WARNING: (U) THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE. REPORT CLASSIFIED SECRET/WIT/NOFOREIGN/WHINTEL.
SUMMARY: (S//REL-UK) DISCONTENT IN OFFICER CORPS REMAINS OVER PERCEPTION THAT MOD NG GRAMAJE IS TOO POLITICAL AND INATTENTIVE TO THE INSTITUTION. Coup plotting continues but lacks leadership, organization or support for attempt at this time.

TEXT: 1. (S//REL-UK) APPROXIMATELY 70 PERCENT OF THE OFFICERS IN GT CITY BELIEVE THE MOD IS ATTEMPTING TO IMPOSE A SOCIALIST OUTLOOK UPON THE INSTITUTION, IS INVOLVED IN CORRUPT ACTIVITIES, AND IS LOOKING OUT FOR HIS OWN SELF-INTERESTS RATHER THAN THOSE OF THE ARMY.

- A. (S//REL-UK) THERE ARE SEVERAL REASONS FOR THE DISCONTENT IN THE OFFICER CORPS.

- (1) GRAMAJE IS ACTING "TOO PRESIDENTIAL". HE REPORTEDLY TOLD CLOSE ASSOCIATES THAT HE WOULD LIKE TO BE A CANDIDATE FOR THE PRESIDENCY AFTER THE NEXT PRESIDENT'S TERM IS OVER. THE OFFICER CORPS BELIEVES HE SHOULD PLACE GREATER EMPHASIS ON THE MILITARY ASPECTS OF HIS POSITION UNTIL AFTER RETIREMENT.

- (2) OFFICERS IN THE CAPITAL CITY AREA ARE AWARE THROUGH A VARIETY OF SOURCES THAT THE MOD IS ALLEGEDLY INVOLVED IN CORRUPT ACTIVITIES, INCLUDING RECEIVING KICKBACKS FROM A HELICOPTER CONTRACT (CITE
ASSOCIATES/OFFICERS WITH SCHOLARSHIPS TO DIFFERENT U.S. AND FOREIGN PROFESSIONAL MILITARY EDUCATION SCHOOLS, AND FAILING TO KEEP LOGISTICS STANDARDS HIGH.

- (3) THE OFFICER CORPS IS LOUDLY COMPLAINING THAT THE QUALITY OF EQUIPMENT HAS GONE DOWN SINCE GRAMAJO TOOK OVER AS MOD. ONE EXAMPLE CITED WAS BOOTS AND UNIFORMS, WHICH WERE REPORTEDLY OF SLIGHTLY BETTER QUALITY BEFORE GRAMAJO BECAME THE MOD. THEY ARE DISAPPOINTED THAT THE MOD HAS NOT FOLLOWED THROUGH ON HIS PREVIOUS PROMISE OF OBTAINING VULCANIZATION EQUIPMENT FOR MANUFACTURING COMBAT BOOTS. THEY ARE ALSO DISAPPOINTED THAT THE MOD ALLOWED THE ARMY FINANCE DIRECTOR, COL ANTONIO (VARGAS) SPINOLA, TO PURCHASE A CHEAP QUALITY, CAMOUFLAGE CLOTH FOR UNIFORMS WHEN THE FORMER DIRECTOR OF LOGISTICS, COL SERGIO (CAMARGO), COULD HAVE PURCHASED U.S. MILITARY CAMOUFLAGE FACTORY-SECONDS CLOTH AT A MUCH CHEAPER PRICE. THE OFFICER CORPS BELIEVES GRAMAJO AND VARGAS RECEIVED KICKBACKS FOR DEALING WITH THE KOREANS.

- (4) GRAMAJO REPORTEDLY PROPOSED TO THE GT ARMY CHIEF OF STAFF, BG MANUEL ANTONIO (CALLEJAS) Y CALLEJAS, THAT THE FIRST LADY BE ALLOWED TO MARCH IN FRONT OF THE FEMALE SOLDIERS SCHEDULED TO MARCH IN THE ARMY DAY (30 JUN) PARADE. CALLEJAS FLATLY REFUSED. THE OFFICER CORPS TOOK IT AS A PERSONAL AFFRONT.
B. (C/FP/REL-UK) THE D-2
RECENTLY PREPARED A REPORT AT THE REQUEST OF PRESIDENT VINICIO (CEREZO) TO DETERMINE THE CAUSE(S) OF OFFICER CORPS DISCONTENT. THE REPORT FOUND THAT THE PRIMARY SOURCE OF DISCONTENT CENTERED ON GRAMMAJO; THE OFFICERS WANTED TO SEE GRAMMAJO REMOVED. THE REPORT WAS PRESENTED TO THE CHIEF OF THE PRESIDENTIAL STAFF, COL EDGAR (GODOY) GAITAN. THE REPORT ONLY PRESENTED FACTS, NOT RECOMMENDATIONS. PRESIDENT CEREZO'S REACTION TO THE REPORT IS UNKNOWN.

C. (C/FP/REL-UK) ON 880618, THE GT ARMY HELD AN ARMY SPORTS MEET AT ITS "CAMPO PING", IN SUBURBAN GT CITY, WHICH SAW COMPETITION IN ALL GRADES LT THROUGH GENERAL OFFICER. ONE OF THE EVENTS WAS A 220-YARD RUN IN WHICH THE FASTEST GENERAL OFFICER RUNNER WOULD BE ACKNOWLEDGED. INSTEAD, ALL GENERAL OFFICERS PRESENT, INCLUDING THE MOD, REPORTEDLY LINKED ARMS FOR THE ENTIRE RUN AND CROSSED THE FINISH LINE TOGETHER IN A SHOW OF SOLIDARITY. THE AUDIENCE, COMPOSED ALMOST ENTIRELY OF OFFICERS, REMAINED QUIET AND DID NOT APPLAUD THEM, IN ORDER TO SHOW THEIR DISDAIN FOR GRAMMAJO AND THE OTHER GENERALS PRESENT.

2. (C/FP/REL-UK) DISCONTENT WITH GRAMMAJO REMAINS HIGH AND CONTINUES TO FUEL COUP PLOTTING. THREE FACTIONS WITHIN THE OFFICER CORPS HAVE MET OR ARE MEETING CLANDESTINELY TO ORGANIZE ANOTHER COUP ATTEMPT.

A. (C/FP/REL-UK) THE FIRST FACTION WAS LED BY COL BYRON (LIMA) ESTRADA, WHOSE COUP ATTEMPT ON 11 MAY 88 FAILED. COL LIMA IS NOW MILITARY ATTACHE IN LIMA, PERU. MOST OF THOSE INVOLVED ARE PENDING DISCIPLINARY ACTIONS.

B. (C/FP/REL-UK) A SECOND FACTION IS KNOWN TO BE COMPOSED OF SENIOR CAPTAINS AND MAJORS, INCLUDING FORMER ARMY MAJOR GUSTAVO (DIAZ) LOPEZ. THIS FACTION INTENDS TO REMOVE BOTH CEREZO AND GRAMMAJO, INSTALLING CURRENT VICE PRESIDENT ROBERTO (CARPIO) NICOLLE AS PRESIDENT AND BG (RET) BENEDICTO (LUCAS) GARCIA AS MOD. CARPIO IS VIEWED AS MALLEABLE TO ARMY INTERESTS, WHILE LUCAS HAS THE PERCEIVED CHARISMA TO REUNIT THE ARMY. THE COUP PLOTTERS BELIEVE THAT THIS PROCEDURE OF IMMEDIATELY PLACING THE GOG INTO CARPIO'S HANDS WILL INSURE CONTINUED INTERNATIONAL RECOGNITION AND SUPPORT.

C. (C/FP/REL-UK) A THIRD FACTION IS REPORTED TO
BE HEADED BY 1ST CPT (CASTELLANOS) AND COMPOSED MOSTLY OF JUNIOR OFFICERS. CASTELLANOS WAS INVOLVED WITH THE FIRST FACTION. HE WAS ARRESTED BUT SUBSEQUENTLY FREED AFTER CHARGES AGAINST HIM WERE DROPPED.