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## **Tanzania: Prospects for Change**

**Interagency Intelligence Memorandum**

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*NI IIM 86-10012  
October 1986*

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TANZANIA: PROSPECTS FOR CHANGE

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### SCOPE NOTE

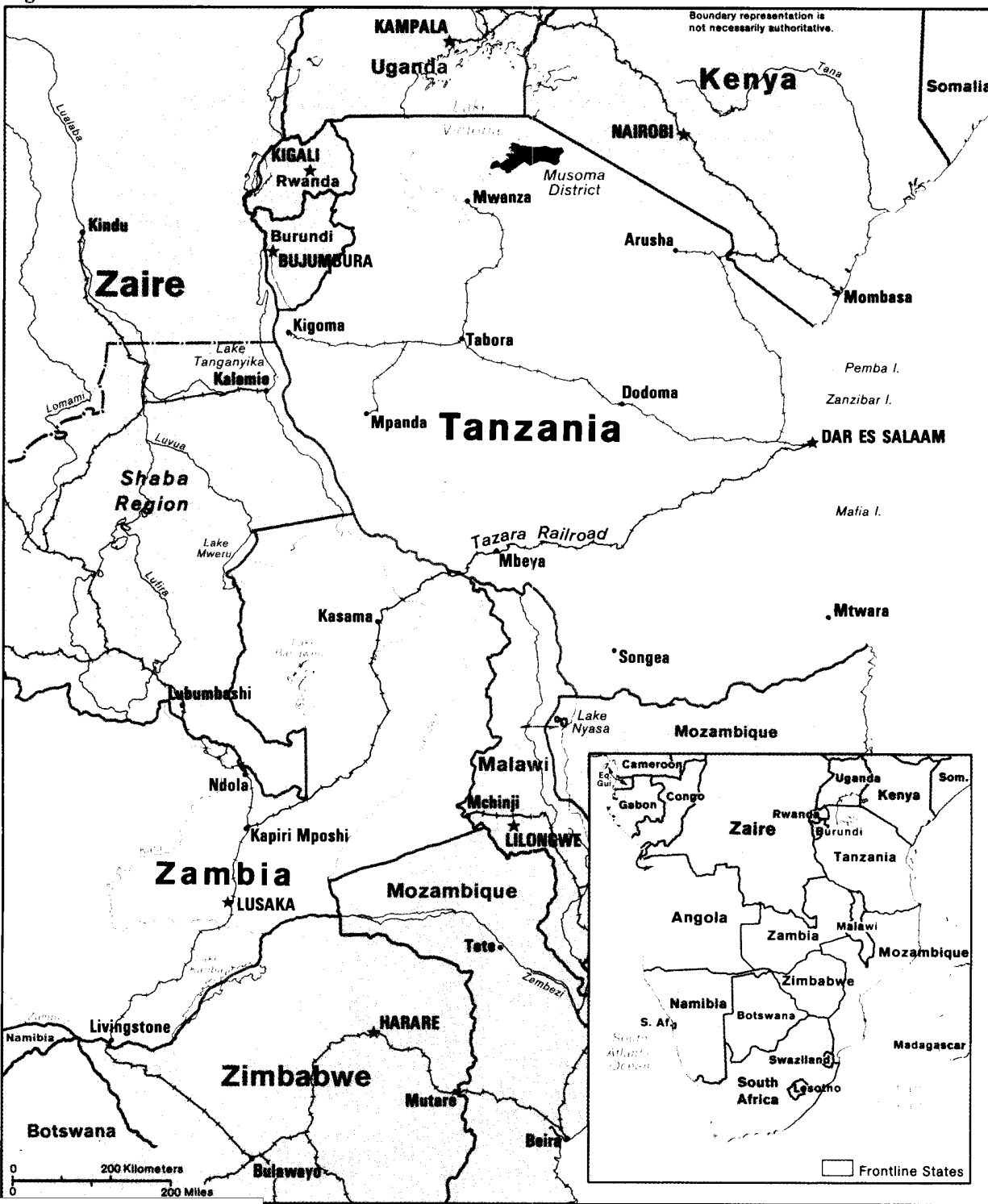
Julius Nyerere's 1985 resignation as President of Tanzania in favor of his Vice President Ali Hassan Mwinyi significantly altered the political landscape of that country, which has been dominated by Nyerere's personality and socialist policies for a quarter of a century. In this paper, we examine the challenges to Mwinyi, an economic pragmatist—including the need to reform Nyerere's moribund economic and political legacy—and how the shifting domestic scene will affect Tanzania's role in Africa and the Third World, and its relations with China, the USSR, and the United States. Although this memorandum is limited to a two-year outlook, it considers problems and possible developments over a longer term.

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Figure 1



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## KEY JUDGMENTS

There will be modest change in Tanzania's socialist economic policies due to the increasing influence of President Mwinyi and other pragmatists. But he may not, over the next two years, be able to overcome leftist propensities instilled during Julius Nyerere's 24-year rule. Political factionalism, Nyerere's influence in decisionmaking, and ideological disputes are likely to continue to constrict the government's effectiveness in addressing needed policy change. [REDACTED]

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The continuation of Tanzania's leftist views could limit the United States' opportunities to improve bilateral relations, but Nyerere's resignation will remove his strident and often vitriolic criticism of US actions from international forums. The similarity of Tanzanian views on Third World and African issues with those of the USSR, coupled with Dar es Salaam's continued military dependence on Moscow, will sustain Tanzania's radical international posture despite cool relations with the USSR and its professed commitment to nonaligned status. [REDACTED]

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The near hopeless state of the Tanzanian economy, induced by the implementation of Nyerere's ambitious socialist Arusha Declaration in 1967, will not be ameliorated significantly during the time of this memorandum. Nyerere's status and influence as Tanzania's revered founding father and as a seminal figure of African independence, as well as the inertia of an entrenched socialist economic system and ideology, will hamper and may undermine major reform efforts. Nyerere—chairman of Tanzania's only political party and mentor to leftist ideologues—will try to thwart more pragmatic, reform-minded leaders who hope the transfer of presidential power gives Tanzania new opportunities for economic reform. Nyerere and leftists, however, will continue to be checked by the political strength of pragmatic ministers and the declining popularity of the leftist economic line. [REDACTED]

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The battle over the recently concluded International Monetary Fund (IMF) accord sharpened differences between the pragmatists and Nyerere with his leftist followers, who oppose IMF economic recommendations. Implementation of the IMF recommendations could be derailed by Nyerere, who exercises power through the party and a wide network of political loyalists, although the influence of both the party and leftists is declining. [REDACTED]


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The likely inability of the Mwinyi government to change significantly the structure of the moribund economic system will not generate

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widespread political instability, but it will cause the government to become increasingly irrelevant to the economic life of most Tanzanians, many of whom have already turned to the informal sector. Mwinyi's anticorruption campaign, however, is earning the self-effacing President his first real popular support. 

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We believe it unlikely that in the next two years civil disorders will grow to such proportions as to precipitate military intervention. Frustration with Mwinyi's handling of intractable economic problems and contagious uncertainty over debilitating political factionalism in Dar es Salaam could unsettle the generally stable pattern of Tanzanian politics. In addition:

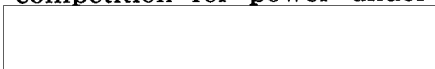
- Military and urban discontent over new austerity measures is likely to grow, although Tanzania has virtually no history of civil disorder.
- Dissatisfaction over the steady decline in military capabilities and economic constrictions might encourage increased military unrest, and conceivably even spark a mutiny, but will not bring down the government. 

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Although in 1962 Nyerere reclaimed the presidency after having resigned to build up the party, we doubt he will attempt to return to power either in person or through a surrogate during the time of this memorandum. Nyerere would be unlikely to precipitate domestic tensions by removing the elected president and loath to admit that constitutional transfer of power was a failure. Although it is unlikely Nyerere could precipitate Mwinyi's resignation by frustrating his policies and engineering his replacement by a more pliable figure, such as Prime Minister Warioba. Even more unlikely, Nyerere could be induced to seek to reclaim the presidency, however, if he perceives the government is unable to deal with severe instability or is abandoning *ujamaa* in such a way as to humiliate him. His resumption of power (most likely implying a whole-hearted return to rigidly ideological economic policies without any promise of reform) would probably unduly test his popularity and legacy of past accomplishments, and could well prove provocative to elements within the military, which expect economic reform. 

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Nyerere's death or decision to withdraw from political life altogether, however, could significantly change the fortunes of leftists, who have lost much of their popular appeal and are largely sustained by his stature and influence. Under such circumstances, more moderate reformers would gradually be able to assume the upper hand although competition for power under Mwinyi's leadership would intensify.



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[REDACTED]

Nyerere's resignation as President, the country's crippling financial problems, and political infighting will contribute to Tanzania's ebbing influence in Africa and its ability to project power beyond its borders as it did in Uganda (1978-81) and in Seychelles (1982-84). Nyerere's legacy will help preserve Tanzania's leftist orientation, but we expect Mwinyi will work harder than his predecessor to tailor foreign policy to the country's internal needs. Nyerere's meddling in selected foreign policy issues (such as relations with national liberation groups and Zairian dissidents) may make Tanzania's policies appear contradictory at times.

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[REDACTED]

On issues involving South Africa, Tanzania is likely to hold fast to its vociferous opposition to white rule, and to US policy. It will continue to:

- Provide assistance, training, and safehaven for South African liberation groups, notably the African National Congress (ANC).
- Allow transit of Eastern Bloc arms to these groups, as well as permit the ANC to once again locate its headquarters in Dar es Salaam, should the ANC decide to do so.
- Provide military training (limited because of economic restrictions) to armies of fellow Frontline and regional states.
- Give verbal, if not physical, support to the concept of an Organization of African Unity (OAU) military wing. [REDACTED]

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Tanzania's similarity of views on the Third World and African issues with the USSR and military dependence on the Soviet Union is unlikely to change significantly despite cool relations. Strain resulting from Dar es Salaam's dissatisfaction with the quality and amounts of Soviet economic and military assistance, and of Soviet meddling in Tanzanian politics long have been evident. Soviet unresponsiveness to Tanzanian complaints reflects, in our judgment, Moscow's recognition of Tanzania's declining influence in the Third World and a probable decision that curtailed Soviet interests there can be secured by a static or even reduced investment. [REDACTED]

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China's once prominent role in Tanzania has withered since the 1970s. Mwinyi has tried to revitalize ties, with some success, but we do not expect China to provide over the next two years sufficient military or economic aid to reduce Tanzanian dependence on Moscow, as Dar es Salaam might hope. [REDACTED]


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Western countries provide the only real opportunity to Tanzania for halting its economic slide through multilateral financial assistance and debt rescheduling but prospects for further aid hinge almost


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entirely on Dar es Salaam implementing a major economic reform program in cooperation with the IMF. Unless Mwinyi is able to implement the recent agreement with the Fund—a very questionable prospect—most Western aid patrons are likely to provide only small amounts of assistance, which will do little more than stave off collapse of the official economy. 

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Tanzania's policy relevance for the United States is likely to remain modest during the time of this memorandum. Tanzania's behavior as a diplomatic irritant will be softened, because Nyerere is now exempted from leadership positions in multinational organizations, where he expressed often vitriolic anti-US sentiment and was able to strengthen anti-US stances. Bilateral relations between the United States and Tanzania have the potential to improve during the course of this memorandum because of debt rescheduling and a possible slight increase in US aid. Tanzania's leftist orientation and often diverging views on global issues, especially regarding South Africa, work against any significant change in posture toward the United States, even though some of the emerging leaders might be amenable toward an improvement in ties and a resumption of assistance. The United States is unlikely to benefit in any tangible way from a static or even reduced Soviet influence in Dar es Salaam. 

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## DISCUSSION

1. Julius Nyerere, founder of Tanzanian independence and one of Africa's most famous statesmen, continues to be a potent force in Tanzanian politics, despite his decision in late 1985 to retire in favor of his vice president, Ali Hassan Mwinyi. Nonetheless, political power is shifting away from Nyerere and his supporters toward a pragmatic group led by President Mwinyi. Nyerere's decision to relinquish leadership was motivated in large part by the increasingly unavoidable fact that his blueprint for Tanzanian development was failing and that his broader visionary policies (widely copied throughout Africa and so dominant in all aspects of Tanzanian society) were faltering badly at home and elsewhere. Nyerere's decision has been a qualified one, however, and he has been unwilling to give up his influence or his policies altogether and continues to wield considerable power over the country by virtue of his revered stature and his leadership of Tanzania's only political party. [redacted]

2. Nyerere's position has inhibited Mwinyi, a pragmatic administrator who successfully instituted economic and political reforms while President of Zanzibar, Tanzania's partner in a troubled 22-year union. Mwinyi faces far greater challenges in reversing the mainland's ruinous economic decline, however, and has yet to demonstrate that he has developed a base of support sufficiently strong to override Nyerere or to cope with the failing economy and the political disaffection it is causing. [redacted]

### Nyerere's Legacy of Economic Decline

3. Tanzania's unique system of state-directed socialism, introduced in 1967, has never come close to achieving the idealistic goals that Nyerere envisioned. The system, known as *ujamaa*,<sup>1</sup> is so central to Nyerere's ideology, however, that it has been a way of life in Tanzania for almost 20 years, despite its increasingly obvious flaws and its near ruinous effects on agriculture, which employs 80 percent of the population and is the country's chief foreign exchange earner. Prominent features of "*ujamaa* socialism" included relocation—sometimes forced—of rural peasantry into agricultural collectives, creation of a

<sup>1</sup> Kiswahili for familyhood. [redacted]

system of parastatals to control virtually all production and distribution, and virtual elimination of private enterprise through regulation and nationalization. [redacted]

4. The inadequacies of the *ujamaa* system have produced a number of serious dislocations in the economy over the decades:

- A large and costly bureaucracy has failed to manage the system and has become largely a breeding ground for graft and corruption, especially within parastatal organizations.
- Discouraged agricultural workers have increasingly returned to subsistence farming and an uncontrolled, informal economy has developed to provide for most basic consumer needs.
- The government's declining ability to purchase vital imports has caused deterioration in the country's underdeveloped infrastructure, thus further hampering the performance of virtually all sectors of the economy.
- Decades-long reliance on foreign assistance (Tanzania's external debt now approaches \$3 billion) has created an attitude of "dependence" throughout the Tanzanian elite that has stifled serious efforts to reform or to find domestic solutions to economic problems. [redacted]

5. The country's financial difficulties reached crisis proportions in the late 1970s when a variety of external factors—high oil prices, falling commodities prices, harsh weather, and the collapse of the East African Community—further exacerbated the dislocations caused by Nyerere's policies. His failure to restrain expansionary fiscal policies, maintain realistic exchange rates, support agricultural prices, combined with Tanzania's costly invasion of Uganda in 1978 (which was in response to a Ugandan incursion into Tanzania), sent the economy into a serious downward spiral, causing a steady and serious degradation in living standards for the average Tanzanian. [redacted]

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## Tanzania: Failure of a Socialist Experiment

Since the proclamation of Nyerere's famous Arusha Declaration in 1967, Tanzania has developed a wholly state-run economy, ineptly administered by an overblown and ever more corrupt central bureaucracy. The economy, planned in accordance with the dictates of socialism and Nyerere's concept of African brotherhood, with little thought for the vagaries of the marketplace, offers almost no incentive for producers or investors. Strict currency and import/export controls have restricted Tanzanian trade. Private initiatives, seldom allowed, are usually strangled by an excess of redtape. Tanzanians have come to rely on a thriving black market and subsistence farming for the necessities of life, and the government strictly controls the importation of luxury items, guaranteeing an austere life for all but the most privileged. Under Nyerere, the government long resisted any change in the moribund economic system—including devaluation—preferring to blame Tanzania's troubles on the greed of developed nations and international economic crises.

Government interventionist policies have been the major damper on production. Artificially low producer prices, set periodically by the government, are major disincentives for farmers. The low producer prices provide negative real returns to farmers who supply the state-run organizations, thus discouraging production. Shortages of foreign exchange, caused by shrinking output, have restricted expansion in all sectors and have required periodic downward adjustments of the govern-

ment's budget. Government pricing policies have encouraged black-market activity, and state-run businesses are unable to meet consumer demand, especially in the larger cities.

The government-owned enterprises, which control almost all legal trade, have long been one of the biggest drains on the economy. Their ever-spiraling operating costs have traditionally absorbed rising percentages of profit. These businesses have frequently not paid farmers at all for their crops, although producer prices are fixed by law.

An overvalued currency has made Tanzanian commodities considerably less competitive on the world market. Thus, Tanzania finds it difficult to earn hard currency for purchases of oil, chemicals, seed, and machinery and is unable to pay debts to oil suppliers and international aid donors. Nyerere's continued resistance to devaluation was the major obstacle to an IMF standby agreement in 1985.

A growing faction in the government and in the educated portion of the population is favoring a more realistic approach to economic planning. Tired of the privations that have been caused by Nyerere's socialist program, these pragmatists are anxious to see practical applications to economic problems. For the most part, they believe an IMF agreement, long considered by Nyerere to be intolerable interference in internal affairs, is necessary for economic survival.

6. President Mwinyi and other pragmatists in his government believe Tanzania's only hope lies in securing help from the International Monetary Fund. An IMF agreement is in turn expected to ensure increased amounts of aid from donors who are withholding funding while insisting on reforms consistent with terms for an IMF accord. Mwinyi faces formidable obstacles in carrying out the reforms required by the August 1986 IMF standby agreement:

- Nyerere unsuccessfully opposed an IMF-supported program. He regards the Fund as a tool of Western nations and an intolerable interference, and as chairman of Tanzania's sole political party, he can still sabotage reform efforts by directing the actions of his clique of loyal, leftist supporters still in senior government positions.
- Tanzania must convince foreign donors that it will be able to implement the new accord (Tanzania did not follow through on a 1981 agreement) in order to obtain their continued financial cooperation.

— The accord will require a steeper devaluation of the country's currency, increases in producer prices, wage cuts for the bureaucracy, and major overhaul of the parastatal system, all of which will meet strong resistance.

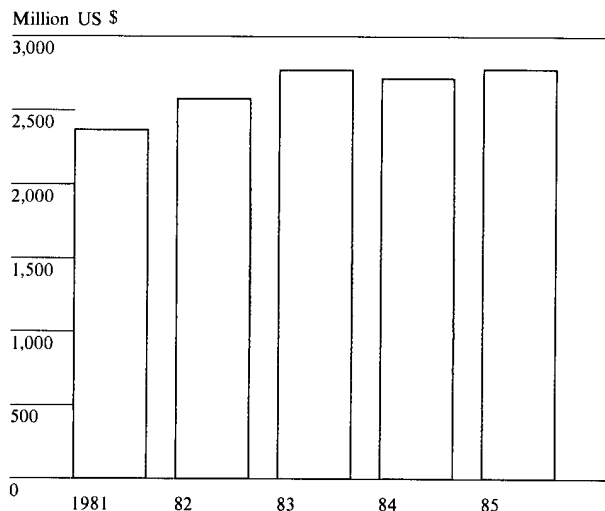
7. Although Mwinyi has been in office less than one year, he has been moving, albeit slowly and cautiously, to mobilize those who recognize the necessity of serious reform into an effective political front. He has undertaken some stopgap measures, has negotiated an IMF agreement despite Nyerere's opposition, and has waged a widespread and popular campaign against bureaucratic corruption.

8. Tanzania's economic prospects are nevertheless bleak under any circumstances. Even in the event that Nyerere's influence wanes more rapidly than anticipated and a serious reform program can be set in motion soon, the magnitude of the country's problems indicates a long and difficult recovery. We believe that Nyerere and his legacy will continue to hamper structural reform efforts through the period of this IIM and that the country's economic problems are unlikely to improve substantially.

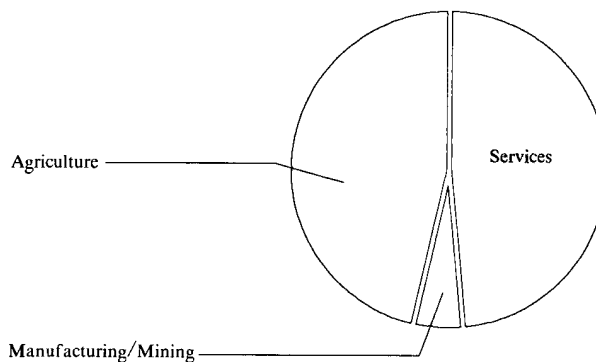
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**Figure 2**  
**Tanzania: Total Debt**



**Figure 4**  
**Tanzania: Structure of Production**

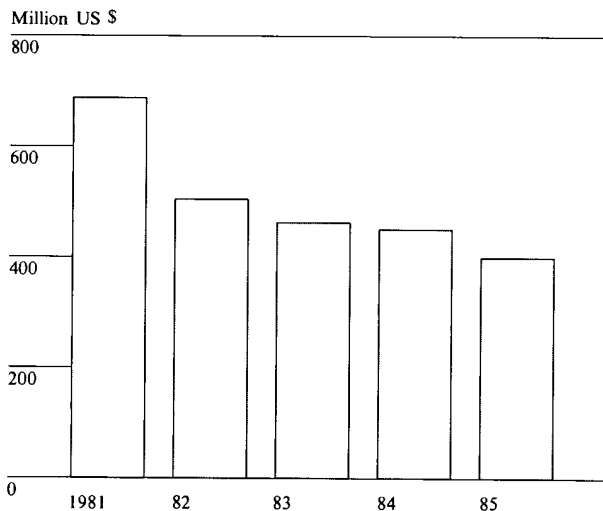


Tanzania's socialist budgets have rarely reflected the importance of the agricultural sector. Agriculture employs over 80 percent of the population and accounts for over 75 percent of the country's foreign exchange earnings. The budgets have emphasized disproportionately the mining and manufacturing sector. This sector relies on agriculture and foreign aid donors for hard currency needed to purchase raw materials and machinery. Agriculture's ability to earn foreign exchange, however, has seriously declined because of government neglect, rigid socialist policies, and built-in disincentives to farmers.

Increasingly scarce foreign exchange and the relatively high cost of imports have made Tanzanian industrial enterprises poor investments. Often the finished product is cheaper to import than to produce in-country. Even industrial processing of agricultural commodities and the producing of import substitutes (such as cigarettes, cement, and paper) have suffered indirectly from the lack of foreign exchange. Inadequate supplies of spare parts and packaging materials, transportation halts, and the general decline of Tanzania's frail infrastructure all exist, in part, because of the shortage of foreign exchange.

Virtually all services are provided by the government, causing a major drain on slimming government revenues.

**Figure 3**  
**Tanzania: Value of Total Exports (f.o.b.)**



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**Table 1**  
**Tanzania: Economic Indicators**

Real GDP growth, 1978-85 ( <i>average annual</i> )	0.8 percent
Consumer price inflation, 1985	26 percent
Total foreign debt, 1985	US \$3.1 billion
International reserves	US \$12 million
Foreign debt service obligation, 1985	US \$136 million
Debt service ratio, 1985 ( <i>scheduled</i> )	53 percent
Actual debt service ratio, 1985	19 percent

9. Most of Tanzanian society is used to living in deprivation. This will mitigate the political consequences of continuing austerity, and the chances of widespread civil unrest or economic-inspired dissidence are not great. As long as the government remains a captive of Nyerere's legacy—and we expect it will—it will remain largely irrelevant to the economic life of most Tanzanians, who are likely to engage in commercial activity outside the socialist system. [redacted]

#### Nyerere's Continuing Political Influence

10. We believe that former President Julius Nyerere's far-reaching influence will continue to affect the character of Tanzanian politics over the next two years, despite his decision to resign as chief of state. As chairman of Tanzania's sole political party, the Chama Cha Mapinduzi (CCM or Revolutionary Party), Nyerere still holds key decisionmaking power that can undercut the government's authority and give continuing influence to his proteges and followers. [redacted]

11. Despite his public declaration to resign as party chairman in mid-1987, Nyerere may well stay on through the period of this memorandum, possibly until the next party conference in 1992. We believe he is reluctant to relinquish real power to the reform-minded Mwinyi and will try to revamp the party and establish its dominance over the government. Nyerere is only sixty and in relatively good health; his decision to resign as President was clearly difficult for him and in the ensuing months he apparently has had second thoughts about truly giving up power, abandoning his socialist vision for Tanzania, and about the course Mwinyi and other pragmatists are likely to pursue. As long as he can continue to influence Mwinyi, we believe Nyerere is unlikely to reclaim the presidency or force Mwinyi's dismissal. [redacted]



**Ali Hassan Mwinyi:**  
**Reluctant Leader**

On 4 November 1985, Ali Hassan Mwinyi, a former schoolteacher, succeeded Tanzania's first and only President since independence in 1961, Julius Nyerere. Union Vice President and President of Zanzibar only since 1984, Mwinyi conspicuously lacked a base of support on mainland Tanzania, his predecessor's charisma, and international recognition, and is still viewed by the military as a remote and unfamiliar figure. Suspicions that Mwinyi would be wholly deferential to Nyerere have been somewhat assuaged by his crack-down on bureaucratic corruption—which has markedly increased his grassroots popularity—but he remains careful about challenging Nyerere over sensitive issues. His successful support of an IMF agreement, however, has been in sharp contradiction to Nyerere's longstanding objections to such a reform program. We believe that he will continue to maintain a low political profile throughout his presidency, however, out of genuine respect for Nyerere and because he is uncomfortable with the scope and responsibility of an office he did not seek. [redacted]

A diffident and modest man more interested in results than in ideology, Mwinyi is an experienced politician with a reputation for capable administration and party loyalty. His string of political appointments and educational credentials include Zanzibari Minister of Education, Ambassador to Egypt, Party Vice Chairman, and the chairmanship of a number of service-oriented parastatal boards. [redacted]

Many observers are waiting for Mwinyi to initiate the same type of liberalization measures that he successfully implemented while President of Zanzibar. Although he was forced to walk a thin line between Nyerere—who had unceremoniously ousted the previous President of Zanzibar—and rising secessionist sentiment, Mwinyi instituted a series of pragmatic reforms, including export liberalization, streamlining parastatals, and lifting restrictions on the use of foreign exchange to import much-needed consumer goods. He also introduced a more liberal constitution that successfully eased secessionist tensions. [redacted]

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**Julius Nyerere:**  
Nationalist and Visionary

Affectionately called "Mwalimu" (teacher) by the Tanzanian people, Julius Nyerere was the founder of his country's independence movement and President of Tanzania for almost a quarter of a century. As Chairman of Chama Cha Mapinduzi (CCM—Revolutionary Party), the country's sole political party, he still strongly believes that socialist ideology is the best basis for economic and political decision making. On the basis of his statements and actions throughout his career, we believe that Nyerere considers himself a man with a mission and hopes to build socialist institutions and attitudes that will endure beyond his lifetime. [redacted]

Nyerere's honesty, dedication, and intellect—combined with his considerable political skill—have preserved his national preeminence, enhanced his prestige abroad, and given Tanzania a leading role in the Third World that its limited power and wealth would not otherwise warrant. He identifies strongly with the have-nots of the world and is an avid supporter of a new international economic order that would allow developing nations to increase their share of the world's fixed resources at the expense of developed countries. We believe it is partly this viewpoint that led him to adopt a socialist development strategy at home and to take an aggressive stance toward the West on international economic matters. [redacted]

Nyerere's patriarchal image and legacy as Tanzania's founding father will be slow to fade in the hearts and minds of Tanzanians, despite growing dissatisfaction with the end result of his socialist policies. An impressive man both publicly and privately, he maintained political stability and unity while projecting Tanzania onto the world stage. In 1981 he received the Dag Hammarskjold Pax Mundi (awarded for contributions to international understanding) and the Third World Prize. He was named 1981 Man of the Year by the French magazine *Le Point*. His retirement as President in 1985 coincided with his leaving the chairmanships of the Organization of African Unity and the Frontline States organization. [redacted]

12. Nyerere has tremendous support as the founder of Tanzania's independence and socialist system—including a remarkable network of education and social services—and he is still mentor to many national and local leaders. Although Nyerere and his most cherished ideologies are losing popularity in the face of declining economic conditions, association with Nyerere is a critical source of strength for many leftists. Some Cabinet and many party members are willing to be used as a conduit for Nyerere's ideas and influence. Prime Minister Warioba, who is from Nyerere's native Musoma district, frequently acts on Nyerere's behalf. Party Secretary General Kawawa and Minister for Local Government and Cooperative Unions Ngombale-Mwiru spearhead the party's most radical left wing but their power within the government is marginal. [redacted]

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13. Nyerere's activism behind the scenes is largely responsible for the growing factionalism gripping the government. For example, the party seriously hampered the government's negotiations with the IMF and may be able to undermine major structural economic reforms. Nyerere has also brought the party into the foreign policy arena, making it responsible for overseeing relations with insurgent groups such as the African National Congress (ANC) and Zairian dissidents. In so doing he has taken over many of the responsibilities of the Ministries of Defense and Foreign Affairs and hurt Mwinyi's attempts to improve relations with Zaire. [redacted]

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14. We do not believe Mwinyi has the political strength or temperament to publicly challenge Nyerere's authority but privately has stood his ground on selected issues and has won some concessions from Nyerere. Mwinyi was a compromise choice for the presidency, selected by Nyerere in the eleventh hour after a power struggle between then Prime Minister Salim and Party Secretary General Kawawa threatened a showdown between their backers in the military and party, respectively. Mwinyi appears uncomfortable in the shadow of Nyerere's impressive reputation; he clearly cannot match his predecessor's keen political instincts. Moreover, as a Zanzibari, Mwinyi is a minority on the Tanzanian mainland and within the island-mainland Union government, and thus without a strong ethnic constituency. He is only beginning to build popular support but seems intimidated by the overlapping lines of authority between the presidency and party chairman. [redacted]

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15. Under Mwinyi's leadership, competition for power and factionalism are likely to flourish, as more aggressive Cabinet ministers take advantage of the President's self-effacing style. Leftists, however, will

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continue to be checked by the political strength of pragmatic ministers and the declining popularity of the leftist economic line. [redacted]

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16. Several key Cabinet members favor Mwinyi's version of reform, but do not appear to be acting in concert with the President—often because of a lack of presidential direction. They each have strong, but individual, bases of support. Defense Minister and Deputy Prime Minister Salim is increasingly popular with the military establishment and his previous posts at the United Nations have earned him considerable international recognition. Minister of Finance Msuya, the strongest proponent of IMF-sponsored reform, is widely respected within the government bureaucracy and banking circles. [redacted]

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17. Nyerere's efforts to prop up Tanzania's ailing left, Mwinyi's timidity, and the uncoordinated actions of strong ministers are likely to hamper government decisionmaking and obstruct any significant reversal of economic decline. Although grumbling over the economy will increase, and isolated outbreaks of unrest are possible, traditional passivity is likely to prevent serious social disorders. The rapid growth in recent years of an uncontrolled informal economy has made official government policy less important to the average Tanzanian in any case. [redacted]

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18. We doubt that Tanzania will change its leftist foreign policies. Given Nyerere's departure and the country's perilous economic state, Tanzania's influence in the region and in the international community will dwindle. Over the next two years, political infighting is likely to be the main feature of the government; but, as long as Nyerere remains on the scene, even the most assertive critics of his policies are unlikely to be able to challenge the regime or mobilize popular discontent to force real change. [redacted]

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19. In the less likely event that Nyerere actually retires in 1987 or passes from the scene, the prospect for significant change in Tanzania would improve markedly. We do not believe Mwinyi, even under these circumstances, is likely to be the driving force behind a serious economic and political transition but will fully support such initiatives. One of the more powerful members of the government—probably Deputy Prime Minister Salim—might marshal sufficient support for major economic reform but would be unlikely to change the direction of Tanzanian foreign policy. [redacted]

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20. Although in 1962 Nyerere reclaimed the presidency after having resigned to build up the party, we doubt he will attempt to return to power either in

person or through a surrogate during the time of this memorandum. Nyerere would be unlikely to precipitate domestic tensions by removing the elected president and loath to admit that constitutional transfer of power was a failure. Even more unlikely, Nyerere conceivably could precipitate Mwinyi's resignation by frustrating his policies and engineering his replacement by a more pliable figure, such as Prime Minister Warioba. Nyerere could also be induced to seek to reclaim the presidency, however, if he perceives the government is unable to deal with severe instability or is abandoning *ujamaa* in such a way as to humiliate him. His resumption of power (most likely implying a whole-hearted return to rigidly ideological economic policies without any promise of reform) would probably unduly test his popularity and legacy of past accomplishments, and could well prove provocative to elements within the military, which expect economic reform. [redacted]

### Potential Challenges for the Regime

#### Military Discontent and Other Troubles

21. Tanzania has no history of serious civil disorder. In the decades since independence Nyerere has been able to foster a sense of national unity that largely overrides ethnic and tribal differences, and the habitual poverty in which most Tanzanians live has kept popular expectations extremely low. The military, in the British tradition, has been schooled as a professional, apolitical force. A preempted coup plot against Nyerere in 1983 that involved military elements, and an Army mutiny over low pay in 1964 are largely anomalous events in the generally quiescent pattern of Tanzanian life. The widely held perception that the Nyerere era is beginning to come to an end is a major new variable, however, that raises the possibility of challenges to the new regime, especially in light of rising dissatisfaction with the mishandling of the economy and falling hopes that Mwinyi might reverse the country's decline. [redacted]

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22. Tanzania's military has become a less predictable institution as the country's declining fortunes have eroded its capabilities. We believe keener military attention to political developments and growing dissatisfaction in the lower ranks of the armed forces could become a significant problem for the new government. [redacted]

23. While protected in the past from privations suffered elsewhere in Tanzanian society, the military is now feeling the effects of the crisis more directly. Operational readiness, training, and weapons systems



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have been significantly degraded as the government's ability to shield the armed forces from economic hardships has weakened. Living conditions for junior officers and enlisted men have slipped to subsistence levels. Senior officers, while better off in part because of personal profiteering and corruption, are concerned about restiveness in the ranks. [redacted]

24. Reports of coup plotting over the past few years have been infrequent and sketchy, and we have no evidence of organized dissident activity at this time. Nevertheless, the level of discontent in the lower ranks and the degree of concern over the economic crisis among senior officers indicate a growing possibility that disaffected elements might take action against the government during the period of this memorandum. We believe a coup is unlikely. However, the following groups are the most likely to be motivated to challenge the regime:

- Lower ranking officers and enlisted men, lacking clear ideological goals, might mutiny over their economic plight. Delays in receiving food or other basic items could trigger a spontaneous uprising in the barracks. Such an event would probably be an isolated event and unlikely to bring down the government.
- Officers who are alarmed by what they view as Nyerere's adverse influence, and Mwinyi's inactivity in the face of economic crisis, could attempt to install a government that would take immediate reform measures.
- Officers from Nyerere's Musoma district—primary recipients of preferential treatment—fear a dwindling of their perquisites and exposure of their rampant corruption under Mwinyi. These officers are especially concerned because of the possible retirement of their patron, Army Commander General Musuguri, who condoned their corrupt practices and protected them from prosecution. [redacted]

25. We believe that most senior officers are reluctant to assume the burden of governing Tanzania. This hesitancy coupled with their general professionalism and regard for the legitimacy of the current government will inhibit most officers from considering a military takeover. [redacted]

26. Antigovernment sentiment in the broader population would be most threatening if it developed either in Zanzibar or the mainland capital, Dar es Salaam. Dar es Salaam has the highest concentration of a politicized middle class in the country. Until recently, the government had been able to safeguard the city

from the economic dislocations that have plagued other parts of the country. However, crippling food and fuel shortages, a cholera epidemic, floods, and an erosion of city services have substantially degraded living conditions. We expect that the government will give priority attention to the situation in Dar es Salaam and thus avert trouble there; a good harvest will alleviate prolonged food shortages such as those that occurred in late 1985 and early 1986. Tanzania's inability to maintain a steady oil flow to urban areas, however, despite sharply declining oil prices could unsettle the situation. Barter arrangements in 1986 (coffee for oil) left Tanzania paying more than double the spot market prices, and Dar es Salaam recently defaulted on an oil agreement with Kuwait. [redacted]

27. Resentment toward Dar es Salaam among Zanzibaris is a more intractable problem. Separatist sentiment has festered in the islands of Zanzibar and Pemba since the inception of the Union with the mainland in 1964 and erupted seriously in 1983, requiring the use of mainland troops to quell unrest. Many islanders object to the loss of autonomous control in key areas such as finances and security, resent perceived favoritism toward mainlanders in the bureaucracy, and chafe under the dominance of a sole political party. Although the symbolism of Mwinyi's assumption of the presidency has helped smooth over mainland-island friction, we believe Mwinyi's diplomatic skills will be seriously tested as he tries to manage Zanzibari demands without appearing to neglect or hurt mainland interests. (See figure 5.) [redacted]

28. We believe it is possible, although highly unlikely over the next two years, that civil disorders will grow to such proportion as to precipitate military intervention, leading to military control of the government for an indeterminate length of time. Acute unrest within junior military ranks will probably be less predictable, however, and could lead to a volatile situation if combined with civil disorders, a protracted cabinet crisis, or strains in the Zanzibar-mainland union. [redacted]

## The External Dimension

### A Fading Regional Role

29. Tanzania's standing in the region and the international community will be markedly diminished as a result of Nyerere's reduced leadership role and continuing economic troubles. His deeply entrenched legacy and his continuing guidance of the country's political party will be sufficient to sustain Tanzania's leftist, global orientation, but its inflated importance on the African stage, which was due largely to

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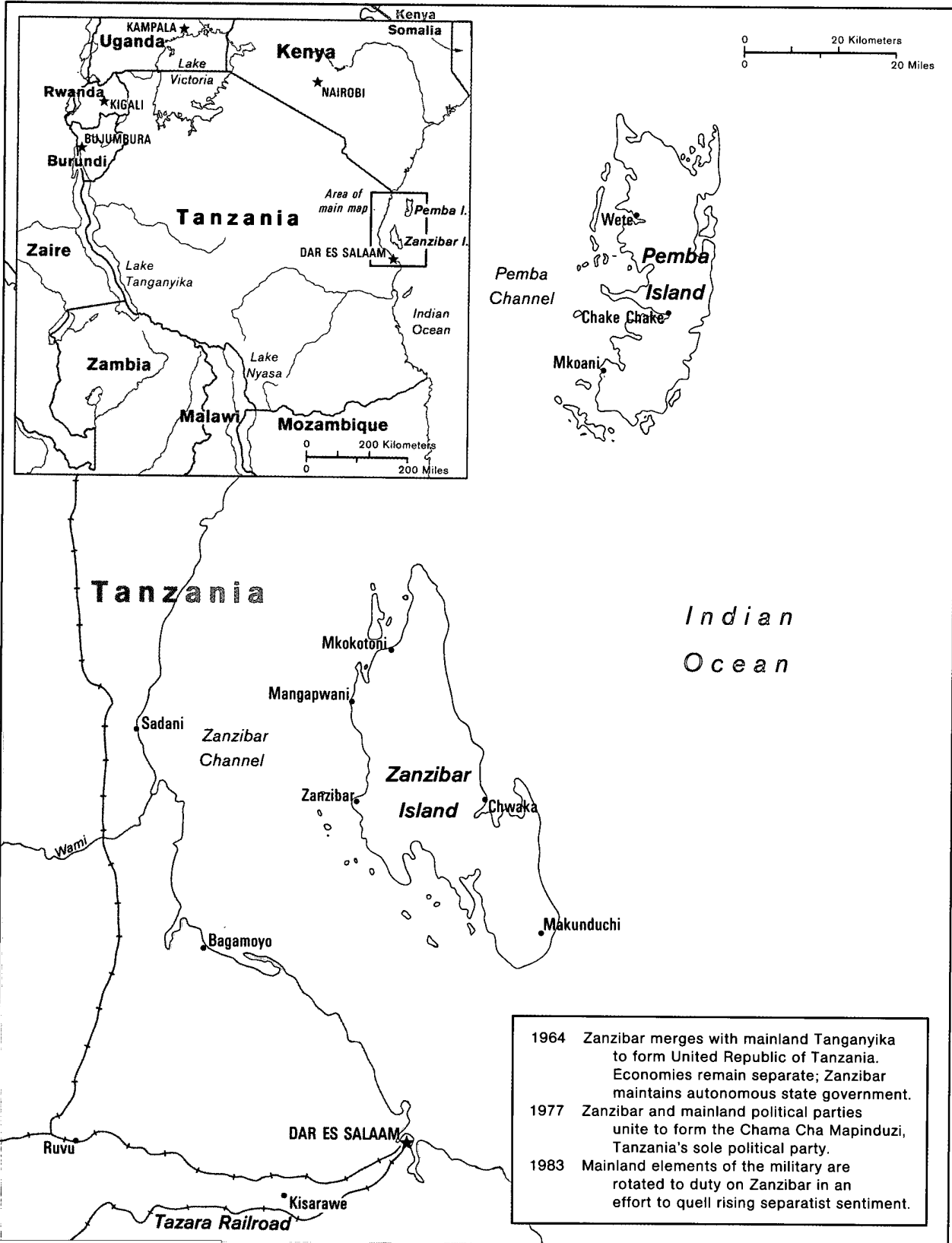
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Figure 5  
Zanzibar and Pemba



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Nyerere's charisma, aggressiveness, and reputation, has already begun to subside. Nonetheless, Tanzania as a member of the Frontline States organization and an active supporter of southern African liberation movements, will retain some clout on regional issues.

30. Mwinyi's government is likely to be preoccupied by domestic concerns and will try to pursue a more flexible foreign policy more tailored than Nyerere's to meet Tanzania's internal needs. Although Dar es Salaam will remain a vocal critic of South Africa, the international economic system, and US policy in Africa, its posture will have less impact and its activist role in the region will be diminished.

31. Nyerere, at different times chairman of the OAU and the Frontline States, enabled Tanzania to play a larger role than the country's economic status or strategic position otherwise would have allowed. In addition, a combination of external and internal factors will further reduce Tanzania's voice in African politics:

- Confusion over who speaks for Tanzania will persist until Nyerere retires as party chairman. In addition to bringing the party (and himself) into policymaking regarding national liberation groups, the former President reportedly has also taken the lead in formulating official responses to international events, and his actions have hindered Mwinyi's efforts to establish a firm footing among his African peers. Defense Minister Salim's stature, which rivals Mwinyi's, further complicates the leadership picture.
- Nyerere's departure from regional organizations has allowed Zambian President Kaunda, the new Frontline States Chairman, Zimbabwean Prime Minister and Nonaligned Movement Chairman Mugabe, and Kenyan President Moi to take over Nyerere's role as preeminent regional statesman.
- Dar es Salaam will find it more difficult to back up strident rhetoric with military force as it did in Uganda (1978-81) and in Seychelles (1982-84). Low morale, drastic budget cuts, lack of training and fuel, and inoperable equipment have reduced the military's ability to deploy and maintain forces outside Tanzanian borders. Dar es Salaam will be hard pressed to increase its training commitments to Mozambique and is unlikely to make good—unless someone else helps pay for it—on its pledges of military support to Angola and Uganda.

32. Mwinyi has begun to take a more conciliatory approach toward his neighbors, especially Presidents

Mobutu and Moi whose personal animosity and ideological differences with Nyerere strained relations. We believe Mwinyi will stress greater regional trade and military cooperation and will avoid the confrontational posturing of the past. Mwinyi has already begun cooperating more closely with Kenya; he made a successful state visit in mid-1986 that involved restoration of economic links.

33. Mwinyi, however, does not have full control of certain foreign policy issues that still hold Nyerere's attention. Interference by Nyerere and his clique will cause Tanzanian regional policies to be inconsistent—torn between Mwinyi's conciliatory gestures and Nyerere's interventionist stances. Tanzania's contradictory actions toward Zaire—Nyerere is championing increased support for Zairian rebel groups but Mwinyi is hoping to improve relations with Kinshasa—is the best illustration of this problem.

34. We do not expect Tanzania to soften its vociferous and emotional opposition to South Africa. Assistance and safehaven to South-West Africa People's Organization (SWAPO), ANC, and Pan-Africanist Congress (PAC) liberation fighters will continue at current or increasing levels, especially if ANC headquarters are shifted to Dar es Salaam, despite increasing acknowledgment of Tanzania's vulnerability to a South African attack. In addition, Dar es Salaam will continue to permit Eastern Bloc arms for South African liberation groups to transit its territory.

35. Frontline States still using South African-controlled shipping routes may look to Tanzania as an alternate transport route in the event of South African regional countermeasures. Tanzania, whose present transportation systems are rudimentary and in disrepair, will over the period of the memorandum be unable to expedite additional goods through the country despite the likely injection of funds from Western donors to offset South African countersanctions. Government redtape will discourage private ventures to improve conditions and the unwieldy bureaucracy is unlikely to be able to cope with the increased demands on its resources. Operations will be primarily hindered by the poor condition and sporadic operation of the Tazara railway, an important link of the Northern Corridor route. Further impediments include the deteriorated and congested state of port facilities at Dar es Salaam, the country's inability to maintain basic services such as electricity, and the lack of handling and shipping companies to service the influx of additional goods.

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### Important Relationships: The Soviets and the Chinese

36. In the 1960s, close Tanzanian-Soviet relations developed because of the similarity of their views on Third World and African issues. In later years relations were solidified by Moscow's efforts to counter China's significant role in the country and Moscow's willingness to facilitate the Tanzanian Army's expansion by providing arms on concessional terms. Tanzania's radical international posture has continued since then and has sharpened Dar es Salaam's ideological opposition to the so-called imperialism of developed nations. [redacted]

37. Mwinzi has inherited problems with Moscow, however, over military supply and training agreements that form the cornerstone of bilateral relations. Tanzanians have been increasingly frustrated with the poor quality and cost of Soviet military equipment and training, the token amounts of economic assistance they have received, and with Soviet meddling in domestic issues. Moscow attempted, for example, to influence presidential elections by providing financial backing for an improbable leftist candidate, and unsuccessfully used the KGB's official links to the Tanzanian intelligence service to direct the outcome of the succession. As a result Dar es Salaam broke the intelligence relationship, reduced the number of Soviet military advisers, and took steps to limit Soviet actions in Tanzania to their training and maintenance responsibilities. [redacted]

38. Moscow's unresponsiveness to Tanzanian complaints, in our judgment, reflects Soviet recognition of Tanzania's declining stature and a probable decision that Moscow's interest there can be sustained with a static or reduced investment. The Soviets will want to preserve Tanzania as a venue for Soviet support to African liberation groups and as a source of backing on international issues, but will probably continue a low-cost approach to relations. Recent Soviet actions have involved lobbying Dar es Salaam for support on issues concerning the Five Nations Peace Initiative, and cultivating senior Tanzanian defense officials so as not to let the military supply relationship lapse. [redacted]

39. The Soviet Union and its Eastern Bloc allies, including Cuba, will continue to attempt to spread influence and carry out active measures in Tanzania—usually directed against the United States—during the time period of this memorandum but their capabilities have declined somewhat from their stronger position during the 1970s. We believe subversive Bloc activity

### Soviet Activities in Tanzania

Soviet ability to carry out active measures—such as a whisper campaign against US personnel, insertion of pro-Soviet and anti-US articles in local press, and credence for disinformation circulated at high levels of the Tanzanian Government—is still strong but it has declined since the 1960s and 1970s when Soviet actions were able to seriously damage US-Tanzanian relations. These Soviet active measures have the help of the Cuban and East German services, which maintain a liaison with the Tanzanian intelligence service. These activities apparently have not been greatly disrupted by the severing of the Tanzanian-KGB intelligence liaison in 1985, and there is no evidence to suggest the Tanzanians have undertaken countermeasures. [redacted]

The CCM party is the primary channel of Soviet influence and greatest source of Soviet support in Tanzania. The USSR and its allies, especially Bulgaria, will continue to cultivate CCM party members, especially through the youth and labor union organization, and sponsor many delegations, conferences, seminars, and film festivals each year. Party stalwart and youth leader Kingunge Ngombale-Mwiru, known as the "Red Ideologue" for his excessively leftist and pro-Soviet views, will remain the focal point for the Soviet influence within the party, but we believe most Tanzanian leaders, including Nyerere and Mwinzi, will continue to be suspicious of Soviet motives. [redacted]

The Soviets offer 100-200 scholarships a year to Tanzanian students with Romania, Yugoslavia, East Germany, Hungary, and Cuba providing 10-20 apiece. Approximately 600 students are presently studying in the USSR, and the total number of Bloc-educated students is over 3,000. Eastern Bloc degrees are not held in high esteem, and students—who must often take qualifying exams upon their return to Tanzania—prefer Western education. Dar es Salaam will continue to accept Soviet scholarships, however, because they are low cost and provide much-needed technical training. At present, no graduate of Soviet or Bloc institutions holds a significant position in the government or party; senior officials are older than the average graduate, and we expect it will be some time before these graduates move into positions of authority. [redacted]

will probably remain at present levels, as the Mwinzi government maintains Tanzania's traditionally sympathetic world views but the declining political fortunes of Tanzanian leftists close potential new subversive channels. [redacted]

40. The Soviets are unlikely to offer anything that might lead Dar es Salaam to draw closer to them, such as sharply increased economic aid or substantial military debt relief. A continued Soviet Bloc presence

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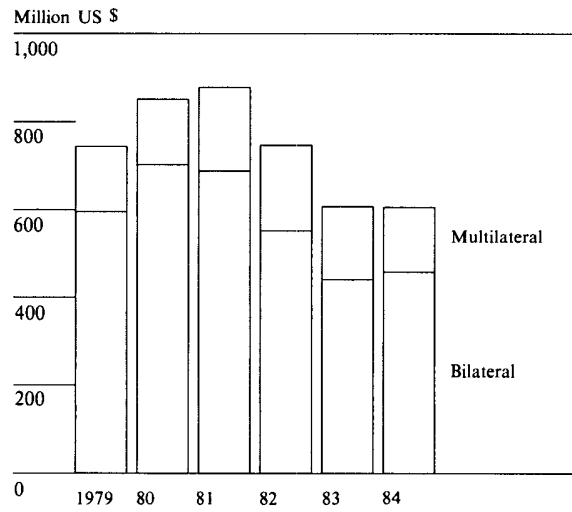
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**Erratum**

Notice to recipients of Interagency Intelligence Memorandum: *Tanzania: Prospects for Change*, NI IIM 86-10012, Secret [redacted] October 1986. [redacted] 25X15X1

The graphic on page 17 is incorrect. Please replace it with the new chart below [redacted] 25X1

**Figure 6**  
**Donor Flows: Declining Aid Levels<sup>a</sup>**



<sup>a</sup>Data is not available from Soviet Bloc nations

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**Table 2**  
**Major Donors**

1984 (million US \$)

	Total Commitments
Sweden	55.1
Federal Republic of Germany	49.9
Norway	46.4
Netherlands	40.8
Denmark	31.6
Japan	26.1
Canada	24.7

Source: OECD

appears certain, however, in view of Tanzania's need for military advisers, spare parts, and Eastern Bloc assistance in other service areas.

41. China's once-prominent role in Tanzania has withered since the 1970s but we believe Mwinyi, who traveled to China last year, is interested in revitalizing ties. The Tazara Railroad, which opened in 1976, was the centerpiece of a Chinese aid program that once included extensive agricultural, health, and military assistance in the 1960s and 1970s. Relations faltered, however, as a result of Nyerere's objections to China's support of rebel factions in Angola's independence struggle and of Zairian President Mobutu during the Shaba crisis of June 1978. Relations appear to be on the upswing due to Mwinyi's efforts; he visited China before his inauguration, and praised new economic initiatives. Tanzania probably hopes—unreasonably in our view—that Chinese military aid, while enhancing military readiness, will also eventually pave the way for reduced dependence on Moscow.

#### Relations With the West: The Search for Aid

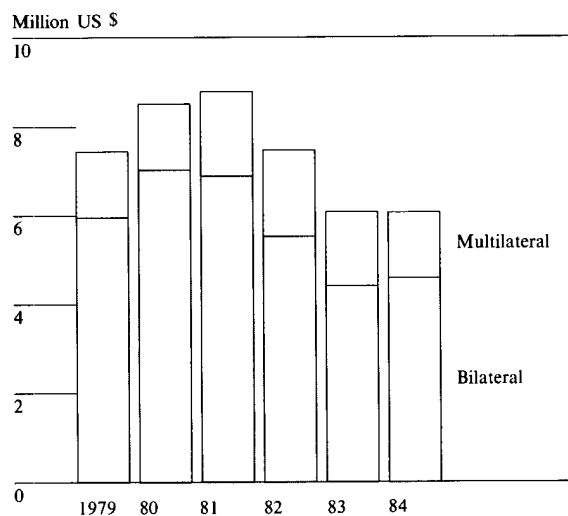
42. Mwinyi faces the daunting challenge of trying to recapture the high levels of aid—primarily from Western donors—that propped up the Tanzanian economy during the early years of the Nyerere era. Since the 1970s, Tanzania's foreign policy has been preoccupied with obtaining greater amounts of assistance, new aid donors, and easy credit terms for oil. As its own agricultural production has declined, food imports have also become necessary. The general reduction in Western aid, which began under Nyerere, and the recent denial of funds by several multilateral organizations are likely to force the Mwinyi government to redouble its efforts. Renewed overtures to new

or former donors (especially India, which recently agreed to provide military goods, and China, whose new economic initiatives impressed Mwinyi) are likely to produce beneficial trade agreements, but only minimal amounts of aid.

43. Western donors, who have traditionally buoyed the Tanzanian economy with soft-term loans, outright donations, debt forgiveness, and development projects, have now linked aid levels to Tanzania's obtaining an IMF agreement or, at the least, implementing IMF-sanctioned reforms. The Scandinavian countries remain Tanzania's most generous patrons but have joined Great Britain, West Germany, the EEC, and the World Bank in reducing their commitments while urging an accord with the IMF. This pressure—which had little effect until recently despite the fact that aid from other sources, including the Eastern Bloc, China, India, and the Middle East is negligible—stems from donors' lost confidence in the Tanzanian bureaucracy's ability to administer effectively further aid and the donors' view that Tanzania's lack of cooperation and infrastructure handicaps development projects. At present, most aid donors are waiting to see if the new government can win the political battle to institute major reforms, and, if so, if the Tanzanian system can successfully implement them.

44. Tanzania recently negotiated a US \$75 million, three-year standby accord with the IMF and in June

**Figure 6**  
**Donor Flows: Declining Aid Levels<sup>a</sup>**

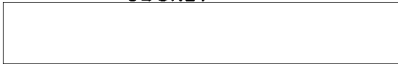


<sup>a</sup>Data is not available from Soviet Bloc Nations


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received a pledge of US \$130 million from the World Bank, with the prospect of another US \$100 million. Major Western creditors rescheduled Tanzania's official debts to them in September. These developments, which will probably be leveraged to obtain additional funds, may provide a short-term boost to the economy, but Tanzania's ability to meet accompanying commitments remains questionable. 

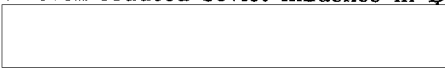
ened to spill over to neighboring countries sharing US interests (such as Zaire and Kenya) or, equally unlikely, if a radical leftist government gained power, giving the Soviets an enhanced opportunity to meddle in Tanzania and the region. 

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**Implications for the United States**

45. Tanzania's policy relevance for the United States is likely to remain modest during the time period of this memorandum. Tanzania's behavior as a diplomatic irritant will be softened, because Nyerere is now exempted from leadership positions in multinational organizations where he expressed often vitriolic anti-US sentiment and was able to strengthen anti-US stances. Unexpected instability in Tanzania could be of concern to the United States, however, if it threat-

46. Bilateral relations between the United States and Tanzania have the potential to improve slightly during the course of this memorandum, because of debt rescheduling and a possible slight increase in US aid. Tanzania's ingrained leftist orientation and diverging views on global issues, especially South Africa, work against any significant change in posture toward the United States, even though some of the emerging leaders might be amenable toward an improvement in ties and a resumption of assistance. The United States is unlikely to benefit in any tangible way from a static or even reduced Soviet influence in Dar es Salaam. 

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## ANNEX B

## The Tanzanian People's Defense Force

The 40,000-man Tanzanian People's Defense Force (TPDF) includes an Army, Navy, and Air Force. As President, Mwinyi is Commander in Chief of the Armed Forces. He exercises this authority through Defense Minister Salim Ahmed Salim, who concurrently heads the party Commission on Defense and Security, and TPDF Commander Gen. David Musuguri [redacted]

## History

The TPDF had its origins in the British Colonial Army and the King's African Rifles. In the years after independence in 1961 it continued to perform internal security and ceremonial duties. In January 1964, however, a large number of soldiers mutinied over low pay and lack of promotional opportunities. Forced into temporary hiding, Nyerere reluctantly called on British marines to quell the rebellion and was afterward convinced of the need for a politically reliable force. [redacted]

At about the same time, Nyerere sought new sources of military assistance, looking primarily to Canada and the United Kingdom. During the 1970s, however, Chinese and Soviet willingness to sell arms on concessional terms facilitated a major expansion of the TPDF. By 1978, on the eve of Tanzania's war with Uganda, the Army was a 20,000-man force and quickly expanded to over 50,000. [redacted]

Tanzania's military has been a regionally active force. Tanzania supported African liberation movements in the 1960s and 1970s with the provision of military training. As early as 1977, TPDF units were deployed to Mozambique to provide rear area support to Mozambican forces in their counterinsurgency efforts and to help block raids from Rhodesia. In 1978-79, the Army—supported by Ugandan expatriates—invaded Uganda and routed Ugandan Government and Libyan forces, ultimately leading to the end of Idi Amin's reign. The TPDF also had a limited (and not exceptionally sterling) occupation and peacekeeping role that ended in 1982. Additionally, a TPDF contingent of up to 200 men helped maintain general security and provided infantry training in Seychelles (1982-84). The TPDF is seeking to maintain this regional role—despite severe economic dislocations

and resulting erosion of capabilities—by providing training to African National Congress fighters, Mozambique, and Uganda. [redacted]

In consonance with its status as a regional actor, the TPDF is capable of repelling an invasion by modern African forces of comparable size and of conducting limited cross-border operations. It would not be able to supply and maintain a large task force beyond its borders as it did in Uganda, however, because of current economic constraints. [redacted]

## TPDF Goals and Objectives

TPDF energies will be expended on two priorities over the next two years: augmenting border defense and rehabilitating equipment. Unit deployments to the west reflect Tanzania's increasing fear of possible "hot pursuit" incursions by Zaire after dissidents operating from base camps in the area. Reorganization of TPDF southern units and a continuing effort to improve early warning radar capabilities in the south indicate Tanzania's acknowledgment of its vulnerability to South African raids. [redacted]

Probably less than 50 percent of military equipment is in working order and the effectiveness and morale of all units is correspondingly low. Lack of spare parts, poor or no maintenance, and untrained users are the major causes of the declining percentage of operable equipment. [redacted]

## Soviet Military Assistance

Tanzania must import almost all of its military material, and the Soviet Union is the primary supplier of military equipment and training to the TPDF. Total Soviet assistance is valued at over \$400 million since 1975. Deliveries have included jet fighters, armored vehicles, rocket launchers, early-warning radar, surface-to-air missiles (SAM), artillery, and trucks. Attempts to diversify sources of military assistance through approaches to India and China have resulted in only modest returns. [redacted]

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## ANNEX C

## Who's Who in the Economy

Various influential figures in Tanzania, including President Mwinyi, favor progressive economic reform and an IMF agreement, but Nyerere's powerful network of loyal followers continues to resist any departure from rigidly ideological socialist policies. Many senior government officials, however, have sought to remain out of the developing political fray or are waiting for the power struggle to be resolved before taking a position. Although the situation remains fluid, we believe the following is an accurate breakdown of present political alignments:

**Faithful to Socialist Prescriptions**

Party Chairman Julius Nyerere <sup>3</sup>  
 Prime Minister and First Union Vice President Warioba <sup>2, 3</sup>  
 Party Secretary General Rashidi Kawawa <sup>2, 3</sup>  
 Minister of Local Governments and Cooperatives Kingunge Ngombale-Mwiru <sup>2, 3</sup>  
 Minister of State for Cabinet Affairs and International Cooperation Kighoma Malima <sup>3</sup>  
 Minister of Labor and Manpower Daudi Mwakawago <sup>2, 3</sup>  
 Commander of Defense Forces David Musuguri  
 Principal Secretary in the President's Office Timothy Apiyo (retired but politically active)  
 Presidential Private Secretary for Security Affairs Joseph Butiku (currently suspended from office)  
 Bank of Tanzania Governor Charles Nyirabu (s NF)

**In Favor of Reform and an IMF Agreement**

Tanzanian Union President Ali Hassan Mwinyi <sup>2, 3</sup>  
 Defense Minister and Deputy Prime Minister Salim Ahmed Salim <sup>2, 3</sup>  
 Minister of Finance Cleopa Msuya <sup>2, 3</sup>  
 Minister of Agriculture Paul Bomani <sup>2, 3</sup>  
 Minister of Communications and Works Mustafa Nyang'anyi <sup>2, 3</sup>  
 Minister of Water, Energy, and Minerals Al-Noor Kassum <sup>3</sup>  
 President of Zanzibar and Second Union Vice President Idris Wakil <sup>3</sup>  
 Principal Secretary in the Ministry of Finance Gilbert Rutihinda  
 Tanzanian Intelligence Chief Ibrahim Kombe  
 Zanzibar Chief Minister Seif Sharif Hamad <sup>3</sup>

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<sup>2</sup> Cabinet member.<sup>3</sup> Member of the CCM National Executive Committee.

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