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Africa Review



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2 November 1984

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Africa Review [Redacted]

25X1

2 November 1984

	<i>Page</i>	
Articles		
Zaire: Mobutu's Relationship With the United States [Redacted]	1	25X1
[Redacted]		25X1
President Mobutu most likely will use his recent visit to Washington to reinforce widely held views among Zairians that the United States backs him unconditionally, a tactic he has used in the past to strengthen his domestic position. [Redacted]		25X1
The OAU: Struggle To Survive [Redacted]	5	25X1
[Redacted]		25X1
Chances that the OAU's annual summit meeting, scheduled for Addis Ababa from 12 to 15 November, will achieve a quorum are diminishing due to increased divisiveness among member nations. [Redacted]		25X1
Namibia: SWAPO's Leadership [Redacted]	9	25X1
[Redacted]		25X1
Deaths, purges, and the release from a South African prison of SWAPO cofounder Toivo ja Toivo have led to major changes in the insurgent group's leadership over the past two years. [Redacted]		25X1
Tanzania: Challenges From Zanzibar [Redacted]	17	25X1
[Redacted]		25X1
Separatist sentiment has flared up again in Zanzibar, but President Nyerere almost certainly will resist pressure from Zanzibari activists for constitutional changes that would give their island increased autonomy. [Redacted]		25X1
Senegal: Living With Austerity [Redacted]	19	25X1
[Redacted]		25X1
Although President Diouf's government is under pressure from aid donors to impose stricter austerity measures, Diouf probably will risk the loss of some aid rather than impose measures that could damage his already slipping popular standing. [Redacted]		25X1

Secret

[Redacted]

25X1

Briefs

[Redacted]

25X1

Uganda: Threat of Famine [Redacted] 23

25X1

[Redacted]

25X1

Ethiopia: More Financial Problems [Redacted] 25

25X1

*Articles have been coordinated as appropriate with other offices within CIA.
Comments and queries regarding this publication may be directed to the Chief,
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Articles

**Zaire:
Mobutu's Relationship
With the United States**



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President Mobutu has been buoyed up by his trip to the United States and to several important European capitals this fall. Although the visits resulted in some promises of modest increases in foreign assistance and continued support, in our view, Mobutu sees the most important result of the trip as his success in gaining what he regards as a collective vote of confidence from his major Western backers.



demonstrated US support is central to his remaining in power because it deters would-be opponents by giving the impression he has powerful friends. Consequently, Zaire's foreign policy—and, to a lesser extent, its domestic policies—are designed in part to score points and curry favor in Washington. Despite periodic fluctuations, Kinshasa's relations with the United States generally have been close during Mobutu's years in power.



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Mobutu believes the visit to Washington and his meetings with senior US officials, including President Reagan, represent significant steps in building his credibility in international circles. Although US officials took the occasion to stress to him the importance of maintaining the momentum on Zaire's economic reforms, Mobutu most likely will use his reception in the United States to reinforce the widely held belief among Zairians that Washington is completely and unconditionally behind him, a tactic he has used successfully in the past.



Partially in an effort to be responsive to US foreign policy concerns and partially because of its own interests, Zaire has supported Washington on a wide range of issues including Chad, Israel, Iran, the Olympic boycott in 1980, the Middle East, Central America, Afghanistan, and the Soviet shutdown of the South Korean airliner. In 1982, Zaire became the first black African state to reestablish diplomatic relations with Israel. Last year, Zaire sent a 2,500-man force to Chad as a symbolic gesture to help check Libyan expansion. In addition, Zaire generally has cooperated with US efforts on a number of other African issues, for example, in regard to refugees along the borders with Sudan and Uganda. Zaire also has supported US efforts to obtain a settlement in Namibia. Although Kinshasa has not spoken publicly in favor of linking withdrawal of Cuban troops from Angola with the implementation of a Namibian settlement, Mobutu is opposed to the Cuban presence. More recently, Zaire has supported US efforts in the United Nations to delete anti-US name calling and condemnations from UN resolutions and statements.



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Mobutu has managed to stay in power for 19 years at least partly through his effective use of his relationship with powerful foreign backers in the West. According to diplomatic and open sources, he has convinced Zaire's major backers that his demise would leave a dangerous political vacuum that radicals or Communists would be eager to exploit. In addition, he has skillfully crafted a system in which his foreign backers appear to many to have become at least in part responsible for solving or helping to keep the lid on Zaire's major problems.



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The Bilateral Relationship

Zaire's relations with Washington are of primary importance to Mobutu. According to reporting from diplomatic and open sources, he believes continued,

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ALA AR 84-016
2 November 1984

Secret

Exaggerated Notions of Importance to the United States

There is little question that Zaire's size, central location in Africa, and mineral resources make it an important country. In our opinion, however, Mobutu and his inner circle of advisers have come to believe their country is of primary importance to the United States. This exaggerated notion of their country's importance, stemming in part from the attention Washington has given Zaire over the years, has been reinforced by a number of US activities on Mobutu's behalf:

- Military and diplomatic support for the regime during the two invasions by exiles of Shaba Region.
- Frequent high-level visits to Washington and Kinshasa by officials of both countries.
- Purchases of Zaire's mineral exports for the US strategic stockpile.
- Frequent intervention by Washington on Zaire's behalf with donor countries and international financial institutions.
- Increasing levels of developmental and security assistance.
- Public espousals by senior US officials of Zaire's importance and of Washington's support for Mobutu personally [redacted]

Washington's tolerance of occasional attacks by Mobutu along with the appearance of making concessions to him on certain issues has left many Zairian and European observers with the impression that Mobutu is able to manipulate the United States at will. Moreover, Washington's refusal to cut its ties to Mobutu as the more oppressive and corrupt aspects of his rule became widely known and as his domestic support appeared to erode in the late 1970s and early 1980s reinforced the impression of Mobutu's value to the United States [redacted]

According to the US Embassy in Kinshasa, Mobutu and his advisers believe Zaire has a special relationship with the United States that should exempt the regime from Washington's occasional public criticisms. The proud and easily offended Mobutu believes Zaire should not be taken for granted by Washington, that it should be rewarded more lavishly for supporting US positions in international forums, and that these rewards should

be proffered unconditionally. In meetings with US representatives, Mobutu and other senior Zairian officials jealously cite other African countries such as Sudan or Zimbabwe which, they argue, receive more US aid and less criticism in the US press or in Congress but do not support the United States as staunchly. [redacted]

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The Warming Trend

The improvement in US-Zairian ties since Mobutu's public renunciation of US aid some two years ago can probably be attributed in part to Washington's quiet diplomacy and Mobutu's responsiveness to high-level attention from Washington. Related to this has been the approval, with Washington's support, of an IMF program last December and an accompanying debt rescheduling. Both have had a considerable positive impact on bilateral relations, according to the US Embassy in Kinshasa. [redacted]

Over approximately the past two years, both Washington and Kinshasa have increasingly expressed satisfaction with the state of their relations. Last summer, for example, Zairian Foreign Minister Uamba told the Israeli Ambassador in Kinshasa that Mobutu was highly pleased with the state of US-Zairian ties and that Kinshasa had chosen the proper course in attempting to strengthen relations with Washington. [redacted]

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Since returning to Zaire this fall, Mobutu has expressed his satisfaction with his meetings in the United States. He also has ordered senior Zairian officials to reassure US diplomats in Kinshasa of Zaire's intention to live up to its IMF commitments and other financial and budgetary restrictions. At the same time, he has had them warn US officials that Washington must remain steadfastly behind him if it expects Zaire to continue as a staunch friend of the United States. [redacted]

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Mobutu's European Backers

In some respects, Mobutu's survival might seem more important to Paris and Brussels than to Washington. Belgium and France each provide Zaire with more aid

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than does the United States. Both have more than 100 military advisers in Zaire, some assigned to key Zairian units that are responsible for security in the capital or in Zaire's vulnerable Shaba Region. Both have extensive economic and financial ties involving Zaire's vital mining industry and probably Mobutu himself. Thousands of jobs in Belgium are directly dependent on Zaire's minerals. There may be as many as 18,000 Belgian and 8,000 French citizens in Zaire.

[redacted]

Over the years, however, Paris and Brussels have tried their best to keep Washington in the lead—and taking the flak—in supporting Mobutu and in maintaining pressure on him to undertake various reforms. In our view, Mobutu has long been aware of subtle differences between Belgian, French, and US interests in Zaire, and has at times cleverly played them off against one another.

Ameliorating Effects of the US Presence

The high value Mobutu places on his ties to the United States, in our view, has put Washington in a unique position to prod Mobutu on reforms. Mobutu has shown, however, that he will only go so far and is likely to react adversely to criticism. Mobutu and other senior Zairian officials repeatedly state to US representatives that Zaire is extremely jealous of its sovereignty and remains sensitive to what it interprets as interference in its domestic affairs. In our view, Mobutu is unlikely to make liberalizing changes that he believes could ultimately weaken his grip on power.

[redacted]

Most Western observers agree that Mobutu's rule would have been more harsh without expressions of US concern for human rights. Mobutu's awareness of the US position has, in our view, led him to make some efforts to change his government's image. His careful handling of his protracted struggle with dissident exparliamentarians who attempted to form a second political party is a recent case in point.

[redacted]

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Prospects

We believe US-Zairian relations will remain close for the near term to midterm, despite the probability of periodic bilateral problems involving aid levels, Zaire's economic performance, and human rights issues. Mobutu will expect continued US assistance in dealing with Zaire's economic difficulties. He also will look to the United States and his other major backers for support if he feels threatened by political and social ferment, a growing dissident threat, or stepped-up terrorist attacks—all of which are possible in the months ahead. Even if Mobutu were to be removed from power in some unforeseen manner, we believe his successors would continue to look to the United States for guidance, support, developmental aid, and security assistance.

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The OAU: Struggle To Survive [redacted]

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We submit the foregoing, as all reporting on the OAU, with the caution that nothing concerning the OAU is unchanging and that neither consistency nor Cartesian logic is likely to prevail there anytime soon.

*American Embassy,
Addis Ababa,
22 October 1984* [redacted]

The Organization of African Unity (OAU) has become an itinerant body with institutions that barely function. Most of its atomized energies have been spent over the past three years in simply trying to convene meetings. Increased divisiveness and fear that this important symbol of African identity—if not unity—will crumble have made the members hesitant to take firm positions and have paralyzed the organization. [redacted]

The 20th Summit

The chances of the 20th summit meeting taking place as scheduled on 12-15 November in Addis Ababa are diminishing daily, although invitations from the host and current chairman, Ethiopia's head of state Mengistu, to its 50 regular members went out in September. The most contentious issue is once again the presence and possible seating of the Saharan Democratic Arab Republic (SDAR), which has been invited to "visit" Addis Ababa during the summit. [redacted]

The summit probably will not be convened unless the members can agree on how to proceed within the first two days of their arrival in Addis Ababa. Informal meetings and ad hoc negotiating committees will have to be formed quickly. To have a quorum, 34 members must not only be present but also must officially register. During the failed attempts to convene a summit in Tripoli in 1982 and at the summit in Addis Ababa in 1983, governments were unwilling to give an

early signal of their intentions by registering. Most again will want to hold back on a commitment to attend until major disagreements have been resolved. [redacted]

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The longer the delay, the more likely the summit will not be convened. Leaders whose political positions at home are less than solid are likely to grow increasingly nervous about being out of the country. Others probably will stay home until a quorum seems certain. [redacted]

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Virtually no preparations have been made for the upcoming meeting. No agenda has been circulated, and none is known to exist. A Council of Ministers, which traditionally meets just prior to the summit to set the agenda, has not yet been scheduled to convene. Mengistu's apparently unilateral decision not to hold ministerial meetings generally has been approved by other leaders as a means of averting major disagreements that might delay a summit indefinitely. Only Tanzanian President Nyerere has objected and has vowed not to attend at all unless the foreign ministers meet first. [redacted]

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Most moderate African leaders probably recognize that rushing into a summit without much preparation increases the likelihood of the meeting collapsing before it even begins. Nevertheless, they seemingly favor this risk over the alternative of prolonging the chairmanship of Mengistu, apparently believing that his close relationship with the Soviets belies the organization's supposedly nonaligned position. Furthermore, African moderates are concerned over Mengistu's use of OAU fora for denunciations of the West (at the OAU's 21st anniversary celebration at Addis Ababa in May 1984, for example) and his unabashedly partisan role in the deliberations both on

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Chad and on the Sahara, sometimes working at odds with the OAU Secretariat. For his part, Mengistu like most OAU chairmen before him, is reported to be "fed up" with the job and anxious to turn it over to the next leader. He is likely to remain Chairman until a summit can be convened, however. [redacted]

The experience of President Tolbert of Liberia is still fresh in the minds of African leaders. After building costly facilities to host the 1979 summit, Tolbert proposed cutting rice subsidies to ease the overspent budget, which led directly to rioting and a coup d'etat a year later in which Tolbert was assassinated. [redacted]

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The Chairmanship

Another sign of uncertainty is that there still is no consensus on who should succeed Mengistu as chairman. Earlier momentum in favor of Zimbabwean Prime Minister Mugabe now appears to have dissipated. The choice of Mugabe would conform better to the widespread preference for a genuinely nonaligned chairman than Mengistu or a markedly pro-Western leader. If Mugabe were selected, this would give southern Africa the chairmanship for the first time since President Kaunda of Zambia in 1970-71. [redacted]

There is now some sentiment for establishing a permanent site for future OAU meetings, but many members are against Addis Ababa as such a site despite its position as the home of the OAU Secretariat. The only volunteer for this role may be Tripoli, also unacceptable to most members. [redacted]

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The Issue of Western Sahara

A summit probably cannot be convened without resolving beforehand whether or not the SDAR will be seated. The OAU has been wrangling over aspects of this issue since February 1976 when recognition of the Polisario Front's status as a liberation movement was in question (see box). By July 1980, a bare majority of members (26 of 50) advocated the admission of the SDAR as a regular member of the OAU. After a series of heated debates and failures by ad hoc committees to resolve the issue, OAU Secretary General Kodjo of Togo decided to seat the SDAR at the Council of Ministers meeting in February 1982. Kodjo justified his action as a proper "administrative decision" within the confines of the charter. Morocco and 18 other states immediately left the meeting [redacted]

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The next chairman, if he can be chosen at all given the dim outlook for the summit, will emerge as part of the agreement necessary to attain a quorum for the meeting. In the meantime, rumors about potential candidates abound in the OAU Secretariat and among representatives to home countries. [redacted]

[redacted] President Diouf of Senegal has been gaining strength as a "consensus candidate" but so also have Nyerere and Kaunda; the latter insists, however, that he is not interested. [redacted]

[redacted] Mengistu is supporting President Ratsiraka of Madagascar, who also is reported to be uninterested. To round out the candidate pool, Morocco is said to be committed to the selection of Libyan Chairman Qadhafi [redacted]

The presence of the SDAR also made it impossible to convene a summit in Tripoli in August 1982 because a quorum could not be achieved. Besides those committed to boycotting OAU meetings in which the SDAR was included, other heads of governments reportedly decided to stay away either to protest Qadhafi's policies or because they sensed that the effort to achieve a quorum would fail. [redacted]

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The chairmanship no longer appears to be viewed as a singular honor to be bestowed on an elder statesman in recognition of his leadership. Factional disputes among the African states have made the chairmanship a matter to be bartered as part of a larger compromise. The chairman traditionally hosts the next summit, but most leaders are now hesitant to accept this responsibility because it entails an enormous financial burden for the host country. [redacted]

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Article XXVIII of the OAU Charter

1. Any independent sovereign African State may at any time notify the Secretary General of its intention to adhere or accede to this Charter [redacted]
2. The Secretary General shall, on receipt of such notification, communicate a copy of it to all the Member States. Admission shall be decided by a simple majority of the Member States. The decision of each Member State shall be transmitted to the Secretary General, who shall, upon receipt of the required number of votes, communicate the decision to the State concerned. [redacted]

Those opposed to SDAR admission have argued on the basis of the first paragraph of Article 28 of the OAU Charter that the SDAR is neither "independent" nor "sovereign." Supporters of the SDAR cite the second paragraph of the same article, noting that the Secretary General has received the required number of votes in favor of the SDAR's admission and, therefore, should be seated. [redacted]

A summit convened in 1983 primarily because the SDAR voluntarily withdrew from attending. This year, however, we believe the SDAR's desperation over its deteriorating military position has made it determined to take its seat. The group has been involved in an extensive lobbying effort, including a visit to Cuba, and probably can count on Mengistu's help. [redacted]

Until recently, the balance of sentiment on the issue in the OAU had been shifting against Morocco. Many black African countries have long viewed the issue as more an Arab than an African problem and have lost patience with the dispute because of the degree to which it has threatened the survival of the OAU. Two months ago most seemed ready to vote to seat the SDAR and be done with it even if Morocco walked out. [redacted]

The Libyan-Moroccan accord in August may lead some states to change their stance on the SDAR because of their hostility to Libya, but the accord may also have strengthened the hand of Moroccan King Hassan on the issue. Hassan has proved in the past to be skilled in building factions and manipulating the OAU process. Even Nigeria, which withdrew from an OAU Implementation Committee that has attempted to resolve the issue in September 1984 blaming Moroccan intransigence, is now indicating that it will not necessarily support the SDAR. [redacted]

Chairman Mengistu appears intent on calling for a report of the Implementation Committee, which presumably will recommend seating the SDAR, and then scheduling a vote on its acceptance. We believe, however, that Morocco will work behind the scenes to ensure that a quorum is not achieved or to get the SDAR to stay away. If such efforts fail, Rabat will try to have any vote on the Western Sahara issue formulated in a way that would be likely to result in excluding the SDAR. [redacted]

Outlook

In our view, there is a less than a 50-percent chance that the summit will be convened in mid-November because of the current state of disarray. Even if a summit is held then or in the next several months, we believe prospects for the OAU are not bright. [redacted]

The Chad and Western Sahara disputes have shown the OAU framework for solving intra-African disputes does not work, and disagreements among OAU members will continue to weaken the organization and inhibit the smooth running of its institutions. There are few established mechanisms for dealing with problems. Ad hoc solutions have proved ineffectual, and the secretary general and chairman often have worked at cross purposes. Members exhibit their low level of tangible commitment by failing to fund the organization's activities. Total dues in arrears now equal almost twice the amount of the OAU's entire 1984-85 budget. [redacted]

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President Mobutu of Zaire recently proposed the creation of a Black African League, which could become an alternative to the OAU. Mobutu argues that too many disputes within the OAU are Arab based and should not concern black African countries. Mobutu's concept has been widely discussed, but so far only pro-Western governments seem supportive.

[redacted]

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In our judgment, a complete breakup of the OAU is highly unlikely. We expect the shared legacy of colonialism and the ideal of Pan-Africanism will keep the OAU alive, if only barely. There are few signs, however, that the OAU will develop into an organization capable of meaningful action.

[redacted]

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[redacted]

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Namibia: SWAPO's Leadership [redacted]

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The South-West Africa People's Organization (SWAPO) has undergone major leadership changes over the past two years.¹ SWAPO cofounder Andimba (Herman) Toivo ja Toivo, released in February 1984 after 16 years in a South African prison, was elected the insurgent group's new Secretary General in August. Six Central Committee members have died or been removed from office, and 15 new members have been named. SWAPO's expanding foreign representation soon will include offices in at least 25 countries staffed by senior officials, including two members of the National Executive Committee (or Politburo) and nine other Central Committee members. [redacted]

removing several Kwanyamas from the Central Committee. They also managed to put another Kwanyama official on the committee while removing three non-Owambos. The Kwanyama faction failed, however, to remove the Herero serving in a largely ceremonial role as SWAPO's national chairman, and the Damara who is the group's administrative secretary. [redacted]

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Although the Kwanyamas have long dominated SWAPO's guerrilla force—the People's Liberation Army of Namibia (PLAN)—they have been frustrated in efforts to take over the important post of Secretary for Defense. Kwanyamas hold the offices of military commander, deputy commander, and political commissar, and support Military Commander Dimo Amambo for the secretarial position, vacant since the death of the incumbent Peter Nanyemba on 1 April 1983. President Sam Nujoma, who is a member of the small Ngandjera subgroup of the Owambos, has avoided a complete Kwanyama takeover of the military wing, however, by retaining the defense portfolio himself and naming Caprivian Richard Kapelwa to be Acting Secretary for Defense. The latest Central Committee meeting in August 1984 avoided a confrontation between the Kwanyamas and others by retaining Kapelwa as Acting Secretary [redacted]

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Tribalism

Ethnic background is the most important factor in the leadership's makeup as Owambos—the largest of Namibia's 10 major ethnic groups with about half the national population—hold two-thirds of SWAPO's National Executive and Central Committee seats for which tribal affiliation is known. The Kwanyamas—the largest of seven subgroups of the Owambo tribe—control eight of the group's 18 National Executive Committee positions and at least 21 of the 51 seats on the Central Committee. Most other black Namibian tribes also are represented on the Central Committee to lend a broad national appearance to the insurgent group [redacted]

Growing Factionalism

SWAPO is increasingly divided by tribal, bureaucratic, and personal jealousies. Members of southern minority tribes resent the Kwanyamas' dominance of SWAPO, while many northerners insist that the southern tribes are unfairly favored with leadership positions [redacted]

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Outlook

While SWAPO's internal cohesion is under increasing strain, diplomatic activity by South Africa and Angola, including their February 1984 troop disengagement agreement, is putting pressure on the group. SWAPO must decide soon whether to order another major infiltration of Namibia during the rainy season that lasts from November to April. To do so would be a violation of the troop disengagement agreement. An offensive also would preclude further SWAPO talks with South Africa, and possibly incite a mutiny among some disillusioned insurgents who want to end the guerrilla war. Pretoria's release of Toivo ja Toivo, whose SWAPO credentials rival Nujoma's, heightens the potential for disunity. In our judgment, a split in SWAPO probably is more likely now than at any time since the expulsion in 1980 of most of SWAPO's Caprivian members, including Vice President Mishake Muyongo, following a tribal-based power struggle for control of the organization. Short of a disruptive split, the continuing ferment undermines the ability of insurgent leaders to control military operations and respond to the changing diplomatic situation [redacted]

[redacted]

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**Tanzania: Challenges From
Zanzibar** [redacted]

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Separatist sentiment in Zanzibar, temporarily silenced by President Nyerere's purge of the island's leadership last February, has flared up again as Zanzibari activists seek controversial changes in the constitutions of Zanzibar and Tanzania. Despite the separatists' pressure, Nyerere's demonstrated firmness on this issue almost certainly assures that their proposals will be rejected. [redacted]

Historical Perspective

In April 1964, the newly independent island of Zanzibar—an Arabic state—and the two-year-old republic of Tanganyika—a former British colony inhabited by Christians and animists—merged to form the United Republic of Tanzania. Zanzibar retained its identity with its own president, legislative bodies, and court system, while Tanganyika's political structure was abolished. Former Tanganyikan Government officials dominated the key positions in the Union government, however, and Zanzibari concerns received less attention than mainland matters, causing Zanzibaris to complain that the island had become the junior partner in what they had thought was to be a union of coequal sovereign states. [redacted]

A sense of cultural and economic differences has led to growing Zanzibari separatist sentiments since the union. Secession efforts reached a peak in early 1984 when Aboud Jumbe, then President of Zanzibar, pushed for Islamization of the island. Nyerere reacted fiercely to the challenge, forcing Jumbe to resign and following up with a purge of Zanzibari leadership. Nyerere silenced the separatists by placing the Tanzanian People's Defense Forces on full alert and moving reinforcements into Dar es Salaam to preclude a coup attempt against his regime. [redacted]

Two days after Jumbe's resignation, Nyerere appointed Ali Hassan Mwinyi as Interim President of Zanzibar and Vice President of the Union. He was

elected to this position in April 1984, a mere formality since he was the ruling party's sole candidate for the position. Mwinyi's reputation as a Nyerere lackey first aroused suspicion in Zanzibar, but over time he appears to have earned substantial support. [redacted] he has proved far more decisive and independent than his detractors had dared to hope. Yet, Mwinyi's decision to accept the ruling party vice-chairmanship under pressure from Nyerere demonstrates that he has not forgotten his predecessor's fate. [redacted]

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The Zanzibar Constitution

Separatist sentiment has once again surfaced, however, as a draft constitution for the island prepared by Zanzibar's Attorney General includes several controversial measures. Some appear designed to circumvent the supremacy of Tanzania's ruling party—a major tenet of Nyerere's government—while others probably are intended merely to demonstrate that Zanzibari nationalist spirit has not been crushed:

- A provision calling for direct election for members of the island's House of Representatives, who would in turn appoint members to the Revolutionary Council, would prevent Nyerere from appointing his loyalists to these legislative positions.
- The definition of Zanzibari citizenship is designed to prevent Nyerere from naming individuals not born on the island to other key positions in the Zanzibar government.
- One measure provides for an island militia and a Navy under command of the Zanzibar president.

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- A revenue clause would enable the holding of special funds that could not be withdrawn or allocated to the Union without the approval of the Zanzibar government.

[Redacted]

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- A series of provisions calls for a Zanzibar public seal, a national anthem, and a banner for the president of Zanzibar.

[Redacted] The separatists also are lobbying for a profit and distribution formula that would guarantee Zanzibar benefits from any future energy discoveries made in Tanzania.

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[Redacted] such Zanzibari efforts have stalled progress on the Tanzanian constitution. Union leaders reportedly are trying to avoid raising Zanzibari sensitivities over being subservient to the mainland, while carefully monitoring the wording of amendments so that separatists will not be able to manipulate them later.

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Outlook

The inclusion of various nationalist provisions in the draft Zanzibar constitution is an important victory for separatists within the Zanzibari government who appeared to have suffered a mortal blow from Nyerere's early 1984 efforts to stamp out the movement. Aware of Nyerere's ability to act forcefully against them, separatists are unlikely to press too hard for their ideal goal—a constitution establishing a federation of two sovereign republics—but they will strive to incorporate language into the Union constitution giving Zanzibar greater autonomy. Although the bulk of the separatists' proposals almost certainly will be rejected by the Tanzanian ruling party, separatists have demonstrated their supremacy over Unionists within the island government. They also have gained considerable publicity for their cause through press reporting and televised coverage of the debate in the Zanzibar House of Representatives.

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The draft constitution has passed out of the Revolutionary Council and awaits approval in the Zanzibar House of Representatives.

[Redacted]

[Redacted] After approval in the Zanzibar House, the draft must go before the National Executive Committee of Tanzania's ruling party for final approval. Nyerere has given the Zanzibaris a December deadline for presentation of the constitution to the party's executive committee.

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The Union Constitution

Although less controversial, work on a series of amendments to Tanzania's constitution also is in progress. The Zanzibaris are attempting to assert their view in this area as well.

Nyerere, meanwhile, has sent an important signal via his envoys to the debate: he will not allow separatist actions to interfere with his primary political goal—party supremacy. As he demonstrated by his actions during the crisis earlier this year, the President—despite his relatively cautious moves in the current situation—will act forcefully if he is pushed too far.

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Senegal: Living With Austerity [redacted]

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The moderate, pro-Western government of President Diouf is facing pressures from bilateral donors, the World Bank, and the IMF for stricter austerity. At the same time, the political costs of reform are growing and Diouf's standing is at its lowest ebb since he was elected to a full five-year term in February 1983. Diouf is being urged to scale back further Senegal's inefficient public sector and to raise rice prices as a precondition for a new IMF standby agreement. [redacted]

unpleasant task of raising food, petroleum, fertilizer, and seed prices. The government also cut producer prices for peanuts—the country's main export crop—and froze public-sector wages. [redacted]

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Diouf probably will risk the loss of some financial aid, rather than provoke an adverse popular response to additional food price hikes and cuts in government services, while he tries to garner wider political support. The US Embassy reports that government economic actions already have met some opposition from the Mourides—the country's most powerful Muslim brotherhood—as well as from organized labor and students. The President probably expects that the recent return of normal rainfall will result in higher crop yields and ease economic stresses somewhat next year, but we believe economic constraints likely will mount unless Senegal can come to terms with the IMF. [redacted]

Dakar's problems last year were aggravated by a severe drought—the worst since independence in 1960—that seriously affected agricultural production. Even in good years, the land barely provides a livelihood for Senegal's rural workers—about 70 percent of the labor force. Harvests yielded only about 30 percent of the country's food needs last year and forced the government to buy foreign rice and wheat, boosting imports significantly. The drought also caused peanut production to drop 50 percent, frustrating Dakar's attempt to take advantage of rising export prices for peanut oil. Government subsidies to cover crop losses to farmers accounted for nearly one-third of the country's overall budget deficit. [redacted]

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President Diouf's Inheritance

When Abdou Diouf succeeded to office in 1981 upon the resignation of President Senghor, Senegal already was involved in a three-year comprehensive program sponsored by the IMF and World Bank. By 1983, however, the country was no better off financially than in 1980 when Senghor launched the austerity measures. By mid-1983, the government faced a current account deficit of \$354 million and debt service payments that absorbed about 50 percent of government expenditures. Diouf had no choice but to seek financial relief again from the IMF and debt reschedulings. Donors—principally, France, Saudi Arabia, and the United States—provided aid to fill the remaining financing gap, but Diouf still faced the

Dakar's overstuffed bureaucracy adds to Senegal's problems. During the first two decades of independence, the government's policy of hiring all graduates from schools and universities who applied contributed to gross overemployment in the public sector. [redacted] wages and salaries in the early 1980s consumed half of the government's current budget costs. Senegal resorted to pleas for stepped-up donor assistance and international borrowing to make ends meet. [redacted]

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Heavy government involvement in the economy, reflecting a French heritage of centralized planning, also encouraged inefficiency and squeezed the private sector. Parastatals often failed to deliver seed and fertilizer to farmers in timely fashion, and state-controlled marketing operations left considerable

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scope for corruption. High public salaries—20 to 25 percent higher than the private sector—pushed the general wage level up drastically, pricing Senegalese workers out of the international labor market. Moreover, the US Embassy reports that government borrowing drained the local banking system, leaving no credit for the private sector. [redacted]

Diouf skillfully orchestrated price cuts last year, allowing the government to meet all of its IMF targets. He elicited cooperation from key interests by holding meetings with government ministers, senior union officials, religious leaders, and other groups. Public reaction, according to the US Embassy, was one of gloomy resignation. The only protests came from the principal opposition party, the Senegalese Democratic Party. [redacted]

Pressures for Renewed Austerity

As 1984 opened, Senegal faced a severe drought together with a large current account deficit caused by low agricultural export revenues, a substantial debt service burden, and high costs for food and petroleum which together account for over two-thirds of Senegal's imports. Government subsidies to farmers and public workers continued to leave little money available to meet other public- and private-sector spending needs. As a result, Diouf again sought IMF and donor financial support. [redacted]

Unlike past years, however, when Dakar could count on a generous response, Diouf's pleas for financial assistance were met with pressure from Senegal's most important donors—the World Bank, France, and the United States—to make major policy changes in order to receive substantial additional financing:

- Raise the price of rice, wheat, and other imported cereals to a level where urban consumers would choose to buy local cereals such as millet, sorghum, and corn.
- Improve seed and fertilizer distribution by allowing farmers to form private purchasing groups with direct access to credit.
- Reduce government spending in the rural sector by cutting down on employment and services provided by agricultural parastatals.

These requirements were endorsed by the IMF and incorporated in its proposed one-year standby program for Senegal. [redacted]

Senegal: Current Account Balances, 1980-84

Million US \$

	1981 ^a	1982 ^a	1983 ^a	1984 ^b
Exports (f.o.b.)	375	475	475	521
Imports (c.i.f.)	-790	-793	-783	-740
Trade balance	-415	-318	-308	-219
Net services and transfers	14	51	-5	-6
Of which:				
Interest on external debt	-113	-128	-131	-135
Current account balance	-401	-267	-313	-225

^a Preliminary.^b Projected.

Diouf has balked over several measures, particularly raising rice prices, and deferred an IMF standby agreement until at least early 1985. We believe that, at least for now, the President would rather face the loss of some outside financial aid than risk an adverse popular response to further food price hikes.

According to the US Embassy, the 50-percent increase in cooking oil prices last August created considerable resentment among urban dwellers.

Although the government has announced cost cuts in several agricultural parastatals, the US Embassy reports that no specific reductions are under way.

Diouf probably is hesitant to face the prospect of further unemployment in the wake of a two-month strike by university students earlier this year over the expected shortage of government jobs. We believe the President also is reluctant to impose further austerity because of the hardships that have been created by drought. Total cereals production this year reached only 400,000 metric tons, nearly 1 million tons short of Senegalese needs. [redacted]

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The government probably will make it through the year by depending on international food relief and budgetary aid from Saudi Arabia, which, [redacted] [redacted] has approved a \$50 million loan for Senegal. Dakar also has received 217,000 tons of cereals as food aid from Western countries this year, according to UN reports. Based on French statements to US Government officials, we believe Paris will provide financial help to ease the way toward an IMF agreement early next year. In the meantime, Senegal probably will continue to accumulate trade arrears, which reached \$40 million last year, and will cease payment of principal owed on public external debt. [redacted]

Hard Road Ahead

Diouf's inability so far to deal effectively with Senegal's worsening economic woes has contributed to an erosion of his political standing. His ruling Socialist Party is in disarray, with local elections only a few weeks away, and party leaders are preoccupied with infighting rather than dealing with the country's economic crisis. The US Embassy reports Diouf is increasingly blamed for high living and corruption among government officials even as most Senegalese face declining living standards. Opposition parties are trying to foment unrest among students, labor, and the military. [redacted]

Diouf also faces growing opposition from the Mourides—the country's most powerful Muslim brotherhood—which represents a major base of political support. Mouride peasant followers account for two-thirds of peanut production and have benefited from government loans, subsidies for seed and fertilizer, and high producer prices for the peanut sector. [redacted]

Diouf also must keep a watchful eye on the military, a highly disciplined and apolitical security force whose support would be crucial in the event of civil violence. The Ministry of Defense, which accounts for 13

percent of the budget compared to only 11 percent for education, has been directed to rein in military spending. Even with its large budget share, the military already is more than a year behind in payments for such basic staples as rice and cooking oil for the troops. [redacted]

Although we see no immediate threats to Diouf's survival in office, we believe he faces some difficult choices. On the one hand, political considerations probably will slow the pace of economic reforms. Diouf probably will continue to postpone food price hikes and cutbacks in farm subsidies and government employment to avoid further alienating consumers, farmers, and students. At the same time, economic constraints will continue to mount in the absence of an agreement with the IMF. [redacted]

Normal rainfall returned this fall, and Diouf probably is counting on a better harvest next year to ease economic pressures. Peanut production should rise to about 670,000 tons—100,000 tons above last year's crop but still well below peak production of 1 million tons—allowing the government to take some advantage of rising export prices. Although rains throughout Senegal are expected to provide enough food for those in the south and in major cities, continuing drought in the northern region and transport and marketing problems probably will lead to another food shortfall next year in that region. Moreover, livestock shortages will persist because many peasants were forced to slaughter their cattle during the drought last spring. [redacted]

Economic realities, however, will prevent the government from solving its basic agricultural problems over the near term. The only areas fertile enough to ensure improved agricultural production are in the Senegal River Basin and in the southern part of the country, which receive higher rainfall and have a lower population density. To develop these areas, however, would be costly. According to one AID official in Dakar, the cost would be over \$1 billion for the Senegal River Basin alone, even without transport and marketing costs. Meanwhile,

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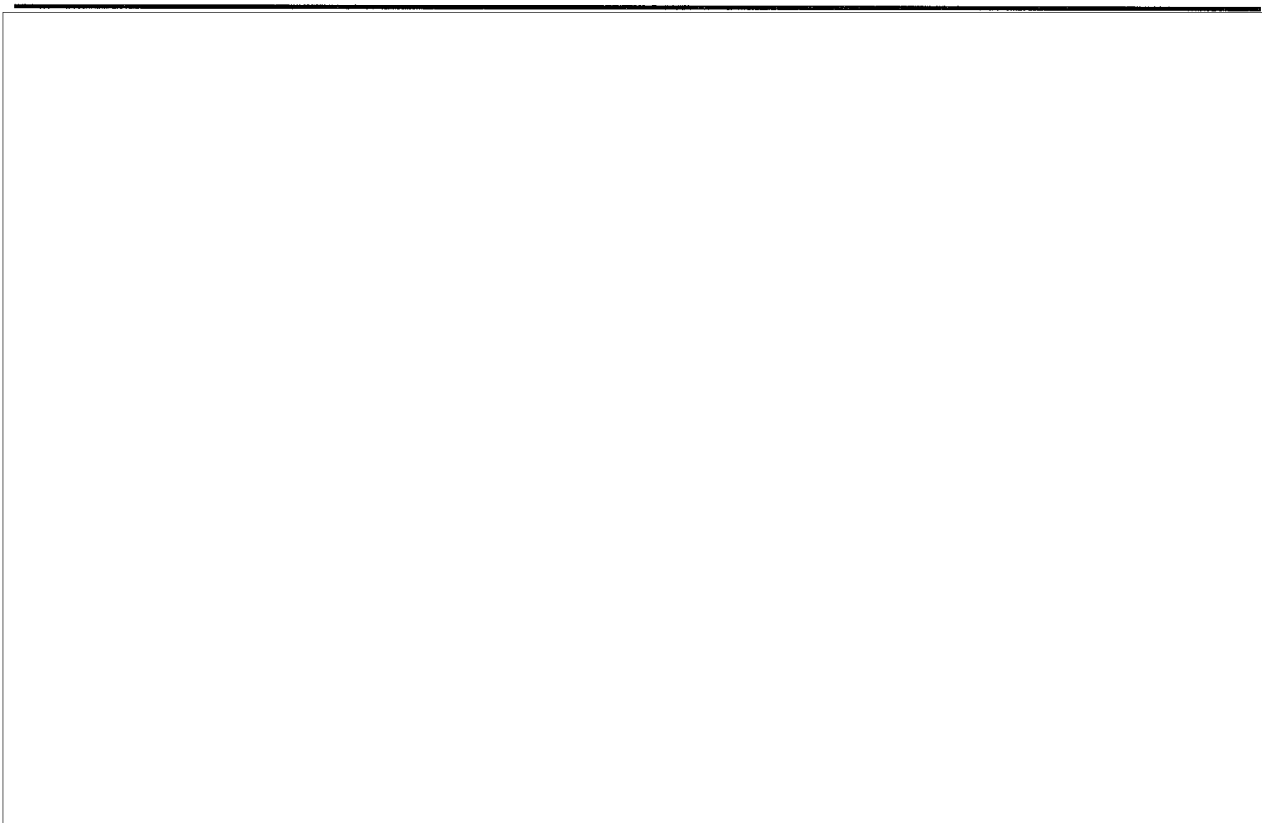
the shortage of public funds has led to a drastic decline in funding for agricultural projects and reduced the government's capacity to provide even basic services to the farming sector. Rapid population growth, spreading desert conditions, and soil depletion in the northern and central areas will continue to cause productivity to drop in those regions.

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**Africa
Briefs**



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Uganda

Threat of Famine

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Food shortages in the Karamoja area of northeastern Uganda are growing increasingly serious. The US Embassy reports that the problem stems from drought in the already arid region, disruptions to cultivation caused by military operations earlier this year, inadequate seed supplies, and the loss of grain stores. Moreover, a poor road network and a lack of trucks, spare parts, and supervisory personnel have delayed food aid distribution. As a result, deaths reportedly are increasing and people are beginning to move to resettlement centers in search of food.

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The government, dominated by ethnic groups hostile to the Karamajong tribe and burdened by political infighting and a spreading insurgency near Kampala, has been unwilling so far to take on the added load of a famine relief program in the outer reaches of the country. It has made little effort even to move food from surplus areas into Karamoja. Although donors are stepping up aid efforts, the food shortages may not be eased significantly, and the threat of renewed unrest in this perennially troubled region could grow in the coming months.

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Ethiopia

More Financial Problems [redacted]

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Ethiopia is trying to lease one of its two newly acquired Boeing 767s to Kenya, [redacted] We believe it needs the money to help cover payments due on the planes, which were delivered to Ethiopia less than six months ago. Up to now, Ethiopian Airlines has been able to meet payments obligations for the aircraft, but apparently has not been able to obtain enough revenues from its flight operations to ensure continued timely servicing of the debt, part of which is commercial. If Ethiopia is unable to make payments on the commercial debt—a better-than-even chance given the country's current financial situation—a loss of banker confidence is likely. Although debt from private sources, according to our estimates, is less than 10 percent of Ethiopia's total indebtedness, such an outcome would add to Ethiopia's spiraling hard currency problems. [redacted]

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