EXDIS

CONFIDENTIAL TEGUCIGALPA 8558

DECAPTIONED

1. Confidential—Entire Text.

2. Elections: During conversation with Ambassador November 13, Honduran President Paz expressed concern that forthcoming elections might be a "failure". He referred first to possible subversive exploitation and violence, next to slanderous and debilitating exchanges between major parties and finally to apprehensions with regard to ability of GOH to maintain public order during balloting. Paz also remarked that according to his sources one of major parties would denounce elections as fraudulent in coming week because of registration irregularities. Although Paz did not report he propose postponement or
cancellation of elections, he gave impression that he was, once again, testing USG commitment to electoral process in light of arrival of new Ambassador.

3. In response, Ambassador went over advantages of going through with elections as planned, both for Honduras and as example to the region. Ambassador urged that GOH do its best to deal with potential difficulties envisaged by Paz. He also suggested that GOH Military concentrate attention on ways to establish harmonious working relationships with new civilian government and on reaching understanding with civilians on management of key national security issues.

4. Economy: Paz gave Ambassador letter to President Reagan on Honduran economic situation, reported septel.

5. Regional Issues: Paz said Hondurans looked to us to coordinate strategy for coping with Cuban/Nicaraguan designs against the region. With a clear signal from us, backed by material support, Honduras would be prepared to follow our lead. Ambassador suggested to Paz that GOH consider ways in which countries of region themselves could strengthen cooperation, if only on informal basis.

6. Conversations with Chief of Staff and Chief of Police: On November 14 Ambassador paid calls on Honduran Chief of
Staff Chinchilla and National Police Commander Alvarez. During lengthy conversations, neither alluded to prospects for electoral "failure" as described by Paz. In ninety-minute session Chinchilla made no mention of elections at all. Alvarez, though quite disparaging of civilian politicians, was already talking about the idea of getting the future congress to form a National Security Committee composed of reliable deputies from both major parties as channel for dealing with issues of vital concern to Honduran military. Alvarez definitely treated upcoming elections as a given fact.

7. COMMENT: Despite Paz' apprehensions, it remains our judgement that elections will take place as scheduled, although they may be a bit messier than those of April 1980. As noted earlier, Paz may simply have been testing waters with new Ambassador. An additional factor could well be Paz' concern for his own uncertain future, since Honduran military's ruling Superior Council has, according to best available info, decided that Paz will no longer be Commander-in Chief under new constitutional government.