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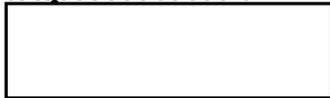
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SAUDI ARABIA - NORTH YEMEN: Doubt

25X1  Saudi Arabia's support for North Yemeni President Ali Abdallah Salih may be softening. Such a shift in Saudi policy would cast doubt on Salih's ability to continue in power very long.



25X1  In recent weeks, however, the Saudi attitude toward Salih appears to have become more equivocal. The US Embassy in Jidda reports that the coup attempt against Salih in mid-October shook Saudi faith in the North Yemeni leader's ability to cope with the complex political situation in the country. At least one Saudi official has characterized the wave of arrests and executions that followed the coup attempt as an overreaction that has alienated large segments of the Yemeni population.

25X1  The Saudis are disappointed with Salih on other counts as well. He has not established a good working relationship with Saudi Arabia's primary tribal ally in North Yemen, Abdallah al-Ahmar. Recent cabinet changes made by Salih have caused the Saudis to suspect that he is more interested in improving ties with other Arab countries than in maintaining North Yemen's "special" relationship with Saudi Arabia. The Saudis' disillusionment with Salih may be reflected in their apparent foot dragging on the US-Saudi program to upgrade the North Yemeni military.



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ALGERIA: Situation Report

[Redacted] The National Council of the Revolution, which is now functioning as the collegial ruling body in Algeria, is taking special security precautions in anticipation of President Boumediene's death. Colonel Chadly Bendjedid, a member of the Revolutionary Council and commander of the Second Military Region, reportedly has been appointed temporary coordinator of the Ministry of Defense. The appointment presumably is designed to tighten control over the military and to assure internal security during a transition period.

[Redacted] //The US Embassy in Algiers has noted additional security patrols. Special security teams composed of police, gendarmerie, and Military Security Service personnel have been established to guard key personalities and to report any unusual activity.

[Redacted]

[Redacted] //The Soviets, meanwhile, almost certainly are concerned about the anticipated change of leadership in Algiers.

[Redacted]

[Redacted] The Soviet worries may have been heightened by awareness that some Algerians are alleging that the Soviets "did Boumediene in" and then sent him home to die; the US Embassy has heard such allegations from a variety of Algerian contacts. Although the charge of deliberate negligence seems to be unfounded, the allegations are gaining some acceptance.

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CHINA: Party Meeting Ending

[REDACTED] *The party meeting winding up in Peking apparently has been preparing for a plenary session of the party's central committee, and we do not expect a major announcement of personnel and policy decisions until the conclusion of the plenum. The plenum probably will begin in mid-December.*

[REDACTED] //Political activity on the streets of Peking is slowing down, apparently with some authoritative intervention. The public reportedly was told Wednesday that street meetings should not include attacks on Mao Tse-tung. A poster appearing yesterday called those who have attacked Mao "misfits," and another warned that such meetings could be distorted for "antisocial" purposes.//

[REDACTED] Crowds continued to gather yesterday but were less willing to talk to foreigners and were more subdued, probably a result of pressure to reduce the potential for these meetings to get out of hand. Peking probably is also concerned about foreign reaction to recent events, especially any thought abroad that China is in a period of domestic instability. [REDACTED]

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FEATURE ARTICLE

VENEZUELA: Election Preview

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25X1 [REDACTED] *The governing Democratic Action Party and the opposition Social Christians, the two major political forces that have run Venezuela for the past 20 years, will square off in Sunday's national election, ending one of the longest and costliest campaigns in Venezuelan history. Only two of the 10 presidential hopefuls have a chance of winning--the Democratic Action's Luis Pinerua Ordaz, who holds a narrow lead in opinion polls, and his Social Christian opponent, Luis Herrera Campins.*

25X1 [REDACTED] The outcome is still very much in doubt. Because of the complicated nature of the electoral process--there are two separate ballots for the concurrent presidential, congressional, and state legislative voting--the final outcome will probably not be known for several days. Venezuela's next president will take office in March and, whoever he is, his principal concern will probably be Venezuela's increasing domestic problems; no major change in relations with the US is likely.

25X1 [REDACTED] Neither of the two leading contenders has generated strong support within his own left-of-center party nor has either captured the imagination of the electorate, more than 50 percent of which is not affiliated with any party. At least 15 percent of the 6.2 million voters were undecided when the last poll was taken.

25X1 [REDACTED] Though strong competitors, Pinerua and Herrera have similar outlooks on basic questions of international policy and economic development. Both are concerned by signs that the public is growing restive over the inability of the two major parties to solve such problems as housing shortages, inflation, and badly deficient public services.

[REDACTED]

[REDACTED] This frustration is particularly intense among those in the lowest income groups, who feel they have not benefitted materially after 20 years of democratic rule and national economic growth. It is among these people that an independent populist, Diego Arria, appears to have developed a strong appeal. Arria's surprising strength has increased the uncertainty of the election outcome, but he is not likely to do more than serve as a "spoiler" for one of the major candidates.

[REDACTED] Throughout the 17-month campaign, Herrera and Pinerua have both adopted platforms that contain a heavy dose of populism. Pinerua, in particular, has promised to push ahead with President Perez' economic development programs--but only to the extent that they "appear feasible" in light of increasing demands on the government's revenues.

[REDACTED] All candidates have stressed the importance of the rule of law--a discreet criticism of Perez' heavy use of presidential decree powers--as well as the need to conserve the country's natural resources. Both major parties would welcome foreign investors willing to supply innovative technology or to expand employment opportunities beyond the country's capital-intensive extractive industries.

[REDACTED] Relations with the US have not been an issue in the campaign, and no important US interests are at stake. Venezuela's major economic link with the US is as an important oil supplier and a market for US technology, capital, and consumer goods and services. A gradual shift is likely over the next administration's five-year term as Venezuela continues to industrialize and the issue of restrictions on trade and technology transfer assumes greater importance.

[REDACTED] Despite close ties with the US--especially during the Carter administration--Venezuela supports, and will continue to support, oil price increases. Venezuela's economic prosperity and its ability to finance its ambitious development programs depend on oil revenues, and Venezuelan political leaders are convinced that international trade in raw materials has been historically weighted against Venezuela and the developing countries in general.

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[redacted] A major change will occur in the "personality" of the presidency. Perez has exhibited a highly individualistic style; Pinerua and Herrera are both pragmatic men accustomed to the low-key approach. The next administration will adopt a lower profile in international affairs. Neither contender is experienced in foreign affairs, and neither seems to have surrounded himself with advisers sharing the international, Third World outlook prevalent in the incumbent administration.

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[redacted] Whoever heads the next government is likely, however, to continue the main tenets of Venezuelan foreign policy: support for the Organization of Petroleum Exporting Countries; championship of Latin American integration and solidarity; advocacy of the developing countries' concept of a new international order; economic development and security in the Caribbean; and cordial relations with the US and the West. The main difference will be a reduction in the resources dedicated to foreign policy concerns, as Venezuela turns inward to deal with its domestic problems.

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[redacted] Venezuela's policy toward the Somoza regime in Nicaragua is not likely to change with the new administration. Leaders of both major parties spent time in prison and exile during the Venezuelan dictatorship before 1958, and they share an antipathy to rulers like Somoza. Neither major candidate, however, has approached the Nicaraguan issue as a "crusade" as Perez has done, and neither would embark on any unilateral action without prior consultation with other leaders at home and abroad.

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[redacted] Despite the intensity of the campaign, the election will probably be peaceful and its results respected, although leaders of both major parties have expressed some concern that the other party might challenge the outcome if it loses by a close margin. The Venezuelan military at all levels appears ready to guarantee the official results, and the danger is minimal that terrorists will disrupt the balloting. [redacted]

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[redacted]

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[REDACTED]

LATE ITEM

NICARAGUA: National Plebiscite

[REDACTED] //Nicaraguan President Somoza and the Broad Opposition Front have both accepted in principle the proposal by international mediators that Somoza's continuation in office be decided in a national plebiscite, which could be held by mid-January under the control of the Organization of American States. There is little agreement, however, on the specifics of the plebiscite. The Broad Front may have assurances that some Sandinista guerrilla elements may be willing to hold off their long-expected major offensive to see if an honest referendum is possible, but Panama has continued to supply materiel to the guerrillas during the last two weeks with the clear connivance and apparent growing cooperation of officials in Costa Rica.//

[REDACTED] The Broad Front will remain suspicious that Somoza is acceding only in order to buy time and that he will somehow steal a victory or refuse to abide by a loss. Consequently, the oppositionists set 13 conditions that would keep Somoza[s renowned political machine in check. Their conditions include stipulations that Somoza be absent from the country during the campaign, the vote, and the tally, and that Somoza[s son and half-brother turn the National Guard over to a new command and leave the country, while the Guard would be confined to barracks for two weeks before the vote.

[REDACTED] Somoza is unwilling to leave the country to a caretaker president during the plebiscite period, and his view of the timing and the meaning of a plebiscite has differed considerably from that of the opposition and the mediation group. He probably hopes to delay the vote as long as possible and has said that, if he loses, a second election will have to be held to choose a constituent assembly and select a provisional government.

[REDACTED] These major differences in interpretation and the continuing threat of renewed guerrilla attacks could seriously hinder chances for the plebiscite. Sandinista guerrillas are continuing to arm and train in readiness for another major offensive.

[REDACTED]

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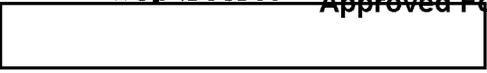
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