



Directorate of
Intelligence

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Zimbabwe: Growing Potential for Instability

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An Intelligence Assessment

State Dept. review
completed

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*ALA 82-10154X
December 1982*

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Zimbabwe: Growing Potential for Instability

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An Intelligence Assessment

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This assessment was prepared by [redacted]
[redacted] Office of African and Latin American
Analysis. Comments and queries are welcome and
may be directed to the Chief, Southern Africa
Division, ALA, [redacted]

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This paper was coordinated with the Directorate of
Operations and the National Intelligence Council, [redacted]

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**Zimbabwe: Growing Potential
for Instability**

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Key Judgments

*Information available
as of 8 December 1982
was used in this report.*

Prime Minister Robert Mugabe's government is facing growing security and economic problems and rising political unrest. In our view, Mugabe must continue his cautious, pragmatic approach to political, social, and economic change and withstand South African attempts to subvert his government if stability is to be preserved. If he fails, we believe that the resulting instability would have serious ramifications for the rest of southern Africa and for US interests in the region.

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Internally, the key to stability will be how Mugabe deals with his longstanding nationalist rival Joshua Nkomo and with Nkomo's party, the Zimbabwe African People's Union (ZAPU), which has its greatest strength among the country's Ndebele-speaking minority. In our view, Nkomo has capitalized on growing Ndebele discontent to consolidate his leadership of ZAPU and enhance his stature as a force with which the government must come to terms.

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Mugabe probably will make an accommodation of some sort with ZAPU and the Ndebeles eventually, but this may not be feasible until he has gained greater control over his party, the Zimbabwe African National Union (ZANU), and the government. If Mugabe fails to reach a reconciliation, the situation would be likely to worsen. As a worst case, we believe the alienation of the Ndebeles could lead to the breakup of the Army along tribal lines, an Ndebele insurrection, and civil war. Mugabe will go to great lengths to prevent this.

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The recent sabotage of a Zimbabwean Air Force base reflects another facet of Zimbabwe's security problem.

Zimbabwe also faces an uncertain economic future. The forces supporting the country's brisk recovery since independence in April 1980 have largely run their course. We believe that the real rate of growth in GDP—11

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percent in 1980 and 12 percent in 1981—is likely to fall below 3 percent for 1982 because of the severe world recession, drought, and a dearth of new foreign investment. Talks are in progress with the International Monetary Fund for a loan to help pull Zimbabwe through an immediate balance-of-payments crunch. Such actions can, however, only partially alleviate Zimbabwe's difficulties. An economic turnaround will depend on the strength of recovery in the industrialized world and on how the government manages competing social and economic demands and mounting security problems. [REDACTED]

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In our view, the US stake in a stable Zimbabwe, open to Western influence, would be jeopardized if Mugabe were removed from the scene. We believe that Mugabe's most likely successor, Deputy Prime Minister Simon Muzenda, would have difficulty maintaining party support and that a period of substantial ferment and instability would result. [REDACTED]

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We believe that—left to its own devices—Zimbabwe by and large has the capacity to manage its problems, but that its prospects for doing so are seriously complicated by South Africa's efforts at destabilization. Mugabe looks to the West—and particularly to the United States—to get South Africa to curb such activities. To the extent that he is disappointed on this score, Western influence in Zimbabwe will suffer, in our view, and a Zimbabwean rapprochement with Moscow will become more likely. [REDACTED]

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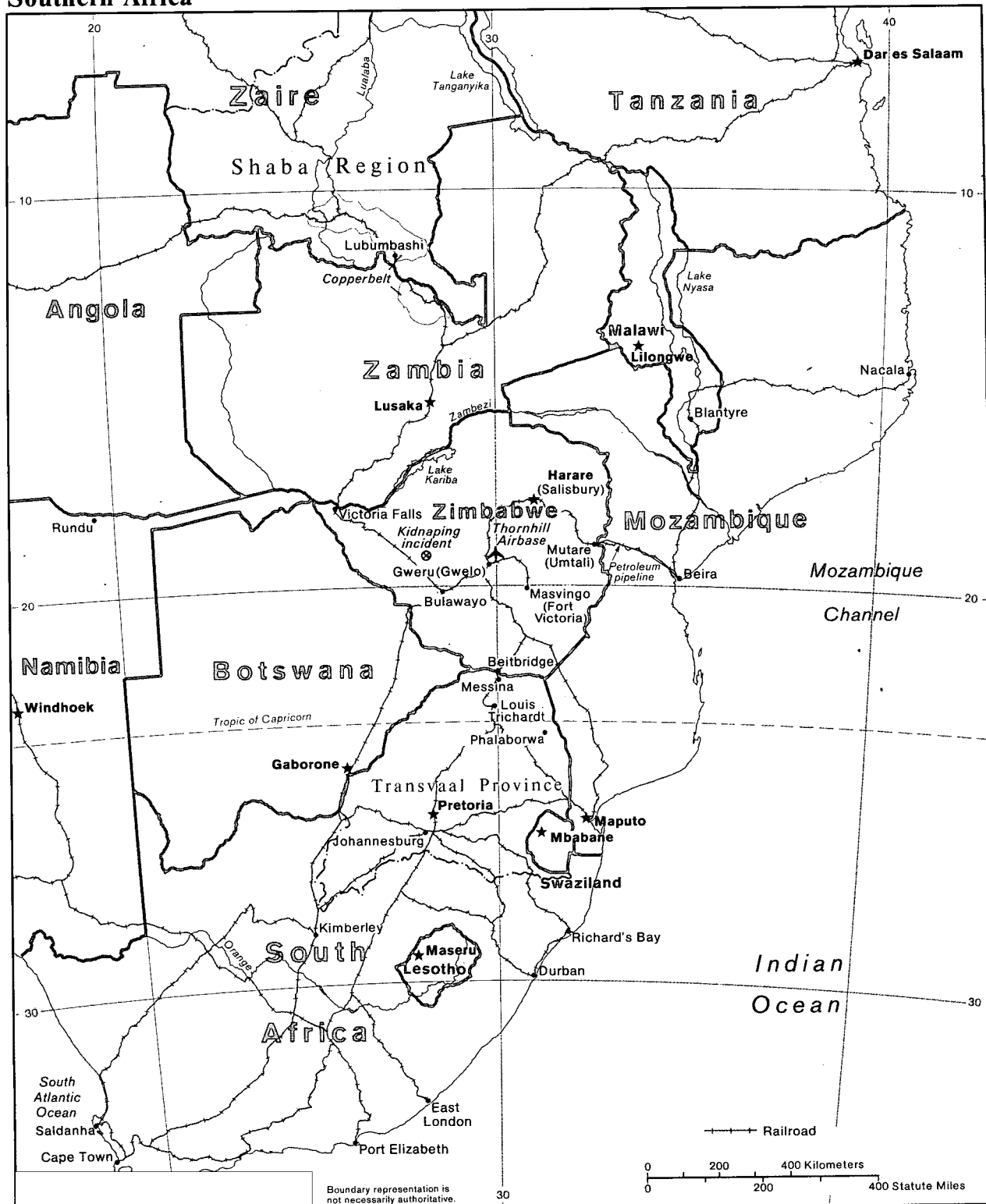
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Figure 1
Southern Africa



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**Zimbabwe: Growing Potential
for Instability**

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Introduction

For his first year and a half in office, Prime Minister Robert Mugabe adopted a conciliatory approach toward Zimbabwe's white minority and his former black rivals, but since then he has taken a more repressive tack—trying to weaken minority parties, detaining dissidents, and paving the way for a one-party state. We believe that the change in the latter half of 1981 was due largely to a growing sense among Mugabe and other leaders of the dominant party, the Zimbabwe African National Union (ZANU), that their country was under siege from South Africa and to pressure on Mugabe from the ZANU Central Committee to tighten the party's grip on power. In part it was a reversion to at least some of the methods of the Ian Smith regime and the models provided by South African and British colonial laws and practices.

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For the past several months, Mugabe's government has been beset by deteriorating security and economic conditions and rising political unrest. This paper examines the forces at work in Zimbabwe, assesses their potential for creating instability, and discusses the implications for the United States.

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The Press of Problems in 1982**Domestic Politics and Security Strains**

Zimbabwe's political and security problems are rooted in the longstanding rivalry between ZANU, the party that is essentially representative of the country's Shona-speaking majority, and the Zimbabwe African People's Union (ZAPU), the party mainly supported by the Ndebele-speaking minority. The rivalry came to a head in February this year when Mugabe dismissed ZAPU leader Joshua Nkomo from the Cabinet. Since then there has been a gradual rise in banditry, lawlessness, and violence, particularly in the western third of the country known as Matabeleland, where Ndebeles predominate.

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Mugabe's rationale for firing Nkomo was a professed belief that the discovery early this year of large caches of arms, ammunition, and military equipment on several ZAPU-owned farms proved that Nkomo had been plotting a coup. We doubt that Nkomo or ZAPU were engaged in a coup plot at that time, although we find plausible Mugabe's claim that soon after ZANU's sweeping victory in the election in February 1980 Nkomo had tried unsuccessfully to get South African support for a coup. We believe that the arms discovered this year had been cached primarily for defensive reasons—to prepare ZAPU for the contingency of civil war, or at least for a resumption of violence between former ZAPU and ZANU guerrillas like that in Bulawayo in November 1980 and February 1981.

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The conflict between ZAPU and ZANU hinges on a mutual lack of trust.

the Ndebeles have come to regard the government as a hostile force for reasons that go beyond the expulsion of Nkomo and two of his closest colleagues from the Cabinet. The government also dissolved and seized the property of 13 ZAPU-controlled companies in February 1982 and subsequently has detained growing numbers of ZAPU members. These include ZAPU's two former top military leaders—the Deputy Commander of the Zimbabwe National Army, Maj. Gen. Lookout Masuku, and former ZAPU intelligence chief, Dumiso Dabengwa—and a ZAPU member of parliament, Vote Moyo.

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an ineffectual attack on Mugabe's residence in late June and the kidnaping of six Western tourists (two Americans, two Australians, and two Britons) in late July. Both

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Zimbabwean History in a Nutshell

Several Shona-speaking subtribes controlled much of what is now Zimbabwe before the Ndebeles invaded from South Africa in the 1830s. Better organized and militarily stronger than the scattered Shona clans, the Ndebeles established a kingdom of their own in an area around Bulawayo.

British settlers took control of the country in the 1890s under the auspices of Cecil Rhodes's British South Africa Company. Southern Rhodesia became a self-governing British colony in 1923 and was part of the British-sponsored Central African Federation from 1953 until 1963. In 1965, the white settler regime of Ian Smith unilaterally declared Rhodesian independence. In 1979, after years of civil war and foreign pressure, Smith transferred at least nominal power to a black-led government headed by Bishop Abel Muzorewa. This "internal settlement"—excluding the black nationalist parties led by Robert Mugabe (ZANU) and Joshua Nkomo (ZAPU) that were nominally united as the "Patriotic Front"—failed to gain international recognition.

The Rhodesian conflict finally was settled at the Lancaster House conference in London in late 1979. Mugabe and Nkomo agreed to return to the country, have their forces lay down their arms, and participate in the country's first truly national election. Because of ZANU's sweeping victory in the election, Mugabe became Prime Minister when Zimbabwe formally gained its independence in April 1980.

ZANU's parliamentary majority of 57 out of 100 seats was sufficient to enable ZANU to govern by itself, but Mugabe included ZAPU, which had won only 20 seats, in a coalition government. That coalition effectively ended with Nkomo's dismissal from the Cabinet in February 1982. There are currently four ZAPU members in the Cabinet of 34, but they appear to serve as individuals rather than as approved representatives of their party.

the kidnaping and the attack were almost certainly perpetrated by former ZAPU guerrillas, but we doubt that ZAPU's leadership authorized either act. Even so, the ZANU-dominated government blames ZAPU and its leaders for both acts and for the general rise in dissident activity. [REDACTED]

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Mugabe and other ZANU leaders have long regarded Nkomo as the principal obstacle to ZANU's long-standing goal of a one-party state. Nkomo does not disagree with ZANU's contention that a one-party state would be preferable to the existing system in which the major parties are divided largely along tribal lines. He insists, however, that any merger of the parties be on his own terms, ensuring a major role for himself as well as the Ndebeles. [REDACTED]

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In our view, Mugabe's calculation that he could destroy Nkomo politically without alienating the rest of ZAPU has backfired. Nkomo has tried with some success to convey the impression that he and ZAPU have been attacked unfairly, disclaiming any knowledge of the arms caches (not too plausibly, in our judgment) or (more plausibly) of coup plotting, the attack on Mugabe's residence, and the kidnaping. By late August, Nkomo had begun to participate in the effort to find the missing tourists. We believe that Nkomo has capitalized on the growing discontent in Matabeleland to consolidate his leadership of the party and enhance his stature as a force with which the government must come to terms if stability is to be preserved. [REDACTED]

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Fissures in the Army. The ZANU-ZAPU rift has its parallel in the Army. Most of the armed dissidents seem to be former ZAPU guerrillas who have deserted or been demobilized from the Army. The dissidents have also included active-duty, pro-ZAPU Army personnel acting on their own. Zimbabwean military officials estimated in early August that the total number of dissidents was between 800 and 1,300, approximately 500 to 700 of whom were in Matabeleland. [REDACTED]

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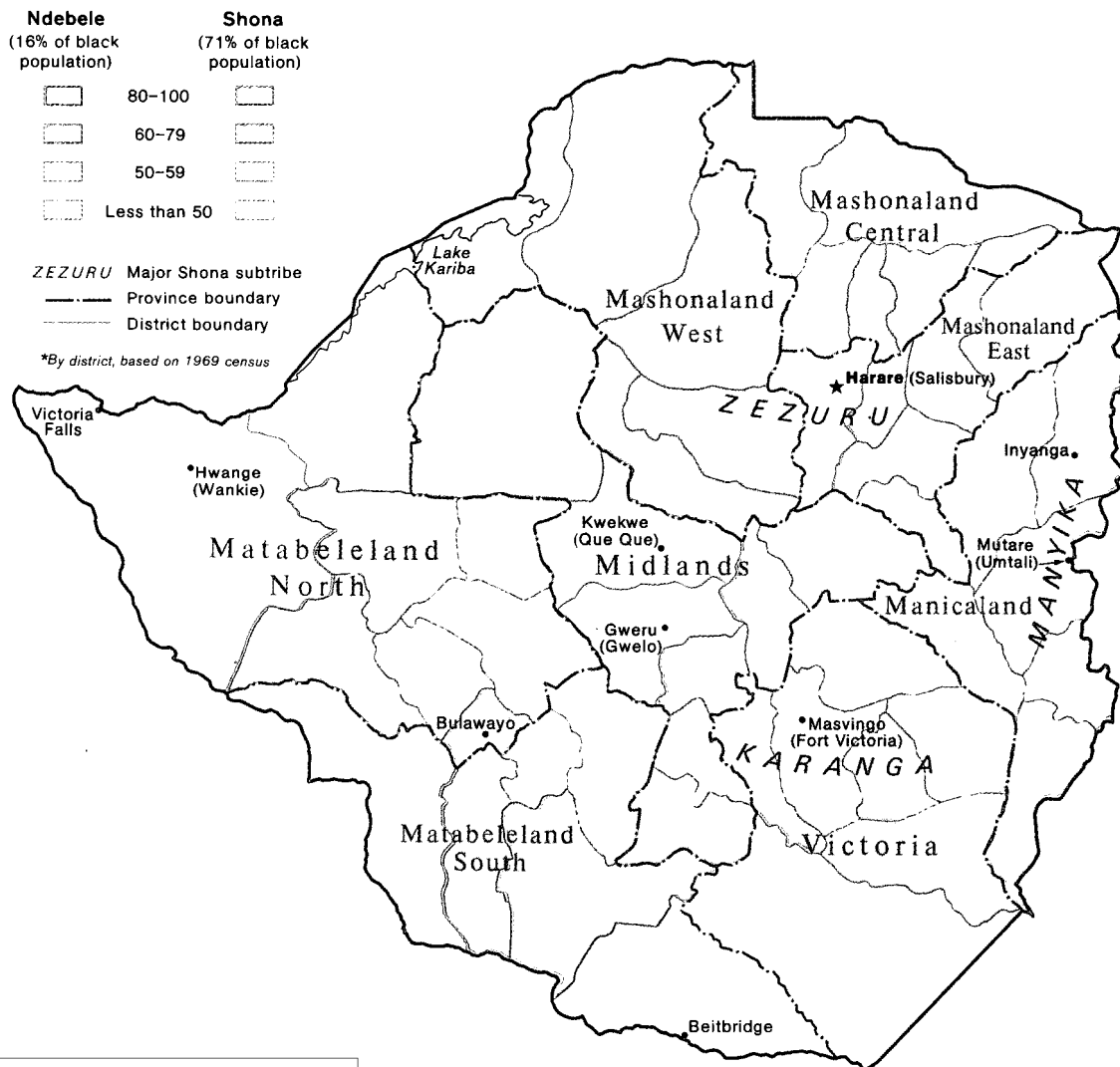
Most of the desertions presumably have come from the "integrated" battalions—combining former ZAPU and ZANU guerrillas—that were created

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Figure 2
Percentage of Ndebele and Shona Speakers in Zimbabwe*



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after independence under the supervision of British military advisers. In our view, the integrated battalions are essentially shadow military units, incapable of combat operations. We believe that in a crisis they would break up along tribal lines, as three did during the violence in Bulawayo last year [redacted]

The bulk of the Army's combat strength—and of the troops used in the government's antidissident campaign, including the search for the kidnaped tourists—are former Rhodesian soldiers. [redacted]

[redacted] We believe that the government has not sent any of its exclusively ZANU units into Matabeleland because the Ndebeles almost certainly would regard such an action as a provocation. Nkomo has charged that ZANU intends to use the 5th Brigade—the largest all-ZANU unit, trained and equipped by the North Koreans—as an instrument for imposing one-party rule. [redacted]

The Army's heavyhanded response to the rise in dissidence, particularly to the kidnaping of the Western tourists, has exacerbated the unrest. Until the government ordered greater restraint in the latter part of August, the Army's harassment of people in Matabeleland suggested that it was more bent on punishing them for suspected collusion with the kidnapers than on attempting to win their cooperation in locating the tourists, who still have not been found. [redacted]

If Mugabe fails to achieve some sort of reconciliation with Nkomo or accommodation with the rest of ZAPU (we assess a failure to do either as about a 30-percent probability), tensions and fissures in the Army will increase. If worse comes to worst (an outcome we see as no more likely than 1 chance in 10), we believe that the alienation of the Ndebeles would lead to the breakup of the whole Army along tribal lines. Because that almost certainly would lead to insurrection in Matabeleland and probably to civil war, Mugabe will go to great lengths to prevent it. [redacted]

Sabotage in the Air Force. The sabotage of the Zimbabwean Air Force's Thornhill base near Gweru (formerly Gwelo) on 25 July reflects another facet of

Table 1
Zimbabwe's Armed Forces ^a

| | |
|---|------------------|
| Army | 42,250 |
| Former Rhodesian forces | 7,450 |
| Elite units (led by about 100 whites) | 4,300 |
| 1st Parachute | 1,150 |
| 1st Commando | 1,000 |
| Mounted infantry | 500 |
| Armored | 1,100 |
| Artillery | 550 |
| Former Rhodesian African Rifles | 3,150 |
| All-ZANU units | 5,600 |
| The 5th Brigade | 5,000 |
| Presidential Guard Battalion | 600 |
| 22 integrated battalions | 22,000 |
| ZANU | 11,000 |
| ZAPU | 11,000 |
| Support units | 7,200 |
| Air Force | 1,600 |
| Traditional flying, technical, and support roles | 900 |
| Whites | 700 |
| Blacks | 200 ^b |
| Security Regiment (all ZAPU) | 700 |
| Police | 16,000 |
| Paramilitary units | 3,500 |
| Former Rhodesian police support unit | 1,500 |
| Special support unit ^c | 2,000 |
| Former Rhodesian police | 9,500 |
| Whites | 2,000 |
| Blacks | 7,500 |
| Police intelligence unit (ZIMPOLIS) ^c | 3,000 |

^a Estimated.

^b Includes only a few pilots.

^c One of two new all-ZANU units created and evidently controlled by Home Minister Herbert Ushewokunze.

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the country's security problem.¹ The swiftness and efficiency of the saboteurs in gaining access to their targets suggested an inside job and professional expertise. [redacted]

The Air Force, the last preserve of whites in the Zimbabwean armed forces, has been damaged severely by the detention of the white officers [redacted]

[redacted] A plausible explanation is that the saboteurs were white Zimbabwean Air Force officers operating in collusion with former Rhodesian Air Force personnel currently working for South African military intelligence. [redacted]

[redacted] If the remaining approximately 700 whites in the Air Force lose the confidence of the government and/or their own confidence in it—as now seems likely—it is difficult to see how it can recover as an effective fighting force. Because there are only a few black pilots in the Air Force, Harare may have to turn to expatriate British or other foreign pilots. [redacted] 25X1

[redacted]

[redacted]

[redacted]

¹ According to Zimbabwean officials, the attack damaged or destroyed much of Zimbabwe's air defense capability:

- One of four new Hawker Hawk trainer-light attack aircraft was destroyed, the other three damaged.
- Eight of the Air Force's aging fleet of 13 Hawker Hunter fighter-bombers were destroyed, and another was damaged.
- One Cessna Skymaster (Lynx) spotter plane was destroyed.

The timing of the sabotage was keyed to the arrival of the Hawks from the United Kingdom, where they recently had been purchased for about \$20 million. [redacted]

[redacted]

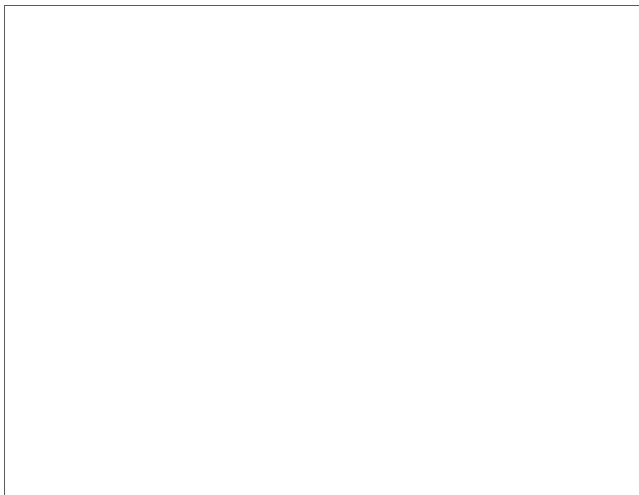
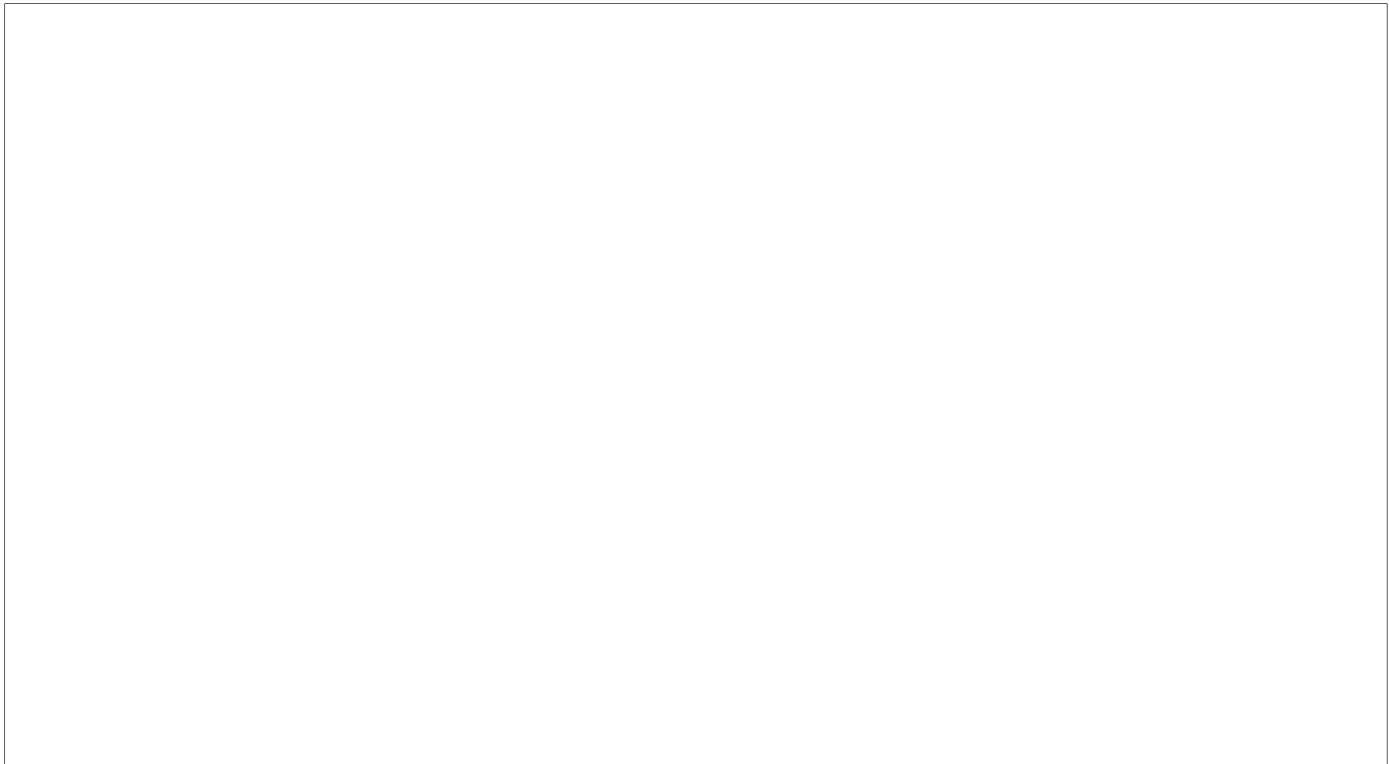
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The forces supporting the country's brisk economic recovery since independence—the end of the war, the lifting of international sanctions, high gold prices, excess productive capacity, pent-up consumer demand, and good rains—have largely run their course. We believe that the real rate of growth in GDP—11 percent in 1980 and 12 percent in 1981—is likely to fall below 3 percent for 1982. [REDACTED]

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Deteriorating Economic Performance

The strains in Zimbabwe's security and political fabric have developed in the context of a major economic slowdown. This accumulation of problems is taxing Mugabe's leadership skills and putting pressure on him to act decisively. [REDACTED]

The principal causes of the decline are the severe world recession and attendant cuts in key Zimbabwean mineral earnings; drought and a dearth of new foreign investment are major contributing factors. Zimbabwean officials are implementing harsh austerity measures to cope with the foreign exchange squeeze. Moreover, talks are in progress with the

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Table 3
Growth and Fiscal Indicators

| | 1979 | 1980 | 1981 | 1982 ^a |
|---|-------|-------|--------------------|-------------------|
| Real GDP growth (percent) | 1.5 | 11.3 | 12.2 | 1.0-3.0 |
| Inflation (percent) | 12.5 | 7.3 | 13.9 | 17.0 |
| Exports (million US \$) | 1,045 | 1,446 | 1,391 | 1,100 |
| Imports (million US \$) | 802 | 1,287 | 1,476 | 1,300 |
| Petroleum (million US \$) | 215 | 277 | 289 | 300 |
| Current account balance (million US \$) | -108 | -249 | -670 | -800 |
| Total medium- and long-term foreign public debt (million US \$) | 667 | 750 | 1,430 ^b | NA |
| Debt service (million US \$) ^b | 100 | 150 | 200 | 250 |
| Foreign exchange reserves (million US \$) | 203 | 280 | 279 | 230 |

^a Projected.

^b Estimated.

- Asbestos prices have increased as production has shifted to higher grade ores, but the main producer—the Shabani mine of a British-based firm, Turner Newhall—is having difficulty breaking even.
- Nickel prices are less than even the largest producers—Anglo American's Bindura Nickel Corporation and the Empress mine of another British-based firm, Rio Tinto—need to make a profit.
- Copper prices are at their lowest level in real terms since World War II, putting Zimbabwe's copper industry, including the largest producer—the South African-owned Mangula mine—on the brink of insolvency. [redacted] 25X1

While depressed demand is the primary cause of the mining industry's troubles, spiraling labor costs, slack investment, and the emigration of skilled white manpower have also taken a toll. The industry's wage scale has risen in line with the general increase in minimum wages of more than 60 percent since independence. Wages will absorb about half of total company earnings in 1982, compared with just over one-fourth in 1980, according to the US Embassy in Harare. [redacted] 25X1

Hard times have led the government and the mining companies to join ranks in trying to shore up the beleaguered industry, according to the Embassy [redacted] Although the government 25X1 long resisted the companies' pleas for a currency devaluation, it has shelved further minimum wage and tax increases and has offered to guarantee loans to mining operations on the verge of shutting down, including Rio Tinto's large Empress nickel and Zinca platinum mines. The most contentious issue that had divided the companies and the government—the decision to create a Minerals Marketing Corporation (MMC) with wide authority—has been resolved, and the companies are now cooperating in preparing the MMC to begin selling and shipping operations early next year. According to the Embassy, the companies are also taking in stride the government's plans to

International Monetary Fund (IMF) for a loan that would help to pull the country through its immediate payments crunch. [redacted]

Factors Slowing Growth. External factors are weighing heavily on the key minerals sector.

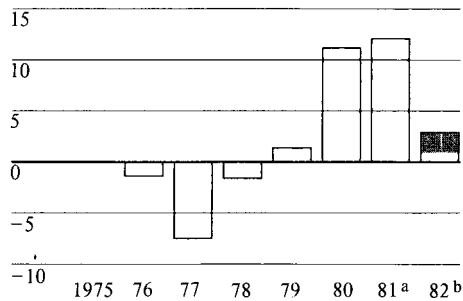
- Gold, traditionally Zimbabwe's most lucrative export, will earn this year less than half of what it did in the record year of 1980, according to the US Embassy in Harare.
- Ferrochrome replaced gold as Zimbabwe's most valuable mineral export in 1981, but even the major producers—Union Carbide and Zimbabwe Alloys, a subsidiary of the South African-based Anglo American Corporation—are struggling because of sluggish demand.

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Figure 5
Zimbabwe: Economic Indicators

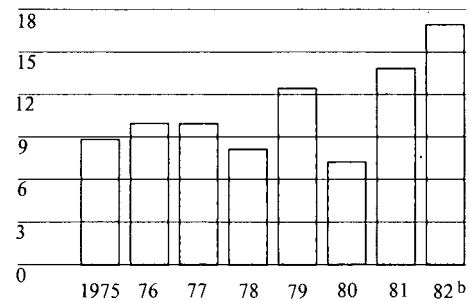
Note change in scales

Real GDP Growth
Percent

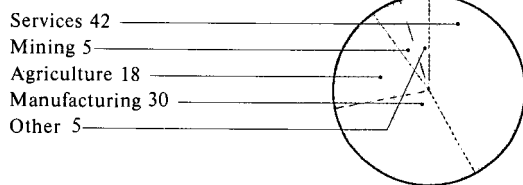


Shaded portion of bar indicates range

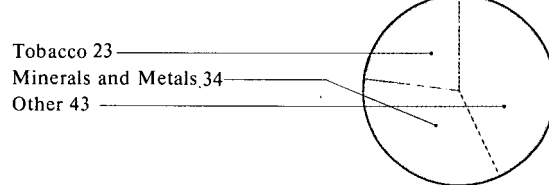
Inflation Rate
Percent



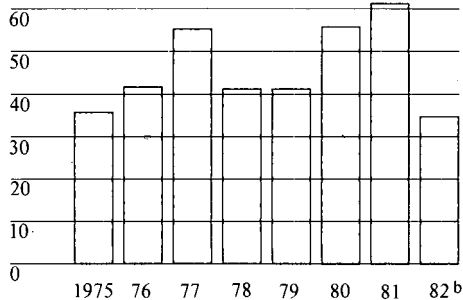
Composition of GDP, 1980
Percent



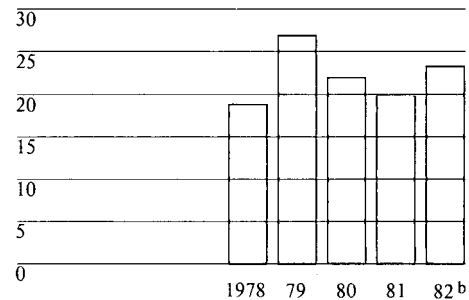
Composition of Exports, 1980
Percent



Tobacco Production
Thousand Tons



Oil as a Share of Imports
Percent

^a Estimated.^b Projected.

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establish another state-run enterprise—the Mining Development Corporation (MDC)—to serve as a vehicle for government participation in the mining industry. It will have broad powers to undertake joint ventures, to purchase shares in existing companies, and to provide financial help to new or existing mines.

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Other key sectors are also in trouble, according to a recent analysis by Zimbabwe's Reserve Bank. Manufacturing production has grown only marginally in 1982, despite strong consumer demand. The slump is due to several factors: cuts in allocations of foreign exchange for imports, a shrinking market in South Africa because of that country's recession, Zimbabwe's overvalued currency, and uncertainty over the future of Zimbabwe's longstanding preferential trade agreement with South Africa.

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Agriculture—which buoyed the economy's performance last year with a 50-percent surge in output—is suffering the effects of drought in certain areas. We expect cotton to be the crop most affected and cattle herds to be reduced by up to 500,000 head. It could take four years to rebuild the herds, according to a periodical on African economic development. Despite the drought, a massive corn crop has been delivered for the second year in a row, partly because sales from black farmers were nearly double the level of last year, according to the US Embassy.

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Financing Problems. Financing the widening trade deficit has required heavy short-term foreign borrowing since late last year. As a result, as of mid-1982 Zimbabwe's short-term liabilities exceeded its total foreign exchange reserves—which Harare maintains at a level adequate to cover about two months' imports—by about \$30 million.

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Harare has requested a medium-term IMF loan of at least \$200 million to help cover its payments needs. According to the US Embassy in Harare, IMF stipulations include:

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- Devaluing the Zimbabwean dollar. A 20-percent devaluation was announced on 8 December 1982.
- Freezing wages in 1983.

Figure 6
Zimbabwe: Economic Comparisons

GDP per Capita, 1981
US \$

Real GDP Growth, 1977-81^a
Percent

| | | | |
|----------------------|-----|----------------------|------|
| Non-OPEC LDC Average | 760 | Kenya | 5.3 |
| Zimbabwe | 620 | Non-OPEC LDC Average | 4.8 |
| Zambia | 560 | Zimbabwe | 0.3 |
| Kenya | 400 | Zaire | -0.8 |
| Zaire | 170 | Zambia | -3.0 |

Adult Literacy, 1977
Percent

Urban Population, 1980
Percent

| | | | |
|----------------------|----|----------------------|----|
| Zimbabwe | 74 | Zambia | 43 |
| Zaire | 58 | Zaire | 34 |
| Kenya | 50 | Non-OPEC LDC Average | 32 |
| Non-OPEC LDC Average | 48 | Zimbabwe | 23 |
| Zambia | 44 | Kenya | 14 |

Debt Service as a Share of Exports^b, 1980
Percent

Agriculture as a Share of GDP, 1980
Percent

| | | | |
|----------------------|----|----------------------|----|
| Zaire | 38 | Kenya | 34 |
| Non-OPEC LDC Average | 20 | Zaire | 33 |
| Zambia | 19 | Non-OPEC LDC Average | 28 |
| Kenya | 13 | Zimbabwe | 18 |
| Zimbabwe | 10 | Zambia | 15 |

^a Average annual.
^b Excluding arrears.

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- Cutting food subsidies. The IMF would like Zimbabwe to eliminate subsidies entirely, but the US Embassy believes that the government probably will only reduce them from 4 percent of the budget in 1982 to 2 percent next year.
- Reducing foreign borrowing. Unless the debt is rescheduled, the debt service ratio, including payments on short-term debt, is expected to remain at nearly 25 percent of export earnings over the next five years.
- Maintaining low ceilings on domestic credit. The government is already in compliance with this requirement, having kept fairly restrictive monetary policies.
- Trimming government spending by \$325 million and restricting future annual increases to 25 percent.
- Doubling domestic interest rates to a level exceeding the rate of inflation, currently 17 percent, in order to encourage savings for investment. [redacted]

violence and polarizing the political climate along tribal lines. Nkomo and his followers will be watching carefully how the government handles the treason trial of ZAPU's former military leaders, Dabengwa and Masuku, which is scheduled to begin on 10 January 1983. [redacted]

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We believe that Mugabe will have to make an accommodation of some sort with ZAPU and the Ndebeles if stability is to be preserved. We think that eventually he will do so, but this may not be feasible until he has consolidated greater control over his party and the government. The alternative to an accommodation, as we have noted, could ultimately be insurrection in Matabeleland and probably civil war, opening the way for further South African and possibly other foreign meddling. [redacted]

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We believe that the government will continue to rely on the emergency powers inherited from the Smith regime to aid in maintaining order and in intimidating and muzzling political opponents. Though subject to abuse, particularly by radical antiwhites such as Home Minister Herbert Ushewokunze, whom Mugabe has fired once from the Cabinet and may fire again, such tactics are likely to be useful in paving the way for a one-party state and in containing discontent over the shortcomings of the regime's social and economic performance. [redacted]

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The Domestic Outlook for 1983

Political and Security Issues

The key to stability, in our view, will be whether Mugabe remains willing and able to maintain a moderate, pragmatic course. This will not always be easy because his power is circumscribed by a need to be responsive to the ZANU Central Committee, which collectively tends toward more doctrinaire socialist policies and more radical views. [redacted]

Much will depend on how Mugabe deals with Nkomo and his followers. Hardliners in the ZANU Central Committee may still wish to detain and prosecute Nkomo, but we believe Mugabe will continue to resist doing so because that would risk provoking further

In our judgment, Mugabe's removal from the scene would result in a period of substantial ferment and instability. His immediate successor most likely would be Deputy Prime Minister and ZANU vice president Simon Muzenda. Muzenda is respected as an elder member of the party who has made few enemies, but in our view he lacks Mugabe's sophistication and intelligence. Because Muzenda—unlike Mugabe—is a member of the largest Shona subtribe, the Karangas, we believe he would have difficulty gaining and maintaining the support of the non-Karangas in the party. No Karanga has ever been elected president of ZANU, probably because of fear among ZANU's non-Karanga majority that the Karangas would then dominate the party. [redacted]

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A Cautious Approach to Socialism

The goals of the Zimbabwean "revolution" have always been fairly amorphous, apart from gaining political power for the country's black majority, land reform, and a vaguely defined commitment to "socialism." Since independence the government has translated these objectives into a modest reform program consisting mainly of raising minimum wages, free health care for the poor, and free primary education. As a result, the pace of the Zimbabwean revolution has been far slower than many blacks had hoped and most whites had feared.

In our view, Zimbabwe's moderate economic policies are based largely on the advice of Mugabe's Western-oriented Minister of Finance and Economic Planning, Bernard Chidzero. So long as black desires remain unfulfilled, however, Mugabe will be vulnerable to criticism from those who advocate more rapid and radical change, such as Home Minister Herbert Ushewokunze, who is emerging as a popular spokesman among the ZANU rank and file.

The measured pace of social change is most evident with regard to land reform, long considered the principal objective of the struggle for black rule. So far, the government has resettled only about 16,000 black families, far short of its goal of resettling 162,000 over the next three years. That goal is unrealistic because it would require acquisition of 8-12 million of the 16 million hectares owned by whites, risk sharp cuts in agricultural export earnings, and cost from \$300 million to \$500 million. Moreover, it would only accommodate about one-

fifth of the black families currently living in crowded, subsistence conditions on the country's so-called Communal Lands.

The government has threatened to confiscate white farm land if Western donors do not provide enough aid to purchase land for resettlement, but there have been no confiscations thus far. The government has bought land only from willing sellers at fair market prices. We believe that the threat of confiscation is largely bluster to get the British and other Western donors to provide more money. Zimbabwe's nearly 5,000 white commercial farmers remain a privileged class because the government is relying on them to earn more than one-third of the country's foreign exchange, produce most of its food, and employ about 400,000 blacks—approximately 40 percent of the market economy's work force.

Similarly, the government's few business "takeovers" have been only from willing sellers. Nonetheless, potential foreign investors remain wary because Harare has offered them few practical inducements. The government recently issued some foreign investment guidelines in an attempt to reduce this problem. Harare has refused, however, to sign bilateral agreements providing insurance for new foreign investors because it believes the Zimbabwean Constitution provides adequate protection against expropriation. Even so, a US firm, Heinz Foods, recently purchased a controlling interest—a \$15 million investment—in a local vegetable oil processing firm, which it will own jointly with the government.

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The Economy

Trying to meet black expectations will be one of the government's hardest tasks. Economic and social policies will continue to work at cross-purposes as the government tries to accommodate private economic interests while moving in a socialist direction.

The economy must grow about 6 percent annually just to keep unemployment, now 20 percent or more, from rising. The situation is made worse by the demobilization of 25,000 to 30,000 men from the Army and by

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Pretoria's attempts to repatriate Zimbabwean workers from South Africa in order to counter its own worsening unemployment. [redacted]

Maintaining sufficient petroleum supplies will be a continuing problem. A pipeline for importing petroleum products via neighboring Mozambique has been sabotaged repeatedly by insurgents trained, supplied, and guided by South Africa. Although rail transshipments via South Africa—the only practical alternative to the pipeline—have kept Zimbabwe's supplies at adequate levels, dependence on this costlier route adds to Pretoria's potential leverage over Zimbabwe. [redacted]

We believe that external and internal factors work against economic growth much beyond 3 to 4 percent over the next few years. Even with an IMF accord, foreign bankers and investors will probably remain cautious about increasing their commitments in Zimbabwe. Demand by Western countries for Zimbabwe's minerals will improve only slightly in our view, at least through 1983. An economic turnaround will hinge not only on recovery in the industrialized world, however, but on how the government manages competing social and economic demands and its mounting security problems. Transportation bottlenecks and a growing shortage of skilled manpower will also act as internal constraints. [redacted]

If the government fails to meet these problems pragmatically, this could lead to a growing exodus of the country's economically vital white minority of about 175,000—emigration has been fairly steady, in the range of 1,000 to 1,500 persons per month—and provide fertile ground for further South African attempts to subvert the regime. [redacted]

Evolving Foreign Policy Concerns

Westward-Leaning Nonalignment

Zimbabwean foreign policy is formally nonaligned, but Harare looks primarily to the West for aid, investment, and military assistance. Harare's strongest Western ties are with the British, which reflects London's historic legacy to the country and the Thatcher government's role in arranging the settlement that led to black majority rule. The British are

spending about half of their foreign military training funds in Zimbabwe—there are 90 British military advisers in the country—[redacted]

[redacted] London has offered to sell Harare several Hawker Hunters to replace those lost in the sabotage at the Thornhill base. The British may also step up the delivery of the four additional Hawker Hawks that Zimbabwe has ordered. [redacted]

Zimbabwe's relations with the United States are good, but the government's socialist principles and Foreign Minister Witness Mangwende's tendency to spout radical Third World rhetoric lead Harare to disagree with Washington on many issues. [redacted]

The South African Threat

We believe that the main threat to Zimbabwe comes from South Africa. Although Zimbabwe is stronger militarily than any of South Africa's other neighbors, it could mount only a modest defense against South African military power. Clearly, it is also highly vulnerable to sabotage and other forms of covert action. [redacted]

We believe that Zimbabwe's vulnerability to South African military and other pressure is the reason Harare has a longstanding policy of denying military support to anti-South African insurgent groups. Although Mugabe and other Zimbabwean leaders are committed to the cause of Namibian and South African liberation, they have limited Harare's authorized support for this goal to political and moral backing. Zimbabwe has allowed the African National Congress/South Africa (ANC/SA) and the Pan-Africanist Congress (PAC) to establish unofficial "offices" in Harare. Mugabe has held back, however, from allowing the South-West Africa People's Organization (SWAPO) to open an office, [redacted]

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Pretoria has always been suspicious of Mugabe, [redacted]

[redacted] South Africans tend to interpret Zimbabwe's recent problems as confirmation that the country is moving inexorably down the same road that much of the rest of black Africa has traveled: to deteriorating economic and social conditions, a one-party state, intertribal violence, and instability. Although South Africans sometimes claim that a prosperous, stable Zimbabwe is in their interest, they tend to react gleefully to every sign of instability. [redacted]

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Because Zimbabwe needs South African economic cooperation far more than South Africa needs Zimbabwe, we believe that Harare is in a weak position to retaliate against Pretoria. In our view, any attempt to do so—say, by restricting repatriation of profits to South Africa, nationalizing South African investments, defaulting on debts, or expelling South African nationals—would risk provoking Pretoria to even stronger measures. [redacted]

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Role Among the Frontline States

Mozambique is Zimbabwe's closest friend in the region, largely because of the strong support that the Machel regime gave to ZANU during the last years of the Rhodesian war. The language of the countries' joint communiques and other public statements makes them virtual allies: they have declared that an attack on one would be regarded as an attack on the other. [redacted]

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There are practical limits, however, to the extent of Zimbabwean support for Mozambique's security needs. We believe that Harare is not prepared to commit its forces to defend the Machel regime because to do so would almost assure South African retaliation. The Zimbabwean military has provided logistic support for Mozambique's armed forces along

the border, however, and the two countries are exchanging intelligence and coordinating their military movements in the border area. Harare also has positioned its forces in certain areas to prevent the NRM from using Zimbabwe as a sanctuary. Mugabe recently sent some troops into Mozambique to meet Machel's request for help in operating and protecting the Beira-Mutare pipeline, but even this essentially defensive step risks provoking South African retaliation. [redacted]

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For many years Mugabe has looked up to Tanzania's President Nyerere as the chairman of the Frontline States, but we believe that he does not fully trust the governments of Zambia, Angola, or Botswana because of their support for Nkomo's forces during the war. He is particularly wary of Zambian President Kaunda, who allowed Nkomo to use Zambia as his main base of operations and permitted Moscow and Havana to use Zambia as a principal conduit for their aid to ZAPU. [redacted]

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the growing number of ZAPU refugees in Botswana—now about 500—could damage bilateral relations, particularly if the security situation in Matabeleland worsens. [redacted]

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As the richest and most centrally located of the Frontline States, Zimbabwe is likely to play a gradually increasing role in coordinating the black states' opposition to South Africa's military and economic domination of the region and to white minority rule in South Africa and Namibia. Given the weakness of the Frontline States relative to South Africa, however, we believe that for the foreseeable future this effort will be confined mainly to political maneuvering. Mugabe is as inclined as other Frontline leaders to play on Western concerns about the possibility of an increased Communist role in southern Africa to gain greater Western economic aid and help in restraining Pretoria. [redacted]

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South Africa's Economic Leverage

We believe that Zimbabwe's economic dependence on South Africa is its Achilles's heel. The key to this dependence is the rail network established initially by Cecil Rhodes around the turn of the century that links South African ports with areas as far north as mineral-rich Shaba Region in southern Zaire. Because of the shortcomings and/or disruption of alternative rail routes through Mozambique, Angola, and Tanzania, this "southern route" provides the main transportation net not only for Zimbabwe but for most of the southern African region.

Mozambique potentially could provide an alternative route for Zimbabwe; it handled 75 percent of Rhodesia's transit trade before the collapse of Portuguese rule. The Mozambican rail and port network has deteriorated badly since then, however, and the uncertain security situation in Mozambique makes it unlikely that that country will be able to handle much more of Zimbabwe's trade any time soon. Moreover, because of the huge amount of capital that would be required to improve Mozambique's transport facilities and the shortage of skilled Mozambicans to run them, we believe that Zimbabwe will remain heavily dependent on the South African transport system for at least the next decade.

Over 80 percent of Zimbabwe's foreign trade currently passes through South Africa, and South Africa is Zimbabwe's single most important trading partner, according to the US Embassy in Pretoria. Bilateral

trade was enhanced by South Africa's role as a supplier and middleman throughout the period of Rhodesia's unilaterally declared independence, 1965-79, and by the preferential trade agreement that dates back to 1964. That agreement saves Zimbabwe \$40-75 million in annual foreign exchange earnings and 3,000 or more jobs, according to the US Embassy in Pretoria, but it also serves Pretoria by reinforcing Zimbabwe's dependence on South Africa.

South Africa is the largest single foreign investor in Zimbabwe, accounting for about \$1 billion of the country's total foreign investment of approximately \$3 billion. We estimate that this is also South Africa's largest concentration of external investment, perhaps 30 percent of the total. Much of South African investment in Zimbabwe is disguised to conceal its true ownership by shifting nominal control to London subsidiaries with different names and non-South African boards of directors.

South Africa also has been Zimbabwe's leading creditor. Pretoria provided the Smith and Muzorewa regimes with most of the aid needed to keep the economy running and to finance the increasingly costly Rhodesian war. Much of this aid was in the form of grants and soft loans, but, by the time of the Lancaster House settlement, we estimate that the official debt had reached at least \$500 million. Harare is continuing to make payments on these loans and is also honoring its private commercial

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debt to South Africa of about \$500 million. Pretoria offered to make an additional official loan shortly after Zimbabwean independence, but we doubt that the Mugabe government accepted such a loan.

In our view, Pretoria generally seeks to use its economic leverage for political ends, providing incentives for Zimbabwe to have a nearly "normal" political/diplomatic relationship with South Africa or, failing that, to induce Zimbabwe at least to maintain political contact. Zimbabwe has a trade mission in Johannesburg, and South Africa has one in Harare. A few Zimbabwean Cabinet ministers have held a number of unpublicized meetings with South African officials since late last year.

Zimbabwe's economic dependence also provides Pretoria with a powerful coercive weapon. When applying the stick rather than the carrot, Pretoria usually tries to mask its intent. Pretoria explained the withdrawal of its locomotives from Zimbabwe last year on economic grounds, and it also tried last year to justify its attempts to repatriate Zimbabwean workers by claiming that Harare had indicated it wanted them back, according to the US Embassy in Pretoria. Such explanations enable Pretoria to make plausible denials to foreign critics, but they do not fool Harare and probably are not intended to do so.

Relations With Communist States

Mugabe is anxious to maintain Zimbabwe's non-aligned credentials, but always with special regard for those states—North Korea, China, Romania, Yugoslavia, and Bulgaria—that gave the greatest support to ZANU during the war. The North Koreans have special status because they have about 135 military advisers in Zimbabwe,

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Zimbabwe's relations with the Soviet Union are cool. We believe that Mugabe distrusts Moscow because of its superpower status and its past support for Nkomo. Mugabe did not agree to diplomatic relations until February 1981 and did so then perhaps as a gesture of conciliation toward Nkomo in the wake of the violence in Bulawayo. Although Zimbabwe subsequently allowed the Soviets to establish an embassy,

Mugabe has rebuffed Soviet

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attempts to set up a permanent trade mission, and he has dragged his feet on Moscow's request to negotiate a trade agreement.

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Implications for the United States

We believe that Zimbabwe's intrinsic importance lies in its potential for leading the Frontline States in their opposition to South Africa, its role as a nexus for major transport routes through southern Africa, and its mineral resources. In our view, Zimbabwe is important to the United States mainly because instability there would further unsettle the southern African region. To the extent that the United States has a

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stake in a stable Zimbabwe, open to Western influence, this interest generally has been well served, in our view, under Mugabe's pragmatic leadership and probably would be in jeopardy if he were to lose power. [redacted]

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Zimbabwe probably will not realize its potential as a center for Western investment in southern Africa until the conflict between South Africa and the black states of the region is resolved. Nevertheless, Zimbabwe has advantages over its neighbors that may eventually enable it to play such a role—vigorous commercial agriculture, a sizable and relatively diversified manufacturing sector, vast and varied mineral deposits, skilled managers and technicians, and a well-educated black middle class. In the meantime, these attributes make Zimbabwe an attractive base for businesses and other international organizations seeking to relocate their regional headquarters from South Africa to a black African state. [redacted]

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We believe that—left to its own devices—Zimbabwe by and large has the capacity to manage its problems, but that its prospects for doing so are seriously complicated by South Africa's efforts at destabilization. Mugabe looks to the West—and particularly to the United States—to get South Africa to curb such efforts. To the extent that he is disappointed on this score, Western influence in Zimbabwe will suffer and a Zimbabwean rapprochement with Moscow will become more likely. In our view, the chance of such a rapprochement is now less than 10 percent, but the odds could rise sharply if Pretoria becomes actively involved in supporting Nkomo or other formidable antigovernment forces. [redacted]

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