



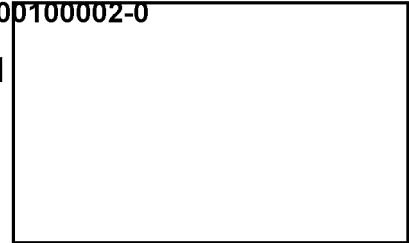
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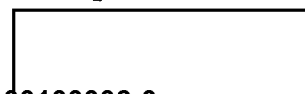


National Intelligence Daily (Cable)

11 May 1979

State Dept. review completed

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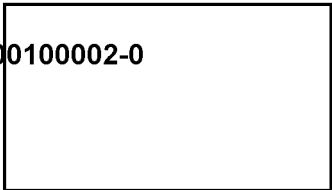
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National Intelligence Daily (Cable)



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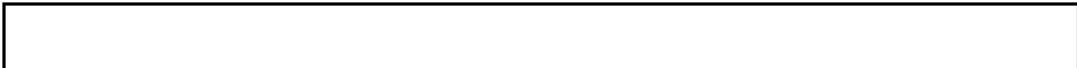
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BRIEFS AND COMMENTS

NORTH YEMEN - SOUTH YEMEN: Unity Moves

The US Embassy in Sana reports that North Yemeni leaders are trying to stall on implementing their commitment to unity negotiations between the two Yemens because of their weaker military and political position. The Aden regime is threatening military action if faced with prolonged delays. [REDACTED]

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North Yemeni President Ali Abdallah Salih, although publicly endorsing the goal of rapid reunification of North and South Yemen, is privately stalling to gain time to rebuild the North's military capability. Only one of eight joint negotiating committees established after the cease-fire in March has met so far; its task is to draft a constitution. Northern negotiators have managed to delay the next session of the committee until 1 June. [REDACTED]

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South Yemeni President Abd al-Fatah Ismail, whose objective is to unify the Yemens under his regime's leadership, has notified Salih that he will not be put off. Ismail reportedly sent an ultimatum to Salih last week indicating that he would resort to force if the negotiations bogged down. Ismail is also demanding that the follow-up summit meeting, agreed to in the cease-fire arrangements, be held next week. [REDACTED]

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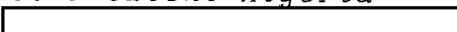


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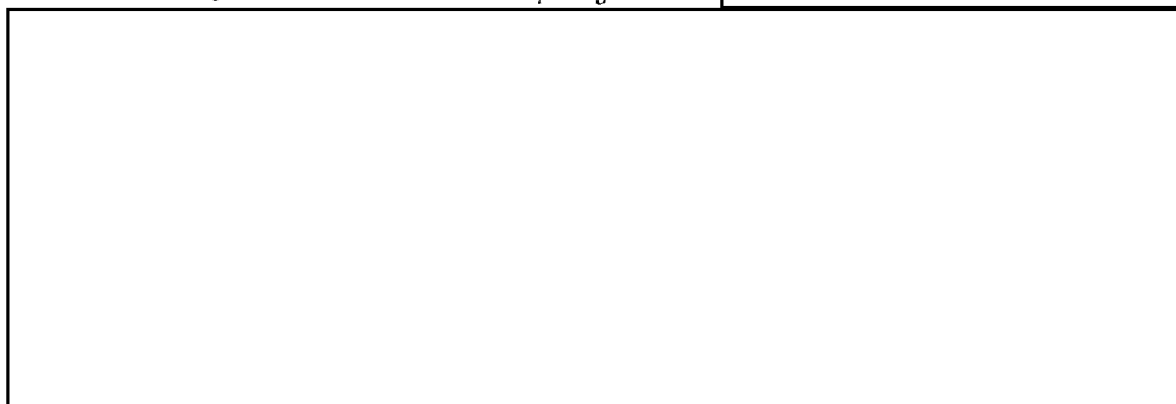
WESTERN SAHARA: Diplomatic Contacts

A flurry of recent diplomatic activity concerning the Western Sahara dispute probably reflects parallel efforts to arrange an all-party settlement conference. The contacts include principals in the dispute--Morocco, Algeria, Mauritania, and the rebel Polisario Front--and other interested parties--France, Spain, Libya, Saudi Arabia, and an Organization of African Unity factfinding mission. Greater flexibility and tough compromises will be required from Morocco and to a lesser extent Algeria before any talks can make progress.

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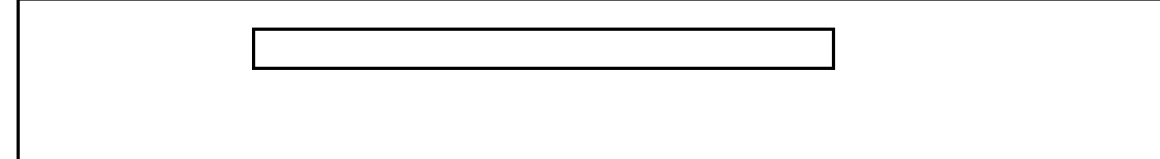
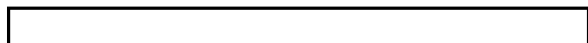
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The negotiating process has been complicated by multiple--some uncoordinated--diplomatic efforts since mid-April. Mauritanian Prime Minister Bousseif has visited Tripoli, Paris, Madrid, and Rabat for official talks and contacted Polisario spokesmen in the latter two capitals. A high-level Algerian mission visited Mauritania quietly in late April, and an OAU subcommittee has visited the principals in the dispute. Saudi Crown Prince Fahd may also have been involved in talks

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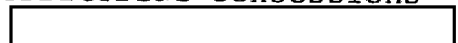
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These and other talks may make little headway, however; only Mauritania has so far demonstrated genuine flexibility. Procedural issues, such as Polisario participation in any all-party conference, along with the main substantive one--Morocco's professed unwillingness to make territorial concessions--argue against a quick solution.

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NEPAL: King Acts to Reduce Tension

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[REDACTED]

Last week, disregarding the advice of hardline advisers, Birendra began making concessions designed to encourage demonstrators to negotiate their grievances. He removed the Minister of Education and named a commission to study student grievances and to inquire into police handling of earlier violent clashes. Student demonstrations--some drawing thousands of participants--nevertheless continued this week, although they were non-violent because police did not intervene. [REDACTED]

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On Wednesday, the indecisive young King, perhaps bowing to pressure from hardliners, agreed to the arrest of those students who continued to participate in disorders. Although the government softened its new approach by releasing detained students to their guardians, such arrests could lead once again to violence between demonstrators and police. [REDACTED]

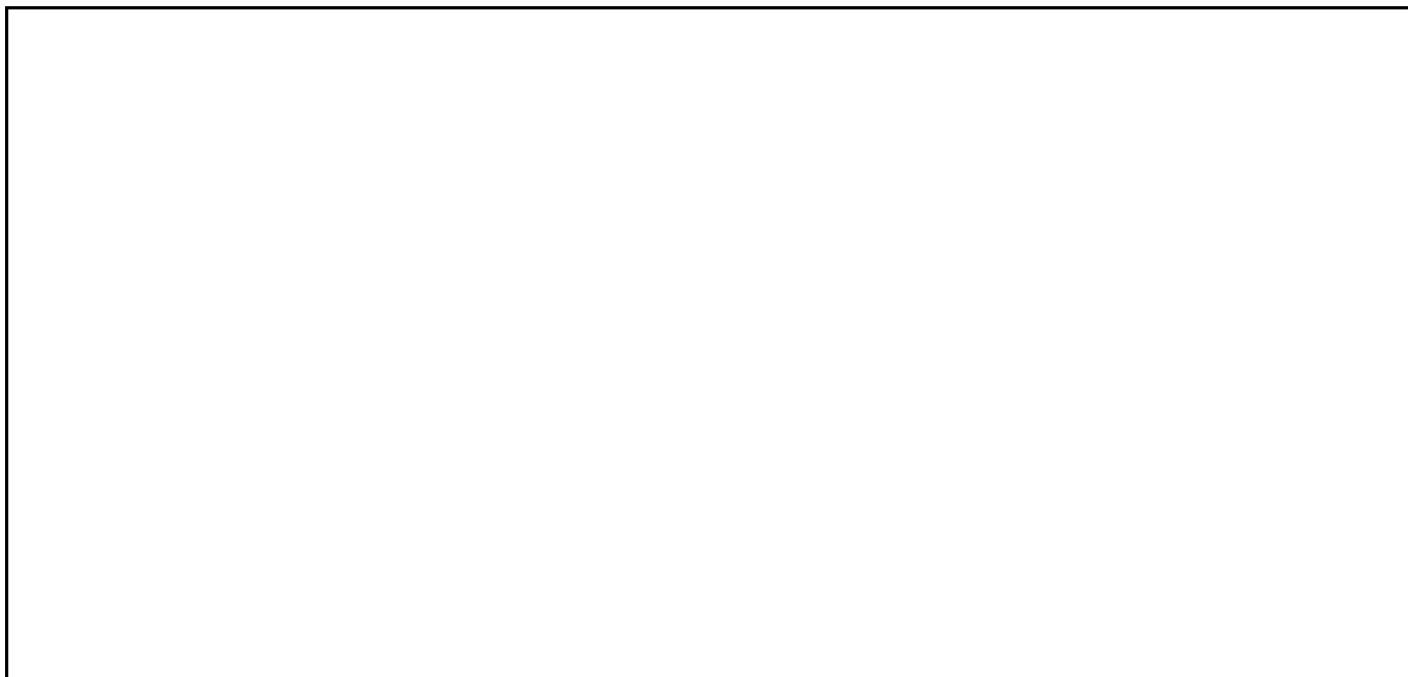
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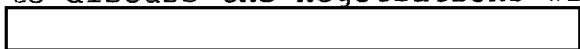
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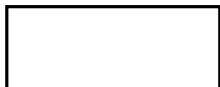
GAZA STRIP: Mayor Shawwa's Views

In a series of recent interviews, Mayor Rashad Shawwa of Gaza City has reiterated his support for the Palestine Liberation Organization as the sole, legitimate spokesman for the Palestinians. Shawwa, the most influential politician in Gaza, criticized the coming autonomy negotiations because they deny the possibility of establishing an independent Palestinian state. Nonetheless, he also expressed interest in meeting with Egyptian President Sadat to discuss the autonomy talks. Shawwa is visiting Jordan, Syria, and Lebanon and plans to discuss the negotiations with PLO leader Yasir Arafat.

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USSR-JAPAN: Firyubin Visit

Soviet Deputy Foreign Minister Firyubin will arrive in Japan on Sunday for two days of talks with Japanese officials on a broad range of international and regional issues. The USSR and Japan agreed last year to hold periodic general consultations at the foreign ministry level, but Soviet pique over the rapid development of Sino-Japanese relations caused the USSR to delay them until now. An appearance of improved relations with Tokyo would bolster Moscow's overall diplomatic posture on the eve of the summit with the US and also help the Soviets gird for possible talks with China. There is no evidence that either the USSR or Japan has altered its stance on the Northern Territories issue that has long prevented major progress in bilateral relations. [REDACTED]

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CHINA: Interest in Rocket Engines

A Chinese delegation interested in space technology recently visited the US and paid particular attention in engines rated for manned missions. The visitors focused on problems of reliability and endurance in engine components. Delegation leader Zhuang Fenggan said the Chinese plan to undertake manned space missions, but he did not say when or indicate how much effort China is giving to such a project. The Chinese interest in engines probably reflects the problems China has in developing reliable rocket engines. [REDACTED]

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CZECHOSLOVAKIA: Dissident's Sentence Extended

A Czechoslovak appeals court has ruled that dissident leader Jaroslav Sabata, now completing a nine-month sentence for insulting a public official, must serve an additional 18 months in prison because of a previous conviction. Sabata, a spokesman for the Charter 77 human rights movement, was arrested last October when he attempted to meet with Polish dissidents. The government had suspended a portion of the earlier sentence, and the court's decision to reimpose it, which was not unexpected, indicates that the Husak regime will continue to take a hard line against active dissidents who, like Sabata, refuse to emigrate. Official harassment has so far failed to deter Charter leaders from continuing their low-key activities, which include circulation of *samizdat* documents and contact with dissidents elsewhere in Eastern Europe. [REDACTED]

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SPECIAL ANALYSIS

ECUADOR: Roldos and the "Force for Change"

[REDACTED]

The inauguration of populist leader Jaime Roldos as Ecuador's president on 10 August will end seven years of military rule. Roldos, who campaigned with the slogan "a force for change," scored a landslide victory in the election on 29 April. His first task will be to form a parliamentary majority--either by achieving a working arrangement with the fractious head of his party, Assad Bucaram, or by neutralizing him. Roldos' efforts to form a viable government will be made easier by his own considerable political skill, an unequivocal popular mandate, and by the support of a new military leadership that is to be named sometime this summer. Changes in government policies are likely to be gradual and much less pervasive than Roldos indicated during the campaign.

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Unofficial returns show that Roldos, who received 62 percent of the vote, ran up substantial majorities not only in the coastal provinces, which are his political base, but also in the normally conservative highlands. All income groups supported him strongly. His opponent, center-right candidate Sixto Duran-Ballen, received only 28 percent of the vote and carried just one province, a conservative bastion.

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Roldos identified himself in the initial round last summer as the antiestablishment candidate. Duran-Ballen was never able to shake off the widespread belief that he was backed by both the ruling military and entrenched monied interests. His unsuccessful attempts to characterize Roldos and running mate Oswaldo Hurtado as dangerous radicals only served to reinforce that impression among an electorate anxious for change.

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In the legislative races, the Liberals and Conservatives--two parties whose leaders had become identified

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with the oligarchy and the status quo--were the big losers. Both failed to get 10 percent of the vote. Assembly returns are still incomplete, but Roldos' Concentration of Popular Forces seems to have won some 29 seats in the 69-member assembly, and the Democratic Left--which is expected to support much of the President's program--may have garnered 16. [redacted]

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//Roldos' parliamentary majority, however, is more apparent than real. The election list for the Concentration of Popular Forces was dictated by party patriarch Assad Bucaram who commands the loyalty of a large number of the newly elected delegates. Bucaram, who was prevented by the country's military leaders from running in the first round of the presidential election last year, intends to build his own parliamentary power base and hopes to be named president of the assembly. His strained relationship with other parties makes election to that office unlikely without strong presidential support. Roldos may have to accede to Bucaram's wishes in order to obtain the votes necessary to confirm his cabinet appointees and gain passage of key legislation. [redacted]

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//Roldos might, however, try to exploit his overwhelming election victory and attempt to replace Bucaram as party leader. Roldos is anxious to demonstrate his independence of the party chief and plans to name a national unity government of his own choosing. He may decide that Bucaram's neutralization at the outset would avoid serious problems later.// [redacted]

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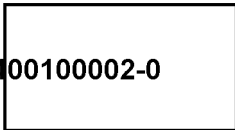
Bringing stable and effective civilian government to a country with Ecuador's history of coups and authoritarian rule will not be easy. Roldos' first-round victory last summer stunned the military and created considerable unease in the oligarchy because of his populist ideology and long association with Bucaram. Roldos' reassurances to both groups culminated in a decision by a council of generals last September to allow the election process to go on to the second round. [redacted]

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Roldos, knowing that his cabinet appointments will be closely scrutinized, will probably name mostly well-known moderates and technocrats to increase confidence

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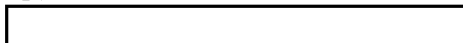
in his administration. Ecuador's present strong economic performance and lucrative investment opportunities probably will discourage any large-scale flight of capital.



Neither Roldos nor Vice President-elect Hurtado has any appreciable administrative experience, but both are able political operators. They are young, bright, articulate, and personally attractive and can be expected to make the most of their opportunities. Significant changes in the military hierarchy in the next few months because of retirements should provide them with a younger and more compatible leadership to deal with in the armed forces. Barring any national crisis, the military--which is genuinely weary of governing--could grant them an extended political honeymoon.



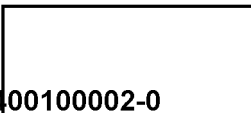
Despite Roldos' campaign promise to bring "social justice" to Ecuador, traditional political and economic attitudes probably will remain much too strong for him to effect any major social transformation during his five-year term. He does appear committed to rooting out corruption in the governmental bureaucracy, including those officials who allow the illicit drug traffic to flourish.



Roldos is a realist and a pragmatist. He will make some effort to achieve a better income distribution through fiscal and budgetary shifts. Although he will emphasize tax collection, he probably will not drastically revise the tax code. A substantial increase in public housing in the urban slums seems certain. Land reform probably will not go beyond the present agrarian law that calls for redistributing fallow land. The government will also provide a better atmosphere for foreign investment, which Roldos sees as necessary for continued economic development.



Ecuador's experiment with constitutional government will be closely watched by other countries of the hemisphere that are contemplating similar transitions.



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