

RELEASE IN PART, 25x6

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FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC NIACT IMMEDIATE 7669

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E. O. 12065: RDS-4 1/31/02 (HINTON, DEANE R.) OR-M
TAGS: PINS, MILI, PINT, ES
SUBJECT: (S) SAVING EL SALVADOR

1. S - ENTIRE TEXT.

2. WHEN UNDER-SECRETARY BUCKLEY WAS HERE HE WARNED ALL CONCERNED THAT NEW HORROR STORIES WERE TO BE AVOIDED IF WE WERE TO HAVE CHANCE OF PUSHING THROUGH SUPPLEMENTARY HELP FOR SALVADORAN ECONOMY AND MILITARY.

3. MORAZAN MASSACRE HAD ALREADY OCCURED BUT FULL PUBLIC IMPACT WAS NEATLY TIMED BY FDR-FMLN TO HIT COINCIDENTAL WITH PRESIDENTIAL CERTIFICATION, HEARINGS THEREON, AND BUILDUP TO CBI PROPOSALS. NOW COMES MILITARY FOLLY IN MASSACRE IN SAN SALVADOR OF 17 PERSONS. WHAT BUCKLEY FEARED HAS COME TO PASS. AS I HAVE SAID BEFORE WE ARE HOSTAGE TO MALEVOLENT FORCES SEEMINGLY BEYOND OUR CONTROL. WHILE GARCIA TALKS GOOD GAME, I NO LONGER TRUST HIM OR BELIEVE HIM.

4. WE CAN HUNKER DOWN AND TAKE IT ON CHIN OR WE CAN TRY HARDER TO GET MATTERS UNDER CONTROL. WHILE RECOGNIZING THAT DIRECT INTERVENTION IN MILITARY COMMAND MATTERS CAN CREATE MORE PROBLEMS THAN IT RESOLVES, I RECOMMEND THAT I BE AUTHORIZED TO EXPLORE WITH DUARTE AND GUTIERREZ REPLACEMENT OF GARCIA, MORAN OF HACIENDA POLICE, AND TOP COMMANDERS OF CALVARY REGIMENT. BUSTILLO

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OF AIR FORCE SHOULD ALSO BE RELIEVED IN LIGHT ILLOPANGO DISASTER BUT USED ELSEWHEHRE PERHAPS IN G-2 FOR RIVAS SINCE HE IS COMPETENT AND DECENT. CASE AGAINST RIVAS IS ALSO CRITICAL AFTER HE MATERMINDED ATTACK ON HOUSE IN WHICH GOLCHER (NEW HEAD OF NATIONAL INTELLIGENCE) AND [] TYPE WERE LIVING. THEY WERE LUCKY TO ESCAPE WITH THEIR LIVES. TIME TO MAKE CHANGES IS WHILE GARCIA IS OUT OF COUNTRY.

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5. POLITICAL IMPACT OF DUMPING GARCIA SHOULD BE POSITIVE IN US AND EUROPE. LONG RUN CONSEQUENCES ON SECURITY FORCES AND ELECTION

REVIEW AUTHORITY: Marvin Russell, Senior Reviewer

ATMOSPHERE ARE INCALCULABLE, BUT TIME TO REVERSE TIDE HAS COME.

6. I'M THINKING ABOUT REPLACEMENTS BUT ESSENTIALLY WOULD RELY ON GUTIERREZ' JUDGEMENT, IF HE DECIDED TO MOVE.

7. ALTERNATIVELY GARCIA SHOULD BE READ RIOT ACT WHILE IN WASHINGTON. IF YOU PREFER THIS SOFT OPTION, REMIND HIM OF HIS COMMITMENT TO ME THAT I COULD ADDRESS COMMANDERS MEETING. I'M READY TO LAY IT ON THE LINE--AND NOT TOO DIPLOMATICALLY, ALTHOUGH I THINK I COULD FASHION ALMOST ACCEPTABLE PRESENTATION.

8. WE SHOULD ALSO INSIST ON WRITTEN RULES OF ENGAGEMENT AND THEIR WIDESPREAD DIFFUSION. EARLIER NODIS EXCHANGE ON THIS DIED WITH NO ACTION ON MY REQUEST FOR DRAFT.

9. SEPARATELY WE WILL BE COMING IN WITH MESSAGES COMMENTING ON PROPOSED CBI SUPPLEMENTAL. IN ESSENCE NEITHER RESOURCES CONTEMPLATED AT PRESENT NOR PROPOSED ATTRIBUTION--HEAVY ON PRIVATE SECTOR--WILL DO JOB HERE. BALANCE OF PAYMENTS REMAINS CRITICAL PROBLEMS, BUT THIS YEAR BUDGET DEFICIT SWOLLEN BY MILITARY INCREASE EVEN WITH DELETION OF SOME 100 MILLION COLONES FOR AGRARIAN REFORM COMPENSATION IS ALSO CRITICAL. IT IS FAR BEYOND ABILITY OF CENTRAL BANK TO FINANCE, GIVEN IMF CEILINGS, OR

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OUR ABILITY TO GENERATE COUNTERPART EVEN WITH EXTRA \$100 MILLION ESF. MOREOVER, IMF ACCORD, IF NEGOTIABLE, WILL WTSO RESTRAIN CREDIT CREATION FOR PRIVATE SECTOR AT LEVEL BELOW REAL NEED. OUR COUNTERPART, INADEQUATE FOR BUDGET DEFICIT, CANNOT ALSO BE APPLIED TO PRIVATE SECTOR CREDIT CREATION. ONLY ANSWER IS TO BITE BULLET OF MOVING TO BUDGET SUPPORT PROGRAM. MY STAFF (I'M STILL WITHOUT MACRO-ECONOMIST WE'VE BEEN AFTER FOR TEN MONTHS AND WITHOUT REPLACEMENT FOR CURRENT ECONOMIC COUNSELOR AND CURRENT AID DIRECTOR) IS STRUGGLING WITH NUMBERS, BUT MY GUESS IS THAT SUPPLEMENTAL ESF OF AT LEAST \$200 MILLION IS REQUIRED.

10. IF DEPARTMENT CAN PROMISE REAL TRY WITH CONGRESS FOR KIND OF RESOURCES WE NEED, I PROMISE REAL TRY AT STRAIGHTENING OUT MILITARY, PER PARA 2 ABOVE. IF YOU WANT, I'LL TRAY WITHOUT DEPARTMENT'S COMMITMENT, BUT IT SURE WOULD HELP. NEITHER TASK WOULD BE EASY, BUT IF ANYONE UP THERE STILL THINKS WE CAN PULL THIS ONE OFF ON THE CHEAP, AND WITHOUT DRASTIC CHANGES IN SALVADORAN MILITARY, THEY SHOULD THINK AGAIN.
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