



Directorate of Intelligence

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**Africa Review**



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**9 August 1985**

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**Africa Review**

25X1

9 August 1985

		<i>Page</i>	
<b>Articles</b>	<b>South Africa: A Crisis in Black Housing</b>	1	25X1
			25X1
	The government is facing a major task of providing suitable housing for newly urbanized blacks to alleviate a critical shortage that is aggravating political and social unrest.		25X1
	<b>South Africa: The Role of AZAPO</b>	7	25X1
			25X1
	The rigid ideology, confrontational attitude, and controversial tactics of the Azanian Peoples Organization is provoking political violence with rival black groups that is weakening the antiapartheid movement.		25X1
	<b>Sao Tome: Fragile Turn Toward Moderation</b>	11	25X1
			25X1
	President da Costa's regime is demonstrating some economic flexibility and more pragmatic domestic and foreign policies, but prospects for genuine reform and a significant turn toward the West remain poor.		25X1
<b>Briefs</b>	<b>Angola: Preparing for the NAM Meeting</b>	15	25X1
	<b>West Africa: ECOWAS Discord</b>	15	25X1
	<b>Gabon: Followup on Coup Plot</b>	16	25X1
	<b>Zimbabwe: Budget Problems</b>	16	25X1
	<b>Malawi: Government Purges Continue</b>	17	25X1
	<b>Seychelles: Oil Company Expropriated</b>	17	25X1
			19

*Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis*

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ALA AR 85-018  
9 August 1985



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### Articles

#### South Africa: A Crisis in Black Housing [Redacted]

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The shortage of low-cost housing for urban blacks has grown to critical proportions, and is aggravating political and social unrest.<sup>1</sup> A rapidly urbanizing black population has overwhelmed government efforts to limit their numbers and forced Pretoria to accept urban blacks as a permanent feature of South African society. The government, however, now faces a major task of providing suitable housing for millions of newly urbanized blacks by the end of this century.

[Redacted]

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#### Black Urbanization and the Housing Shortage

Pretoria, in our view, has recognized belatedly that the migration of blacks from rural to urban areas is an almost inevitable byproduct of economic development. Orthodox apartheid theory had treated urban blacks as temporary workers in white areas who would return to the black homelands periodically and had sought to minimize the need for black labor. Blacks, however, have evaded controls over their migration in the hope of finding jobs in white urban areas and escaping the grinding poverty of the homelands and the reduced demand for black labor on white farms. President Botha finally acknowledged the permanency of urban blacks in a speech opening Parliament last January. Although Botha has pledged to revise the so-called influx laws that regulate the movements of blacks, he is determined, in our view, to avoid new unplanned shantytowns cropping up near urban areas.

[Redacted]

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South Africa is searching for new methods of controlling black urbanization to minimize the related social, economic, and security problems, according to press reports. The present system, based on passes and arbitrary criteria for legal residence in black

[Redacted]

townships in white areas is cumbersome, poorly enforced, and resented by blacks.<sup>2</sup> Even a black regime in South Africa would have to deal with urbanization problems, but, for the white leaders in Pretoria, these concerns are exacerbated by a fear of a black uprising.

[Redacted]

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Pretoria appears committed to a new policy that requires a job and a house, rather than legal status, for blacks living in urban areas, according to press reports. Many business and academic leaders in South Africa support this approach. In our view, the new system is potentially more rigid than the old, as a continued shortage of houses and jobs will result in de facto influx control.

[Redacted]

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Addressing the housing shortage also has important sociopolitical implications. Embassy reporting indicates that frustration over the availability, cost, and location of government-approved housing has often been a source of black unrest. On the other hand, the magnitude of the projected black housing shortage makes resolution of the problem an expensive proposition. Based on black population growth trends and expected rates of urbanization, over 2 million housing units will have to be built at a cost of some \$50 billion in the next 15 years just to keep the shortage from becoming more severe, according to South African academic studies.

[Redacted]

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<sup>2</sup> Current influx control law provides that no black may remain for more than 72 hours in a "white area," (including black townships near "white" cities) unless he or she: (1) has resided there continuously since birth; or (2) has worked there continuously for one employer for 10 years, or has resided there lawfully and continuously for 10 years and is employed there; or (3) is the wife, unmarried daughter, or son under the age of 18 years of a black in one of the above categories who after lawful entry resides with him; or (4) has been granted special permission to be in the area (usually on a one-year contractual basis). According to government figures in February 1985, some 4 million blacks have earned permanent urban residential rights.

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### Chronology of Developments in Housing

The housing crisis in South Africa began at the turn of the century. Since that time, the South African Government has responded only when housing conditions have deteriorated to such a level they are perceived as a threat to the well-being of the wider community.

1901	<i>The first "native location" of Uitvlugt was only established as a result of the outbreak of bubonic plague in Cape Town. Other townships were created in response to appalling conditions in squatter camps.</i>	1983	<i>Proposed rent increases spur violence in Durban township of Lamontville.</i>
1955	<i>Black home ownership was first introduced under the 30-year leasehold program.</i>	1984	<i>Government announces home sale program, offering 500,000 government-owned rental units for sale at up to 40-percent discount.</i>
1968	<i>Thirty-year leasehold program discontinued to discourage black urbanization.</i>	1984	<i>Riekert Report released, calling for revision of influx control based on approved housing and employment.</i>
1976	<i>Thirty-year leasehold program reinstated in an attempt to avert township unrest.</i>	1985	<i>Moratorium on forced resettlement of black communities.</i>
1978	<i>Ninety-Nine year leasehold program for black homeowners established.</i>		<i>Crossroads shantytown to be upgraded, not destroyed; some residents will be allowed to remain.</i>
1981	<i>Government announces that it will permit sale of privately constructed houses by whites to blacks in urban townships.</i>		<i>Plans abandoned to move five black townships from "white area" of Natal Province to "black homeland."</i>
	<i>Viljoen Report released, calling for: (1) acceptance of urban blacks as permanent residents and involvement of public and private sectors with blacks in housing problems; (2) subsidization of the individual rather than the housing unit; (3) provision of adequate number of serviced lots; and (4) education program to convince urban blacks of the benefits of home ownership.</i>		<i>Blacks with 99-year leasehold rights to become eligible for freehold rights.</i>
			<i>Plans abandoned to move to homelands all black townships within 50 kilometers of a homeland.</i>



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#### Pretoria's Evolving Housing Policies

Current government housing policy emphasizes cooperation between public and private sectors, promotes home ownership, and makes some provision for blacks to build their own homes:

- Pretoria has encouraged the establishment of savings and loans that specialize in financing black housing.
- Home ownership is encouraged through renewable 99-year property leases that allow blacks, in effect, to own land in parts of South Africa that had been reserved for whites. President Botha has announced that these leases will be converted to ownership.

- Self-help schemes have been designed to allow blacks to obtain their own housing (consistent with building codes), either by constructing the homes themselves or obtaining private financing and construction. The government provides surveyed lots with access roads, water, and sewerage.
- In 1983 Pretoria launched a program to sell 500,000 government-owned housing units to their occupants, usually for as little as \$1,000 each.

Despite these initiatives, a fundamental split still divides the government and urban blacks. In particular, while Pretoria has insisted on maintaining stringent building codes so that major new projects

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**Table 1**  
**The Housing Shortage: 1980-2000**

Additional Number of Persons To Be Housed					
	Whites	Coloreds	Asians	Blacks	Total
1980-90	396,000	539,000	148,000	6,425,000	7,508,000
1990-2000	401,000	523,000	297,000	7,972,000	9,045,000
<b>1980-2000</b>	<b>797,000</b>	<b>1,062,000</b>	<b>445,000</b>	<b>14,397,000</b>	<b>16,553,000</b>

Additional Number of Dwelling Units Needed					
	Whites	Coloreds	Asians	Blacks	Total
1980-90	99,000	108,000	30,000	988,000	1,225,000
1990-2000	100,000	105,000	59,000	1,226,000	1,858,000
<b>1980-2000</b>	<b>99,000</b>	<b>213,000</b>	<b>89,000</b>	<b>2,214,000</b>	<b>3,083,000</b>

Assumed Average Number of Persons per Dwelling Unit					
	Whites	Coloreds	Asians	Blacks	
1980-90	4	5	5	6.5	
1990-2000	4	5	5	6.5	

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**Table 2**  
**Number of Black Homeowners**  
**in South Africa**

	Number of Registered 30-Year Leaseholds		Number of Registered 99-Year Leaseholds		Totals
	1955-68	1976-80	1980-84		
			Home Sale Program	Other 99 Year	
Transvaal	36,808	25,389	7,133	12,932	82,362
Orange Free State	38,111	7,446	981	1,132	47,670
Natal	6,149	1,067			7,216
Cape	31,680	2,019	470	663	34,832
<b>Total</b>	<b>112,748</b>	<b>35,921</b>	<b>8,584</b>	<b>14,727</b>	<b>172,080</b>

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will not become slums, blacks believe that the regulations only make housing more expensive, according to Embassy sources. An average of 96 percent of urban blacks cannot afford to participate in the cheaper self-help schemes in white areas, according to a private South African study. Less than 1.25 percent of the total black population own their own homes. The government has concentrated on

technical issues such as new financing, construction materials, and township layout. Blacks, however, have demanded secure tenure, shorter distances from job centers, and participation in decisionmaking. The wide gap between black and white concerns is clearly

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### Crossroads and Khayelitsha

The Crossroads shantytown has served in the last decade as a symbol of the determination of blacks to reside in urban areas despite Pretoria's influx control laws and resettlement program. The squatter complex arose in 1975 as a result of the acute housing shortage for blacks in the area. The shantytown became a magnet for many blacks in the impoverished Ciskei and Transkei homelands because it was located only 23 kilometers from the center of Cape Town where jobs might be found. Similarly, the number of "illegals" in three nearby black townships—Langa, Nyanga, and Guguletu—grew rapidly. [ ] 25X1

Initial government efforts to resolve the situation proved useless. The residents of Crossroads refused to leave despite repeated bulldozings of their makeshift homes. A government scheme in 1979 to provide housing at "New Crossroads" for all those who had been in the area since the previous year fell through due to a lack of funding and the realization that the project would not meet the overwhelming demand in the area. [ ] 25X1

The latest government plan, announced in 1983, involves the construction of a new township called Khayelitsha (Our New Home). Initially, Pretoria intended to move the residents of Crossroads and the three nearby townships—some 250,000 blacks in all—to Khayelitsha, but met with fierce black opposition. Many blacks residing illegally in Crossroads demanded urban residential rights before they would move to Khayelitsha. Others were reluctant to make the move because:

- They would be required to pay about \$10 a month for their new house (versus no rent at Crossroads), and transportation costs would increase as Khayelitsha is 12 kilometers farther from Cape Town.
- Khayelitsha is in a desolate area consisting almost entirely of white sand.
- The "core houses" at Khayelitsha are smaller than many of the shacks at Crossroads. Most of the 4,700 houses built in Khayelitsha as of March 1985 are divided into three small rooms—bathroom, kitchen, and living room/bedroom—with a total area of only about 28 square meters. There is little

space for furniture or even for a large black family to sleep. The owner is expected to build on one or two extra rooms using approved building materials and government counseling, but at a personal expense of about \$200 a room. The houses have no floors or ceilings. [ ]

Following violence in Crossroads this spring, the government decided to compromise. Riots broke out at Crossroads in February after hundreds of government personnel approached the area. Pretoria later claimed that the personnel were there only to assist blacks who wanted to move to Khayelitsha, but residents believed it was a "removal squad." At least 18 residents were killed and over 250 injured in the melee. The government responded by announcing that:

- Crossroads would be upgraded rather than destroyed.
- Illegal squatters would be allowed to live and work in Cape Province for at least 18 months if they agreed to build their own homes on "site and service" facilities—concrete slabs with water faucets—to be set up on the outskirts of Khayelitsha.
- Guguletu, Langa, and Nyanga would not be relocated. [ ]

Pretoria has temporarily defused the Crossroads situation, but it may have difficulty completing Khayelitsha because of the huge costs involved. Some 50,000 illegal blacks—about half of the total population of Crossroads—agreed to move to Khayelitsha in April. Plans call for Khayelitsha to have 40,000 houses, 15 site and service facilities, and a population of over 250,000 by the year 2000, according to the US Embassy. The first 5,000 core houses built already have cost the government almost \$50 million—or about 60 percent of the total black housing budget for 1984/85. The government also has promised to build a rail link to Khayelitsha and to subsidize bus fares to Cape Town. In addition, plans for Khayelitsha include tarred roads, electricity, 13 primary schools, four high schools, nursery schools, a hospital, a health clinic, sites for churches, sports stadiums, supermarkets, stores, police stations, a library, and restaurants. [ ]

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illustrated in the Western Cape, where black squatters have shown a reluctance to move from a shantytown that they built near Cape Town (Crossroads) to a government-planned community much farther away (Khayelitsha).<sup>3</sup> [redacted] 25X1

Implementation of the emerging housing policy has been hampered by uncertainty over government intent, bureaucratic inefficiency, and a continuing tendency to build homes that are beyond the financial reach of most urban blacks, according to press reports. Moreover, the administrative boards now responsible for disseminating housing information had helped in the past to enforce the more rigid housing and urbanization policies, making them suspect in the eyes of many disaffected blacks. [redacted]

<sup>3</sup> See inset "Crossroads and Khayelitsha." [redacted]

**Outlook**

The housing crisis in South Africa, in our view, will not disappear because a housing policy on a scale sufficient to meet the demands of population growth and the rate of urbanization is unlikely. Large-scale housing projects could meet the physical requirements for blacks, but they lack the social unity of many squatter settlements. We believe that the lack of social cohesion in many formal townships raises the level of both social unrest and endemic violence. Although Pretoria probably recognizes that the housing shortage contributes significantly to the current unrest in South Africa, the country's economic difficulties inhibit an effective response.

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## South Africa: The Role of AZAPO [redacted]

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The growing friction between rival black groups has been a contributing factor in the alarming escalation of township violence, which—according to South African statistics—has claimed more than 100 lives since March. The Azanian Peoples Organization (AZAPO) has been the target of both organized attacks and mob violence, and has retaliated against its rivals in the black townships of Transvaal and Cape Provinces. Despite repeated attempts by black religious and community leaders to halt the fratricidal strife, we believe AZAPO's rigid ideology, confrontational attitude, and controversial tactics will continue to antagonize its rivals and provoke political violence that weakens the antiapartheid movement.

[redacted]

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### Background

The roots of AZAPO's difficulties lie in the formation of the black consciousness movement. In 1959, young radicals in the African National Congress (ANC), disillusioned with the influential role played by white Communists as well as by the ANC's Ghandi-style civil disobedience tactics, broke away from the ANC and formed the Pan-Africanist Congress (PAC), urging greater militancy, anti-Communism, and racial exclusivity. Although both the ANC and PAC were banned in the early 1960s, the rift between the "Congress" and "black consciousness" groups has continued among South African exiles, within the black townships, and in the antiapartheid movement.

[redacted]

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In the early 1970s, Steve Biko, a charismatic black community organizer, formulated a modern black consciousness ideology that attracted wide attention in the black townships of South Africa. While never eclipsing the stature of the underground ANC, black consciousness groups soon gained considerable influence in the antiapartheid movement. By 1977, however, the black consciousness movement was all but decimated by Biko's death while in detention, the banning of black consciousness organizations, and the imprisonment of many of their leaders. [redacted]

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### Black Consciousness

*Black consciousness is defined by its principal theoretician Steve Biko as the resistance to the dehumanizing and demoralizing influences of apartheid. Liberation from the psychological effects of apartheid was seen by Biko as an essential precondition for liberation from the physical and political aspects of apartheid. According to black consciousness ideology, blacks must build dignity, confidence, and assertiveness in order to resist being coerced into accepting apartheid.* [redacted]

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*Black consciousness attempts to unify all sectors of the black population, "blacks" being defined as those who are politically, economically, or socially discriminated against in South African society. Black consciousness leaders contend that all "black" groups must pursue their liberation from outside the system. They believe freedoms granted or sanctioned by the white system implies black inferiority and stress that white participation in the struggle for liberation can only have a dilutive and divertive effect upon black efforts. Biko and other black consciousness leaders maintained, however, that whites can play a role in helping to conscientize the white community to the coming changes in South African society, but blacks must liberate themselves.*

[redacted]

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### AZAPO's Role in Black Politics

AZAPO was organized in 1978 in an attempt by the few unimprisoned black consciousness leaders to rebuild the movement. In the early 1980s, an influx of released political prisoners, notably Neville Alexander and Saths Cooper, steered AZAPO leftward into a

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9 August 1985

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**AZAPO Leaders**

Neville Alexander, a Cape Town educator imprisoned in the 1960s for his role in the Unity Movement, is perhaps the foremost ideologue in the black consciousness movement. He believes that most of the past mistakes of the antiapartheid movement can be blamed upon weak or nonexistent ideology. His conviction that ideology is the essential key to black liberation is largely responsible for the preoccupation AZAPO displays with ideology. [redacted]

Saths Cooper, one of nine leaders of the South African Students Organization imprisoned following the 1977 crackdown on black consciousness groups, is presently deputy president of AZAPO. A strong influence on AZAPO strategy and tactics, Cooper played an important role in the founding of the National Forum. [redacted]

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more rigid, Marxist interpretation of black consciousness that placed it in direct opposition to other black political movements. In our view, the decision to release Alexander and Cooper was apparently part of a broader government strategy to allow AZAPO to strengthen its position in the townships in order to counter growing support for the ANC and the United Democratic Front (UDF), a multiracial federation of antiapartheid organizations.

[redacted] 25X1

According to academic studies, AZAPO now has approximately 20,000 members organized in 85 chapters, and wields considerable influence among black consciousness student groups, community organizations, and labor unions throughout the black community. A relatively aloof participant in black politics, AZAPO resists cooperation with other groups, even on issues that it supports, such as disinvestment. [redacted]

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**Political Ideology.** AZAPO has redefined its black consciousness ideology linking class with race in a pseudo-Marxist analysis defining capitalism as the tool used by whites to implement apartheid. Another controversial part of this concept is that whites—no matter how well intentioned—should not participate

in the antiapartheid struggle. AZAPO's position on ideological issues has isolated it in the black community. For example:

- AZAPO has openly attacked Zulu Chief Gatsha Buthelezi's Inkatha organization for its solid Zulu ethnic base and its public support of negotiations with the government. AZAPO believes that tribal distinctions and negotiations work to strengthen apartheid rather than weaken it.
- AZAPO's relations with the UDF also have been strained by debates over ideology. AZAPO has stated publicly that the UDF's strategy will lead the black majority into a "political ambush." AZAPO asserts that "one man, one vote" will not truly liberate blacks because the means of production would still remain in white hands. [redacted]

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We believe AZAPO's extreme interpretation of black consciousness has severely limited its appeal. Its narrow definition of class and ethnicity classifies middle-class Indians, Coloreds, and Africans as impediments to revolution. Furthermore, the sheer complexity of AZAPO's ideology has been a constraint on the recruitment of working-class blacks.

[redacted] 25X1

**Organization.** In 1983, AZAPO organized the National Forum, a loose alliance of approximately 100 black consciousness groups. This political coalition, however, had much less appeal in the black townships than the UDF. According to journalists familiar with South African politics, AZAPO and the National Forum have gained a reputation as "talking shops." The US Embassy and South African journalists believe that the National Forum probably has less than 100,000 members, and that many of its constituent organizations have chosen either to support the UDF or have become politically defunct. [redacted]

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We believe AZAPO's tactics are a major factor in its declining popularity. Extreme ideologists within AZAPO have preferred not to allow the National Forum to evolve into a political party. Furthermore, AZAPO has refused to seek alliances with other antiapartheid organizations, choosing instead—

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according to both US Embassy and press reports—to critique their performances and snipe from the sidelines. [redacted] 25X1

**AZAPO and the UDF at Odds**

The widely reported AZAPO demonstrations against the visit of Senator Kennedy in early 1985 embarrassed the UDF leadership, according to press and US Embassy reports. This spring, AZAPO publicly charged that the UDF was acting irrationally and was condoning violence against blacks in the townships. Those charges intensified anti-AZAPO sentiments among the rank and file of the UDF and contributed, we believe, to the current round of violence directed against AZAPO members in the black townships. US Embassy reports indicate that UDF supporters, especially in the Eastern Cape, believed AZAPO's charges divided the black community and benefited the white authorities. [redacted]

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In May and June, press and Embassy reporting noted numerous instances where UDF supporters killed and injured local AZAPO organizers and their families. In our view, the apparently spontaneous nature of much of the violence suggests that political as well as ideological and tactical differences contribute to the friction between antiapartheid groups. US Embassy sources speculate that the growing climate of violence in the townships of the Eastern Cape and the fact the South African Government's arrest of senior UDF leaders had allowed local—and more radical—leaders to take matters into their own hands were also causes of the killings. [redacted]

The AZAPO/UDF strife in the townships has been intensified by deteriorating economic, social, and political conditions that have fed the spiral of violence. We believe increasing numbers of UDF supporters identify AZAPO as an enemy and need little or no excuse to act against it. While talks between AZAPO and the UDF sponsored by senior clergymen and community leaders have temporarily ended this violence, it appears likely that AZAPO will remain a target of attacks from rival groups. [redacted]

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**Outlook**

We believe that AZAPO—unwilling to soften its ideology or curtail its confrontational tactics—will remain relatively isolated, plagued by limited mass appeal and hostile relations with other groups. In our judgment, AZAPO will continue to be a divisive factor in township politics. Such developments can only make AZAPO's stated goal of black unity more elusive, and increase the likelihood of government action against AZAPO and other groups. [redacted]

Without a government ban on black consciousness movements similar to that enacted in 1977, the high number of hardcore political ideologues in the movement's leadership make an AZAPO collapse unlikely over the near term. As long as the group continues to generate more problems for the antiapartheid movement than for the government, Pretoria may not feel compelled to take such action. AZAPO's rigid ideology, political goals, and willingness to engage in confrontation could make it a more competitive force should township violence continue to escalate. Moreover, a decline in the fortunes of the UDF, an event we see as unlikely but possible if the government becomes convinced that the UDF is serving as a proxy in the ANC campaign to generate unrest, could give AZAPO the leadership of the antiapartheid movement by default. [redacted]

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[redacted]

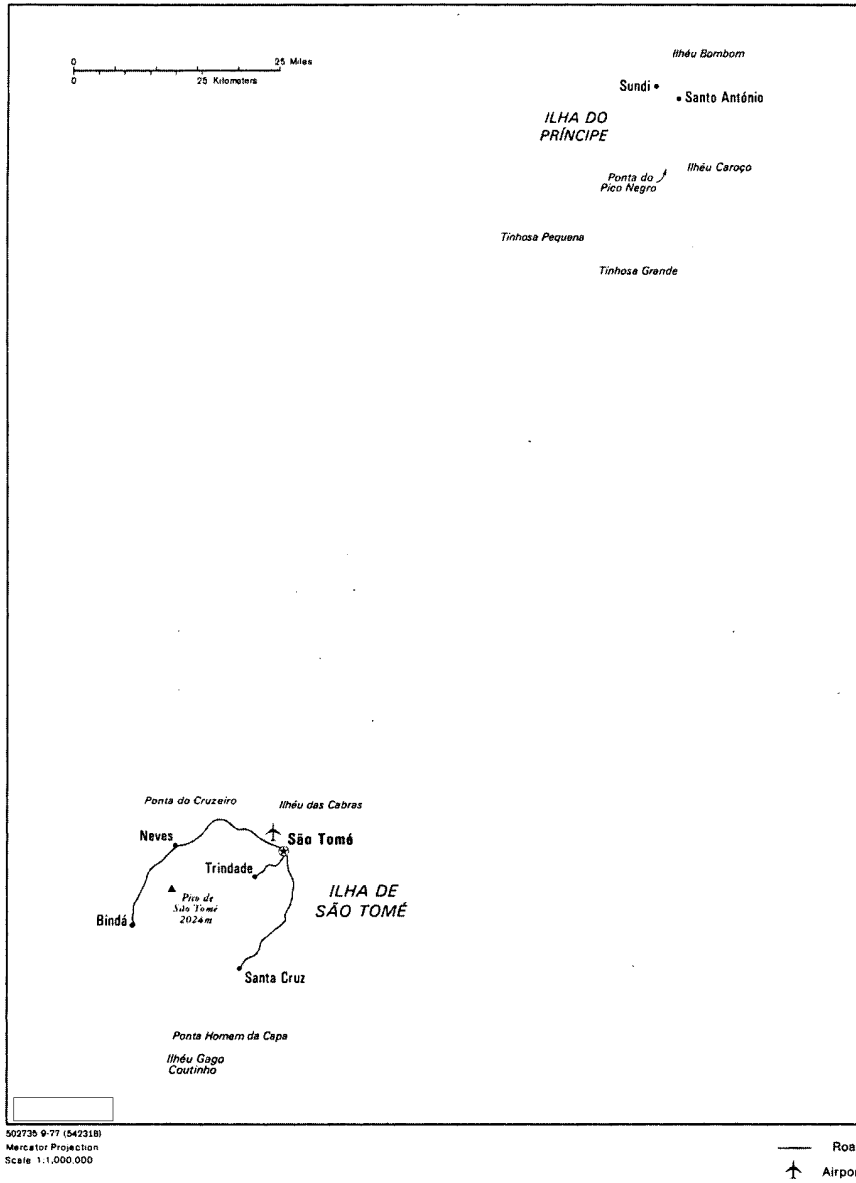
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# Sao Tome and Principe



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## Sao Tome: Fragile Turn Toward Moderation [ ]

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Sao Tome, which established close ties with the Soviet Union and its allies after winning independence from Portugal in 1975, has begun to demonstrate some economic flexibility and slightly more pragmatic domestic and foreign policies in the past year, according to the US Embassy. In our view, President Manuel Pinto da Costa's 10-year-old regime is looking to the West as an alternative to the Soviet Bloc, which has failed to provide sufficient levels of aid to stem the steady economic decline. We believe, however, that the longer term prospects for genuine reform and a foreign policy shift toward the West remain poor. Sao Tome has not closed its doors to the Soviets and their allies, and da Costa has a track record of temporarily moderating policies without introducing significant reforms. [ ] 25X1



*President da Costa*

produced about 90 percent of the country's cocoa and established state control over the small private sector. [ ]

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Located 125 miles off the coast of Gabon and 600 miles northwest of Angola, Sao Tome is one of Africa's most remote and isolated countries. During some 500 years of colonial rule, Lisbon committed few economic resources to the islands. Yet, Sao Tome was the only Portuguese colony not to mount a prolonged armed struggle for independence. In 1972 the Movement for the Liberation of Sao Tome and Principe (MLSTP)—now the name of the sole political party—launched its independence campaign from neighboring Gabon. The downfall of Portuguese Prime Minister Caetano in the April 1974 coup stirred demonstrations and strikes against Portugal, and in 1975 da Costa—the MLSTP's leader since 1972—became the country's first president. Fearing reprisals, the Portuguese plantation administrators, civil servants, and traders fled prior to independence. [ ]

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### **Ties With the Communist States**

Da Costa began his rule by adopting a relatively isolationist foreign policy and socialist domestic track. Ideologically, his government identified itself with Marxist principles and the President forged close ties with the USSR, Eastern Europe, and Cuba in the 1970s. According to US Embassy reporting, da Costa nationalized the 15 Portuguese plantations that

**Soviet Ties.** Sketchy US Embassy reporting suggests Soviet-Sao Tomean relations are fairly warm. Moscow provides all but routine maintenance on two unsophisticated radar sites that monitor approaches from mainland Africa. The US Embassy reported last year that some 20 Soviet military and 100 civilian advisers serve on the islands. The Embassy notes da Costa visited the USSR in 1976 and 1982, and that, following his concerns about a mercenary attack in 1978, the Soviets dispatched two warships as a gesture of support. [ ]

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While the USSR so far has displayed only a limited interest—it provides no economic aid—Moscow may recognize Sao Tome's potential military utility, especially in the unlikely event that it loses its limited air and naval access in Guinea. Moscow probably would find it easier to subsidize Sao Tome's small population of 94,000 rather than provide the aid necessary to woo more populated West African coastal states. Although Sao Tome's harbor is too shallow for most Soviet warships, it may appear attractive to Moscow because it is well protected and could be deepened. The Soviets also may view the

Secret

ALA AR 85-018  
9 August 1985

Secret

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country as a potential base for air reconnaissance operations in the Atlantic, though reestablishing such operations—cut off by Guinea's Sekou Toure in 1977—has not been a high priority for Moscow over the last few years. We note that Sao Tome served as a staging point from 1967 to 1970 for supplies and journalists going to Nigeria during the civil war. [redacted]

We do not believe the Soviets would sit idly by should da Costa vigorously pursue a Westward course. The US Ambassador in Gabon reports that Soviet Embassy officials had met earlier in the year to discuss a political strategy, possibly to forestall further Western-oriented economic reforms. Moreover, Soviet Bloc advisers serving in the Ministry of Planning and other key posts probably exert some influence and slow such moves. [redacted] 25X1

**Cuban Relations.** The US Embassy reports Havana and Sao Tome have maintained close military ties since the 1970s. By 1978 some 50 to 100 Cuban military advisers were in the country, as well as an unknown number of doctors and economic technicians. In the late 1970s Cuba reportedly used Sao Tome as a rest and recreation facility and may still use it as a transit point for their personnel stationed in Angola. The Embassy reports that Cuban military advisers continue to play a key role in the development of the Sao Tomean Army. Cuba is training da Costa's presidential guard, which the Embassy estimates at some 100 men. The US Embassy also reports that da Costa asked Havana to establish a 300-man Cuban presidential guard last year, but we have no evidence to indicate they have done so. According to unconfirmed Embassy reporting, da Costa had an unknown number of Cuban bodyguards in the 1970s. [redacted] 25X1

The US Embassy believes Havana has forged considerable influence in the educational system. Cuba is thought to be attractive to many Sao Tomeans since their government cannot afford to build a university or to pay the high costs of most Western schools. According to Cuban press reports, some 300 Sao Tomeans study in Havana. Although Embassy reporting from time to time suggests Sao Tomean disillusionment with Cuba's educational aid—for example, Cuban instructors are said to have minimal training—we see no evidence da Costa will

request their departure. The US Embassy also observes Cuban officials serve in the Ministry of Planning as well as in other government posts, and Cuban advisers are developing the party organization. [redacted]

**East Germany.** US Embassy reporting indicates that East Germany has provided an undetermined amount of economic aid and advisers since 1975. Da Costa, who received a doctorate in economics from Humboldt University in East Berlin and whose daughter attends school there, visited the GDR in 1977 and 1982. Economic and technical agreements were signed in 1978 and 1982, and last year a new commercial agreement was signed. [redacted] 25X1

**Angola.** Angola has been Sao Tome's closest ally since 1978, when Luanda acceded to da Costa's request for military protection against South African-backed mercenaries, whom he believed planned to overthrow him. By the end of the year Angola had dispatched some 1,000 troops to the islands, ostensibly as a sign of Lusophone solidarity. The Angolan military presence has since been reduced from about 1,500 in 1983 to some 400 to 600 as of last year. The Embassy reports the Angolan cuts were made for economic reasons. Angola's domestic security problems and the critical need to strengthen its forces fighting UNITA insurgents probably were factors in the decision to reduce the contingent in Sao Tome. Angola provides Sao Tome with all its petroleum products and is its main source of cement, fish meal, corn, and wheat flour. [redacted] 25X1

#### **Improving Relations With the West**

The US Embassy reports that, in an effort to improve relations with the West, Sao Tome has pledged to pursue a nonaligned foreign policy, and indicated it would not permit the establishment of Soviet military facilities if Moscow requested them. According to the Embassy, da Costa declined a Soviet request for a naval visit last year and asked the Cubans to reduce their presence in order to demonstrate his moderate intentions. [redacted] 25X1

**France.** The US Embassy reports that da Costa's visit to Paris in 1983 highlighted Sao Tome's close ties to France, the country's largest economic aid donor.

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Paris provides Sao Tome with about \$10 million per year, and Sao Tome has expressed interest in joining the African franc zone. We agree with the Embassy that Paris probably is trying to prevent Moscow's use of Sao Tome as an alternative site for air and naval access that the Soviets now enjoy in Angola and Guinea. By providing aid, France also seeks to protect the neighboring moderate states of Gabon and Cameroon, in which Paris has significant commercial and political interests. [ ] 25X1

**Portugal.** The US Embassy reports Sao Tome has sought a rapprochement with Lisbon, following several years of strained relations during which time da Costa accused Portugal of trying to overthrow him. Da Costa welcomed military ties with Portugal following President Eanes's visit to Sao Tome last year. The Embassy reports that Lisbon now provides a small amount of nonlethal military aid and has agreed to train 10 to 12 Sao Tomeans. Moreover, Sao Tome asked Portugal to revise its school curriculum, which was previously an enclave of Cuban dominance. Press reports indicate that Portugal inaugurated a monthly flight to the islands last year. [ ] 25X1

**The United States.** The da Costa government has initiated several steps to foster better relations with Washington, the US Embassy reports. In the last year, Sao Tome has reduced its anti-US rhetoric in international forums, refused to condemn US intervention in Grenada, welcomed for the first time a US naval port call, requested a US military cooperation agreement, and is setting up a private investment code to encourage US and Western investment. [ ] 25X1

US interests in Sao Tome are limited to preventing the islands from being used as a base for destabilizing moderate regimes in the region and to deny Soviet military access. Over the last two decades, Guinea's naval and air facilities have aided Soviet surveillance of Western naval forces in the south Atlantic and Soviet military support of Angola's regime. US Embassy reporting also indicates that Moscow would like to establish alternative installations—possibly Sao Tome—to ensure air and sea access to west and central Africa. US leverage is very limited—minimal trade ties exist and there is no private US investment. [ ] 25X1

#### **Economic Pressures for Greater Pragmatism**

Onerous government intervention has left the economy in a shambles, according to the US Embassy. The World Bank reports that real GDP grew an average rate of only 1.2 percent from 1970 to 1981, and that without a rescheduling the debt service ratio will reach 70 percent by the end of the decade. US officials report widespread food shortages, as people subsist on a diet of bananas, papayas, and rice. Laborers are dispirited—lacking the incentive to work hard—and the US Embassy reports a serious shortage of skilled workers and managers. [ ] 25X1

Previous attempts at economic reform have failed. Ten years after the government declared economic diversification a key goal, the cocoa sector still provides almost 90 percent of foreign exchange earnings, according to the US Embassy. The outlook for Sao Tome's cash crops remains poor, with cocoa earnings likely to decline due to low producer prices, slack international demand, and declining production. Efforts to boost other exports—coffee, palm kernels, and copra—have been unsuccessful. The growth potential in the small industrial sector—beer, soft drinks, and soap production—also is limited because of a small domestic market and a shortage of locally produced raw materials. [ ] 25X1

The government must introduce significant reforms before real economic growth is possible. The US Embassy reports that Sao Tome has introduced some measures to promote private enterprise, such as allowing farmers to sell their surplus production, and removing a ban on private ownership of pigs. The government also has sought to promote foreign investment and tourism. These changes, however, are not sufficient, in our view, to pull Sao Tome's economy out of its prolonged slump. [ ] 25X1

#### **The Domestic Climate**

The US Embassy reports that da Costa appears to be in firm control. He rarely delegates power to his colleagues and periodically removes from the regime those he believes are potential threats to his rule. Da Costa draws heavily on Marxist-Leninist principles, although Sao Tome is not formally a Marxist state.

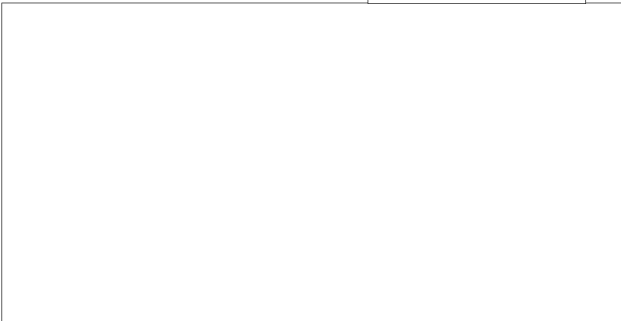
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The US Embassy reports that a pervasive party organization exists and that party membership is necessary for upward mobility in government. The 2,000-man military is reported to have ideological officers who serve as watchdogs attached to most units. According to the Embassy, the government reportedly maintains an effective network of loosely organized informants, and the security service can keep good track of people without being obtrusive because of the island's small size. [redacted] 25X1

Nevertheless, in recent months da Costa has appointed some moderates to office. The US Embassy reports he has brought young, Western-educated technocrats into the Foreign Ministry and key economic positions. Moreover, the Embassy indicates the Defense Minister—once regarded as a Marxist—is now thought to be Western leaning. We note, however, that these officials lack the experience and political base to moderate da Costa's Marxist policies significantly in the near term. [redacted] 25X1

According to the US Embassy, da Costa also has made overtures to Gabonese-based exiles in an effort to demonstrate his moderation. [redacted]



**Outlook**

In our view, Sao Tome's tentative Westward shift—designed to attract badly needed Western credits and technical assistance—is fragile and could be easily reversed. We believe that Sao Tome may be disappointed with what it perceives as less than generous Western aid, and could sour on the benefits of closer ties to the West. Da Costa probably harbors unrealistic expectations of European and US aid and investment over the next several years. In our view, Sao Tome is unlikely to win significant new aid at the Western donors' conference to be held this fall. We note that Paris has found it very expensive to

subsidize Equatorial Guinea's entry into the franc zone, and may be reluctant to pay the heavy costs of Sao Tomean membership. Moreover, international lending institutions are likely to stall further loans until Sao Tome introduces more comprehensive economic reforms. [redacted] 25X1

Nevertheless, the moderating trend will benefit US interests so long as it continues. Sao Tome's need for bilateral economic aid, support from international lending institutions, and Western trade and investment may enhance US leverage to some degree. In return for greater Western support, Sao Tome is likely to continue to experiment with free market Western principles, implement limited reforms, and keep diplomatic relations with key donor countries on an even keel. [redacted] 25X1

In any case, we believe da Costa will retain close ties with the Soviet Bloc for the near term. Our US Ambassador concludes da Costa "does not want to burn his bridges" with the USSR and Cuba should the West fail to provide the expected aid. Da Costa may use the exile or mercenary "threat" to justify the continued presence of East Bloc personnel. Moreover, should da Costa feel his political position threatened, we cannot rule out the possibility of his requesting Cubans to help support him. The Angolan Government—possibly acting on Moscow's urging—could exert pressure to prevent the da Costa regime from moving Westward. [redacted] 25X1



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## Africa Briefs

<b>Angola</b>	<b>Preparing for the NAM Meeting</b> [redacted]	25X1
25X1	<p>The dos Santos regime is trying to ensure that the 2-7 September Nonaligned Movement Ministerial meeting in Luanda is a political success and takes place without incident. Most foreign observers, however, [redacted] believe government preparations will not prevent UNITA from acting during this period. [redacted] there is speculation among the foreign community in the capital that UNITA will mount attacks in Luanda and against a provincial target in an effort to embarrass the regime. UNITA [redacted] may have set fire to the government's main warehouse in mid-July, destroying some \$3 million worth of supplies imported for the conference. [redacted]</p> <p>Estimates of how much Luanda is spending on the affair—including the increased security—vary from \$30 million to \$50 million. Security is being tightened in a 30-kilometer radius around the capital and defenses are being strengthened at the airport, major highways, the port, and other strategic points. [redacted]</p> <div data-bbox="542 1024 1477 1268" style="border: 1px solid black; height: 116px; width: 576px;"></div>	25X1 25X1 25X1 25X1 25X1 25X1
<b>West Africa</b>	<b>ECOWAS Discord</b> [redacted]	25X1
25X1	<p>While the goal of a regional economic organization was enough to bring 12 of the 16 member Heads of State together last month for the annual meeting of the Economic Community of West African States (ECOWAS), practical problems and longstanding disagreements prevented any significant achievements. [redacted] inadequate funding is creating serious day-to-day operational problems for the organization. According to the US Embassy in Lome, only \$2.6 million of this year's \$6 million budget has been paid in so far this year, and the Secretariat appears unwilling to pressure member states to bring their subscriptions up to date. Most states are unable to pay their annual membership dues all at one time, but small, incremental payments could keep the organization solvent. [redacted]</p>	25X1 25X1 25X1

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Secret

The leaders also failed to achieve breakthroughs on such issues as coordination of economic policy, commercial integration, currency exchange, and greater financial contributions. Although the delegations demonstrated greater concern for regional economic problems, the US Embassy in Lome reports that the members remained highly nationalistic and divided. Debate also focused on IMF and World Bank policies, which were strongly criticized but not rejected in principle. Nevertheless, the Heads of State did succeed in advancing the second phase of a protocol on Free Movement of Peoples and Residency, which would allow foreign nationals indefinite residence and the right to open businesses in any member country. The protocol, favored by all except Nigeria, takes effect on 5 June 1986 and must be renewed after four years. [redacted]

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Gabon

**Followup on Coup Plot** [redacted]

25X1

A two-month investigation into the aborted coup plot last May revealed that it was an individual act that did not compromise the integrity of the armed forces, according to our Embassy. [redacted]

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[redacted] The Embassy reports that a court-martial sentenced Army Captain Mandja, the mastermind of the plot, to death while two other officers were acquitted. Armed Forces Inspector General Reonigneaud has been accused of knowing of the plot and not reporting it to the authorities, according to the Embassy. [redacted]

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While President Bongo is in full control of the country, he has traditionally mistrusted the military. Although the results of the investigation may have allayed his fears temporarily, Bongo is likely to remain concerned that many of those questioned were members of his own Bateke tribe, who fill key positions and comprise the bulk of the 1,600-man presidential guard. Moreover, discontent among junior Army officers and enlisted men, who feel Bongo neglects the Army in favor of the guard, continues to surface occasionally. [redacted]

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Zimbabwe

**Budget Problems** [redacted]

25X1

The fiscal year 1985/86 budget introduced last week features a substantial increase in deficit spending that is likely to complicate negotiations for a new IMF standby agreement. Expenditures are set to rise by 18 percent, compared to a prevailing 10-percent inflation rate. Revenues are projected to increase by 15 percent, primarily on the strength of export earnings and higher foreign aid. The \$512 million deficit represents about 11 percent of projected GDP, well above the 5.5-percent target put in the last IMF agreement. Much of the increased expenditure is planned to cover aircraft purchases and military support for neighboring Mozambique. [redacted]

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**Malawi****Government Purges Continue** [redacted] 25X1

President Banda's anticorruption purge, which began with the ouster of civil service chief John Ngwiri, has now spread throughout the government. According to US Embassy reporting, Police Commissioner Itimu abruptly retired last July and the newly created position of Deputy Inspector of Police was filled by a political rival of Police Inspector Kamwana, indicating that Kamwana's retirement is also imminent. We believe that Banda also may purge the Army hierarchy, although Army General Khanga probably is too powerful to be removed.

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[redacted] 25X1

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[redacted] Meanwhile, John Tembo, who probably encouraged Banda to remove Ngwiri, has been appointed head of Malawi's Commercial Bank. We believe this is the latest step in formalizing Tembo's status as successor to Banda and we expect the purge, ostensibly aimed at corruption, to immobilize Tembo's longtime opponents, including Khanga and Kamwana.

[redacted]

**Seychelles****Oil Company Expropriated** [redacted] 25X1

The Rene regime expropriated a Dutch oil company's local subsidiary, Shell of the Islands, last month, continuing its program of nationalizing significant private enterprises. The company held the monopoly for import and distribution of all petroleum products in the islands. The Seychelles National Oil Corporation, a new state enterprise, will take over the holdings. According to the US Embassy, the financially strapped regime is unlikely to compensate Shell adequately for an estimated \$7 million to \$12 million in assets. [redacted] 25X1

Over the near term, the US Embassy reports that the government's move to nationalize the country's only source of petroleum has wide-ranging and potentially serious implications for the economy. It almost certainly has undermined the confidence of Western investors in the private sector and raises fears of further nationalizations. In addition, according to Embassy officials, energy shortages and significantly higher oil prices are likely in the coming months without Shell's participation in the distribution process. This, in turn, will impact on tourism and fishing, the mainstays of the economy. Irregular petroleum deliveries also could interrupt operation of the US Air Force satellite tracking station, which provides at least 7 percent of the country's GDP. The Embassy reports that the tracking station has enough fuel stored in its own tanks to operate for two months under normal use and up to five months through conservation measures. [redacted] 25X1

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