

SECRET

25X1

CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

3 October 1980

MEMORANDUM**Mauritius: Ramgoolam Visits United States**

Prime Minister Sir Seewoosagur Ramgoolam is meeting in Washington with high-level US officials from 11 to 15 October after addressing the UN General Assembly. Since leading Mauritius to independence in 1968, the crafty "Uncle Ram," as he is known affectionately on the island, has played the role of political godfather, periodically forging political marriages of convenience to remain in power. Ramgoolam, now 80, views himself as a democratic socialist along the lines of British Laborites, and he is a prominent voice for moderation and pro-Western policies in the Indian Ocean region. His style in domestic and international dealings is one of flexibility and compromise, sometimes leading his rivals to charge him with directionless leadership and failure to come to grips with the island's severe economic difficulties. [redacted]

25X1

Ramgoolam will probably ask for additional US assistance in propping up the troubled economy. Mauritius is currently receiving PL-480 grants totalling \$700,000. Stepped-up Western economic aid could increase his chances of winning next year's parliamentary election, although his majority would probably remain wafer-thin. [redacted]

25X1

This memorandum was written by [redacted] of the Africa Division, Office of Political Analysis. It was requested by the Director of Central Intelligence and has been coordinated with the Director for Operations, Office of Strategic Research, and Office of Economic Research. Questions and queries are welcome and should be directed to Chief, Africa Division, OPA, [redacted]

25X1

25X1

25X1

25X1

PA M 80-10438

Economic Woes

Mauritius' economic troubles are a classic example of the problems inherent in a one-crop economy. More than 90 percent of the arable land is devoted to sugar cultivation. Sugar production accounts for 70 to 90 percent of total export earnings and half of the gross national product, and it employs 40 percent of the labor force. [redacted]

25X1

When world sugar prices were high, Mauritian sugar earnings rose dramatically--from \$63 million in 1970 to a peak of \$279 million in 1974. The government used these funds to finance a hefty increase in wages and costly social programs aimed at bolstering the ruling coalition's popularity. As a result, productivity declined and inflation rose to 15 percent annually. [redacted]

25X1

Earnings plummeted in the mid-1970s when world sugar prices fell to 16 percent of their former levels. The government, seeking to curb inflation, imposed tight monetary policies which in turn hurt investment and employment and aggravated discontent among members of the island's influential labor unions. [redacted]

25X1

With no prospect for a quick rebound in sugar prices, Ramgoolam's government sought foreign help to get the economy back on its feet. Last year, in return for a \$95 million loan from the International Monetary Fund, the government agreed to a 30-percent devaluation of the rupee, promised to cut the budget deficit by 20 percent, and imposed an increase in the bank rate and a credit ceiling on bank lending. The World Bank has contributed \$117 million to help expand port facilities at Port Louis, the capital. [redacted]

25X1

The volatility of the sugar market has led Mauritius to try to lessen its dependence on sugar by moving into the manufacture of export goods and increasing tourism. The government has established an Export Processing Zone in which foreign investors are given customs and tax incentives to set up exporting concerns. Through the Lome Convention, Mauritius has gained tariff-free access to the EC market, which buys 80 percent of the island's exports. [redacted]

25X1

The economy has been further hurt by three cyclones that damaged the sugar crop this year and, more generally, by the recession in world trade and the soaring costs of energy. Inflation earlier this year was running at an annual rate of 34 percent. Unemployment--especially among the young--is at least 10 percent and rising. [redacted]

25X1

SECRET

The population growth rate has declined from 3.1 percent to 1.4 percent, but government family-planning programs have created uneasiness among several of the country's diverse religious and ethnic communities about possible changes in the communal balance.* Overcrowding--roughly 926,000 people are jammed into 780 square miles--is chronic. Some 200,000 have applied for emigration permits. [redacted]

25X1

[redacted] 25X1

The Political Arena

25X6

Ramgoolam presides over a shifting coalition [redacted]

[redacted] 25X6

[redacted] 25X6

His pro-Western Labor Party captured only 27 of the 70 parliamentary seats and 36 percent of the popular vote in the 1976 election, far behind the 34 seats (and 39 percent of the vote) won by the more radical Mauritian Militant Movement (MMM). Ramgoolam's years of experience in back-room communal politics, however, enabled him to forge a shaky coalition with the conservative Social Democrats, who had polled 17 percent of the vote. Since then, both Labor and the MMM have lost a few seats due to defections or expulsions from the two parties. The current legislative lineup is:

The Government (36 seats)

--Labor Party (27 seats). Ramgoolam's party has been in power even since independence. The party is strongly supported by the Hindu community. It stands for moderate democratic socialism, social welfare, and private enterprise. Party leaders are strongly anti-Communist, although Mauritius maintains diplomatic relations with the major Communist powers. The sole parliamentary member of the Moslem Action Committee consistently votes with the Labor Party.

--Mauritian Social Democratic Party (8 seats). The PMSD campaigned against independence, reflecting its conservative Creole and Franco-Mauritian

*Two-thirds of the population are ethnic Indians, 29 percent are Creoles, and the rest are of Chinese, English, or French extraction. Half the people are Hindus, a third are Christian (mostly Catholic), and the rest are Muslim. The literacy rate is 60 percent. [redacted]

25X1

supporters' fears of being ruled by Hindus. Gaetan Duval, 41, the PMSD's flamboyant and controversial leader, has been criticized by party members for joining the government.

The Opposition (30 seats)

--The Mauritian Militant Movement (30 seats). The leftist MMM has been hurt in the last few years by internal disputes and by tactical mistakes on the part of its leader, 35-year-old Paul Berenger, but it is still backed by many educated younger Mauritians and by the island's main labor organization. The party was won several municipal elections in recent years and is still hopeful of winning power in the 1981 election.

Others (4 seats)

--Mauritian Socialist Party (3 seats). This party was formed last year by Harish Boodhoo, a dissident Laborite who led a campaign against government corruption and nepotism that resulted in the forced resignations of two Cabinet ministers. The party is anti-Communist.

--The lone independent in the legislature wields influence out of proportion to his voting strength due to the narrowness of the government's majority.

[redacted]

25X1

Political Prospects

The octogenarian Ramgoolam is in ill health and is rumored to be considering retiring. But he has yet to designate his protege, left-leaning but pro-US Finance Minister Veerasamy Ringadoo, as his successor. [redacted]

25X1

Ringadoo is a capable administrator who would probably continue Ramgoolam's moderate policies. His strongest rival, Agriculture Minister Satcam Boolell, leads the reform-minded "Group of 13"--an informal grouping of ministers and other officials who, along with influential Hindu businessmen, demand a purging of the party's old guard. [redacted]

25X1

Ramgoolam's political career has been pockmarked by a series of career-threatening crises, but he has always confounded his political enemies with last-minute escapes. He has, for example, maneuvered adroitly to defuse a potent-

ially disruptive dispute over the government budget and also to prevent the MMM from instigating disruptive nationwide strikes. Ramgoolam will probably stand for reelection next year, and even if his party fails to win a majority he will have a good chance of successfully negotiating a new governing coalition with himself at its head. He will probably try to stay in office until he can give the impression of having stabilized the political scene, then use his age and health as reasons for leaving office in a dignified manner.

25X1

An MMM Administration?

The MMM remains the sole alternative to a Ramgoolam-led coalition after the 1981 elections. At present, the party's sole hope of coming to power legitimately is to win the election outright; Labor's coalition partner, as well as the other parties, are wary of the MMM and would be unlikely to join a Berenger-led coalition. We have no evidence that the MMM is planning to seize power by force, and if it did make such an attempt, its chances for success would be slim. Ramgoolam tightened up security following the coup in the Seychelles three years ago and closely monitors the major opposition groups. He would probably clamp down on the MMM if he perceived a serious threat.

25X1

Berenger espouses Marxist rhetoric, and the MMM has extensive contacts with other radical parties in the Indian Ocean islands. It allegedly has received funding from Libya, the USSR, and the French Communist Party.

25X1

MMM officials have said that if they come to power they will gradually nationalize large sectors of the economy, including sugar, insurance, transportation, and the docks, while leaving untouched export-oriented enterprises such as textiles, electronics, and diamond-cutting. Berenger also would probably try to loosen the country's economic ties with South Africa, Mauritius' second largest source of imports and purchaser of 70 percent of the Mauritian tea crop. An MMM administration might begin by banning South African Airways flights to the island, paralleling a recent move by left-leaning President Rene of neighboring Seychelles. Relations with Communist, Arab, and radical Third World governments would be strengthened, and the MMM would press in earnest for the return of Diego Garcia.

25X1

Ramgoolam's Foreign Policy

Despite its tiny size and lack of economic leverage, Mauritius has been active in foreign affairs because of its strategic position in the Indian Ocean. Ramgoolam, who identifies strongly with Africa, has served as president of the OAU, and Mauritius was on the UN Security Council in 1977-78. The small but effective diplomatic service has concentrated on strengthening economic ties to the West. Mauritius has remained among the moderate nonaligned countries on North-South issues. [redacted]

25X1

The foreign policy issue with greatest domestic impact in Mauritius is the status of Diego Garcia, with its joint US-UK military facilities. Diego Garcia was ceded by the then self-governing colony of Mauritius in 1965 to the British, who provided \$7.2 million in development aid. Ramgoolam claims that he agreed to cede the island in return for a shorter timetable for Mauritian independence, and that he was misled as to its future uses. He has demanded the return of the island to Mauritius, thus outflanking the MMM on the issue and earning unaccustomed support from his more left-leaning neighbors, with whom he has little else in common. [redacted]

25X1

Ramgoolam has expressed interest in the Indian Ocean Zone of Peace concept. While he is uneasy about increasing big-power military activity in the area, he primarily distrusts the Soviets and is privately comfortable with a US presence nearby. [redacted]

25X1

The diverse ethnic backgrounds of Mauritians have led to domestic pressures for closer ties with the French, British, Indians, and Chinese. Relations with the USSR are cool, partly because Moscow assists the MMM. The government has resisted Soviet requests for naval and air facilities and is reviewing its existing fisheries agreement with Moscow. [redacted]

25X1

Relations with the US are good. Mauritius has supported the US position on the Tehran hostages, the invasion of Afghanistan, and the Olympics boycott. Although Ramgoolam chides the US publicly for activities on Diego Garcia, he is

SECRET

quietly attempting to increase Mauritian employment in the facility there. Mauritius was under great pressure from both the Arabs and the US over the question of granting the Palestine Liberation Organization observer status in the IMF and the World Bank. The Mauritians eventually took the line of least resistance by not voting.

25X1

SECRET

SUBJECT: Mauritius: Ramgoolam Visits United States

DISTRIBUTION:

- Orig - DCI
- 1 - NIO/AF
- 1 - D/OPA
- 1 - DDO/AF
- 1 - OCO/FLS
- 3 - OPA/PROD
- 4 - OCO/IDCD/CB
- 2 - OPA/AF

25X1

NFAC/OPA/AF/ 3OCT80

25X1