directions at the same time (27:114). In 1974, the amount of cargo carried by ships through the Canal, peaked at 137.8 million tons (23:95).

Costa Rica. Costa Rica is bordered by Panama, Nicaragua, the Pacific Ocean, and the Caribbean Sea. Its area is approximately 19,600 square miles, making it the fifth in size of the Central American republics (27:101). The Caribbean coast is 130 miles long and the Pacific coast is 630 miles long. The Caribbean coast is flat, straight and formed of coral. The Pacific coast is curved, irregular and has many bays, peninsulas and islands. Off the Pacific coast about 300 miles, is the Costa Rican-owned island, Isla del Coco (27:101). Costa Rica is located Latitude - 8°N to 11° 15'N and Longitude - 82° 30'W to 86°W. The country has hot coastal lowlands, temperate inlands, and cold mountain peaks. The majority of the 2,400,000 population live in the temperate highland valley called the Meseta Central. These differences in climate are due to the mountain ranges which cut across

the country from northwest to southeast. These climatic differences divide the country into three sections: Meseta Central, Pacific Coastal, and Caribbean Lowland.

Since the Meseta Central area contains over half the population, it is the site of many major cities. San Jose, the capital of Costa Rica since 1823, is located in the Meseta Central. San Jose has about 200,000 people and lies at an altitude of about 3,800 feet (27:102). In addition, the cities of Heredia and Alajuela are in the Meseta Central. This entire Meseta Central region is about 3,500 square miles in area. This region is divided by the Reventazon River and four volcanos: Poas (9,055 feet above sea level), Barba (9,612 feet), Irazu (11,417 feet), and Turrialba (11,220 feet) (6:37). The western section is protected by the volcanos from the heavy rains and high temperatures, and is more comfortable than the eastern basin. But, this eastern basin has an important dairy industry. The western San Jose area has an important coffee crop and the climate and soil conditions are excellent for the crop. This area receives an average annual rainfall of 70 inches with a dry season from January to April to harvest and process the beans. South of this area are the highest mountain ranges. Two chains, the Cordillera de Guanacaste and the Cordillera de Talamanca, cover the interior of Costa Rica. Ten of the peaks are over 9,800 feet above sea level, the highest of them being the Chirripo Grande (12,500 feet), the highest point in the country (6:38). Two rivers, the Grande de Tarcoles and the Grande de Terraba, border the region on North and South. In addition, the Inter-American Highway connects the region from temperate area to the mountain ranges.

The Pacific Coastal region of Costa Rica has a relatively complicated topography. The Pacific coast receives its rain from May to October. The rivers dry up during the dry season. But, sometimes because of the unique coastal lines, there can occur droughts even in the rainy season (6:34). Annual rainfall is between 135 and 200 inches and supports a tropical rain forest. This region can be divided into two plains called the Puntarenas plain and the Guanacaste plain. Puntarena is the most important port in Costa Rica and a popular seaside resort (27:102). Three peninsulas, Burica, Osa, and Nicoya extend from these plains and are mountainous and sparsely populated. The Cordellera de Guanacaste mountain range extends from the Guanacaste plain to Nicaragua. The eastern slope of this range blocks the northeast trade winds, protecting the plain from heavy, constant Caribbean rains. In addition, the mountains on the Nicoya peninsula act as a watershed for the rainbearing southwest winds. This is why the Guanacaste plain often experiences droughts (6:40). The Tempisque River drains the Pacific coastal region. This area has fertile soil except on the peninsulas. Cattle raising is the primary usage for the land. Because of its inaccessibility, unfavorable climate, and low labor requirements for cattle raising, the region has remained thinly settled (6:40).

The Caribbean Lowland is covered with tropical rain forests and is sparsely populated and relatively inaccessible. The most important port is Limon, once Costa Rica's chief banana port and where most of the West indian population settled (27:102). The heaviest rainfall is in the San Juan River delta and averages between 150 and 200 inches.

The other areas of the Caribbean lowland average between 120 and 150 inches of rainfall (6:41). The San Juan River borders between Nicaragua and Costa Rica. It actually lies within Nicaraguan territory, but Costa Rica has, by treaty, full navigation rights (6:41). The soils north of Limon are fertile but south of Limon the area is beaten by heavy rains. Bananas are still the main crop of the area.

Costa Rica's most important natural resource is forests. Four-fifths of the entire country is covered by forests. These forests are mostly broadleaf species but conifers are found in the mountains. The most valuable forests are in the Caribbean area near the Nicaraguan border. Animal life is abundant in Costa Rica. Insects and birds are common along with animals from South and North America. Minerals are not as abundant in Costa Rica. There are deposits of alumina-bearing clays near Urena in the General Valley and some manganese in the Guanacaste plain. Silver, lead, gold and limestone, and iron ore, have been found but not in large quantities. Mining has been slow because of poor transportation facilities, low grades of ore, and the small size of the finds (6:43).

Nicaragua. Nicaragua is bordered by Costa Rica, Honduras, El Salvador, the Pacific Ocean, and the Caribbean Sea. Nicaragua is the largest country in Central America and is 50,193 square miles in area. It is located Latitude - 10° 43'N to 15°N and Longitude - 83° 09'W to 87° 41'W. The country is divided into three land forms: Pacific Coastal Lowland, Central Highlands, and Caribbean Lowlands. Most of

the 2,900,000 Nicaraguans live in the Pacific Coastal Lowlands, and the Capital, Managua, is located in this region. Managua has about 715,000 people and is the lowest in altitude of all the Central American capitals. Two large lakes, Managua and Nicaragua, are in the Pacific Lowlands. Lake Nicaragua is 45 miles wide and 100 miles long. Lake Managua is about 10 to 16 miles wide and 38 miles long. These lakes are unique because they contain many varieties of saltwater fish in their fresh waters (27:91). The lakes are connected by the Tipitapa river and also bordered by the San Juan River. The Coco and Poteca rivers in the north form the boundary between Nicaragua and Honduras (27:91). The climate of Nicaragua is mostly tropical but in the Central Highlands at high elevations cooler temperatures are common. The highest peaks of the central highlands are around 7,000 feet in elevation (37:14).

The vegetation and wildlife of Nicaragua varies with the climate. The tropical forest of the east is the most widespread (37:19). Mahogany, tropical cedar and other valuable tropical hardwoods are found in these forests. On the Caribbean Coast are tropical grasslands with pine trees where the soil is very infertile. Broadleaf trees grow in the higher elevations of the central highlands. This area is where coffee is now grown. Also, a type of hardwood forests that is salt tolerant, grows on the west coast from the Gulf of Fonseca to the west of the city of Leon (37:21). In addition to coffee, cotton is now a major crop of Nicaragua. It has almost replaced grazing along the Pacific lowlands from the city of Chinandega and south of Leon. The wildlife of Nicaragua is mostly of the South American species but some

from the North American species do thrive. Tree-living animals, insects, cats, deer and other tropical animals live in the eastern rain forest. The grasslands of the west have fewer wildlife because of population by man. Even the fresh-water lakes and rivers of the west have a reduced population of animals due to hunting and fishing (37:22).

The predominant base rock of Nicaragua is volcanic. This base does not have large concentrations of valuable minerals (37:22). Precious metals, such as gold and silver, have been found in the northwestern parts of Nicaragua. Also, some gold and silver have been found in the eastern area near the city of Puerto Cabezas. No coal or petroleum have been found in Nicaragua but some feel coal is present in the country. In addition, there are limestone and clay deposits for use in making cement and brick. Because of the volcanos, western Nicaragua is subject to earthquakes and volcanic eruptions. Agricultural damage is common from fumes and ash. In addition, earthquakes are dangerous to people and crops. Western Nicaragua is hit with hundreds of shocks each year. Managua was almost completely destroyed in 1931 and again in 1972 (22:67). Eastern Nicaragua experiences heavy flooding during the rainy season and agriculture is often destroyed. Hurricanes also destroy considerable property every year along the coast. In addition to natural destruction to the land, the population has burned, slashed, and eroded much of the fertile soil in the country. The mountain valleys of the west support the food production of Nicaragua.

## Early History

Panama. Before Europeans arrived in Panama, thousands of Indians lived in the Isthmus. There were many different tribes and they had many different dialects. There was no one chief over the various tribes, as in Mexico and Peru (5:11). The Isthmus was split in half, with the eastern Choco Indians living as the Chibchas of Colombia and the western Indians living more Central American culture. The Indians lived in a communal life style and produced products made from cotton and gold. Slavery was also prevalent in the culture. Gold and silver art was buried with their dead nobles. American researchers Aubrey E. Lippincott and Hartley F. Dame estimate the number of Cuna Indians in Panama before Europeans arrived, to be around 750,000 (23:5). The Cuna were the largest group in Panama with approximately sixty tribes in the country. The Guaymi Indians, near the Costa Rica border, were believed to be related to the Nahuatl and Maya nations of Mexico and Central America (23:5). Society was organized as chiefdoms characterized by rivalry and competition for power (31:3). The acquisition of high-status goods, such as elaborate gold pieces, was a major way to affirm chiefly status and increase credibility (31:3). Before the Europeans, the country terrain was not tropical forest, as it is today. It was open savannah with secondary growth, along rivers of grasses, shrubs, and trees (31:7).

Rodrigo de Bastidas, a wealthy notary public of Seville, found Panama in 1501 (5:13). Vasco Nunez de Balboa and Juan de La Cosa sailed with Bastidas and explored the Isthmian coast as far as Nombre de Dios, but gales destroyed their ships and jelly-like worms, called

teredos, honeycombed the wood, so they had to leave (5:13). Then in 1502, Columbus on his fourth voyage, traveled up the coast of Panama. He founded the port of Portobelo and then established the first white settlement on the mainland at Santa Maria de Belen. Shortly after the Spanish founded the city, Indians attacked the settlement and burned it to the ground (5:14). In 1509, Diego de Nicuesa and Alonso de Ojeda, were given halves of the country by King Ferdinand. Ojeda's exploration ended with the founding of a short-lived town, San Sebastian, while Nicuesa's ended with the founding of Nombre de Dios. The first settlement on the American continent to last for any length of time and be recognized as a city by the crown was Antigua, founded in 1510 (5:15). Followers of Ojeda named Enciso and Balboa founded Antigua after they took the village of Darien from the Indians. Balboa acted as mayor of the city and turned it into a successful city. On September 1, 1513 Balboa set out with 190 Spaniard, among them Francisco Pizarro, to find the southern sea (5:17). On September 25 he became the first white man to ever see the eastern shore of the Pacific. Four days later he marched to the coast of Panama and named the bay, El Golfo de San Miguel (5:18). He made friends with the Indians, took their gold, and did not lose any of his men. But, King Ferdinand was swayed by enemies of Balboa, and he appointed a new governor for the colony named Pedro Aris de Avila (23:7). He was a cruel leader and tortured the Indians for gold. In 1515, King Ferdinand appointed Balboa, Governor of the South Sea and the Provinces of Coiba and Panama (5:20). Pedrarias then had Balboa arrested for treason and he was beheaded in 1517 by Pizarro, who was the worst of

all conquistadores (5:21). In 1517 King Charles V gave the right to export 4,000 African slaves to Panama. This slave trade lasted for 200 years. These slaves frequently escaped, became wild, and attacked travelers in the country (23:9). Then in 1517, Gaspar de Espinosa founded a city on the south coast called Panama. On August 15, 1519, Pedrarias moved his capital there, because the climate was better and far from savage Indians (5:21). Then in 1524 Antigua was burned to the ground and the location is now uncertain. No white settlement still has ever been successfully established in the eastern half of the Isthmus (5:22).

The oldest city on the Pacific coast of America in its original location, Nata, was founded in May, 1522, by Pedrarias. Then in 1526, Pizarro sailed from Panama to rape Peru of gold. He returned to Panama in 1527 with evidences of Peru's wealth and culture. The conquest of Peru determined the course of Panamanian history for almost two hundred years (5:24). Immediately, the King said that all riches of Peru and Argentina had to be shipped from Panama. Portobelo and Nombre de Dios profited from this, since the two cities were natural harbors. Panama City became even richer with Indian and African slaves to do the work. This slave labor built Panama City.

In the early 1600's pirates began to attack Panama. Francis Drake and Henry Morgan attacked Nombre de Dios and Portobelo during this time. Then in 1670, Morgan marched inland and burned Panama City. This raided city is now five miles from the modern Panama City (5:32). The new Panama City was built in 1673 and was attacked unsuccessfully by pirates twice after the construction. Then in the early 1700's, the

English Admiral Vernon took Portobelo. Ships began to sail around Cape Horn to avoid Admiral Vernon and Panama City began to decline (5:33).

As trade declined, the quality of life and economy dropped. Many people left the country and class structures dominated the society. But, in 1812 the Spanish colonial government was moved to Panama (5:33). The country began to prosper again and trade improved. On November 28, 1821 the ruling governor of Panama, Marshal Murgeon, and Colonel Jose de Fabrega declared independence from Spain. Panama then joined the Republic of Colombia, being governed under the 1821 Constitution of Cucula, and designated a department of two provinces, Panama and Veraguas (23:15). Panama was to remain part of Gran Colombia until 1903.

Costa Rica. Indians lived in Costa Rica as early as 12,000 B.C. (30:33). The country was initially settled by paleolithic hunters and gatherers who lived on flora and fauna. There is no evidence of crops this early and the Indians lived in primitive bands (30:33). By the 16th century, there were approximately 27,000 Indians in Costa Rica. They were split into five major groups. The Corobicis were in the northern valleys, the Borucas in the south, the Chorotegas in the Nicoya peninsula, the Caribs on the eastern coast, and the Nahaus Indians in the north and southeast (6:9). The Chorotegas were the largest tribe and numbered approximately 13,000 in the 16th century (6:9). The Caribs and Borucas were extremely warlike and human sacrifices were performed (6:7). None of the Indian tribes of Costa Rica yielded to the Spanish and all fought the Spanish.

On September 18, 1502, Columbus stopped on the coast of Costa Rica twice. Each time he saw Indians wearing much gold. The Indians told Columbus of great amounts of gold in Costa Rica and Columbus told the Spanish this information (6:11). Even the name Costa Rica is Spanish for rich coast, reflecting the dreams of Spaniards to find gold on the Caribbean side of the region (30:52). Conquering the region of Costa Rica proved very difficult for the Spanish. There were hundreds of small tribes of violent Indians, a cruel climate, and little food. The first successful establishment in Costa Rica was in 1519 by Gil Gonzales Davila. He discovered the Nicoya peninsula on the Pacific side of Costa Rica, converted some Indians to Catholicism and acquired great wealth (6:12). Sixty years after Columbus discovered Costa Rica, in 1560, there was still no permanent settlement in Costa Rica (6:12). Finally, in 1561, Juan de Carallon colonized the Pacific coast for the first permanent settlement in Costa Rica at Garcimuno (10:9). The settlement was eventually moved inland and the name changed to Cartago. Lacking precious metals, Costa Rica was never important economically, but its location was important for strategic reasons (30:54). This idea that gold was abundant, when actually there was little, established the early culture of Costa Rica. There wasn't a large Indian nation in the country, so the population remained small and mostly European. The Spanish had to do the physical work themselves and this meant small farms. Today in Costa Rica, the distribution of land is a result of this early history. In addition, because Costa Rica was poor and isolated, they existed separately from the rest of Central America. Costa Rica was under the jurisdiction of the

captaincy general of Guatemala and its finances were handled by Nicaragua (6:14). Costa Rica was the southern most region of the Kingdom of Guatemala. The early capital was at Cartago and the governor lived and ruled in Cartago. Actually, there was little outside interference or help from the Kingdom of Guatemala. But, the isolation and poverty did prevent the country from mixing with the people from other areas of the Kingdom.

Indians and pirates raided Costa Rica in the 1600's and 1700's. Because of these raids, and the lack of gold in the country, immigration was slow to Costa Rica. The continuous fighting between Indians and Europeans, disease, and starvation vastly reduced the Indian population. Today, except in a small area of the Talamanca region, no Indians remain. Since only a few Blacks were brought to Costa Rica as slaves, there is today only a small Black population. Eventually, the fighting between Indians and Europeans was so fierce that in 1779, the King of the Miskito Indians agreed to an annual payment to stop their raids on the country. These payments were made until 1841 (21:14). The pirates contributed to Costa Rica's isolation because they sometimes closed the ports on both coasts. Trade then increased with Panama, since there was a ready market for the province's agricultural produce (30:54). In 1622, Costa Rica asked to transfer to the Audiencia of Panama but was denied (30:54). Poor transportation and lack of materials kept the country poor. By 1709, the country was so poor that cacao beans were classified as the official currency (6:16).

When Diego de la Haya Fernandez was appointed governor in 1718, the economic situation improved. Transportation routes were opened and San Jose was founded in 1736 and become the colony's commercial center (21:16). But Costa Rica was still unimportant to Spain compared to the other colonies. In 1786, the other four provinces of the Kingdom of Guatemala were raised to intendencias level, but Costa Rica was kept subject to Nicaragua. Then, in 1821 the Audiencia of Guatemala declared its independence from Spain (30:54). A civil war then began in Costa Rica after the Emperor of Mexico demanded that the Kingdom of Guatemala join his empire. The supporters for independence won and the capital was moved from Cartago to San Jose (6:18). In 1823 Costa Rica joined the new United Provinces of Central America with Guatemala, Honduras, Nicaragua and El Salvador. Costa Rica remained peaceful for the next few years because of its isolation, but the other countries were in constant turmoil. The union of countries finally collapsed in 1828. Braulio Carrillo was elected president in 1835 but lost reelection in 1838. He then took control as a dictator until 1842 (6:19). From the years 1842 to 1848, the country had no stability or direction. When Jose Maria Castro Madriz was named president by the congress in 1848, he formally declared Costa Rica an independent republic from any organizations with neighboring countries (21:21). Madriz was succeeded by Juan Rafael Mora Porras and he started the country on a path of economic stability.

Nicaragua. The first Indian tribes of Nicaragua came from South America before the beginning of the Christian era (37:38). They were

related to the Chibchas of Colombia and evolved into the present three tribes of Matagalpas, Sumus, and Miskitos (37:38). The eastern coast Miskitos might have been coastal sub tribes of the Sumus since the Miskito and Sumu languages are part of the Chibchan linguistic family (47:26). The Miskito accepted foreigners and mixed biologically with outsiders but the Sumu Indians did not permit intermarriage. The Miskito's society was tribal and they fought often with the Sumu Indians. The western coast Paleo Indians were larger in numbers and were related to the Aztec and Maya of Mesoamerica in the north. Their society was centralized with chiefdoms (22:4). In addition, these two distinct groups, eastern and western Indians, participated in trade with their relatives to the south and north.

The coast of Nicaragua was discovered by Columbus in 1502 (47:25). The first actual expedition to Nicaragua was led by Gil Gonzalez de Avila, who journeyed overland from Panama in 1522. Then, in 1524 Hernandez de Cordoba founded the Pacific coast cities of Granada and Leon, which became centers of colonial life (22:6). The lust for gold brought the Spanish to Nicaragua and enslaved the western Indians for work in Panama and Peru. Also, European diseases killed large numbers of Indians. Approximately 200,000 Indians were shipped south and out of Nicaragua. In 1548, there were only about 11,000 Indians left in western Nicaragua (22:6).

Nicaragua became a part of the Kingdom of Guatemala in 1524. The Spanish colonists began to find gold but quickly ran out of Indian slaves to work the deposits. But, the number of Miskito Indians in the east began to grow. The Miskito hated the Spanish and made continuous

raids against Spanish settlements in the interior of Nicaragua and forced the Spanish to abandon and retreat to the west (47:32). They also began to decimate the other Indian groups in the region. During the 300 years since the first recorded estimate of Miskito population, their numbers have continued to grow. The Spanish were never able to dominate the Miskitos. This can be attributed to their superb fighting skills, arms from the English, and also because the Spanish never found a large amount of important riches on the east coast. The figures in Table 2.1 show their increasing population numbers.

TABLE 2.1

Miskito Population

| <u>Year</u> | <u>Population</u>               |
|-------------|---------------------------------|
| 1671 - 1672 | 1600 - 1600 total               |
| 1699        | 1000 total                      |
| 1725        | 2000 men only                   |
| 1806        | 1500 - 200 men only             |
| 1899        | 5000 - 7500 total               |
| 1932        | 15,000 (Nicaragua and Honduras) |
| 1969        | 35,000 (Nicaragua only)         |

(47:34)

The British began to settle along the Atlantic Coast in the early 1600's. They immediately made friends with the Miskitos and their first city was established in 1634 at Cabo Gracias a Dios. A close relationship evolved between the Miskitos and British mainly over

turtles. The British started the intensive exploitation of the Caribbean turtle fishery and the Miskitos were the best turtlemen in the Caribbean (47:36). During the seventeenth century, the British began to attack Spanish settlements inland. In 1665 they sacked Granada, which was the most important Spanish commercial and agricultural center in Nicaragua (22:7). Then Leon, the Spanish provincial capital, was sacked by the British in 1685. The Miskitos, armed by the British, then began to raid as far inland as the Spanish settlement of Jinotega. The British never were able to take control of the west, but the Spanish never were able to bring the east under control.

On September 15, 1821, Nicaragua and the other four Central American provinces met in Guatemala City to declare their independence from Spain (37:40). This revolt was part of a general disintegration of the Spanish empire in the Americas during this time. Nicaragua became a member of a five state republic with a capital in Guatemala City. Politically, Nicaragua was divided between wealthy landowners and the poor during this time. The Liberals from Leon and the rich Conservatives from Granada quarrelled over politics and this contributed to the collapse of the republic. The liberal Sacasas family and the conservative Chamorros family began to dominate Nicaragua politics. This domination of politics by families continued in Nicaragua until the 1970's (22:9). In 1825, the Liberal, Manuel Jose Arce was elected president. He switched to the Conservatives and was over-thrown in 1829 by Francisco Morazan (37:41). In 1845 the Conservatives took back control, sacked Leon and moved the capital to

Managua. This early internal political instability and strategic location of the country quickly brought foreign interest to Nicaragua (37:43).

### Society and Religion

Panama. Panamanians are predominantly Caribbean Spanish in culture, customs, and language. Spanish is the official language and English is spoken by most in the professions and business. The population of Panama can be divided into four groups. Mestizos are 70% of the population, West Indian 14%, White 10% and Indian 6% (61:1). The country had an annual growth rate of 1.8% in 1984 and a probable high future birth rate, due to 43 percent of the total population being under fifteen year of age (23:59). Their Hispanic culture places emphasis on personal individuality and this sometimes discourages most Panamanians from joining large groups or close associations. Also, machismo is the important theme for their social relations and leadership. In contrast, women are expected to be submissive and followers. In addition, high value is attached to family and personal loyalty. These families occupy many social classes, with the popular association of high social status and white skin color. The lower classes are usually mixed racially and found in urban areas.

The Roman Catholic faith is the popular religion in Panama. But, the religion is not as concentrated as in most Catholic countries. There is only one priest for each 6,000 of the population, one of the lowest ratios in Latin America. Panama has 101 Catholic Parishes, with one Catholic University and 42 Catholic schools (23:66).

Panama has an overall 87.1% literacy rate with 93.7% urban and 6.1% rural (61:1). School attendance is compulsory until six grades have been completed and teaching is considered a highly respectable profession for all classes.

The Ministry of Health in Panama is responsible for the country's public health program. Medical students study at the University of Panama for seven years but many students travel to Spain, Brazil and Mexico for training. The 1984 infant mortality rate for Panama was 20.1 to 1,000 and the life expectancy was 71 years (61:1).

Costa Rica. The Costa Rican society is more homogeneous than any other Central American society. The class orders are not as prevalent in Costa Rica as other Central American cultures and this is probably due to the welfare state of Costa Rica. It is estimated that 95 percent or more of the population is of white, Spanish descent (21:73). The majority of people in Costa Rica speak Spanish and call themselves Ticos, which means "little brothers". They share similiar values and customs with a distinctive national character. Democracy is a very cherished value of Costa Rica (4:8). In addition, differences in income do not separate the classes. Their mode of life and livelihood is the criteria for the evolution of informal classes (21:104).

The present population of Costa Rica is growing at a low rate of 2.5 percent a year and 2.3 percent live in the San Jose metropolitan region (21:82). But in 1983, the proportion of population under 15 years was 37 percent and the proportion of the population 65 years or

older was 4 percent. This large number of younger people indicate large potential growth in the future.

The Roman Catholic church is more established in Costa Rica than in Panama. There are 65 more parishes in Costa Rica than in Panama and one priest for each 4,800 of the population. But, the passage of the Liberal Laws in the last quarter of the nineteenth century has formally separated church and state. Also, the Costa Rican clergy has denounced any Marxist ideological penetration from Nicaragua (21:113).

Education is free in Costa Rica and compulsory from six to 13 years of age. This has created for Costa Rica the highest adult literacy rate in Central America at 94% (19:1529). There are two state-supported universitites, the Universidad de Costa Rica (UCR) and the Universidad Nicional Autonoma (UNA). Also, a private university, the Universidad Autonoma de Centra America (UACA) was opened in 1976.

The Ministry of Public Health is responsible for Costa Rica's medical care. Costa Rica has one of the world's most advanced social welfare systems with a preventive health programme operating throughout the country (19:1529). But, the infant mortality rate of 24 per 1,000 and life expentancy rate of 70 years is below that of Panama (21:124).

Nicaragua. Nicaragua is split into two separate societies. The Central Highlands region divides the country into a western half and eastern half. The two societies are very different and have few common traits.

The population of western Nicaragua is mostly Spanish speaking and Roman Catholic. The present population for 1980 is 2,669,000 and the

average annual rate of population increase is 2.8 percent. Table 2.2 list these figures. Managua is the fastest growing city, having a projected average growth rate of 4.9 percent annually to the year 2000. The population is known as mestizos or ladinos and is considered Hispanic.

Table 2.2

Population Rates

| Period      | Crude Birth Rate | Crude Death Rate | Average<br>Annual Rate<br>of Population<br>Increase (%) |
|-------------|------------------|------------------|---------------------------------------------------------|
| 1960 - 64   | 50.0             | 17.8             | 2.53                                                    |
| 1965 - 69   | 48.6             | 15.6             | 2.53                                                    |
| 1970 - 74   | 45.2             | 12.2             | 3.30                                                    |
| 1975 - 79   | 44.3             | 11.0             | 3.33                                                    |
| 1980 - 84   | 42.7             | 9.9              | 3.28                                                    |
| 1985 - 89   | 39.9             | 8.8              | 3.11                                                    |
| 1990 - 94   | 36.3             | 7.8              | 2.85                                                    |
| 1995 - 2000 | 33.0             | 6.9              | 2.61                                                    |

1960 - 70 estimated; 1970 - 2000 projected.

When adjusted for underenumeration the average annual rate of increase for the 1960 - 70 and 1970 - 80 periods is 2.82 percent each period.

(22:70)

The western half of Nicaragua has been the most changed since the revolution in 1979. After the revolution, importations of luxury goods

were curtailed, rural and urban properties were seized, and heavy taxes were levied on property, income, and luxury items (65:75). Many wealthy people liquidated their assets and left Nicaragua. The western half of Nicaragua still contains the majority of the country's wealth and population. The new government has concentrated on improving conditions for the masses of lower class. The government confiscated the land of Somoza - about one-fifth of the nation's cultivable land and reorganized it into state farms and production cooperatives (65:77). But, the majority of land was allowed to remain in private ownership.

The government has given high priority to health, housing, and education. A union of health workers was formed and health and safety inspection teams are now used at factories and farms. The Ministry of Health claimed by the end of 1979 that it had increased health care coverage from 30 percent of the citizens under Somoza to 70 percent after the revolution (65:78). For housing, monthly quotas, are now paid directly to the government for water, sewage, and electrical systems. Rent reduction and controls programs are now operating by the government for privately owned housing and public housing projects. Also, receiving immediate attention is the problem of education in Nicaragua. At the end of the Somoza era the literacy rate was around 50 percent for persons ten years and older (22:89). The National Literacy Crusade of 1980 has reduced the illiteracy rate for persons ten years and older to less than 13 percent (65:79). 75,000 volunteer teachers went to the rural areas and 25,000 stayed in the cities (65:80). The purpose of the literacy campaign was for Marxist

indoctrination, but the Catholic church was highly supportive of the crusade. The director of the crusade was a priest, Father Fernando Cardenal (65:83). The Reverend Pietro Sambì, Acting Papal Nuncio in late 1980, said, "The Church as a whole is with the Revolution, but it wants to indicate what kind of Revolution and the methods of carrying it out" (22:160). Sixty priests and nuns in March, 1981 gave support for the Sandinistas and asked for major change in the "society of exploitation and domination" inherited from the Somoza regime (22:160).

The population of eastern Nicaragua is non-Hispanic. The people are mostly Miskito Indians and some Blacks. The Blacks live along the coast and the Indians are more inland. Both the Indians and Blacks are Protestant and more influenced by the Caribbean countries than Latin America.

Large segments of the eastern population do not trust the new government (65:72). The new government established a regional political organization, MISURASATA (Miskitos, Sumos, Ramas, and Sandinistas United) to help implement the health and literacy campaign in the east (22:98). A new agency, INNICA (Nicaragua Institute of the Integration of the Atlantic Coast), to encourage colonization of the area by Spanish speaking people, was formed. Still the eastern area is culturally different from the new government and resentment toward the western society is common in the region.

The challenge, to the present Marxist government, is to unite two societies and also deal with the Church. Recently, implemented state of emergency procedures by the government have reduced human rights. These violations and political dissent aided by United States funding

of guerrilla organizations threaten the future peaceful co-existence in the country.

### Economy

Panama. Since 1968, Panama has evolved into a major international financial center. Its liberal banking laws, its location, good communications, transportation facilities, and lack of exchange controls helped create this situation (11:2). It now ranks as the world's second largest trading center after Hong Kong. But, the country's present wealth is directly attributable to the Panama Canal and Colon Free Trade Zone (18:185). In 1983, unemployment was up to 20% and the government is now encouraging private sector investment, in addition to the Canal Area. The United State government and the \$50 billion banking industry are the two major employers of Panama (42:28). In 1984, there were 134 international banks employing approximately 8,500 people. Panama does have other economic problems, including a 3.7 billion dollar debt which is the highest per capita debt in Latin America. Since American dollars are used as the paper currency, a flight of capital could happen fast if confidence continues to decline in Panama (43:46). In addition, Panama needs to diversity its exports since they are mostly traditional products such as bananas, sugar, and goods and services of the Canal Zone (35:287). Table 2.3 gives the main economic indicators for Panama.

Panama hopes the September 7, 1977 to December 31, 1999 Panama Canal Treaty provisions will help to improve their economic situation.

During the treaty's life, Panama gets the following payments exclusively from United States canal revenues:

1. A fixed annual annuity of \$10 million.
2. An annual payment of \$.31 per Panama Canal ton transiting the canal.
3. A contingency payment of up to \$10 million in the event that canal operating revenues in a given year exceed commission expenditures that year.

Table 2.3

Main Economic Indicators

|                                    |                   |
|------------------------------------|-------------------|
| GNP (1983)                         | \$4.370 Billion   |
| GDP (1984)                         | \$4.400 Billion   |
| Annual Growth Rate (1983)          | .2%               |
| Per Capita GDP (1982)              | \$2,116           |
| Per Capita Real Growth Rate (1983) | - 4.2%            |
| Average Inflation Rate (1982)      | 8.3%              |
| Average Inflation Rate (1983)      | 2.7%              |
| Agriculture (1983)                 | 10.1% of GDP      |
| Industry (1983)                    | 9.4% of GDP       |
| Services (1983)                    | 71% of GDP        |
| Trade (1983) Exports               | \$303.5 Million   |
| Trade (1983) Imports               | \$1,245.1 Billion |

(61:1)

Also, the United States agreed to give Panama economic assistance over the years following ratification of the treaty under existing programs and subject to the availability of funds. These programs included approximately \$200 million in Export-Import Bank support for United States exports to Panama, \$75 million for the Agency for International Development housing investment guarantees, and \$20 million in Overseas Private Investment Corporation loan guarantees (61:6).

In 1984, the United States Government allocated \$54 million to Panama to cover its budget deficit. But, there have been reports of drug trafficking to terrorist groups by the current Panamanian regime. This could strain further United States relations and help Marxist infiltration in the country. Consequently, in the Spring of 1986, the Reagan Administration redirected \$14 million in foreign aid from Panama to Guatemala (8:1).

Costa Rica. The international recession and stagnation of the Central American Common Market caused a decline in the economy of Costa Rica in the early 1980s. National income per capita fell 18 percent between 1980 and 1982 and unemployment doubled. Because coffee prices dropped and oil prices rose until very recently, Costa Rica was forced to borrow heavily from the international community. Their foreign debt is now over \$4 billion in 1985 and interest payments in 1983 were \$500 million (41:32).

Despite its recent economic problems, Costa Rica remains one of the more prosperous countries in Central America. Inflation reached a peak of 90% in 1982 but has fallen to 6% in 1983. Also, unemployment

has steadily fallen and now is around 6%. Table 2.4 compares the main economic indicators for 1979 and then 1983.

Agriculture is the largest employment sector in Costa Rica, but manufacturing and service have been increasing. Agricultural commodities, primarily coffee and bananas, account for over 50% of Costa Rica's exports. Raw materials, oil and industrial products make-up around 45% of total imports. Costa Rica's exports and imports now have a fairly close balance in the mid-1980s. The United States receives near half of Costa Rica's exports, since regional trade opportunities from the Central American Common Market have reduced because of increasing protectionism (18:18).

Table 2.4

Main Economic Indicators

|                                          | 1979   | 1983         |
|------------------------------------------|--------|--------------|
| Gross Domestic product (Million Colones) | 34,584 | 60,100 (est) |
| GDP Per Capita (Colones)                 | 15,440 | 25,700 (est) |
| Consumer Prices (% Growth)               | +9.1   | +35.0        |
| Real Growth of GDP (% Growth)            | +4.9   | - 3.3 (est)  |
| Exchange Rate (Colones/U.S. Dollar)      | 8.57   | 41.50        |

(18:10)

Currently, the new President, Oscar Arias, has pledged to create 25,000 jobs a year and build 80,000 residences during his term. But, the World Bank has held up a \$40 million loan since the end of 1985.

The Bank has also required Costa Rica to reduce import tariffs and cut the \$21.8 deficit of the Consejo Nacional de Produccion (CNP), the state agency which markets basic grains. This CNP deficit comes from price subsidies for rice, beans and maize. The United States is delaying a \$30 million loan until the World Bank releases its funds (39:7).

President Arias has stated that "growth requires political stability" and he plans "to create a welfare state, not a garrison state" (28:8). The Reagan Administration is concerned about the new president's priorities, since he recently stated if he was in President Reagan's place he would allocate the proposed United States \$100 million Contra aid instead to development programmes (2848:8).

Nicaragua. On July 20, 1979, the leadership of the Frente Sandinista de Liberacion Nacional met to discuss reorganizing the economy of Nicaragua. This meeting produced a plan of development called the 1980 Program of Economic Reactivation in Benefit of the People, commonly called Plan 80. The plan addressed four headings for the economic problems: the immediate repair of the damage from the war and the reorganization of administration, the elimination of food shortages and widespread unemployment caused by the dislocation of the war, the renegotiation of the massive external debt built up by Somoza in the last years of his regime, and the first step in the reconstruction of the economy in a new form (64:207).

The damage from the war to infrastructure, plant, equipment and inventories, estimated by the United Nations, was \$481 million. In

addition, \$1.5 billion in capital left the country before the end of the war. Also, the towns and roads were destroyed and Managua had never been rebuilt since the earthquake in 1972. In addition, there were severe shortages of the basic foods and about a third of the work force was unemployed (64:207). Even worse, the debt from the Somoza government was \$1.5 billion and mostly to the United States.

The new government began immediate operations to solve the problems. Table 2.5 identifies the government involvement with the problem of the economy. By the end of 1979, the new government had signed \$490 million in loans with \$344 million for investment projects and \$147 million for rehabilitation (64:212). Sectoral planning commissions were established by October, 1979 and next a Minister of Planning, Henry Ruiz, was assigned by the FSLN.

Relations with the United States and Central American countries deteriorated after the revolution. Exports to the United States from Nicaragua fell from \$150 million in 1978 to \$96.5 million in 1982. Overall, exports declined \$250 million since the revolution to about \$400 in 1982. By 1982, 80 percent of the nation's export income was going to either financing the national debt or to cover petroleum imports (34:8). Shortages of food and medicines are still prevalent and the Nicaraguan government blames the United States for economic aggression by cutting off aid, loans and eliminating trade with the Marxist government.

Table 2.5

## State Participation in the Economy, 1980

| <u>Production</u>                 | Public<br>Sector % | Capitalist<br>Sector % | Small<br>Producers % |
|-----------------------------------|--------------------|------------------------|----------------------|
| Agriculture                       | 21                 | 29                     | 50                   |
| Manufacturing                     | 25                 | 45                     | 30                   |
| Construction                      | 70                 | 5                      | 25                   |
| Mining                            | 95                 | 5                      | --                   |
| Subtotal: Material<br>Production  | 25                 | 37                     | 38                   |
| Services                          | 56                 | 22                     | 22                   |
| Gross Domestic Product            | 41                 | 34                     | 25                   |
| <u>Commerce</u>                   |                    |                        |                      |
| Production for Export             | 26                 | 59                     | 15                   |
| Exports                           | 75                 | 25                     | --                   |
| Imports                           | 45                 | 55                     | --                   |
| Internal Trade                    | 30                 | 35                     | 35                   |
| <u>Accumulation</u>               |                    |                        |                      |
| Fixed Investment                  | 82                 | 13                     | 5                    |
| Credit Granted                    | 100                | --                     | --                   |
| Credit Received                   | 40                 | 40                     | 20                   |
| <u>Employment</u>                 |                    |                        |                      |
| Economically Active<br>Population | 21                 | 26                     | 53                   |

(64:210)

Economic support from socialist countries increased after the United States and Central America reduced aid and trade. The Soviet Union signed a \$200 million economic cooperation treaty with Nicaragua in 1982 and Cuba gave \$130 million in financial and technical assistance in 1982 (18:161). This has enabled the economy to improve

since 1982, but shortages of imported raw materials and parts continue to hurt industry. Table 2.6 gives the main economic indicators for Nicaragua since the revolution to 1983.

Table 2.6

Main Economic Indicators

|                                     | 1980  | 1981  | 1982  |
|-------------------------------------|-------|-------|-------|
| GDP (\$ million)                    | 2,120 | 2,595 | 2,944 |
| GDP Constant Prices (\$ million)    | ----- | 2,595 | 2,559 |
| GDP per Capita (\$)                 | 777   | 913   | 946   |
| Real GDP Growth (%)                 | 10.0  | 8.5   | - 1.4 |
| Inflation (%)                       | 35.3  | 88.3  | 24.8  |
| Gross Investment (\$ million)       | ----- | 587   | 491   |
| 1983 GNP - 2.6 billion (World Bank) |       |       |       |
| (1831:165)                          |       |       |       |

Agriculture is the most important area of the economy and it employs 50% of the workforce and provides near 75% of export earnings (18:168). Cotton, coffee, livestock, sugar, bananas, rice, and maize are the most important.

Industry and trade figures for Nicaragua have not been favorable. One-third of industry has been nationalized and industry is not growing. It is estimated that over half of Nicaragua's industry is only operating at 40% of capacity (18:171). In addition, the trade balance is negative because Nicaragua's major exports are mostly agricultural products. Coffee accounts for 30% of foreign exchange

earnings and imports of capital and consumer goods have dropped due to strict import controls (18:171). Table 2.7 list the balance of trade debt for Nicaragua.

Table 2.7

|              | Balance of Trade |      |      |      |
|--------------|------------------|------|------|------|
| (\$ Million) | 1980             | 1981 | 1982 | 1984 |
| Imports      | 887              | 999  | 776  | 850  |
| Exports      | 450              | 508  | 408  | 365  |
| Balance      | -437             | -491 | -368 | -485 |

(18, 24:172)

The current banking system of Nicaragua is composed of five financial institutions; two commercial banks - The Bank of Nicaragua and The Bank of America; The National Development Bank; The Bank of Popular Credit (for small borrowers); and The Real Estate Bank (for mortgages). Together these banks form a single system - The Nicaraguan Financial Corporation. The Superior Council operates the system and follows the economic plan of the Ministry of Planning (22:140).

Current economic statistics reflect continued problems in the Nicaraguan economy. Total imports for 1984 were \$850 million with only \$365 million exports. The foreign debt has now reached \$4.5 billion in 1985 and Nicaragua's annual inflation rate is now 250 percent (24:1). Socialist policies and United States opposition have hurt the confidence of foreign bankers. Argentina, Colombia, and Peru agreed to supply Nicaragua in 1982 with \$75 million of credits and in 1983

Bulgaria agreed to provide \$140 million in finance for three years (19:2288). In 1984, Finland and Spain told Nicaragua it would extend credits but no significant new funding was received in 1984. Then, in November, 1984, the World Bank suspended loans amounting to \$2 million, because Nicaragua failed to make the repayments (19:2288). Finally in February, 1985, the government introduced a series of austerity procedures. This included forming a four-level system of exchange rates (including a new commercial rate of United States \$1 = 20 cordobas, representing a currency devaluation of 50%), higher interest rates, increases in the cost of essential goods and a freeze on government spending (19:2288).

#### Government

Panama. Panama is a constitutional democracy and a centralized republic. The present Constitution was written in 1972 and revised in 1983. There are three branches of the government: Executive, Legislative and Judicial. Under the terms of the amendments to the Constitution in 1983, the executive branch is headed by the President of the Republic, who is elected by popular vote for a term of five years. Two vice-presidents are also elected by popular vote and the cabinet is appointed by the president. The legislative branch is called the Legislative Assembly and it is composed of 67 members elected by popular vote every five years. In addition, the judicial system is headed by a nine-member supreme court to which a new magistrate is appointed every two years for ten-year terms.

In May, 1984, Panamanians voted in a national election for the first time in 16 years and elected Nicolas Ardito Barletta president of the country (24:1). Panama has many left and right wing political parties with the Partido Revolucionario Democratico (PRD) as the largest with 206,000 members (19:2374). Each political party must have at least 30,000 members to have legal status. The Moscow supported People's Communist Party failed to poll 30,000 votes in the 1984 elections but remains politically active (61:5).

But, in September, 1985, after less than a year in office, President Barletta was forced to resign by Panamanian strong man, General Manuel Antonio Noriega, commander of the country's military. The government is now headed by former Vice President Eric Arturo Delvalle. Panama's military stole the 1984 presidential election for Barletta but he angered General Noriega by investigating the murder of Augo Spadafora and Spadafora's brother. They were newspaper journalist who wrote columns accusing General Noriega of trafficking in drugs. These murders plus the drug trafficking, money laundering and arms trafficking linked to General Noriega have Cuban and Nicaraguan connections (8:1).

The new government is now dominated by a corrupt military dictatorship. But, any United States move against Noriega could be counter-productive by increasing traditional Panamanian anti-Americanism. Nationalism is strong in Panama and many resent United States involvement in their domestic problems (43:46). The Reagan Administration faces major problems insuring United States national interests in the region while dealing with this corrupt regime.

Costa Rica. The Republic of Costa Rica is a true democratic republic. The constitution of 1949 provides for three independent branches of government (legislative, executive and judicial) in which the legislature and presidency are coequal. The president is elected to a four-year term and can not be re-elected. There are two elected vice presidents and the Cabinet is appointed by the president. The Assembly Legislative has 57 members and they are elected to four-year terms by popular vote at the same time as the president (24:1). The supreme court has seventeen justices which are elected by the Assembly for a term of eight years, and are automatically re-elected for an equal period, unless the Assembly decided to the contrary by a two-thirds vote (19:1536). Costa Rica, like Panama, has many political parties with the Partido de Liberacion Nacional (PLN) as the largest.

Oscar Arias, a member of the PLN, was elected President in 1986. This free election of Arias was the latest in a line of elected rulers since 1889. Only two brief breaks from this pattern have occurred in Costa Rican history. These breaks occurred from 1917 to 1919 and during 1948 (21:185).

The new Arias administration, as with the previous administration of Luis Monge, is determined not to be considered as a surrogate for the United States in Central America. But, Costa Rica's democracy is a model for the Reagan Administration in Central America, and the United States will continue to help the country's economy and domestic security.

Nicaragua. Until November, 1984, the Republic was composed of an executive branch, which was a three-member Junta of the Government of National Reconstruction, a legislative branch, and a judicial branch. These three members of the executive branch were Daniel Ortega, coordinator of the Junta, Sergio Ramirez, and Rafael Cordova. A state of national emergency has been in operation since March, 1982, curtailing many civil liberties and granting broad powers to the executive branch (34:3). The Sandinista Party controls all branches of the government and military. Other parties include the Nicaraguan Democratic Movement (in exile), the Conservative Democratic Movement; the Liberal Independent Party, the Social Christian Party and the Pro-Sandinista Socialist Party (34:3). In addition, the legislative branch was called the Council of State. It shared with the Junta responsibility for legislation and was subject to veto by the Junta. The third branch, judicial, was composed of the Supreme Court, subordinate appeals, district and local courts, and separate administrative, labor and military tribunals. The cabinet was headed by Tomas Borge, Minister of Interior, who had control over the militias, police, and prison system. Borge was the leader and motivator for the FSLN during the revolution (22:164).

National elections were held in November, 1984, but did not allow for participation of any effective opposition. Daniel Ortega was elected president of the Sandinista-led coalition which runs the country through the Government of National Reconstruction (42:26). Ortega received 67% of the votes cast in the presidential election, and the party won 61 of the 96 seats in the National Constituent Assembly,

which replaced the Council of State. In addition, the Junta now ceases to exist. The president is now elected for a six-year-term and is assisted by a vice-president and an appointed Cabinet. A 96-member National Constituent Assembly is the legislative power and it is elected by voting, under a system of proportional representation. The Assembly replaced the Council of State and it is supposed to write a new constitution by 1987 (19:2288). Daniel Ortega is now the President of Nicaragua and his brother, Humberto Ortega, is the appointed Minister of National Defense.

But since 1982, the Sandinistas have invoked press censorship, established a powerful secret police organization, mounted systematic attacks on organized religion and developed a large military force loyal to the Sandinista Party (58:4). The present United States administration considers the Nicaraguan government a communist regime, committed to the regional and world-wide expansionism of the system.

### III. Past United States and Other Nations Involvement With Panama, Costa Rica and Nicaragua

#### Introduction

In 1821, Don Manuel Torres, a Colombian Diplomat in Washington, said: "There has occurred a project, long since formed, to establish a monarchy in Mexico to favor the views of the Holy Alliance in the New World. This is a new reason which ought to determine the President of the United States no longer to delay a measure which will naturally establish an American alliance capable of counteracting the projects of the European powers and of protecting our republican institutions" (15:168).

This type of belief led to United States involvement in the region. The Monroe Doctrine was written in 1823 by President James Monroe to address two specific situations that existed at the time. Mr. Monroe feared Russia wanted to establish colonies on the west coast. He also feared that the European powers were planning to reconquer the Spanish colonies in South and Central America which were now independent governments. The Doctrine not to allow these actions became the gospel of American foreign policy (15:4). One of the greatest of the South American liberators, Simon Bolivar, in 1824, told the delegates of all the Latin American States of a Congress at Panama, "You shall see that the proclamation which must be issued and published by the Great Congress of the Isthmus contains such an energetic and efficient declaration as that made by the President of the United

States of America in his message to Congress of last year in regard to the necessity of the European powers of abandoning all ideas of further colonization in this continent and in opposition of intervention in our domestic affairs... You will endeavor to negotiate a treaty which all of the new American states attending the Congress be united in a close alliance both offensive and defensive." The major difference between the Latin American view and the United States view of the Doctrine are in Bolivar's last sentence. Latin America wanted a confederation or league of American states, based on treaties and a covenant. The United States eventually believed in "no entangling alliances". In the years following Monroe's speech, many Latin American countries asked the United States to agree to a mutual guarantee of independence, and the United States refused (15:169). When the 1826 Congress was held in Panama, the United States did not go. The debates in the United States over attending this Congress, established United States and Latin American relationships for many years. The Latin American countries came to associate the Monroe Doctrine with United States hegemony and Yankee imperialism. In addition, they strongly objected to the insistence of the United States that the Doctrine was unilateral; that "The government of the United States reserves to itself its definition, interpretation and application: (15:188).

In 1907, Philander C. Knox, President William Howard Taft's Secretary of State, invented the term "dollar diplomacy". By this he meant using United States businessmen to set foreign policy and using Department of State officials to promote United States business interests (7:28). This philosophy is still believed by many Central

Americans today about the United States. In addition, a conference of Central American States meet in Washington in 1922 to pledge to seek foreign assistance in developing their armies in order to establish better internal order (22:22). The United States used this treaty to set-up involvement in Central America. The United States feared the spread of Mexican bolshevism during this time since it continually gave aid to Central American countries and threatened United States political and military strategy (7:39).

But, in 1933 President Franklin D. Roosevelt accepted the Convention on the Rights and Duties of States at the Montevideo Inter-American Conference. Now the United States had officially renounced meddling in Central American internal affairs (7:58). Then, when Harry Truman became President of the United States, the United States promoted the Rio Treaty (1947) and began to support any anticommunist government in Central America (7:59). This support for dictators, such as Somoza in Nicaragua, tarnished the image of America even more to many Central Americans. Costa Rica considered this American support for Somoza very offensive, because in 1948, the Somoza regime supported the government of Teodoro Picado against their revolutionary hero, Jose Figueres.

Many felt for the next three decades that United States aid throughout the world could promote non-Communism and pro-Americanism. In 1959, with the Cuban revolution, aid increased more to Latin America. In 1961, the Central American Defense Council - CONDECA, which included all Central American nations but Costa Rica was formed. This organization was equipped and trained to coordinate with the

United States Southern Command to counter communist insurgency. Also in 1961, the United States-sponsored Alliance for Progress, encouraged developmentalism of the Central American countries. It was designed to improve social and economic situations through politically moderate means. This program increased aid to the region in an effort to defuse the threat of communist revolution. The Central American Common Market was also formed around this time for increased industrialization and diversification of export products. This effort lasted until 1969. The Organization of American States operated throughout the 1970s to improve the quality of life in Central America. However, the first communist government in Central America took power in Nicaragua in 1979. The many United States programs and alliances had failed to stop the insurgencies from taking power.

A study of history, from the point of United States involvement, will help evaluate the effectiveness of United States security assistance from this period to present.

### Panama

The existence of the Republic of Panama is directly linked to the United States. In 1903, while Panama was a part of the Republic of Colombia, disorder was prevalent throughout the country. Panama had become semi-autonomous from Colombia because of poor communications and distance (51:299). Colombia's "War of the Thousand Days" had ended and its government was near bankruptcy. The United States saw this opportunity to expand its influence in Panama and build a canal. The United States now had a two-ocean Navy and many felt naval power was

critical for international influence. A canal would help the Navy and the economy of the United States. President Theodore Roosevelt then dispatched troops to stabilize Panama. Next, United States diplomats formed a treaty with the leaders of Panama authorizing the United States to build a canal in Panama, called the Hay-Herran Treaty. The United States Congress approved the treaty but Colombia's legislature would not approve the treaty.

The United States still wanted to build the canal. President Roosevelt and a French engineer, Philippe Bunau-Varilla, teamed to separate Panama from Colombia. Bunau-Varilla started a separatist rebellion in the country while United States ships stopped Colombian troops from crossing the isthmus to Panama City. The revolt succeeded and Panama became an independent republic (51:300). The United States immediately extended recognition to the new government and appointed Bunau-Varilla (still a French citizen) as its official representative. Next, United States Secretary of State John Hay and Bunau-Varilla signed another treaty to build the canal (51:300). This treaty gave the United States the right to construct, fortify, control, and operate the canal. Also, it gave the United States the right (until it was revoked in 1939) to participate in the domestic affairs of Panama to prevent political disorders and promote sanitation (50:418). The United States Senate next approved the Hay-Bunau-Varilla Treaty and the United States gave Panama \$10,000,000 for control and utilization of the Canal.

Before actual construction of the canal began, United States Army medical officer, Major William C. Gorgas was sent by Washington to

Panama. He was the only man in authority who stayed in Panama from the beginning to the end of the canal construction. He led the constant battles against disease that thrived in the tropical country. In addition, the first chief engineer sent to Panama to supervise the construction was John F. Wallace. Wallace quickly resigned because of fear of yellow fever. This fear caused many workers to desert, also. Actually, the panic was worse than the epidemic, since only 124 people died from yellow fever during the entire construction period (33:256). The panic ended when John F. Stevens was appointed as Wallace's successor. But, Stevens resigned after eighteen months and George Goethals led the final construction. Finally, the canal was opened in August, 1914.

The United States remained a very strong influence in Panama. The Panama economy was dependent on the United States market for agricultural exports. In 1952, Chief of Police Col. Jose Antonio Remon, seized power and renegotiated the Treaty of 1903. He increased the annuity payable to Panama, from \$250,000 to \$2,000,000 (50:419). The sovereignty of the canal was still to the United States and in 1956, United States Secretary of State John Foster Dulles stated that the United States had "rights of sovereignty over the Panama Canal . . . to the entire exclusion of the Republic of Panama of any such sovereign rights, power, or authority" (51:301).

In 1964, there were riots when American students at Balboa High School raised a United States flag without a Panamanian flag. The United States Ambassador to the Organization of American States, Ellsworth Bunker, said that the riots came from gangs "infiltrated and

led by extremists, including persons trained in Communist countries" (51:301). Relations with Washington were then briefly severed by Panamanian President Roberto F. Chiari.

Relations with the United States became worse when Brigadier General Omar Torrijos Herrera of the National Guard, in 1968, overthrew the newly elected President of Panama. General Torrijos continued to press United States administrations to give up the canal. Finally, on September 7, 1977, President Carter signed a new treaty. The provisions were that the United States is responsible for operation of the canal until expiration of the treaty on December 31, 1999. Panama will grant the United States the rights to use land and water areas and facilities necessary for the management, operation, and maintenance of the canal during this period. But, Panama took general territorial jurisdiction over the former Canal Zone (61:6). However, the defense of the canal until December 31, 1999 is the primary responsibility of the United States. Since Panama will ultimately defend the canal, the United States has provided over \$30 million worth of military hardware and equipment to Panama since 1978. Table 3.1 traces this assistance in the last few years.

General Torrijos died in a plane crash in 1981, but the National Guard still controls the country. As mentioned in Chapter II, the present government is now ruled by General Noriega. Continued United States free access to the canal and continuation of the United States military presence in the area, mandates United States cooperation with the military dictatorship. This United States military presence and its objectives and problems are discussed in Chapter IV.

Table 3.1

## U.S. Security Assistance to Panama From 1950 to 1985

(Dollars In Thousands)

|                                           | FY50<br>FY85 | FY82  | FY83  | FY84  | FY85   |
|-------------------------------------------|--------------|-------|-------|-------|--------|
| FMS Agreements                            | 24,694       | 480   | 223   | 817   | 17,478 |
| FMS Deliveries                            | 8,573        | 360   | 481   | 546   | 2,127  |
| FMS Financing<br>Program DOD Guaranty     | 18,500       | 5,000 | 5,000 | 5,000 | -----  |
| Commerical Exports<br>Licensed Under AECA | 44,274       | 1,000 | 1,504 | 1,800 | 594    |
| MAP                                       | 4,392        | 1     | ----- | ----- | -----  |
| MAP Delivery/Expenditures                 | 4,392        | 5     | 1     | ----- | -----  |
| IMET Deliveries                           | 7,216        | 359   | 468   | 453   | 586    |

(25:7, 15, 33, 81)

Costa Rica

The first American involvement with the country of Costa Rica occurred in 1855, when American adventurer William Walker conquered neighboring Nicaragua. Costa Rica sent forces along with other Central American countries, to drive Walker out. This war against Walker was called the National Campaign and it brought the country together as a nation.

Costa Rica was then seized by General Tomas Guardia Gutierrez in 1870 and he ruled as a dictator until his death in 1882. During this period, American entrepreneur Minor Cooper Keith, built a railroad linking the capital to the Caribbean. While building the railroad,

Keith started Costa Rica's banana industry by establishing plantations near the tracks (21:21). Also in Costa Rica, he started the most powerful company in Central American history, the United Fruit Company (54:1). This opened Costa Rica to foreign enterprises and investment (21:27).

United States government involvement with Costa Rica during the early part of the 20th century was primarily limited to Costa Rican border disputes with Panama and Nicaragua. Democratic elections began during this time, and the evolution of Costa Rican government actually formed with very little United States intervention. Costa Rica, in 1921, tried to force Panamanians living along the Pacific coast to return to Panama but the United States intervened. The dispute lasted 20 years and Panama broke off relations with Costa Rica. Finally, an agreement on the border was settled in 1941. Also, Costa Rica feuded with Nicaragua in 1916 over navigation rights on the Rio San Juan River. This happened when Nicaragua and the United States signed the Bryant-Chamorro Treaty for a transisthmian canal. The Washington Conference on Inter-American Affairs - Central American Court ruled it had no jurisdiction over the United States. But, the Court ruled that the treaty violated an 1896 agreement between Costa Rica and Nicaragua that had been approved by the United States. However, the United States and Nicaragua refused to abide by the Courts ruling (21:32).

Trouble finally interrupted the democratic process in Costa Rica in 1948. A civil war, led by Jose Figueres Ferrer, against government forces was fought. This War of National Liberation made Figueres a hero and a friend of the United States. Figueres then ratified the

Inter-American Treaty of Reciprocal Assistance (Rio Treaty), a regional mutual defense pact that included the United States as a friend against aggression. A border war with Nicaragua followed when Nicaraguan ruler, Anastasio Somoza, sent troops against Costa Rica. Figueres prevailed and he helped draft a constitution in 1949 that still provides democracy for Costa Rica today. A formal treaty of friendship between Costa Rica and Nicaragua was finally signed in 1956, after a war with Nicaragua and Somoza had been assassinated (21:56).

The war with Nicaragua in 1955 brought United States military aid to Costa Rica. Nicaragua was helped by Cuba, the Dominican Republic, Colombia, and Venezuela. The United States sold Costa Rica four P-51 Mustang fighter aircraft, for US \$1 a piece. Somoza protested the assistance but the Organization of American States condemned Nicaragua for its role in the invasion (21:57).

Costa Rican relations with the United States were strained in the early 1970s under the second Figueres Administration. First, Costa Rica established diplomatic ties with the Soviet Union and an embassy was opened in San Jose. Also, Figueres' Administration teamed with American financier Robert Vesco. Vesco was indicted by a United States court but he fled to Costa Rica. Figueres had received campaign contributions from Vesco and he protected the American from extradition (21:63).

Communist agitators, mostly from Nicaragua, have infiltrated Costa Rica in recent years. Originally, Costa Rica aided the Sandinistas against the corrupt Somoza regime in Nicaragua. But, in 1979, Costa Rica accused the new Sandinistas government in Nicaragua of

leading strikes in the banana plantations. Also in May, 1981, Costa Rica severed relations with Cuba. Luis Alberto Monge Alvarez won the election in 1982 and his administration began to receive much larger amounts of United States security assistance to counter the communist threat. Table 3.2 shows the increasing assistance from the beginning to end of Monge's rule. The United States was the sole supplier for military aid to Costa Rica in the 1980s. United States military aid increased from 0 in 1981, to \$1 million in 1982, to \$4.6 million in 1983, to \$9.2 million in 1984, to finally \$11.0 million in 1985 (24:1).

Table 3.2

U.S. Security Assistance to Costa Rica From 1950 to 1985

|                                           | (Dollars In Thousands) |       |       |       |        |
|-------------------------------------------|------------------------|-------|-------|-------|--------|
|                                           | FY50<br>FY85           | FY82  | FY83  | FY84  | FY85   |
| FMS Agreements                            | 24,468                 | ----- | 4,238 | 2,677 | 16,073 |
| FMS Deliveries                            | 13,837                 | 9     | 814   | 2,723 | 8,820  |
| FMS Financing<br>Program DOD Guaranty     | 5,000                  | ----- | ----- | ----- | -----  |
| Commerical Exports<br>Licensed Under AECA | 11,114                 | 150   | 156   | 245   | 9,336  |
| MAP                                       | 930                    | ----- | ----- | ----- | -----  |
| MAP Delivery/Expenditures                 | 930                    | ----- | ----- | ----- | -----  |
| IMET Deliveries                           | 1,464                  | 46    | 122   | 134   | 229    |

(25:7, 15, 33, 81)

Oscar Arias, the new Costa Rican President elected in 1986, now faces an even greater communist threat. Also, Costa Rica is saturated with Nicaraguan and Cuban refugees. Approximately 250,000 Nicaraguans have found new homes in Costa Rica. President Arias' administration policy for the refugees is to deport only the ones in Costa Rica for economic reasons rather than political reasons (46:9). The United States is presently aiding the Arias administration by sending 180 military engineers to Costa Rica for highway improvements (28:9). In addition, increased United States security assistance for Costa Rica is planned for the future and this is discussed in Chapter IV.

#### Nicaragua

In the 1840s, United States expansion to the Pacific coast of North America and the discovery of gold in California created much United States interest for using Nicaragua as a site for an interoceanic transit route (65:13). The United States first signed a treaty with Nicaragua in 1849 that gave the United States the right to fortify and utilize the route across Nicaragua in return for a pledge to protect the territorial sovereignty of Nicaragua (22:10). The British were already in Nicaragua and they took control of the mouth of the San Juan River on the Atlantic coast. The United States then signed a treaty with Britain called the Clayton-Bulwer Treaty, to prevent either country from colonizing Central America or dominating any interoceanic transit routes. The route would be joint and Nicaragua was not consulted. But, United States and British differences continued to grow. In 1850, the United States warship,

U.S.S. Cyane, bombarded British-held San Juan del Norte (7:17). This incident happened because Cornelius Vanderbilt, the head of the American company called Accessory Transit Company, asked for protection for their property. Also, a United States minister to Nicaragua was attacked and the United States landed marines at San Juan del Norte and burned the town. When United States proslavery forces began to consider overthrowing Nicaragua's government, private invaders appeared in Nicaragua.

In June, 1855, William Walker, a soldier of fortune from Tennessee invaded Nicaragua with fifty-seven other Americans (7:18). He was hired by Cornelius Garrison to take over Vanderbilt's Accessory Transit Company. William Walker's activities in Nicaragua and Central America, even today, create hatred of Americans. The colonial city of Granada was burned by Walker and thousands lost their lives (22:13). Walker conquered the country and as president and dictator, he declared English the official language, legalized slavery, decreed a vagrancy law to ensure forced peasant labor for landowners, and appropriated major land holdings (7:19). The United States government recognized his puppet government, but the British and other Central American countries thought it was a United States attempt to annex Nicaragua. Costa Rica then declared war on Walker in 1856. British and American backers for Costa Rica finally drove Walker from the country. American marines of Commander Charles A. Davis of the United States Navy, whose ship was off Nicaragua's Pacific coast to protect American interests, escorted Walker out of the country (22:13). Walker tried twice to return to other Central American countries but finally was executed by

Honduras in 1860. To celebrate independence, Nicaraguans observe on September 14, the battle of San Jacinto against Walker and the troops he recruited from the United States (65:15).

United States relations with Nicaragua suffered in the future from William Walker. The Liberals in Nicaragua had asked Walker to come to the country and therefore, the Conservatives prospered for the next 30 years. Peace lasted until 1885 when Nicaragua joined El Salvador and Costa Rica to oppose the try by Guatemalan President Rufino Barrios to take over Central America. The fighting only lasted a few days since Barrios suddenly died. Finally, in 1884 the United States signed a new treaty, the Freylinghuysen-Zavala Treaty, to construct a canal jointly owned with Nicaragua (22:15). But, the United States never ratified the treaty. Then, in 1893 the controversial General Jose Santos Zelaya took control of the government.

General Zelaya's rule was resented by United States officials because of his stubborn defense of Nicaraguan and Central American interests against the growing United States interference after the Spanish-American War. When pro-Panama lobbying and concern about volcanic activity in Nicaragua moved construction of the canal to Panama, relations with the United States grew even worse. Many feel Zelaya was a disrupter of peace in Central America, but he did settle disputes with El Salvador and Honduras without force (65:17). The United States helped drive Zelaya from power when it sent marines to Nicaragua in 1909. He was replaced by a puppet pro-United States, regime supported by the Conservatives (65:18).

In 1910, Juan Estrada, sponsored by the United States and financed for nearly \$1 million by foreign businessmen, took control of Nicaragua. The United States then developed three major objectives in Nicaragua - promoting political stability under Conservative rule, solidifying United States business opportunities, and securing the monopoly of the trans isthmian canal (6:31).

In 1911, Estrada resigned and Adolfo Diaz took over. The Liberal Benjamin Zeledon tried to overthrow Diaz and the United States President Taft sent twenty-seven hundred men to defend Zeledon. The interests of the New York bankers would have been seriously hurt if the Conservative authorities were overthrown (65:19). United States troops were then stationed in Nicaragua from 1912 to 1925. The United States ran the government through a line of Conservative presidents. The Brian-Chamorro Treaty was ratified during this time in 1916. It gave the United States exclusive rights to build a canal in Nicaragua and a ninety-nine-year option to establish a naval base in the Gulf of Fonseca. Nicaragua was to receive payment of three million dollars but the United States officials who operated Nicaraguan financial affairs sent much of the money to foreign creditors (65:20). This insured Nicaragua was a protectorate of the United States and kept no other nation from building a canal in Nicaragua, even though the United States was about to open the Panama Canal (22:21). Also, the American company, United Fruit Company, became the largest single private employer in Nicaragua.

United States troops were withdrawn in August, 1925 but the Liberals started a rebellion and the troops were back within a few

months. By late February, 1927, eleven United States cruisers and destroyers were in Nicaraguan ports, and more than fifty-four hundred marines were occupying all the major cities (7:40). The United States arranged a free but United States supervised election in 1928. Jose Maria Moncada, a liberal won, but the United States still controlled the country (65:21).

In 1927, the National Guard was formed with United States assistance, to substitute for United States troops. During this time, a Liberal bandit, Augusto Cesa Sandino, began raiding and operating a guerrilla war. President Herbert Hoover left about two thousand marines in Nicaragua to fight Sandino (7:45). Sandino continued to hurt the country, since the National Guard required one-fourth of the country's entire budget to fight him. In 1932, Sandino made the following statement: "We have declared that Nicaragua will be free only by bullets and at the cost of our own blood. That pack of political mongrels who fight to grovel under the invader's whip will, by their own fault, be wiped out in the not too distant future and the people will take the reins of national power" (7:45). Finally, when a group of United States senators succeeded in 1932 to restrict funds for the occupation forces, all United States forces were pulled out of Nicaragua (7:46).

The United States left behind the National Guard in control of Anastasio Somoza Garcia. Somoza's family controlled Nicaragua for the next forty-six years. Sandino was murdered by Somoza's men on February 23, 1934. Shortly before ordering Sandino's murder, Somoza made a

picture embracing Sandino publicly to cover up the murder plot (7:52). In 1937, he became commander of the military and police force and the president of Nicaragua (22:30).

The corrupt Somoza National Guard became sort of a Mafia in uniform (65:27). The Guard was encouraged to live on base and not socialize with civilians. Since President Roosevelt wanted the United States to be a "good neighbor", the United States became close friends with the evil regime. When the United States declared war on the Axis powers on December 7, 1941, Nicaragua followed two days later (7:58). The United States established a military base in Nicaragua at Corinto during the war and ties became closer when the United States backed Somoza's man in Costa Rica in 1948. Somoza sent his two sons to the United States for an education. The older, Luis, graduated from Louisiana State University and Anastasio graduated from the United States Military Academy. By 1956, Anastasio (Tachito) commanded the air force and was deputy commander of the Guard (7:57).

The United States and other countries began to send more aid to Nicaragua in the 1950s. The Israelis sold Somoza 45 T17 Staghound armoured cars which, together with 10 M4 Sherman medium tanks and a similar number of M2 and M3A1 half-track APC's obtained elsewhere, gave Somoza the most powerful armoured force in Central America (17:328). Twelve Republic F-47 Thunderbolts and 38 F-51D Mustang fighters were purchased from Sweden and the United States during this time. In addition, six B-26 bombers were obtained from the United States. Somoza now also had the strongest air force in Central America. The

United States conducted military missions with the Nicaraguan air force and the Army and began a major military assistance program. Table 3.3 traces this assistance from the 1950s.

Table 3.3

U.S. Security Assistance to Nicaragua from 1950 to 1980

(Dollars In Thousands)

|                                                 | FY50<br>to<br>FY80 | FY75  | FY76  | FY77  | FY78 | FY79 | FY80 |
|-------------------------------------------------|--------------------|-------|-------|-------|------|------|------|
| FMS Agreements                                  | 5,205              | 536   | 543   | 652   | 2    | 0    | 1    |
| FMS Deliveries                                  | 5,205              | 219   | 615   | 354   | 768  | 43   | 18   |
| FMS Financing<br>Program DOD<br>Guaranty        | 8,000              | 3,000 | 2,500 | 2,500 | 0    | 0    | 0    |
| Commercial<br>Exports<br>Licensed<br>Under AECA | 4,243              | 381   | 824   | 1,606 | 597  | 1    | 0    |
| MAP                                             | 7,668              | 429   | 180   | 54    | 15   | 4    | 0    |
| MAP Delivery/<br>Expenditures                   | 7,668              | 187   | 301   | 131   | 303  | 89   | 135  |
| IMET                                            | 11,583             | 650   | 708   | 658   | 384  | 7    | 0    |
| IMET<br>Deliveries                              | 11,583             | 656   | 709   | 621   | 421  | 7    | 0    |

(25:7, 15, 33, 53, 89)

President Dwight D. Eisenhower used Somoza's help in 1954 to overthrow the government in Guatemala. During this time, Somoza was building his personal fortune to \$50 million and increasing the concentration of land ownership in Nicaragua (65:28). Finally, in 1956 Somoza was

killed by a young Nicaraguan poet, Rigoberto Lopez Perez (22:34). President Eisenhower flew Somoza to a military hospital in the Canal Zone to try to save his life (7:60).

The two brothers, Luis and Anastasio, now ruled Nicaragua as President and head of the Guard. When Luis became President, United States support for the regime became higher and remained for two decades (7:75). Luis Somoza died in 1967 and power became concentrated by Anastasio. Anastasio used more force and corruption than his brother. Anastasio, United States Ambassador Turner Shelton, and billionaire Howard Hughes then met in 1972 for potential investments in Nicaragua. Economic growth rate was increasing in Nicaragua but living conditions for the bulk of Nicaragua's population were not improving. Only 5 percent of the people had six or more years of education, only 20 percent of the homes had running water, and only 18 percent had private toilet facilities (22:37). United States assistance of all kinds grew from 1953 to 1975. Military aid rose from an average of about \$200,000 yearly for the 1953 - 1961 period to \$1.8 million per year for 1967 - 1975. Economic assistance for the same periods grew from an annual average of \$1 million to \$17.3 million (7:75). Military aid from the United States totaled \$25.5 from 1946 through 1975. Table 3.4 compares this aid to the rest of Latin America. In addition, the United States trained nearly five thousand Somoza Guardmen in the Canal Zone (7:91). Somoza used this aid to build his corrupt family fortune to \$300 million by 1972. The wealth - and profit - generated share of national income compared to wages and salaries went up in the 1970s. More money was going to the rich.

Somoza took bribes for illegal gambling and prostitution. He acquired large coffee plantations and was the largest land owner and coffee producer in Nicaragua. In 1972, an earthquake hit Managua and killed more than ten thousand people. He turned this national disaster to personal profit. He channeled international relief funds into his own pocket (65:31).

Table 3.4

| Mean Annual U.S. Aid In Millions of Dollars |         |         |         |         |
|---------------------------------------------|---------|---------|---------|---------|
| Latin America (overall)                     | 1953-61 | 1962-66 | 1970-75 |         |
| Economic assistance                         | 181.02  | 1024.18 | 702.00  |         |
| % change over previous period               |         | 427     | - 52    |         |
| Military aid                                | 58.24   | 131.42  | 149.00  |         |
| % change over previous period               |         | 102     | - 20    |         |
| Nicaragua                                   | 1953-61 | 1962-66 | 1974-76 | 1977-78 |
| Economic assistance                         | 3.74    | 13.64   | 25.53   | 9.29    |
| % change over previous period               |         | 230     | 39      | - 75    |
| Military aid                                | .21     | 1.48    | 3.33    | 2.76    |
| % change over previous period               |         | 543     | 67      | - 43    |
| (7-128)                                     |         |         |         |         |

Finally, around 1973, a revolutionary organization called the Sandinist Front of National Liberation (FSLN) began to grow. It actually began in 1961 and was named after Augusto Cesar Sandino. But by 1973, the country was ready for change. The Nixon and Ford administrations supported Somoza as the FSLN grew in strength. The

average annual United States military assistance to Nicaragua in the 1974-1976 period was 67 percent higher than for the 1962-1966 period (7:128). But, the Carter administration in 1977 cut aid to Nicaragua because of human rights violations. Then, Israel supplied small arms, ammunition, patrol vessels and aircraft from the mid-1970s onwards (17:330). The Nicaraguan Air Force numbered about 1,500 men in 1970 with six T-33As, six B-26s, three C-47s, four C-45s, ten Cessna 180s, five helicopters, and twenty T-6s and T-28s. These were acquired from the United States, but after 1976, transports were acquired from Spain and Israel (17:333). As the FSLN grew, other countries in the region assisted the rebels. Costa Rica allowed FSLN training bases and FSLN strikes against Nicaragua from Costa Rican soil. Costa Rica borrowed weapons from Panama and Venezuela to protect the FSLN camps in the northern part of Costa Rica. By 1978, Costa Ricans were enlisting in the FSLN and raising money for the rebels (7:131). Finally, on October 23, 1978 Costa Rica broke diplomatic channels with Nicaragua and in May, 1979 Costa Rica allowed the FSLN to establish a revolutionary government in exile (7:131). Also, Honduras served as a sanctuary for the FSLN. Panama directly assisted the rebels by acting as the entry point for arms purchased from Cuba and other countries by the FSLN. Somoza denounced Panama as a communist tool engaged in the plot to overthrow him (7:132). In addition, Mexico became a center for rebel fund-raising and coordination activities. Mexico broke diplomatic ties with Nicaragua in May, 1979 and asked the Organization

of American States to oust Somoza and to give international recognition of the FSLN (7:133). Finally, Cuba contributed aid to the FSLN from the 1960s till the fall of Somoza's rule in 1979.

The United States under the Carter administration did not support Somoza but there was a sense of alarm that Nicaragua might turn into "another Cuba" (65:38). Because of this fear, in May, 1979, the administration once again aided Somoza by reversing an earlier policy and allowed a \$66 million International Monetary Fund (IMF) loan for Nicaragua to be approved without United States opposition (65:38). In addition, President Carter commended Somoza in 1979 for improving Nicaragua's human rights situation. This outraged many in Central America and the changing policy only gradually hurt Somoza's support. Both incumbents and insurgents in Nicaragua were offended by United States activities during this time. At the end of the decade, Nicaragua was in ruins with \$1.5 billion in debts (22:56). Marxists were now in power and relations with the United States were strained.

#### IV. Current Situation

##### Foreign Policy

Modern day foreign policies of the United States and other major powers have evolved from ancient societies. A study of this history will help one to understand present United States and Soviet objectives in Central America.

The evolution of foreign policy had its beginning with the great civilizations of ancient peoples. The earliest recorded treaty was between the Kings of the Sumerian City - States of Umma and Lagash about 3000 B.C. Gradually thereafter, other civilizations developed, among peoples such as the Egyptians, Chinese, Phoenicians, Persians, Mayas and Aztecs. But, the ancient Greek City - States, approximately 500 B.C. began a form of nationalism that laid the foreign policy foundation for today's nations (67:50).

The Roman Empire continued this evolution to the coexistence of nationalism and multinationalism. The Romans spread their ideology from India to Scotland and from the Danube to the Sahara. Throughout the empire, two systems of law prevailed - one for themselves and one for the nations that they ruled. When the empire finally collapsed about A.D. 500, small feudal states persisted on in an atmosphere of continuous warfare. Military conquests or marriages of convenience among rulers were the most common forms of foreign policy. Modern

nations - states as we know them evolved from these ethnic and political fragmentations. (67:51).

The first great powers to emerge in the sixteenth-century modern era were Spain, France, England, Prussia, and Austria. Austria was the strongest early power and its rulers governed people of many nationalities. Austria had acquired its territory by conquest, territorial exchanges, and accidents of marriage. Soon, this exhausting task of controlling many different multilingual peoples caused its downfall. It was finally defeated by Prussia in 1866. Also Spain fell because it could not manage the vast colonial wealth it imported. The great colonial influx of gold hurt their economic growth and inflation rose while production of goods fell. It developed no industry and the church hindered the government from adopting effective policies. (26:186).

By 1939, France, Britain, Germany, Soviet Russia, the United States, and Japan were the nations of strongest international influence. The French Revolution formed an early picture for modern government. In modern societies, the people scrutinize governmental, domestic, and foreign policies. The French Revolution demonstrated that as a last resort they will revolt if their government deviates from the people's desires (67:54). Napoleon transformed nationalist feelings in France into an expansionist ideology. Napoleon's "citizen armies" won victories throughout Europe and the Middle East. Germany then replaced France as the preeminent power in Europe and became a rival to Britain.

Britain, an island nation, had depended for survival on its colonies and international trade. By 1939, less than 5 percent of the population was engaged in agriculture. Except for coal, it had to import most of the raw materials for its industries. But, other great naval powers had arisen to challenge Britain and gradually control of the colonies was lost. The economic strategy between colonies and colonizers during this time of classical imperialism was mercantilism. State power came from the possession of national wealth, and gold and silver were regarded as important wealth. The way to acquire this wealth was to maintain a favorable balance of trade. Colonies insured this for Britain because they shut out commercial competition. They guaranteed untapped markets and direct sources of precious metals. But, as Britain lost control of its colonies, the empire began to fall. A system of free international trade with minimal governmental interference eventually became the accepted foreign policy for international relations (49:68).

But, a new wave of imperialism led by Germany, Japan and the United States started in the early 1900s. Nearly all of Africa came under the control of European powers. In addition, the United States acquired Puerto Rico, Hawaii, the Philippines, the Panama Canal Zone, and influence over several Caribbean lands, especially Cuba. Finally, Japan had acquired Korea and Formosa. This new imperialism differed from the classical imperialism of Britain because of extraordinary competition among the imperial powers. Marxist explanations of this new imperialism saw imperialism as the result of capitalism's need for profitable overseas outlets for surplus capital (49:68).

Political reasons for the new imperialism were linked to the rise of Germany as a powerful nation and the weakening of Britain. Also, the rise of modern nationalism, which produced a desire for power and national self-fulfillment, created this system. Treaties were then signed to preserve territorial status quo. The fear that one country would change the status quo while professing to maintain it was a significant cause of war in Europe. Germany began to exert considerable influence in the Middle East and Latin America. It allied with Turkey and became interested in the Caribbean region. But, the more aggressive policies of Germany led to military defeats and loss of its world interests (26:194).

The Soviet Union and Japan clashed frequently from the early 1900s through World War II over control of Asia. Late in World War II, the Soviet Union aided the United States and helped defeat Japan. The Soviet Union then placed North Korea under communist rule, and enabled the Chinese Communists to acquire Manchuria. In addition, power, expansion, and ideology induced the Soviet Union to occupy their satellites in Europe (26:190).

The United States and the Soviet Union have now inherited the status of world foreign policy makers once held by Britain and Germany. Nations have certain "styles", which affect the manner in which they operate in the international arena, whether they initiate action or react to other actions. American foreign policy, like Russian policy, comes from attitudes towards politics, how history affected the country, and ideas for advancing national objectives. Soviet leaders' perceptions and behavior come from the revolutionary framework within

which they were trained. United States leaders' views are from nationally shared values and beliefs and from the history of American democracy (53:313).

Some historians tend to think that early American foreign policy was rarely initiated by the United States. External pressures or threats usually formed these policies and long-range commitments were infrequent. Also, early American attitudes were formed by the nation's thoughts of being a unique and chosen people. Being the world's first democracy, the United States looked upon itself as a moral society. The United States considered itself apart from Europe and insulated itself from Europe's problems. Power politics also reflected the view of American foreign policy. This meant that democracies are peaceful states because peace loving people elect their rulers and suffer from war. Therefore, hostilities are associated with authoritarian rulers and their removal is a condition for peace. Also, Americans felt during peaceful times little attention needed to be given to foreign problems, since these problems steer people away from materialistic desires and making money (53:316).

Some feel the United States has traditionally rejected war as a political tool. War is a military instrument to spread democracy and freedom. Until the 1950s, the United States had won conflicts against every nation it had fought. Also, the United States had never been invaded or occupied (as most other nations had been). This created a belief in American invincibility. In addition, the feeling of pragmatism has characterized American foreign policy. American

problem-solving ability has solved problems whenever they occurred and with whatever means at hand (53:318).

Fundamental to all American foreign policies has been the feeling of the defender of the democratic faith. World War II was supposed to end the need for power politics and create international organization. But, American feelings toward Russia as an aggressor started with Russian actions in Eastern Europe, Iran, and Turkey. Communism was a contrast of good against bad or immorality. The United States would not recognize Communist China and when China intervened in Korea, this confirmed the American feeling of communism as evil. The United States began to support any anti-communist regime, whether it was democratic or not, to counter the aggressive communism. At the beginning of the Cold War, President Truman stated, "totalitarian regimes imposed on free people, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States" (53:320).

The feeling of anti-communism contributed to future United States foreign policy. The inability of President Truman to win the Korean War contributed to a Republican presidential victory in 1952. Also, the Bay of Pigs invasion of Cuba by President Kennedy, was initiated so that President Kennedy would not be seen as less anti-communist than his predecessor. Finally, United States involvement in Vietnam came from this anti-communist feeling and the early feeling of invincibility and pragmatism. But, the association of power politics with the evil regimes of nations of the Old World, made many feel the United States had violated its own democratic ideals. Finally, the feeling that the

United States with all its power could improve the world, was lost due to the Vietnam War (53:325).

Soviet foreign policy is contrasted between spreading world revolution and increasing the strength of Russia as a nation. Marxist ideology provides the leaders with a way of looking at the world. According to Marx, all history is the history of class struggle between the rich and the poor. The Marxist-Leninist ideology is that the capitalist political system like the class structure, reflects the nature of the economic system and cannot be reformed. Also, Marxism states that the injustices of capitalism will end and this end is historically inevitable. The end has not occurred yet, according to Lenin, because imperialism has prevented domestic revolution. In addition, people can be freed from economic exploitation and violence only through the destruction of capitalism (53:328).

The other key belief in Marxist-Leninist ideology is the job it assigns to Soviet leaders to bring about this new, post-capitalist society. The ideology gives the leaders a conceptual framework and long-range aim. When the Bolshevik revolution occurred in 1917, Russia was transformed into Soviet Russia, a revolutionary state committed to eliminating world capitalism. The leaders then denied the right of noncommunist states to exist.

The contrast between American democracy and Soviet communism created a total ideological conflict. The communist ideology of not recognizing the right of others to exist, requires the Soviets to seek dominance so that it can impose its will on others. The balance-of-power desire by the United States is unacceptable to the Soviets,

because they desire to overthrow the balance as a prerequisite to changing the system in their own image. The broad conceptual approach of the world by the Soviets is in contrast to the more pragmatic American approach of foreign policy. The conflict between the two countries due to Marxism-Leninism ideology is totally irreconcilable. But peaceful coexistence is possible until the moment of victory is possible to the Soviets (53:335).

Today the alliances that the Soviet Union have with other countries differ from United States alliances. Soviet alliances are to further the spread of communism while United States alliances aim at maintaining the status quo. The Monroe Doctrine, described in Chapter III, was the manifestation of this policy of status quo and has been the cornerstone for United States foreign policy. The United States policy of status quo is opposed to any change that would amount to a reversal of the power relations among two or more nations. An example of this policy was when the United States acquired the Virgin Islands from Denmark in 1917. This was not aimed at changing the status of the Central American republics. It strengthened the already dominant position of the United States in the Caribbean, yet it did not create it, so it was acceptable to the status quo (40:55).

The Soviets sought to spread their ideology to the Caribbean and Central America in the 1960s thru Cuba. This intervention threatened the status quo. Therefore, Soviet involvement was and is a violation of the Monroe Doctrine. The 1983 Reagan Administration invasion of Grenada was to counter this threat to the status quo in the region. Subsequently, the present and past security assistance to Panama and

Costa Rica, along with aid to the Nicaraguan Contras, is an attempt to insure this status quo.

### Panama

Force Structure. In the fall of 1983, Panama restructured the National Guard into three armed services. This was a reaction to the growing Marxist threat in Central America and to prepare for the military responsibilities Panama will have in the year 2000 when it assumes defense of the Panama Canal. The National Guard was then renamed the National Defense Force. The military is still Panama's only police and law enforcement organization, but it is planning to expand its strength for countering external threats.

The present total military force strength is near 15,000. As mentioned in Chapter II, General Manuel Antonio Noriega is the Commander of the Defense Force. Panama has a small air force of only 16 fixed-wing transport and patrol aircraft, along with 22 Bell helicopters. The Navy has only six patrol vessels and the Army has 28 armored personnel carriers but no tanks. In addition, the military budget is approximately one-third the amount of Nicaragua's military budget. Table 4.1 estimates these figures for Panama Since 1978.

Table 4.1

## Military Budget

(\$ Millions)

| Military Budget | 1978 | 1979 | 1980 | 1981 | 1982 | 1987 |
|-----------------|------|------|------|------|------|------|
| All Services    | 16   | 18   | 23   | 27   | 31   | 92   |

(24:1)

Security Assistance and United States Objectives. Future United States security assistance to Panama is expected to increase substantially since Panama will gradually take more responsibility for defending the canal. Two military committees were formed between Panama and the United States to increase this security. The Combined Board is responsible for the coordination of Panamanian and United States forces in the Canal Zone and the Joint Committee supervises United States troops in Panama (24:1). In addition, the United States International Military Education and Training Program (IMET) will train Latin American troops until the year 2000. These Panama Canal area military schools have trained over 20,000 students to date. Table 4.2 gives the proposed future United States security assistance to Panama. In addition, the Reagan administration is planning to increase military aid to Panama to \$14.6 million in fiscal 1987 from \$8.4 million in 1986 (8:1).

Table 4.2

Security Assistance

|             | (\$ Thousands) |
|-------------|----------------|
|             | FY86           |
| FMS Credits | 4,000          |
| IMET        | 650            |
| MAP Grants  | 14,000         |
| FMS Orders  | 20,000         |

(24:1)

Panama is also headquarters for the United States Southern Command, which directs United States reconnaissance flights over Latin America and training maneuvers in Honduras and other United States military operations in Latin America (8:1). About 40,000 Americans now live in Panama, including a brigade of 9,300 soldiers responsible for defending the canal (43:46). The United States Army has 6,700 troops stationed at Fort Clayton and other installations on both sides of the Isthmus, and the Air Force has 2,500 members at Howard Air Force Base. The Navy and Marines have smaller numbers stationed in Panama (42:23). In addition, the United States Air National Guard provides air defense and airlift to the Southern Command headquarters.

The United States security assistance program objectives to Panama are categorized as "enhance cooperative defense and security" (59:187). These objectives are specifically to:

1. Equip and train Panama Defense Forces (PDF) to assume increasing responsibility in Canal defense.
2. Contribute to professional development of Panamanian military.
3. Promote respect for civilian rule and human rights among PDI personnel.
4. Help revitalize economy through reform and private sector initiatives.

(59:104)

### Costa Rica

Force Structure. Costa Rica has no official army but it does have a combined paramilitary force (land, air and sea) of approximately 8,500 personnel. The president is the commander-in-chief of this police and paramilitary force. Operational control over the 8,000 man Civil Guard is from the director-general, who holds the rank of colonel. In addition to the Civil Guard, there are approximately 100 men in the Navy and 200 in the Air Guard. Since the security forces in Costa Rica are considered a national police force and not an army, the control and overall budget of the Civil Guard is under the Ministry of the Interior (24:1).

Security Assistance and United States Objectives. The United States is attempting to help basically unarmed Costa Rica defend itself against the increasing Marxist threat from Nicaragua. Since provisions of United States law prevent giving aid to police organizations of other countries, the United States is limited in its ability to furnish this assistance (41:100). But, Costa Rica is making its biggest

military buildup in its history. Costa Rica is attempting to convert some of its police force to a military and the United States plans to provide nearly \$20 million over the next two years for training and equipment to counter the threat (24:1). Table 4.3 give the proposed United States security assistance for Costa Rica in FY 1986. In addition, 700 civil guardsmen are being trained in basic military skills by United States Army Special Forces advisors (24:1).

Table 4.3

Security Assistance

|                             | (\$ Thousands) |
|-----------------------------|----------------|
|                             | FY86           |
| MAP                         | 2,500          |
| IMET                        | 225            |
| FMS Orders                  | 10.0           |
| Commercial Sales Deliveries | 200            |

(24:1, 2)

The United States security assistance program objectives to Costa Rica are categorized as "deter and combat aggression" (59:187). These objectives are specifically to:

1. Sustain improved capabilities of public security force to counter aggression and terrorist activity.
2. Help maintain previous military equipment purchases.
3. Support procurement of spare parts, training, munitions, and technical assistance.

4. Continue to promote economic reform and stability through balance of payments support.
5. Restore export-led economic growth.

(59:32)

### Nicaragua

Force Structure. The present military forces of Nicaragua number approximately 200,000. These forces are being confronted by 15,000 to 20,000 guerrillas, known as Contras. The ultimate authority over the armed forces during war is President Daniel Ortega. However, during peace, the forces are commanded by the Minister of Defense, Humberto Ortega. This force is the largest in Central America and all men between the ages of 17 and 50 and all women between 18 and 40 must register for military service. President Ortega said in April, 1986 that he plans to retain a 10-to-1 manpower advantage over the Contra forces (45:20). To build this military force, Nicaragua has continued to increase its military budget. Table 4.4 estimates these figures since 1980. This defense budget is half of all government expenditures.

Table 4.4

| Military Budget |      |      |      |      |      |
|-----------------|------|------|------|------|------|
| (\$ Millions)   |      |      |      |      |      |
| Military Budget | 1980 | 1981 | 1982 | 1983 | 1984 |
| All Services    | 102  | 120  | 215  | 250  | 250  |

(24:1)

The Sandinista active duty army now totals about 70,000 troops. The goal to become the largest army in Central America was reached in 1980, which was two years before serious armed Contra opposition to the regime began. During this period the United States was providing the Sandinistas with more economic aid than the United States gave Somoza in the previous four years (58:5). Therefore, the huge army was not built because Nicaragua feared United States backed Contras. This large, politically-indoctrinated military was built to pursue Marxist objectives and keep power, once their actual political status was exposed to the Americas (58:5). This army has an armored force of 350 compared to the rest of the Central America countries combined total of 200. Their tanks are Soviet-made T-55 and PT-76 models and their artillery has range greater than the United States Army's 82nd Airborne Division artillery (58:5). The Army has three armored battalions, twelve infantry battalions, one field artillery group, one engineer battalion, and one air defense battalion (24:2). The infantry is equipped with both Soviet AK-47 assault rifles and United States M16s (17:331).

The Navy has about 300 regulars using coastal patrol crafts. To expand this force, Nicaragua is now building the biggest submarine base in Latin America in the port of San Juan del Sur (24:2).

The Air Force has about 1,500 regular personnel with one fighter and ground attack squadron and one transport squadron. United States reports of at least a dozen MIG-23s in 1984, have not been substantiated (17:333). Their helicopter gunship force, acquired from the Soviets, is confirmed and in use. The Sandinistas have MI-24 and

MI-8 helicopters, which have twice the lift capacity of the United States helicopters provided to Honduras and El Salvador (58:5). In addition, a new air base is being built at Punta Huerte on Lake Managua. It will be the largest airport in Central America. Nicaragua has 300 total airfields, but only eight with permanent-surfaces and none presently with runways over 8,000 feet. The new base will have a runway of more than 12,000 feet and can serve supersonic fighter aircraft (24:1).

The paramilitary or militia force is about 60,000 strong (17:333). It includes border guards which are assigned to six battalions. In addition, the militia serves as a reserve for the Army and performs internal security functions.

Security Assistance and United States Objectives. The United States stopped security assistance to the government of Nicaragua in 1980. In addition, economic aid to Nicaragua was suspended by President Reagan in April, 1981 because Nicaragua was supporting violent attempts to overthrow the Government of El Salvador (19:2286). In addition to discovering the Sandinista government is a communist regime, President Reagan stopped aid because the government took control of the media in Nicaragua, restricted the church, drove the Miskito Indians from their homelands, moved against free labor unions, and drove the director of Nicaragua's independent human rights commission into exile (63:3).

To assist the drive for democracy in Nicaragua, the United States began to support the Contras in 1981 with \$10 million. In 1982, the

United States gave \$19 million for covert operations by the Central Intelligence Agency to destabilize the regime. The Contras were originally and are still led by three men. Adolfo Calero, who heads the Nicaraguan Democratic Force, was educated at Notre Dame and he was the general manager of the Managua Coca-Cola plant until 1983. Also, Arturo Cruz was the Sandinista ambassador to Washington and head of Nicaragua's Central Bank. In Addition, Alfonso Robelo was a member of the Junta established when the Sandinistas took control (62:2). The largest guerrilla forces belong to the Nicaraguan Democratic Force (FDN). The resistance fighters are mostly between 18 and 22 and come from rural areas. Their commanders are older and come from urban areas. In the FDN, which has the largest number of former military professionals, less than half the commanders have prior military experience, either in the Somoza National Guard or Sandinistas military. Another smaller force, the United Nicaraguan Opposition (UNO), has little military experience. Many who opposed United States support for the Contras in 1983 thought that the force was organized and commanded by former Somoza National Guardsmen. Even today, a report prepared by the Arms Control and Foreign Policy Caucus claimed this allegation (60:2). According to Assistant Secretary for Inter-American Affairs Elliott Abrams, this allegation is false (60:2). Table 4.5 gives the prior occupations of FDN senior military leaders, regional commanders, and task force commanders.

Table 4.5

## Prior Occupations of FDN Leaders

## Senior Military Leaders

|                          |    |          |
|--------------------------|----|----------|
| Civilian                 |    | 78       |
| Professionals            | 39 |          |
| Peasants                 | 34 |          |
| Students                 | 5  |          |
| Military                 |    | 71       |
| National Guard           | 41 |          |
| Officers                 | 23 |          |
| Soldiers                 | 18 |          |
| Sandinista Military      |    | 30       |
| Officers                 | 8  |          |
| Soldiers                 | 22 |          |
| No Information Available |    | <u>4</u> |
| Total                    |    | 153      |

## Regional Commanders

|                         |  |          |
|-------------------------|--|----------|
| Sandinista Soldiers     |  | 6        |
| National Guard Soldiers |  | 2        |
| Peasants                |  | 2        |
| National Guard Officer  |  | 1        |
| Civilian Doctor         |  | 1        |
| Pastor                  |  | 1        |
| Student                 |  | <u>1</u> |
| Total                   |  | 14       |

## Task Force Commanders

|                     |   |          |
|---------------------|---|----------|
| Peasants            |   | 19       |
| National Guard      |   | 14       |
| Officers            | 5 |          |
| Soldiers            | 9 |          |
| Sandinista Military |   | 13       |
| Officers            | 4 |          |
| Soldiers            | 9 |          |
| Medical Student     |   | 1        |
| No Information      |   | 4        |
| Vacant              |   | <u>1</u> |
| Total               |   | 52       |

(60:2)

In January, 1983, Colombia, Mexico, Panama, and Venezuela met on the island of Contadora to propose peaceful solutions to the disputes. They composed a 21 point peace plan called the "Document of Objectives". The document called for the establishment of democratic systems of government; for the reduction of current inventories of arms and military personnel; for the elimination of foreign military bases; for the reduction and eventual elimination of foreign military advisors and troops; for an end to support for subversion; and for adequate means of verification. On September 9, 1983, Nicaragua signed the treaty. But, on October 20, 1983, they presented four draft treaties to the United Nations. These drafts disregarded the objective of restoring military balance among states of the region; sought again to delegitimize the elected Government of El Salvador; ignored the Contadora objective to establish democratic institutions; and made no serious proposal for verification and control (62:2).

Relations with the United States continued to deteriorate in 1984. In January, Nicaragua shot down a United States helicopter in the Honduran border zone. Then, in March, the Nicaraguan Government accused the CIA and the United States Government of mining ports along their Atlantic coast. Nicaragua filed a case against the United States in the International Court of Justice and the Court ruled in favor of the Nicaraguan Government. This contributed greatly to the United States Congress's decision to suspend further aid to the Contras for 1984.

The Contras continued to increase their attacks on the Sandinistas in 1984 without United States aid. In addition, the United States

Government accused Nicaragua in 1984 of receiving MIG-21 advanced combat aircraft from the Soviet Union. But, the United States Government did offer to resume talks with the Sandinistas in later 1984 (19:2287).

In January 1985, The United States unilaterally broke off negotiations with Nicaragua. Congress then approved \$27 million for humanitarian aid to the Contras which expired March 31, 1986. Before the expiration date, President Reagan asked for \$100 million more in aid to the Contras with \$70 million going for covert military aid and \$30 million in humanitarian aid. The request was denied by the United States House of Representatives in March, 1986.

Then, March 22, 1986, Nicaragua troops, armed by Soviet, Cuban, Libyan, Iranian, North Korean, and Czech weaponry, attacked Contra forces in Honduras. Nicaragua has received \$500 million in military assistance from the Soviet Union since 1980, half of this in 1984 (58:6). In April, 1985, President Ortega traveled to Moscow to ask for \$250 million more in aid for Nicaragua (24:1). In addition, there are 12 Soviet and 3,200 Cuban advisors in Nicaragua to provide training and support (24:2). Table 4.6 gives a breakdown of Soviet 1984 arms deliveries to Nicaragua during 1984. Also, Libyan leader Moammar Khadafy has sent \$400 million in weapons and advisors to Nicaragua.

Table 4.6

## 1984 Soviet Arms Deliveries to Nicaragua

## Army

|                                    |    |
|------------------------------------|----|
| T-55 Medium Tanks                  | 66 |
| PT-76 Light Amphibious Tanks       | 28 |
| BTR-152 Armored Personnel Carriers | 63 |
| BTR-60 Armored Personnel Carriers  | 3  |
| BRDM-2 Reconnaissance Vehicles     | 26 |
| 57 mm S-60 AA Guns                 | 18 |
| 37 mm Naval Gun Mounts             | 6  |
| 152 mm Howitzers                   | 12 |
| ARS-14 Decontamination Trucks      | 4  |
| BRDM-2 RHK Chemical Recon Vehicles | 2  |

## Navy

|                                     |   |
|-------------------------------------|---|
| Sinhung Patrol Boats (North Korean) | 2 |
| Zhuk Patrol Boats                   | 1 |
| K-8 Class Minesweepers              | 2 |

## Air Force

|                           |       |
|---------------------------|-------|
| Mi-24/25 Hind Helicopters | 5 - 8 |
| Mi-8 HIP Helicopters      | 5     |

(24:2)

President Reagan said that Khadafy has stated he is helping the Nicaraguans because they fight America on its own ground (48:4). The Libyans were openly caught transporting arms and explosives to Nicaragua, and not medical supplies as the air crew claimed, by Brazil in 1983. In addition, confirmed Iranian arms were delivered in May, 1985 to Nicaragua via North Korea (24:2). But, this well armed Nicaraguan force was driven back by United States aided Honduran troops. President Reagan approved \$20 million in emergency military aid for Honduras on March 24, 1986 to help defeat the Sandinista invasion.

The official United States objectives for Nicaragua from the Department of State are:

1. The establishment of a genuinely democratic regime.
2. A definitive end to Nicaragua's support for guerrilla insurgencies and terrorism.
3. Severance of Nicaraguan military and security ties to Cuba and the Soviet bloc.
4. Reductions in Nicaraguan military strength to levels that would restore military balance between Nicaragua and its neighbors.

(62:3)

President Reagan has stated that the United States interest is to ensure Nicaragua does not hurt its neighbors through the export of subversion and violence. He wants to prevent the flow of arms from Nicaragua to other Central American countries, but he stated that Nicaragua continues to spread its violence. Also, President Reagan feels the strategic importance of Central America and the Caribbean sea lanes are vital to our interest. He has compared the Soviet threat in the Caribbean to the Nazis activity and interest in the region during World War II. In addition, he feels the national security of all the Americas is at stake in Central America (63:3).

#### Recent Events and Opinions

Poverty, corruption, and aggression continue to thrive in southern Central America. Democratic Costa Rica is caught between the corrupt, military dictatorship of Panama and the communist regime of Nicaragua. This fear of the Nicaraguan military strength recently forced Costa

Rica to join Nicaragua in forming a border patrol to stop Contras from crossing back and forth across the border. In addition, the new government of Costa Rica faces challenges within the country from the social christian bloc political party. Luis Manuel Chacon, head of the party, stated in July; "Now we have clear ideas about national development and that allows us to become a positive opposition" (10:152). President Arias responded with plans to improve the economy and thus prevent internal unrest.

Charges of corruption abound in Panama. Panamanian strongman, General Noriega, recently accused the United States of "plotting against him" (55:49). This could have been linked to the comments of newly designated United States Ambassador to Panama, Arthur H. Davis. Mr. Davis mentioned to the Senate Foreign Relations Committee that "Panama should move toward civilian rule" and said he had "heard rumors that the military was involved in drug trafficking" (8:1). In addition, Ellitt Abrams, Assistant Secretary of State for American affairs, said, that Panama's banking system is "virtually made to order for a criminal" and that the United States is "aware of and deeply troubled" by rumors of official Panamanian drug smuggling (8:1). Panama's reaction to these comments was officially voiced when Foreign Minister Jorge Abadia Arias requested an explanation "to satisfy our national dignity" (8:1). In addition, the Panamanian National Assembly charged that the "allegations are part of a campaign aimed at provoking United States intervention in Panama so as to prevent the country from taking over control of the Panama Canal at the end of the century" (2:5). Secretary of State George Shultz then released a statement

denying that the United States "had any intention of interfering in any way in Panama's internal affairs" (8:1).

But, numerous United States leaders are worried about turning the Canal over to a politically unstable country. This concern was increased in June when President Eric Arturo Delvalle stated that, "The United States must revise legislation governing the Panama Canal treaty. Changes should be made so that the budget of the Canal Commission need no longer be reviewed by the United States Senate, while the Commission itself, which is a branch of the Defense Department, should be made independent. As things stand at present, when Panama takes over the administration of the Canal in 1990, the appointed Panamanian administrator will have to work in a Defense Department office. This is incongruous" (13:5). But, Jim Lucier an aide to Senator Jesse Helms responded, "We want to turn the Canal over to a viable, stable democracy, not a bunch of corrupt drug runners" (36:36). Also, Representative Mike Lowry, a member of the Merchant Marine subcommittee for the Canal, said that "if narcotics charges against Panamanian military chiefs are proven, we'd be talking about withholding dollars from one of our longtime friends. Congress is pretty serious about drugs" (36:36).

Nicaragua is now aligned ever closer to the Soviet Union and it is acquiring more weapons from the Soviets. Pentagon spokesman Robert Sims in June said, "The Soviet Union has shipped Nicaragua 10 more HIP MI-8 helicopters" and this has brought the amount of military equipment the Soviets have given Nicaragua in the first six months of 1986 to 9,500 tons (69:34). President Reagan's opinion on this alliance is

that the Soviet Union "hopes to turn Nicaragua into the first Soviet base on the mainland of North America" (52:1).

On June 25, 1986, the United States House of Representatives finally approved President Reagan's request for \$70 million in military and \$30 million in humanitarian aid for the Contras. Nicaraguan President Ortega then replied that "the war is going to continue. It is going to become more acute and terrorist actions will increase because giving more aid to the rebels is a declaration of war by the United States against Nicaragua" (68:1). Then on 27 June, the World Court in Geneva sided with Nicaragua in ruling that previous American aid to the rebels had violated the United Nations Charter. The Court told the United States to pay \$1 billion in reparations, but the Reagan administration did not recognize the Court's jurisdiction over the issue (36:7). Nicaraguan attorney Abram Chayes commented in the ruling, "I am sure that in the fullness of time, the American people will reject a policy that involves the flouting of international law" (63:1). But, United States State Department spokesman Charles Redman said that United States policy in Central America is "entirely consistent with international law and Nicaragua is engaged in a substantial, unprovoked and unlawful use of force against its neighbors" (68:1).

President Ortega quickly cracked down on peaceful opposition in Nicaragua after the approving Contra aid vote. "La Prensa", the sole opposition newspaper, was closed and a major critic of the government, Roman Catholic Bishop Pablo Antonio Vega, was forced to leave the country. This oppression of human rights is evident to United States

Ambassador to Nicaragua, Harry Bergold. Mr. Bergold recently commented that, "We have to assume that Marxist-Leninists will not allow themselves to be voted out of power" (56:20). Nicaragua continued its threats when Bayardo Arce, a member of the Sandinist directorate, said the new aid to be given to Contras demands a "revision of the political and economic space in Nicaragua" (57:9). In addition, President Ortega replied, "If the United States feels that Nicaragua is a threat to its interest in the region, we will look for mechanisms of security so the United States feels secure. Nicaragua's internal situation cannot be negotiated" (56:17).

The proposed Contadora peace initiative is still unsigned. Since the Sandinistas said they would sign only if the United States stopped supporting the Contras, little hope for a signing is now possible. Special Envoy Phillip Habib said because the United States is not a signer to the treaty, "We would not feel politically bound to respect an agreement that Nicaragua was violating" (66:3). Since the Contadora treaty failed and the United States House of Representatives approved the Contra aid vote, many now feel military tensions within the region will rise.

New ideas to bring peace to the region were discussed at a Central American Presidents' meeting at Esquipulas in June. Forming a Central American Parliament or reactivating the long-dormant Central American Defense Council were considered to unify the region (71:1). Solutions to the problems in Central America will require United States assistance, but the countries of Central America want more control of their problems and futures.

## V. Conclusions and Recommendations

### Introduction

An analysis of the region's geography, early history, society, religion, economy, government, past and present involvements with the United States, local military strengths, and regional threats has been presented earlier. In addition, the reasons and objectives for United States and Soviet Union involvement in the region have been studied. These objectives provided a discussion of security threats present to United States interests in the region and also, ultimately to United States national security. Up to this point, the study's main interest has been the documentation of important facts describing and assessing United States objectives in the region and also, evaluating threats to the United States. In addition, the role of the United States Security Assistance Program to modernize and strengthen United States-backed forces in the region to counter these threats has been recorded.

This final chapter contains conclusions concerning what threats continue for the United States in the region, how effective the United States Security Assistance Program has been in the region when compared against stated objectives and what future United States actions should be in the region. This chapter also presents recommendations for further study to supplement this thesis.

## Research Questions and Conclusions

Question 1. What are United States security assistance objectives in these countries, how have they evolved to current policies, and what is the threat to United States security in the region?

United States Security Assistance objectives differ for each of the three countries, but the main objective is to insure the security of United States interests in the region and prevent a Soviet threat to the national security of the United States. In Chapter IV, the specific objectives for each country were listed. In association with insuring the security of United States interests, the United States desires to improve the economy and strengthen democracy in Panama and Costa Rica. The United States wants to prepare Panama to defend the Canal, but insure there is respect for a true democracy and for human rights. In Costa Rica, the United States wants to strengthen the Costa Rican defense against any type of Nicaraguan aggression. But, United States objectives for Nicaragua are explicit. The Reagan Administration wants an elimination of the communist government in Nicaragua and a severance of all ties to Cuba and the Soviet Bloc.

In Chapters III and IV, the evolution of United States objectives in the region was studied. The policy of status quo from the Monroe Doctrine, is to prevent any challenge to United States pre-eminence within the hemisphere. This is in contrast to the world-wide dominance sought by Marxism. As mentioned earlier, United States objectives in the region are to counter Marxist insurgencies, prevent destabilization

of the hemisphere, and improve the overall national security of the United States.

The threats to United States interests in the region come from Nicaraguan and Cuban efforts to destabilize the area. As mentioned in Chapter I, the shipping lanes of the Caribbean and the Panama Canal are critical to the economy of the United States. But Soviet gains in the region will direct United States resources from other parts of the world. These gains could give the Soviets major advantages within the region or in wider aspects of East - West relations (41:122). Ultimately, a strategic threat to the United States could develop with the establishment of Soviet military bases in Central America. The Soviets are presently developing Nicaragua as their first base on the continent.

The costs would be very high to the United States if Marxism expands in the region. Overland infiltration of people and supplies could affect the entire region and the United States. Many refugees could enter the United States if Marxist regimes grow in Central America. Also, to eliminate the Nicaraguan base would require 100,000 United States Army troops plus substantial naval and air power at a first-year cost of \$9.1 billion, according to a Pentagon study released on Capitol Hill in June, 1986.

The United States has both moral and strategic interests in preventing a Communist Central America according to the United States Department of State. The January, 1984 National Bipartisan Commission Report concluded that the overall crisis is even more acute than they had believed (62:4). Today, two and a half ( $2\frac{1}{2}$ ) years later, Nicaragua

is even more controlled by Marxism and the Contadora Group has failed. The Bipartisan Commission Report praised the Contadora Group in 1984 for pursuing stability and peaceful evolution within the region. But, since the Report, Panama has retreated from its union with democracy and a corrupt military dictatorship rules. The security of the Canal is in jeopardy and Panama's influence on Costa Rica and Nicaragua has fallen.

Question 2. How effective has United States aid been when compared against the stated objectives of military assistance?

The effectiveness of United States aid to each country has varied, just as the objectives for each country have varied. Overall, in terms of containing threats by revolutionary regimes in the region, the objective of reinforcing the national security of the United States has been met and is presently satisfied by the presence of the United States Southern Command.

But, United States aid to the three countries has not always effectively accomplished regional objectives. In Panama, as mentioned in Chapters II and IV, democracy and human rights objectives have not succeeded. Also, the economy is still dependent on the Canal and the government. Private sector employment is low and the economy is still falling. In Costa Rica, the economy has been aided by United States loans but the security forces of Costa Rica need much more assistance to resist Nicaraguan aggression.

The recent approval for more aid to the Contras in Nicaragua could help the United States reach its objective to force Nicaragua to sever

ties with the Soviet Union. At this time, none of the Reagan Administration objectives has succeeded in the country. There has been no reduction, only large increases, in Nicaraguan military strength and no end to Nicaragua's support for guerrilla insurgencies in the region. Nicaragua is still Marxist and controlled by the Soviet Union. In addition, the Soviet Union, on July 31, 1986, backed a Security Council resolution of the United Nations calling for the United States to comply with the World Court order to stop aiding Nicaraguan rebels. But, a negative vote from the United States killed the resolution. This Nicaraguan link to the Soviet bloc countries was evident when support for the resolution came from Bulgaria, Czechoslovakia, Poland, Ukraine, Afghanistan, Cuba, Laos, Libya, Syria, South Yemen, Vietnam, Iran, India, Tanzania, and Zimbabwe.

Overall, the region has not really changed a great deal in recent years. Panama has never really had an honest democracy with a prosperous economy. Costa Rica still has the only classic democracy of the three countries and Nicaragua simply changed from the oppressive Somoza dictatorship to the authoritarian Sandinistas regime. In addition, United States objectives to encourage democracies and improve the economies are the same as in the past, but have never fully succeeded. Finally, the significant change in the region is now an established Marxist government in Nicaragua.

Question 3. What should the future United States security assistance policy in the area be?

The United States must continue to press for democracy in all three countries. Allying with dictators, as discussed in Chapter III, has not succeeded. In addition, peaceful co-existence with communist countries is only possible for a temporary period, as discussed in Chapter IV on Marxist ideology.

The security of the Panama Canal is at risk if the United States does not eliminate corruption in Panama. Future security assistance to Panama should require an investigation by United States officials of General Noriega. Also, a closely monitored election, such as the recent United States monitored election in the Philippines, should be conducted in Panama.

The Costa Rican military should be upgraded and assisted to counter any Nicaraguan threat. Since this country is a very worthy ally, its entire defenses should warrant United States priority. In addition, joint military operations and training exercises would strengthen the union between the United States and Costa Rica.

The Contras should continue to receive money and weapons to resist the Sandinistas if the United States government's efforts to eliminate the Marxist regime in Nicaragua are to succeed. To help prevent another Cuba from forming, economic sanctions should be imposed until connections with the Soviet Union are broken. The Soviet Union said after the Cuban missile crisis that it would not install offensive weapons in Cuba and would not use Cuba to export revolution in the hemisphere. But, communist ideology does not recognize the right of noncommunist states to exist. The communist goal is to dominate the world and spread its ideology. If the Contras fail to sever ties with

the Soviet Union and bring democracy, the United States military, in keeping with the Monroe Doctrine, may have to be used to eliminate the regime, as in Grenada. The longer the regime exists, the more expensive and difficult the task will be to eliminate it.

#### Recommendations

Further research is needed on the future of free elections in Panama and success of the Contras in Nicaragua. Future findings will provide interested parties the information needed to establish current United States actions. Further research may also be needed in the assessment of current internal and external threats in the region. The current economic situation and instability in the region, and the growing Marxist efforts to expand, could bring new developments to the needs of the region and the United States.

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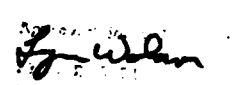
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## REPORT DOCUMENTATION PAGE

|                                                                                                                                                                                   |       |                                                                |                                                                                                  |                                                      |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------|
| 1a REPORT SECURITY CLASSIFICATION<br>UNCLASSIFIED                                                                                                                                 |       |                                                                | 1b RESTRICTIVE MARKINGS                                                                          |                                                      |             |
| 2a SECURITY CLASSIFICATION AUTHORITY                                                                                                                                              |       |                                                                | 3 DISTRIBUTION/AVAILABILITY OF REPORT<br>Approved for public release;<br>distribution unlimited. |                                                      |             |
| 2b DECLASSIFICATION DOWNGRADING SCHEDULE                                                                                                                                          |       |                                                                |                                                                                                  |                                                      |             |
| 4 PERFORMING ORGANIZATION REPORT NUMBER(S)<br>AFIT/GLM/LSY/86S-5                                                                                                                  |       |                                                                | 5. MONITORING ORGANIZATION REPORT NUMBER(S)                                                      |                                                      |             |
| 6a NAME OF PERFORMING ORGANIZATION<br>School of Systems and<br>Logistics                                                                                                          |       | 6b. OFFICE SYMBOL<br>(If applicable)<br>AFIT/LSM               |                                                                                                  | 7a NAME OF MONITORING ORGANIZATION                   |             |
| 6c ADDRESS (City, State and ZIP Code)<br>Air Force Institute of Technology<br>Wright-Patterson AFB, Ohio 45433-6583                                                               |       |                                                                | 7b ADDRESS (City, State and ZIP Code)                                                            |                                                      |             |
| 8a NAME OF FUNDING/SPONSORING<br>ORGANIZATION                                                                                                                                     |       | 8b. OFFICE SYMBOL<br>(If applicable)                           |                                                                                                  | 9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER      |             |
| 8c ADDRESS (City, State and ZIP Code)                                                                                                                                             |       | 10 SOURCE OF FUNDING NOS                                       |                                                                                                  |                                                      |             |
|                                                                                                                                                                                   |       | PROGRAM<br>ELEMENT NO                                          |                                                                                                  | PROJECT<br>NO.                                       | TASK<br>NO. |
| 11 TITLE (Include Security Classification)<br>See Box 19                                                                                                                          |       | WORK UNIT<br>NO                                                |                                                                                                  |                                                      |             |
| 12. PERSONAL AUTHOR(S)<br>Steven N. Bishop, B.S. Capt, USAF                                                                                                                       |       |                                                                |                                                                                                  |                                                      |             |
| 13a. TYPE OF REPORT<br>MS Thesis                                                                                                                                                  |       | 13b. TIME COVERED<br>FROM _____ TO _____                       |                                                                                                  | 14. DATE OF REPORT (Yr., Mo., Day)<br>1986 September |             |
| 15. PAGE COUNT<br>124                                                                                                                                                             |       |                                                                |                                                                                                  |                                                      |             |
| 16. SUPPLEMENTARY NOTATION                                                                                                                                                        |       |                                                                |                                                                                                  |                                                      |             |
| 17 COSATI CODES                                                                                                                                                                   |       |                                                                | 18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number)                |                                                      |             |
| FIELD                                                                                                                                                                             | GROUP | SUB GR                                                         |                                                                                                  |                                                      |             |
| 05                                                                                                                                                                                | 04    |                                                                |                                                                                                  |                                                      |             |
| 19. ABSTRACT (Continue on reverse if necessary and identify by block number)                                                                                                      |       |                                                                |                                                                                                  |                                                      |             |
| Title: A HISTORICAL STUDY OF THE EFFECTIVENESS OF U.S. SECURITY ASSISTANCE TO<br>PANAMA, COSTA RICA AND NICARAGUA                                                                 |       |                                                                |                                                                                                  |                                                      |             |
| Thesis Chairman: Dr. Richard T. Taliaferro<br>Department Head of Sys. Acq. Mgt.                                                                                                   |       |                                                                |                                                                                                  |                                                      |             |
|  29 Sep 86<br>AFIT/LSY<br>Wright-Patterson AFB, Ohio 45433-6583                               |       |                                                                |                                                                                                  |                                                      |             |
| 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT<br>UNCLASSIFIED/UNLIMITED <input checked="" type="checkbox"/> SAME AS RPT. <input type="checkbox"/> DTIC USERS <input type="checkbox"/> |       |                                                                | 21. ABSTRACT SECURITY CLASSIFICATION<br>UNCLASSIFIED                                             |                                                      |             |
| 22a. NAME OF RESPONSIBLE INDIVIDUAL<br>Dr. Richard T. Taliaferro<br>Dept. Head of Sys. Acq. Mgt.                                                                                  |       | 22b. TELEPHONE NUMBER<br>(Include Area Code)<br>(513) 255-2632 |                                                                                                  | 22c. OFFICE SYMBOL<br>AFIT/LSY                       |             |

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Soviet-backed insurgencies from Nicaragua and Cuba threaten United States interests in Panama, Costa Rica and the entire region. These threats could also eventually force the United States to defend against Soviet bases at United States borders. Therefore, the United States is furnishing security assistance to Panama and Costa Rica to strengthen the overall national security of the United States.

This thesis studied United States security assistance objectives in these countries, how they evolved to current policies, and what the actual threats were to the United States in the region. Also, an evaluation of the United States Security Assistance Program's effectiveness and the role the United States Security Assistance Program can play in the future were studied. The results of this study indicate that Nicaragua's Marxist regime is a threat to United States interests in the region and overall national security. Therefore, providing security assistance to Panama and Costa Rica, while aiding the Nicaraguan Contras to free Nicaragua of Soviet ties, is necessary to safeguard United States national security.

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