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THE SITUATION IN VENEZUELA

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, the Army, the Navy, the Air Force, The Joint Staff, and NSA.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 21 November 1961. Concurring were The Director of Intelligence and Research, Department of State; The Director, Defense Intelligence Agency; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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THE SITUATION IN VENEZUELA

THE PROBLEM

To estimate the prospects for the Betancourt government, for the survival of democratic government in Venezuela, and for orderly social and economic reform.

CONCLUSIONS

1. Venezuela, an extraordinarily wealthy country in terms of its natural and financial resources, is nevertheless beset by severe economic, social, and political problems which reflect the strains inherent in a transition, in one lifetime, from military dictatorship and an oligarchic social order toward a democratic welfare state. (*Paras. 10-11*)

2. The Betancourt administration, elected after the overthrow of the Perez Jimenez dictatorship, is a social democratic-Christian socialist coalition committed to the evolutionary reform of economic and social institutions. It is opposed by extreme leftists, including the Communists and other Castro sympathizers, and also by rightist elements, but, with the support of the armed forces, has survived repeated coup attempts, including several attempts to assassinate Betancourt. (*Paras. 15-22*)

3. Pro-Castro sentiment, once strong in Venezuela, has sharply declined. In late 1960, the successful suppression of serious

disorders fomented by the revolutionary left showed that it lacked sufficient strength to coerce or overthrow the government. (*Paras. 23-27*)

4. Despite the resources available to it, the Betancourt government is beset by severe financial problems resulting from (a) the end of the Venezuelan oil boom, with a consequent decline in the growth of income from the petroleum industry, and (b) greatly increased expenditures for politically necessary social welfare programs. Its difficulties have been further complicated by a serious economic recession and heavy flight of capital. Unemployment now amounts to about 12 percent of the labor force and is rising. (*Paras. 33-36*)

5. The government is counting heavily on external assistance to restore business confidence and to carry out its programs for economic recovery and development. Even with such aid, progress in these respects is likely to be slow and uncertain. (*Paras. 37-41*)

6. Popular dissatisfaction and impatience with the slow rate of economic improvement is likely to grow, especially in the congested urban areas. This dissatisfaction will provide the Communists and other revolutionary leftists with further opportunities for agitation against the regime. At the same time, distrust and dissatisfaction in business circles is likely to continue, and some rightists will continue to conspire with reactionary military elements to overthrow the regime. Thus Betancourt will remain under continuing threat from both the left and the right. (*Para. 42*)

7. On the other hand, Betancourt enters the final half of his term with certain important advantages. His standing in the Caribbean area as a leading exponent of constitutional government and moderate reform adds to his domestic prestige. The military will probably continue to support him against threats from the right as well as from the revolutionary left. (*Paras. 43-44*)

8. On balance, we believe that Betancourt will probably be able to serve out his term, ending in early 1964. We are much less confident, however, that his administration will have provided a stable foundation for the continuation of constitutional government. (*Paras. 45-48*)

9. Betancourt has carefully avoided any appearance of dependence on the US, but has done his part to keep relations with the US on a cordial footing. His position at home and in the area has been strengthened by recent developments in the Dominican Republic. He probably is inclined to go along with an inter-American acceptance to the Balaguer government in the Dominican Republic now that the Trujillo family's power over it has been broken. He has broken diplomatic relations with Cuba, and is supporting the Colombian proposals for collective action against the Castro regime. (*Paras. 49-51*)

DISCUSSION

I. BACKGROUND

10. Venezuela, an extraordinarily wealthy country in terms of its natural and financial resources, is nevertheless beset by severe economic, social, and political problems. Thanks to private foreign (principally US) development and exploitation of its petroleum and iron ore,¹ it has the highest per capita income in Latin America and the government is assured of substantial revenues and foreign exchange. However, its population—7.5 million—is growing at a rate of about 3.5 percent annually and the hinterland remains generally undeveloped.² The rural population is flocking to the cities in search of employment and better living conditions, and is arriving faster than decent housing and employment opportunities can be provided. These newcomers dwell in the poverty and squalor of shantytowns, within sight of conspicuous opulence.

11. The efforts of the democratic-reformist Betancourt government to promote economic development and social welfare are hindered by private investors' distrust of it, depressed economic conditions, and financial stringencies. The government's program of radical reform has antagonized vested interests, both foreign and domestic, while its failure to fulfill popular expectations renders it vulnerable to Castro/Communist agitation.

12. Venezuela's present economic, social, and political difficulties reflect the strains inherent in a transition, in one lifetime, from a tradition of military dictatorship and an oligarchic

social order toward a democratic welfare state. The economic and social transformation began with the oil boom of the 1920's. Modern political development was blocked until the 27-year dictatorship of Juan Vicente Gomez ended with his natural death in 1935, and was checked by another 10-year period of military dictatorship, 1948–1958.

13. Constantly increasing petroleum revenues enabled the Perez Jimenez dictatorship to undertake spectacular programs of public works and industrial development, but these resulted in no substantial improvement in the living conditions of the masses of the people. All elements of society were antagonized by the ostentatious benefits conferred upon the favored few, and by the ruthless police state methods of the regime. In January 1958, a clandestine junta representing all of the suppressed political parties succeeded in organizing an effective general strike. In this crisis, the military proved to be unwilling to act against the entire population and instead compelled the dictator to leave the country.

14. A military-civilian junta assumed power in Venezuela pending the elections held in December 1958. During this period several attempts to initiate a reactionary coup were frustrated by (a) the threat of a renewal of the general strike, and (b) the continuing unwillingness of the military to employ force against the united population. The experience of this period had two significant consequences. The junta's dependence on manifestations of popular support led it to tolerate and even encourage a considerable amount of mob violence, or threat of violence, which came to be a customary mode of expressing political sentiments. This popular tendency toward political violence in Caracas remains a constant problem for the government. At the same time, the parties recognized in "national unity" an effective defense against a military coup. Accordingly, they agreed that, no matter what the results of the December election, a broad coalition government would be formed.

¹Foreign private investment amounts to \$6 billion, more than two-thirds of which is in oil. US private investment amounts to about \$4 billion, including \$3.2 billion in oil and \$400 million in mining.

²The agricultural labor force (34 percent of the total) generates about 10 percent of national income whereas the petroleum industry (with under two percent of the labor force) generates 21 percent. About one-tenth of all Venezuelans receive 50 percent of the total private income, whereas nearly half of the population receives about one-tenth of the total. Caracas, with only one-fifth of the population, took 40 percent of total private income.

15. This agreement was facilitated by the fact that there were only minor differences of emphasis among the three principal parties, each of which is nationalistic and socialistic. *Accion Democratica* (AD), the largest of the three, is roughly comparable to the social democratic parties of Western Europe, advocating a radical, but evolutionary, reform of traditional social institutions. The AD, dependent mainly on labor and peasant support, has developed a far more effective party organization than its rivals, but is weak in Caracas. The *Partido Social Cristiano Copei* (COPEI) is comparable to the Christian socialist parties of Europe and appeals to devout Catholics in all walks of life. It differs from AD mainly in its religious inspiration, as opposed to AD's secular approach. The *Union Republicana Democratica* (URD) is more amorphous and opportunistic than the others. It achieved political importance by providing an alternative popular leadership at a time when AD was suppressed; its leaders are still largely moved by personal rivalry with the AD for leadership; its appeal is primarily to less highly organized economic groups such as artisans, small businessmen, and the slum dwellers of Caracas.

16. The *Communist Party of Venezuela* (PCV) achieved a certain respectability by its participation, with AD, COPEI, and URD, in the clandestine junta which organized the general strike resulting in the overthrow of the Perez Jimenez dictatorship. In order to preserve this advantageous united front, it was vociferous in its declarations of devotion to "national unity," but it was excluded from the postelection coalition government. In fact, the Communists are AD's most energetic competitors for labor and student leadership, and there is no love lost between them.

17. In general, wealthy Venezuelans do not participate in party politics, although some few are influential party members and others have participated in government as independents. Consequently, there is little conservative influence within the three major parties and no effective conservative party to oppose them. The wealthy, however, do exert a substantial political influence through personal

relations with particular politicians and generals, and through the capabilities of their business and professional organizations to exert pressures on the government. In the view of many of them, the democratic socialism of AD is equivalent to communism.

II. THE PRESENT POLITICAL SITUATION

18. In the 1958 elections, AD won majorities in both houses of Congress and Romulo Betancourt won the Presidency with a plurality barely short of a majority. However, AD ran a poor fourth in the capital city, an ominous circumstance since the government would have to be conducted under the latent threat of the URD-PCV capability to call forth the Caracas mob. The re-establishment of an elected government was auspicious, however. In accordance with the pre-election compact, an AD-COPEI-URD coalition government was formed. Although the Communists protested against their exclusion, they still found it expedient to proclaim their devotion to "national unity."

19. Nevertheless, the Betancourt government has had to meet repeated challenges from both the right and the left. Numerous attempts to overthrow Betancourt, or to assassinate him, have been made by exiled followers of Perez Jimenez and by other disgruntled rightist elements, in some cases with the active aid of Rafael Trujillo, the late dictator in the Dominican Republic. On the other hand, the Communists and other leftists have sought to foment disorder in Caracas by exploiting the distress of the slum population and invoking the appeal of Castroism.

20. The failure of these efforts has demonstrated that the armed forces,³ still a critical element of power in the country, are not a present threat to the stability of the government. They have notably failed to respond to the appeals of disgruntled rightists. The military leaders appear to be convinced that an attempt to restore a military rule would incur the united opposition of the political

³The armed forces consist of four coequal services: an army of 16,000, a navy of 5,300, an air force of 2,500, and an elite national guard comprised of 8,800 professional police-soldiers.



VIEW OF THE CAPITAL CITY OF CARACAS



PRESIDENT ROMULO BETANCOURT



RAFAEL CALDERA,
LEADER OF COPEI



JOVITO VILLALBA,
SECRETARY GENERAL OF URD

parties and the population at large. Most military leaders by now probably regard Betancourt as the best alternative to an extreme leftist government and, like their counterparts in other Latin American countries, are coming to see themselves as the defenders of legally constituted authority. The vigor with which Betancourt has acted to put down threats from both right and left has almost certainly increased his prestige with the military as well as with the public at large.

21. A serious threat to political stability has come from the extreme left minority, which by the end of 1960 had united in militant opposition to Betancourt. The hard core of this opposition has been provided by the PCV, which is still among the largest in Latin America, although its membership has probably fallen to about 30,000 from its 1958 peak of about 40,000. It has considerable influence, particularly in the Caracas area and in the oil fields. Its youth wing in conjunction with other leftists controls the principal university and secondary school student organizations. The PCV is AD's principal competitor in organized labor and virtually controls the Venezuelan press association. The PCV has not effected any significant penetration of the armed forces, although there are some Castro/Communist sympathizers in the lower ranks of the army.

22. The strength of the left opposition has been greatly enhanced by the emergence of pro-Castro left-wing elements in URD and AD. The AD dissenters, expelled in 1960 for their violent disagreement with the moderate policies of the old guard AD leadership, promptly formed a new party called the Movement of the Revolutionary Left (MIR) and advocating a national liberation movement modeled on Castro's. Led by Congressman Domingo Alberto Rangel, it is the most aggressive of Venezuela's minor parties. Its strength is mainly in the Caracas area and in eastern Venezuela.

23. In an effort to force the government to adopt Castro-like policies or to relinquish its control, the PCV, working with MIR and extremists from URD, promoted a series of riots

and demonstrations in late 1960. During the period of disorders, the URD leadership, for some time dissatisfied with its position in the Betancourt government and desirous of establishing for itself a more radical image, seized upon a dispute with Betancourt over his policy toward Castro to withdraw from the coalition.

24. During this critical period, however, Betancourt was able to count on effective police and military action to contain and eventually suppress public disorder. The event showed that, although the left was capable of fomenting serious disturbances, it lacked sufficient strength to coerce or overthrow the government. Since this crisis, the President has taken a series of political measures which have at least to some extent neutralized opposition. He has maintained the partial suspension of constitutional liberties instituted at the time of the disturbances, suppressed MIR and PCV propaganda organs, and arrested agitators from URD as well as its allies. He has been careful to use the suspension of liberties only in dealing with those who seek to disrupt public order; he is preparing to resume constitutional guarantees, subject to the passage of a law enabling his government to regulate political party activities.⁴

25. Furthermore, the URD withdrawal from the coalition actually strengthened Betancourt's hand. The President's resulting reorganization of the Cabinet to include only members of AD, COPEI, and political independents clearly established the administra-

⁴ The suspension of constitutional guarantees invoked by Presidential decree permits the government to: prohibit public meetings, close down publications considered by it to be seditious, prohibit internal as well as international travel, and search homes and make arrests without a warrant. The projected law on parties requires that a party not subordinate itself to international political organizations. It permits political demonstrations in open places and political propaganda utilizing the usual communications media only for electoral purposes and only within the 12-month period before an election. In addition, the law forbids political propaganda which is anonymous, lacks respect for the law, or is disrespectful to the President and other public authorities.

tion as moderate left. This move, coupled with his manifest determination not to allow radical excesses, almost certainly increased his standing with the military and with moderate and conservative elements. Although the government's position in Congress was weakened by the defections from the coalition, the government parties still retain a majority in the legislature.⁵

26. AD has scored considerable success in halting the inroads of MIR-PCV-URD elements in the Venezuelan Confederation of Workers—the major labor organization in the country—and in isolating or eliminating their influence. AD is still in a strong majority position in the labor movement⁶ and controls the landworkers federation, thereby exerting substantial influence on the peasantry. AD has been less successful among student groups, since the MIR defection caused it to lose its one-time dominant position in the organized student movement.

27. Pro-Castro sentiment, once formidable in Venezuela, has sharply declined. Students, teachers, and intellectuals, and much of organized labor have been antagonized by the authoritarian character of the Castro regime. The peasants were never seriously affected by Castroism. The press and other communications media are now highly critical of the Castro regime. Thus Castroist agitation in Venezuela is now limited to the efforts of the PCV, MIR, and URD party organizations.

⁵ The strength of the various parties in Congress is as follows:

	SENATE	CHAMBER OF DEPUTIES
The Government Coalition		
AD	32	58
COPEI	6	19
	38	77
The Opposition		
URD	10	34
MIR	1	15
PCV	2	7
	13	56
Other	2	..

⁶ AD has won 201 of the 246 trade union elections held since February.

28. Political agitation, while concerned with many issues of foreign policy, is now focused on the deterioration in the economic situation since Betancourt's inauguration and the uneven progress of the President's social and economic development program. The left accuses the administration not only of failing to move fast enough on reform, but also of adopting a program ill suited to overcoming the fundamental social and economic imbalances in the country. Conservative interests criticize the government for being too radical and blame it for the depressed state of the economy. At the same time popular dissatisfaction is rising over persistent high unemployment and cost of living increases. The government, with little experience in economic affairs, is hampered in its economic policies by the need to compromise with a variety of political groups. It finds it difficult to make effective use of Venezuela's resources.

III. ECONOMIC SITUATION AND PROSPECTS

29. For years Venezuela's gross national product (GNP) has been one of the highest in Latin America (an estimated \$7 billion) and until recently the boom provided by the development of petroleum ensured the country against foreign exchange shortages and unmanageable budget deficits. Various levies on petroleum production and profits still provide more than half of government receipts (about \$813 million), and petroleum, together with iron ore, accounts for almost all of the country's exports.

30. However, the spectacular growth in these extractive industries has not been accompanied by adequate development of other sectors of the economy. Resources for many years were devoted to grandiose programs of construction of government buildings and luxury housing, and large sums of money flowed into the hands of the rich, many of whom in turn bought land or sent their money abroad. Investment in agriculture, consumers' industries, housing, public health, and education has been inadequate to meet the needs, much less the aspirations of the bulk

of the population. There is still a fundamental imbalance in the distribution of national income, which remains largely in the hands of a small percentage of the population, mainly in the capital city.

31. The present government is committed to implementing a \$4 billion program designed to promote diversification of agriculture, agrarian reform, and improvements in housing, health, public welfare services, and education. It is placing particular emphasis on developing the interior. With an eye to reviving the construction industry and reducing unemployment (particularly among the slum dwellers in the Caracas area), the government is also starting up a crash program for expansion of housing and rural water supply facilities, using bonds and commercial bank loans to finance it.

32. Thus far the government has made little progress in dealing with problems of urban housing and urban unemployment, but has done relatively well in education, in the extension of rural credits, and in agrarian resettlement (mainly using government lands, including those taken away from officials of the ousted Perez Jimenez dictatorship). Indeed Venezuela is the only Latin American country except Cuba which has begun a comprehensive agrarian reform program. Government agencies have settled about one-quarter of the estimated 150,000 families needing land. Under pressure from powerful *campesino* unions the government is now purchasing numbers of large estates for settlement projects. Although the program is expected to have desirable social effects, the benefits in terms of increased farm production may be limited by comparison with the large investments being made. The shortage of technical and supervisory personnel is a continuing problem.

33. Betancourt's most acute problems, however, have been in the financial field. The government has resorted to import licensing and exchange controls to restrict the outflow of foreign exchange, which brought a decline in net official foreign exchange reserves from \$1.4 billion at the end of 1957 to \$542 million

as of 8 November 1961. Meanwhile the regime has run substantial deficits. The high level of expenditures, with an estimated \$2 billion budgeted for 1962, in part reflects heavy servicing charges on short-term loans used to finance previous deficits. In keeping with its traditional practices, the government has avoided currency inflation as a means of financing the deficit. The accumulated debt, including floating debt, totaled \$888 million in October 1961. The government plans to seek long-term loans, both domestic and foreign, to refund much of this debt and to finance investments which are now included in the budget.

34. The government's financial difficulties are attributable to a number of causes. One is the end of the Venezuelan oil boom, which happened to coincide with the advent of the Betancourt administration, but is mainly the result of conditions in the world petroleum market. Another is a general decline in business confidence attributable to loss of economic impetus with the end of the oil boom, to the political uncertainties of recent years, and to apprehensions engendered by the socialistic policies of the Betancourt administration. These factors have contributed to a serious economic recession and an alarming flight of capital at a time when new investment and economic expansion were sorely needed. Despite the government's efforts to revive and expand the economy, unemployment now amounts to about 12 percent of the labor force and is still rising.

35. Other important factors contributing to financial difficulties are heavy government outlays to pay off the debts left by the extravagant Perez Jimenez regime, the operating losses of uneconomic state enterprises which he established, and the costs of politically necessary social welfare programs. Expenditures for social services and rural improvement have risen sharply under Betancourt; many low priority projects have been undertaken for political reasons. Public payrolls at all levels, down to municipalities, are bloated by the expansion of political patronage required to satisfy the demand in a coalition government.

36. The state of the petroleum industry remains the chief determinant of Venezuelan economic conditions. Oil production is high and still increasing, though at a slower rate than during the boom. The oil companies, however, are reluctant to increase their investment in Venezuela, in part because world conditions provide little incentive to do so, but chiefly because they dislike the policies of the incumbent regime. Betancourt has declared that his administration will respect existing foreign investments and concessions, but he has refused any new concessions to foreign oil companies and has sought instead to induce them to accept service contracts with the newly established Venezuelan state oil company. He has also denied any intention to increase the taxes imposed on the foreign oil companies, but the increase imposed just before his inauguration raised the government's take from the oil industry to an amount more than twice that of the companies. The net yield on petroleum investment has now fallen to about 12 percent. In these circumstances, exploration by private companies has virtually ceased, drilling is drastically reduced, and new investment is not forthcoming—with depressing effects upon the Venezuelan economy as a whole.

37. Betancourt has made an attempt in recent months to stem the tide of financial drift, but has encountered considerable opposition to proposed remedial measures. In May he put before Congress an austerity and recovery program envisaging a reduction in the salaries of government employees, an increase in taxes, a cutback in administrative expenditures, and greater efficiency in government agencies. This program met with strong opposition, not only from the parties of the far left, but also from AD and COPEI, and was modified by the Congress to eliminate part of the salary cuts and tax increases. Nevertheless, the President has been able to abolish some government jobs and to cut slightly the salaries of government workers and the military.

38. The government is counting heavily on outside assistance to permit it to follow through with its development program and to re-establish business confidence in the

country. During 1961 foreign loans of some \$150 million, including \$100 million from the Export-Import Bank, have been obtained, and others are in the process of negotiation.

39. Nevertheless, the prospect is that progress in economic—as well as social—development will remain slow. The agrarian reform program, which envisages expenditures of 10 percent of the national budget or about \$166 million annually, probably will not result in any appreciable increase in agricultural production for several years. Heavy expenditures on housing, public services, and education, while of considerable political value, can have but little effect on national development for some time to come. Much of the public money which might be used for development will continue to be drained away for political purposes, e.g., payrolls necessary to maintain an effective AD and COPEI apparatus.

40. Now that his political fortunes have risen Betancourt is likely to make new efforts to reduce administrative waste and inefficiency and to encourage investment in economic development. However, his efforts are certain to be limited by domestic political pressures. As a result, budget deficits and exchange problems will probably continue to impede implementation of the development program.

IV. THE OUTLOOK

41. The years remaining until the national elections at the end of 1963 will be critical for the cause of moderate leadership and constitutional government in Venezuela. At best, the Betancourt administration will probably have a difficult time. The President's measures to deal with pressing economic and political problems are certain to arouse new opposition even among some of those most attached to the administration. Betancourt probably will be under considerable pressure to obtain additional benefits from the petroleum industry, which many Venezuelans believe able to provide the funds necessary to solve national financial problems. He will probably succeed in obtaining some new loans and other external financial assistance, but progress toward economic recovery and development is likely to be slow and uncertain.

42. Popular dissatisfaction and impatience with the slow rate of economic improvement is likely to grow, especially in the congested urban areas. This dissatisfaction will provide the Communists and other revolutionary leftists with further opportunities for agitation against the regime. At the same time, distrust and dissatisfaction in business circles is likely to continue, and some rightists will continue to conspire with reactionary military elements to overthrow the regime. Thus Betancourt will remain under continuing threat from both the left and the right.

43. Although the regime will continue to be subjected to public disorders organized by the revolutionary left and attempts to overthrow it by extreme rightists, it enters the final half of President Betancourt's term with important advantages. His standing in the Caribbean area as a leading exponent of constitutional government and moderate reform adds to his domestic prestige. His demonstrated ability for living with the diverse political elements, coupled with the breadth of his organized support, weighs heavily in his favor. In addition, Betancourt, probably more than any other Venezuelan leader, continues to be identified with change from the old days. This popular image of the President, even among many in the Caracas area, probably will do much to reduce the adverse impact of his inability to make spectacular achievements on behalf of the lower class.

44. The military will probably continue to support the Betancourt government against threats from the extreme right as well as from the left. Military leaders are probably convinced that an attempt to restore military rule would incur united and sustained opposition from all the political parties. This consideration, in addition to the growing tendency of the leaders in the armed forces to favor legally constituted government, will diminish the likelihood of a military takeover. Moreover, although the military will remain apprehensive about some AD policies, it will probably continue to see Betancourt's moderate leadership as the best it can hope for. Betancourt is aware of this and, as in the past, is likely to court military favor and to behave in such

a way as to command the crucial military support.

45. On balance we believe that Betancourt will probably be able to serve out his term. We are much less confident, however, that the Betancourt administration will have provided a stable foundation for the continuation of constitutional government.

46. The national elections scheduled for late 1963 will be the only formal test of the popular appeal of the Betancourt administration and no firm forecast of their outcome can be made at this time. The constitution prohibits the re-election of a President and there is a good chance that this prohibition will adversely affect AD's bid in the election unless Betancourt has made such far-reaching progress as to assure AD's dominance of a new government. As yet no member of AD can be identified as the President's heir apparent, and in any event no individual on the Venezuelan scene has comparable stature.

47. If by 1963 Betancourt has clearly failed to make satisfactory progress in bettering the lot of the Venezuelan people, the capability of his extremist opposition will grow and become particularly troublesome during the electoral campaign. Any firm coalition of the MIR, URD, and the PCV in favor of a single candidate in 1963 would give that candidate important strength. Thus, in a free election, a candidate of radical tendencies or one, such as former Junta President Larrazabal, with considerable ambition but few fixed political ideas, could be elected. Larrazabal, a career military figure whose role as provisional President put him in the national spotlight, has a considerable personal popularity, especially in the Caracas area, and can count on some support within the armed forces. He might again be willing to work with the far left, as he did as a presidential candidate in the last election.

48. The reaction of the military to a president-elect whose character and orientation seemed to it contrary to the best interests of the country would be uncertain. The military, perhaps with support from elements in AD and COPEI, might move to prevent the inauguration of an unacceptable President.

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V. EXTERNAL RELATIONS

49. Venezuela has a record of close ties with the US, based in large part on the mutual interest of the two countries in the development of Venezuela's oil industry. Betancourt has carefully avoided any appearance of dependence on the US, but has done his part to keep relations with the US on a cordial footing. Betancourt's interest in obtaining additional foreign economic assistance and his desire to keep the US oil market open will probably strengthen his inclination to get along with the US.

50. Within the Latin American community Betancourt has championed the cause of representative government and the repudiation of authoritarian regimes. This policy will continue to foster close relations with Latin American governments, like Colombia and

Costa Rica, which share his interest in democracy. Betancourt, a long time foe of Rafael Trujillo, the late Dominican dictator, has had his position at home and in the area strengthened by recent developments in the Dominican Republic. He probably is inclined to go along with an inter-American acceptance of the Balaguer government in the Dominican Republic now that Trujillo family's power over it has been broken. He has broken diplomatic relations with Cuba and is supporting the Colombian initiative for collective measures against Castro.

51. In world affairs, Venezuela will continue to support the West against the Communist Bloc on most issues in the UN and elsewhere. Venezuela maintains diplomatic relations with one Bloc country, Poland, but Betancourt is not likely to establish such relations with the USSR or Communist China.

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