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REPORT OF SPECIAL STUDY
MISSION TO WEST AND CENTRAL AFRICA

MARCH 29 TO APRIL 27, 1970

BY

HON. CHARLES C. DIGGS, JR., Michigan, *Chairman*

SUBCOMMITTEE ON AFRICA

PURSUANT TO

H. Res. 143

AUTHORIZING THE COMMITTEE ON FOREIGN AFFAIRS
TO CONDUCT THOROUGH STUDIES AND INVESTIGA-
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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., August 26, 1970.

This report has been submitted to the Committee on Foreign Affairs by the Special Study Mission to West and Central Africa conducted between March 29 and April 27, 1970.

The findings in this report are those of the special study mission and do not necessarily reflect the views of the membership of the full Committee on Foreign Affairs. It is filed in the hope that it will prove useful to the Congress in its consideration of legislation.

THOMAS E. MORGAN, *Chairman.*

FORN AFFAIRS

THE SECRETARY OF STATE
WASHINGTON, D. C.

TO THE HONORABLE SENATE
AND HOUSE OF REPRESENTATIVES
OF THE UNITED STATES OF AMERICA

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., August 26, 1970.

HON. THOMAS E. MORGAN,
*Chairman, Committee on Foreign Affairs,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: I am submitting for consideration by the Committee on Foreign Affairs the report of the Special Study Mission to West and Central Africa, March 29 to April 27, 1970.

The study mission submits this report with the hope that it will be useful to the committee in its deliberations of legislation and policy considerations as they relate to these African countries and the African continent in general.

Sincerely yours,

CHARLES C. DIGGS, Jr.,
Chairman, Study Mission to West and Central Africa.

THE UNIVERSITY OF CHICAGO

PH.D. THESIS

BY

CHARLES F. SMITH

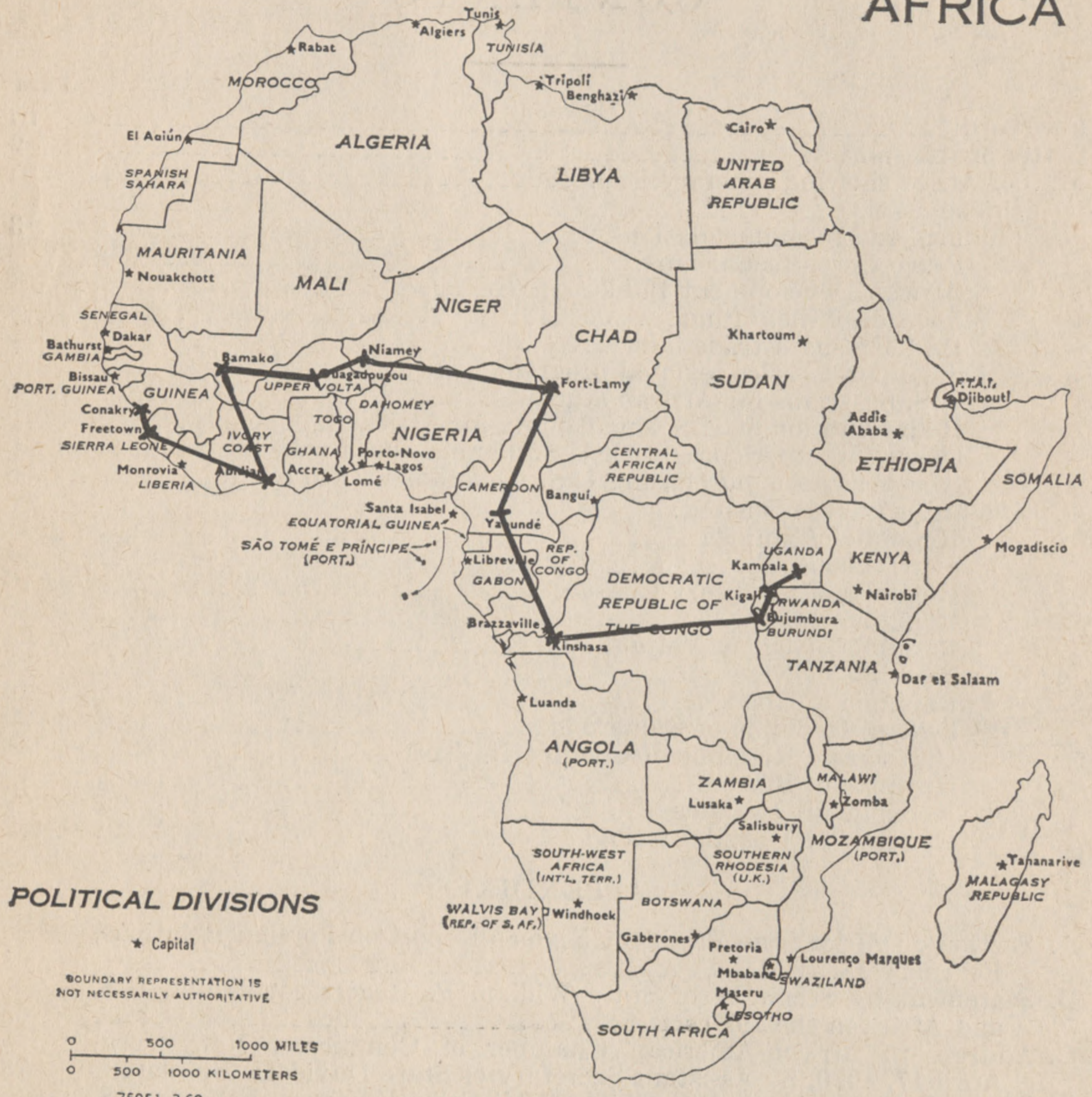
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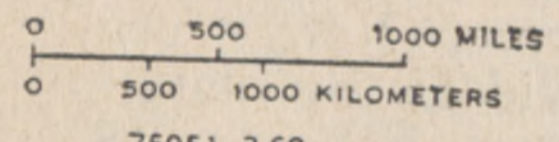
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REPORT OF SPECIAL STUDY MISSION TO WEST AND CENTRAL AFRICA

INTRODUCTION

In my capacity as chairman of the Subcommittee on Africa, I conducted a study mission to West and Central African countries during the period March 29 to April 27, 1970. I was accompanied by Mr. Melvin O. Benson, staff consultant, Committee on Foreign Affairs.

We visited Guinea, Sierra Leone, Ivory Coast, Mali, Upper Volta, Niger, Chad, Cameroon, Congo(K), Burundi, Rwanda, and Uganda. As an extension of the trip I went to Nairobi, Kenya, to participate in a regional conference of U.S. public affairs officers. From there I went to Frankfurt, Germany, where I investigated racial problems involving black U.S. GI's.

The purpose of the study mission was to get off the beaten path and visit smaller interior Francophone countries. This study mission was also a sequel to eight southern African countries visited last year. These trips are in connection with the series of hearings which the Subcommittee on Africa is conducting during this session of the Congress on "U.S. Policy Toward Africa for the 1970's."

This was the first time that an American congressional delegation had visited most of these countries. Lack of direct communication by representatives of the executive and legislative branches of our government makes these countries the repository for distorted and erroneous views of American policy. Outside of our local diplomatic missions, most U.S. contacts have either been in the coastal areas, the anglophone countries, or in those interior countries such as the Congo, Kinshasa, where it has been determined that the United States has an abiding economic and political stake. The exclusion of American interest from francophone Africa has also been based upon other factors: the language barrier, United States-French relations and its reflection upon the attitude of francophone Africans, the dominance of France in the mercantile interest and educational system of these nations.

In each country visited, the study mission met and conferred with most of the presidents, many cabinet officers, and parliamentarians, private citizens, the U.S. diplomatic team, and numerous Peace Corps volunteers. The U.S. personnel were found outstandingly professional in performance of their duties. The work of our Peace Corps volunteers in furtherance of U.S. foreign policy and humanitarian interests in Africa was most impressive.

In every country visited the warm hospitality and sincere expressions of friendship were an extraordinary experience. Although our visit in each country was short, we learned a great deal. As an Afro-American with deep and personal attachment to Africa and its

development, I have long admired the struggle for total independence of all African countries. I am, however, concerned with the continued economic control of the European powers over many African countries. No African country can be totally free unless it controls its own economy and its own social development. The many frank discussions with their leaders gave me a new and more profound insight into the economic realities of the dozen countries visited.

A new concern for Africa must be born in the minds of responsible people throughout America if a new era of mutual respect and cooperation between Africa and America is to take hold. The task before us today, is to make sure that this new spirit will develop and grow through full participation of Africans and Americans alike with a common understanding and acceptance of common goals.

FINDINGS AND RECOMMENDATIONS

It became quite obvious from the questions asked of the study mission at press conferences, and by Government leaders, as well as the rank and file that there is a great lack of real information concerning the United States. There were numerous questions regarding foreign aid—why is the United States reducing aid to underdeveloped countries in Africa—why does Africa have lowest priority in American foreign aid? There were always questions concerning U.S. relations with South Africa, Rhodesia, and the Portuguese Territories. Great interest was shown in the status of race relations in the United States. In this connection the study mission was asked to differentiate between race policies of South Africa and the United States. Other typical questions asked were—why are there not more black Americans in Africa, either with the U.S. Government or in private capacities? Why is there not more American private capital invested outside of South Africa? Also, why doesn't the United States exert more pressure and influence on Portugal to make her liberate her African colonies?

It was evident that Secretary of State Rogers recent visit to 10 African countries was appreciated as a sign of American interest in Africa and the contents of his report to President Nixon was appreciated as the first definitive pronouncement from this administration. The Africans are beyond the point of being satisfied with pronouncements and are "watching for the performance rather than words." It is difficult for them to understand why the richest and most resourceful nation in the world cannot share more of its assets with the developing nations.

The intense feeling of independence and national identity amongst Africans is a shield against Communist penetration. Although they are searching for new political and economic institutions to reflect their own traditions and the realities of the modern world, the people of Africa instinctively resist external domination, whether it be Communist or colonial. But they understand and welcome genuine gestures of assistance to institutions which they devise and will control. For this reason the efforts of the Peace Corps have been generally more successful and more appreciated in Africa than in any other continent.

PEACE CORPS TECHNICIANS

Men with technical skills are urgently needed in all of Africa and any help the United States can give to train Africans in this field will not only be beneficial, but will also be greatly appreciated. Consequently, the mission highly commends the "New Directions" announced by Peace Corps Director Joseph Blatchford, under which Peace Corps volunteers would be engaged in various kinds of technical projects in the different countries they are sent to.

Indeed, in Conakry, Guinea, there are 25 Peace Corps volunteers—mechanics, electricians, and machinists engaged in such activities as the repair and maintenance of buses and trucks. This constitutes the first technical program of the Peace Corps and it might be hoped that the new venture will be successful.

AFRICAN DEVELOPMENT BANK

In Abidjan, Ivory Coast, the study mission met with the Acting President of the African Development Bank, Mr. Abdilwahab Labidi, and Vice President, Mr. Ola Vincent. The African Development Bank was inaugurated in November 1964, and now has 31 independent African countries as its members. In order to supplement its resources the Bank formulated a proposal for the establishment of an African Development Fund which would be a multilateral Fund and would receive contributions in grants. There are some 27 donor countries including the United States listed in the special section of this report concerning the Bank. There has been a detailed exchange of views between the U.S. authorities and the Bank on several occasions. It is hoped that the United States and the other potential donors for participation in the Fund will take positive action to provide financial support for the Bank; especially, with regard to such projects involving substantial capital which is more than what the Bank can provide from the contributions of its African member countries.

SPECIAL SELF-HELP FUND

Of the 12 countries visited only two, namely, Congo (K) and Uganda, are among the 10 development emphasis countries that receive about two-thirds of AID assistance to Africa. Among the other 25 aid recipient African countries, it was decided over 2 years ago to phase out bilateral programs and concentrate on strengthening their regional and subregional economic links. Some African countries are not in a position to cooperate easily with their neighbors for geographic and political reasons springing largely from the great disparities in the levels of development within those countries. Consequently, it would not be realistic nor politically desirable for the United States to insist upon the multinational concept in our AID policy. Meanwhile, the Special Self-Help Fund which presently ranges from \$50,000 to \$100,000 per country, should be increased to help those countries falling outside the group of development emphasis countries.

In fact, all the American Ambassadors in these self-help countries did state that the funds have proved to be highly rewarding by providing much needed assistance to low-cost, but high-impact projects supplementing village and community development efforts. Many of our Ambassadors have therefore proposed that those funds be increased to \$200,000. The study mission wholly agrees with such a proposal.

There are some restrictions applied to these self-help activities that prevent maximum effective use of the funds. Among these restrictions is a general limitation of \$10,000 for any one project. Two other restrictions, however, are binding: the prohibitions against contributing more than one time to any single project and against funding of former bilateral AID projects. Congress has placed a limitation on the

total number of countries to which regular continuing bilateral assistance can be given; thus many of Africa's countries must remain ineligible for assistance other than under the Special Self-Help Fund and regional programs. There is a basic difference between the regular bilateral projects, which are undertaken by agreement between two governments, and self-help projects, which frequently involve grants to community or other smaller organizations. There is need for maximum flexibility not only in administering of Self-Help Funds, but also in the granting of regional and bilateral aid.

Recognizing the need to evaluate the above-mentioned points of the Special Self-Help Fund, AID has fielded a joint AID-State Department team to study the problem and to make recommendations as necessary.

1971 KINSHASA TRADE FAIR

The study mission recommends that the United States should participate in a larger way in trade fairs in Africa and more trade missions should be sent to explore in some detail, what market possibilities are in the continent. At the moment, there is very little interest among American businesses and potential investors in Africa. But this unsatisfactory condition is likely to persist if no efforts were made to increase our knowledge of the African market. Consequently, it would be worthwhile for the United States to participate substantially in the forthcoming Kinshasa Fair. The fair director, Mr. Thomas Tumba, has expressed the belief that U.S. business firms could expect sales up to the order of some \$3 to \$4 million to result directly from their participation in the fair.

It is anticipated that U.S. investment and private sector activity can make a contribution in developing natural and human resources in more African countries. As an example the Pan American World Airways is negotiating a major technical assistance contract with the Congolese national airline, Air Congo. This would be the largest technical assistance program in Pan Am's experience, encompassing a maximum of 47 Pan Am technicians and advisers to streamline and modernize every facet of Air Congo's operations and conduct a major training program. While this does not qualify as private investment, the program nevertheless has considerable developmental value since a more efficient Congolese airline can be expected to play a vital role in improving the Congo's domestic transport services and contribute to the development of tourism as a significant source of foreign exchange earnings.

PUBLIC HEALTH SERVICE'S SMALLPOX ERADICATION AND MEASLES CONTROL PROGRAM

The Public Health Service's NCDC Smallpox Eradication and Measles Control program, an AID-financed, 5-year project in 20 West African countries, began field activities in January 1967. The program's 100 millionth smallpox vaccination ceremony, which took place in Niger in late 1969, coupled with the almost total eradication of smallpox cases and the decline in measles in West Africa demonstrate the overall success of the project. However, although Niger has experienced a very successful program in terms of a fall in the incidence of these diseases, there is still room for greater efforts and

achievement. It may be emphasized that the success of these services depend a great deal on the provision of good transport facilities. The mission would express the hope that this aspect of our health programs in Africa should always be seriously considered.

U.S. PROGRAMS FOR AFRICAN STUDENTS

The U.S. programs for African students from Francophone countries have not been very successful due to several reasons. There is the concern of some African students about our unpleasant race relations here in the United States. Understandably too, students trained in the French educational system prefer to continue their studies in French universities because of the language difficulty they might encounter studying in America. There are also some misgivings about the value of some American university degrees due to the fact that there are differences in educational standards among some of our universities. Such a situation is unfortunate; but not until a national standard is established, some doubts will continue to plague African students who might otherwise have liked to study here in the United States.

Another factor limiting the effectiveness of our scholarship programs is procedure for applications and the processing of these. The procedure is said to be complicated and full of delays between the time of filing applications and eventual placement in the university.

The mission strongly considers that the scholarship procedure be thoroughly reexamined by the appropriate authorities to see what changes can be made to facilitate the processing of these applications.

REDISTRIBUTION OF U.S. SUGAR QUOTA FOR AFRICA

Production of sugar in developing countries of Africa is increasing rapidly. Uganda, for instance, has stepped up its sugar production from 128,000 tons in the first half of the 1960's to 163,000 tons in 1968-69. It seems ironic that countries like Uganda which need all the help we can afford to give in their economic development should be left almost uncatered for in an area most vulnerable to price fluctuations, while South Africa enjoys a protected position.

The study mission is of the opinion that as a further demonstration of our interest in the development of the countries of Africa, and our condemnation of the policy of apartheid, the sugar quota for South Africa be revoked and that economic privilege be extended to Uganda and any other countries more urgently in need of our assistance.

OPERATING EXPERIENCES WITH U.S. MANUFACTURED VEHICLES

The following account of operating experiences regarding operations with U.S. manufactured vehicles is also applicable to other countries in the area aside from Chad.

The cost of a new vehicle delivered from the United States is approximately \$2,800-\$3,000; comprising a purchase cost of \$1,700, freight costs of \$850-\$900, and transportation from Lagos, Nigeria to Fort Lamy of \$300-\$500. The delivery time is normally 6-8 months from date of purchase and can be longer if the car arrives in Nigeria during the 4-month rainy season when it is impossible to drive from

Lagos to Fort Lamy. Local purchase prices for similar French or West German vehicles are:

Peugeot 204 sedan: \$2,300.

Peugeot 404 station wagon: \$2,800.

Renault R-4: \$1,692.

Renault R-16: \$2,500.

Volkswagen station wagon: \$2,600.

All the above vehicles would provide the same capabilities of American built cars and, in addition, can be used for trips into the hinterland and desert areas of Chad, a requirement impossible for American cars to meet.

All cars from the United States for the Embassy are shipped to Lagos, Nigeria, and then driven to Fort Lamy, a distance of 1,500 miles. To insure that the vehicle will arrive in driveable condition, we normally send one American and one local driver to Lagos to bring the vehicle back to Fort Lamy. Costs for the two persons are approximately \$525 which includes air fares and per diem for a minimum of 5 days. Reliance on native drivers to deliver the vehicles has proved impractical.

Road conditions over most of the route are not suited to American vehicles, whose low center of gravity, gear ratios, and overhanging trunks do not accommodate to the high crowned paved roads, to say nothing of the unimproved untarred roads that constitute an appreciable portion of the route between Lagos and Fort Lamy. Therefore, there is considerable wear and tear and often damage to the cars during this initial transit. In contrast, vehicles from Europe are airfreighted to Fort Lamy and arrive in factory condition.

High performance engines in American cars are not suited to the conditions in Chad. Mileage on American vehicles rarely exceeds 16 m.p.g. due to the low octane rating (85-89) of the best local gasoline. With gasoline at \$0.92 per gallon, operating costs are high, in contrast to the low compression European engines which can give up to 25 m.p.g. on the low octane fuel. The 10 American cars utilized by the Embassy travel over 50,000 miles per year, an average of 5,000 miles per vehicle. On the basis of 16 m.p.g. for American vehicles, which is high, and 22 m.p.g. for European vehicles, the Embassy could realize a reduction of over \$800 per annum on lower gasoline costs for its fleet.

American cars are limited to the immediate area of Fort Lamy. The low undercarriage does not allow them to be used on the unimproved roads or in the desert area which comprise a greater part of Chad. For travel in the bushlands or desert area we use Landrovers or a 1964 Peugeot station wagon (USIS property).

There is no stock of automobile parts for American vehicles in Fort Lamy. All parts must be ordered from the United States or European sources and airfreighted here. Airfreight services takes at least a month, sea freight from 6-8 months. While airfreight is expensive, it is the only method available to the Embassy to allow reasonably rapid repair and maintenance of its fleet of vehicles.

Seven of the Embassy vehicles are Chevrolets and two are Fords. Even with vehicles of the same make, there are continuous difficulties in maintenance as the different models of each manufacturer prevent an interchange of parts. For example, parts for the older Chevrolet

cars will not interchange with the 1969 Impala assigned to the Ambassador since the latter vehicle is equipped with antipollution devices which modify specifications for the radiator, exhaust system, etc.

Due to the unsuitability of American cars for use outside Fort Lamy, their high running and maintenance costs, the lack of spare parts and trained mechanics, there is virtually no market for used Embassy vehicles. Furthermore, the local tax on transfer of vehicles to nondiplomatic personnel equals 81 percent of the sale value. The cost is borne by the purchaser. With this high tax level few bids are received. There is therefore no return on the investment which can be returned to the Treasury Department. In contrast, resale values of European cars are high, and the demand is adequate to assure a fair return on the original cost.

RENTING VERSUS PURCHASING U.S. GOVERNMENT REAL ESTATE

In Ouagadougou, Upper Volta, the study mission had occasion to examine the matter of renting versus purchasing U.S. Government real estate. Because of the high cost of renting property as compared to purchase, it is our belief that the U.S. Government is needlessly spending large sums of money for renting since purchase or construction would be considerably cheaper. This could be the case in other countries.

The U.S. Government owns no property in Ouagadougou. All office and residential buildings are on short-term leases (generally of 5 years duration but renewable yearly during that period). Although the Embassy has been successful in reducing rents (up to 50 percent on some leases) it is still paying sums large enough to allow the landlord to amortize his property in a period as short as 4 years.

Data substantiating the foregoing are as follows:

The Embassy entered into a rental contract for the chancellery and warehouse in December 1960. At that time the floor space of the buildings totaled approximately 3,000 sq. ft. constructed at a cost of approximately \$20,000. Substantial modifications were necessary to convert the buildings and, for that reason, our first year's rent was \$10,245.

The following year's rent dropped to \$7,400 which reflected straight rental (that is, no further construction). Since 1960, floor space has been nearly tripled at a total cost of approximately \$28,000, all paid by the U.S. Government through one-time rental increases. The rent paid from December 1960 through December 1969 totals approximately \$74,000. The net result is that the Embassy has nearly tripled the floor space at no cost to the landlord and by so doing has more than doubled the value of the landlord's property while also paying \$74,000 in rent. At the original rental rate, the Embassy amortized the cost of the original building in less than 3 years.

The Embassy recently obtained a rent reduction to \$6,064 per year. At this rate we will still amortize the original building every 4 years. Therefore, to summarize the foregoing, the U.S. Government has paid in rent during the past 10 years, three times the cost of the original chancellery/warehouse buildings in addition to handing over \$28,000 of additional floor space to the landlord.

The Embassy could duplicate the present Embassy (including our \$28,000 of additions) for approximately \$40,000 exclusive of land

costs. (Land costs approximately 20–30 cents-per-square-foot depending on location, which indicates that land is not an important factor in construction costs in Ouagadougou.)

Residence.—Property number FBO-30 is a typical officer's residence. The Embassy leased this residence in May 1963 at a cost of approximately \$5,900 per year. The cost of construction was around \$20,000 and could be duplicated today for not more than \$22,000. The rent on this property has now been reduced to \$3,900 per year. However, since 1963 we have paid a total rent of over \$31,000, or 1½ times the construction price in 6 years. Based on the current rental rate we will continue to amortize the house every 5½ years.

In evaluating costs, it should be noted none of our housing is worth what it cost to build. The houses are poorly planned and poorly constructed due largely to the fact that the owners had little knowledge of either layout design or materials. They are, in fact, little more than speculative properties built for payout in 3 to 4 years with everything after that being profit. The Embassy could build exclusive of land costs, modest but well-designed attractive staff homes for \$12,000–\$18,000. For those officers in the lower to middle grades with representational responsibilities one could build for \$18,000–\$24,000 and for senior officers for \$24,000–\$30,000.

In addition to the above-mentioned matters, the policy of awarding building contracts to U.S. firms to build in areas in which the firms have no facilities needs review. Frequently, award of a contract makes no contribution to the balance of payments because when the U.S. contractor has no local facilities he subcontracts to local contractors. Using U.S. firms also frequently leads to illogical use of materials, (many times items are imported which are available locally at less cost) and to delays in completing construction.

SPECIFIC RECOMMENDATIONS

The major weakness in U.S. foreign policy in Africa relates to the timetable—U.S. policymakers treat African affairs with a lack of a sense of urgency. The United States has a tendency to formulate policies based upon current controlling interests without the proper respect for the predictability and suddenness of change. Africa is still on the back burner because our policy makers think there is more time to consider the necessity for change than there really is. I submit that it is appropriate for our policy makers not only to consider the necessity for change but to positively work toward effecting this change by implementing the following recommendations:

1. We should establish a timetable indicating where we would like to be in Africa 5 years from now; 10 years from now, and develop policies designed to keep us on schedule and associated with certain developments that are obviously going to take place.

Our attention and support might be directed toward such projects as:

- (a) the joining of the Niger and the Volta Rivers to promote progress in Upper Volta and its surrounding area.

- (b) the construction of a network of trunk and feeder roads within regions to facilitate greater economic cooperation among African countries north and south of the Sahara.

(c) the mining of uranium and the exploration of oil and natural gas, etc., to improve the economy and aid in the process of modernization.

2. The phasing out of U.S. bilateral aid in these countries is undoubtedly one of their greatest concerns. This is particularly aggravated because the United States has thus far failed to implement the regional concept substitute in a meaningful way. Therefore, the American AID program must be reviewed to assure flexibility, despite the phasing out of bilateral aid so that those countries, development should not be halted.

3. The recommendation made by our Chiefs of Mission at the Kinshasa Conference with Secretary Rogers to increase the self-help fund to \$200,000 per eligible country should be instituted.

4. Stronger efforts should be made to expose American business, big and medium size to the potentialities in black Africa.

5. Officials from all branches of the U.S. Government ought to be encouraged to get off the beaten path and make some visits to the smaller interior African countries. Likewise, the United States ought to encourage more francophone Africans to travel to the United States.

6. The United States should take the lead in supporting the African Development Bank and to encourage other non-African donors to do likewise.

7. The U.S. Government should devise ways to reach foreign correspondents and other members of the communication media in an effort to generate more constructive stories rather than the present crisis oriented image in our country about Africa.

THE REPUBLIC OF GUINEA

Patently jealous of their sovereignty and justifiably suspicious of the intentions of foreign powers with neocolonialist interests in their country, Guineans are at once both friendly and cautious. President Ahmed Sékou Touré is one of the few African leaders of newly independent countries who survived the spate of coups d'état during the past decade on that continent. He is a man with vision and a philosophy which he is determined to fulfill in the interests of his people.

When the French abruptly pulled out of the territory following Guinea's free decision to become an independent nation in 1958, the country was left with a plethora of problems and a dearth of technical and administrative skills. No one knew Guinea's overall needs better than the French since they had been the colonial rulers there for more than 50 years. There were many people who thought in 1958 that the new Government of Guinea would fall apart.

However, President Ahmed Sékou Touré has brought something to his people that enhances his own strength even as he dispenses it. He has given Guineans a new and more profound sense of national pride. He had a good base on which to work. Guineans always had a great sense of dignity. But this sense of dignity was more closely identified within ethnic groups. President Touré has succeeded where other African leaders have failed in getting his people to set aside tribalism in the interest of national unity.

Politically, Guinea is extremely well organized. From the seven-man Bureau Politique National (National Political Bureau), down through the Parti Democratique de Guinée (PDG—Democratic Party of Guinea), all Guineans are expected to participate in the development of their country. At the grassroots level of the country, there are 8,000 committees of the PDG.

On higher levels, there are 210 sections of the PDG and 30 federations. There is a great sense of belonging among Guineans. Every Guinean belongs to a committee of the PDG. The committees are not organized according to ethnic considerations but are made up of the people who live in any given village or section of a town or city. Thus, membership in the national political party obviates the necessity for "tribal protection."

Guinea has fallen on hard economic times. Rice, cooking oil, and other necessities have to be imported and there are times when certain basic staples have to be rationed. Disturbing as this may be, Guineans have shown a remarkable willingness to sacrifice much in the present in favor of a brighter future for their children.

Guinea has one-third of the known world resources of bauxite and is rich in iron ore reserves. The country is rich in arable land. What is needed are educated and technically skilled Guineans who, in their role as the nation's human resources, will develop the country's natural resources for the benefit of Guineans themselves.

When America was slow in coming to the aid of Guinea at the time that France cut off all economic assistance to that country, Guinea turned to the eastern countries which responded more quickly. For this and other reasons, President Touré's political leanings have been questioned. People question whether he is "Pro-Red China" or "Pro-Soviet Union." Indeed, President Touré has been accused of walking a "non-aligned line" while leaning left.

Both East and West are represented in Guinea. Both sides are participating in the development of the country. Both sides are judged by Guineans for what they actually do to assist in the national development of Guinea. American private enterprise should become more cognizant and more socially and morally conscious of not only America's but Guinea's needs in the field of economic development. Enterprises which might currently be interested in the amount of profit they can take out of African countries, should give careful consideration to what they can contribute to the development of the countries in which they are doing business.

There is only one bilateral project still active, the industrial/vocational school under contract with ORT which will be phased out on June 30, 1970. The project will be taken over completely by a consortium of six foreign aluminum companies (HALCO) and used for training Guineans for the Boke project. No fiscal year 1970 funds have been requested, since there are sufficient moneys in the pipeline to carry the project to its completion. The objective of this project which was started in 1962 is to establish a fully Guinean institution capable of helping meet the country's needs for skilled manpower (junior-college level degree) in a variety of technical fields. AID will support 25 teachers in fiscal year 1970 who are third-country nationals and approximately 12 Guineans now fully qualified as teachers. About 300 Guinean students are currently enrolled.

Work on the Boke bauxite mining development project was scheduled to start toward the close of 1969. In 1968, the IBRD signed an agreement for a \$64.5 million loan and AID agreed to a loan of \$21 million in local currency proceeds from prior year Public Law 480 sales to develop the country's rich bauxite deposits at Boke, which will be mined by a consortium of foreign companies, principally American (Alcoa, Alcan, and Harvey Aluminum). With Boke, Guinea becomes one of the principal African recipients of U.S. foreign investment and our relations enter a new and important phase. Total U.S. investment in Guinea including Boke will be over \$200 million.

Guineans are also exploring the conditions and terms of foreign capital investment in their rich Mt. Nimba iron ore fields. Although no consortium has so far been put together, American steel companies have expressed interest.

Guinea is one of 20 countries AID is assisting in measles/smallpox vaccination. We also have a Rinderpest control program active in cooperation with the European Development Fund and West Germany which has supplied two veterinarians. AID has financed equipment and services. Additional regional projects are in planning.

A \$3.7 million Public Law 480 title I sales agreement was approved in fiscal year 1968 and a \$7.5 million program was approved in fiscal year 1969. Guinea has indicated a desire for additional assistance in fiscal year 1970.

As mentioned earlier in this report there are 25 Peace Corps volunteers in Guinea and one staff member. This could be termed as a mark of Guinea's confidence in future U.S. intentions since these are the first Peace Corps volunteers invited since Guinea expelled the U.S. Peace Corps in 1966.

In spite of recurring revelations of plotting against the regime, the government of Sékou Touré appears to be one of the most solid in West Africa. It is thought that some reports of plotting may be intended for internal consumption. There seems little doubt that the government was seriously shaken by the army overthrow of Sékou Touré's ideological comrade-in-arms, Modibo Keita, in neighboring Mali in November 1968.

Sékou Touré's early commitments to Panafrikanism led him to give asylum to former Ghanaian President, Kwame Nkrumah. The Guinean President's earlier friendship with President Houphouët-Boigny of Ivory Coast has disintegrated in recent years as a result of various incidents that the Guineans feel are due to French machinations aimed against the regime. Conakry is the site of the headquarters of the PAIGC, the largest rebel group involved in the struggle for the liberation of neighboring Portuguese Guinea.

The USIS program in Guinea is extremely modest. A single American officer directs the program, and he must operate out of an office in the Embassy as foreign information and cultural centers and libraries are not permitted in Guinea. Personal contacts are the most effective means for the USIS officer to present his cultural and information programs to the academic community and to leading officials in many other fields of activity. These programs include exhibits, film shows, arranging radio interviews, a weekly bulletin, and visits to the United States by Guinean media and Government officials.

SIERRA LEONE

Historically, the country of Sierra Leone is of special significance in Africa in that its settlement was first conceived as a haven for freed slaves. In 1787, the first settler group comprising freedmen from several African territories and some Black Americans emancipated after their flight from the rebellious U.S. colonies arrived in Freetown. When the slave trade was abolished by an Act of the British Parliament in 1807, a naval squadron was stationed off the coast of Sierra Leone to intercept slave ships violating the Act. Thus, the country once again became important in the efforts to put an end to the inhuman traffic of men.

By the middle of the 19th Century, Sierra Leone was a viable colony of freed people and as early as 1864, the country had become the first and foremost educational centre in British West Africa with the establishment of Fourah Bay College. The country's development progressed steadily throughout this period but concrete advancement towards independence became manifest during the period 1939-46. Further administrative changes were made in 1951, 1953, and 1960.

Sierra Leone received its independence on April 27, 1961, and for the first 6 years was governed by Sierra Leone Peoples' Party (SLPP). In elections of March 1967 the new opposition party, the All Peoples' Congress (APC), won a plurality and its leader, Siaka Stevens, was declared Prime Minister. This precipitated a military coup d'etat and a National Reformation Council assumed power. In April 1968, a sergeant's revolt within the armed forces paved the way for a return to civilian rule with Stevens as Prime Minister.

Prime Minister Stevens' first 2 years in office have not been easy. Political instability, tribal unrest, and crime tested the capabilities of the police and army, which had been weakened considerably by the mutiny in April 1968 and the detention of almost all army and police officers. Matters reached crisis proportions in 1968 and a state of emergency was declared which lasted for 3 months. Since then the situation has been improving. Stevens consolidated his position by elections in the autumn of 1968 and spring of 1969. Ethnic passions have cooled, army and police officers have gradually been released and reinstated, and elections completed without too much disorder. While not all the political dust has settled, today the government can look ahead with much more confidence than in the recent past.

Sierra Leone's economy has taken a turn for the better. After 3 years of stabilization, pressure on the foreign exchange reserves has been relieved and the budgetary deficit has been eliminated. Key economic indicators are up: Diamond production is at record levels, the Sierra Leone Produce Marketing Board is once again operating well and the tempo of economic activity has picked up. A fairly strong financial basis now exists for the government to resume its development effort. With the political scene more stable than it has been for many months, the economic outlook is good.

The government only recently made a major change in its economic policy with an announcement of intent to acquire a majority ownership in the extractive industries (including the Sherbro Minerals Corp., in which there is U.S. ownership). Negotiations to implement this policy are now in progress with the Sierra Leone Selection Trust (diamond mining). Negotiations with other companies should follow.

The AID affairs office in Sierra Leone closed out in December 1967, under our Africa aid policy of concentrating aid in a limited number of countries.

U.S. assistance to Sierra Leone, since its inception in 1960, totaled \$45.2 million. Of that amount, AID grants of TA funds have accounted for \$12 million; an Export-Import Bank loan, \$10 million; the Food for Peace program \$10.6 million; and the Peace Corps program about \$12.4 million. In addition, AID has extended two investment guaranties totalling \$50 million as a means of facilitating private American investment in the country.

The AID program concentrated on rural development, with supplemental projects on roads, nursing, education, and statistics. In addition, AID assistance on a regional basis has been extended to the Faculty of Agricultural Education of Njala University College, which has been designated as a "regional center of learning" by stressing the acceptance of African students from other African states.

There are 270 Peace Corps volunteers in Sierra Leone. They are working in programs as follows:

Agriculture/chiefdom development.....	51
Architects/construction.....	8
Primary and secondary education.....	178
Social welfare.....	12
University and teacher training colleges.....	21

The largest problem facing Peace Corps/Sierra Leone revolves around attempts to get volunteers with specific technical skills and experience. More math and science teachers, contractors and persons with agricultural backgrounds are needed.

USIS Freetown operates a small two-man post. Its Center is located adjacent to the American Embassy and contains an attractive library with more than 5,000 American books, an auditorium, a film library and office facilities. USIS programs focus on activities at the Center and attract in particular students, educators, government officials, and the information media.

REPUBLIC OF IVORY COAST

Though committed to a position of non-alignment, the Ivory Coast has displayed continual and active sympathy for the political and moral positions of the Western democracies, and has based its all-important drive for self-development on the principles of a free economy. The Ivory Coast Government supports a policy of close friendship and cooperation with the United States, and has actively sought to strengthen the ties between our two countries.

In visiting the Ivory Coast the study mission was primarily interested in meeting with the officials of the African Development Bank. Details of the Bank's endeavors to supplement its resources through the establishment of an African Development Fund are covered in the memorandum found in appendix D.

A brief look at the current political and economic situation shows great promise for the future progress of Ivory Coast.

During October-December 1969, President Houphouet-Boigny engaged in direct, personal dialog with representatives of various Ivoirian associations to discuss their problems and consider their suggestions for change. President Houphouet-Boigny was sympathetic to many of their grievances, said he would take action to overcome some of the deficiencies noted in housing, wages, and the rate of Africanization.

There was a cabinet reshuffle on January 5, 1970 in which five ministers were removed, four switched positions, and nine new faces came to the fore. The new cabinet is younger and more technocratic in appearance than its predecessor, but the leadership in the principal ministries remained unchanged. Both Presidential and national assembly elections will be held later this year. Inasmuch as the Parti Democratique de la Cote d'Ivoire (PDCI) is Ivory Coast's only party, any further changes in GOIC leadership will be worked out within the framework of the party itself.

In foreign affairs, the GOIC broke diplomatic relations with the Soviet Union in May 1969 and has continued to maintain a moderate, pro-Western stance. Ivory Coast was one of the four African nations which accorded diplomatic recognition to Biafra and has now given political asylum to Ojukwu, with the clear understanding that he will be barred from engaging in any political activity while in Ivory Coast.

Ivory Coast's economic boom continues. An expansionist, confident mood dominates the economy. High prices for coffee and cocoa this year will add further impetus to business generally. New industrial enterprises are being established at a rapid pace. The GOIC's agricultural diversification efforts have received the support of the World Bank with a \$17 million loan for the development of palm oil production.

Problems are not totally absent, however. The devaluation of Ivory Coast's currency, forced by the French devaluation, is exerting pressures on prices. Resettlement and other related costs of such major development projects as the Bandama hydroelectric project and the new port of San Pedro bear watching. The new wage increases which have been promised may contribute significantly to inflation.

Ivory Coast is an outstanding example of the benefits of private enterprise in the development process. The GOIC has followed a policy of promoting a free economy and encouraging private investment. As a result, the Ivory Coast has received substantial amounts of private investments from free world sources, including the United States. It has received extensive public aid from France, the Common Market and other donors. In addition to development of its own economy, Ivory Coast has been one of the leaders in the promotion of regional cooperation in West Africa.

With the congressional limitation on the number of countries to receive U.S. bilateral economic assistance, Ivory Coast was designated a nonconcentration country. Consequently, fiscal year 1969 was the final year in which new AID funds were provided to Ivory Coast on a bilateral basis. With the exception of one development loan accorded to the Ivoirian Industrial Development Bank for \$5 million in fiscal year 1965, the bilateral technical assistance program initiated in fiscal year 1960 has now been completed. Except for self-help funds (none obligated in fiscal year 1969 and \$25,000 planned for fiscal year 1970) and continuing Public Law 480 assistance, future AID assistance to Ivory Coast will be channeled through regional and multidonor projects.

AID has provided \$11.3 million in capital and technical assistance since fiscal year 1960. This does not include assistance provided by the Peace Corps or the \$7.6 million food-for-freedom program.

Regional and multidonor projects involving the Entente States which are in various stages of implementation or planning include regional road maintenance and improvement; rice and cereals research, production, stabilization, and marketing, meat production, processing, and marketing; and various road and telecommunication projects. Ivory Coast participates in the regional road maintenance project, now under Entente sponsorship. The Regional Heavy Equipment Training Center is located in Lome, Togo. The process of installing a new contractor to provide the instructors and technical assistance for the center and the auxiliary mobile units is now going on. Procurement of about \$750,000 of U.S. equipment for the project is underway. The French have recently decided to put about \$300,000 into this project after discussions with AID and the Entente.

The study mission was particularly interested in meeting with the officials of the African Development Bank. Details of the Bank's endeavors to supplement its resources through the establishment of an African Development Fund are covered in the memorandum found in appendix D. The African Development Bank is headquartered in Abidjan and is presently taking a more active role in development lending to its member states.

Abidjan has the largest USIS post of Francophone West Africa. The two-story Cultural Center on the edge of downtown Abidjan is staffed by five American officers. In addition to over 6,000 books in the Cultural Center library, USIS furnishes books, program material and supervision to a reading room in the Treichville section of Abidjan. In view of the Ivory Coast's developed educational system, media and cultural activities are organized largely for university and secondary school students and teachers as well as for government officials, intellectuals and media leaders. The post's programs include lectures, films, a weekly bulletin, youth club sponsorship, and English teaching.

REPUBLIC OF MALI

Mali, which will celebrate its 10th anniversary of independence this year, is ruled by a military regime—the Military Committee of National Liberation (MCNL)—which came to power by coup d'etat in November 1968. Prior to the coup Mali was a one-party state which, although professing nonalignment, almost invariably sided with the Communist states in its international policies and patterned its domestic economic policy after the “socialist” states. It carefully avoided taking sides in the Sino-Soviet dispute, however, and received substantial assistance from both the U.S.S.R. and Communist China. Since the coup, Mali has followed more pragmatic, genuinely nonaligned policies in its international relations and in its approach to economic development. Malian-U.S. relations have greatly improved since the coup.

The military committee (MCNL) is composed of 13 junior army officers who carried out the 1968 coup and is headed by the Chief of State, Moussa Traore, a lieutenant in the Malian Army and the leader of the coup. The MCNL is the executive and policymaking body of the Malian Government. Under it the provisional government of 14 cabinet ministers carry out MCNL policies. Although holding itself to no announced timetable, the MCNL has promised a return to constitutional rule. For the time being, however, political activity and political parties are banned.

The economic outlook for Mali is not encouraging. A large, thinly populated nation, Mali has few economically exploitable resources. Mali's chief exports are cotton, peanuts, fish, and cattle. Mali has an additional burden in the economic heritage of the former regime, which includes 23 state enterprises (created in implementation of the “socialist option”), a weakened private sector, foreign debts, and little foreign exchange.

Total direct U.S. economic assistance to Mali since 1961 has amounted to about \$22 million. Past programs have been mainly technical assistance, but include Public Law 480 and two development loans (for construction of a veterinary laboratory and a higher teacher training center). Public Law 480 assistance has been mainly in the form of emergency food grants. A Peace Corps agreement is now being negotiated, and a program is being planned.

Mali is one of the nonconcentration countries where our modest bilateral program is largely completed. The following projects are still active:

1. *Poultry project.*—This is a technical assistance project in which we are helping the GOM establish a center for the production of day-old chicks for sale to Malian farmers who will raise them for marketing as broilers. The bilateral phase of the project will be completed by June 30, 1970. An allotment of \$197,000 of fiscal year

1970 funds was made recently to convert this activity into a regional project under the sponsorship of the Organization of Senegal River Basin States. The new phase of the activity, involving Mali, Senegal, Guinea, and perhaps Mauritania, will provide means to exchange chicks produced in Mali for feedstuffs produced in Senegal, with a view to providing low-cost chicken meat on the market and thus improving the diet of the African population.

2. *Higher teacher training college.*—A development loan of \$1.245 million has been authorized for this project, which has experienced considerable delay because of two separate episodes requiring radical changes in concept and design. AID expects shortly to approach the science complex, library and small pedagogue methodology center. These facilities will be adjacent to the existing school and will help round out and expand the HTTC educational program to accommodate upwards of 400 students total. If the present, and we believe realistic, schedule can be adhered to, the new AID-funded annex should be ready for occupancy by early or mid-1972.

3. *Central veterinary laboratory.*—This development loan project for the construction and equipment of a laboratory and the training of Malian staff is well underway. Building construction is about 50 percent complete. The total amount of the loan is \$1,955,000.

With the exception of funds for self-help activities, future AID assistance will be in the form of contributions to regional or multi-donor projects. Public Law 480 assistance will continue to be available. In fiscal year 1969, a total of \$50,000 was approved for self-help funds, and \$80,000 has been allotted for this purpose thus far in fiscal year 1970. The projects are primarily in the field of agriculture, but some are also concerned with health and education. Each project, though not amounting to more than \$10,000 makes a strong impact.

In fiscal year 1969, an emergency shipment of 15,000 metric tons of feed grains under Public Law 480 title II helped meet a serious shortage caused by drought.

Although a Peace Corps agreement has not yet been signed, a Peace Corps representative is in Mali at present examining how the United States can help with Peace Corps volunteers. Thus far the GOM has shown primary interest in agricultural specialists. In addition, there is interest in English teachers and midwives. The Peace Corps still does not have a request for a specific number of volunteers.

The regional AID operations officer in Dakar is responsible for AID activities in Mali. There is only one AID technical employee assigned to Mali.

The most serious problem faced by the American Mission in Mali is the lack of any further U.S. bilateral assistance. Though Embassy officers have told Malians that bilateral assistance is no longer available, many are unable or unwilling to believe it. They find it difficult to understand that the United States had a sizeable AID program underway during the prior regime, which was hostile to the United States but is not coming forward with aid for the current regime which is clearly more friendly to the United States. Thus far the American response that we are going to be offering aid on a regional basis has fallen on disbelieving ears since no regional aid has materialized.

The Malian Government does not permit foreign cultural missions to operate Cultural Centers, as such, in Mali, nor can they publish weekly bulletins. USIS's physical presence is consequently limited to a library, exhibits room, and the offices for its three American officers in the Embassy compound. The above-mentioned Mali Government restrictions result in personal contacts assuming a great deal of importance in programing. These contacts bring cultural and media programs to the academic community, youth and sports leaders, and government and media leaders. The main types of programs utilized are film shows, exhibits, cultural events, American sports specialists, and the exchange of educators and leaders.

REPUBLIC OF UPPER VOLTA

Since January 1966, Upper Volta has been ruled by a predominantly military government headed by General Sangoule Lamizana with a cabinet of five civilian and seven military ministers. In November 1969, the Government lifted the ban on political activity in order to allow political parties to prepare for the election which is scheduled to be held at the end of 1970. At the same time, electioneering campaign activity was postponed until late 1970. In February 1970 the GOUV named a Consultative Constitutional Commission to examine the draft of a new constitution which will be put to popular referendum in the near future. According to reports, the initial draft of the new constitution contains provisions which will continue to give the military an important role in the GOUV during a 5-year transition period. One provision apparently stipulates that, during the transition period, the president of the republic will be a military personality chosen by the High Council of the Armed Forces.

Although its economic future continues to be bleak, Upper Volta has emerged from the economic slump which had enveloped it for several years. New businesses, externally financed, are beginning to come in, and the old businesses are generally faring well. Food-crop yields in this predominantly agricultural country continue to fluctuate, but the export crops, especially cotton, are on the increase. Live animals account for more than half the total exports. The Government has managed to balance its budget since 1967, but in 1969 it faced new challenges to its policy of fiscal austerity in the form of the devaluation of the French franc CFA (the local currency), coupled with demands from workers for salary increases, which were granted in some measure.

After Congress limited the number of countries to receive bilateral U.S. economic assistance, Upper Volta was designated a nonconcentration country. Consequently, fiscal year 1969 was the final year in which new AID funds were provided to Upper Volta on a bilateral basis.

There are presently no employees of the U.S. Agency for International Development in Upper Volta. An AID Operations Officer, Mr. John Lundgren travels from Niamey to Ouagadougou periodically to help the Embassy on AID matters. One technician employed by the Near East Foundation under an AID contract remains at the Markoy Demonstration Ranch until June 1970. According to present AID policies new assistance projects affecting Upper Volta must be of a regional nature, or under the sponsorship of a regional organization, or supported by several donors.

Certain types of bilateral assistance are still, however, available to Upper Volta. For example, food assistance was provided in 1969 under the authority of title II of U.S. Public Law 480 at the request of the Government of Upper Volta during an acute shortage. Food provided

by the U.S. Government has also been distributed through the voluntary organization, Catholic Relief Services. Furthermore, the program of measles and smallpox eradication is carried out in Upper Volta as part of a regional West African program under the auspices of the U.S. Public Health Service, Communicable Disease Center. The Peace Corps constitutes another means by which assistance is made available to Upper Volta. Finally, the Ambassador's Special Self-Help Fund is utilized for material assistance to small-scale projects.

Several regional projects now under way or being studied offer benefits for Upper Volta. A short list follows:

Regional road maintenance and improvement.—Administration of the Regional Heavy Equipment Training Center in Lome, Togo, was turned over to the Entente Council in 1969. The center was built with AID funds and scholarships have been provided by AID for Voltans to attend courses at the center.

Grain stabilization.—An AID-funded report on the stabilization of grains in the Entente States and Ghana was completed in 1969 and served as the basis for a meeting of representatives of these countries in Abidjan in June 1969. Further assistance in this field awaits the initiative of the Entente Fund or another regional organization.

Small enterprises.—A survey was undertaken by an American expert under contract to the Entente Fund in 1969. It is possible that a regional project susceptible of AID participation will arise from the study.

Entente road studies.—A grant agreement was signed on June 9, 1969, between the Entente Fund and AID for \$115,000 to finance studies by a team of U.S. experts of road links between Fada N'Gourma and Niamey, Niger, and between Fada N'Gourma and Dassa-Zoume, Dahomey. The contracts have been signed and the study team is expected to conduct its study in the near future.

Entente telecommunications.—Discussions have taken place concerning several new telecommunication links, some of which would involve cooperation with French assistance organizations. Under consideration at present are links between various points in Upper Volta and Ivory Coast, Mali, and Ghana.

Regional rice development.—AID contributed to the FAO-sponsored meeting in September 1969 at which the possibility of establishing a West African Rice Development Association was discussed. Upper Volta was represented at that meeting.

Education.—Upper Volta is eligible to apply for the various kinds of training administered under contracts with the African American Institute. Under the INTERAF program students are granted scholarships for training at African universities toward their first degrees. Under the AFGRAD program qualified candidates may obtain masters and doctoral degrees in development fields at American universities.

Our bilateral aid to Upper Volta has been almost completely discontinued while the regional projects have gotten off to a slow and unimpressive start.

U.S. influence and friendship in Upper Volta as in other African countries is measured, to a large extent, by its willingness and ability to provide effective assistance. A certain level of bilateral assistance would be best for this purpose but really visible benefits from regional assistance would be almost as productive.

Two American officers staff the USIS post in Ouagadougou, Upper Volta. They operate from a cultural center which includes a 5,800-book library, a film library for Center shows and loans, and an exhibit area. Cultural and media activities are oriented mainly toward the academic community and leaders in many other fields of activity. These activities include distribution of a post-produced weekly bulletin and other agency periodicals, sponsorship of a youth club, programming American artists and performers, furnishing tapes and films to the radio and TV stations.

REPUBLIC OF NIGER

President Diori continues to occupy an undisputed position of leadership in the GON and, despite Niger's many economic and social problems, has maintained a stable climate in Niger. A cabinet reshuffle took place on January 15 but no new faces came to the fore. Barcourgne Courmo, former Minister of Finance, was appointed the new Minister of Foreign Affairs. Both Presidential and National Assembly elections will be held later this year, but, inasmuch as the Parti Progressiste Nigerien (PPN) is Niger's only party, no significant political changes are expected.

President Diori also plays an important, constructive role in African politics. He is still president of the Council of the Entente but has relinquished the presidency of the Afro-Malagasy Common Organization (OCAM). He is a strong advocate of regional cooperation and, with the conclusion of the Nigerian conflict, has recently shown interest in undertaking joint Niger-Nigeria economic development projects, particularly in the field of transportation infrastructure.

Niger is still feeling the effects of the severe 1968-69 drought. The country's inherent difficulties have been compounded by a disruption of the traditional Nigeria market, stagnating revenues, a continuing business recession, and the devaluation of the franc, which increased transportation costs, debt repayments, and budget levels. In addition, Niger recently had to absorb a large number of its citizens expelled from Ghana, adding a further burden on the economy. Small-scale industrialization is proceeding slowly and producing a few immediate economic benefits.

With the termination of the Nigerian conflict and a fairly good harvest expected this year, conditions in Niger should improve in 1970. Another encouraging development is the coming to Niger of U.S. companies to look for oil and minerals. Texaco, Continental, and Global Energy have obtained oil exploration concessions and Essex Iron, a subsidiary of United States Steel, has been given a concession for various kinds of metals.

Work on Niger's uranium is proceeding, with full production of around 1,500 metric tons expected by 1974. The GON's income from uranium, however, will only be around \$4 million or equal to 10 percent of its budget.

So far as U.S. AID programs go, Niger is designated a "non-concentration" country. Consequently, fiscal year 1969 was the final year in which new AID funds were provided to Niger on a bilateral basis. With the exception of one project and one development loan, the modest bilateral technical assistance program initiated in fiscal year 1961 has now been completed. The one active bilateral project involves a program of agricultural extension in the training of young farmers. Under this program, two schools have been established at Maradi and N'Dounga, and a third is being established at Diffa in cooperation with a UNDP project for applied agricultural research stations for the Lake

Chad Basin Commission. The last remaining technician in this project, under contract to the Near East Foundation, is scheduled to continue until June 30, 1970. In 1963 an AID development loan of \$1.8 million was authorized for the construction of a bridge across the Niger River at Niamey. In 1967 the amount of the loan was increased to a new total of \$2.7 million. Construction of the bridge started in 1968 and is now about 50 percent completed. With the exception of self-help funds (\$50,000 obligated in fiscal year 1969 and approximately \$75,000 planned for fiscal year 1970), future AID assistance to Niger will be channeled through regional and multidonor projects.

AID has provided \$7.8 million in capital and technical assistance since fiscal year 1961. This figure does not include assistance provided by the Peace Corps or the \$1.9 million Food for Freedom program.

Niger is a member of the Niger River Commission, which has headquarters in Niamey, and of the Entente Council. A number of AID regional projects are now being implemented or planned through these and other African regional organizations. One of these projects is regional road maintenance.

Niger attaches great importance to the aid it receives from the Economic Development Fund of the European Economic Community and to the trade benefits it receives under the provisions of the Yaounde Convention. The United States is opposed to the system of "reverse preferences" created by the Yaounda Convention and has proposed a system of generalized preferences as a step toward a global arrangement whereby all developed countries will give tariff preferences to the products of all less developed countries as discussed at UNCTAD II in New Delhi. The GON maintains that they could not give up their very real trade advantages without first knowing precisely what gains would accrue to them from any substitute arrangement. In the absence of a precise definition of these gains they are led to conclude that the United States espouses a program which would improve Latin America's trading position at the expense of that of Africa.

Peace Corps volunteers have been assigned to Niger since 1962, and have worked in conjunction with a variety of Niger Government ministries and services. At present there are four Peace Corps staff, and 70 volunteers who work in English teaching, well construction, cooperative development and education, public health, forestry, adult literacy, and agriculture. The cost of Peace Corps programs to date is \$3.7 million.

Two American officers operating out of the USIS Center in the heart of Niamey work closely with the most developed communications medium, Radio Niger, furnishing news items, an English-teaching series, plus science and music tapes. The Government of Niger is making a considerable effort in the field of education. USIS programs and activities take cognizance of this and are prepared largely for university and secondary school students and teachers, as well as for leaders and officials in many other fields. The USIS Center not only houses a library of 3,000 volumes but also is the site of film shows, exhibits, and cultural attractions.

THE REPUBLIC OF CHAD

Chad is one of the few places throughout the world in which the United States has a black Ambassador in the person of Mr. Terence A. Todman—a career Foreign Service Officer who has had extensive diplomatic experience in India, Beirut, Tunis and Lome. The Study Mission would like to express the hope that many more of the Nation's black and capable citizens might have such opportunities to contribute their quota to the total U.S. effort at promoting friendly relations and understanding among nations.

U.S. relations with Chad have been good since we established diplomatic relations with that country in January 1961, 6 months after its independence. Our AID program which began in 1962 on a bilateral basis was terminated a year ago following the adoption of the Korry Report. Due to the fact that our aid program has never been large, the discontinuation of that has been a great disappointment to the Chad Government. However, one may hope that as our regional programs get under way, the United States would have the opportunity to assist Chad once again. Chadian resentment over our present aid policy will continue to persist, though, as long as we decline to offer that country even minimum bilateral aid.

The study mission considers that it is not enough to help Chad with only the Peace Corps which has been in existence since 1966. Some additional help by way of providing a certain amount of financial support to some development projects in Chad will go a long way in helping the country's development.

Chad has been politically stable since independence. There have been no coups d'etat or other forms of nonconstitutional governmental change. Although there is only one party, there is considerable freedom of discussion within the party framework. In the past, some of Chad's Moslems have felt that they haven't had sufficient representation in either the executive or legislative branch of the government. President Tombalbaye is, however, following a policy of giving as much ethnic and religious balance to the government as he can, while still maintaining certain standards of competence and training. As in most African countries, the wide ethnic and religious diversity has been at times an unsettling element in Chad's national development. Creating a nation out of such diversity is a difficult task as exemplified by recent incidents of revolt in parts of the central, eastern and northern regions of the country. President Tombalbaye is fully aware of the problems he faces in this area and is trying to weld his people together with great measure of understanding and tolerance.

The suspicion and latent hostility of the Moslems in the North toward the Bantu-dominated government were exacerbated in the years following independence by inefficiency and corruption in the provincial administration, the sorest point being the system of taxation and the manner in which it was enforced in the rural areas. The nomads have always complained that they are forced to pay the an-

nual head tax for both themselves and their animals in each of the prefectures they may visit in the course of a year. Thus, they end up paying five or six times as much tax as they should.

Rebel activity has been relatively low during the past several months owing to the frequent operations of the more mobile and better armed Franco-Chadian forces. The rebels have made a particular effort to avoid combat and have concentrated their efforts on intimidating the local populace. In two major battles, that of Kirdimi in September 1969 and Ounianga Kebir in March 1970 the rebels in the Borkou suffered serious defeats at the hands of the French. It is in this area that the government is most likely to quell the rebellion. In the center and east, small rebel attacks continue and the government seems unable to gain positive control of known rebel positions. With the advent of the rainy season, one may expect an increase in rebel incidence due to a decrease of government mobility.

In foreign affairs, Chad is nonaligned. It does, nevertheless, form part of the French community and shares many institutions in common with the other francophone countries of Africa and with France. Thus, the Chadian Government has a western orientation and is moderate in her approach to the great issues of international relations today.

Chad has diplomatic relations with Nationalist China, South Vietnam, and South Korea. It has announced its intention of establishing relations with North Korea as well, but to date this decision has not been implemented. Chad maintains relations with both Israel and a number of the Arab states. The only Communist bloc country represented in Fort Lamy is the Soviet Union.

Chad is a very poor country. With some 90 percent of its people dependent upon agriculture for their livelihood, only 17 percent of its land is arable, and about half the country lies within the Sahara Desert. In 1969 Chad's gross domestic product was an estimated \$209 million. This would amount to a per capita income of about \$57, but since the bulk of the GDP is produced in the traditional (nonmonetary) sector, per capita cash income is much lower than this figure would indicate.

In 1968 Chad had a \$9.1 million deficit in a budget of about \$42 million. A large part of Chad's budgetary and trade deficits are covered each year by unrequited transfers from abroad, primarily from France and the EEC countries. Such transfers amounted to \$22.6 million in 1968.

Foreign aid had been and continues to be the most important factor in Chad's development. Chad's First Five-Year Plan, 1966-70, originally envisaged \$122.5 million of a total \$192 million coming from foreign aid. The revision of the plan in 1968 scaled down the entire plan, reducing the amount to be derived from foreign aid to \$77 million. France is by far the largest source of foreign aid to Chad. Averaging some \$26 million annually, French aid takes the form of grants and loans, budgetary support, veteran's pensions, and most of the maintenance costs for some 450 technical assistance personnel on Chad.

The second largest aid donor to Chad was the European Development Fund (FED). This assistance is given in return for trade preferences which Chad grants to Common Market countries as a result of

the Yaounde Convention. The first FED fund, from 1961 to 1969, contributed \$26.8 million to Chad; the second FED fund from 1965 to 1969 amounted to \$14.4 million. The United Nations and Germany are Chad's third and fourth largest aid benefactors. Other significant aid donors to Chad are Israel and Nationalist China.

The United States has contributed \$20.4 million to Chad from fiscal year 1961 through fiscal year 1969. Approximately two-thirds of the total figure was Public Law 480 assistance, the bulk of which has been in the form of surplus commodity contributions to international organizations. From 1966 through 1968 direct U.S. aid has averaged about \$600,000 annually. All bilateral U.S. aid to Chad with the exception of the self-help program has been terminated. Current and projected U.S. regional assistance which will in part benefit Chad includes the financing of the following projects:

- (1) Regional road maintenance and improvement: \$260,000.
- (2) U.S. exports for the Lake Chad Basin Commission: approximately \$50,000.
- (3) Measles/smallpox eradication program: approximately \$140,000.
- (4) Regional health project: agreement signed recently for \$415,000.
- (5) Livestock corridors for the Lake Chad Basin Commission: \$450,000 for fiscal year 1971, agreement may be signed in current fiscal year.
- (6) Telecommunications study for the Lake Chad Basin Commission: \$500,000 proposed for fiscal year 1971.

In addition, the United States will provide \$55,000 for self-help projects in fiscal year 1970.

The Embassy was granted \$55,000 for fiscal year 1970 for self-help projects. These projects are designed to be high-profile, quick-impact undertakings not to exceed \$10,000 per project. Thus far in this fiscal year, agreements for seven projects have been signed with a total obligation of funds for \$31,010. There are six other projects pending for this year. The projects for fiscal year 1970 are mainly in the area of public health, education, and agricultural production.

The Peace Corps now has 55 volunteers, five below the peak number of 60 which was reached in January 1970. Next summer it will be replacing about half of the present group, as the old volunteers finish their tours and new ones are trained. It plans to maintain a level of about 60 volunteers through the next year or two. This level is high enough to produce beneficial results but not so large as to overtax the Chadian Government's ability to support our programs. The present volunteers serve in four fields: education, agriculture, well drilling, and health/social work.

USIS operates a small program in Chad with a staff of two American officers. The news bulletins issued by the post are an important source of information about U.S. policies and developments for the Chadian recipients since the local news media is very limited. The USIS library contains 6,000 volumes, many of them in French. A small English-teaching program attracts an elite group of Chadians.

FEDERAL REPUBLIC OF THE CAMEROON

The smaller state of West Cameroon, part of the English-speaking former British trust territory, joined the larger French-speaking Republic, now East Cameroon, in 1961. Integration of the two states is proceeding cautiously but with increasing momentum. President Ahidjo, who has led the Government and dominated the politics of Cameroon since 1956, achieved in 1966 his goal of a unified national party, the Cameroon National Union. He believes that a single political organization is essential at this stage and that freedom of discussion can be preserved within the party structure. Leaders of all former political groups are represented in the party hierarchy. Elections are scheduled for March 28; Ahidjo is the only Presidential candidate.

Terrorism, which severely threatened the young regime, has been reduced to ineffectual remnants by military action, political amnesty, and increasing popular resistance.

By means of a liberal but planned economy, Cameroon is making moderate but steady progress in overcoming the low level of economic development which it shared with other African states at independence. The current GDP is about \$900 million and growing at about 4.5 percent at constant prices. Per capita income is about \$164 per annum. Still very dependent on cocoa and coffee (58 percent of its exports) the country has made great strides in the diversification of agriculture. It has also developed an industrial sector which is one of the largest in black Africa.

With its primary goal of nation building substantially achieved, the Government is now overridingly concerned with economic development to narrow the gap between Cameroon and the developed countries. Its major problems are: (1) to improve radically its terms of trade, especially for its major agricultural exports; and (2) to diversify its sources of private investment and foreign aid, now largely from France and the EEC. To encourage new investment, it (and its Central African partners) have just moved to reduce discriminatory trade barriers against non-EEC members.

Due primarily to the high world market price for cocoa, Cameroon's foreign trade earnings have risen rapidly in the past 2 years, and the country currently is enjoying a sizable surplus in its overseas trade balance. Preliminary statistics for the first quarter of the current year show that the value of exports has increased by about 19 percent while the value of imports has only grown by about 4 percent.

Cameroon is closely tied to the Common Market, which buys approximately 70 percent of her exports and supplies about the same percent of her import requirements. In addition, almost all of the private investment capital which has entered the country in the past 10 years has come from the EEC countries, and Cameroon received more than any other country except Madagascar and the Ivory Coast in loans and grants from the second European Development Fund. Although France has become relatively less important as

an export customer, half of Cameroon's imports continue to come from France, and many of the major commercial firms are French. France remains the single most important source of private investment capital.

Outside the Common Market, the Federal Republic's other major trading partners include the United States which took about 7 percent of the Cameroon exports in 1969 and supplied roughly 5 percent of its imports, and Great Britain. During the past 18 months, the Soviet Union has become an important export customer with purchases exceeding our own. Soviet imports from Cameroon have risen from 5.8 percent in 1968 to a little over 9 percent in 1969.

The short-term prospect for the Cameroonian economy is favorable. Cocoa and coffee prices are expected to remain good, timber production is increasing rapidly, and output at the Edea aluminum complex will be increased soon. Market prices for some of Cameroon's other agricultural exports, such as rubber and tobacco, are holding up well, and increased production is compensating for falling cotton prices. Although the unsettled financial conditions in Europe have caused a slowdown in new private investment, firms already established are expanding their activities. The creation of the third European Development Fund and the World Bank's great interest in Cameroon appear to guarantee a continuing inflow of public investment capital. And with government revenues growing, Cameroon should be able to devote more of its own resources to development.

The long-term outlook is less clear. With a per capita income of approximately \$165 per year, Cameroon is a poor country. If, as appears likely, the principal objectives of the development plan are met, there will be a substantial improvement in the standard of living. Cameroon's performance will compare favorably with most developing countries. Cameroon's leaders realize that barring a major petroleum strike or the discovery of additional mineral resources, the only way Cameroon will ever begin to catch up with the developed world will be through a radical improvement in her terms of trade. For this reason, the government is very interested in obtaining better prices for its major agricultural exports. This can only be achieved if the developed nations were to implement the various proposals of the United Nations Conference on Trade and Development (UNCTAD) in that regard.

A modest technical assistance was carried on in Cameroon from 1960 through 1969. Project activities were principally in West Cameroon and were concentrated in the fields of technical education, highway maintenance, and agricultural extension. With the inception of a development-loan project, under which the Kumba-Mamfe road is being improved, and self-help activities, U.S. economic assistance to Cameroon now takes the form of participation in regional or multi-donor projects. American investment in Cameroon has been largely concentrated in two areas, petroleum and banking.

Three American companies, Mobil, Texaco, and Esso are presently marketing petroleum products in Cameroon. Each of these companies owns its own retail outlets as well as offices, storage depots, etc. Their total share of the market is approximately 35 percent. Esso, which only recently entered the local market, built 11 large stations

within the past 18 months, and has plans to build more. Mobil is to build a lubricant blending plant in Douala within the next 12 months.

The First National City Bank, Bank of America, Morgan Guaranty, Bankers Trust, Chase Manhattan, and the French American Banking Corp., are all participants in the holding companies which control the foreign banks operating in Cameroon. FNCB, which has a 40 percent plus interest in Banque Internationale pour l'Afrique Occidentale (BIAO), Bank of America, which holds about 15 percent of the shares in Banque Internationale pour le Commerce et l'Industrie du Cameroun (BICIC), and Chase Manhattan, which has about 10 percent of the shares in Standard Bank of West Africa, are the most heavily involved. BIAO and BICIC are slowly expanding their operations in Cameroon.

Other American investments include banana plantations and a shrimp fishing venture. United Fruit owns a 60 hectare plantation and manages another 400 hectare plantation. The company is also marketing most of Cameroon's banana crop.

There are 64 Peace Corps volunteers in the Federal Republic of the Cameroon, 38 in the west and 26 in the east. Most of the volunteers are working as teachers, although a few are in agriculture, fisheries, and cooperatives. The director of the Peace Corps would like to see more specialized volunteers, particularly in agriculture.

Under a regionally funded contract with the African-American Institute, scholarships are provided for undergraduate and graduate study in the United States and, increasingly, undergraduate study in African universities designated as centers of learning. The number of scholarships awarded to Cameroonians, on an Africa-wide competitive basis, has been particularly high. Interest in the programs is especially keen among English-speaking West Cameroonians. Most probably, the seeming lack of interest among the French-speaking East Cameroonians is due to the difficulties they might encounter in studying in English. Through 1969, 114 scholarships for undergraduate study and 17 scholarships for graduate study in the United States and 68 scholarships for study in African universities have been awarded.

Special self-help and development activity is the only remaining technical assistance funded activity in Cameroon. It is directed toward the encouragement of community or group participation in the process of development through limited assistance to projects in which there is a significant element of self-help. The United States has approved, through January 31, 1970, a total of 94 projects for \$237,639.96. While half of these have been in West Cameroon, the first having been signed in May 1965, to provide assistance to a handiwork cooperative in Bamenda, an increasing interest is being manifested in East Cameroon in organizing worthy projects. Subsequently, a wide range of projects have been undertaken to assist orphanages; hospitals, and health programs; road and bridge construction; community centers, credit unions, and cooperatives; training programs in domestic science and home economics, agriculture, and the manual arts; agriculture schemes and rural development; and the integration of the pygmies into the social and economic life of Cameroon. While the majority of the projects have been organized by church and mission organizations or Peace Corps

volunteers, a greater effort is being made to attract government participation and to encourage government leaders to assist in the setting up of projects.

USIS maintains a post in Yaounde, the capital, and a branch office in Douala, the country's commercial center. However, it is planned to move the branch office to Buea, capital of English-speaking West Cameroon, where greater program possibilities exist, retaining the installation in Douala as a reading room. The American staff in the country consists of four American officers. USIS conducts a variety of informational and cultural activities that interest Cameroonian audiences. The libraries in Yaounde and Douala each contain about 4,500 volumes.

DEMOCRATIC REPUBLIC OF THE CONGO

The Democratic Republic of the Congo achieved independence on June 30, 1960, after 75 years of Belgian rule. Peaceful independence was shortlived, however. By mid-July the new state had experienced a mutiny of its army, the intervention of Belgian troops, the departure of 90 percent of its Belgian technicians, and the secession of Katanga, its richest province. Its leaders called upon the United Nations to begin what became a massive international peace-keeping and administrative effort to keep the Congo viable as a state.

The situation grew increasingly confused and dangerous, with the interplay of great power politics. In September, army Colonel Joseph D. Mobutu declared all politicians neutralized, formed a government of commissioners, and expelled Communist diplomats and technicians invited to the Congo by Prime Minister Patrice Lumumba. Joseph Kasavubu gradually resumed his prerogatives as President, but Lumumba was placed under house arrest. With Lumumba's transfer to Elisabethville on January 17, 1961, and his subsequent assassination, the Congolese political situation became even more tense and complicated. The previous November (1960), Vice Premier Antoine Gizenga had established a separate "Lumumbist" regime in Stanleyville. With his chief's death, Gizenga proclaimed himself the political heir to Lumumba and the rightful Prime Minister of the Congo. By early 1961 four separate authorities were claiming to be the rightful government of the Congo: Kasavubu, Mobutu, and new Prime Minister Joseph Ileo in Leopoldville; Gizenga in Stanleyville; Moise Tshombe at Elisabethville in the Katanga; and Albert Kalonji, "God-Emperor" of the South Kasai Mining State at Bakwanga (brought under central government control by the end of 1961).

After a meeting of Parliament a national coalition government was formed in Leopoldville under Cyrille Adoula in August 1961. Only Tshombe's Katanga did not participate. Unfortunately, Gizenga's cooperation was short-lived. He was interned in January 1962, however, and central government authority was reasserted over the area controlled by the Stanleyville government. As a result of military pressure by the United Nations, the Katanga secession was ended by early 1963.

During the winter of 1963-64, serious political turmoil returned to the Congo with the outbreak of rebellion among the Bapende and Bambunda ethnic groups in Kwilu Province. The Congolese Army and groups of nationals hostile to the rebels were able largely to put down the rebellion by the end of 1964. Unfortunately the Kwilu outbreak was only the first of a series of rebellions to sweep the Congo in 1964. Rural discontent erupted in open rebellion in Kivu in April and quickly spread eastward and southward under the leadership of "leftists" evoking the name of Lumumba. On August 5 the rebels took Stanleyville, which Christophe Gbenye later proclaimed the capital of the People's Republic of the Congo, with himself as president. By the end of August 1964, the rebels controlled approximately two-fifths of the entire country.

In the middle of September 1964 the central government forces, supported by mercenaries, turned the tide of the rebellion and by the end of 1964 they had recaptured most of the major towns in the former Eastern Province. (Most publicized in this operation was the American-supported Belgian paratroop drop to rescue hostages in Stanleyville and Paulis.)

During the greater part of the rebellion the Congolese Government was directed by Moïse Tshombe, who succeeded Adoula as Prime Minister in July 1964. His success in enlisting outside military support and his appeal to the Congolese people enabled him to prosecute the fight against the rebellion despite the support gained by the rebels from several African and Communist States. Tshombe continued to be a controversial figure, however, and after 15 months in power he was removed from office by Kasavubu. On November 24 Army Chief Joseph Mobutu, now a general, staged a bloodless coup d'état, intervening once again to save the Congo from political chaos.

Since assuming office, President Mobutu has taken steps to pacify the country's interior, strengthen the government's administrative apparatus, assert governmental controls over the Congo's economic lifelines, and develop a political vehicle—the Mouvement Populaire de la Révolution—designed to mobilize popular support for his regime and for his reconstruction efforts.

President Mobutu has moved vigorously to consolidate his power and combat externally stimulated threats to his country's territorial integrity. He has made significant progress in trying to eliminate the vestiges of the 1964–65 insurgent rebellion. An important byproduct under President Mobutu of the Congo's improved relations with its African neighbors has been the cessation of key material and safe-haven support which some of these had previously provided anti-government Congolese forces. The ANC has gradually succeeded in eliminating rebel activity from all but a few most isolated areas of the northeastern Congo.

In 1966, Mobutu put down a mutiny of former Katangan gendarmes in Kisangani. In 1967, foreign white mercenaries staged a rebellion which was defeated by the Congolese army with the logistical support of the U.S. Government.

In the administrative field, President Mobutu has abolished the federal form of government established at Independence, and has centralized administrative control. The provincial political governments have been replaced by civil governors controlled from Kinshasa. A new constitution, designed to reflect the new philosophy of strong central government, was submitted to a successful popular referendum in June 1967. The constitution calls for a strong President popularly elected, a unicameral legislature and no more than two political parties. The constitution became effective on June 24. The Parliament was dissolved on the same date, with elections for the new body to be held later.

Since achieving internal stability following the mercenary rebellion of 1967, President Mobutu has been making a sustained effort to improve the Congo's image abroad and to make its weight felt in African councils, especially in Central Africa. The Democratic Republic of the Congo now has generally good relations with all its neighbors except Congo (Brazzaville) which at the end of 1969 declared itself a "Popular Republic," continuing the steady leftward movement which its government has exhibited over the last few years. At present

relations between the two countries are broken and the border is officially closed. The Congo continues to adhere to the Lusaka Manifesto on Southern Africa as a statement of its attitude toward the white redoubt. On a broader plane, the Mobutu Government has generally taken an anti-Communist stance, but has maintained correct relations with the Communist nations of Eastern Europe. In his relations with the developed world, Mobutu is attempting to project the image of a stable nation, hospitable to foreign investment.

ECONOMIC SITUATION

The Congo is richly endowed by nature. Mineral resources have permitted it to become the world's fourth largest exporter of copper and the leading producer of industrial diamonds and cobalt as well. Manganese ore, cassiterite, zinc, and gold are also produced. Agricultural resources, though less spectacular, have permitted substantial exports of palm oil, rubber, and coffee. In the Congo River and its tributaries, the country has a water system reaching into most of its regions. Stretches of the Congo River are unnavigable, however, particularly between Matadi on the Atlantic and Kinshasa and also beyond Kisangani and other points. The rapids between Kinshasa and the sea, a region in which one of the world's major hydroelectric sites is now being developed, blocked access to the interior until the late 19th Century.

The Belgians at that time began the exploitation of the Congo's resources, establishing plantations and developing mines. One of their first steps was to build a railroad from Matadi to Kinshasa, bypassing the rapids. To assist in the evacuation of production from the interior, they also built railroads in areas, particularly in the east, not served by rivers and established a road network, mainly as a feeder system. Production and exports rose rapidly, especially in the decade prior to independence, but the economy remained highly susceptible to fluctuations in world prices.

Independence in 1960 brought about massive departures of the expatriate technicians and managers on whom the operation of the economy depended. The secessions and rebellions that followed wrought widespread destruction. As a result plantations were abandoned and the transport system, above all the roads, deteriorated badly. Mineral production, at least of copper, was fairly well maintained, however.

Until 1967, the Congo was characterized by massive budgetary deficits, mounting inflation, and a serious imbalance in external payments. Reliance on import quotas to reduce the payments deficit introduced grave distortions into the economy. In 1967 these problems were attacked through a far-reaching monetary reform, which involved substantial devaluation, restructuring of taxes, removal of quantitative import controls, and appreciable liberalization of external payments.

The results of the reform exceeded all expectations. The budgetary deficits which were incurred in 1967 and 1968 were kept within manageable proportions, and in 1969 the first surplus in the Congo's postindependence history was achieved, even after substantial expenditures under the investment account. After an initial rise, prices remained reasonably stable. Foreign exchange reserves rose

from near exhaustion in mid-1967 to \$225 million at the end of 1969. Removal of import controls has also considerably reduced economic distortions.

The Congo's economic problems have not all been solved. Recent achievements may be attributed not only to the policies which the country has followed but also to high world prices for copper, the Congo's principal product and export. Transportation difficulties continue to impede economic development, and agricultural recovery, after making spectacular strides in 1967 and 1968, lagged again in 1969.

At the same time the Congolese Government has manifested sincere and growing interest in foreign investment. This interest is evidenced by the investment code promulgated in July 1969, as well as by the settlement of the Union Miniere dispute, which related to the nationalization of copper-producing facilities in the Congo in early 1967. President Mobutu's own interest was demonstrated by his official visits to Germany and Belgium last year, in which he stressed economic and commercial concerns, and by his desire to see greater American as well as other foreign investment in the Congo. Moreover, the Congolese Government is devoting substantial resources of its own to investment. In the 1970 budget 24 percent of expenditures, the equivalent of over \$100 million, has been allocated for this purpose, although not all projects would qualify as investment under some definitions.

Given wise allocation of resources and reasonably high prices for copper and other primary exports, the economy of the Congo may be expected to grow substantially in the years to come.

MILITARY SITUATION

The Congolese National Army (ANC *Armee Nationale Congolaise*) was formed on June 30, 1960, from the Force Publique with no change in the latter's structure or staff. The Force Publique at that time numbering 110 officers and 25,000 men was a combination of light infantry, gendarmerie force charged with the maintenance of internal security and the defense of the country from foreign invasion.

From its inception the ANC has had a history of turmoil. A general meeting erupted in July 1960 followed closely by the declaration of secessionist governments in Katanga, Kasai, and Orientale Provinces. Thus by December 1960 there were four armies in the Congo. With the aid of U.N. intervention the Congo was reunified by February 1963.

In January 1964, however, rebellious factions reappeared in the Kwilu Region under Pierre Mulele. The rebellion spread into Orientale Province and once again the Congo was in flames. It became obvious that the ANC was unable to cope with the problem. The National Government then under Premier Moise Tshombe instructed the then Chief of Staff of the ANC, Col. Joseph Mobutu, to recruit mercenaries in order to eliminate the rebels. With the aide of a large number of former Katangan soldiers recently returned from exile after the Katanga secession failed, the Provinces of Orientale and Kivu were again pacified by 1966. However, old enmities flared up between the Congolese and Katangan troops. The latter mutinied but were scattered and destroyed by the end of 1966.

With the return of relative calm in the Congo, General Mobutu decided to purify the ANC by terminating the contracts of the mercenaries and disbanding their units. This led to the last dramatic episode in the turbulent military history of the nation, the Mercenary Revolt of 1967.

Lt. Col. Jean Schramme, former planter in Orientale Province, and officer under Tshombe, then Mobutu, found himself at this moment the commander of the last large contingent of Katanga. His forces seized Kisangani, Bukavu, and Kindu simultaneously on July 5, 1967. The revolt continued until the last remnants of Schramme's forces evacuated Bukavu on the night of November 4-5, 1967.

Since then relative calm has prevailed in the Congo. The ANC has however conducted counter insurgency operations in Kasai, Kivu, and Orientale Province for the purpose of cleaning out the last vestiges of rebel activity. One can say that at the present moment the internal security of the nation is better than at any time since independence.

The ANC today has a strength of 45,000 to 50,000 men in all branches including air and naval forces. The headquarters is in Kinshasa as are the headquarters of the Reinforced Airborne Brigade, and the 2d Groupement. Other major subordinate headquarters are located in Boma, Luluabourg, Kisangani, Bukavu, Lubumbashi, and Mbandaka.

U.S. MILITARY MISSION TO THE CONGO (COMISH)

Background

In June 1962, a special DOD advisory team made a study to determine the basic essentials for the creation of an effective Congolese Armed Force. One of the main conclusions of this study (the Green report) was that foreign military materiel, training, and advisory assistance were needed. The first shipment of 20 jeeps and spare parts arrived in the Congo in October 1962. A U.S. military aid mission was activated in Kinshasa in August 1963 (known as COMISH, Congo Mission Headquarters). Today, COMISH is authorized a strength of 42 personnel. Included in this force is a USAF crew for the C-123 aircraft assigned for support of COMISH.

Mission

The mission assigned COMISH is: Prepare and implement, in coordination with the ANC and Western nations committed to helping the Congo, realistic programs which provide on an austere basis, the minimum logistic support and associated technical training required to assist the ANC to reach an acceptable degree of professional military competence to provide for its own internal security.

Activities

Since its inception in August 1963, COMISH has planned materiel and training programs through fiscal year 1976. The Field Advisory Teams assist the Congolese in the maintenance of MAP provided materiel, as well as providing advice, in conjunction with the Belgians, on all aspects of logistics and maintenance management. Constant upgrading and shifting of ANC personnel have made this task very difficult and seemingly endless.

Program

COMISH has two programs in existence. The materiel program is the major portion of the effort. The bulk of the materiel being supplied by the United States is transport and communication equipment. To date, we have delivered 2,589 trucks of various types, 1,154 radios, 46 aircraft together with assorted tools and support equipment. The training program also consists of two parts. Part one: Field teams working CJT shoulder-to-shoulder with the ANC in signal and automotive fields. Part two: In-country English language training and subsequent CONUS courses at U.S. Army schools. The U.S. service school programs have been modest because systems and procedures taught in the United States are rather sophisticated for the average ANC student in view of his educational level, and are often not directly compatible with the systems and procedures in use by the ANC; i.e., Belgian system.

U.S. ASSISTANCE PROGRAM (AID)

The basic interest of the United States in the Congo is to see a unified, viable, independent state capable of maintaining internal security and a reasonable rate of economic and social development adequate to meet the political and social aspirations of its peoples.

In support of these objectives the United States provides the following types of economic assistance to the Congo:

Import support

This program has provided \$190 million over the years in supporting assistance grant and loan funds to import industrial supplies and machinery as well as trucks and related transport equipment to keep the industrial sector of the economy operating during periods of foreign exchange shortage. The last \$10 million of this amount is now being disbursed, after which no more funds of this type will be committed because a development program is replacing the supporting assistance program. The Congolese zaires generated by the sale of these imports are used for economic development projects. (See section on counterpart funds below.)

Public Law 480 food programs

Flour and tobacco are imported from the United States by agreement between the two governments to meet critical shortages. This program, which is now financed on a loan basis repayable in dollars over 20 years at 3 percent interest, is running at an annual rate of about \$4 million. It is expected that the program will gradually decrease and phase out over the next year due to reduced requirements and greater availability of foreign exchange. As in the case of the import support program, the consumer pays for the commodities in Congolese zaires. (See section on counterpart funds below.)

A second part of the food-for-peace program is the distribution of food provided as a grant by the United States and made available through American voluntary agencies. Distribution is made to hospitals, refugees, school feeding programs and to individuals participating in food-for-work programs. Two voluntary agencies are working in the Congo—the Catholic Relief Services and the Church World Service. The program reaches over 300,000 persons. In fiscal year 1969,

\$2.2 million was obligated to the program. However, the program has been suspended since March 1969 because of Congolese Government difficulties in allotting sufficient funds to cover port charges and inland freight costs. It is expected to resume shortly.

Contribution to the United Nations

The United States makes a direct contribution to the United Nations program in the Congo, completely apart from its contributions to worldwide U.N. programs. This support is in the form of a contribution to a special U.N. funds-in-trust program which the U.N. operates in the Congo from contributions made by several nations. About 80 technicians of the U.N. will be provided this year by the funds-in-trust program, in addition to the more than 200 U.N. technicians working on regular U.N. projects. The United States contributed \$970,000 in 1969 for this program which was also supported by Canada and Belgium. The program is now concentrated in the transport sector where experts and technicians are provided for the Public Works Department, the Navigable Waterways Service, and the Civil Aviation Division. Other experts provide services in the field of public health and in the administration of counterpart funds.

Development grants

Under this program, experts and material are supplied to the Congolese Government for certain projects. The United States advises and helps train and organize the Congo's National Police, supplies transportation and communications equipment, uniforms, and other items. Over the past several years, assistance has been given to the National Pedagogical Institute and the National School of Administration, among others. A labor education project is also supported by these grants. Scholarships and training grants for study in the United States have been provided to more than 600 Congolese. An important agricultural credit pilot scheme is just getting underway. The current fiscal year program will provide about \$1 million for the continuation of technical assistance activities.

Development loan assistance

In 1967, a \$2.5 million loan was authorized to assist in the financing of a 250-room hotel in Kinshasa. Additional financing has been provided by the Intercontinental Hotels Corp., a subsidiary of Pan American Airways, the Congolese Government, and from local currencies generated from the U.S. import support program. Construction began early in 1969.

Studies are now underway to determine the economic and technical feasibility of upgrading National Route 1 between Kikwit and Lulua-bourg and between Lulua-bourg and Mbuji-Mayi. It is expected that these studies will lead to further development loan assistance. Similarly a reconnaissance of the transport requirements of the northeastern Congo now being completed is expected to identify a considerable number of high-priority roads requiring rehabilitation and improvement. At least some of these projects may well qualify for development loan assistance. Final recommendations are now being prepared for the financing of a floating drydock at Boma to replace the antiquated and dilapidated facility now existing there. Final planning is well advanced for a loan to finance imports in support of the transport sector.

Counterpart funds

The zaires generated under the import support and food-for-peace programs are made available for Congolese economic development projects through a joint consultation and programming effort of the USAID and the GDRC. Highest priority in these projects has been granted to the transport sector, where considerable sums have been invested in the maintenance and rehabilitation of roads, bridges, ferries, and the service fleet of the Navigable Waterways Service. In addition, new road, bridge, and airport facilities have been constructed. The agriculture sector has also benefited significantly from these funds through the support of agricultural production efforts, in addition to agriculturally important transport links and the construction of agricultural training facilities at the vocational and university levels. The third area of special concentration is that of education, where important facilities have been constructed at the four university level institutions, at a number of the postsecondary specialized schools, and most recently at teacher-training colleges. A major contribution will be made during fiscal year 1970 to the funding of the Congolese Development Bank, a project sponsored by the World Bank.

SUMMARY OF U.S. ECONOMIC ASSISTANCE TO THE CONGO

[In millions of dollars]

	Fiscal years 1960-69	Fiscal year 1970 (estimated)
Import support program.....	190.0	
Public Law 480 food programs.....	156.0	1.2
Assistance through the United Nations.....	30.0	
Technical assistance TC/DG.....	16.0	1.5
Capital assistance loans.....	2.5	9.0
Counterpart fund activities.....	¹ 14.0	15.0

¹ Fiscal year 1969 only.U.S. INVESTMENT AND PRIVATE SECTOR ACTIVITY ¹

In extractive industry, two American oil companies were recently granted exploration concessions. Mobil Exploration Congo is Mobil's Congolese company, formed to assume Mobil's share of "Socorep", a consortium composed of Mobil, Shell, and Petrocongo. Socorep is currently prospecting for oil onshore in the Bas-Congo.

Gulf Oil Congo has been granted an offshore concession and is now conducting seismic and geologic studies. The company plans to begin drilling in the near future and expects to invest perhaps \$1.5 million over the next 3 years.

Union Carbide is associated with a Belgian mining company and the Congolese Government in a joint venture. The local company, called Somucar, has been granted exploitation and processing rights for columbium, tantalum, thorium, phosphorus, and associated minerals in Kivu Province. The company's authorized capital was increased recently to \$2 million.

Anticipated U.S. investment in the Congolese mining industry includes an important consortium seeking prospection rights mostly for copper and tin in northern Katanga. This international group is

¹ Not an all-inclusive list of American investment.

composed of Standard Oil Co. of Indiana, Anglo-American, Mitsui, a French mineralogical research firm, and Leon Templesman & Son of New York, a company which took the initiative in forming the consortium and which is already engaged in purchasing Congolese diamond production on behalf of British Diamond. Englehard-Philipp Bros. Minerals & Chemicals is associated with a Belgian firm in an enterprise extracting cassiterite and columbo-tantalite and has also applied for a concession to extract monazite in northern Kivu.

In agriculture, there is as yet no American investment. However, both Goodyear and Firestone have expressed interest in developing rubber plantations in the Congo, and their plans have considerable developmental interest, not only in terms of increasing the Congo's production and export earnings but especially in terms of providing training, income, and permanent assets for sizable numbers of Congolese small planters. Both companies have also expressed interest in investing in a tire factory in the Congo, provided market studies show that with adequate protection from import competition, such a plant could be commercially viable.

In the field of manufacture, processing, and construction, the Continental Grain Co. has formed a joint enterprise (Minaco) to develop a 100,000-ton capacity flour mill at the Congolese seaport of Matadi. Construction is scheduled to begin this year. Total investment should reach \$4.5 million by 1971. Ford-Europe and several European and Japanese automakers have expressed interest in full-scale assembly plants in the Congo, again contingent on the results of detailed economic and market studies. Four American construction companies are, or about to become active in the Congo. Bechtel is now building a \$6 million, 260-room Intercontinental Hotel in Kinshasa, scheduled for completion in 1971. This is a 50/50 joint venture by Pan Am's Intercontinental Hotel Corp. and the Congolese Government. This and other hotel projects in Kinshasa and elsewhere can be expected to help develop a Congolese tourism industry and also to encourage more businessmen and potential investors to visit the Congo. In addition to Bechtel, the Kalicak Construction Co. of St. Louis is now entering the Congolese housing market, with planned construction of approximately 300 homes in Kinshasa.

There is a great shortage of housing at all income levels as well as need for additional office space and industrial plants. International Engineering Co., a branch of Morrison-Knudsen, is opening an office in Kinshasa with the intention of competing for design, engineering, and construction bids in all fields—buildings as well as civil engineering and heavy construction. Lyon Associates, a Baltimore firm, has already opened an office with the same intentions.

Pan American World Airways is now negotiating a major technical assistance contract with the Congolese national airline, Air Congo. This would be the largest technical assistance program in Pan Am's experience, encompassing a maximum of 47 Pan Am technicians and advisers to streamline and modernize every facet of Air Congo's operations and conduct a major training program. While this does not qualify as private investment, the program nevertheless has

considerable developmental value since a more efficient Congolese airline can be expected to play a vital role in improving the Congo's domestic transport services and contribute to the development of tourism as a significant source of foreign exchange earnings.

The USIS program in the Congo is the second largest in Africa, with the American staff comprising 13 officers. Besides the main office in Kinshasa, branches are maintained in four other important cities. Active programs are conducted in the fields of press, radio and television, and in the cultural area. The USIS library in Kinshasa has about 3,000 volumes, while those in the branch offices number about 2,000 books. An English-teaching program has an enrollment of 130 students.

REPUBLIC OF BURUNDI

The present Government of Burundi, led by Col. Michel Micombero, came to power in November 1966 with the overthrow of the Mwami (King) and the establishment of a republic. The main vehicle for political activity is the country's single party, the Uprona party. The support of the army is an important element in the Government's stability. President Micombero has embarked on an announced policy of reconciling the country's two ethnic groups, the Tutsi and the Hutu. The Tutsi represent approximately 15 percent of the population but hold the bulk of the key positions within the country. The Hutus form about 85 percent of the population. Efforts at political reconciliation received a setback in late 1969 when about 70 persons were arrested for plotting against the Government and a number were executed. Virtually all those arrested were Hutus.

The general condition of the Burundi economy at this time can only be described as weak. The country showed a balance of payments surplus at the end of 1969 for the first time in several years. But that was achieved through credit squeeze and import controls which generally do not give the correct picture of a country's economy. The Government, the largest single factor in the economy as employer and spender, finds itself at this time with some \$4 million in debts to the private sector that have piled up over the years. Reduced revenues are requiring a lower level of Government spending that is being achieved by cutbacks which reduce employment and commercial activity. Reduced Government expenditures through reductions in personnel and spending are causing other employers to cut personnel, work off inventory, and in some cases, to reduce or terminate their activities.

Coffee continues to be the country's major income earner, followed by cotton and hides and skins, and U.S. firms continue to buy about 90 percent of each year's crop of "other mild," high-grade Arabica coffee. The 1969 crop was the smallest in 4 years.

The Burundi market remains somewhat uninteresting to American exporters, against whom Burundi, as an associated member of the European Economic Community, erected "reverse preference" tariff barriers averaging about 6 percent in 1968. American imports—mostly used clothing, trucks, and pharmaceuticals—usually capture about 6–7 percent of the Burundi market and amount to about \$1.5 million. Prospects for expanding the U.S. share are slim due to the shrinking economy and traditional trade lines to Europe.

Coffee production in Burundi, 1969–70

Burundi's economy largely depends on coffee and a little cotton. In 1969, the country had a poor coffee crop of some 14,531 tons as compared to the 1968 crop of 20,000 tons. Inevitably, the poor crop and lower world prices caused Burundi's export earnings to drop sharply by over a million dollars. The budget which had anticipated

a much larger crop and high export earnings was thus thrown out of balance. The Government was therefore compelled to cut down on its expenditure as well as on employment.

However, 1970 looks like a fairly good coffee year. Production is expected to hold steady and world prices on Burundi's type of coffee, due to problems in Brazil, are running some 15-20 cents a pound higher than 1969's average selling price of 30.67 cents a pound, the lowest in more than 20 years. In January, Burundi sold some 8,680 tons of its best coffee at 47.65 cents a pound, thus assuring a certain amount of income in 1970 for the farmer, exporters and other middlemen, and the Government, giving the economy a much needed shot in the arm.

Nevertheless, 1969 was not a particularly good year for Burundi cotton either and there is little indication that 1970 will be any better. Export earnings from cotton were down \$0.5 million from 1968 and tonnage was slightly less than 1968's at 7,350 tons of seed cotton producing 2,839 tons of cotton fiber. The reason for the drop in production was a 10 percent reduction in the acreage planted although a bright light was the fact that yield per acre rose.

Positive notes in the long-range picture for Burundi's export crop production are various projects currently being undertaken by the International Development Association of the World Bank and European Development Funds to improve coffee, cotton, tea, and rice production. Projects in all of these crops should increase Burundi's production in years to come, thus jacking up the whole economy, stimulating increased imports, permitting higher levels of employment, and generating some capital for investment.

The population of Burundi is approaching 4 million in a country about the size of Maryland. Population density is about 350 persons per square mile, and is growing at a rate of 3-4 percent per year and will have doubled in about 20 years. At present, the Burundi Government has no policy on limiting population growth.

Balance of payments surplus but at a high cost

Burundi ended 1969 with a modest balance of payments surplus for the first time since 1965, although the country's balance of trade remained in deficit by some \$3.2 million. Foreign aid picked up the difference and Burundi continued to require standby credits from the International Monetary Fund that stood at \$6.5 million at the end of 1969.

Although there were slight increases in foreign exchange increments from resident foreigners, religious missions, United Nations and European Economic Community aid, the balance of payments surplus of about \$0.8 million was achieved largely through a conscious reduction of imports. 1969 imports were \$2.8 million less than 1968's. This reduction in importation was achieved by a tightening of credit. The Bank of the Republic reduced the amount of credit that it permitted the commercial banks to make available to the private sector. This squeeze in money available to the private sector for importations was accentuated by the unintentional inability of the Burundi Government to pay its bills during most of 1969 which also reduced money available for import financing.

Government revenues were lower than anticipated in 1969. The 1969 budget as presented was balanced at a level of \$21.9 million. Receipts from taxes actually fell some \$4.5 million short of forecasts, thus creating a serious budget deficit, the largest in some years. Export tax revenue dropped, import duties dropped, consumer tax receipts dropped and so did transaction tax revenue. The repercussions of the smaller amount available to the Government are being felt throughout the economy. The Government has reduced personnel and spending. As a result of reduced Government input and the tight credit situation, some commercial firms are also reducing personnel and running down inventory. Some small companies have closed down or intend to do so during 1970.

There is the hope, however, that revenue from coffee may be high this year and the money from the sale of the crop will probably give the economy a boost during the second half of the year.

With regard to foreign aid, prospects for the coming year are not clear. United Nations and related organizations' expenditures in Burundi in 1969 amounted to nearly \$1 million (although the U.N. budget for Burundi, including salaries and so forth for 1969 is \$2.5 to \$3 million) and the European Economic Community put in over \$1.5 million in development and technical assistance. The extent of participation of both of these international bodies in the economic development of Burundi is likely to increase during the coming year. On the other hand the future of bilateral aid to Burundi from Belgium, the single largest aid donor to Burundi with about \$8 million in 1969, is currently unsettled due to difficulties resulting from Burundi's virtual expulsion of the Belgian Ambassador in October 1969 and the Belgian reaction. The loss or significant reduction of Belgian assistance to Burundi could have a serious impact on the Burundi economy even if it were quickly replaced by an equal amount of aid from another source, an unlikely eventuality.

Prices, wages, and the franc remain relatively stable.

The Burundi franc remains relatively stable. The official rate remains at 87.5 Burundi franc per \$1 although illegal exchanges do occur at 100 Burundi francs to the dollar. Rumors of devaluation float to the surface from time to time but the likelihood of this occurring is very small indeed since it would not solve the country's basic problems and the International Monetary Fund, on whose annual standby credits Burundi relies, would not permit such a short-sighted measure.

The evolution of the price situation could not be described as inflationary although prices on exported items continue to rise. The cost-of-living index for Europeans, with a large import component, rose 4.8 percent during 1969; the cost-of-living index for Africans saw a modest rise of 2.7 percent during the same period of time. In the wholesale and retail fields, the general policy of the Burundi Government during the last few years has been to try to get more of the commerce of the country into the hands of Africans. To implement that objective, the parastatal Association of Burundi Merchants has been given monopolies on the import of salt, sugar, and matches from which have ensued shortages and price rises in those commodities. There have been rumors that the Association was going to be given further monop-

olies but nothing of this sort occurred in the last year. There is, however, a possibility that as more and more relatively cheap inland Chinese goods are imported into neighboring Tanzania, the government of Burundi may offer monopolies on further products to the Association.

Wage levels have remained rather stable in Burundi in recent years and are likely to continue to do so. The government has led the way in not granting wage increases. The legal minimum wage is a very low 43 cents a day for a laborer which it has been since 1962.

The very few manufacturing firms that there are in Burundi continue to operate at much less than capacity. They were established when Bujumbura was the industrial center for Rwanda, Burundi, and the Eastern Congo and have not operated at anything near capacity since the region fragmented politically and economically in the early 1960's. Economic slack in other areas of the economy in recent months occurred also in the industrial sector. Workers have been released and even the brewery, until now the most profitable industry in Burundi, had significant drop in sales in 1969.

At the moment, the Burundi economy generates no capital for investment. It is hoped, however, that part of the increased revenues from a good 1970 coffee season will be invested through a contemplated development budget. The regular budget for 1970 has been presented balanced at \$22.9 million, a bit higher than 1969. In the past, the Government has had to have advances from the Bank of the Republic, sometimes exceeding limits agreed upon with the International Monetary Fund, to meet current expenses. This habit represents a long-term threat to the currency as more and more of the Bank's assets come to consist of Government bonds of questionable value. Hence, it becomes important for the long-range economic stability of the country that Government spending stay within budgetary limits. Burundi's external debt service ratio now stands at 3.2 percent. The country could not be considered creditworthy except for loans at the most generous long-term rates.

National accounts data on this 95 percent subsistence agricultural economy are not available for years after 1965. However, per capita income (because of population increase and a general lack of growth in the economy) is now estimated at about \$35 per year and monetary income at perhaps as low as \$6 per capita among some of those participating in the money economy.

IMPLICATIONS FOR THE UNITED STATES

U.S. firms buy Burundi's coffee

Once again in 1969, American firms bought about 90 percent of Burundi's coffee production which accounted for some 75 percent of Burundi's foreign exchange earnings from exports. Considering the longstanding nature of this trading relationship, it is likely that in years to come U.S. firms will continue to buy nearly all the high-grade Arabica "other mild" coffee that Burundi can produce. As the impact of the International Development Association's \$2.2 million coffee improvement project currently underway in Burundi's coffee-producing center, Ngozi Province, begins to be felt, there should be more and more coffee to buy since by 1980 the coffee scheme is supposed to produce annual increases of 1,600 tons for some years.

A more interesting outside chance for American importers and investors is the possibility that the United Nations Development program's \$1 million 2½ year mineralogical survey of Burundi, underway since 1969, may turn up some exploitable resources. Burundi now produces bastnaesite, used in color television receivers (the U.S. has its own source), and small amounts of cassiterite (tin) ore and limestone. One Belgian mining company is considering reopening a tungsten mine and a tantalite mine in the north of Burundi. The UNDB team have already found traces of copper, diamonds, and calcareous soils used in making cement, but whether these minerals exist in exploitable quantities or not still remains to be established. A "strike" could significantly change Burundi's prospects and appeal.

U.S. exporters have a slim 6½ percent of the market

During recent years U.S. exports to Burundi have run about \$1½ million a year, roughly 6½ percent of Burundi's annual imports. The largest item continues to be used clothing (\$397,000 in 1968) sales of which to Burundi are likely to continue to rise, particularly since the neighboring Democratic Republic of the Congo recently raised import duties on used clothing to a level high enough to encourage smuggling of used clothing from Burundi into the Congo.

Other U.S. exports to Burundi include trucks, engines and spare parts (\$442,000), pharmaceutical products (\$88,000), tires (\$50,000), and radios, (1968 figures). European Common Market countries remain Burundi's largest supplier although their share of the market is diminishing slightly as Japanese imports continue to make inroads into the market, particularly in the field of textiles and light manufactured items. Much of Burundi's commerce on the import side remains in the hands of Belgian businessmen who are orientated toward Belgian and other European suppliers. In addition, of course, EEC imports are protected by an average 6 percent "reverse preference" tariff that serves as a barrier to American imports. Since EEC countries, individually, and collectively through the European Development Funds, are the largest aid donors to Burundi (around 75 percent), it is unlikely that this trade barrier will be removed in the near future, despite Burundi's recognition of the fact that American imports should have equal access at least, considering the fact that the U.S. supplies about 75 percent of Burundi's foreign exchange earnings.

A few areas of Burundi's importations continued to show growth in 1969, even though imports as a whole declined 14 percent. These included imports of food (up 19 percent) and of clothing and shoes (up 4 percent). Petroleum product imports held more or less steady and American firms continued to hold their own in this field. Cloth remains Burundi's largest import, followed by transport, food, and petroleum products. It is unlikely that this pattern of imports will change significantly in the near future although food will continue to bulk large in the country's imports as the demands of an expanding population must be met.

Investment possibilities are few at present

American investors have not been interested in Burundi in the past for a number of reasons. These include a generally feeble economy, a lack of skilled manpower, high initial overhead investment costs, an almost total lack of local capital, weak transportation, power and

other infrastructures. None of these factors are improving significantly at this time.

However, observers have identified a few investment opportunities that could well be profitable for an investor on a small-scale basis. These include a small fertilizer plant, a factory for making simple farm tools, a manice flour mill, and a small factory for making sisal bags. These four investments are all probably realistic considering the effort that the government and international assistance donors are making to improve and expand the country's agriculture and meet the rising demand for food. Incentives to investment in Burundi include a liberal investment code enacted in 1967 and a large, cheap potential labor pool. An investment guaranty agreement between Burundi and the United States was signed in May 1969.

Burundi is also actively seeking an investor to build a modern tourist hotel in Bujumbura, the capital, on Lake Tanganyika. Considering the booming tourist industry of neighboring East African countries and the growing propensity of affluent European and American tourists to seek exotic places, in years to come Burundi, with its beautiful, cool, green mountains and Lake Tanganyika, with its beaches and broad expanse for water sports, could become strong tourist attractions. Their potential is at present completely unrealized because of a combination of factors, formidable but not insurmountable.

Regional efforts, at the moment dormant, may provide a boost

The touristic potential of the country, as well as its other possibilities, may flower in future years if Burundi eventually becomes integrated into the more lively economies of either East Africa or the Congo.

Two efforts are currently more or less afoot to intensify Burundi's contacts with its economically healthier neighbors to the East and the West. Burundi applied for membership in the East African Community in 1967 and since then negotiations have continued intermittently. At present, the Burundi Government seems to be taking no action to further the application but East Africa remains not unwilling. In the last 6 months of 1969, certain efforts were also made to form an economic union of Congo, Rwanda, and Burundi. This regional effort also seems to be on the shelf for the moment but further meetings are scheduled for 1970.

If either of these two approaches succeeds in integrating Burundi's economy into larger, more prosperous markets the country could become interesting to American investors and exporters, as a source of cheap labor, a port on Lake Tanganyika, a crossroads between the large East African and Congolese markets, and possibly as a center of tourism and light industry in the center of Africa. Until that time, however, Burundi, as a single economy, does not offer much to attract American investment.

USIS operates an active program in this small country with only one American officer. A great deal of emphasis is placed upon personal contact, complemented by a moderate number of media and cultural activities, including a 2,800-volume library and instruction in English for Government officials.

REPUBLIC OF RWANDA

Rwanda enters the 1970's as the poorest, most underdeveloped and overpopulated country in Africa. Although its internal and external security seem presently assured, its economic and social prospects are dismal.

The Hutu, who number nearly 90 percent of the population, were for nearly 400 years held in serfdom by the Tutsi. The Hutu had almost no rights, no education, no culture and no property or possessions other than their children. The tradition in Rwanda is for very large families. The German colonialists from 1896 to 1918 and the Belgian mandate and trust authorities from 1918 to 1960 left the feudal system essentially intact and used it for administrative convenience.

In 1959 the Hutu revolted and deposed and expelled their Tutsi lords. Many of the Tutsi elite were killed and many of the remainder fled to surrounding countries. Thus, when the U.N. granted Rwanda independence in 1962, there were almost no educated or experienced leaders. Isolated as Rwanda is, more than a 1,000 miles from the nearest seaport, it has struggled along to maintain its independence but has made almost no progress toward economic and social development. Although overpopulation is Rwanda's most critical problem, the Government is not only unwilling to face up to the problem, but even to acknowledge it. The Government is a one-party government. The Parmehutu Party, which is a very tightly knit party, is controlled by President Kayibanda.

Rwanda's economy, a marginally subsistence agriculture, is relatively stagnant. Food production is barely keeping up with the population explosion. In 1968 it failed to do so. It is estimated that by 1973 all arable land will have been brought under cultivation. The export economy is based upon a few thousand tons of coffee and tea and a few hundred tons of cassiterite, wolfram, and associated ores. The total national budget amounts to about \$16 million or just over \$4 per capita. Even this gesture amount exceeds national revenues. There are almost no untapped resources. Although much of Rwanda's coffee and cassiterite has traditionally ended up in the American market, it represents an insignificant portion of U.S. imports. The possibility of opening outlets for American exports in Rwanda is extremely limited. The local businessmen, mostly Belgian, Dutch, or Asian, are associated with European or Japanese manufacturers and have considerable experience in the limited local market.

In light of the above, U.S. interests in Rwanda are minimal. The U.S. Government has maintained an embassy in Kigali since independence, in 1962. U.S. bilateral aid to Rwanda during the period 1962-68 amounted to some \$6 million. The USAID Mission was closed in July of 1968 and American aid since then has been limited to public law 480 title II commodities, administered locally by the Catholic Relief Services, and the Ambassador's self-help fund.

Both programs are considered reasonably successful by the Government of Rwanda. Individual Rwandans tend to feel, and sometimes to say, that the United States could and should do more for Rwanda.

IMPLICATIONS FOR THE UNITED STATES

The Rwandan market is small, stagnant, and far from the nearest seaports. Still, American products have a good reputation and suffer almost no discrimination on entry into Rwanda.

American trucks, tires, and tubes, introduced under the USAID commodity support agreement of 1966 have performed well, and continue to prompt some orders, but German, French, and Japanese products are aggressively represented in Rwanda.

American food products introduced under Public Law 480 are also popular, but the transport costs tend to make them less competitive. Some specialty food items continue to be imported, mainly for the foreign community. Many of the "American brand" items sold here are manufactured in European and East African subsidiaries.

The United States has traditionally absorbed nearly 90 percent of Rwanda's coffee and much of the mineral exports. The trend is declining. In 1970 perhaps as little as 50 percent of the coffee may go to the United States. The Soviet Union may take up to 30 percent of the coffee. All of the minerals may go to Europe in 1970.

Rwanda would welcome and facilitate American investment. The best present investment opportunities continue to be in tourist facilities, mineral extraction, and the methane gas of Lake Kivu. In view of the tremendous expansion of tourism to East Africa in recent years, the untapped tourist potential of Rwanda continues to appreciate. There is a United States/Rwandan investment guarantee agreement and Rwanda has an investment code which grants substantial concessions to new investment.

U.S. AID TO RWANDA

U.S. bilateral assistance to Rwanda terminated at the end of fiscal year 1968 with the departure of the public safety officer on June 22 and the AID liaison officer on July 19, 1968.

U.S. bilateral aid granted to Rwanda up to that time had amounted to some \$6,078,000.

U.S. assistance had arisen principally during two periods: (a) The famine of 1962-63 when substantial food for peace was made available to famine victims and also for refugee feeding, and (b) the currency devaluation of 1966. A commodity import program of \$1.5 million under which flour, dried milk, and edible oil were imported by the National Bank and sold to local merchants, the counterpart being set aside 95 percent for development assistance for the Government of Rwanda and 5 percent for administrative expenses of the Embassy. A second commodity import program of \$1 million under which trucks, tires, spare parts, and some textiles were likewise imported by local merchants under AID letters of credit for which the merchants paid the National Bank in Rwandan francs. The counterpart generated by the above two programs was accorded to the Government of Rwanda for agreed budgetary and development assistance and has now been completely liquidated.

Since 1968 bilateral aid is limited to two types: (1) Public Law 480 title II commodities administered locally by the Catholic Relief Services. This program is currently running at the rate of about 2,500 tons per year valued at about \$700,000. (2) The Ambassador's self-help fund, currently running at about \$50,000 per year.

There are no AID personnel. Aid matters are handled by the Ambassador and the DCM.

U.S. objectives in Rwanda

1. To maintain close and friendly relations with Rwanda.
2. We would like to help Rwanda achieve some measurable economic growth and social evolution from its feudal past. We would like to see Rwanda ultimately become economically viable and even become a market for U.S. exports.
3. We would like to see Rwanda face up to the problem of its exploding population and to take prompt and effective action to limit its birth rate, now estimated at about 4.5 percent.
4. We would like to see Rwanda integrated beneficially into a regional African grouping which might enable it to achieve some sort of viability. We would like to see Rwanda develop its manpower so that Rwandans could perform the governmental and commercial functions now being performed by foreigners.
5. We would like to see Rwanda capitalize on its tourist and hunting potential to provide some earnings for the country.

The small USIS program in Rwanda has been conducted by one American officer. However, as a result of a recent reappraisal of the program here, it is planned to phase it down, initially by not replacing the American officer when his tour of duty expires during 1970 and then by closing the USIS Center when the lease on the premises expires in 1971.

REPUBLIC OF UGANDA

The politics of Uganda, like those of the rest of the countries of Africa is complicated and needs more than ordinary ability and effort on the part of our officers to have a good grasp of events in the continent. Here again the Study Mission is pleased to note that the American Mission is headed presently by another capable black American—Dr. Clyde Ferguson who before assuming that post, was the Special Co-ordinator for Nigerian Relief.

Uganda, a country of great agricultural potential lying on the northern shore of Lake Victoria, independent since October 9, 1962, is currently facing new political and economic challenges. In December 1969 a would-be assassin wounded the President, Dr. A. Milton Obote, as he was leaving the annual conference of the ruling Uganda Peoples' Congress (UPC). Seven members of the Baganda ethnic group were subsequently arrested and charged with the shooting. Six confessed and were sentenced to life imprisonment.

Traditionalists among the Baganda had long opposed President Obote's efforts to create a unitary state with a strong central government, for they feared—correctly as it turned out—that they would lose the privileged position they enjoyed under British rule. A confrontation in 1966 ended with the seizure of full powers by Obote (who at that time was Prime Minister), the flight into exile of the Bagandan King and the abrogation of those portions of the 1962 constitution that granted Baganda and the other historic kingdoms certain privileges. Bagandan resentment against President Obote flared anew in November 1969 with the death in London of their exiled King. This may have set the stage for the assassination attempt.

All opposition parties were banned following the shooting and President Obote has indicated that he intends to amend the constitution to make Uganda a de jure single party state. At the same time the President has urged his countrymen to abandon tribalism and to work together for the common good of the country.

To give Ugandans a greater sense of involvement in their country's development, President Obote presented the framework of a new economic policy at the October 1969 independence day celebrations. Entitled the "Common Man's Charter," (see App. F.) the document called for greater Ugandan participation in the economy. The charter was adopted by the UPC at its annual conference in December, but its full impact became clear only on May 1 of this year, when President Obote announced that the Government would acquire 60 percent interest in all major economic enterprises in Uganda and would place all import/export business, except petroleum products, in parastatal hands. Payment for the share acquisition is to be made from future profits over a period not to exceed 15 years. A number of American companies were affected, principally the marketing organizations of three American oil companies and the minority interests which several U.S. banks have in British banks that operate in Uganda.

CURRENT ECONOMIC SITUATION AND TRENDS

Agricultural output and diversification expanding

The real growth of Uganda's economy, which amounted to more than 5 percent annually during the 1963-66 period, slowed to about 3 percent during each of the past 2 years. Now, however, the output of cotton and coffee, which together account for three-quarters of Uganda's exports, is rising again after off years. Record coffee production of 189,000 tons is forecast for 1969 and cotton production has already been tallied at 420,000 bales, some 75,000 more than last year. There is a notable increase in the production of tea, tobacco, and sugar taking place, although their combined production is still a relatively small part of total agricultural output. Also, a highly successful start has been made in developing the dairy and livestock sectors, for which there is considerable potential. The growth of the agricultural sector this year is likely to induce a significant expansion over the entire economy and particularly in those industries processing the main crops.

Industry, tourism growing rapidly

One of the outstanding improvements over the past 10 years has been the rapid development of the industrial sector. This is consistent with the overall objective of reducing Uganda's high degree of dependence on imports and the export of primary products which are susceptible to fluctuating export earnings. In 1968, manufacturing excluding the processing of primary products, rose by 10 percent in real terms, and even when processing is taken into account, the rise was still more than 5 percent. The expansion in construction was 29 percent, due primarily to an increased level of road work and a large number of new building projects, and a further increase is projected for this year. Mineral production increased last year and the prospects for continued expansion are good.

Textiles are at a depressed level and are not expected to pick up unless new export markets are found and diversification into new products, particularly synthetics, progresses. Sale of electricity within Uganda increased by 9 percent in 1968, a further indication of growth in the industrial sector, although total sales grew by only 3 percent as a result of lower sales to Kenya, which installed a new generating plant of its own; 1968 saw the 10th and last generating set installed at Uganda's Owen Falls hydroelectric power station. Forecasts are that there will be no shortfall in generating capacity up to 1973, and site exploration has already begun for a new hydroelectric project at Murchison Falls.

A record level of investment in 1967 contributed substantially to last year's fine showing in the industrial sector. Although total gross capital formation declined 14 percent in 1968 as a result of lower investment in plant, machinery, and equipment, investment in buildings and works maintained the upward trend of the last 2 years, reflecting the high level of construction activity. Among the new factories going into production this year are those for cardboard boxes, transistor radios, batteries, plastic sheeting, floor tiles, bottles, cement, glassware, ceramics, meat canning, and tire retreading.

With tourism in East Africa expanding, there are good prospects that Uganda's earnings from this source may double over the next 5 years. Last year alone the number of tourists visiting Uganda increased 40 percent over 1967. Additional lodge capacity in the national game parks are to be installed to cope with the growth in tourism.

Total employment in Uganda is estimated to have risen by 10 percent last year, reaching a new peak of 282,000. Average wages, which had shown high growth over the past few years, rose at a lower rate last year. The Government can be expected to retain sufficient influence over the labor movement to insure conformity with overall development plans.

Fiscal, monetary policies realistic

Improvements have occurred in recent years in the management of public finances. Government revenues are steadily rising, and although current Government expenditures have also risen, surpluses are being achieved in the current budget account. For fiscal year 1969-70 the current budget calls for a surplus of \$7 million, while the capital development budget estimates a \$16 million deficit, to be covered by transfer of the current account surplus and by domestic borrowing. Some selective credit restrictions which were imposed by the Bank of Uganda in 1967 to curtail the steep rise in imports have had a beneficial effect. The cost of living is estimated to have risen 5 to 7 percent in 1968, reflecting the effect of a new sales tax ranging from 10 to 20 percent and covering a wide variety of articles. A new banking act was enacted this year to insure that commercial banks and credit institutions operate in conformity with overall Government policy. The maintenance of liquidity ratios of 10 percent of demand deposits and 15 percent of time deposits is required and a portion of the assigned capital of each commercial bank must be directed into Government securities or Treasury bills. The foreign-owned banks operating in Uganda are relying less upon support from their home offices and affiliates, partly for reasons of cost, and this may contribute to tightened liquidity unless the Government-owned commercial bank can generate substantially greater deposits.

There have been some considerable development achievements during the first 3 years of Uganda's second 5-year plan (1966-71), with progress being made in the planning and implementation of projects in both the public and private sectors. The increase in Government revenues and foreign exchange reserves demonstrates Uganda's determination to mobilize internal resources for development and to curtail Government expenditures not contributing to development.

The problem of identifying suitable projects for foreign aid, which was a difficulty in the first 2 years of the plan, has been overcome, but now a different problem, the utilization of foreign aid, has emerged and is concerned with the burden that the financing of local costs puts on the development budget. The main obstacle which Uganda may encounter in the coming years is a shortage of domestic resources to finance increased development. Another factor which causes some concern is the number of supplier credit contractor finance arrangements which the Government has entered into, a technique which could result in a fairly steep rise in the debt service ratio.

Because the country's foreign exchange reserves had dropped to an uncomfortably low level in 1966-67, the Government was prompted to take strong measures to restrain imports of less essential goods. New taxes on consumer goods were introduced and Government consumption was curtailed. Also, a new system of licenses for certain imports was introduced. These licensing regulations have gradually become stricter and the coverage wider, and, at present, licensing covers about 45 percent of imports from outside East Africa, mainly for the protection of new industries. Moreover, import duties on a wide range of luxury and other consumer goods have been increased. These measures appear to have been successful, as total imports have remained steady since 1965. Except for last year, consumer imports have shown a downward trend, while producer's materials and capital goods are headed upward.

Favorable trade balance maintained

An overall trade surplus of \$22 million was recorded last year, although Uganda's exports decreased and imports increased slightly. The sharp drop in coffee and cotton production was compensated to some extent by increased world market prices, and the value of coffee exports—accounting for half of Uganda's total exports—was at a record level, 1969 seems to be taking a reverse course, with high coffee and cotton production being countered by lower world market prices for both and a reduced quota allocated to Uganda by the International Coffee Organization. Imports are expected to rise this year as a result of the expansion of the economy, with producer's materials and capital goods showing the strongest gains.

With the signing of the Treaty of East African Cooperation in 1967, Uganda, Kenya, and Tanzania formed the East African Community to strengthen and regulate their industrial and commercial relations. The members agreed to maintain a common customs and excise tariff and to abolish quantitative restrictions on intercommunity trade. Although the treaty prohibits the imposition of internal tariffs on East African goods, under certain circumstances it allows transfer taxes to be levied on locally manufactured articles to help balance trade flows between the three countries and to assist new industries in the lesser developed members. Uganda imposes transfer taxes on some Kenyan manufactures, and Tanzania recently exercised its transfer tax right on Ugandan cotton textiles to protect its own newly founded textile industry. This has meant the loss of a substantial portion of Uganda's traditional market and has been a major cause for a recent cutback in textile production.

The volume of Uganda's intercommunity trade slipped in 1968 and will continue to be affected by the imposition of transfer taxes, as well as the impact of new import-substituting industries, which in some cases compete with factories already established elsewhere in the community. Uganda's share of exports within the community dropped to 26 percent last year, from 29 percent in 1967, while her share of imports dropped from 36 to 34 percent, resulting in a \$12 million deficit.

A proposed association agreement between the partner states of the East African Community and the European Economic Community could be of considerable long-term benefit to Uganda by enlarging

her export market for primary produce. Another potential export area being explored by the Government is in the neighboring states of the Congo (Kinshasha), Rwanda, and Burundi.

U.S. suppliers face stiff competition

With regard to the direction of trade, the United States continues to be the largest buyer of Uganda exports, last year purchasing one-fifth of the total. The value of American purchases, almost exclusively as the result of coffee sales, approximately \$45,000,000 per year, was 16 percent higher than in 1967. On the import side, however, the U.S. position declined sharply from that of 1967, when the United States had risen from eighth to third among oversea (i.e., excluding East Africa) suppliers to Uganda and captured a 7-percent share of the imports from overseas. Last year imports from the United States slipped 31 percent, placing the United States sixth with a 4.5-percent share, more in line with the percentages recorded in 1965 and 1966. The single most apparent explanation for last year's dip is the increased competitiveness with regard to pricing and marketing effort offered by other oversea suppliers, particularly Japan.

The growth in industry, the expansion of public and private investment under the 5-year plan, the incorporation of an increasingly large part of the population into the cash economy, and the gradual rise of per capita income all contribute to the conclusion that Uganda offers opportunities for the American trader. Imports of a wide range of capital goods and certain semimanufactured products and raw materials are expected to rise. Consumer goods and processed food imports, on the other hand, are likely to remain static or decrease. Specific areas of attractive trade opportunities include plastics, pharmaceuticals, construction and agricultural equipment, chemicals, food processing equipment, electrical power and communications equipment, mining equipment, lubricating oils and greases, office machines, and fabricated metal products.

The supplier must give serious consideration to a number of factors in examining trade opportunities. Continued intense competition from other industrialized nations for the Uganda market can be expected, as well as the possibility of further import restrictions designed to protect infant industries and improve trade balances. The country's dependence on coffee and cotton, with their market limitations, raises the possibility of unpredictable economic fluctuations. Uganda has been oriented for the most part toward European, particularly British, sources of supply. The supplier should therefore become familiar with the domestic market's idiosyncracies and select knowledgeable, aggressive local representatives who are citizens of Uganda and who will be able to adjust easily to changing social and economic patterns.

Investment opportunities hold promise.

The Government has attempted to stimulate industrial development by enacting a series of investment incentive laws and a law to protect foreign investments. There is no restriction on the investment of foreign funds in Uganda; but to ensure eventual repatriation of capital, profits, and interest dividends, it is necessary to obtain approved status as specified in the Foreign Investments (Protection) Act, which in normal circumstances is given freely. Under the Uganda Constitu-

tion the Government cannot nationalize or expropriate property without making prompt payment of adequate compensation. In addition, an investment guarantee agreement between the United States and Uganda has been in force since 1965.

The Uganda Industrial Charter does not provide tax holidays, but through the provision of an initial investment deduction allowance of 20 percent and normal annual deductions, companies are allowed to write off as depreciation about 120 percent of investment in new industrial buildings and machinery. At the same time, the Government expects each approved enterprise to facilitate the participation of Ugandan shareholders to the extent of at least 25 percent of the capital invested within a period of 5 years. Approved enterprises are also expected to train and employ Ugandan personnel. The Government has shown a willingness to protect approved industries through import restrictions and permits the employment of foreign managerial staff, even though Parliament recently enacted legislation designed to advance African participation in and restrict or exclude noncitizens from specified areas of commerce and industry.

In addition to indirect promotion of industries by fiscal incentives, the Government participates directly in industrial development through its statutory corporation, the UDC (Uganda Development Corporation). Apart from the companies of which it or its 40-odd subsidiary companies are the sole owners, UDC is authorized to participate—through equity holdings, loans, and provision of buildings—in joint enterprises with private interests.

UDC's operations extend over a wide range of activities, including industrial, agricultural, mining, and tourist projects, and it holds fixed assets worth \$76 million. Among the large-scale projects which the UDC has under investigation and for which outside financing is sought are a steel mill, new tourist lodges in the national game parks, and a salt and byproduct chemical plant. Besides UDC there are several local private financial organizations which are interested in joint ventures with foreign investors.

EXTERNAL AID

The United Kingdom is by far the largest donor in Uganda having supplied about 49 to 50 percent of all external aid since independence (October 1962). About 1,200 British-sponsored teachers, advisers, civil servants are employed in Uganda.

The United States is the second largest bilateral donor. Since 1953 through June 30, 1969, U.S. assistance has totaled about \$33 million. Fiscal year 1970 aid is estimated at \$2.2 million and in fiscal year 1971 is projected at about \$3.8 million (technical assistance—\$2.8 million and development loan—\$1 million). In addition benefits to Uganda from AID-financed regional projects are estimated at about \$9.9 million.

The German Federal Republic is the third largest bilateral donor. Total aid exceeds \$15 million.

IBRD is the second largest donor and has authorized loans totaling \$37.2 million through September 1969.

U.S. AID PROGRAM

The major effort is in agriculture and in the last 3 or 4 years has focused strongly on livestock development and production. Aid to cooperatives and agricultural education has been provided through contract teams who have emphasized institution building activities. Livestock technical assistance work has dealt with tsetse fly control in large areas, tick eradication, and artificial insemination programs. Two loans have been authorized to develop ranching activities.

Education has enjoyed substantial priority over the years through loans for secondary school expansion and for two new primary teacher training colleges. In addition, AID has financed construction and developed staff and curriculum for a comprehensive secondary girls school. A new and important project which will commence in fiscal year 1971 is the primary teachers training college staff development which complements the aforementioned construction loan for the two colleges.

Uganda's severe shortages of trained manpower are also addressed by: (a) Public service training project, under which middle and high-level Ugandan officials receive specialized training in the United States, and (b) assistance to the Institute of Public Administration, Kampala, which provides initial training for new government employees and inservice training in public administration.

While the GOU has not publicly supported family planning, official consent to assist increased nongovernment programs has been received by AID. In fiscal year 1970, AID will finance a project for maternal and child health involving the University of California and the Medical School and Sociology Department of Makerere University College.

U.S. Agency for International Development assistance has been running at approximately \$4.5 million per year, almost evenly divided between technical assistance and loans. U.S. Agency for International Development staff consists of 23 direct-hire, 29 contract and 19 local-hire employees.

U.S. Agency for International Development technical assistance concentrates on agriculture, education, and public administration. Projects assist in: (1) Increasing agricultural and livestock production, lowering production costs, improving production techniques and marketing, and diversifying production; (2) providing education services with emphasis on teacher training and on constructing and staffing a secondary girls' school and two 1,000-man primary teacher training schools; and (3) financing construction of an Institute of Public Administration building, curriculum design, and providing several short-term staff members.

SUMMARY OF FISCAL YEAR 1970 TECHNICAL ASSISTANCE PROGRAM

[Dollars in thousands]

Title	Total	Direct hire staff	Contract staff	Participants		Commod- ities and other costs
				Amount	Number	
Agricultural cooperatives.....	252		\$150	\$51	7	51
Agricultural extension.....	253	\$153		60	8	40
Livestock development.....	142	70		49	8	23
Agricultural education.....	242		160	67	10	15
Agricultural administration.....	130	93	35			2
Educational development.....	159	63	62	31	6	3
Comp. secondary girls school.....	516		429	83	12	4
Public service training.....	35			35	6	
Self-help.....	50					50
Institute of Public Administration.....	80		60	14	2	6
Technical support.....	272	152				120
Grand total.....	2,131	531	896	390	59	314

Project description

Agricultural co-operatives project.—Six U.S. contract staff members work to improve co-op management, education, production, and marketing. Between 1963 and 1969, co-op membership increased from 350,000 to 554,000 and production from \$38 million to \$56.8 million.

Agricultural extension project.—Five USAID specialists work to gain acceptance by farmers of new crops and improved production techniques. Efforts concentrate on entire rural communities rather than individual farmers, testing a new extension technique. Since 1964, farmer attendance at training courses increased from 5,400 to 13,000 per year.

Livestock project.—Two USAID technicians have spearheaded a very successful loan ranching scheme involving establishment of 92 new ranches stocked with an estimated 40,000 head of beef cattle, improvement of dairy stock on 825 ranches, increasing milk production by 3,500,000 gallons and opening up 3,000 square miles of additional land for ranching by tsetse control. Also in the livestock sector a \$4.7 million loan provides U.S. supplies and equipment needed for increased tick control, tsetse fly control, land clearing, improving animal water supply, ranch buildings, transport, and increasing beef and dairy production. The project is expected to increase beef production by 25 percent to 315,000 million pounds and milk production by 25 percent to 105 million gallons.

Agricultural education project.—Six contract staff members from the University of West Virginia have increased agriculture and veterinary school enrollment from 120 to 455 students, improved course work and started a new 2-year program to train 150 agricultural extension assistants each year.

Education projects.—USAID financed construction of a comprehensive secondary school for girls and is providing, for several more years, 16 staff members from the University of Massachusetts.

A \$3.5 million loan was authorized in 1969 for the construction of two primary teacher training colleges, estimated to produce 900 teachers per year at full capacity. Construction has been delayed pending successful conclusion of a GOU-US technical assistance agreement. (see below)

The United States has provided a loan of \$1 million to finance construction of dormitories and other buildings at Makerere University College.

Family planning assistance.—International Planned Parenthood Federation (AID-assisted) provides \$80,000 in the annual budget of the voluntary Family Planning Association.

AID/Washington is reviewing a project to train Uganda medical and paramedical personnel in techniques of family health, including family planning.

In addition to providing staff for technical assistance and loan projects, the United States trains roughly 35 Ugandans each year to replace U.S. personnel and fill other key project-related positions. Six hundred and one participants have been trained since initiation of the U.S. program and there are currently 74 in training.

Two important technical assistance projects in Uganda are financed from regional funds: The project under which eight staff members are provided to Makerere University agriculture faculty from the University of West Virginia and a teacher education project under which Teachers College, Columbia University provides 34 tutors and three teacher educators.

Problems

The major problem confronting USAID is the delay in concluding a bilateral technical assistance agreement with the Government of Uganda. Agreement has yet to be reached concerning customs arrangements and immunity from civil and criminal jurisdiction for USAID personnel. Pending conclusion of a satisfactory agreement, the United States is deferring approval of a \$3.2 million loan for construction of two primary teacher training colleges.

USIS Kampala is a small two-man post located in a significant center of regional African educational and cultural activity. Kampala, besides serving as the seat of government, is the home of Makerere University College, one of the continent's oldest and best-known universities and medical school. A new Law Development Center recently opened and its National Teachers College and Institute of Public Administration have been the recipients of major USAID assistance. Two years ago, the USIS headquarters moved into an impressive new building which has permitted the development of a successful, Center-oriented program of lectures, special group meetings and a higher level of use of the library by Government officials, students, and educators.

APPENDIXES

APPENDIX A—EXCERPT FROM MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING A REPORT ON FOREIGN RELATIONS

[From the President's message to the Sixth Annual Assembly of the Organization of African Unity, September 6, 1969]

FEBRUARY 18, 1970.

AFRICA

"We know you have no easy task in seeking to assure a fair share of Africa's wealth to all her peoples. We know that the realization of equality and human dignity throughout the continent will be long and arduous in coming. But you can be sure as you pursue these difficult goals that the United States shares your hopes and your confidence in the future."

In this greeting last September to the summit meeting of the Organization of African Unity, I expressed America's determination to support our African friends as they work to fulfill their continent's high promise. The unprecedented visit of the Secretary of State to Africa this month is a confirmation of this support.

One of the most dramatic and far-reaching changes of the last decade was the emergence of an independent Africa.

Only ten years ago, 32 countries covering nearly five-sixths of the Continent were still colonies, their voices silent in world affairs. Today, these are all sovereign nations, proudly determined to shape their own future. And contrary to fears so often voiced at their birth, these nations did not succumb to Communists subversion. Africa is one of the world's most striking examples, in fact, of the failure of the appeal of Communism in the new nations. African states now comprise one-third of the membership of the United Nations. African issues have become important moral and political questions. African views justly merit and receive the attention of the world.

But this rebirth of a continent has been hazardous as well as hopeful. Africa was the scene of many of the recurrent crises of the 1960's. There was the factional strife and international rivalry in the Congo, an arms race between Ethiopia and Somalia, the establishment of white minority rule in Southern Rhodesia, and the agonizing human loss in the Nigerian civil war.

The Continent still faces grave problems. The imbalances of economies and institutions once under full external control are only too evident today. Arbitrary boundaries drawn in European chancelleries left many African countries vulnerable to tribal strife; and nowhere is the task of nation-building more taxing. Not least, Africans face the formidable task of strengthening their sense of identity and preserving traditional culture as their societies make the transition to modernity.

Over the last decade, America has not had a clear conception of its relationship with post-colonial Africa and its particular problems. Because of our traditional support of self-determination and Africa's historic ties with so many of our own citizens, our sympathy and friendship for the new Africa were spontaneous. But without a coherent concept to structure our policies, we allowed ourselves to concentrate more on temporary crises than on their underlying causes. We expressed our support for Africa more by lofty phrases than by candid and constructive dialogue.

Just as we focus our policies elsewhere to meet a new era, we will be clear with ourselves and with our African friends on America's interests and role in the Continent. We have two major concerns regarding the future of Africa:

That the Continent be free of great power rivalry or conflict in any form. This is even more in Africa's interest than in ours.

That Africa realize its potential to become a healthy and prosperous region in the international community. Such an Africa would not only be a valuable economic partner for all regions, but would also have a greater stake in the maintenance of a durable world peace.

These interests will guide our policies toward the most demanding challenges facing Africa in the 1970's.

Development

The primary challenge facing the African Continent is economic development.

If the 1960's were years of high hopes and high rhetoric, the 1970's will have to be years of hard work and hard choices. The African nations and those who assist them must decide together on strict priorities in employing the relatively limited development capital available to the Continent. In doing this, Africa and its friends can benefit from several lessons of the past decade.

Certainly development will not always proceed as rapidly as the Africans and their friends hope. In many countries, needs will outrun local and international resources for some time. But solid and steady progress will be made if our common development investment concentrates on those basic if undramatic building blocks of economic growth—health, education, agriculture, transportation and local development. In particular, Africa will realize the full advantage of its own rich material resources only as it nurtures the wealth of its human resources. In close coordination with the Africans' own efforts, the United States will direct our aid at these fundamental building blocks.

Another lesson we have learned from the 1960's is the need for close regional cooperation, in order for Africa to get the most from development resources. The United States will work with other donors and the Africans to help realize the potential for cooperative efforts—by the support which we are giving, for example, to the East African Economic Community and the promising regional groupings in West Africa. We will recognize, however, that regional action is not the only road for African development. In some cases, for geographic or political reasons, it will not work.

Our assistance throughout the Continent will be flexible and imaginative. We will make a particular effort—including programs of technical assistance and new encouragement of private investment—to help those countries not in a position to participate in regional projects.

We have learned that there are no panaceas for African development. Each country faces its own problems, and the solutions to them must spring from the national experience of each country. Foreign ideologies have often proven notoriously irrelevant, and even tragically wasteful, as designs for African progress. The most creative conceptual approaches to African development should come, of course, from the Africans themselves. Outsiders cannot prescribe the political framework most conducive to Africa's economic growth. In some countries, progress has depended upon stability. Yet elsewhere, solutions to local problems have been found amid periods of uncertainty or even turmoil.

The United States will measure African progress in terms of long-run social and economic accomplishment, and not in the political flux which is likely to accompany growth.

In Africa, as throughout the developing world, our goal in providing development aid is clear. We want the Africans to build a better life for themselves and their children. We want to see an Africa free of poverty and disease, and free too of economic or political dependence on any outside power. And we want Africans to build this future as they think best, because in that way both our help and their efforts will be most relevant to their needs.

As Secretary Rogers said in Ethiopia on February 12:

As a developed nation, we recognize a special obligation to assist in the economic development of Africa. Our resources and our capacity are not unlimited. We have many demands at home. We will, however, continue to seek the means, both directly and in cooperation with others, to contribute more effectively to economic development in Africa.

Nationhood

Africa's second challenge in the 1970's will be to weather the inevitable strains which will come with the further development of nations which house a great diversity of peoples and cultures.

We have witnessed tragic manifestations of this problem in the civil strife in the Congo and Nigeria. The process of national integration may be stormy elsewhere.

Such turmoil presents a tempting target to forces outside Africa ready to exploit the problems of change to their own advantage. But foreign intervention, whatever its form or source, will not serve the long-run interests of the Africans themselves.

The United States approaches these problems of national integration with a policy which clearly recognizes the limits as well as the obligations of our partnership with Africa:

We will not intervene in the internal affairs of African nations. We strongly support their right to be independent, and we will observe their right to deal with their own problems independently. We believe that the national integrity of African states must be respected.

However, we will distinguish between non-interference politically and the humanitarian obligation to help lessen human suffering.

Finally, consulting our own interests, we will help our friends in Africa to help themselves when they are threatened by outside forces attempting to subvert their independent development. It is another lesson of the 1960's however, that African defense against subversion, like African development, must be borne most directly by Africans rather than by outsiders.

Southern Africa

The third challenge facing Africa is the deep-seated tension in the southern sixth of the Continent.

Clearly there is no question of the United States condoning, or acquiescing in, the racial policies of the white-ruled regimes. For moral as well as historical reasons, the United States stands firmly for the principles of racial equality and self-determination.

At the same time, the 1960's have shown all of us—Africa and her friends alike—that the racial problems in the southern region of the Continent will not be solved quickly. These tensions are deeply rooted in the history of the region, and thus in the psychology of both black and white.

These problems must be solved. But there remains a real issue in how best to achieve their resolution. Though we abhor the racial policies of the white regimes, we cannot agree that progressive change in Southern Africa is furthered by force. The history of the area shows all too starkly that violence and the counter-violence it inevitably provokes will only make more difficult the task of those on both sides working for progress on the racial question.

The United States warmly welcomes, therefore, the recent Lusaka Manifesto, a declaration by African leaders calling for a peaceful settlement of the tensions in Southern Africa. That statesmanlike document combines a commitment to human dignity with a perceptive understanding of the depth and complexity of the racial problem in the area—a combination which we hope will guide the policies of Africa and her friends as they seek practical policies to deal with this anguishing question.

Issues for the Future

American policy toward Africa, then, will illustrate our general approach to building an enduring peace. Our stake in the Continent will not rest on today's crisis, on political maneuvering for passing advantage, or on the strategic priority we assign it. Our goal is to help sustain the process by which Africa will gradually realize economic progress to match its aspirations.

We must understand, however, that this process is only beginning. Its specific course is unclear. Its success depends in part on how we and the Africans move now in the climate as well as the substance of our relations.

Africa's friends must find a new tone of candor in their essential dialogue with the Continent. All too often over the past decade the United States and others have been guilty of telling proud young nations, in misguided condescension, only what we thought they wanted to hear. But I know from many talks with Africans, including two trips to the Continent in 1957 and 1967, that Africa's new leaders are pragmatic and practical as well as proud, realistic as well as idealistic. It will be a test of diplomacy for all concerned to face squarely common problems and differences of view. The United States will do all it can to establish this new dialogue.

Most important, there must be new and broader forms of mobilizing the external resources for African development. The pattern of the multilateral consortium which in the past few years has aided Ghana should be employed more widely elsewhere. This will require the closest cooperation between the Africans and those who assist them.

There is much to be gained also if we and others can help devise ways in which the more developed African states can share their resources with their African neighbors.

The United States is firmly committed to noninterference in the Continent, but Africa's future depends also on the restraint of other great powers. No one should seek advantage from Africa's need for assistance, or from future instability. In his speech on February 12, Secretary Rogers affirmed that:

"We have deep respect for the independence of the African nations. We are not involved in their internal affairs. We want our relations with them to be on a basis of mutual respect, mutual trust and equality. We have no desire for any domination of any country or any area and have no desire for any special influence in Africa, except the influences that naturally and mutually develop among friends."

The Africa of the 1970's will need schools rather than sympathy, roads rather than rhetoric, farms rather than formulas, local development rather than lengthy sermons. We will do what we can in a spirit of constructive cooperation rather than by vague declarations of good will. The hard facts must be faced by Africans and their friends; and the hard work in every corner of the Continent must be done. A durable peace cannot be built if the nations of Africa are not true partners in the gathering prosperity and security which fortify that peace.

APPENDIX B—EXCHANGE OF LETTERS BETWEEN PRESIDENT RICHARD NIXON AND SECRETARY OF STATE WILLIAM P. ROGERS AND STATEMENT BY SECRETARY ROGERS CONCERNING UNITED STATES AND AFRICA IN THE 1970's.

MARCH 26, 1970.

DEAR MR. PRESIDENT: We have prepared and are submitting for your approval the attached statement on our policies in Africa. This is the first full statement of this kind by the United States Government in recent years. It represents, as you know, the results of numerous discussions with African leaders, a reflection of your own observations and interests regarding the continent, and conclusions arising from my own recent tour of Africa. It reflects with greater detail the principles of our African policy set forth in the Report on Foreign Policy in the 1970's.

The report emphasizes elements of our relationship to Africa both economic and political which will be of special importance in the coming months.

We believe the actions and objectives set forth in this paper represent a positive program within current budgetary and legislative guidelines. We have not suggested precise levels for the economic programs in view of the current studies of the world-wide foreign assistance policy. We feel it important, however, that our programs be certainly not less than the present level. We intend, within that level, to demonstrate herein how our current capabilities can respond more fully to America's stated needs.

In the ensuing weeks we shall be discussing aspects of the program with members of the Congress. We shall be developing other aspects in direct consultation with African governments, governments of other countries participating in African development and significant regional and international institutions.

As time goes on, we shall be building on this foundation, expanding where we can to increase the total effectiveness of our relationship with this significant continent. I believe you will find in our approach the basis for the positive expression of U.S. interest in Africa which you have so strongly encouraged.

Respectfully yours,

WILLIAM P. ROGERS.

THE WHITE HOUSE,
Washington, D.C., March 26, 1970.

HON. WILLIAM P. ROGERS,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: Your thoughtfully prepared policy statement on Africa is wholeheartedly approved.

You know of my keen personal interest in relations with the African countries. We have both felt the spirit and dynamism of this continent and its people. I believe we now have a special opportunity to maintain and to expand our present relationships and am pleased that you and your staff have made so complete and positive an examination of the paths that are available to us.

You may count on my full support in the fulfillment of this program. It establishes a good foundation upon which we can respond to African needs and build that relationship of cooperation and understanding which we desire.

Sincerely,

RICHARD NIXON.

UNITED STATES AND AFRICA IN THE 1970's

A. AFRICA AND THE UNITED STATES

Africa, for many reasons, deserves the active attention and support of the United States. It is in our national interest to cooperate with African countries in their endeavors to improve conditions of life and to help in their efforts to build an equitable political and economic order in which all can effectively share.

The energy and talent of the peoples of Africa represent a significant force in world development and world trade. It is a continent of impressive opportunities for future growth and development—one destined to play an increasingly important role in the world. Africans have taken much of their political inspiration from the United States. Their thousands of students in the United States today—and the many Americans studying and teaching in Africa—continue the tradition of this exchange. More than a few Africans who studied in America became leaders of independence of their countries.

Many of our ties to Africa have been longstanding. The Sultan of Morocco recognized our own independence at an early date and exchanged diplomatic correspondence with George Washington. The oldest American treaty which has been continuously in force was signed with Morocco in 1787. We signed a similar treaty with Tunisia in 1797. Close U.S. ties to Liberia date from 1816 and with Ethiopia from 1903. And Americans have long identified themselves with the pursuit of independence and freedom in Africa, as elsewhere.

Africa is growing closer to the United States. Communications with Africa are rapidly developing, and communication links with other continents through Intelsat are now in operation and more African earth stations are being constructed. Two major American airlines serve the continent. Overflight rights are important to our commerce and to our scientific efforts. We have important communications facilities in both West and East Africa. Our space and scientific programs rely on the cooperation of the peoples and government of Africa.

The resources of Africa are products which we purchase substantially in international trade: rubber, petroleum, bauxite, timber, coffee, cocoa, minerals and precious stones, to name a few. They are important to the Africans as a primary source of their wealth.

America's links with the peoples of Africa have been extensive. Missionaries have established schools and hospitals throughout the continent and have lived and worked in Africa many years before official relations were established. We have demonstrated humanitarian concern for the people of the continent in our provision of help and relief in countless ways.

And, finally, we are linked by the cultural fact that one out of every ten Americans has his origins in Africa.

B. WHAT WE SEEK

We seek a relationship of constructive cooperation with the nations of Africa—a cooperative and equal relationship with all who wish it. We are prepared to have diplomatic relations under conditions of mutual respect with all the nations of the continent. We want no military allies, no spheres of influence, no big power competition in Africa. Our policy is a policy related to African countries and not a policy based upon our relations with non-African countries.

As early as 1957, when he returned from a mission to Africa on behalf of President Eisenhower, the then Vice President Nixon recommended that the U.S. assign a higher priority to our relations with an Africa, which he recognized to be of growing importance to the United States. Specifically he said:

The United States must come to know these leaders better, to understand their hopes and aspirations, and to support them in their plans and programs for strengthening their own nations and contributing to world peace and stability. To this end, we must encourage the greatest possible interchange of persons and ideas with the leaders and peoples of these countries. We must assure the strongest possible diplomatic and consular representation to those countries and stand ready to consult these countries on all matters affecting their interests and ours.

Personal relationships between members of the Administration and African leaders have been widely expanded. President Nixon met leaders from 10 African countries during the past year. I met a number of African leaders during 1969 and in the fall met and discussed common issues with 26 African Foreign Ministers at the United Nations General Assembly. The meetings included and contributed

to closer understanding even with states with which we have no current diplomatic relations; in the case of Mauritania the discussion with the Foreign Minister in New York was the first step toward a resumption of relations which has now taken place. In February I became the first Secretary of State to tour Africa. I visited 10 African countries. I also spoke with leaders of the Organization of African Unity, the UN Economic Commission for Africa and other regional bodies. I met in Kinshasa with the American chiefs of mission and principal officers from the African countries in which we are represented.

It is through open and honest exchanges such as these that we can better understand the needs and aspirations of the peoples and governments of Africa and they can learn of the objectives and problems we Americans face at this time and place in history.

Some of my countrymen used to long for the luxury of isolation behind the protection of two great oceans. But the time for that has passed. The continental size of the United States, its vast productive power, its technological capabilities, its interdependence with other parts of this planet impel us into active participation in world affairs.

But in this participation we do not seek any kind of domination. We seek with all nations the closest relationship which is mutually acceptable and beneficial, but seek it with full respect for diversity among nations.

C. WHAT AFRICANS SEEK

An effective relationship with Africa depends on an understanding of Africa and its needs. We have sought in our discussions and visits with African leaders and African peoples to determine how they define these needs.

They have spoken to us first of their strong desire to satisfy the aspirations of their people for a better life. They want to do this through economic cooperation. They want economic assistance now to make themselves less dependent later on foreign resources. They look to trade as a more equitable relationship than aid. They want investment in which they are partners.

After decades of being governed from afar, they want respect for human dignity. They want to abolish discrimination. They want equality throughout the continent.

They want self-determination throughout the continent. They want respect for the independence of the new nations and for their sovereignty. They welcome cooperation with other nations but they do not want intervention.

They want to build political and social institutions based on their own cultural patterns. They want to adapt ideas from abroad to their own psychology and spirit.

They want respect for the boundaries of Africa and security for each nation within these boundaries. They want recognition that, within its infinite diversity, Africa has a cohesion and a unity of its own, such as represented by the Organization of African Unity.

D. THE U.S. RESPONSE

The United States desires to be responsive to Africa, even though there are limitations on our capacities and our resources.

We desire economic relations on a basis of mutual benefit and respect. Recognizing the need for capital and technical assistance, the United States directly and in cooperation with others will continue to help. The U.S. will pursue more active programs of trade and private investment, with full recognition of African sovereignty.

We will continue to support wider cooperation on a regional and continental basis among African countries.

The United States will continue to stand for racial equality and self-determination looking for peaceful and evolutionary solutions to advance these goals. We will help to provide economic alternatives for the small independent states in southern Africa.

We will avoid supplying arms in southern Africa, and we will persist in our support for self-determination.

We will respect the institutions which the African themselves create. While we in this country have a preference for democratic procedures, we recognize that the forces for change and nation-building which operate in Africa may create governmental patterns not necessarily consistent with such procedures.

We are impressed with the growing force of youth in Africa. In country after country, governments are headed by young leaders—each with constituencies made up overwhelmingly of people even younger than themselves. Leaders and led, they are to an impressive degree post-World War II men, all shaped by the forces of this era of rapid, unprecedented change.

The opportunities for progress, and the prospects for difficulties, are immense: More educated, more aware, more confident, more competent than any African generation before, the youth of that continent cannot help but exert a restless pressure for change, for greater opportunity to improve their lives.

Their percentage of the population is enormous and growing. Today, 45 percent of Africa's population is 15 years old or younger. But it is not through strength of numbers alone that these youths will change the face of the continent. All of us are conscious of the vastly changing nature of our times, but for Africa perhaps even more than for the rest of the world, one era ended and another began while this generation was growing up. The city attracts the villager; school and university challenge ancient customs and ritual; the transistor radio brings the farthest points of the world instantly to the smallest village. Better trained in modern techniques and modern concepts than previous generations, today's young African will be the key to progress.

United States policies and programs in Africa will be affected by the force of youth and its potential for the future of the continent. As we review and try to strengthen our educational exchange, our technical training and assistance programs, and our Peace Corps support, we shall give special attention to programs to cooperate with these youths in preparation for their present and future responsibilities.

E. ECONOMIC ASSISTANCE POLICY

An American economic assistance program in Africa is in United States national interests. We wish to see African countries develop and take their rightful place in cooperative international efforts to resolve worldwide problems. The drive and determination to develop must come from the African countries themselves. But at this point in their development, when per capita annual incomes average about \$135, most of these countries need substantial external assistance to achieve rates of progress responsive to the minimum aspirations of their more than 300 million people for a better life. Our principal concern, therefore, is how most effectively to make capital assistance and technical knowledge from the developed nations available to these developing nations.

Ever since the wave of independence swept through Africa in the late 1950's and early 1960's, Western European nations and multidonor organizations have provided 60 to 70 percent of economic assistance to Africa. Because of their strong traditional and historic links to Africa, we hope the European nations will continue to provide the bulk of foreign assistance to Africa. But the United States also has deep and special ties to Africa. We should do our fair share in support of the independence and growth of African nations.

F. U.S. ASSISTANCE

The total U.S. share has, in fact, averaged about \$350 million a year for the past several years. This is about 20 percent of all external assistance to Africa. We intend to maintain a substantial contribution, hopefully with a larger share in economic development programs.

Our bilateral assistance program has included resources from A.I.D., PL-480, the Export-Import Bank and the Peace Corps. In the form of loans, grants and personnel, it has reached some thirty-five African countries. It has assisted national development programs, as well as regional projects. We have worked through regional organizations, and jointly with other donors. The United States will continue to provide assistance to those nations which have been given emphasis in the past. At the same time, mindful of needs throughout the continent, we have decided to make our approach to African assistance more flexible than it has recently been:

We will to the extent permitted by legislation also provide limited assistance in other African countries to projects which contribute significantly to increased production and revenues.

We will continue to emphasize aid to regional programs and projects, giving special attention to innovative ways to make our efforts effective.

We wish to do more to strengthen African economic institutions including the UN Economic Commission for Africa, the African Development Bank, the OAU's Scientific Technical and Research Commission and sub-regional organizations.

We will utilize food aid to advance economic development objectives and to help tide nations over emergency food shortages.

We will more and more orient the program of the Peace Corps to meet the technical, educational and social development needs of African nations.

We will concentrate our economic assistance in the coming years in the fields of agriculture, education, health including demographic and family planning, transportation and communications.

We are actively studying the requirement that U.S. loans to Africa be used almost exclusively for the purchase of American goods and services.

We intend to provide more assistance to Africa through international institutions and multidonor arrangements. We contribute 40 percent of the budget of the UN Development Program; 40 percent of its program is now being directed to Africa. We also contribute 40 percent of the budget of the International Development Association; in the past year its loans to Africa have risen substantially to twenty percent of all its loans, and the prospect is that this proportion will continue to rise.

We are seeking a substantial increase in the absolute amount of United States contributions to these institutions. The United States is now engaged in discussions with other members of IDA, under the leadership of the World Bank, which we hope will lead to larger contributions by all donor members of IDA. We have proposed to Congress an increased contribution to UNDP.

In addition to our participation in international organizations, we are working more closely with other donors in World Bank and IMF sponsored consultative groups for several African countries, and in projects involving several donors. With limited total aid resources, we believe these mechanisms greatly increase the total effectiveness of foreign aid.

We also look forward to joining with other non-African donors in support of the African Development Bank. This young institution, which has the financial backing of thirty-one African governments, has prospects for promoting significant pan-African cooperation in economic progress. It has already raised \$67 million from its members in fully convertible currencies. It needs, however, a source of funds that could be loaned to its members on concessional terms. We are participating in discussions with other non-African donors which we hope will lead to the creation of special funds for this purpose. In the meantime, we are assisting the Bank directly in its efforts to develop and carry out urgently needed projects in its member countries.

An important portion of our assistance to Africa supports regional projects and regional institutions. In Addis Ababa, in the United Nations Economic Commission for Africa, one sees one of the most successful forms of international economic cooperation. Any serious appraisal of the development prospects in Africa makes clear the need for much greater regional cooperation. Many African nations are small; their national boundaries frequently split natural economic regions. Most national markets are too small to support industry using modern technology. Africans have already demonstrated their recognition of the need for regional cooperation by establishing regional educational, technical and research institutes, economic communities, common markets, common financial arrangements and even common currencies. We hope to remain in the forefront of cooperative efforts to foster regional cooperation in Africa.

Our Food for Peace programs have been a major means of economic assistance in many African countries, through credit sales, food-for-work, donations and emergency relief efforts. In the past few years, forty percent of our aid to Africa has taken these forms. We will maintain this assistance wherever food aid can make an important contribution to economic development or help meet serious emergencies.

The Peace Corps conducts programs in twenty-three African countries. This, too, will be continued as long as African governments find the Peace Corps' efforts useful to them. The Peace Corps is seeking to intensify its recruitment of experienced and highly qualified personnel in order to emphasize technically oriented positions needed in development efforts. The Peace Corps is also moving ahead to make qualified volunteers available to international organizations working in the development field.

In our programs for youth, we shall intensify our efforts to establish personal relationships between African and American young political leaders, technicians, students and businessmen.

We shall expand inter-African scholarships and third-country training programs for youth within Africa, while maintaining traditional exchanges with the United States.

We shall encourage more of our own country's diverse public and private groups to learn about and from Africans.

G. JOINT PUBLIC-PRIVATE TECHNICAL COOPERATION

We shall encourage the greater utilization of American citizens from the private sector to meet development needs in Africa. The International Executive Service Corps, an American private organization which recruits American businessmen for short-term service in developing nations has pointed the way. This technique has already proven its usefulness in a number of countries as a means of offering American management experience to budding private industry and to government in African countries. We desire to see what can be done further to encourage this approach.

I have also called for a study of how the United States Government can establish a clearing house for requests from the more advanced developing nations for the provision of technical and professional services to meet scientific, technological and industrial requirements. Such a clearing house should be able to draw on both public and private personnel, and should have sufficient funds available where necessary to "top-off" salaries offered by these developing nations to foreign experts, so that the total earnings of the American specialists would continue to match their current value in the United States.

In these and other fashions we should like to share some of the positive aspects of our science, technology and management experience, as well as some of the lessons we have been learning from our own development. I have in mind not only our achievements in communications, industry and science, but some of the grave by-products of these accomplishments, such as over-urbanization and pollution.

The U.S. Government recognizes the great potential of African labor to play a constructive role in the sound economic development of free and independent African nations. We have, therefore, consistently sought friendly understanding of the labor movements of African countries. We hope we can continue to make some significant contributions.

It is our policy to continue to support and encourage African governments in the development and execution of comprehensive labor manpower programs. And while recognizing African preferences for a distinctive African approach to trade union matters, we encourage close fraternal relations between the leaders and members of the African trade unions and Western national and international labor organizations.

H. PRIVATE INVESTMENT

There has been a steady growth in U.S. private investment in Africa since most of the African nations achieved their independence. By the end of 1968 the value of U.S. private investment in OAU member states was almost \$2 billion. Between 1963 and 1968, U.S. private investment in Africa grew at an average annual rate of about fourteen percent.

We believe that private investment can and should play a growing role, above and beyond public assistance, in African development. Africans themselves desire to participate in such investment. In many countries, in the face of limited capital resources, it is the government rather than the private sector which has the financial wherewithal to join with foreign private investors. Thus, "joint ventures" frequently involve a combination of foreign private and African governmental capital. We are prepared to encourage American investors to cooperate in such endeavors under adequate investment protection.

Our investment policy should be creative and flexible. It should be deeply concerned with the social environment in which it operates. When investing abroad, modern American businessmen offer training, profit-sharing and other opportunities. At the same time, as businessmen, they expect stability for the enterprises in which they join and a reasonable return on their investments. While the United States Government has guaranty programs available to many American investors, these are insurance and not the basis on which businessmen

make investment. Thus, they pay great heed to African government programs to foster a favorable investment climate. Therefore, an investment code, assurances from the African government and reasonable entry, work and tax arrangements, can make the difference between an American's willingness or unwillingness to work out an investment.

Mineral and petroleum development account for nearly three-fourths of current U.S. private investment in Africa. The industry is exceptionally able to seek out new sources and new opportunities to meet growing demands.

The same is not the case, however, for investments in manufacturing, agrobusiness and commerce. Thus, we are already conducting certain programs to stimulate American private efforts in these fields:

We have an increasingly successful, albeit modest, effort at getting American investors to look at integrated, large-unit agricultural schemes in Africa. In the past three years, American companies have made 27 preliminary studies, leading to ten in-depth studies and four investment commitments. Several more are currently being negotiated.

We are also seeking to interest medium size American investors to look at opportunities to help contribute to African markets, i.e., flour milling, bus transportation; and for meeting specialized markets which Africa could fill, such as plywood, shrimp fishing and food processing.

Success in these and other programs depends on the already-mentioned favorable investment climate, on enterprises tailored to realistic market size, and ultimately on getting the prospective American investor to go to Africa to see for himself what the conditions are and what his opportunity costs are.

The new Overseas Private Investment Corporation is authorized to provide guaranties, some equity, local currency loans and sound investment project advice to form the basis for a more efficient, flexible and aggressive approach to the promotion of U.S. investment in developing nations. It will be an important element in stimulating further American private investment in Africa.

I. INCREASED AND IMPROVED TRADE RELATIONS

I was deeply impressed on my recent trip by the great dependence of so many African countries on exports of one or two agricultural or mineral commodities. Sudden changes in world market prices for these commodities can cause violent fluctuations in export earnings and can disrupt development programs. In recognition of this instability the United States over the years has participated in international efforts to stabilize prices and incomes of primary products. We were one of the initial signatories of the International Coffee Agreement. The President is now recommending to the Congress renewal of the legislative authority for our continued adherence to this agreement. By the same token, we are continuing to participate in the discussions within UNCTAD working toward an international agreement on cocoa.

But the problem of prices affects other commodities as well. We have joined international efforts, such as those recently conducted at African initiative in the World Bank and IMF, to see whether new and additional measures can be taken to stabilize prices and incomes.

Several months ago the President set forth proposals for generalized tariff preferences for all developing nations, so that they could more readily find markets for their manufactured and semi-manufactured products in the developed nations, including the United States. To this end, we are actively seeking agreement with other developed nations on some generalized preference scheme.

We are mindful of the special relationship which exists between some African and some European countries. Our purpose, however, is to give all developing nations much improved access for exports of their manufactures to the markets of all developed nations on an equal basis. We are also urging the elimination of discriminatory tariffs—sometimes called "reverse preferences"—which put our goods at a competitive disadvantage in many African markets. We hope that European nations see no linkage between eliminating the preferences they currently receive in some twenty African nations and their levels of aid to those countries.

In the meantime, we have been most encouraged to learn of the important first step taken by the member nations of the Central African Customs and Economic Union (UDEAC), to reduce their general tariffs on most imported goods by fifty percent. They thus move closer to a nondiscriminatory tariff position.

This measure offers the prospect of greater American trade with these countries.

J. THE PROBLEM OF SOUTHERN AFRICA

One of the most critical political problems of continental concern relates to southern Africa. The problems of southern Africa are extremely stubborn. Passions are strong on both sides. We see no easy solutions.

Yet the modern world demands a community of nations based on respect for fundamental human rights. These are not only moral and legal principles; they are powerful and ultimately irresistible political and historical forces. We take our stand on the side of those forces of fundamental human rights in southern Africa as we do at home and elsewhere.

In Southern Rhodesia, we have closed our consulate. Our representatives in Salisbury were accredited to the Queen of England. When the Queen's authority was no longer recognized by the regime we withdrew our consulate. We have also determined not to recognize the white-minority regime in Salisbury and will continue to support UN economic sanctions.

To alleviate the difficulties of certain refugees in the United States, particularly of those from southern Africa, with respect to travel abroad, the United States expects in the near future to issue travel documentation as provided under the Protocol to the 1951 Geneva Convention on the Status of Refugees.

In the matter of Namibia (South West Africa), the United States has respected the international status of that territory since 1920. It has sought in the United Nations, before the International Court of Justice and in direct exchanges with South Africa, to defend that status. We have sought equally to defend the rights of the inhabitants, which that status was established to protect. We are now participating in UN deliberations on this matter. Any further actions which the U.S. may take, in the UN or elsewhere, will continue to be consistent with our historic support of the law.

Our relations with the Republic of South Africa have been a matter of particular attention. We do not believe cutting our ties with this rich, troubled land would advance the cause we pursue or help the majority of the people of that country. We continue to make known to them and the world our strong views on apartheid. We are maintaining our arms embargo. We oppose their continued administration of Namibia (South West Africa) and their implementation of apartheid and other repressive legislation there. We will continue to make clear that our limited governmental activities in South Africa do not represent any acceptance or condoning of its discriminatory system.

As for the Portuguese Territories, we shall continue to believe that their peoples should have the right of self-determination. We will encourage peaceful progress toward that goal. The declared Portuguese policy of racial toleration is an important factor in this equation. We think this holds genuine hope for the future. Believing that resort to force and violence is in no one's interest, we imposed an embargo in 1961 against the shipment of arms for use in the Portuguese Territories. We have maintained this embargo and will continue to do so.

The smaller independent states south of the Zambesi also deserve attention. They are seeking to create multiracial societies free of the predominant influence of the minority-dominated states adjoining and surrounding them. They cannot exist without a realistic relationship with their neighbors. At the same time it is in the interest of all those who wish to see these states develop and prosper to provide alternative sources of assistance and means of access to these states. This the United States, in cooperation with other donors, will seek to do. At the same time, the United States will seek to be responsive to requests from these states for a higher level of U.S. diplomatic representation.

In all these ways, as well as in positions taken in the United Nations and through diplomatic channels, we shall work to bring about a change of direction in parts of Africa where racial oppression and residual colonialism still prevail.

At the same time, we cannot accept the fatalistic view that only violence can ultimately resolve these issues. Rather we believe that solution lies in the constructive interplay of political, economic and social forces which will inevitably lead to changes.

CONCLUSION

As the President said in his Report to the Congress on Foreign Policy: "We want the Africans to build a better life for themselves and their children. We want to see an Africa free of poverty and disease, and free too of economic or political dependence on any outside power. And we want Africans to build this future as they think best, because in that way both our help and their efforts will be most relevant to their needs."

APPENDIX C—ADDRESS TO AFRICAN-AMERICAN CHAMBER OF COMMERCE, NEW YORK, APRIL 17, 1970, BY DAVID D. NEWSOM, ASSISTANT SECRETARY OF STATE

Within the last several weeks, two significant statements on Africa have been issued by the present Administration.

The first was contained in the President's report, "U.S. Foreign Policy for the 1970's" issued on February 18. The second was the more detailed statement on African policy issued by the Secretary of State and endorsed by the President on March 26.

Both statements emphasized the significance of economics in our relationship to Africa and the important role of the private sector in that relationship. These themes were also frequently central to the discussions which the Secretary of State had with African leaders during his trip to Africa. I should like to discuss these in somewhat greater detail with you today.

Our economic relationship to Africa has three significant aspects: aid, trade, and investment. These can and should be closely related in the developing world.

On my recent visit to the Republic of Guinea, one of the many slogans on display read "We want aid so that we do not need aid."

The foreign aid relationship is one which is often not wholly satisfactory either for the giver or the recipient. Each recognizes aid's central importance in the current relationship between developed and developing countries. Yet each would like to see the day come when other sources of capital and other forms of foreign exchange income will replace aid.

Until that day comes, the developing nations of Africa have few alternatives to the capital development and technical assistance which comes from America and Europe. Only through such programs can they acquire the skills and build the infrastructure essential to a decent life for their people and a reasonable and stable future for the nation.

Both for us and the Africans, the longer range alternatives are increased trade and investment. It is important, therefore, that aid be seen as leading to an expansion of both. This can be done.

Through aid we can introduce to the developing nations the particular American skills and products which are relevant to their development. Patterns of procurement are established which will last beyond aid.

Through aid we can frequently help to build a climate for private investment, often in direct cooperation with our assistance program. There are dramatic projects in Africa today which are the combined result of efforts by private enterprise, the governments involved, and our own aid agency.

It is with this link in mind that the President, in his report on Foreign Policy, made two points:

"Private investment must play a central role in the development process, to whatever extent desired by the nations themselves."

"Trade policy must recognize the special needs of the developing countries."

With these objectives in mind, let us first examine the aid strategy which we envisage for Africa in the 1970s.

In presenting this strategy we are well aware that the entire approach to foreign assistance is under review. Nevertheless, this Administration has clearly established that it attaches importance to a continuing and appreciable program of aid to Africa, under whatever organizational arrangements may exist. The Secretary, further in his letter to the President accompanying the statement on African policy, said that he feels it important that the programs be certainly "not less than the present level."

Our present direct assistance to Africa is at an annual level of approximately 350 million dollars. Of this, approximately \$150,000,000 is from the AID appropriation. This goes for loans and technical assistance to our ten bilateral programs, our several regional programs, and the small but significant self-help fund. These

programs reach 35 countries. From the supporting assistance portion of this appropriation comes the funds used in such substantial relief operations as that in Nigeria.

Another \$150,000,000 is composed of food and fiber aid used in a variety of ways to stimulate development, provide local currency, and to meet emergencies.

The remaining portion of this represents the Peace Corps programs in 25 African countries and the dollar loans through the Export-Import Bank.

This figure does not include another \$200,000,000 which flows to Africa from the U.S. through multilateral means such as the United Nations Technical Assistance program, the World Bank, and IDA.

This total amount represents a relatively small percentage of the U.S. worldwide effort. In part this is the result of heavy U.S. obligations elsewhere; it represents also a recognition of the substantial aid to Africa from European sources. Africa's needs indeed are great. At the same time per capita foreign assistance to Africa is the highest to any continent. The U.S. provides approximately 20% of the direct aid from all western sources and 40% of the aid provided by multilateral aid organizations. It does so because we believe that an appreciable and identifiable aid program to Africa is in the United States nation interests. It does so, also, because we believe such a program can and should help to facilitate a growing availability of resources through the private sector.

The President, in his statement, mentioned three elements of our current approach to assistance. These apply to Africa as well as to the other developing areas:

Multilateral institutions must play an increasing role in the provision of aid.

The developing countries themselves must play a larger part in formulating their own development strategies.

Our bilateral aid must carry fewer restrictions.

The Secretary's statement, expanding on this in relation to Africa noted:

The desire for greater flexibility in the carrying out of our assistance program.

The continued emphasis on regional programs and projects.

Increased emphasis on strengthening African economic institutions, including ECA and the African Development Bank.

A concentration in certain specific fields: agriculture, education, health, transportation and communications.

An increasing orientation in the program of the Peace Corps to meet the technical, educational and social development needs of African nations.

In suggesting the significance to Africa's development of a growing relationship of trade and investment, we are not unaware of the obstacles.

It has, in fact, become something of a cliché to speak of trade and investment as an alternative to aid. Is it a realistic alternative? Is it a realistic objective for the future?

Some circumstances are obvious.

Countries in Africa vary widely in their actual potential for private development. Lack of resources, of agricultural potential, and of local capital continually place severe limitations on the opportunities in individual countries.

It is not easy for Americans to do business in many parts of Africa. There are language problems, problems of cultural and technical differences, and problems of procedures in the area both in local government and outside which make doing business difficult.

Reverse preferences favoring the European nations are an important barrier to American trade with a significant group of African countries.

The relative opportunities in Africa may not on the surface, at least, seem to equal those in many other parts of the world.

Africa appears to many investors to have, for them, an uncertain future. Increasing pressures for a larger share of profits, for equity participation, for a greater percentage of local employees—regardless of contracts—admittedly discourage the investor. The businessman rightly expects a satisfactory return on investment and a stability in production or trading conditions. He is not going to continue where these conditions do not exist.

Acknowledging these factors, I should nevertheless like to venture some observations on the other side. I recognize in so doing that I am not investing or trading. I recognize, also, that the American capital is going to go where business sense dictates. The role of the government—either of encouragement or discouragement will probably not be a major factor in any decision. And so—with these qualifications—these comments:

Africans want American goods, American expertise, American capital. They reiterated this in nearly every stop on the Secretary's trip. The African attachment to reverse preferences discriminating against us is not immutable. Many African countries are hesitant to do away altogether with this aspect of their special relationship with Europe. They fear abrupt action could affect adversely, their large aid flows from Europe. Nevertheless, a number of countries have moved to lessen discrimination favoring the common market. In February the UDEAC countries (Cameroon, Congo (B), Central African Republic and Gabon) reduced this discrimination by about 50 percent.

The desire for U.S. investment in development transcends political philosophies. Algeria and Guinea are examples of this. North Africa has demonstrated that, within limits, political differences do not inhibit effective commercial relations.

Africans want outside investment—but on their terms. Certainly much of the current challenge to existing contracts covering African investments comes from the African feeling that agreements negotiated in colonial times do not meet the circumstances of an independent state, either from the standpoint of returns or the percentage of nationals of the country employed. Pressures for a revision of these arrangements was perhaps inevitable on the part of the leaders of newly independent countries under the pressures of post independence conditions. One would like to hope that those negotiated under the conditions of independence will be more fully respected.

While, as you gentlemen are well aware, a full guarantee of security in investment may not be possible in the developing world, I would venture an observation. The chances of success are perhaps enhanced by two factors: the degree to which the local government and capital are "involved" and the degree to which the enterprise responds to the needs of the country.

The Secretary's policy statement on Africa addressed itself to these points: The statement said first, that we were prepared to encourage American investors to cooperate in joint ventures under adequate investment protection. Secondly, the statement suggested that our investment policy should not only be creative and flexible, it should also be deeply concerned with the social environment in which it operates.

Perhaps American business can, in Africa, add on to what it is already doing in being directly responsive to the development needs. As has been demonstrated in other areas, there are frequently opportunities in the provision of technical training, of advisory services and in the stimulation of ancillary local businesses which can have a dramatic impact in identifying the company with the local scene. American firms, often in Africa and elsewhere, have been at the forefront of introducing new and progressive employment and work policies. Our firms also have been among the leaders in developing related projects in such fields as water and agriculture of direct benefit to the African country. There are limitations, I know, on such efforts; they could be significant in the future, however, in insuring American firms a place in the commerce and production of this continent.

Another aspect of our business relationship is raised frequently by Africans with us. This is the practice of dealing through representatives and subsidiaries based in the former colonial power. There are, of course, sound and sometimes necessary reasons for such arrangements. I would suggest only that they deserve to be examined from time to time to insure that, both in terms of the reasons for their existence and the reaction in the African country they continue to represent the most effective and profitable approach. This may not always be the case.

If your government is going to talk to you about your doing business in Africa, you can rightfully ask: What will your government do for you?

In reply, I would say three things:

Your government is keenly interested in helping you where such help can be effective. In many cases, we are ready to underwrite certain risks.

Your government is limited in what it can do in a foreign environment. The days of gunboat diplomacy or involvement in the affairs of another nation are over.

What your government can do for you depends in part on you.

The relationship between the American Government and business overseas has not always been an easy one. I have the feeling generally that, in Africa, it is good. Perhaps it is because, in the last fifteen years or so we have both been learning about Africa. We are now in it together.

First of all, as part of this, I feel we can consult together, both in the field and here at home. I want to make sure that the doors of our Embassies are open to the businessman who wants advice or help. There may be rare cases when we can give neither. I feel there will be far more where we can exchange experience of the local scene to our common advantage.

Secondly, we hope increasingly to provide sound information on trade and business opportunities. The Department of Commerce and the Export Expansion Council are both engaged in studying new ways to make this possible. The Department of Commerce will shortly be sending its second commerce-business team to study trade conditions in certain key African countries.

Thirdly, we hope to increase the actual supports available to American business in Africa. Here let me quote the pertinent section of the Secretary's policy statement.

"Mineral and petroleum development account for nearly three-fourths of current U.S. private investment in Africa. The industry is exceptionally able to seek out new sources and new opportunities to meet growing demands.

"The same is not the case, however, for investments in manufacturing, agrobusiness and commerce. Thus, we are already conducting certain programs to stimulate American private efforts in these fields.

" * * * We have an increasingly successful, albeit modest, effort at getting American investors to look at integrated, large-unit agricultural schemes in Africa. In the past three years, American companies have made 27 preliminary studies, leading to ten in-depth studies and four investment commitments. Several more are currently being negotiated.

" * * * We are also seeking to interest medium size American investors to look at opportunities to help contribute to African markets, i.e., flour milling, bus transportation; and for meeting specialized markets which Africa could fill, such as plywood, shrimp fishing and food processing.

"Success in these and other programs depends on the already-mentioned favorable investment climate, on enterprises tailored to realistic market size, and ultimately on getting the prospective American investor to go to Africa to see for himself what the conditions are and what his opportunity costs are.

"The new Overseas Private Investment Corporation is authorized to provide guaranties, local currency loans and sound investment project advice to form the basis for a more efficient, flexible and aggressive approach to the promotion of U.S. investment in developing nations. It will be an important element in stimulating further American private investment in Africa."

We, as the U.S. Government, seek in our policy a relationship of constructive cooperation with the nations of Africa—a cooperative and equal relationship with all who wish it. But we feel this is an objective for all Americans and one in which the private sector can and should play a significant role.

APPENDIX D—TEXT OF REMARKS BY SECRETARY OF STATE WILLIAM P. ROGERS TO CHIEFS OF MISSION AT KINSHASA, FEBRUARY 18, 1970

I am now on the final leg of my 10-country visit to Africa. I look forward to my discussions with you today to help round out my information.

My visit has taken place against a long background of interest by President Nixon in Africa. The President visited the continent both as Vice President and as a private citizen. As early as 1957, he recommended to President Eisenhower that we assign a higher priority to Africa, which he recognized to be of growing importance to the United States. Specifically he said:

"The United States must come to know these leaders better, to understand their hopes and aspirations, and to support them in their plans and programs for strengthening their own nations and contributing to world peace and stability. To this end, we must encourage the greatest possible interchange of persons and ideas with the leaders and peoples of these countries. We must assure the strongest possible diplomatic and consular representations to those countries and stand ready to consult these countries on all matters affecting their interests and ours."

I am particularly glad to be here now, as this year is of special significance in Africa. Seventeen African countries are celebrating the tenth anniversary of their independence in 1970. Twice that many have achieved nationhood in the past two decades.

Last fall at the United Nations I met with more than thirty African leaders—presidents, prime ministers and foreign ministers. They are impressive men. Their heads of state I have met on this trip have been uniformly outstanding.

We have a solid basis for good relations with the independent nations of Africa.

More than 10 percent of America's people have ancestors who came from Africa.

We have substantial trade relations with Africa and growing investments in Africa's economic growth.

We believe in the right of peoples to decide their own future in national freedom and independence.

We believe that the modern world is interdependent and that mutual help through regional cooperation can facilitate national progress.

We believe in peaceful change.

Accordingly, we take certain views toward African problems.

First, we oppose the continuation in Africa of systems based on racial discrimination. We do this because of our own heritage and our moral principles and our belief in the dignity of man. Their continuance is not in the interest of the stability and development of the continent. While there may be different points of view on how to achieve the results, there is a full agreement on the principle.

Secondly, we have deep respect for the independence of the African nations. We are not involved, and we do not seek to be involved, in their internal affairs. We want our relations with them to be on a basis of mutual respect, mutual trust, and equality. We have no desire for any domination of any country or any area. We have no desire for any special influence in Africa, except the influence that naturally and mutually develops among friends.

Thirdly, as a developed nation we recognize the special obligations to assist in the economic development of Africa. Of course, our resources and our capacity are not unlimited. We have many demands at home. We will, however, continue to seek the means, both directly and in cooperation with others, to contribute more effectively to economic development in Africa.

Finally, we wish to make clear to all that our interest in Africa comes from our interest in close and friendly relations with the Africans themselves. We do not believe that Africa should be the scene of a major power struggle. We on our part do not propose to make it so.

Most of the leaders in Africa believe in these things, too. In my meetings with African leaders on this trip, we have been looking for ways to relate, on a sustained basis, to their own conceptions of nation-building and economic and social growth.

Let me give you some brief impressions.

I have been deeply impressed on the trip by the emphasis African leaders are placing on overcoming their own problems; on the building of their own nations. The leaders I have met are entering the seventies with realism and hope. Nation-building is realism and I hope that we can play a role in this undertaking. Ours may not be a leading role in each country, but in concert with other nations and international institutions, I hope we can play a prominent role. Economic development was seen by all the leaders I have met as the crux of their problems, their hopes and their objectives. We can relate to that not only through economic and technical assistance but also through our mutual trade and through private investment which is so much needed in so many places.

In Addis Ababa, I visited the headquarters of the Organization of African Unity and of the United Nations Economic Commission for Africa. I talked with representatives of the East African Community in Kenya and I plan to visit the headquarters of OCAM in Yaounde. My impression of Africa's effort to forge cooperation and unity has been good. I particularly believe that efforts at regional and continental cooperation in economic fields are not only necessary but may be critical in certain respects. We have been encouraging such cooperation in certain respects. We have been encouraging such cooperation in our assistance programs, and I have no doubt that Africa's multilateral institutions will play increasingly beneficial roles as times goes on.

I was impressed also by the youthfulness of Africa. It is a young continent in independence. It is a young continent in spirit. It is a young continent in fact—with a population some 45 percent of which is under 15. This also has significance to us because it means that Africa is very much a continent of the future. The youthfulness of Africa will create its problems—for the population growth itself can retard development. But it will also create its energies. It will not be long before new generations born in independence, better educated and determined to achieve higher standards of life and of personal dignity will be coming into prominence. We must understand and relate to their idealism and the dynamism.

One cannot fail to be struck by the deeply felt desire of leaders of African independent nations to assist other African populations who have not yet had an opportunity to express their own self-determination. This "unfinished business" of the emergence of Africa is something with which we are and will remain identified. We cannot listen to the deeply felt respect for all human life—black, white, or whatever creeds—as expressed by leaders of Africa without being reinforced in our own deeply ingrained dedications to the quality of all mankind.

Now I want to hear your own views on African policy and to get your own impressions of the status of matters on the continent. From them I hope we can distill a policy befitting the growing importance of our relations with the peoples of Africa.

APPENDIX E—AFRICAN DEVELOPMENT BANK MEMORANDUM ON THE AFRICAN DEVELOPMENT FUND

ABIDJAN, *April 1, 1970.*

1. The African Development Bank was inaugurated in November 1964 and has thirty-one independent African countries as its members as against twenty-five, five years ago. Its first task was organizing its administrative machinery, recruiting its staff and mobilising its capital resources, all of which under African conditions constituted a formidable task; but a considerable measure of success has been achieved in this regard. Its administrative structure has been created and the bulk of its staff has been recruited. Needless to say, the most challenging of all these tasks was the mobilization of its capital resources. The Bank has, however, so far mobilized US\$64 million. This represents a very big effort on the part of the member countries, considering that these payments have been made in convertible currencies in spite of the balance of payment problems facing most of these countries and their state of under-development. Indeed it is a cogent proof of their determination for self help.

2. In order to supplement its resources the Bank formulated a proposal for the establishment of an African Development Fund which was forwarded in the form of the Bank's Aide-Mémoire dated 29 November 1966 to potential donor countries, namely, Australia, Austria, Belgium, Brazil, Canada, Czechoslovakia, Denmark, France, Federal Republic of Germany, Finland, Holland, Hungary, Italy, Japan, Kuwait, New Zealand, Norway, Peoples Republic of China, Poland, Rumania, Spain, Sweden, Switzerland, United Kingdom, United States, USSR and Yugoslavia. The salient features of the proposal were as follows:

(i) The Fund will be established under the aegis of the Bank by a resolution of the Board of Governors.

(ii) The purposes and functions of the Fund would be in line with those of the Bank. Like the Bank, the Fund will promote the economic and social development of the Bank's member countries, help to make their economies more complimentary, foster the orderly growth of trade among them, promote investment of public and private capital for development, undertake and participate in studies, provide technical assistance and give special priority to the development of the relatively less developed member countries.

(iii) The Fund would be a multi-lateral Fund and would receive contributions in grants and not loans.

(iv) The size of the Fund would be equal to its subscribed capital (US \$218 million).

(v) The Fund will provide soft resources to the member countries.

(vi) The resources of the Fund will be used for procurement of goods and services from donor countries and from member countries of ADB.

(vii) The administration of the Fund will be entrusted to an administrative council composed of the representatives of the donors and of the Bank. As regards the voting rights, quorum requirements and other similar matters it was felt that consultation with donor countries was necessary before even preliminary proposals could be formulated. So these questions were left open for discussion with the donor countries.

3. The Bank had discussed the proposal with potential donors on various occasions.

4. There has been a detailed exchange of views between the U.S. authorities and the Bank. The Under-Secretary of the Treasury, and a Congressional Group headed by representative Muller, visited the Bank's Headquarters in April 1967 and had very comprehensive and frank discussions with the Management of the Bank. The Bank was encouraged by the Foreign Aid Message of the President of the United States to the Congress in 1967 in which he had said, "we will seek an appropriate means of responding to the recent request of the African Development Bank for U.S. participation in a Special Fund to finance worthy projects which are beyond the means of the Bank's ordinary capital".

5. The President of the Bank visited Washington D.C. in October 1967 and had discussions jointly with the Under-Secretary of State, Under-Secretary of the Treasury and USAID Administrator. He was given the U.S. memorandum dated 18 October 1967 at the meeting which stated that the Executive Branch of the U.S. Government would recommend to the Congress for U.S. participation in the Fund by providing a sum of US\$60 million over a period of three years at the rate of US\$20 million a year. It was stipulated that the U.S. contribution would not exceed 40 per cent of the total and would be tied to U.S. procurement. The President of the Bank stated that the Bank wanted the contribution to be untied in order that the Fund may be genuinely multilateral.

6. Amongst other donors, the Nordic countries offered to provide, over a period of three years beginning 1st January 1970, 10 percent of the total fund of US\$100-US\$150 million. The contribution would be untied if contributions from other major donors were also untied. The Government of Netherlands offered a contribution of US\$3 million which was not to be tied to procurement in Netherlands if other contributions were also untied. The Government of United Kingdom offered a contribution of £1 million for the period 1968 to March 1971 which could be earmarked for the Fund and which would be untied provided the Fund was a truly multilateral character.

7. In consultation with potential donors, the Bank held a meeting on 4 October 1968 in Sheraton Park Hotel in Washington D.C. which was attended by representatives of Belgium, Federal Republic of Germany, France, Italy, Japan, Netherlands, Nordic Group countries, Spain, United Kingdom, United States and Yugoslavia to consider the proposal for the establishment of the Fund. The response from most of the countries attending the meeting was positive. The representatives of the Nordic countries, Netherlands and United Kingdom re-affirmed their earlier offers. The U.S. representatives also reiterated the then Administration's proposal for U.S. participation in the Fund.

8. In view of the likelihood of the present U.S. Administration taking some time in the formulation of its policies in the matter, the Bank considered the possibility of establishing the Fund on a flexible basis to enable those donor countries which had already made firm offers to join immediately and others, including the U.S., which might need more time to arrive at a decision, to join later. The Bank, therefore approached the donor countries including the U.S. with a proposal on those lines in a circular letter dated 6 January 1969. The Bank received responses from many donor countries which were encouraging in so far as the principle of the establishment of the Fund was concerned. The Nordic countries re-affirmed their interest, but seemed to prefer a broad basis of participation in the Fund. The Government of the United Kingdom expressed its willingness to participate in a flexible multilateral fund with an initial small membership, provided there were enough contributors to make it genuinely multilateral. The Government of Netherlands expressed its readiness to discuss together with other countries concerned, under the presidency of the Bank, ways and means of making further progress in the establishment of the Fund. It also expressed the hope that the results of the U.S. Administration's consideration of the proposal would be positive. The Government of Italy expressed its willingness to join the Fund and to indicate later the amount of its contribution, the terms and modalities. It also approached its common market partners inviting them to make a joint contribution. The Governments of Belgium, Canada and Switzerland also confirmed their interest in the Fund. However, many of the potential donors attach great importance to U.S. participation in the Fund.

9. The President of the Bank met Mr. Charles Walker, Under-Secretary of the Treasury on 4 June 1969 in Washington D.C. to find out the U.S. position about its participation in the Fund. He was given to understand that it might be possible for U.S. to give some indication of its position by about mid-August 1969. The Bank was therefore planning to arrange a meeting of all donors in October 1969. However, in August 1969 the Bank was informed by Mr. Volcker, Acting Secretary of the U.S. Treasury that it would not be possible to obtain a clear Congressional view of the various possible techniques for providing assistance to the Bank till the end of the calendar year 1969. The Bank had, therefore, to postpone its proposed October meeting of the potential donors.

10. A deputation of ADB led by the Chairman of its Board of Governors called on Mr. Kennedy, the Secretary of the U.S. Treasury on 3 October 1969 in Washington D.C. Mr. Kennedy informed the delegation that the U.S. Government was still examining the question of assistance to the Bank and expressed the hope that it may be possible to give an indication of its position by the end of 1969.

11. In February 1970, Mr. Newsome, the U.S. Assistant Secretary of State visited the Bank and had a useful exchange of views with the representatives of the Bank. Although no progress was made on the eventuality of U.S. contribution to the Fund, the Bank had a useful opportunity of re-stating its position and of briefing Mr. Newsom on the latest developments.

12. The Government of Canada has shown considerable interest in the establishment of the Fund. It sent a delegation to the Headquarters of the Bank in November 1969 to study the problems of the Bank on the spot and to advise the Canadian Government about its assistance to the Bank. We have been informed that the Government of Canada, at the official level, after studying the report of its delegation, has agreed in principle that a Canadian contribution to the Fund deserves support on condition that other countries, whose number need not be unduly large, would join Canada in making such a contribution. Accordingly, the Government of Canada has contacted a number of countries which were favourably inclined towards the establishment of the Fund. These countries are reported to have displayed considerable interest and have indicated that they would inform the Canadian Government of their attitude within a few weeks. This was confirmed by the Vice-President of the Canadian International Development Agency in the course of a meeting with a representative of the Bank in Ottawa at the end of February 1970 and also when he visited the Bank on the 24th March 1970.

13. Among the socialist countries so far only Yugoslavia has expressed some interest in the Fund and sent a representative to the meeting of potential donors convened by the Bank in October 1968 in Washington D.C. Later, on the invitation of the Yugoslav Government, the President of the Bank visited Yugoslavia in October 1969 and had useful and encouraging discussions with the Yugoslav authorities. However, no firm offer about Yugoslav participation in the Fund has so far been received. Two letters were addressed to all socialist countries, one on 6 January 1969 and another on 31 July 1969 enquiring about their reactions to the Bank's proposal. But so far none of them has expressed any interest in the proposal.

14. The Bank in its Aide-Mémoire dated 26 November, 1966, while inviting the donor countries to participate in the Fund, had stated that if the donors considered participation in the equity capital of the Bank as an additional means of providing aid to African countries, the Bank would be prepared to draw the attention of its Board of Governors to it. With the exception of Netherlands which has expressed interest in any developments with regard to equity participation by non-African countries, and the U.S.A. which suggested that the question of equity membership by non-regional developed countries might be re-examined, no donor country has expressed any desire to participate in the equity of the Bank.

15. It will be seen from the above résumé of developments since 1966 that there is considerable interest on the part of a large number of potential donors for participation in the Fund. It is hoped that as a result of the initiative taken by the Government of Canada, the position of the various donors will be clarified which will enable the Bank to decide on its future course of action in the matter.

APPENDIX F—THE COMMON MAN'S CHARTER

(By A. Milton Obote, President of the Republic of Uganda)

FOREWORD BY THE PRESIDENT

In June 1968 the Annual Delegates' Conference of the Uganda People's Congress passed a number of far-reaching Resolutions. The National Council, the Central Executive Committee and the officials of the Party, were directed by the Conference to implement those Resolutions.

As President of the Party I have made a detailed study of the implications behind the Resolutions passed in the June 1968 Conference and the methods of carrying them out. As a result, officials of the Party and I have produced a document—Proposals for National Service (Document No. 2 on "The Move to the Left") to implement some aspects of the Conference Resolutions.

It is my sincere belief that in June 1968 the Party Conference clearly indicated that the Party and Uganda as a whole must take initial steps, as early as possible, to move ideologically and practically to the Left. The practical steps for and the degree of commitment by Party members to such a move were not defined at the Conference. It has been my responsibility as the President of the Party to codify all that the Party stands for and the principles which have been basic characteristics of the Party since its foundation. In this exercise officials of the Party, members of the Party and other persons have been of the greatest assistance in enabling me to interpret the Party Resolutions.

I hereby present to the Central Executive Committee, to the National Council and to the Annual Delegates' Conference, these same principles and the strategy for the implementation of the June 1968 Resolutions. Similarly, I commend this document to the people of Uganda and to all our well-wishers.

A. MILTON OBOTE,
President, Uganda People's Congress.

THE COMMON MAN'S CHARTER—FIRST STEPS FOR UGANDA TO MOVE TO THE LEFT

1. We the members of the Annual Delegates' Conference of the Uganda People's Congress, assembled on this Twenty-Fourth Day of October, 1969, in an Emergency Meeting in Kampala; being the body charged under the Constitution of the Uganda People's Congress with the responsibility "to lay down the broad basic policy of the Party" and being conscious of our responsibility and of the fact that the Government of the Republic of Uganda, District Administrations and Urban Authorities are currently run by our Party and on policies and programmes adopted by our Party, and recognising our responsibility to the people of Uganda as a whole and to the association of Uganda, Tanzania and Kenya in the East African Community and to Uganda's Membership of the Organisation of African Unity, do hereby adopt this Charter for the realisation of the real meaning of Independence, namely, that the resources of the country, material and human, be exploited for the benefit of all the people of Uganda in accordance with the principles of Socialism.

2. We hereby commit ourselves to create in Uganda conditions of full security, justice, equality, liberty and welfare for all sons and daughters of the Republic of Uganda and for the realisation of those goals we have adopted the Move to the Left Strategy herein laid as initial steps.

3. We subscribe fully to Uganda always being a Republic and have adopted this Charter so that the implementation of this Strategy prevents effectively any one person or group of persons from being masters of all or a section of the people of Uganda, and ensures that all citizens of Uganda become truly masters of their own destiny.

4. We reject, both in theory and in practice, that Uganda as a whole or any part of it should be the domain of any person, of feudalism, of Capitalism, of vested interests of one kind or another, of foreign influence or of foreigners. We further reject exploitation of material and human resources for the benefit of a few.

5. We reject, both in theory and in practice, isolationism in regard to one part of Uganda towards another, or in regard to Uganda as a whole to the East African Community in particular, and Africa in general.

6. Recognising that the roots of the U.P.C. have always been in the people right from its formation, and realising that the Party has always commanded us that whatever is done in Uganda must be done for the benefit of all, we hereby re-affirm our acceptance of the aims and objectives of the U.P.C., which we set out below in full:

(i) To build the Republic of Uganda as one country with one people, one Parliament and one Government.

(ii) To defend the Independence and Sovereignty of Uganda and maintain peace and tranquillity, and to preserve the Republican Constitution of Uganda.

(iii) To organise the Party to enable the people to participate in framing the destiny of our country;

(iv) To fight relentlessly against Poverty, Ignorance, Disease, Colonialism, Neo-Colonialism, Imperialism and Apartheid;

(v) To plan Uganda's Economic Development in such a way that the Government, through Parastatal Bodies, the Cooperative Movements, Private Companies, Individuals in Industry, Commerce and Agriculture, will effectively contribute to increased production to raise the standard of living in the Country;

(vi) To protect without discrimination based on race, colour, sect or religion every person lawfully living in Uganda and enable him to enjoy the fundamental rights and freedom of the individual, that is to say:

(a) Life, Liberty, Security of the person and Protection of the Law;

(b) Freedom of Conscience, of expression and association;

(c) Protection of Privacy of his home, property and from deprivation of property without compensation.

(vii) To ensure that no citizen of Uganda will enjoy any special privilege, status or title by virtue of birth, descent or heredity;

(viii) To ensure that in the enjoyment of the rights and freedoms no person shall be allowed to prejudice the right and freedoms of others and the interests of the State;

(ix) To support organisations, whether international or otherwise, whose aims, objects and aspirations are consistent with those of the Party;

(x) To do such other things that are necessary for the achievement of the aims, objects and aspirations of the Party.

7. Republicanism in Uganda, just like the political Independence of Uganda, is now a reality, but the demand and struggle for Uhuru has no end. This is part of life and part of the inalienable right of man. It is also the cornerstone of progress and of the liberty of the individual, the basis of his prosperity and the hallmark of his full and effective participation in the affairs of his country. October 9, 1962, therefore, was the beginning of a much greater struggle of many dimensions along the road to the goal of full Uhuru. During the last seven years the U.P.C., by action and exhortation, has shown to the people of Uganda that it is wrong and deceitful to treat and regard the 9th October, 1962, as the end of the road; or the day on which the people of Uganda as a whole reached a stage in their development when all that remained was to divide the spoils on the principle of the survival of the fittest; or that the well-to-do, the educated and the feudal lords must and should be allowed to keep what they have, and get more if they can, without let or hindrance.

8. The Party has always made it clear to the people that the only acceptable and practical meaning of October 9th, 1962, is that the people of Uganda must move away from the ways and mental attitudes of the colonial past, move away from the hold of tribal and other forms of factionalism and the power of vested interests, and accept that the problems of poverty, development and nation-building can and must be tackled on the basis of one Country and one People. The Strategy laid down in this Charter aims at strengthening the fundamental objective of the Party. We do not believe that any citizen of Uganda, once freed of the mental attitudes of the colonial past, freed of the hold of tribal and other forms of factionalism, and freed of the power of vested interests, will find himself or herself at a disadvantage. On the contrary, it is our firm belief that such a citizen will gain that part of his/her freedom which has so far been in the hands of others, and which enabled those others to exploit for their own benefits not only the wealth of the country, but also the energy of our people, thereby arresting the mental development of our people.

9. Less than ten years ago the most prominent and explosive political issues which faced the people of Uganda had in reality, and in practical terms, nothing to do with the people as such. The issues were "The form of government suitable for an independent Uganda" and "Who was to be the Head of State on the achievement of Independence?" These issues were made to appear as of national importance, not because when solutions were found they would advance the lot of the common man, but because the feudalists, on account of their hold on the people, saw Independence as a threat to their then privileged positions and sought to make these positions synonymous with the interests of the common man. It cannot be denied that the then privileged positions of the feudalists were a barrier to the full and effective participation of the common man in the Government of Independent Uganda. The feudalists wanted to continue to rule as they used to before the coming of the British and they did not want the common man to have a say in the shaping of the destiny of an independent Uganda. That situation, however, is no longer with us. Uganda is now a Republic. We hold it as the inalienable right of the people that they must be masters of their own destiny and not servants of this or that man; that they must, as citizens of an Independent Republic, express their views as freely as possible within the laws of their country, made, not in separate Parliaments, but in one Parliament in which the people as a whole have an equal say through their representatives.

10. The Republican status, therefore, has taken Uganda further towards the goal of full Uhuru. It must not be accepted, however, that our new status by itself is sufficient, or that it has removed exploitation and has brought full Uhuru. We realise that it is, by itself, an advance towards the goal of full Uhuru, but because we are also convinced that more has yet to be done, this Charter has been adopted, and its Strategy is in our view a logical development from the fact that we have been moving away from the hold of feudal power since 1966. For so long as that feudal power was a factor in the politics and the economy of Uganda it could not be disregarded. Thus the reason for this Charter. It must also be noted that in a society in which feudalism is an important and major political and economic factor, that society cannot escape being Rightist in its internal and external policies. With the removal of the feudal factor from our political and economic life, we need to do two things. First we must not allow the previous position of the feudalists to be filled by neo-feudalists. Secondly, we must move away from circumstances which may give birth to neo-feudalism or generate feudalistic mentality.

11. The move to the Left is the creation of a new political culture and a new way of life, whereby the people of Uganda as a whole—their welfare and their voice in the National Government and in other local authorities—are paramount. It is, therefore, both anti-feudalism and anti-capitalism.

12. In 1968, the U.P.C. Delegates Conference passed the following resolution on the important matter of nation-building:

Note with deep satisfaction the liquidation of anti-national and feudal forces, and the introduction of the Republican Constitution;

Thank the leaders of the Party and the Government on initiating the revolution for economic, social and political justice;

Recognise that the most important task confronting the Party and the Government today is that of nation-building;

Resolve that its entire human and material resources be committed in that task of nation-building;

Direct that the National Council of the Party do examine ways and means for active involvement of all institutions, State and private, in joint endeavour with the Party to achieve and serve a nation united and one.

13. We have no doubt whatsoever about the high priority which must be given to nation-building, and we are fully aware that there may be many people in this country who are either uninformed or misguided, who have not yet come to appreciate the importance of nation-building. We, therefore, consider it our responsibility to inform the uninformed, and to guide the misguided. It is also our responsibility to enlighten the people about the necessity of all the institutions in this country and the people as a whole being actively involved in the joint endeavour to serve the Nation.

14. When the U.P.C. proposes a policy or programme on behalf and for the benefit of the people of Uganda, the meaning of the phrase "people of Uganda" is always clear and definite. It is, One People under One Government in One Country. Accordingly, over the seven years of Independence the Party has indicated more than sufficiently that to belong to a clan, a tribe, a linguistic group, a region or a religion is neither an advantage nor a disadvantage to any citizen of Uganda.

The fact of being a citizen of Uganda, however, is a decided advantage which gives him fundamental rights and freedoms, and affords him full opportunity to exercise his social duties and obligations to his clan, tribe, region or religion, save as forbidden by laws passed by Parliament. These laws, as it is clearly stated in Principle 6 of the U.P.C. Aims and Objects, and in the Republican Constitution are desirable so as to enable all citizens to enjoy their fundamental rights and freedoms without infringing upon the rights and freedoms of any other citizens to do the same.

15. In seven years of Independence we have experienced that the mass of our people are law-abiding citizens, who believe in the security of their families, stable conditions around their homes and throughout Uganda; who appreciate the need for expanding economic and social services, and who are desirous to work hard to improve their conditions of living and participate fully in the political control of governmental institutions. This experience is in contrast to another, namely, the desire of foreign powers and institutions to choose leaders for us, to influence the policies of the Government of Uganda to the benefit of foreign interests, and to use the sons and daughters of Uganda to advance these interests. In our experience we have not found a single instance where foreign interests have sought to use the masses of the people to serve the interests of foreigners. We have, however, had abundant instances where the well-to-do, the educated and the feudal elements have been bought to serve the interests of foreigners. This kind of corruption of the intentions and frustration of the wishes of the people may be tolerated in countries where nationhood has been firmly established, illiteracy is almost unknown and other factional issues do not play any important part in elections or in formulation of Government policies. Uganda has not yet reached that stage of development; but even when we eventually reach that stage we will not tolerate, on principle, the corruption of the intentions and the frustration of the wishes of the people.

16. One of the most important considerations facing the people of Uganda, in the view of the U.P.C., is the future of the youth. We have only to look at the figures of all the young men and women in the Universities, in the Secondary Schools, in other institutes of learning and in the Primary Schools, to speak nothing of those who are at home, to realise that these are citizens of Uganda who are being prepared to shoulder responsibilities of consolidating further the political independence we now have, and to open more and more avenues which will lead the people of Uganda to real economic and social independence.

17. If, here in Uganda, we adopt the policy of developing our country and preparing our youth within the confines of tribal Governments, tribal Parliaments and traditions, and as tools of sectionalism and factionalism of any kind, we would neither be making a contribution to the African Revolution, nor would we be giving these young people what is within our power to give them—that is, the broadening of their horizon to look at the whole of Uganda and not just a part of it as the centre and platform of their operations. It is our duty and responsibility to accept these young people irrespective of the corner of Uganda which may be their birthplace. The whole of Uganda is their inheritance and we must not deny either all of them or a majority of them or even a minority of them, that heritage. They are growing in a different world—a world very different from the world in which those who faced the British when they first imposed colonial rule in Uganda lived. Young people are growing in a world which is becoming smaller and smaller, and for us to make that world even smaller by inducing them, directly or indirectly, to become the exponents of tribal Herren-volk principles, religious bigotry and fanaticism and feudalistic selfishness, and capitalistic capacities would be to do a disservice that Africa will never forget, and a disservice that will certainly reduce the mental capacities of our young men and women. Uganda cannot afford to be so heartless to her youth.

18. It is not only the youth whom we must think about. Those who are grown up are equally important. Even the old and the infirm are important. The tribal confines and security are no longer strong enough to give them the requirements of modern times, or to protect their lives and property or to give that important recognition of human dignity and citizenship of a sovereign State.

19. We reiterate the fact that the struggle for Independence was not a one-tribe struggle, nor was it a struggle confined to people professing one religion. The colonial power heard voices from all corners of Uganda. The struggle, however, was not that different parts of Uganda should return to the days of tribal quarrels, disunity and wars, but to move to the new era wherein all people of Uganda are one and the country is one, and to regain our dignity as human beings.

20. We recognise that ours is a society in transition. We want to bring out our

considered assessment of the present situation as the starting point for our adoption of the move to the Left Strategy set out in this Charter. Uganda is a country which is already independent politically. It is that status that makes it the responsibility of the people of Uganda to shape their destiny. Before the 9th of October, 1962, the people of Uganda did not have that responsibility or power. The sixty-nine years of colonial rule, during which an alien way of life was not only planted but also took root, resulted in the phenomenon of developing our human and material resources to bear the imprint of this factor in our society. What was planted in Uganda during the era of British protectorate appeared in the eyes and minds of our people as the final word in perfection regarding the development of our material resources and human relationship. Consequently, both before and after Independence, our people have been living in a society in which an alien way of life has been embedded. The result has been that most of our people do not look in to the country for ideas to make life better in Uganda, but always look elsewhere to import ideas which may be perfectly suitable in some other society but certainly unfitting in a society like ours. The more we pursue that course, the more we artificially organise our society, our material resources and human relationship, and the more we perpetuate a foreign way of life in our country.

21. We cannot afford to build two nations with the territorial boundaries of Uganda: one rich, educated, African in appearance but mentally foreign, and the other, which constitutes the majority of the population, poor and illiterate. We do not consider that all aspects of the African traditional life are acceptable as socialistic now. We do not, for instance, accept that belonging to a tribe should make a citizen a tool to be exploited by and used for the benefit of tribal leaders. Similarly, we do not accept that feudalism, though not inherently something peculiar to Africa or to Uganda, is a way of life which must not be disturbed because it has been in practice for centuries. With this background, we are convinced that Uganda has to choose between two alternatives. We either perpetuate what we inherited, in which case we will build on a most irrational system of production and distribution of wealth based on alien methods, or we adopt a programme of action based on the realities of our country. The choice adopted in this Charter is the latter. We must move away from the ways of the past to the avenues of reality, and reject travelling along a road where the signpost reads: "Right of admittance is belief in the survival of the fittest." To us, every citizen of Uganda must survive and we are convinced that Uganda has to move to the Left as a unit. Conditions must be created to enable the fruits of Independence to reach each and every citizen without some citizens enjoying privileged positions or living on the sweat of their fellow citizens.

22. The emergence and growth of a privileged group in our society, together with the open possibilities of the group assuming the powers of the feudal elements, are not matters of theory and cannot be disregarded with a wave of the hand. Nor should the same be looked at from a doctrinaire approach. It is for this reason that in this Charter we do not intend to play with words, even if those words have meanings, such as "Capitalism" or "Communism". We are convinced that from the standpoint of our history, not only our educational system inherited from pre-Independence days, but also the attitudes to modern commerce and industry and the position of a person in authority, in or outside Government, are creating a gap between the well-to-do on the one hand and the mass of the people on the other. As the years go by, this gap will become wider and wider. The move to the Left Strategy of this Charter aims at bridging the gap and arresting this development.

23. We identify two circumstances in which the emergence of a privileged class can find comfort and growth. First, there is our education system which aims at producing citizens whose attitude to the uneducated and to their way of life leads them to think of themselves as the masters and the uneducated as their servants. Secondly, the opportunities for self-employment in modern commerce and industry and to gain employment in Government and in other sectors of the economy are mainly open to the educated few; but instead of these educated few doing everything possible within their powers for the less educated, a tendency is developing where whoever is in business or in Government looks to his immediate family and not to the country as a whole in opening these opportunities. The existence of these circumstances could lead to actual situations of corruption, nepotism and abuse of responsibility. It is unrealistic for anyone to believe that the answer to such situations lies in the strict application of the laws. Much as the laws might assist in preventing such crimes being committed against the nation, it is our view that the answer lies in tackling the roots of the problem, namely to generate a

new attitude to life and to wealth, and new attitudes in exercising responsibilities. Our country is fortunate in that these problems have not taken deep roots and the crimes which they generate are universally condemned by the society. If we do not take initial effective measures to change the course of events at this stage of our history, it may be too late to avoid violence in future years. It is because we are convinced that this is the right moment to re-orientate our course that we have adopted the measures set out in the move to the Left Strategy of this Charter.

24. The ordinary citizen of Uganda associates economic development of this country with a rise in his own private real income. This income may accrue to him from self-employment, i.e., farming, fishing, cattle-keeping, or paid employment. What is of crucial importance to the ordinary citizen is that Government should provide him with certain social services free and that his income should rise faster than the cost of living, so that he can afford more goods and services for his own use. But there are also three other major dimensions of economic development which must concern our Government. These are the distribution of the national income, the structure of the economy and the creation of institutions conducive to further development and consistent with the Socialist Strategy outlined in this Charter.

25. Let us begin with the examination of the distribution of income in our country. It is obvious that for development to take place there should be a rise in the average income per head (per capita income). This can only occur if the rate of growth of national income exceeds the rate of population growth. For this reason our Government must always place great emphasis on the fast rate of growth of the economy and the national income. Indeed, increased production and wealth is one of the three major goals of the current Plan ("Work for Progress") 1966-71. We are fully convinced that this emphasis is not misplaced, since raising the standard of living of the Common Man in Uganda must be the major aim of our Government. It is possible, however, for the overall rate of growth to rise without affecting large masses of the population. This is a danger that we must guard against. We must not, either because of inertia, corruption, or academic love for the principle of the theory of free enterprise, fail to take bold corrective measures against this danger.

26. There is also the danger that economic development could be unevenly distributed as between regions of the country. The fact is that there is no automatic mechanism within our economic system to ensure an equitable distribution of the national income among persons, groups of persons or regions. We need only to stretch our eyes not to the distant future but to the years immediately ahead of us, taking into account the fact of our present expanding economy, to recognize that if no new strategy is adopted now, inequalities in the distribution of income will change dramatically the status of millions of our people, and might result in our having two nations—one fabulously rich and living on the sweat of the other, and the other living in abject poverty—both living in one country. In such a situation political power will be in the hands of the rich and the maximum the Government will do for the poor will be paternalism, where the lot of the masses will be not only to serve the well-to-do, but to be thankful on their knees when opportunity arises to eat the crumbs from the high table.

27. The nature of our economy today is such that the resources are not allocated by a central authority. The reality of the situation is that allocation of resources in Uganda today is directly proportionate to the distribution of income. The practical fact which emerges from this can be illustrated in this way. If 5 percent of the population receive, say 50 per cent of the national income among them, this small minority possesses the power to command at least half of the productive resources of the country. With so much wealth at their disposal their consumption habits will affect the whole economy. As it happens, these habits will be characterised by the consumption of luxurious goods not produced in the country but imported from outside, or produced in the country at extremely high cost. If the goods have to be imported then the bulk of the population must produce for export in order to pay for the import of such luxurious goods. Our argument for a change to make it impossible for such a situation to develop as a feature of Uganda, is that the consumption habits of the very rich not only impinge directly on the disposal of one of the very important resources of the country, namely foreign exchange, but also constitute a negation of the real meaning of our Independence. The crucial point here is that inequitable distribution of income leads directly to non-development of resources which could cater for the consumption needs of the poor, since the masses cannot afford to pay for the goods which would be produced, and instead the economy becomes dependent on exports of primary commodities in order to pay for imports of luxurious goods for the rich. The end

result is a constant problem of unfavourable balance of payments and external debts, and a neglect of the welfare of the Common Man.

28. We must examine the argument in another way. A redistribution of income which puts more purchasing power in the hands of the Common Man, who constitutes the greatest proportion of the population, would give an impetus to the development of local industries. This is because the needs of the masses are unlikely to be of the luxurious type. As the mass of the people of Uganda begin to acquire higher and higher incomes, they would in all probability acquire more and more of goods produced in their country; but to open the door only to the rich to buy at high prices any quantity of imported goods and locally produced goods at high costs, which put them beyond the means of the Common Man, is to disregard the existence of the mass of the population or to acknowledge their servitude to the rich.

29. The heart of the Move to the Left can be simply stated. It is both political and economic. It is the basic belief of the Uganda Peoples Congress that political power must be vested in the majority of the people and not the minority. It is also the fundamental belief of the Uganda Peoples Congress that economic power should be vested in the majority and not in the minority, as is the case at present. It is, therefore, our firm resolution that political and economic power must be vested in the majority.

30. The structure of Uganda's economy is characterised by: an excessive dependence on agriculture as a source of income, employment and foreign exchange; a heavy dependence on exports based on two major export crops; heavy dependence on imports, particularly of manufactured products; and the limited participation of Ugandans in the modern industrial and commercial sectors of the economy. It has therefore been the policy of the Party to diversify the economy to make it less dependent on foreign trade, to promote the participation of citizens in all sectors of the economy, and the Move to the Left is intended to intensify these efforts through collective ownership, viz. Cooperatives and State enterprises.

31. Economic development demands, among other things, capital (money). We recognise that a country cannot depend upon capital from outside because this, apart from being unpredictable, is subject to variation by various factors and has always got strings attached to it. We are convinced from experience that this country is capable of generating sufficient capital out of the savings of all the citizens. We therefore propose that a suitable scheme where savings of the citizens can be affectively tapped and correctly channeled into further economic development should be introduced.

32. To this effect we propose that the system be based on the present basis of calculation upon which wage-earners pay contributions of a fraction of their earnings into the Social Security Fund. The basis of the calculation of that part of the income of the wage-earners that goes into contributions to the National Social Security Scheme should apply proportionately to the income earned by all other persons, either by way of salary or other method of determinable income. With the exception of the wage-earner who is already required by law to make contribution to the National Social Security Scheme, all other persons will either pay direct or have it deducted and paid into an approved scheme.

33. The present banking institutions cater mainly for the needs of commerce and industry. It is not possible for the peasants, who constitute the majority of our population, to advance their lot through financial assistance in the form of loans from these commercial banks. Even if they were to do so, they would spend a substantial part of, if not their entire income in paying back these loans. It is, therefore, imperative that a new banking system, to be known as the Co-operative Bank, be established to cater solely for the peasants who are members of the Co-operative Unions. The policy of such a Bank should include a provision to the effect that the Co-operative Union of the person applying for a loan from the Bank gives a guarantee and takes over administration of the repayment of the loan, and that the loan in the majority of cases should be given in relation to what the applicant is already doing.

34. We reiterate the fact that there can be no investment unless somebody first makes a corresponding saving. This applies equally to local and overseas investment.

35. With regard to local investment we have now proposed a scheme for compulsory saving in a number of schemes, and the establishment of Co-operative Banks.

36. With regard to foreign investment we fully realise that foreign investors want guarantees, and we consider that the Foreign Investment (Protection) Act

covers this adequately and generously. Much as we appreciate the need to attract foreign investment, we are fully convinced that the economic future of this country depends on local capital formation and local savings and investment.

37. In future we would wish to see foreign investments coming into Uganda under the Foreign Investment (Protection) Act, engaging in priority projects and not projects decided solely on the basis of profitability. Similarly, local investments should be controlled in such a way that they are made in priority projects determined by the needs of the economic development of the country.

38. In our Move to the Left Strategy, we affirm that the guiding economic principle will be that the means of production and distribution must be in the hands of the people as a whole. The fulfilment of this principle may involve nationalisation of enterprises privately owned.

39. The issue of nationalisation has already been determined and therefore it is a settled matter. It was in the 1962 Constitution, as it is in the Republican Constitution of 1967. Therefore no citizen or person in private enterprise should entertain the idea that the Government of Uganda cannot, whenever it is desirable in the interest of the people, nationalise any or all privately owned enterprises, mailo and freehold land and all productive assets or property, at any time, for the benefit of the people. The Party therefore directs the Government to work along these lines.

40. In this Charter we lay emphasis first on the people being given massive education in operating and establishing institutions controlled, not by individuals, but by the people collectively. This massive education should aim at reorientating the attitudes of the people towards co-operation in the management of economic institutions and away from individual and private enrichment. We therefore direct the Government to give education to the people to acquire new attitudes in the management of our economy where collective exploitation of our resources to the benefit of all will take the place of individual and private enterprise aimed at enriching a few.

41. We must move in accordance with the principles of democracy. That is the way that brings human progress. Ideas must be generated and sifted, and citizens—educated or not—must be able to think for themselves, learn to work together, and to participate in the processes of governing themselves.

42. The Move to the Left involves government by discussion. This Charter and the principles enunciated herein should be widely disseminated through mass media of communication, and discussed by study groups and individuals all over the country.

43. Principles are a good thing but they are no substitute for hard work. The success of the Charter demands full commitment of leaders to its realisation, acceptance by the mass of the population, and hard work by all.

44. The adoption of the Charter provides an opportunity to the Common Man for the realisation of the full fruits of his labour and of social justice.

