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THE POLITICAL AND ECONOMIC CRISIS
IN SOUTHERN AFRICA

A STAFF REPORT

TO THE

SUBCOMMITTEE ON FOREIGN ASSISTANCE

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE



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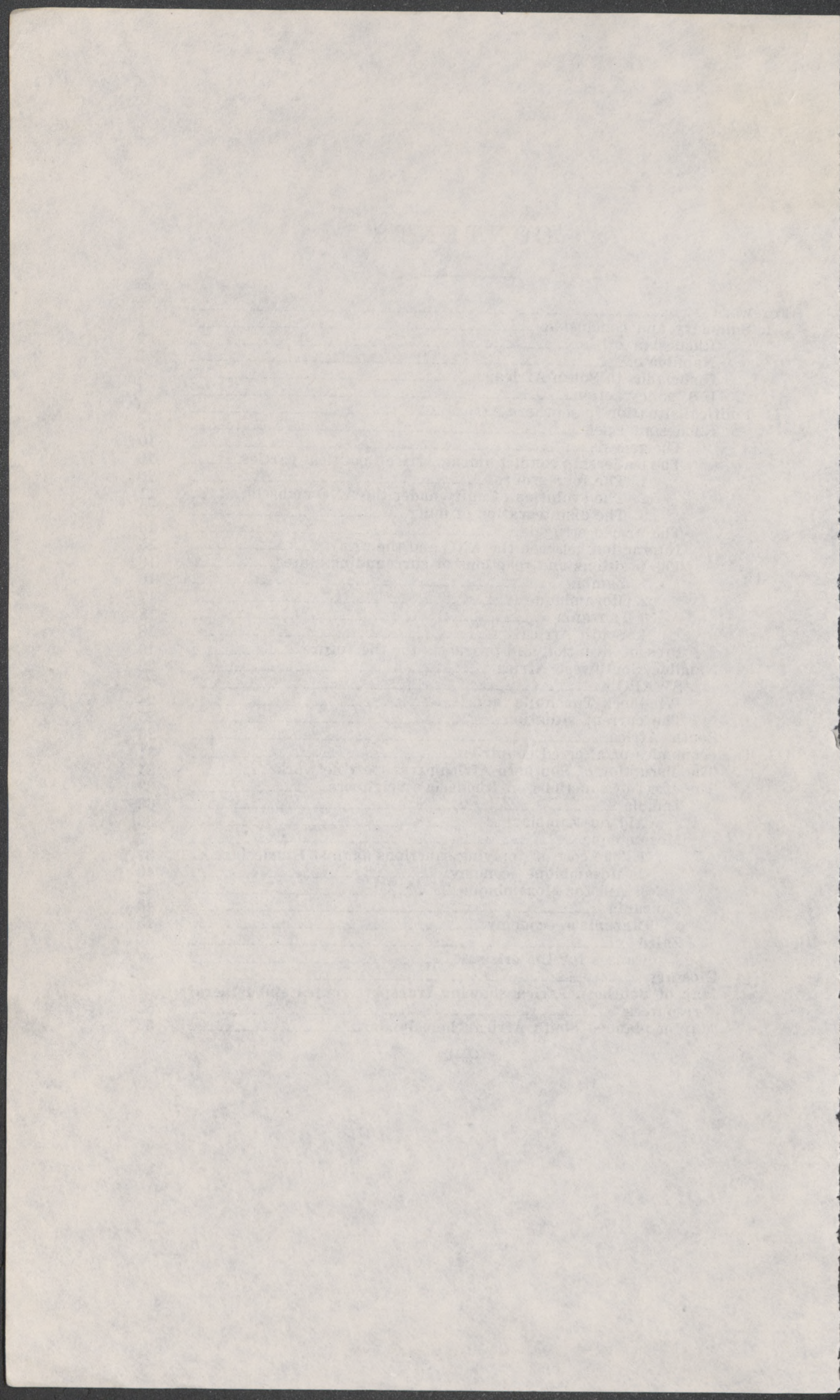
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FOREWORD

This report on the political and economic crisis in southern Africa is one of a continuing series of staff reports prepared for the Subcommittee on Foreign Assistance of the Senate Committee on Foreign Relations. Following Secretary Kissinger's trip to Africa in April, 1976 and his major policy statement in Lusaka, Zambia, the Subcommittee requested that the staff undertake a study of the economic and political conditions in southern Africa to assist it in making informed judgments regarding the possible provision of assistance to countries of the region.

Conflicts between whites and blacks in southern Africa have escalated recently to new levels of violence. Pressures are building toward a destructive race war in southern Africa, with a potential for catastrophe for those who live there. The United States has pledged its efforts to achieve a peaceful transition to majority rule in Rhodesia and Namibia, but time is fast running out for the implementation of constructive proposals. This report sets out the economic conditions of the countries of southern Africa in some detail, and thus provides the basis for an evaluation of their economic needs and the possible role of U.S. assistance.

This report was written by Frank Ballance, Special Assistant for Economic Affairs for Senator Jacob Javits, and Constance Freeman, of the staff of the Foreign Relations Committee. Both have lived in Africa for several years and have travelled there extensively. Their report is based primarily on a three week trip in May, 1976 to Zambia, Mozambique, South Africa, Tanzania and Zaire. In these countries the staff met with U.S. Embassy officials, host government officials, parliamentarians, UN personnel, newspaper editors, and other informed observers. In addition, interviews in the United States and extensive research in the available literature contributed to this report. The report was written during the month of June after their return, and thus does not include certain recent developments, such as the proposals made by the Windhoek Turnhalle constitutional conference.

The Subcommittee hopes that this report will be a useful addition to knowledge of this important part of the world. The views expressed in the report are those of the authors and do not necessarily represent the views of the Subcommittee members.

HUBERT H. HUMPHREY.

THE POLITICAL AND ECONOMIC CRISIS IN SOUTHERN AFRICA

PART I—SUMMARY AND CONCLUSIONS

In the eyes of Africans and much of the rest of the world the Angolan crisis of late 1975 and early 1976 marked the beginning of the final phase of Africa's transition to black majority rule. Similarly, the awkward results of the U.S. involvement in Angola precipitated a search for a U.S. policy appropriate to the peculiar demands of this stage in Africa-United States relations. Angola lit the fuse for further dramatic confrontations between black and white and East and West in southern Africa. Since that time negotiations over Rhodesia have broken down and guerrilla incursions have intensified. South Africa has experienced bloody race riots reminiscent of the "Sharpeville massacre" of 1960, and substantially more dangerous for the country's future.

Secretary of State Henry Kissinger's trip to Africa in April, 1976, in the wake of Angola represented the first major shift from the policy established in 1969—the modified option 2 of National Security Study Memorandum 39—which stressed relaxation of pressures on white southern African regimes with a view toward encouraging concessions to the black populations and the presumed rejection of violent actions by the latter. The United States had more actively supported the black governments and movements during the 1960's. Secretary Kissinger's statements in Lusaka pledged U.S. support for majority rule in Rhodesia, and assistance to countries working to bring this about. His subsequent talks with Prime Minister John Vorster of the Republic of South Africa in June indicates that the Secretary believes that South Africa has an important role to play in the resolution of the explosive problems of this region—although itself part of the overall problem.

Since the Angolan misadventure, U.S. Government statements regarding Africa have reflected both a deep concern about possible Russian intervention and domination in the region and a renewed commitment to the peaceful achievement of majority rule. Secretary Kissinger's Lusaka statement synthesized these dual goals by emphasizing Western action to promote moderate black governments in the region as a bulwark against Communist inroads.

The Soviet Union has gained prestige among some African governments because of its support for the winning faction in Angola. Observers often speculate that the U.S.S.R. would further welcome the opportunity to increase its influence in southern Africa by supporting other African liberation groups. The Chinese have recently had closer ties than the Soviets to Tanzania and Zambia, and now to Mozambique, largely as a result of their support for FRELIMO in its struggle against Portuguese rule. However, the Soviet Union probably is the

only member of the Communist world which has the military capacity to lend decisive weight to the struggle of the liberation movements. Prolonged warfare or intervention by outside forces, most notably those of South Africa, to assist Rhodesia could lead to major Soviet arms supplies and possible use of Cuban troops.

U.S. understanding of the forces at work in southern Africa will have a direct bearing on the formulation and implementation of any new U.S. policy in that region. The pace of events since Angola suggests that little time remains for decision-making or the launching of new programs. U.S. economic assistance to the countries of this region would provide a symbol of support for moderate policies. Further, although the economic problems of countries in the area are very serious, even relatively small amounts of U.S. aid could be targeted to deal with particular economic and administrative deficiencies of the recipient countries.

THE RHODESIAN CRISIS

Since the Unilateral Declaration of Independence (UDI) by the present Southern Rhodesian regime in 1965, international action coordinated through the United Nations has attempted to use economic sanctions to pressure the minority government toward concessions aimed at majority rule. South African support for Rhodesia—as well as violations by numerous other countries—vitiated the effect of sanctions on Rhodesia. The major victim of sanctions has, instead, been Zambia, whose economy was closely linked to its southern neighbors.

The Portuguese revolution in 1974 set in motion a chain of events which resulted in independence for Mozambique and Angola and a major shift in the balance of power in southern Africa. Many Rhodesian blacks have grown increasingly disillusioned with the prospects of obtaining any major share in the government and economy of their country. Numerous attempts at negotiations, both between the United Kingdom and Rhodesia, and between the Rhodesian whites and blacks, have ended in failure—the latest being Joshua Nkomo's widely publicized talks with Rhodesian Prime Minister Ian Smith, which collapsed in March of this year. Since then, all sides have been preparing for military action, and armed confrontations are steadily increasing.

The Rhodesian (Zimbabwe) nationalist movement has become increasingly fragmented over the past few years, however. In 1974 the four black Rhodesian political movements were consolidated through outside African pressure under the African National Council (ANC) umbrella. This artificial creation never enjoyed extensive popular support among "liberation" group members. It has now shattered and power seems to be passing to a nebulous leadership group within the military wing of the movement.

There is increasing pessimism in Africa and among African experts about the possibility of peaceful transition to majority rule. The Rhodesian whites remain opposed to all except minimal changes; despite external pressure, they seem to feel that they can hold out indefinitely. Although the Zimbabwe People's Army seems too small and ill-equipped to dislodge the white government at the present time, it has managed to bomb the rail links with South Africa and occa-

sionally to penetrate close to the capital of Salisbury. At a minimum, the guerrillas appear to be gaining sufficient strength to cause further disruption, leading to economic and political erosion within Rhodesia. This is the perhaps inevitable result of the failure of earlier efforts to bring about a peaceful transition. In this context all-out efforts to moderate the conflict are a primary means—and probably a last chance—to avoid possible tragedy both for Rhodesia and its neighbors.

Many African countries have made the achievement of majority rule in Rhodesia a key foreign policy goal. At great cost to itself Zambia closed its border with Rhodesia in 1973, and Mozambique followed suit this year several months after its own independence. Tanzania, Zambia, and Mozambique have all given sanctuary to Zimbabwe nationalist groups and fighters since UDI, and the armed struggle is currently being waged across the borders of Zambia and Mozambique. The Presidents of the four most involved countries—Zambia, Tanzania, Mozambique, and Botswana—serve as a coordinating and consultative group assisting the nationalist factions in their dealings with the outside world. Although bitterly opposed to South Africa's apartheid policies the four "front-line" President were pragmatic enough to recognize South Africa's influence over Smith's government. This group gave its blessing to the efforts of Zambian President Kenneth Kaunda and Prime Minister Vorster to bring together the contending parties. However, cooperation with South Africa broke down following the collapse of negotiations and South African intervention in Angola.

Some well-informed South Africans appear to recognize that it is no longer in South Africa's self-interest to shore up the white minority government in Rhodesia, because a further radicalization of the Zimbabwe liberation movement threatens to have ramifications in South Africa. Nevertheless, the inconsistency of promoting majority rule for Rhodesia while denying it to South African blacks confronts the South African Government with a dilemma. South Africa's conservative white electorate inhibits development of any policy which would appear to abandon the Rhodesian whites. Thus, while South Africa is unlikely to send its own troops back into Rhodesia, there are limits on how much political or economic pressure it is willing to exert against the Smith regime.

NAMIBIA

South Africa's dilemma is compounded by growing international pressure to withdraw from Southwest Africa (Namibia), a former League of Nations mandated territory, whose current occupation by South Africa has been declared illegal by the International Court of Justice. This pressure and the recent independence of surrounding countries have led the South African Government to accelerate its timetable for self-rule in Namibia and to reconsider the wisdom of directly applying its domestic policy of "separate development" to Namibia.

Constitutional talks based on ethnic group representation are currently underway in Namibia's Capital, Windhoek, with the objective of establishing a federation of semi-autonomous ethnic areas. South

Africa's refusal to accept participation of the black political party recognized by the United Nations and other countries and international groups. SWAPO (South West African People's Organization), as the representative of the Namibian people, casts doubt upon the ultimate acceptability to all concerned parties of any formula agreed to by the Conference. Most observers believe that SWAPO's inclusion may be necessary if the talks are to be successful. Meanwhile, SWAPO incursions over the Namibia borders from Angola are increasing. SWAPO's military efforts, because of its relatively low level of preparedness, and the fact that Namibia's terrain is not very favorable for guerrilla warfare, are substantially less advanced than those of the Rhodesian guerrillas.

HOMELANDS IN SOUTH AFRICA

The South African Government's policy of separate economic and political development for blacks has led to the creation of tribal homelands theoretically destined for political independence. These ten homelands now consist of 113 separate land fragments comprising 13 percent of the South African land area. The largest and least fragmented of these, the Transkei, is scheduled to be granted independence on October 26, 1976. Most African governments regard the homelands as a logical extension of apartheid and have announced their refusal to recognize the independence of the Transkei. The recent and ongoing urban unrest in the Republic of South Africa is making it more difficult for the South African Government to convince other countries that separate development satisfies the aspirations and needs of its non-white population.

U.S. POLICY ACTION

A common reaction in Africa to the Kissinger pronouncements has been the observation that the failure to follow up U.S. policy statements with positive action would generate renewed skepticism among Africans about that policy.

In this connection, the question of whether and how pressure is to be applied against Rhodesia is widely viewed as one of the most immediate tests of U.S. policy. Many Africans regard the repeal of the Byrd amendment, which permits continued U.S. importation of Rhodesian chrome ore and other "strategic" materials, as the most important step which the U.S. could take. In the eyes of much of the world, this legislation makes the United States the only U.N. member in official and open defiance of U.N. sanctions against Rhodesia.

South Africa has great scope for applying pressure on Rhodesia, and many people, including supporters of South Africa, argue that it is in South Africa's self-interest to do so. Some observers have suggested that the United States could stress this point in its discussions with South Africa instead of debating the possibility of United States concessions—for example, recognition of the Transkei and increased trade and investment, including the provision of nuclear materials for "peaceful purposes"—in exchange for South African economic pressure against Rhodesia.

The economies, and thus the fortunes, of south-central Africa were tightly interwoven during the colonial period. The Republic of South Africa, as the only industrial economy in the region, exported its goods and trained technicians to the surrounding countries, and absorbed unskilled surplus African labor from the same countries. The mineral wealth of Rhodesia, Zambia, and Zaire made necessary and possible the development of a network of rail lines reaching both the Atlantic and Indian Oceans. The former Portuguese colonies of Angola and Mozambique were firmly integrated into this system, and their ports served as channels for the exports of the interior.

There are numerous examples of the economic interdependence which Southern Rhodesia and Zambia (Northern Rhodesia) developed during the ten years of federation prior to 1964. At the time of Zambia's independence in 1964, its oil supplies came from Rhodesia via a pipeline from Beira, Mozambique, to Umtali, Rhodesia. Its power supplies were generated on the Rhodesian side of the Kariba Dam. The airline and railroad were an integrated system with Southern Rhodesia. Most skilled personnel running Zambia's copper mines were white Rhodesians and South Africans. Since 1964 such links have become increasingly disrupted at great cost to all the countries of south-central Africa. These problems have been exacerbated by the world-wide recession and declining commodity prices.

Zambia, Zaire, and Mozambique need external economic assistance of all kinds, particularly balance of payments support to cover unprecedented deficits, in large part caused by the application of sanctions against Rhodesia. The U.N. estimated that the cost to Zambia of the closing of its border with Rhodesia from 1973 through 1975 is \$330 million. Mozambique just closed its border in March 1976, and the cost of this action in the first year, as estimated by the United Nations, is \$140-165 million. Zaire's economic crisis is primarily the result of a combination of mismanagement and world-wide recession but events in Rhodesia could intensify Zaire's troubles if all transit routes to the south were to be closed.

Other countries in the region not directly affected by sanctions also need external assistance. Botswana's economy would be badly hurt if it applied sanctions by closing the border with Rhodesia, since Rhodesia Railways is its single link with the outside world. Tanzania has played a key role in the struggle for majority rule in southern Africa. While the primary reasons for its current economic problems are a poor resource base and recessionary pressures, it has also borne some of the costs resulting from the redirection of Zambia's transport routes northward.

Secretary Kissinger stated in Lusaka that the U.S. was "ready to help alleviate economic hardships for any countries neighboring Rhodesia which decide to enforce sanctions by closing their frontiers." In particular, \$12.5 million was pledged to Mozambique.

The Congress recently authorized \$75 million for southern Africa in the International Security Assistance Act of 1976. Zambia and Zaire could each receive \$27.5 million in balance of payments support. The remaining \$20 million is undesignated, but it is understood that it would be used to assist other affected countries in the region. Potential uses for the \$20 million include economic support to offset the

impact of the sanctions on the Mozambique and Botswana economies, training programs for refugees from Rhodesia and Namibia, regional transport and communications, general refugee assistance, and advance planning to deal with the economic consequences of the transition to majority rule.

The needs of the southern African region are vastly in excess of the assistance currently under consideration. This assistance would provide, however, a visible demonstration of United States support for those southern African countries whose economies have suffered from their support for majority rule in Rhodesia. Whether such assistance will have more than symbolic value will depend both upon how it is used and whether it is augmented by additional aid in subsequent years. If the situation continues to deteriorate, both the needs of these countries and their requests for foreign assistance will no doubt increase.

There are closely related aspects of the southern African crisis which are not amenable to direct economic assistance. Some observers argue that the United States should apply greater diplomatic and economic pressure on South Africa to withdraw support for the Rhodesian whites and to reform its own system of apartheid. Others argue against increased United States involvement of any kind. Secretary Kissinger's June 1976 talks with Prime Minister Vorster indicate an opening of official communication channels which might eventually also involve South African blacks directly.

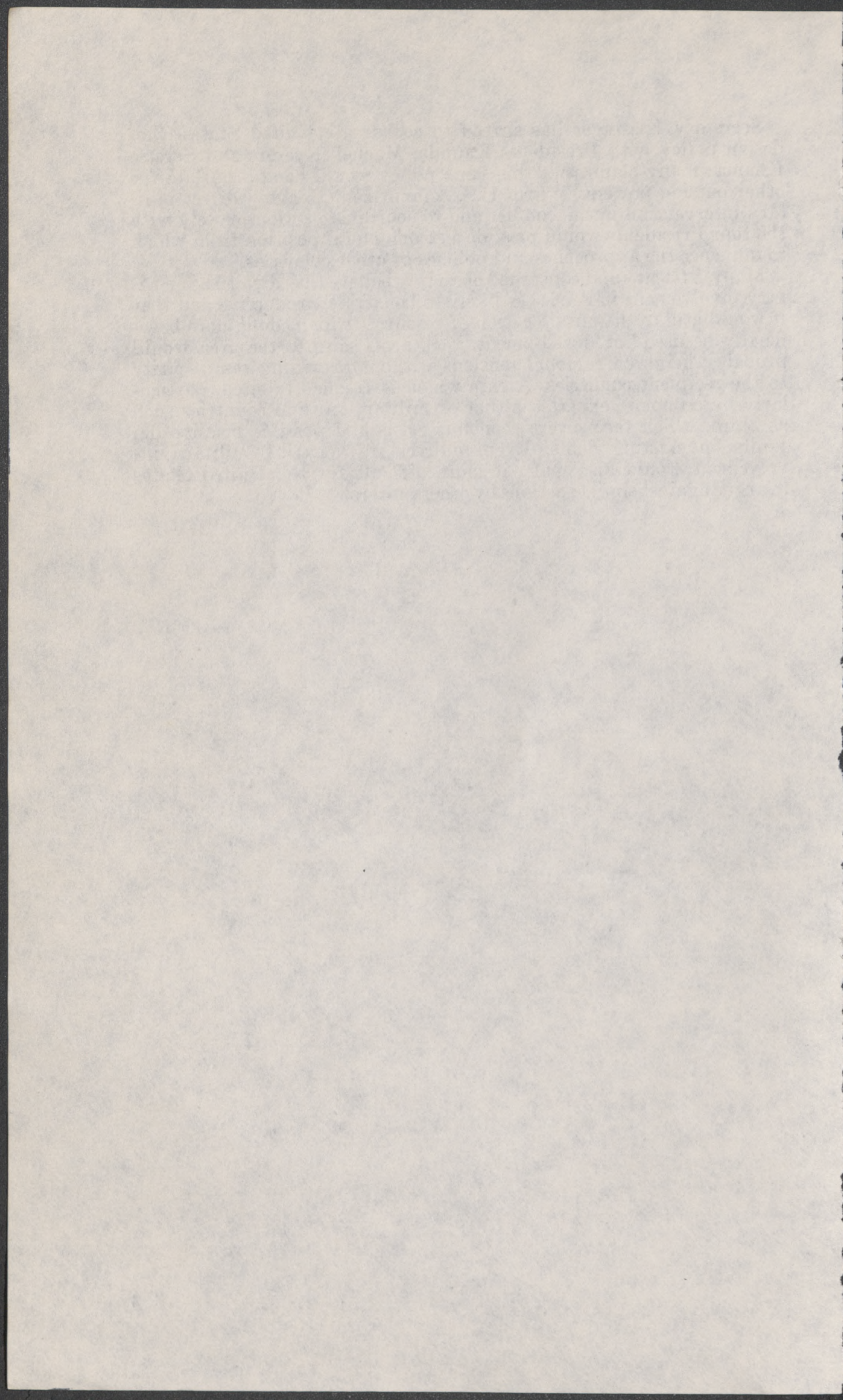
In the eyes of black Africans another crucial test of U.S. policy will be whether or not the United States recognizes the independence of the Transkei in October 1976. Recognition could be interpreted as an acceptance of the policy of separate development. In the same vein, most of the world community is unlikely to accord recognition to an independent Namibia unless such independence has been achieved through the full participation of indigenous political groups.

In spite of continuing hopes for a negotiated settlement in Rhodesia, there is a broad consensus that violent resolution of the conflict is more likely. The longer the struggle drags on, the more important the military leadership elements within the liberation movement are likely to become and the less likely they will be to accept a settlement achieved by the present political leadership. Informed observers believe that as the situation develops, it will be important for the United States to develop widespread contacts with all involved parties and not to align itself with any one black Rhodesian faction or individual. Avoidance of hostility to any one faction may help the United States to prevent an impasse similar to that which characterizes U.S. relations with Angola.

While it is recognized in southern Africa that the U.S. is unlikely to provide military assistance, African observers point out that there are other ways in which the United States could demonstrate a positive attitude toward liberation forces. More importantly, the United States could refrain from assisting the Rhodesian white government. It might also provide medical and educational assistance to liberation groups, or even financial assistance to enable them to explain their views abroad.

Secretary Kissinger has agreed to coordinate United States-Rhodesian policy with Presidents Kaunda, Machel, Nyerere and Seretse Khama; many claim that this same policy would be appropriate for other outside powers. A firm U.S. commitment to avoid direct military intervention in the conflict and to coordinate actions closely with the four Presidents would provide a strong moral position from which to influence the approaches and policies of other countries.

Many Africans and concerned observers believe that direct U.S. military involvement in Africa is likely to be counterproductive and that it would lead to the misallocation of resources which could more beneficially be used for development. U.S. arms sales to the area would probably heighten regional tensions without providing real security to the recipient countries. A case which is frequently cited, particularly by economic experts, is that of military sales to countries such as Zaire, which face severe economic crisis and possible massive defaults on existing debts. Even indirect further U.S. military involvement would also make it more difficult for the United States to argue against similar actions by other powers.



PART II—POLITICAL SITUATION IN SOUTHERN AFRICA

THE RHODESIAN CRISIS

The 1976 breakdown in the Joshua Nkomo-Ian Smith negotiations reduces hopes for a speedy negotiated settlement of the Rhodesian crisis. Pressures are increasing within Rhodesia as escalating guerrilla attacks penetrate deeper into the country. At the same time, the African liberation forces themselves are in disarray. The attempt to unify the four key movements under the ANC umbrella appears to have failed and political leaders are spending most of their time trying to supplant each other.

Reportedly disillusioned with attempts to negotiate, and with the ineffectualness of non-violent political efforts, the guerrillas have formed their own "third force" which recognizes the leadership of an eighteen-man command. Who commands this group is, however, unclear. The shifting alignments and multiple conflicts within the Zimbabwe nationalist groups are complex, but an understanding of them is important to an assessment of the future of Rhodesia.

Virtually all informed observers believe that majority rule in Rhodesia is inevitable. The issue is when and how it occurs. Who leads and controls the army and who ultimately concludes the arrangements for transition to majority rule will have a significant impact upon the structure and ideology of the resulting Zimbabwe regime. This in turn will influence events in Namibia and South Africa.

There is evidence that the focus of power within the liberation movements has shifted to the military. And there are indications that the potential military leadership is more radical in its economic and political thinking than any of the old political leaders. There is a consensus that a negotiated settlement by Nkomo, or someone with his laissez-faire approach, is likely to result in a society that would be viewed more favorably by the United States and South African governments than a society born out of a protracted and increasingly violent struggle. But there is declining belief in the likelihood of any such settlement.

The four Presidents' (Kaunda, Nyerere, Machel and Seretse Khama) most immediate commitment is to a speedy transition to majority rule, but there is evidence that they are also acutely aware that the characteristics of the transition and its Zimbabwe leadership will affect the ultimate outcome. Kaunda has tended to favor Nkomo, and Machel the military. The positions of Nyerere and Seretse Khama are less clear. All four have attempted to moderate leadership struggles in the past and are likely to continue to influence them. The struggle for control of Zimbabwe is in a state of flux. Yet some insights into possible outcomes may be provided by examining the roots of the struggle, including how and why old leaders are being discredited and who the new ones might be.

THE GENESIS

Europeans have been resident in Rhodesia for less than a century. They first arrived in 1890 when the Prime Minister of the Cape, Cecil Rhodes, sent British troops to conquer the indigenous Shona and Matebele tribes. Southern Rhodesia became a crown colony with internal self-rule in 1923, but perhaps half of the present white population (approximately 270,000) arrived after World War II and 10-15 percent after the independence of the former Portuguese colonies.

Southern Rhodesia was linked with Zambia (previously Northern Rhodesia) and Malawi (Nyasaland) in a Central African Federation in 1953. This was strongly opposed by the Africans and subsequently disbanded in 1963 when Zambia and Malawi became independent. At the end of that period Ian Smith's Rhodesian Front defeated its more liberal predecessor and became the Government Party. Smith opposed political concessions to blacks. In 1965 the Rhodesian Front issued a Unilateral Declaration of Independence (UDI) from Britain and instituted a rigorous system of racial discrimination.

African resistance to European rule dates back to Rhodesia's initial colonization. Indeed, the Shona group of tribes still blame the Matebele tribe for selling out to the British after the Matebeles themselves had conquered the Shona in the early 1800s. Contemporary organized opposition to white rule in Southern Rhodesia originated in 1957 when the first nationalist political party was formed. Its first task, together with similar parties in neighboring countries, was to oppose the Federation.

THE LEADERSHIP CONFLICT AMONG AFRICAN POLITICAL PARTIES

The Four Groups

During the 1960s and early 1970s four major political parties or groups developed among Africans in Rhodesia. They all grew out of the Zimbabwe African People's Union (ZAPU) which was founded by Joshua Nkomo in 1961. ZAPU in turn was the successor of a series of movements created by Nkomo and banned by the Rhodesian Government.

The first serious split in 1963 resulted from a leadership conflict between Nkomo and Rev. Ndabaningi Sithole. Sithole formed a new party, the Zimbabwe African National Union (ZANU), whose membership was primarily composed of Shona ethnic groups. Contention between the two groups continued and they were both banned and their leadership detained in 1964. ZAPU reorganized underground and continued to build a political and organizational structure within Rhodesia: it also established an external office in Dar es Salaam. The locus of ZANU activity shifted abroad when the detained Central Committee delegated authority to Herbert Chitepo, who had been elected ZANU National Chairman in 1963. ZANU subsequently shifted its base from Dar es Salaam to Lusaka in 1966.

Two new groups entered the scene in 1971. Ongoing leadership conflicts within ZAPU and ZANU resulted in a further breakoff of a group which formed a third party, the Front for the Liberation of Zimbabwe (FROLIZI), under the leadership of James Chikerema

and George Nyandoro. This group never developed a large following.

The fourth group, the African National Council (ANC), did not start out as a political party but rather as a forum to contest the constitutional settlement proposals of 1971. It was generated largely out of the internal ZAPU organization but also had ZANU support. A churchman viewed as a moderate, Bishop Abel T. Muzorewa, was chosen to head ANC. He succeeded in defeating the settlement proposals and continued to negotiate with Smith until 1974.

The Evolution of Unity Under the ANC Umbrella

During the autumn of 1974, President Kaunda of Zambia and Prime Minister Vorster of South Africa began to discuss the possibilities of a peaceful settlement of the Rhodesian conflict. Although far apart politically, their interests coincided through Vorster's newly launched policy of détente with black Africa and Kaunda's hope that the impending independence of former Portuguese colonies would temper Rhodesian white intransigence. Kaunda and Vorster persuaded Ian Smith's government to release both Sithole and Nkomo from prison so they, together with Muzorewa, could participate in talks with the Presidents of Zambia, Tanzania and Botswana about the possibilities of a negotiated settlement.

A precondition for successful negotiations seemed to be unity among the four contending factions. There was, however, initial resistance to moves toward unification. Before his release from prison in 1974, Sithole had been relieved of his position as President of ZANU and replaced by the former Secretary General, Robert G. Mugabe. Sithole was subsequently reinstated but his relationship with Mugabe continued to be uneasy.

Much of the external wing of ZANU, including Chitepo, opposed unification with the other groups. The militants, in particular members of the Karanga tribe, led by Joshiah Tongogara, maintained that military efforts were succeeding and negotiations would simply delay progress. In addition, unity might mean sharing leadership with those who had not previously participated in the fight. Sithole received the backing of some of those who favored a political solution (largely Manyikas), but the militants never acceded to the merger.

A final source of contention revolved around FROLIZI. Nkomo tried to convince Chikerema and his group to return to ZAPU since FROLIZI continued to be small and weak. Chikerema refused and demanded instead an equal share in the leadership with the other groups. This continues to be resented by the others.

These difficulties were superficially resolved; an agreement to merge the four groups under the banner of the ANC and interim presidency of Bishop Muzorewa was reached in early December, 1974. The other three leaders (Sithole, Nkomo and Chikerema) were included in an enlarged executive until a Congress could be called to adopt a revised ANC constitution and formally elect the ANC leadership. The aims of the new ANC were: (1) To continue the struggle until liberation had been achieved and (2) to prepare for any constitutional conference which would establish a system allowing the equal political participation of all adults. Smith agreed not to redetain Sithole and Nkomo and the Organization of African Unity recognized the ANC as the sole representative of the Zimbabwe liberation struggle.

The Disintegration of Unity

A significant number of ZANU members, especially those representing the military, never acknowledged the ANC umbrella. They retained their own ZANU organization and continued the armed struggle, even though the ANC had committed them to a cease-fire. At the same time, this ZANU group experienced a period of internal strife. While unity talks were taking place in late 1974, a group of disaffected, Mozambique-based ZANU soldiers marched on Lusaka where they kidnapped various liberation group leaders and allegedly killed a number of other people. This was ostensibly a protest against conditions in the military camps. It was contended that this so-called Nhari Rebellion was supported and possibly initiated by some of the Lusaka based leadership (largely Manyika). The external leadership council of ZANU (Dare re Chimurenga) severely disciplined the soldiers who participated in the raid and expelled the suspected leaders from the party. Some of those disciplined were subsequently killed or disappeared.

By early 1975, the leadership in both the Dare and the Military High command had become predominantly (approximately 80 percent) Karanga. The Chairman of the Dare, Chitepo, was the only remaining Manyika. He was assassinated on March 18, 1975 just after returning to Lusaka from Malawi, where two of his Karanga colleagues had been arrested.

After the funeral the Zambian Government detained approximately 50 leaders of ZANU including Josiah Tongogara, the Chief of Defense. Other prominent Karanga figures who were detained include: Cletos Chigowe, Chief of Intelligence; Kubirai Kangai, Secretary of Labor; Rugare Gumbo, Secretary of Information; and Henry Hamadziripi, Secretary for Finance. About 1,000 ZANU members were also shipped off to a remote camp, and subsequently sent to Malawi after a series of conflicts with the Zambian police.

A number of interpretations have been given of this chain of events. An international commission set up by the Zambian Government to investigate Chitepo's assassination reported that these events were the result of an attempt by the Karangas, and notably Tongogara, to consolidate their leadership position within the Dare and the Military High Command. The Report notes that those who were expelled from the party after the Nhari Rebellion were from the rival Manyika group. Chitepo, although also a Manyika, had not openly opposed their expulsion. Nevertheless, those Karangas who were attempting to consolidate power may have viewed Chitepo's knowledge about their activities as a threat. Further, according to the Commission, Chitepo's abandonment of his Karanga colleagues in Malawi detention was an additional source of resentment.

ZANU rejects this interpretation, maintaining that Chitepo might have been assassinated by the Manyikas because he failed to oppose the expulsion of his Manyikan friends from the party. ZANU further alleges that since Chitepo continued to oppose ANC unity he was more likely eliminated by a coalition of forces who saw him as a stumbling block to unity (Zambia) and others who wanted to throw the ZANU leadership into disarray (South Africa and Rhodesia).

Although nominally a member of the political leadership of the ANC, Robert Mugabe never fully approved of unification. After Chitepo's death and the redetention of Sithole by Smith in April, 1975, Mugabe called for ZANU to withdraw from the merger and strongly defended the Military Council when its members were arrested in Zambia. He left Rhodesia in the spring of 1975, and returned to Mozambique where he worked with the military. It was Mugabe's assumption that following Sithole's release the latter would raise money and supplies for the troops. When the expected material had not arrived after a year, Mugabe went to Europe, denounced Sithole and the entire ANC, and started his own fund-raising efforts. Mugabe has recently been elected Secretary General of ZANU.

The core leadership of the ANC (Muzorewa, Sithole, Chikerema and Nkomo) also split apart during 1975. After Sithole had been released from detention to attend the OAU Foreign Minister's Conference in Dar es Salaam and the Commonwealth Prime Ministers' Conference in Jamaica, he and Muzorewa decided they were likely to be detained if they returned to Rhodesia. Nkomo went back alone and started to negotiate with Smith and plan for a Congress to elect permanent leaders. The other three leaders considered the plans for a Congress to be an Nkomo plot to usurp leadership, since they could not go to Rhodesia. Sithole therefore acknowledged the continuation of Muzorewa's ANC presidency and proceeded to organize a Zimbabwe Liberation Council (ZLC) to conduct the armed struggle.

Relations continued to be very tense when the four leaders met again at the abortive Victoria Falls talks in August, 1975. When Sithole announced the formation of the ZLC, with himself as Chairman and Chikerema as Secretary, in September, Nkomo refused to recognize it as a valid institution. He proceeded to hold a National Executive Committee Meeting to plan for a Congress in Rhodesia and Muzorewa expelled him from the ANC. Nevertheless, Nkomo held the Congress and it elected him president of the ANC. The other three leaders did not recognize the Nkomo presidency nor the ZLC so the split was solidified. Nkomo continued to attempt to negotiate with Smith until March, 1976, and the others traveled around the world supposedly building support and collecting supplies for the army.

THE ARMED STRUGGLE

Going back to 1965, the Unilateral Declaration of Independence convinced both ZAPU and ZANU that they would have to fight for majority rule. The external wings of the two parties started training programs for guerrillas and ZANU launched its first offensive in April, 1966, at the so-called battle of Sinoia. Although ZANU forces were completely routed they continued guerrilla incursions until 1970. These military efforts were not very successful, and the acting head of ZANU, Chitepo, called for a retrenchment. Fighting was resumed in 1972 when ZANU began to cooperate with FRELIMO in Mozambique and opened up the northeastern front through Zambia.

Military actions of some ZANU guerrillas continued during the ceasefire declared by the ANC in 1975, although conditions in the guerrilla camps were very arduous. Supplies were not getting through

and much of the military leadership was in jail in Zambia on suspicion of assassinating Chitepo. Sithole and Muzorewa tried to establish control over the rebellious guerrillas after revolts in both the Tanzanian and Zambian camps by establishing the 21-member Liberation Council (ZLC). However, the guerrillas were not effectively consulted about the council. In addition, Noel Mukomo, who was ZANU "Secretary of Defense" before Tongogara and suspected by the Karangas of starting the Nhari rebellion, was appointed to it. Consequently, many guerrillas did not recognize the ZLC and proceeded instead, in late 1975 with encouragement from the four Presidents, to establish their own unified military command.

The great majority of the fighting forces in this new "unified" army, Zimbabwe People's Army (ZIPA), come from the old military wing of ZANU (ZANLA), which was largely Karanga controlled. A joint ZANU/ZAPU command has been set up. It is not clear whether the command consists of nine commanders from ZANU and nine from ZAPU or twelve and six respectively. The leadership of the seven Departments of Command is also shared. If the Director is from one party, the Deputy comes from the other. Despite this formal structure, informed observers question the degree of and commitment to unity. Some of these observers allege that ZANU accepted this structure in the expectation that Tongogara would be released and consequently feels betrayed since he is still being held by Kaunda. The ZAPU forces are quite small and probably make up only 10 per cent of ZIPA. Reportedly some ZAPU members are convinced that ZANU still controls the army and are therefore considering pulling out of ZIPA.

Personality clashes played an important role in previous splits among Zimbabwe liberation groups so the identity of the commanders is not being publicized. It is fairly certain, however, that Rex Nhongo is the head of the nine ZANU commanders and perhaps of the overall Central Command. He was the ZANLA Field Commander at the height of the northeastern front offensive through Zambia. He is also a Karanga and a close associate of Tongogara. The Commission report on Chitepo's death states that he made the bomb which killed Chitepo. And it is thought that Tongogara continues to direct the operations of ZIPA from jail through Nhongo. As the Secretary General of ZANU, Robert Mugabe has also continued to maintain influence within the army although he is a Manyika. It is uncertain whether he is actually one of the commanders.

No one, including the commanders themselves, seems to know exactly how many troops ZIPA has or where they are located. The estimates range from 2,000 to 20,000. There are probably about 1,000-5,000 operating within Rhodesia or just inside the Mozambique border. Guerrilla strikes have occurred in the south on the Beitbridge-Victoria Falls road and on both the Botswana and direct South African railroads. There have also been incidents all up and down the Mozambique border and close to the capital city of Salisbury. ZANU officials claim they have 20,000 troops in training in Mozambique and Tanzania and sent 700-3,000 out to the operational bases in May, 1976. Even the Rhodesian Government asserts that the number of guerrillas has increased from 100 in 1964 to 10,000 in 1976.

The largest concentration of troops is in Mozambique, although training and especially transit camps continue to operate out of Tanzania. There are some ZAPU troops left in Zambia. Kaunda expelled the ZANU cadres, however, after Chitepo's assassination and the subsequent unrest in ZANU camps. The northern front in Zambia was closed during most of 1975, but has recently been reopened. There is also some discussion about opening a new front from Botswana.

A number of outside groups are assisting ZIPA. FRELIMO support on all levels as far as the Mozambique-Rhodesia border has been essential to it, especially in the area of discipline. The Soviets have traditionally assisted ZAPU and are now reported to be channeling supplies through FRELIMO. Some Chinese instructors are said to be in the Mozambique camps but Chinese influence declined after they elected not to play an active role in Angola during late 1975. ZANU has historically obtained training and assistance from China and Tongogara was trained there. The Cubans and some eastern Europeans are also providing technical and training support but there are apparently less than 200 Cubans in Mozambique. There seems to be a widespread feeling that Africans must wage their own revolution and that Cuban support similar to that received by Angola would be undesirable. Finally, Tanzania recently sent 1,500 troops to help Machel keep order, and Nigeria and Zambia have been talking about sending some of their own forces.

INTERACTION BETWEEN THE ANC AND THE ARMY

There has been a great deal of debate about whether ZIPA, which is also called the "third force", continues to acknowledge the political leadership of the ANC or even part of it. Both Sithole and Muzorewa publicly accepted the Chitepo report and blamed tribalism and particularly the Karangas for the unrest within the army. The ZLC was established without consulting the Karangas who appear to be predominant in the army—the ZIPA high command was set up without the backing of the ANC political leadership.

Starting in November, 1975, some members of the army wrote to interested parties such as Tanzania, Mozambique and the OAU Liberation Committee repudiating and denouncing the political leadership for allegedly failing to assist the army and misusing funds raised to support the armed struggle. The precise source of and support for these communications is not clear. Reliable sources believe that the political leadership has spent little time in the camps, either because they have been barred by Machel or felt threatened by members of ZIPA itself.

Parts of the former ZANU forces have never recognized the ANC leadership. The majority of former ZAPU members, however, were loyal to Nkomo and may still be supporting his leadership. If, as is often claimed, the military is now dominant and if the military now has established its own leadership, it seems unlikely that the current political leadership will have an opportunity to play a very significant role, at least until (or if) it once again becomes possible to negotiate.

THE POSITIONS AND REACTIONS OF SURROUNDING STATES

The on-going Rhodesian conflict has had an impact upon both the economies and politics of most of the surrounding states and they in turn have become important players in the efforts to resolve the problem. The most active and affected of these states include Zambia, Mozambique, Tanzania and South Africa.

Zambia

Zambia has used diplomatic/economic and supported military means to resolve the situation in Rhodesia. Best known, perhaps, are its diplomatic and economic efforts to pressure Smith into accommodating some of the demands of the blacks. At great cost to itself, Zambia closed its border with Rhodesia in 1973 to all except Zaire-bound traffic. Subsequently, Kaunda, together with Vorster, was a key force in laying the groundwork for negotiations between the liberation movements and the Rhodesian Government in 1974. Zambia was also the major theatre of military operations of the external wing of ZANU from 1966 until 1975, and the northern front offensive was waged across its borders after 1972. The other groups also had offices in Zambia and carried out some of their limited operations there.

These two approaches began to conflict in 1975 when many of the Zambian-based ZANU members refused to recognize either unity under the ANC umbrella or the negotiations Kaunda had worked so hard to set up. After the Nhari Rebellion and Chitepo assassination Kaunda closed the northern front and rounded up the ZANU guerrillas, subsequently sending them to Mozambique. They have not been allowed to operate out of Zambia since that time. Kaunda also detained much of the ZANU military leadership and closed the ZANU, ZAPU, and FROLIZI offices in Lusaka. The only liberation force which continued to be recognized was the ANC. However, after Muzorewa and Sithole threw Nkomo out of the party in the fall of 1975, Kaunda expelled them from their Statehouse offices to more remote quarters outside Lusaka.

Until the negotiations were terminated in March, 1976, Kaunda seemed to favor Nkomo. Experienced observers believe that this support probably derived not only from Kaunda's commitment to a negotiated settlement but also from his sense of comradeship with Nkomo, since they are both "old-line" moderates. Aaron Milner, an influential and close associate of Kaunda, has also backed Nkomo. Both Milner and most of ZAPU are members of the Ndebele tribe.

Kaunda has been criticized within Zambia for being both too radical and too conservative in his policy on southern Africa. There appear to be a number of people in the middle class who want to reopen the Rhodesian border for economic reasons. It is also rumored that South Africa has provided significant amounts of direct economic assistance to Zambia. Some limited aid was sent to the rural reconstruction camps and the February issue of "African Development" which contained an article about South African assistance to Zambia, was kept off the newsstands in Zambia. It does not appear that significant amounts of aid have been accepted although there are strong indications that the possibility was seriously discussed.

Opposition from those who believe Kaunda to be too conservative, i.e., the left, has not been particularly effective. This point of view was centered in the University where there were some student demonstrations relating primarily to support for the MPLA in Angola. Kaunda closed the University in February, 1976, and detained a number of lecturers and students who were suspected of attempting to radicalize the other students. The causes for this action appear to relate to both internal University politics and external political issues. The foreign lecturers were deported and the University has reopened.

After the negotiations broke down in March, Kaunda again pledged himself to support the armed struggle; the northern front was reopened in June, 1976. He is still keeping the ZANU/Karanga military leaders in detention. It would be difficult to release them since the Chitepo Report, which Zambia commissioned, specifically identified them as Chitepo's assassins. It is believed that Kaunda may also consider them too radical an element to have at large. Experienced observers have speculated that their continued detention might cause dissension between Zambia and the Third Force or with Machel and Nyerere, who evidently favor newer and more radical leadership.

Mozambique

During its struggle for independence from Portugal, FRELIMO cooperated with and assisted the Zimbabwe liberation forces and particularly ZANU. Since independence the Mozambique Government has continued to play a key role in the growing conflict, including the closure of its border with Rhodesia in March, 1976.

It appears that Machel was never as optimistic about the possibilities of a successful outcome to Rhodesian negotiations as was Kaunda, but he did agree to go along with the others. During the past year the guerrillas have concentrated even more in Mozambique and have continued to obtain FRELIMO assistance. Some observers assert that Machel currently favors the Third Force and military leaders over the political leadership. If true, this position would be consistent with Machel's leftist leanings and his own rise to leadership through the military. Machel and Tongogara were fellow students at military staff college in China.

Machel probably exerts a good deal of influence over the eighteen-man command of ZIPA. He has tried to keep the army isolated from the old party leadership which might promote dissension among them. Muzorewa and Sithole visited the camps in July of 1975 but they have not been there since. Reportedly Machel has restricted Muzorewa and Sithole to Maputo when they are in Mozambique. In early June, Muzorewa stated that he had been "let down" by Machel. Machel in turn announced that the front-line nations and the OAU would now support the Third Force directly because there was so much disunity among the political leadership. In response to Muzorewa's charges that he had been "let down" Machel asserted that no leader "worth his salt" needed permission to visit his own people.

Mozambique is becoming an increasingly important base of guerrilla operations. Nevertheless, Mozambique regards hot pursuit actions across its borders by the Rhodesian security forces as incursions upon its sovereignty. Smith has stated that direct FRELIMO troop involve-

ment in the conflict would elicit a Rhodesian declaration of war against Mozambique. Reportedly, Rhodesia has already bombed guerilla bases in Mozambique and Rhodesian troops have clashed directly with the Mozambique army.

Tanzania

Although Tanzania does not border on Rhodesia, President Nyerere has been one of the strongest proponents of the struggle against the Smith regime. The first external offices of the Zimbabwe liberation groups were established in Dar es Salaam and military training and transit camps have existed in southern Tanzania since UDI in 1965. Tanzania has also strongly enforced sanctions against Rhodesia. For example, travellers with Rhodesian stamps in their passports are allowed to enter Tanzania only under exceptional circumstances.

There is some evidence that Nyerere, like Machel, was skeptical about the possibility of real progress through negotiations and about South Africa's "détente" policy; nevertheless, he agreed to go along with negotiation attempts. He, like Kaunda, closed the offices of ZANU, ZAPU, and FROLIZI and agreed to recognize only the ANC in the spring of 1975. Nyerere now appears to favor the Third Force but his views of the more radical Karanga leadership are not clear. Some observers contend that both he and Machel would prefer the leadership of Tongogara to that of Nkomo.

South Africa

South Africa has supported the Rhodesian Government both economically and politically for a variety of obvious reasons. On the other hand, the coup in Portugal and resultant independence for Angola and Mozambique caused Vorster to intensify his policy of "détente" with black Africa. The Rhodesian conflict is a major stumbling block for this policy. The South African Government has begun to pressure the whites in Rhodesia to become more accommodating to black demands. Hence, Vorster cooperated with Kaunda in initiating the series of talks in 1974 which paved the way for an attempt at negotiated settlement.

There seems to be general agreement among the informed public in South Africa that the Rhodesian whites have neglected numerous opportunities to ameliorate the situation in the past and that they should have started sharing power several years ago. Many South Africans view the appointment of four African chiefs to the Rhodesian cabinet as an important step, but one which came too late. They now believe that the blacks in Rhodesia will only settle for undiluted majority rule, and those who hold this view feel that South African intervention in Rhodesia would be unwise. Interestingly enough, this position has been taken by a number of representatives of the Afrikaaner press.

The South African Government is thought by experienced observers to be reluctantly prepared to accept a black government in Rhodesia, although it would vastly prefer a gradual transition by means of a qualified franchise over a period of years. The latter course is considered preferable because blacks are not thought to be prepared to run the country. A more rapid transition would probably be more acceptable to South Africa if the new government was led by a moderate like

Nkomo who is viewed as more reliable than the other leaders. The South African Government fears a black left-wing government because it might attempt to spread its ideology and commitment to majority rule to South African blacks. In contrast a peaceful transition to a moderate black government might assist South Africa in solving its own problems because it could alleviate some white fears and encourage black moderation.

South Africa withdrew its troops from Rhodesia eighteen months ago. Experienced observers believe that it is unlikely, after the recent Angolan experience, that they will be sent back unless Cuban and/or Russian troops actively join the guerrillas. It is considered possible, however, that the more conservative elements in South Africa could compel the government to become involved if there were massive guerrilla incursions into Rhodesia or numerous white deaths.

On the other hand, it is considered highly unlikely that South Africa will close its border with Rhodesia. This would be unacceptable to those who believe strongly that South Africa should be supporting its Rhodesian "kith and kin." Pressure from the right has traditionally had more impact upon the Vorster government than pressure from the moderates or the left. Furthermore, most South Africans do not believe in the use of sanctions because that policy could too easily be turned against them.

Nevertheless, most observers believe that if South Africa has to choose between its own needs for transport facilities and those of Rhodesia, it will fulfill its own needs first. Informed opinion allows for the possibility of subtle pressure on Rhodesia but believes that it would have to be a carefully orchestrated policy in order to avoid enraging the right wing.

On balance, South Africa will probably continue to put pressure on Smith to accommodate and to promote negotiations with the hope that a moderate government will be the result.

PRESENT SITUATION AND PROGNOSIS FOR THE FUTURE

The final breakdown of negotiations between Smith and Nkomo in March, 1976, left little basis upon which to resume them. Both parties rejected the British proposal for a two-year transition to majority rule; Nkomo because it was too long and Smith because it was too rapid. Some observers contend that the year-long negotiations were a charade to demonstrate to the world that negotiations were impossible. The four Presidents have now agreed that armed struggle is the only available tactic for the immediate future.

Even as both sides build up their forces, the leadership situation among liberation groups remains confused. Nkomo claims that he has significant support within Rhodesia. He probably continues to control the ANC/ZAPU party structure but most of his popular support is limited to the Bulawayo region and the predominantly Ndebele areas. However, the Shona group of tribes compose 4.5 million of the 6 million blacks in Rhodesia and they have traditionally resented the Ndebele.

The politically aware among them have tended to back ZANU. Muzorewa seems to retain the more generalized support of the less

politically aware which he acquired while organizing against the Constitutional proposals in the early 1970s. It is difficult to determine if this support has been alienated by his recent more radical stances and statements. Chikerema never had and still does not appear to have the support of more than a small splinter group. Finally, Sithole continues to try to reassert control over the old ZANU cadres but with diminishing success.

The consensus seems to be that the old leadership is losing its grip and no real solution will be possible without the concurrence of the Third Force or military. The relevant question then becomes—who leads the Third Force? Tongogara from prison? Mugabe, who is Secretary General of ZANU? Rex Nhongo in his own right and not as a front man for Tongogara? Soviet-trained Albert Mangena, who was recently identified by Newsweek as a key leadership figure? A figure as yet unnamed or unknown? Or is the leadership genuinely wielded by a group? At this juncture even the best informed observers simply do not know.

ZIPA is building up its forces and guerrilla activity. The strategy is said to be to train and to raid until the fall rainy season when ZIPA can launch a major offensive. Meanwhile, the tension is building within Rhodesia despite government claims that morale among both civilians and soldiers is high.

The recent guerrilla attacks on Beitbridge and the railways shocked the Rhodesian whites, since these areas were previously considered safe from guerrilla incursions. The Rhodesian Government subsequently called up the reserves, withdrew military exemptions, and increased taxes in order to double its annual defense budget to \$180 million. All of these measures have had a negative impact upon the economy.

All able bodied persons are now being called upon to contribute to the struggle. It has become necessary to protect the entire 800-mile long border and to provide heavy security guards for all trains and road traffic leaving Rhodesia. The protected village policy (similar to Vietnamese protected hamlets) along the borders is being more rigidly enforced. During May, 19 individuals apparently were shot on sight by security forces because they were found outside village boundaries between 6 p.m. and 6 a.m. At the same time the Rhodesians are actively recruiting mercenaries from other countries. Reportedly they recently recruited some 30 Americans and British in Iran. The mercenaries' passports and airfare are said to have been withheld until they finished training or their tour of duty. May, 1976 was supposedly the most violent month in the history of the conflict. Death estimates for both sides range between 104 and 141 in contrast to 26 in January. One source indicated that the kill ratio, once 12 to 1 in the Rhodesian Government's favor is now running at only 3 to 1.

These events have apparently led to some reevaluation of the situation among Rhodesians. The government continues to maintain that both whites and blacks are committed to the struggle on the economic and military fronts and will not give in to the "communist" guerrillas. But some white Rhodesians are apparently debating abolishing voter qualifications in order to stimulate new discussions with black nationalists and Smith has recently declared his willingness to contemplate bringing more blacks into the government. Former Prime Min-

ister Garfield Todd has recently been released from house arrest in what some observers consider an effort to placate white liberal opinion.

The leader of the opposition white Rhodesia Party, Timothy Gibbs, has called for the elimination of racial discrimination, a return to the common voting roll for whites and blacks and a qualified franchise. Another group, the National Pledge, has raised \$150,000 for a campaign to end racial discrimination.

Nevertheless, the "laager" or siege mentality reportedly remains strong, especially among those who have lived in Rhodesia for many years. The white emigration rate is about 1,000 per month but the inflow of Portuguese from Angola and Mozambique has largely compensated for the loss. The core population is likely to stick out the fight, if only because they cannot get their assets out or maintain the same standard of living elsewhere. It is particularly debatable, however, how long the new arrivals will want to remain.

Although the future outlook is too murky to predict, three possible scenarios in particular seem plausible. An increase of Rhodesian "hot pursuit" missions into Mozambique might evoke a stronger reaction from that country with or without outside assistance. The OAU has recently asked Mozambique for reports about Rhodesian border violations. Mozambique would probably first seek help from OAU countries, several of whom are considering the provision of assistance. Few parties favor a request for Cuban or Russian intervention at this stage although this is sometimes mentioned as a last resort. Even without outside help, an aggressive response from Mozambique might elicit the Rhodesian declaration of war against Mozambique that Smith has threatened.

A second possibility is an ongoing build-up of troops on both sides with an increase in guerrilla attacks and Rhodesian responses. This might continue until the fall rainy season when the physical conditions for guerrilla incursions will improve. At that point the liberation groups might plan to launch a major offensive, possibly with the support of troops from other African countries. Whether or not the Rhodesian security forces will be capable of effectively repelling them may depend as much upon the state of the economy as on the state of the army. If conditions become too difficult the South Africans might come to their aid, whereupon the black nationalists would probably also ask for additional outside assistance.

The third possibility is the resumption of negotiations. The black groups have stated that they will only negotiate if there is a prior agreement to a fairly rapid transition to majority rule. The white Rhodesians are unlikely to agree unless forced by economic pressure from further border closures, a large outflow of whites leading to significant economic decline, or some other measure which would convince the whites they were going to lose. A simple change in government leaders is unlikely to have this effect, since Smith would most likely be replaced by a more conservative figure.

In general, the consensus of informed opinion is that the longer it takes to resolve the Rhodesian conflict, the more violent will be the solution and the more radical the ensuing government. The Third Force seems to be assuming the authority once held by ANC political leadership. Many of the Karanga leaders of the old ZANU military

are still in Zambian prisons. If they are released, they may well become the new ZIPA leaders. They are unlikely to defer to the old political leaders when it becomes time to negotiate, because they have pledged themselves to change not only the skin color of the ruling group but the socio-economic system as well.

NAMIBIA (SOUTHWEST AFRICA)

At the conclusion of the Angolan civil war in early 1976 there was widespread speculation that military activity, possibly with Cuban involvement, would spill over into a concerted military effort to establish majority rule in Namibia. Instead, the primary focus for both attention and action became Rhodesia. Nevertheless, tensions are building in Namibia and even the South Africans have recognized that they must establish a shorter timetable for self rule. Pre-constitutional (Turnhalle) talks are underway but the participants do not include the major black political party, SWAPO, and the terms of reference of these talks are not acceptable to them. Experienced observers believe that if a peaceful settlement is not reached in Namibia by the time the Rhodesian conflict is concluded, the force of the armed struggle will be directed to that arena.

As a former German colony, Southwest Africa became a South African protectorate under the League of Nations after World War I. Shortly after the United Nations was created, it voted to rescind South Africa's authority over its former protectorate, and has since passed numerous resolutions calling upon South Africa to withdraw from the territory and return it to the United Nations for a transition to independence. The most recent of these, Security Council Resolution 385 adopted this year, includes a provision to explore the use of more forceful measures if South Africa has not withdrawn its troops by August 31, 1976. The United Nations has established a Commission on Namibia (the United Nations' name for Southwest Africa), which is headed by Sean MacBride, and will soon open a Namibia Institute in Lusaka to train future government leaders.

South Africa has never recognized U.N. authority over Namibia, and views itself as an administering not an occupational force, present in the territory at the invitation of the people. Most nations do not accept this position since the people's will is expressed by a minority white government.

Namibia is a large barren country located in the southwestern part of Africa, believed to have large natural resources including diamonds and uranium. The total population numbers less than 900,000, only 100,000 of whom are white. The white population is estimated to consist of 25,000 whites of German descent, 25,000 Afrikaners who immigrated from South Africa and 50,000 South African Civil Servants. Forty-six percent (400,000) of the population come from the Ovambo group located in the north and nine other black African and "coloured" groups make up the remainder. Racial discrimination and apartheid measures in Namibia are similar to those existing in South Africa. The local legislative assembly and the territory's representatives to the South African Parliament are white.

SWAPO

The Southwest African People's Organization (SWAPO) has been recognized by both the United Nations and the Organization of African Unity (OAU) as the legitimate representative of the majority of the Namibian people. The OAU Liberation Committee has put SWAPO in its "first category" for maximum assistance and it is the only liberation movement to which the British provide direct assistance.

The South African Government long ago outlawed SWAPO. A number of its leaders are imprisoned on Robbins Island, and periodic round-ups, detainments and even torture of suspected SWAPO members apparently occur. Efforts to wipe out underground SWAPO bases were increased last year when South African troop strength geared up for the Angolan incursion.

The external branch of SWAPO has made Zambia its primary base for a number of years but Zambia seemingly is fearful it will have the same kind of problems with SWAPO that it recently experienced with ZANU. It consequently maintains rather tight control over the estimated 10,000 SWAPO members within its territory. The U.N. Namibia Commission and Institute for Namibia are located in Lusaka and a farm and school were established in the same area to accommodate the augmented flow of refugees during the mid-1970's. The farm has recently been closed and the school moved to Kayomo where "outsiders" are no longer welcome.

Most recently the Zambians have arrested and kept in "protective detention" approximately 20 SWAPO members, including Andras Shipanga, who is well known in diplomatic circles in Lusaka. The Zambians denied this detention for two weeks after it occurred. Some observers have claimed that there was an internal threat against the top SWAPO leadership, most notably against the President, Sam Nujoma, who is usually identified as a moderate and part of the "old boys" school. Some claim that a nascent revolt was developing among a group of young Turks who resented the old guard's lack of results during their many years outside Namibia. The old guard was also accused of misusing funds and material. Another interpretation is that Shipanga in particular was challenging Nujoma from the right through his western contacts. A third possibility is that Shipanga's group was interfering with Nujoma's attempts to negotiate with South Africa about possible SWAPO participation in the Turnhalle talks.

Either at the request of Nujoma or on its own initiative, the Zambian Government decided to arrest a small group and allow the majority of the leadership to continue organizing. There are also indications of splits between the internal and external wings of SWAPO.

SWAPO's present ideology is moderate relative to that of other liberation groups; its leadership has been largely western educated. Symbolically the party advocates free enterprise except for natural resources which it believes should be jointly owned by the private and public sectors. The current splits within SWAPO may reflect challenges to this position; a long struggle might result in a more radical ideology.

Until recently most guerrilla operations against Namibia were conducted over the Zambian border via the Caprivi strip. A major offensive was planned for 1975 but was subsequently shelved so as not to interfere with the Rhodesian negotiations. At that time it was estimated that SWAPO had about 1,000 trained troops divided into three groups. Those in Zambia were Russian trained, those in Tanzania had Chinese instructors, and a third group was operating in northern Namibia, where they facilitated the large refugee migration of 1974. More recently SWAPO's base of operations has shifted to the Angola border where it has a new source of Soviet supplies and MPLA support. There has been an increase in guerrilla attacks this year from Angola. Twenty South African soldiers were killed between January and April and several whites have recently been attacked near Windhoek.

WINDHOEK TURNHALLE TALKS

A major component of South Africa's policy of détente has been an attempt to find an acceptable solution to the Namibia problem. Since the South African presence is considered illegal by most international forums, outside intervention is possible and has been discussed by a number of groups. Most recently the Commonwealth Ministers in Jamaica denounced South Africa's role in Namibia and called for an accommodation with SWAPO. During the fall of 1974, the Southwest African Nationalist Party (white) first considered the possibility of conducting constitutional talks based on the premise that the people of Southwest Africa, not South Africa or the United Nations, should decide the future of this territory. Talks were subsequently convened in the fall of 1975. Although formally all options were considered open, the underlying intention was to work out a constitution and governmental structure consisting of a loose confederation of semi-autonomous ethnic areas similar to South Africa's homelands policy. In other words it was an attempt to get other ethnic groups to accommodate the ruling whites. The convention has no legal mandate to make its decisions binding.

Participation in the talks is based upon ethnic group representation. Eleven population groups originally sent 156 delegates. There was no limit on the number representing each group since decisions were to be reached by consensus. Part of the purpose of the exercise was to circumvent SWAPO, so no political party representation was allowed. Even the white opposition party could not send representatives since the territorial government's Executive Committee designated its National Party members as delegates. This has caused some contention, especially among the Germans a number of whom do not feel adequately represented and would prefer to negotiate with the blacks on their own. Black delegates represent tribal groupings and some claim that South Africa influenced the selection of conservative and often illiterate tribal chiefs.

The South Africans maintain that SWAPO is not eligible to participate in the talks because it is an illegal political party, not the representative of an ethnic group. SWAPO in turn refuses to take part in any talks organized along ethnic lines. It considers itself a political party which represents all the people of Namibia. It has further re-

fused to recognize any talks instigated by the occupying force because legally only the U.N. Namibia Commission has the authority to conduct negotiations leading to independence.

Although the SWAPO refuses to consider negotiating with South Africa along what it views as master-servant lines, it has set down a number of conditions under which it will talk. These include: (1) South African recognition of the independence and right to self-determination of the people of Namibia, (2) elimination of the idea of partitioning Namibia, (3) recognition of SWAPO as the sole representative of the Namibian people, (4) release of all Namibian political prisoners, and (5) free repatriation of all Namibian exiles without fear of detention. South Africa has rejected these conditions but it is supposedly debating its categorical rejection of all SWAPO participation. Ideally it would like to split SWAPO and convince part of the group to participate in the talks on an ethnic representational basis.

Even though black delegate selection was supposedly carefully orchestrated by South Africa, some of the resolutions which have come out of the conference are in line with SWAPO goals. They included calls for the establishment of a multi-racial government by June 30, 1976, an end to ethnic politics, one man—one vote, the elimination of all racial segregation laws, and a three-fold increase in the minimum wage (to \$120 a month).

Chief Clemens Kapuuo, the leader of the Herero tribal delegation, presented a blueprint constitution which provides for a unitary state instead of a loose confederation of ethnic groups. Election to the legislature would be based on universal franchise and the two chambers would be divided on north-south lines with the intention of moving toward political rather than ethnic group representation. The current Southwest African legislature is thought to be unlikely to agree to such proposals. It is significant, however, that the whites are even willing to discuss these key issues with blacks.

THE CURRENT SITUATION

Namibia is an Achilles heel for South Africa; there is a growing belief within South Africa that it must eventually be turned over to the Namibians. Some South Africans believe that what happens in Namibia today may be a projection of what will occur in South Africa tomorrow and the accomplishment of peaceful change in Namibia could provide a challenge to South African whites to go through the same process. Indeed, the Namibian talks are sometimes viewed as a possible trial run for South Africa. If they are to play that role the talks must be successful, yet without the participation of SWAPO any system emerging from them is unlikely to be accepted by the Ovambo people who constitute the largest part of the population. As the primary black political party in Namibia, SWAPO has fairly widespread influence; while South Africans publicly reject SWAPO's power, their on-going attempts to get SWAPO to join the talks indicate a private recognition of SWAPO influence.

Although the Turnhalle talks were originally planned to take three years it is currently projected that they will reach a solution or break down at the end of one year in the autumn of 1976. On August 31, 1976,

the United Nations Security Council plans again to consider the Namibia question. South Africa is categorically opposed to a United Nations supervised or controlled election. SWAPO, on the other hand, claims it will recognize a plebescite only if South Africa withdraws from Namibia. SWAPO further asserts that it will continue guerrilla operations should there be any new government which it views as a black puppet of South Africa, installed by elections which have not been controlled by the United Nations. In this case, informed observers believe that SWAPO would be likely to call for outside support as the MPLA did in Angola.

Meanwhile South Africa continues to organize for both an eventual augmented conflict or a transition to self-rule. Vorster has invited outside representatives, including the OAU, to go into Southwest Africa and meet with the "true leaders" (not SWAPO) of the people. There have been some recent breakdowns in petty apartheid as racial designation signs are taken down, a few hotels become multiracial, and the pass laws are revised.

Ethnic homelands are being established in Southwest as they are in South Africa proper. Local rule has been granted to the eastern Caprivi Strip and to the Republic of Basters, which is made up of 20,000 coloureds of mixed Dutch-African descent. At the same time, a one-kilometer wide no-man's-land has been established along the thousand-mile-long Angolan border to try to control SWAPO raids.

Informed observers believe that the immediate situation in Namibia is not as explosive as that in Rhodesia, and that the chances of a peaceful solution are better than in Rhodesia. But the time span in which this must be accomplished, if widespread violence is to be avoided, has been significantly shortened by other events in the region. The results of the Turnhalle talks, the United Nations deliberations and the internal dissensions within SWAPO will all help to determine the eventual outcome.

SOUTH AFRICA

The Republic of South Africa presents a much more complicated situation than Rhodesia. One person in five is white, compared to one in 23 in Rhodesia. Sixty percent of the white population is an Afrikaans-speaking, Dutch-descended group which settled Cape Province in South Africa at roughly the time the English colonists settled America. These people feel themselves to be African, and are recognized as such by many black African leaders.

The recent serious outbreak of rioting by urban Africans in Johannesburg and Pretoria demonstrates the enormous tensions in the social structure in South Africa, and how closely related the events in Rhodesia and Southwest Africa are to those in South Africa itself. The foreign policy thrust of the Vorster government has been to pursue a détente policy with moderate black African states to the North, while continuing to force the pace of separate development within South Africa. In essence, South Africa has been prepared to deal with black Africans outside South Africa in a manner quite unthinkable internally. This policy has suffered a number of severe blows: the collapse of the Smith-black nationalist talks at Victoria Falls in August, 1975, which were engineered by Vorster and Kaunda; the inter-

vention of South Africa in the Angolan civil war, which had the effect of confirming majority black African support for the MPLA; and now the recent urban rioting by blacks, an indication that the blacks do not accept Vorster's claim that separate development is a satisfactory solution to South Africa's racial problems.

Because South Africa is recognized as a key element in the solution of southern African problems, events in South Africa will have an important bearing on Rhodesia and Southwest Africa. The disturbances in the various African townships have directly challenged the South African Government at home for the first time in many years, and external pressure on South Africa may also increase sharply. A decline in foreign investment, such as occurred after the Sharpeville massacre, could have a most damaging effect on the South African economy—especially in conjunction with the drop in world gold prices.

Since the Nationalist Party, the party of the Afrikaners, came to power in 1948, the government has pursued a policy of racial separation and discrimination known as apartheid. Only whites have political power. The entire edifice of laws and regulations preserve white supremacy through job reservation for whites, residential and educational segregation, inferior black education, and a pass-law system that permits Africans to live in urban areas only if they work for whites. Political organization by blacks has been ruthlessly suppressed; even black trade unions are not permitted.

The Sharpeville massacre in 1960 and South Africa's growing isolation from the rest of the world forced the government to hasten its steps to implement separate development as a means of justifying its policies to the rest of the world and removing blacks not needed as laborers from white South Africa. The government determined to create Bantu homelands (Bantustans) to serve as the designated areas of the various African tribes of South Africa. Ten Bantustans have been established, varying in size and administrative development from the Transkei, the largest, least scattered, and prepared to become independent on October 26, 1976—to South Ndebele, a tiny fragment of land with no administrative organization. A map of the Bantustans in the Appendix makes clear the fragmented character of these units.

The Bantustans together comprise only 13 percent of the total land area of South Africa; the remaining 87 percent is to remain under white control. At present there are 113 separate fragments of land, to be consolidated at some future time to thirty-six. At that time KwaZulu, the homeland for the four million Zulus, will consist of ten separate fragments. Two separate states of five fragments will contain the 3,950,000 Xhosa speakers. Six fragments make up the Bantustan of Bophuthatswana for the 1,720,000 Tswanas. South Africa plans to give these ten Bantustans complete independence, although only the Transkei has been given a definite timetable for this transition.

The Bantustan policy is the intellectual creation of the Nationalist Party, on the theory that South Africa is a multinational country, not a multi-racial one. There has never been any referendum to determine whether Africans or even whites want Bantustans. Sharing political power with Africans is an anathema to Afrikaners. In their view,

separate development permits blacks to have their own political system apart from the whites, whose power over the remaining part of South Africa will be left unchallenged. In reality the Afrikaners see quite clearly that with their total population numbering just a bit over 2 million they cannot share political power with 20 million non-whites without quickly losing their hold on the government. Thus the Bantustan policy enables the Afrikaners to fragment the non-white groups and push them out into homelands where they cannot challenge white power. The anticipated end result is a residual South Africa in which the whites are in the majority.

Experienced observers in South Africa readily point out a number of what they consider to be fatal flaws in the policy of separate development. Even the enlightened (*verligte*) segment of Afrikaner intellectuals themselves admit some of these flaws and profess concern over whether the pace of change has overtaken separate development. However, officials of the South African Government show no sign of rethinking separate development, but instead are pushing ahead with its implementation.

The homelands policy has no provision for the 2.3 million coloured people of mixed race who live primarily in Cape Province, and the 700,000 Asians, who live largely in Natal. Both groups are highly urbanized, yet they have neither rights in the white towns nor hope of a traditional homeland. A commission of inquiry into the conditions of the coloured people, under the chairmanship of an Afrikaner woman sociologist, has just recommended widespread changes for the coloured population, but some of the most significant of these proposals were rejected by the Vorster government.

Second, and most serious, it is noted that the homelands policy does not deal with the situation of urban Africans—who live outside the homelands and comprise between one-half and two-thirds of the total population. These people will continue to have no rights or power in white South Africa. In theory urban Africans should belong to the homeland of their language group, even if they were not born in the homeland and have no ties there. Urban Africans now have no “right” to be in urban areas unless employed, and are sent back to their tribal areas if they lose their jobs. Under the homelands policy their situation would worsen because they would ultimately lose their South African citizenship, and become foreign migrant laborers in their own country. Thus it is not surprising that there is widespread hostility to the homelands policy among urban blacks.

The extent to which the government is prepared to force the Bantustan policy on an unwilling population is demonstrated by a recent government move that threatens serious friction between South Africa and the Transkei, which is on the verge of independence. The South African Government has announced that the 1.3 million Xhosa who live outside the Transkei will be considered Transkei citizens on October 26, the date of Transkei’s independence. Chief Matanzima, Transkei’s Prime Minister, has rejected this declaration and has stated that the Xhosa in South Africa are the responsibility of the South African Government.

The South African Government has gone further by announcing that black businessmen and professionals will be required to take home-

land citizenship as a condition for renewal of trading or professional licenses. Black leaders have reacted bitterly to this policy. The Rand Daily Mail, Johannesburg's leading newspaper, labelled it "political black-mail" and wrote: "It is coercion of the most blatant kind, and is dangerous." In addition, the limited home ownership (really long-term leasehold) available for Africans in Soweto will be available only to those who have taken homeland citizenship.

The limbo in which urban Africans exist in South Africa is not recognized in the policy of separate development. This group is relatively more educated, more prosperous, and more aware of the outside world. The politically conscious among them argue that Vorster's détente policy is meaningless unless he comes to terms with blacks in South Africa. Many of them now feel that events in Angola, Mozambique and Rhodesia prove that their time has come and they are prepared to hold firm for one man, one vote, in South Africa instead of being bought off by political rights in independent Bantustans. Events in Soweto show that these feelings are at a flash point.

The third major flaw which observers point out with regard to the Bantustan policy concerns the fragmented and economically weak character of these entities. Former Prime Minister Verwoerd was opposed even to foreign investment or white settlement in the homelands, but this view was ultimately rejected as unrealistic.

Nevertheless, the Bantustans remain economic backwaters, and serve chiefly as pools of unskilled labor for white South Africa. Agriculture is the main economic activity of the homelands, with virtually no industry and very little mining. The most valuable mineral areas and much of the best farmlands have carefully been left in white South Africa. The Transkei must import as much corn as it produces. If this is indicative of other Bantustans, none is likely to be self-sufficient in food. Furthermore the Bantustans are virtually totally dependent on South Africa for transportation, electrical power, communications, health facilities and trained manpower. Since they comprise only 13 percent of South Africa's total land area, it is difficult to believe that the Bantustans can ever be more than economically helpless, mini-states completely dependent on the good will of the South African Government.

The independence of the Transkei on October 26 will present the rest of the world with the necessity of deciding whether to recognize its sovereign status. The overwhelming majority of African states have already announced their intention to refuse to recognize Transkei's independence. Africans regard it as a stepchild of apartheid and as a reactionary attempt to retribalize Africa.

The United States has stated that it intends to be guided by African countries on the issue of recognition. Since only a handful of African states at most are likely to recognize the Transkei, it seems unlikely that the United States will do so. Many urban black South Africans would regard it as a betrayal of their interests by the United States and in direct contradiction to the policies enunciated in Kissinger's Lusaka speech.

The possibilities¹¹ for peaceful change are rapidly fading in South Africa, as they are in Rhodesia. The anger and frustration of urban Africans have exploded in the worst urban violence since the Na-

tionalists came to power. Many of the young Africans believe that violence is the only answer to their condition. The question now is whether the violence in Soweto will lead to a strengthening of the right wing of the Nationalist Party, or to a greater push for reform by other whites. The limited reforms of the recent past such as a partial lifting of segregation in sports, international hotels, and parks are apparently not enough to satisfy many blacks. The real issue is whether the whites will move toward meaningful sharing of economic and political power with the blacks. Available evidence leads one to conclude that whites are not prepared to make such concessions.

The outcome of the Rhodesian situation and the progress toward self-government in Namibia are vitally important for South Africa. The emergence of moderate governments in both countries could provide South Africa with border security and the maintenance of economic ties. Moreover, it could set the tone for similar developments in South Africa. If South African whites see that black governments in Rhodesia and Namibia continue to accept and protect whites it will help to allay fears about changes in South Africa.

The pressure for change on South Africa can only grow stronger and the timetable for meaningful action foreshortened. It is discouraging to find that South Africans are still obsessed with cosmetic changes instead of facing up to the fundamental change necessary to deal with non-white concerns.

PART III—THE ECONOMIES OF AFFECTED COUNTRIES

THE DISRUPTION OF THE SOUTHERN AFRICAN TRANSPORT NETWORK

A major legacy of colonial rule in south-central Africa is the close linkage between the economies of countries in this area. South Africa is the major economic power in the region, and has served as a powerful magnet, drawing African labor from countries to the north. Rhodesia, Zambia, and Malawi were joined together in the Central African Federation, a white-dominated union that lasted for ten years until 1963. The economies of the Portuguese colonies were closely tied to South Africa. Mozambique in particular served as the major channel for trade from Rhodesia, and the port of Laurencio Marques also served South Africa. The British-built and owned Benguela Railroad ran from the port of Lobito in Angola through Zaire to Zambia and provided a significant outlet for their copper exports. The mineral wealth of the heart of central Africa: Zambia, Zaire, and Rhodesia has made possible the development of a relatively sophisticated rail transport system.

Prior to Rhodesia's Unilateral Declaration of Independence in 1965, virtually all of Zambia's copper exports and a good deal of Zaire's copper were exported via Rhodesian railways to Mozambique ports. Zambia's imports came over the same routes. U.N. sanctions following UDI sharply cut Rhodesia's oil supply, but it was replaced by South Africa and Mozambique so the economy continued to function. Rhodesia subsequently shut off its oil supply to Zambia, forcing Zambia to turn north to Tanzania for oil. Thus began a major effort by Zambia to reorient its transport routes northward through Tanzania. Initially, an unpaved road (the Great North Road), carried Zambia's copper exports 1,000 miles to the port of Dar es Salaam and brought in the oil needed to run her economy. This proved disastrous during the rainy season, and Zambia urgently required all-weather transportation routes for both exports and imports.

After the World Bank rejected Zambia's and Tanzania's request for a loan to construct a railway line from Zambia to Dar es Salaam, the Chinese provided an interest-free loan of \$100 million for this purpose and built the railroad in record time. This line has just been completed but will not be fully operational until the rail bed has settled. Zambia and Tanzania also built an oil pipeline to the Copper Belt, and the U.S. provided assistance to pave the Great North Road.

The Rhodesian border closure in January, 1973, further disrupted Zambia's links with the outside world, and shut Zambia completely off from its export routes through Rhodesia and Mozambique. The Zambian-Rhodesian border has remained closed since that time, except for transit traffic to Zaire.

The final blow to Zambia's transportation routes was the Angolan civil war in 1975, which shut the Benguela Railroad. This railroad

carried about 50 percent of Zambia's export trade at the time. The line is still not open: several bridges remain down in Angola, trapping Zambian imports and rolling stock in the Lobito port area. These successive disruptions forced the diversion of Zambian cargo to Dar es Salaam and Mombasa, causing serious congestion and the hold-up of 70,000 tons of Zambian copper for several months. A 40 percent force majeure cut was imposed on copper exports.

Mozambique's decision to close its border with Rhodesia in March, 1976 was the final element of disruption in the once close transportation links in southern Africa. Mozambique's enforcement of sanctions leaves Rhodesia with access to the sea only through South Africa. Rhodesia has two railway lines running to South Africa; the old line runs through Botswana, and a new line through Beitbridge links Rhodesia directly to South Africa.

Botswana has thus far hesitated to sever its economic links with Rhodesia, and the U.N. has exempted Botswana from the application of sanctions against Rhodesia. However, the President of Botswana, Sir Seretse Khama, has recently said that Botswana could comply with U.N. sanctions against Rhodesia if it were assured of technical and financial aid to keep its own trade routes operating. The railway running through Botswana is owned and administered by Rhodesia. Botswana has no rolling stock, locomotives, repair yards, or technical staff of its own. A Canadian survey has recently estimated that Botswana would need 130 technicians, 50 train crews, 300 wagons, and 10 diesel engines—at a cost of roughly \$88 million—to continue the rail operations if sanctions were imposed. South African cooperation would also be necessary because Botswana's 500,000 tons of vital imports and its 300,000 tons of beef, copper, and nickel exports must pass through South Africa.

Rhodesia, a landlocked country, is vulnerable to pressure from the surrounding countries, especially Mozambique and South Africa. Although Rhodesia officially estimated that only 30 percent of its traffic to the sea was affected by the Mozambique border closure, reporters estimate that the percentage is much closer to 60. In 1973 Mozambique ports handled 2.8 million tons of Rhodesian exports and imports. By 1975 this figure had dropped to 2.1 million tons, still leaving a significant tonnage to be diverted through South Africa's overburdened ports and railways. Rhodesia also lost 2,300 railway wagons, which were confiscated by Mozambique when sanctions were applied. This amounts to one-sixth of the Rhodesia Railway total rolling stock, which would cost about \$50 million to replace. Rhodesia's shortage of foreign exchange makes it virtually impossible to do so. In addition, Rhodesian imports will cost more and exports will be less competitive because export routes through South Africa are much longer than those through Mozambique.

Rhodesia has survived for more than ten years in the face of U.N. sanctions. During nine of those years, from 1965 to 1974, it averaged a real growth rate of 7 percent. A sharp reversal was set in motion by worldwide recession, oil price increases, and falling commodity prices. Industrial output fell 1.4 percent in 1975, and imports have been drastically reduced.

While Rhodesia can probably continue to survive economically for some time, the application of sanctions by Mozambique makes its position much more difficult. Rhodesia is now totally dependent on South Africa and its good will for the use of railroads and ports. Both are congested and South Africa may well find an additional two million tons of imports and exports burdensome. South Africa could well give first preference to her own commodities.

Rhodesia also faces a severe economic drain because of the increase in guerrilla activity. This has led to an increase in the defense budget and the call-up of virtually all able-bodied men to serve in the Rhodesian Army. This latter has had a significant disruptive effect on business within Rhodesia.

THE EFFECT OF SANCTIONS OF RHODESIA'S NEIGHBORS: ZAMBIA, MOZAMBIQUE, TANZANIA, AND ZAIRE

ZAMBIA

Until the closure of Mozambique's border in early March, Zambia was the African country that bore the heaviest brunt of sanctions against Rhodesia. Zambia's transport difficulties have been a major drain on the economy. With the closure of its transport routes through Rhodesia and Angola, Zambia's external links are through Tanzania and to a lesser degree through Malawi and Mozambique. Close to 87 percent of Zambia's copper exports travel out by rail or road through East Africa.

The remaining 13 percent goes through Malawi. The Chinese-built Tanzania-Zambia Railroad has been completed but is not yet fully bedded in. The maximum the line can handle at present is one train a day of about 20 wagons carrying 800 tons. This amounts to roughly 15,000 tons a month.

The paved road between the Zambian Copper-Belt and Tanzania, built with U.S. aid, permits road transport of copper exports, although it is an expensive alternative to the railway. Recently a fleet of 52 heavy trucks has begun operating on this route.

The heavily congested and inefficient port of Dar es Salaam is a major bottleneck, and roughly 7,000 tons of Zambian copper is estimated to be backlogged there. In addition, about another 7,000 tons of Zambian copper remains in the Angolan port of Loboito. The export route through Malawi requires transshipment to Malawi Railways. A direct road link between Zambia and Mozambique should be paved soon, since financing has been obtained. Even with these alternative routes, Zambia's transportation system is inadequate for its needs.

The reasons for Zambia's economic crisis are fairly apparent. Zambia is a one commodity economy. Copper provides over 90 percent of its foreign exchange and in normal times, 50 percent of its government revenue. Copper will provide no revenues for the government in 1976. In a one year period, copper prices have fallen by two-thirds, from \$1.50/lb. in 1974, to \$0.55/lb. in 1975. Foreign exchange earnings from copper fell from \$1,320 million in 1974, to \$729 million in 1975. The closure of the Benguela Railroad led to a 6 percent decline in the volume of exports for Zambia in 1975. The real gross domestic product

during 1975 declined by 3 percent to \$1,389 million. If the deteriorating terms of trade are included, the effective decline is estimated at 24.6 percent.

Zambia experienced its first trade deficit since independence during 1975 when the official balance of payments short fall was estimated at \$388 million. However, the real balance of payments deficit for 1975 amounted to about \$640 million because Zambia accumulated \$250 million arrearages in the payment of imports. These are computed as capital inflows.

The Zambian Government introduced a restrictive budget in January, 1976, which contained a wide range of new measures including increases in personal taxes, customs and excise taxes, sales and gasoline taxes. Also a compulsory saving scheme was announced. The budget contained a 36 percent cutback in capital expenditure and an attempt to reduce current expenditure by over \$86 million.

The mining companies are also faced with serious cash-flow problems because of their difficulties in getting imports and exporting copper. In 1975, the two major mining companies were forced to borrow about \$250 million in the Euro-dollar market in order to maintain normal operations. The Minister of Finance estimates that their borrowing requirements for 1976 will range from \$380 million to \$570 million, depending largely on the extent of the transport problems. The improvement in the price of copper to about \$0.72/lb. has now made it possible for the mining industry to operate at above the break-even point. It is unlikely in the near term, however, to generate the foreign exchange earnings necessary to ease the balance of payments situation.

The increased costs of imports also have had a serious impact on the balance of payments. For example, the bill for imported petroleum is likely to rise from \$89 million in 1975 to about \$125 million in 1976.

The Ministry of Finance estimates that it will need \$156 million to cover a major part of its unpaid 1975 import bills. Even after various measures have been adopted to tighten control over the balance of payments, the deficit for 1976 will be about \$319 million. Further, this is probably an optimistic prediction since it is based on the assumption that Zambia will be able to reduce its imports from a level of \$950 million in 1975 to \$700 million in 1976.

Zambia has drawn about 76 million SDRs (roughly \$87.4) from the IMF from the three categories of standby facility, compensatory financing facility, and oil facility. One tranche is only worth about \$14 million to Zambia. Zambia has requested IMF balance of payments support to cover its projected external financing needs in 1976. Discussions with the IMF are now in progress but full assistance would probably amount to only \$90 million. Even this amount may be contingent upon Zambia's devaluation of its currency.

The World Bank is considering a program loan of about \$25 million and the EEC has agreed to make available to Zambia loans and grants totalling \$81 million over a period of four years. Bilateral assistance from Western European governments may reach another \$40 million. After taking all these forms of assistance into account Zambia will still require close to \$400 million from other sources during 1976.

Sir Robert Jackson, Coordinator of the United Nations assistance to Zambia, has estimated that the costs to Zambia of closing the border with Rhodesia will total \$330 million at the end of 1975. Zambia has so far received only \$63 million in aid from a small number of United Nations member countries.

Agriculture has also not fared well since independence in 1964. Production of tobacco, once a significant export crop, has declined in absolute terms. About \$70 million is spent yearly on imported food. Only about 90,000 head of cattle are produced annually, and in one recent three-month period in 1975, the nation had to fly in 60,000 tons of beef from Botswana. These imports have now ceased but Zambia is not yet self-sufficient. The government is attempting to establish state cattle ranches, but so far these have not been very successful. The staple food is corn; Zambia now seems to be attaining self-sufficiency in this area at least. Marketed production of milk has actually fallen, and imports of milk were necessary in 1975. Zambia requires imports of both butter and cheese. A major source of difficulty for the agricultural sector in Zambia has been the very large gap between urban and rural wages. Copper miners were well organized and paid, and their high salaries have tended to push up salaries throughout the urban economy in Zambia. There has consequently been a major rush to the cities, and Zambia is today probably the most urbanized country in Black Africa. Previously government subsidies have held down the prices of staple agricultural products, but the recent necessity for government belt-tightening has meant the end of these subsidies. In February, the price of corn meal jumped 110 percent as a result of the removal of government subsidies. The inability of the government to develop agriculture has been one of Zambia's most serious failures.

One effort to solve the rural-urban gap was a World Bank proposal of intensive development zones that could become growth poles in the rural areas. These were designed to provide a package of services to the farmers. The cost of this program to the Zambian Government and the tight budget situation has caused its adoption to be postponed.

In short, Zambia has many of the typical problems of a single-commodity developing country. A high copper price led both the Zambians and the outside world into thinking that Zambia had a higher level of prosperity than actually existed. The Zambians had elaborate plans for the development of their economy, on which they spent a great deal of money, often without satisfactory results. Frequent changes of government personnel and lack of trained manpower have hampered Zambia's ability to implement its plans. Zambia has been unable to overcome the gross imbalance between the urban areas, especially the prosperous mining sector along the railroad line, and the rural communities which are much poorer. There has been little progress in moving their economy away from dependence on one commodity. In fact, Zambia's relative prosperity from copper has probably prevented them from taking the necessary steps to diversify their economy or develop agriculture as Malawi has done.

Zambia was simply unprepared for the very large drop in copper prices, and was without a cushion and had to restrict its development plans. Its hopes for bringing its rural and urban sectors into greater harmony have receded further into the future. Zambians are partially responsible for this impasse but clearly the fault is not exclusively theirs. Foreign assistance would be important to Zambia to compensate in some small way for the disruption of development plans caused by the Rhodesian crisis, and the continuing need for trained manpower and sound economic advice. Zambia's mineral wealth ought to provide the basis for long-term prosperity, with aid providing a bridge over the present difficult period.

Aid for Zambia

Zambian officials projected a series of short-term needs totalling slightly over \$60 million. These include fertilizer requirements for 1976 and early 1977 of \$25 million, mining and earthmoving equipment of \$2.5 million, fisheries refrigeration equipment of \$5 million, water supply equipment of \$13.5 million, and spare parts and unspecified services of \$10 million.

Zambian officials thought that three commodities could be financed under Public Law 480: wheat, edible oils, and stock feeds. They provided figures for total annual consumption, without specifying how much they hoped to receive from Public Law 480. Neither the Zambian officials nor U.S. Embassy officials had detailed knowledge of the operations of Public Law 480. AID sent an expert to clarify the situation in May. Other possible U.S. programs in which the Zambians expressed interest were an AID Housing Guaranty program (\$15 million) and Ex-Im credits.

Zambian officials also discussed a number of long-term requirements. These include \$20 million for a hydro-electric scheme for rural electrification and rural power transmission, and a dairy development scheme for which the Dutch Government is conducting a feasibility study. Both these projects would need a great deal of forward planning before U.S. aid could be committed.

The United States has not previously had a bilateral aid program in Zambia. The establishment of a formal AID mission will probably not be necessary if U.S. aid is limited to short-term BOP assistance and P.L. 480. Although Zambia's most urgent short-term need is for BOP assistance, there are genuine limits on the amount of overall assistance that can be used wisely. Zambia still lacks adequate trained manpower, and this shows up in poor planning and implementation.

The Zambians are extremely sensitive to outside criticism and what they regard as interference in the management of their country. In these circumstances informed observers believe that it would be best for U.S. assistance to begin cautiously so that expectations will not be so great that neither side can meet them. If an aid relationship begins to develop, there are narrowly focused programs in food production, health, and manpower training that can make substantial contributions in areas of Zambian weakness without costing enormous sums of money. Zambia's political philosophy of humanism provides the right environment for the implementation of "New Directions" AID programs, if basic structural and managerial problems are recognized and treated seriously.

MOZAMBIQUE

The Cost of Applying Sanctions Against Rhodesia

The People's Republic of Mozambique became independent on June 25, 1975, after a 10-year struggle was waged by the Front for the Liberation of Mozambique (FRELIMO), whose leader is the current President, Samora Machel.

Mozambique was a Portuguese colony for 500 years, but there was little development of the interior until the last 50 years. Mozambique, like Zambia, has a dual economy: a large subsistence agricultural economy, which is extremely poor, and a relatively sophisticated modern sector, developed mainly to service the transport needs of Rhodesia, South Africa, and Zambia.

Mozambique was a highly dependent colonial economy. It was an important source of imports into Portugal. Plantations were required to sell all or part of their output to Portugal at prices determined there. It was a major market for Portuguese exports. A highly protective tariff and foreign exchange system provided preferential entry for Portuguese exports at prices which would have been impossible under a free market system. These colonial arrangements help to account for a degree of dependence on Rhodesian rail traffic which proximity alone would not necessarily have produced.

The U.N. economic team that visited Mozambique in April, 1976, to determine the impact on the Mozambique economy of applying sanctions against Rhodesia stressed the patterns of colonial dependence.

"The developmental objectives prior to independence had important implications for the structure of the economy of Mozambique. The bulk of the investment was in ports and railways designed to facilitate the transit trade and provide the means to carry on the trade with Portugal. The financial system was integrated into foreign monetary systems, especially the escudo, and rand areas. A high proportion of capital formation was directed toward creating larger, more modern urban centers at the ports, and to developing a high level of services in these centers. A high level of activity was involved in servicing international trade—banking, insurance, forwarding, clearing. Essential services, such as health, education, and recreational facilities, were concentrated in the urban centers and were designed to cater to the demands of expatriates, settlers, and tourists. The road system that evolved was designed to serve the urban centers and to stimulate tourism.

Very few investments were directed toward expanding agricultural production in the subsistence sector, or to introducing cash crops into this sector. Most of the investments in agriculture were directed toward large production units in the hands of settlers or to plantations of such crops as sugar, rice, and cotton to provide staples for export to Portugal.

This kind of economic and social structure was very vulnerable to external influences. There was a very small internal economic system as only a small part of consumption was produced within Mozambique. Very little in the way of social

services was provided to the population at large. The major external linkages were either with Portugal or with the more developed sectors of neighboring countries. The structure of the economy made exploitation easier through under invoicing and transfer pricing, and made it extremely easy to frustrate foreign exchange controls. Heavy demands were made on professional skilled and semi-skilled personnel which the local educational system was not designed to produce. This meant that most of the modern sector within Mozambique depended on expatriates. There was a degree of vulnerability arising from the expectations by expatriates and settlers that Mozambique would continue to remain an overseas province of Portugal. When it became clear that independence was likely, and towards the end, imminent, the exodus of professionals, skilled and semi-skilled personnel was therefore greater than would have been the case if the transition to independence had been contemplated. It is in this context that one must examine the effect on the Mozambique economy of applying sanctions to Rhodesia, and closing its border to Rhodesian traffic."

The report of the U.N. economic mission provides the only detailed account of the losses that Mozambique has experienced as a result of applying sanctions. The mission estimated that the direct cost to Mozambique of applying sanctions will be between \$139 and \$165 million for the first year, and between \$108 and \$134 million the following year. For years thereafter, the costs are likely to be in the region of \$106 to \$132 million annually.

Prior to 1965, roughly two-thirds of the tonnage handled in the port of Beira and about one-fifth of the tonnage handled in the port of Maputo consisted of traffic to and from Rhodesia, including transit traffic through Rhodesia. In recent years this proportion has dropped to about one-half for Beira and one-seventh for Maputo. However, much of the traffic from Rhodesia was bulk traffic for which revenue charges and port charges were higher. It is estimated that about half the revenue for Mozambique ports and railroads was derived from Rhodesian traffic, although it accounted for less than one-fourth of the total tonnage.

The Mozambique Railway system in the North and the South was joined only through Rhodesia. Therefore the closing of the border with Rhodesia has also cut the traffic links between the southern and northern systems.

The U.N. report estimated that the reduction in foreign exchange earnings from the railway and ports of Mozambique as a result of the application of sanctions would be between \$57 and \$74 million. An additional \$5 to \$10 million is lost from the services that were provided for the transit trade such as clearing, forwarding, bonding and insurance.

Tourism accounts for a second category of revenue which has recently been lost. More than 50,000 tourists have annually visited Mozambique from Rhodesia. It is estimated that the yearly revenue loss

from the decrease in tourist trade will be between \$4.5 million and \$5.5 million. Losses from airport taxes, landing fees, and other airline operations by Rhodesian aircraft in Mozambique add up to another million dollars.

Remittances from Mozambique migrant workers in Rhodesia have also ceased. Mozambique, in common with a number of other black African countries neighboring South Africa and Rhodesia, traditionally provided a large pool of unskilled and cheap manpower. Remittances by Mozambique workers in South Africa are still an important source of foreign exchange for the Mozambique Government, as were the remittances to the roughly 80,000 Mozambique workers in Rhodesia. Many of these people are working in the mines although some are in industry and agriculture. The U.N. report calculated the foreign exchange earnings from workers employed in Rhodesia amounted to \$22-25 million a year.

Finally, there are certain costs associated with exports to Rhodesia and imports from Rhodesia that will no longer be available. Exports to Rhodesia in 1975 were approximately \$5 million and the imports from Rhodesia amounted to about \$20 million. Certain products previously exported to Rhodesia—such as copper concentrates, asbestos, and bauxite will be difficult to transport and sell in other markets, and other products which have been traditionally supplied by Rhodesia such as corn, iron, tobacco, gypsum, fertilizer, paper and chemicals—will be more expensive from other sources. The total cost of these changes is likely to amount to some \$10 million.

In aggregate terms the ongoing annual cost of applying sanctions against Rhodesia will be in the region of \$108 to \$134 million.

	<i>Millions</i>
Losses on transport and services-----	\$63-\$85
Losses on tourism-----	4.5-5.5
Losses on remittances-----	22- 25
Increase in the trade deficit-----	16

A second category of costs attributable to the application of sanctions relates to additional projects that Mozambique needs for services that were previously supplied from Rhodesia. A major example of such a project is the telecommunication link within Mozambique and with the outside world. Previously many telecommunications connections were routed through Salisbury and the troposphere station which provides the telecommunications link between Maputo and most of the rest of the country is situated right on the Rhodesian border. Therefore an alternative system will have to be provided if Mozambique is to be protected from Rhodesian border incursions against the station. In the same way, Salisbury airport is no longer available as an alternative to Beira; an alternative airport will have to be provided if international flights are to be continued to Beira.

It will also be necessary to construct an alternate transport link between the northern and southern railway systems, probably a road link with freight terminals at each end. Finally, it is necessary to devote some resources to establishing reception centers for Mozambiquean workers from Rhodesia returning to be resettled. It is estimated that almost \$3 million will be required for food for these reception centers. The total cost of these additional projects is estimated by the U.N. at \$31 million.

Other costs relate the need for additional supplies in Mozambique, since previously Rhodesia provided emergency requirements, such as spare parts, food, medicines and small items of machinery and equipment. Additional food production as a cost of \$6 million will be needed to replace emergency supplies from Rhodesia.

The U.N. mission also calculated the indirect cost of applying sanctions. More than 10,000 people, 5,000 of whom were railway employees, will lose their jobs as a result of sanctions unless new developments are undertaken. The cost of supplying employment for this redundant labor force has been included in the U.N. estimates of emergency financial assistance. However, there will be additional capital costs for providing alternate employment in various development projects. There are costs and resulting delays in planning associated with an already overburdened administration. As the U.N. mission points out, the sooner major development activities are undertaken, the shorter will be the period for which emergency financial assistance will be necessary.

Mozambique Economy

Mozambique's economy has experienced substantial disruption since independence in 1975. The U.N. mission estimated that the gross domestic product is between \$180 and \$200 per person. At the same time it is also estimated that annual income in the rural areas in 1972 was about \$50 per capita. Agricultural production fell some 50 percent in the commercial sector between 1974 and 1975. Activity in the transport sector fell about 30 percent between the same years, and in the manufacturing sector by about the same amount. Construction activity dropped off by at least half. Thus it is estimated that there is a decline in GNP of roughly 30 percent in 1975, after a fall of similar magnitude in 1974.

Relatively little of this fall affected the rural subsistence sector. It is the urban, primarily expatriate group which has been severely affected, many of whose members have left the country since the middle of 1974.

The U.N. mission estimated that the trade deficit for 1976 will be roughly \$275 million, which does not include the import component of emergency and developmental projects necessary to overcome the effects of applying sanctions. Mozambique has benefited from a system of forced savings by Mozambiquean workers in the South African mines, which was introduced by the Portuguese several decades ago. After the first three months of the worker's contract, 60 percent of his wages are withheld, and an equivalent amount of gold at the official price of \$42 per oz. is transferred by the South African Government to Mozambique's account. The Mozambique Government reimburses the worker in escudos at the official exchange rate upon his return to Mozambique. However, the value of this gold to Mozambique as a foreign exchange asset valued at the world market price of gold is more than three times the official rate at which the gold was received. This may have added some \$80 to \$90 million to Mozambique's foreign exchange reserves during 1975. Remittances from miners have decreased since independence, and this trend will continue as Mozambique no longer issues passports for work in South Africa.

Even if this arrangement were to continue as it is now, the deficit would still be between \$175 and \$200 million. The U.N. mission con-

cluded that the balance of payments deficit in 1977 will be roughly the same as 1976. Mozambique will therefore require a substantial amount of financial assistance to meet its balance of payments deficit of the next two years. Some of this deficit could be met by the import of essential materials covered by grants. General balance of payments support is clearly required. The U.N. has compiled a list of specific commodities needed. Aid could be provided to fund specific import requirements to ensure that there are no transfers to the Zimbabwe Liberation Army.

The United Nations Development Program (UNDP) has had an office in Maputo since January, 1975. UNDP started emergency programs in four priority fields: health, agriculture, housing, and water supply.

According to experts one of the most serious problems of the Mozambique Government is the shortage of trained manpower. This prevents detailed project planning and results in a long lead time in the development and approval of projects.

Experienced observers state that other difficulties in dealing with the Mozambique Government included the centralization and slowness of decisionmaking, the lack of experience in dealing with international aid, the lack of organization which extends even to the most simple administrative tasks, and reluctance to accept foreign advisors. Mozambique needs some 650 technicians urgently. Observers hope that as the government gains confidence it will become more receptive to foreign advisors and more sure of its own decisions.

Mozambique has not yet joined the World Bank and the IMF, but there are indications that it intends to do so. However, it has not yet made a formal application.

The FRELIMO Government is much more ideologically oriented than most in Africa. It is Marxist in orientation, and the controlled press has an anti-Western bias. Political ideology sets the framework in which economic decisions are taken. It is likely that political decisions on nationalization were made by FRELIMO before independence and implemented afterwards.

While reports of economic disruption are widespread, there is no evidence of corruption in government at this point. As an example, food distribution last year during the floods was handled quite well, and with no evident signs of corruption. On the other hand, there continue to be food shortages with long queues in Maputo.

Government nationalization has extended to private property, but businesses as such have not been actually nationalized. Legal and medical services on the other hand have also been nationalized. There is a drastic shortage of doctors.

The banking sector has not been nationalized, but two large banks in which the Portuguese Government has interests prior to independence were taken over by the Mozambique Government. Some private banks are still operating. However, the nationalization of property has caused the mortgage investments of the bank to lose their value, and therefore the banks themselves are in a nonviable position.

South Africa continues to play a significant role in the Mozambique economy, especially in the ports and railways. South African Airways, a government owned corporation, has offered to provide daily air

service between Johannesburg and Maputo so that technicians and officials from South Africa can commute to Maputo. The South African Government is urging business cooperation so that the Mozambique economy can be kept going.

Maputo is still an important port for South Africa, but some businesses are reportedly reluctant to use the port because of the unreliability of the labor force and costly delays. Firms find it more difficult to get insurance coverage and fewer Western ships are calling. Both Mozambique and South Africa are pragmatic enough to recognize that they need each other despite the gulf between their political philosophies.

There are some hopeful signs in Mozambique's relations with the United States. Chrome destined for the United States in Beira at the time sanctions were applied was ultimately released for the United States. President Machel also has seemed somewhat interested in the possibility of foreign investment in Mozambique, although his government has yet to decide what its policy will be with respect to foreign investment.

At this point sources indicate that foreign investment has not been ruled out completely. One U.S. missionary, The Reverend Armand Doll, is still being held by Mozambique. The United States maintains a low profile embassy with a small and energetic staff.

Aid for Mozambique

A number of countries have provided or have promised to provide aid to Mozambique since independence. A short account of this assistance may be useful. China reached an agreement with Mozambique in July, 1975, to provide an interest-free loan equivalent to \$56 million, to be repaid over 20 years starting in 1990. East Germany has agreed to provide technical personnel and training in sectors such as agriculture, health, transport, industry, and education. The Netherlands signed an agreement in October, 1975, for a grant of \$10 million. In October, 1975, a general agreement of cooperation between Mozambique and Portugal was signed. This agreement provided for the employment of Portuguese technicians and public servants, but many of these civil servants have terminated their contracts a year early. There has been a substantial deterioration in relations between the two governments since February, 1976.

Sweden has committed \$12.5 million for fiscal year 1976. For fiscal year 1977, the Swedish Government has committed \$18.5 million. Denmark has provided grant assistance for 1975-77, totalling \$4.8 million. The Danes have also provided an interest-free loan of \$5.3 million for the purchase of Danish equipment and services during 1975-77. Norway has committed \$4 million for grant assistance in 1975-76. Finland has committed approximately \$1 million for 1976. The Soviet Union has signed an agreement of cooperation, but the details have not been published. Arab oil-producing countries have provided \$1 million in emergency funds, and general agreements on cooperation with Zambia and Tanzania have been signed.

Assistance specifically related to the application of sanctions against Rhodesia has come from the United Kingdom, which has pledged about \$12 million in soft loans and has pledged an additional \$24 mil-

lion, the details of which are to be worked out shortly. The Secretary General of the Commonwealth has visited Mozambique and possibilities of a Joint Commonwealth contribution and technical assistance are under study. The European Community has sent a mission to Maputo but the outcome has not yet been announced.

Secretary Kissinger in his Lusaka speech mentioned a U.S. contribution of \$12.5 million in assistance to Mozambique. This figure was originally based on an initial estimate of \$57 million by the Mozambique Government as the cost of applying sanctions. Of this amount \$12.5 million would have been about one-fourth. The \$12.5 million could come from the \$30 million allocated to former Portuguese colonies which was authorized and appropriated by Congress this year.

Secretary Kissinger addressed the issue of refugees in the area. It is estimated that there are approximately 17,000 refugees from Rhodesia in camps in Mozambique. The U.N. resettlement scheme for these refugees budgeted \$7.2 million. The initial subscription to this fund was \$5 million, of which the United States provided \$1 million. An additional \$2 million is needed for this effort.

A portion of U.S. assistance might be considered in the form of food: milk, corn, or wheat. The Mozambique Government had not indicated in May how the aid could best be channeled. Considering that the UNDP is operational in Mozambique and has facilities for monitoring the program, some experts believe that it would be sensible to channel aid through a U.N. special account to be monitored by UNDP. Because of the lack of administrative experience by the Mozambique Government, it would seem advisable that any aid be supplied in a form least subject to bureaucratic tangles. A more conventional aid agreement is not very feasible at this time because of the still cautious relations between the United States and Mozambique, the difficulty of administering an aid program in Mozambique, and the lack of trained personnel in Mozambique to deal with a bilateral aid program.

Like Zambia, Mozambique's absorptive capacity is sharply limited, and carefully tailored, specific programs that do not require significant local administrative inputs can provide considerable impact at low cost. Any substantial aid program is not thought likely until the course of Mozambique-United States relations is clearer and the major existing irritant to relations, the imprisonment of the Reverend Doll, is dealt with.

TANZANIA

Tanzania is not contiguous to the states directly involved in the southern African conflict, and has been relatively little affected by sanctions against Rhodesia. The major indirect effects have resulted from its role as a conduit for Zambian imports and exports.

Aid to Tanzania has thus far been justified on the basis that Tanzania ranks as one of the 25 least developed countries and meets quite easily the criteria of "New Directions"—for its own political and social philosophy. More recently this aid has an additional function: to complement the political relationship developed as a result of Secretary Kissinger's visit. The United States has agreed to work with and through the four African Presidents involved in southern Africa.

Nevertheless there are signs of uncertainty in the future of our aid program in Tanzania.

Political differences between the United States and Tanzania came to a head over Tanzania's role and vote in the U.N. on the resolution declaring Zionism to be a form of racism. Shortly thereafter the State Department set up an Office of Multilateral Affairs, whose function was to make visible our displeasure with countries such as Tanzania who voted against us. One method was to suspend or cut down on aid to those countries, the so-called Zap List. Thus in the case of Tanzania, the Public Law 480 Title I request was left pending from last August until a few weeks ago, when a Title I agreement for 40,000 tons of maize was signed. Also State has placed a ceiling on grant aid to Tanzania of \$4,450,000 for agricultural programs.

It is understood that it took the Secretary's visit to Tanzania to change U.S. policy. At the same time, another set of events have overtaken the "Zap List" as a threat to U.S. aid to Tanzania. The most serious of these problems are outstanding expropriation cases and payment to Nello Teer, the AID contractor on the road to Zambia.

Tanzania and Nello Teer went to arbitration about cost overruns and agreed on a settlement of \$4 million. Tanzania admits her liability but lacks sufficient foreign exchange to pay Nello Teer. AID was prepared to offer Tanzania a loan of \$4 million so that Tanzania could settle with Nello Teer, but questions have been raised in Congress about the terms of the loan. Under Section 620(c) failure to pay for goods and services could hold up new loans for Tanzania.¹

Perhaps even more serious in the long run are several outstanding expropriations cases which amount to a few hundred thousand dollars. Tanzania has promised compensation; but its offer in one case, a coffee farm, has been rejected as too low. The Tanzanian Government could probably settle the U.S. expropriation cases without great strain, but observers indicate that it is worried about the precedent that would be set for the larger expropriations to British owned property. Tanzanian officials seem to be aware of the potential seriousness of this problem. A number of U.S. Government officials favor taking a tough line with Tanzania, and are looking for other issues to hold up U.S. aid.

The lack of clear standards for "adequate and effective" compensation permits considerable scope for leniency or toughness depending on subjective evaluations of the country in question. It would be useful to study the question of expropriation and determine what standards are being or should be applied. Such a study might develop workable standards to ensure the proper application of the expropriation barrier to foreign assistance.

The largest capital expenditure related to the southern African situation has been the Tanzania-Zambia Railway. Another area of capital expenditure has been the Dar es Salaam harbor, long congested and a major bottleneck for imports and exports. This situation is somewhat improved now, but has been a nagging problem for the last ten years.

In the last few years and largely to deal with the drought, AID has increased assistance to Tanzania until it has now grown to be one of

¹ The issue with Nello Teer has been settled since this report was written.

the larger U.S. programs in Africa. However, the U.S. program is still smaller than those of several other donors, including those of the World Bank and the Scandinavian countries.

U.S. assistance to Tanzania is concentrated in food production, health and population planning. The Great North Road has been paved with U.S. assistance. There are one or two Americans on contract to AID assisting in the ports. Otherwise, U.S. assistance is not linked to the southern African situation. Nor do the Tanzanians want it linked. Aid is treated as a separate subject to be handled quite apart from southern African issues. None of the money in the Security Supporting Assistance authorization for southern Africa is projected for Tanzania, although it is possible that some portion could be used for transport problems connected with Zambia, Mozambique, or Zaire, refugees from southern Africa, or training or health programs among refugees in Tanzania.

Tanzania's Economy

The Tanzanian economy has suffered a number of setbacks in recent years. Drought in 1973-74 required substantial food imports. Tanzania has been hit hard by falling prices for the commodities it exports, such as cotton and sisal, while world inflation and sharp oil price hikes have increased the cost of imports. The necessity to import food has a devastating impact on the balance of payments. Tanzania imported over 900,000 tons of grain valued at \$240 million between January, 1974, and September, 1975. This virtually depleted Tanzania's foreign exchange reserves, leaving it with an average of three weeks import payments in 1975. A large portion of these imports were commercial grain purchases from the United States.

To meet this economic deterioration Tanzania has severely restricted imports—a fact which is clearly reflected in the paucity of goods in Dar es Salaam shops—and has tightened foreign exchange controls. Its reliance on foreign assistance to finance its capital budget is steadily increasing. In 1975, Tanzania was forced to postpone its third Five Year Plan because of the large resource gap. The Plan is now supposed to be initiated in July, 1976. The Tanzanian Government projects that half the resources needed for fulfillment of the Plan will have to come from foreign sources. It is questionable whether Tanzania can generate the other half from domestic resources.

Tanzania has its own version of African socialism, guided by the philosophy of President Nyerere. The core of its development strategy is the idea of Ujamaa villages, a system of rural socialism based on cooperative sharing of communal property with a basic level of inputs and services provided by the government. Originally the government stated that settlement in Ujamaa villages was purely voluntary. Recent government dissatisfaction with the slow pace of settlement has led to forced removal of peasants to the villages. Some observers have felt that the Ujamaa settlement program has had an adverse impact on food production. This is difficult to verify, but it is clear that the government can no longer afford to spend as much on social services for Ujamaa villages as it has in the recent past. The government clearly recognizes the need to increase food production and is initiating programs accordingly.

ZAIRE

Zaire has been less directly affected by the Rhodesian conflict in either economic or political terms than the other countries considered in this report. It is, however, facing an economic crisis of major proportions which has been exacerbated by the Angolan civil war and could be made even worse if events in the south cut off all rail traffic and imports from that region.

Zaire's large land mass of 235 million hectares is rather sparsely populated by 19 million people, 2.25 million of whom live in Kinshasa. Roughly half of this land is arable but only one percent is actually cultivated. If the agricultural resources of just the eastern region were adequately exploited, Zaire could become a net exporter of food. It is currently forced to import simply to stave off hunger. The vast mineral wealth found in the Shaba (formerly Katanga) and Kivu regions is legendary. Zaire probably has the world's richest copper deposits. They currently account for 80 percent of export earnings and 45-50 percent of government revenue. Other important minerals include cobalt, zinc, diamonds, tin, gold and manganese. Despite these important resources the per capita income is only \$100 a year.

Recognizing the severity of the economic crisis, Zaire was finally compelled by the state of its economy and the pressures of outside creditors to submit itself to an IMF stabilization program this year. The package included significant cutbacks in imports and government expenditures and a devaluation of the currency. As expected, this has resulted in steep domestic price increases.

The IMF projected that the stabilization measures would decrease the balance of payments deficit from \$600 million to \$100 million. This estimate was based on 1976 copper sales of 500,000 metric tons at an average price of \$0.66 a pound and a maintenance of imports at the 1975 level of approximately one billion dollars. The IMF plan also included a debt rescheduling of \$200 million.

U.S. officials believe that the deficit will be at least \$250-300 million more than anticipated by the IMF. Copper production is likely to be only about 460,000 metric tons and of that only 410,000 will actually be sold. Further, an estimated average price of \$0.66 per pound is considered too high as the price was only \$0.56 until May. It would have to stay at the current \$0.72 for the rest of the year to average \$0.66. Roughly every 10,000 metric ton miscalculation results in a revenue loss of \$14.5 million and every penny difference in the average price makes a \$10 million difference in foreign exchange and \$5 million in government revenue. Thus the deficit in expected copper revenue if only 410,000 metric tons are sold at 0.63 cents a pound would be \$158 million. In addition to a minimum import level of one billion dollars is considered too low. Minimum requirements without even affecting any of the root problems in transport or agriculture would amount to at least \$118 million. Thus U.S. officials assert that the deficit will be \$276 million more than the IMF projected or about \$375 million total.

The debt rescheduling anticipated by the IMF has not yet taken place, although discussions are under way. In exchange for the rescheduling Zaire has agreed to put 10 percent of its export receipts or about \$120 million in a trust fund to pay 1975 arrearages and the

interest on the 1976 debt. None of this had been deposited by June 1976. In order to reach this figure by the end of the year approximately \$17 million per month would have to be put aside. It seems unlikely that Zaire will be able to do this. Current monthly receipts from copper are only about \$31.5 million. This is less than supply times price because costs are deducted and the actual payments are based on an estimate process which relates to a four-month rolling line of credit. This inflow is barely adequate to cover the costs of essential mine, fuel and bread imports. There is nothing left to contribute to the trust fund. If Zaire's creditors are unwilling to reschedule the debt since Zaire has not lived up to its agreement, an additional \$200 million will be added to the deficit for a total of \$575 million.

Potential assistance available to cover this deficit amounts to only about \$300 million. The IMF has made \$160 million available but only \$54 million has not been drawn or already committed. Other donors, including the United States (\$45 million in 1976 and 1977 combined), are discussing contributing about \$150 million. Even if all of these funds become available and the debt is rescheduled, U.S. officials estimate that over \$50 million will remain uncovered. If the debt is not rescheduled the deficit will be about \$250 million. In short, by September or October, Zaire will have drawn all of its IMF assistance and unless someone intervenes will be forced to default on its debts. These debts are held largely with Western donors and defaults would undermine the confidence which the IMF stabilization program was designed to engender. If Zaire consequently becomes incapable of importing, the mines and transport system will probably shut down, widespread hunger could result, and economic and political chaos seem likely.

Causes for the Crisis

Zaire's crisis has resulted from a combination of external balance of trade factors, the impact of the Angolan civil war, and most basically the existence of ongoing and all-pervasive economic mismanagement.

The most immediate causes are external, more specifically a precipitous decline in copper prices just when import costs, especially for fuel, were rising. Copper prices hit a high of over \$1.50 a pound in 1974 and then fell in one year to \$0.54 a pound. Although they are back to \$0.72 a pound this month it is highly unlikely they will climb back up to the 1974 level in the near future. Increased import costs have had not only a direct impact on the terms of trade but also caused a decline in copper production since imports essential to the operation of mines are lacking. Some observers maintain that the most serious copper problem in Zaire is not price but production levels.

On a more basic level the primary reason why Zaire was hurt so badly by these external factors is gross economic mismanagement. Zaire has not only failed to diversify its economy since independence, it has concentrated even more on a single commodity—copper. In 1959 copper accounted for 40 percent of exports and agricultural production for 50 percent. By 1976 over 70 percent of exports were copper and other minerals made up an additional 20–25 percent. There has been an absolute decline in food production and imports are now

necessary to avert hunger. This has been further compounded by increased urbanization—the population of Kinshasa increased from 450,000 in 1959 to 2.25 million in 1976—and disruptions in the marketing system.

Mismanagement is also partially responsible for the large debt accumulation, much of it for low priority, prestige projects. Zaire has had no economic plan and inherited very limited trained person-power at independence. There is no real expert economic management at the top.

Zaire's wealth has attracted a stream of foreign investors promoting a variety of projects. Many of these projects were accepted, especially if there was no immediate domestic disbursement obligation. Most of this investment comes from the foreign private sector but much of it has government guarantees. Little attempt was made to determine if these projects could eventually pay for themselves. This situation was subsequently compounded by the accumulation of short-term high interest roll-over debt to cover payment on past loans.

A final and all pervasive problem of mismanagement is widespread corruption which is even acknowledged by the government. This is found on all levels and severely disrupts the rational allocation of resources, and discourages assistance agencies and well-wishers of all kinds.

The civil war in Angola occurred just as these other economic pressures were coming to a head. The most serious result of the war for Zaire was the closure of the Benguela Railroad. This had been the major transport route for most of the copper exports from the Shaba region. In addition quite a bit of Zairean rolling stock was destroyed. At best the railroad could not be repaired until the end of the rainy season in the fall of 1976. The continuation of guerrilla attacks on the railroad make even this timetable very optimistic.

The war also resulted in a direct outflow of resources. Zaire probably provided the FNLA with several million dollars worth of supplies since they were afraid an MPLA government might cut off their only domestic outlet to the sea through Matadi. Direct military expenditures also increased because it was considered necessary to build up forces on the border.

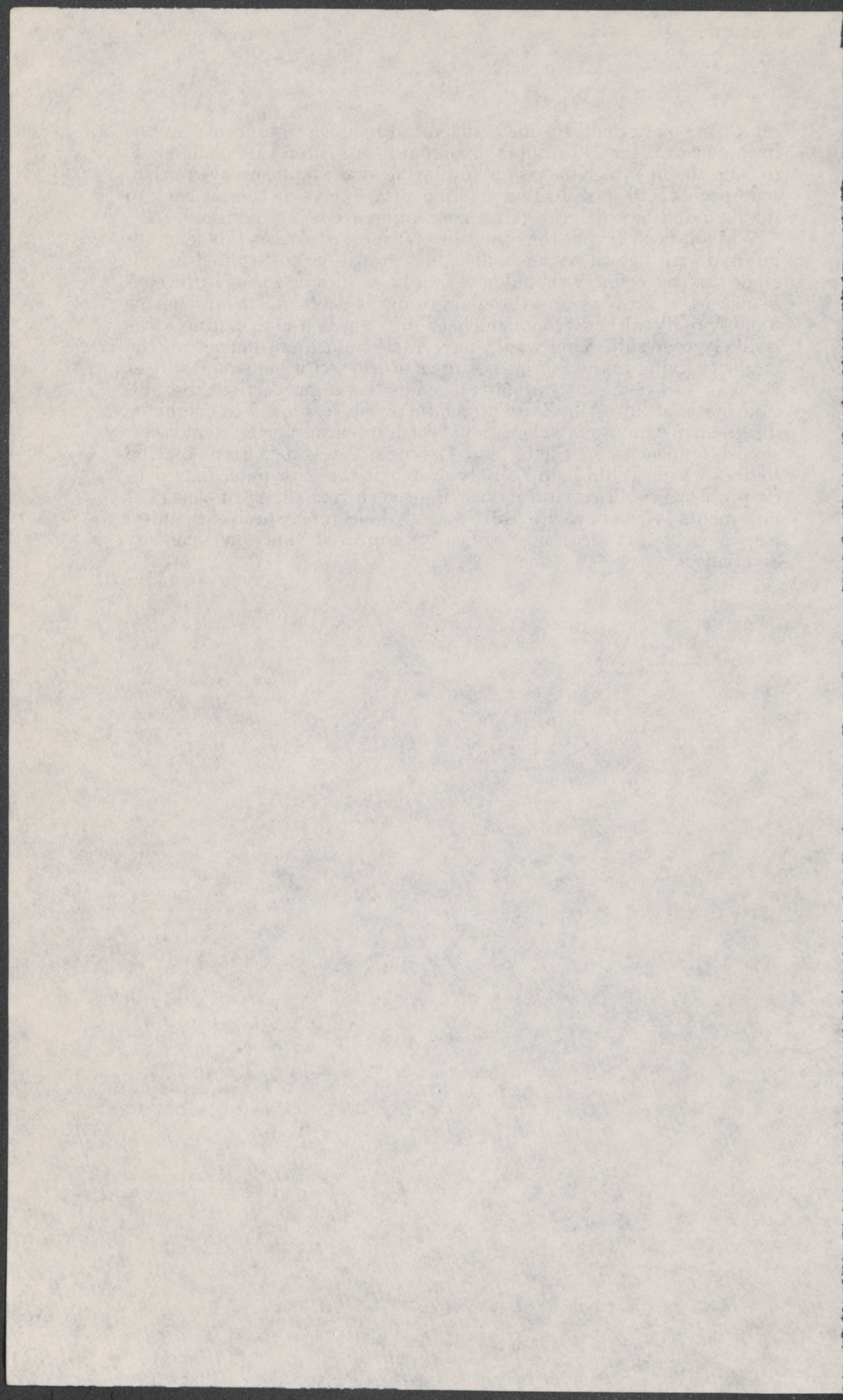
Finally, refugee flows of over a million persons put an additional burden on the economy.

The Rhodesian conflict could further complicate this picture if it results in the termination of rail shipments from southern Africa to Zaire. The Shaba copper producing region gets a major portion of its imports from the south over the rail line which passes through Rhodesia. The only other options for both imports and exports are the complicated rail-ship transshipment routes to Matadi (2,600 kilometers) or to Dar es Salaam via the inland lakes.

Zaire is making some efforts to grapple with its own problems. The crisis did force Mobutu to submit to an IMF stabilization program but it must be noted that Zaire took the "IMF cure" once before in the mid-1960's and its impact wore off in several years. One can only hope that the second dosage will have more permanent effects. Mobutu does seem more committed now to diversifying the economy and con-

centrating on agriculture and transport although a significant increase in copper prices might dilute this commitment. Efforts are being made to stem the flow to Kinshasa by declaring that all unemployed urban immigrants will have to find a job in fifteen days or be sent back to the land and new drives against corruption are being discussed.

While it is clear that the root cause for most of Zaire's problems are internal and its own responsibility, it is probably shortsighted to conclude that the country should now simply be allowed to suffer the consequences. If Zaire is forced to default on its debts and can no longer import, political and economic chaos in the urban and mining areas is likely to result. This would have little immediate impact on the majority living in the subsistence agricultural sector but would spread there as well if the disruption reached civil war proportions. Significant levels of unrest in Zaire might further be extended to neighboring countries, invite attacks from abroad, or encourage existent secessionist tendencies in Shaba and Cabinda. Assistance from outside sources which would help Zaire to overcome the most immediate deficit problems could be vital in averting the current threat of chaos but no amount of money will solve Zaire's long-range problems unless management practices are radically improved and the economy diversified.



GLOSSARY

ANC—African National Council
FROLIZI—Front for the Liberation of Zimbabwe
Namibia—Southwest Africa
OAU—Organization of African Unity
SWAPO—South West African People's Organization
UDI—Unilateral Declaration of Independence
ZANLA—Zimbabwe Liberation Council
ZANU—Zimbabwe African National Union
ZAPU—Zimbabwe African People's Union
Zimbabwe—Rhodesia
ZIPA—Zimbabwe People's Army
ZLC—Zimbabwe Liberation Council

Map of Southern Africa showing transport routes and mineral resources

