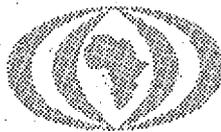


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## HOW LONG CAN ZAIRE SURVIVE?

Zaire - the giant of Africa - is facing its last chance of survival, as President Mobuto attempts to bring order to his troubled economy, to reverse trade and payment deficits, build up agriculture and halt the squandering of the country's skimpy foreign exchange. Zaire has been teetering on the verge of bankruptcy for four years now. Its foreign debts total 3,5 billion dollars and the economy is literally in a decline with a negative growth rate of 4 to 6 percent of gross national product every year since 1975.

After the Shaba invasion, which stopped mining production for several months, the worried nations of the West granted Mobuto 80 million dollars in emergency aid, which was to have been followed by more substantial sums. Towards the end of last year, however, the West added strings to its aid programme, asking Mobuto to shore up his ailing economy in order to qualify for further aid. Accordingly, for the first time in many years, foreigners are taking over key industrial and banking sectors in a bid to stabilise the economy - generally at Mobuto's behest.

For instance, Mr Erwin Blumenthal, a retired West German Bundesbank official, heading an international monetary fund team to Zaire, has his offices in the Central Bank of Zaire where he is keeping a sharp watch on the country's foreign exchange position. He has begun to liquidate commercial debt owed to foreigners (by holding a percentage of export earnings in the Central Bank) and is forcing a devaluation of the Zairean money unit - the zaire. By the end of 1978 he had knocked off approximately 37 percent of its value, making the zaire roughly equal to the rand and inducing Zairean exporters to repatriate their profits earned abroad.

Western officials are also attempting to do something about corruption in the country's economic system and banks, for instance, have been instructed by IMF officials not to lend money to the President's uncle, Mr Litho Moboti Nao-yombo, who, it is said, rarely repays loans. Credit and exchange facilities to other Zairean companies have also been banned. This is taken as proof of President Mobuto's willingness to accept foreign supervision, although some observers feel he has little choice.

Other steps are also being taken; e.g. a UN team intends moving into the Ministry of Finance to bring some order to the budget, which was overspent by some 60 percent last year. Government money is also often spent without control or approval. Evidence has been found of Zairean officials being on Government wage sheets under three of four different names.

Most of Zaire's trade passes through the port of Matadi, and Belgium is sending thirty or forty customs inspectors to take over customs control there, while France is said to be considering sending tax experts.

The Western donor countries meet in Washington early this year to discuss the data collected by the IMF team currently in Kinshasa, and they will then decide whether to give President Mobutu aid to cover a balance of payments deficit of around 435 million dollars. Further aid would include long term Western investment of a billion dollars in the Zairean infrastructure in order to fulfil the so-called "Mobuto plan", which is a five year development scheme.

However, despite such remedial action (and despite unprecedented Western insistence that it administer the aid programme), it does not look as though the Zairean economy will bottom out of its nose-dive for some time to come. The collapse of the copper price - although this is now improving has led to a sharp cut in foreign exchange earnings, while at the same time the vital Benguela rail link was closed by the civil war in Angola, and even though Angola and Zaire have attempted to get this link running again, continued sabotage by the Unita forces of Dr Jonas Savimbi has made this impossible.

The closure of the Benguela line has led to severe transport problems for President Mobutu. Zairean copper leaves the country in two ways - both costly in terms of time and money. One route is via the northern railroad, then by barge to Kinshasa and again by rail to Matadi - a six month trip. A smaller amount of copper - some 150 000 tons a year - goes through South Africa; much of the income of which is apparently used to buy South African food.

The food situation is chronic, according to reports, and there has been widespread hoarding. Malnutrition is the most widespread medical problem in the country and half the children being born now will die before reaching the age of five. The basic meal is manioc, sometimes supplemented with dry fish. The price of bread has been aggravated by inflation and rose 233 percent in a year. From having been a food importer in the 1960s, Zaire has let its farms deteriorate to the extent that a bare 1 percent of arable land is now farmed, and even when food is grown it often cannot be transported to market because of the collapse of the road system. Nineteen years ago, there were 87 000 miles of road - today only two-fifths are usable. The rest has gone back to the bush.

Transportation is thus a critical area and much Western aid will be concentrated on improving this aspect of national life. Hundreds of buses and most of the country's heavy duty trucks currently stand idle for lack of spare parts. The Government also has trouble paying for imported petrol, which can cost as much as 20 zaires a gallon (about R16,00) in the interior - when it can be found.

Zaire is considered crucial to Western interests because of its position in Central Africa, bordering nine other countries, and because it is regarded as a staunchly anti-communist barrier. The West is therefore prepared to go to considerable lengths to keep Mobutu in power and to realize the potential of the country. The Zaire River alone represents 13 percent of the world's hydro-electric capacity, while the mineral and oil reserves have barely been touched. The West now has to persuade Mobutu to ease off on domestic political repression, and there are signs that he has already reacted favourably to Western pressure by effecting a reconciliation with President Aghostino Neto of neighbouring Angola, and by introducing political improvements at home,

e.g. by lifting restrictions on the Roman Catholic Church and releasing some political detainees (of whom the best known is Mr Nguza Karl i Bond, once tipped to succeed Mobuto as president).

However, the key to political stability in Zaire, and to the stability of the pro-West Mobuto régime, still remains the economy. If it deteriorates further, political unrest will grow and a revolutionary climate will be encouraged. Further, Neto may review his alliance with Mobuto if this happens. On the other hand, if the economy stabilizes the situation should improve, but the key factor here remains the transport situation and the vital Benguella line which will have to be kept open for Zairean copper. One can expect that Western efforts may soon concentrate on persuading Unita that it is not in the West's interests to have the line constantly sabotaged.

#### THE REVOLUTION THAT FAILED

Next door to Zaire, the People's Republic of the Congo (PRC) is tottering on its feet. The country is small (it only has a population of 1,5 million people) and is already well over a half billion dollars in debt, according to reports, while the Government is apparently unable to pay civil service salaries.

This is Africa's oldest communist state, but it is clear to observers who have visited there recently that the revolution is not working. After a twelve year break in relations, the Government has again been forced to turn to the capitalist world, notably the United States, for assistance, and an American bank has negotiated a loan for American equipment - underwritten by the US Export-Import Bank - for the first time in almost a decade. However, American companies are wary of doing business in the Congo, being mindful of the nationalisations which followed independence. (Texaco and Mobil have not yet been compensated for their nationalised plant.)

Like its neighbour, Zaire, the Congo has to import food; some of it is even said to come from South Africa and Rhodesia in unmarked aircraft, and American food, including rice, sent to Zaire is apparently smuggled openly across the river and sold in the PRC. The country has no major source of revenue, following the flooding of the potash mines in 1977, which have never been reopened.

There are hundreds of Russian and East German advisers in the PRC and several thousand Cuban troops are reported to be based at Pointe Noire from where they are deployed to guard the nearby American Gulf Oil Corporation fields at Cabinda. The Congo has a history of being a Soviet proxy jumping-off point into the rest of Africa, and Pointe Noire, a sizeable and well-equipped port, was a channel for arms to Angola during the civil war. It would not be surprising if the port was again used as a channel for sending arms elsewhere in Africa, but much will depend on whether the country remains Marxist - it is not certain that it will. The Congo has had a series of coups in its history, and since the assassination of Nguabi in 1977, the country has been ruled by the military committee of the Congolese Labour Party. However, tensions are said to be rife within the party and further coups cannot be excluded.

MR ANDREW YOUNG AND SOUTHERN AFRICA

The United States Ambassador to the United Nations, Mr Andrew Young, is said to have his future inextricably linked to that of Southern Africa, according to a recent account from abroad. Success of US policies (which he helped shape) in the sub-continent will mean personal success. Failure will mean personal failure.

He has indicated in an interview with Mr Jonathan Power (an American writer), however, that the pressure is on South Africa to compromise, and for that reason he is optimistic about the future. He makes the following points:

- x The decision of the new Iranian Government to stop oil shipments to South Africa will oblige South Africa to look elsewhere, and United States complicity will be needed in this regard.
- x If South Africa resists the latest Western proposals on SWA/Namibia the United States is determined to use sanctions of some sort (a ban on civilian flights to and from South Africa could be imposed and is the most likely form of sanction). Mr Young feels South Africa will go along with the proposals.
- x South Africa will be more prepared to accept a United Nations role in Rhodesia if it sees UN troops and administrators effectively at work in SWA/Namibia.

Mr Young's view of Rhodesia is that South Africa should encourage Mr Smith to surrender to the British. The British would, together with the US and UN, implement by fiat the British-US plan for a peaceful settlement, rather than persuade the various parties (an acknowledged hopeless task) to meet around a table. (See Brief Report no. 11, though, for Mr Smith's attempts to reach an accommodation with the Patriotic Front. It is rumoured that this plan is not entirely dead and that efforts may be afoot to revive it before the April elections.)

Meanwhile, it will be interesting to see what role the South African Government has reserved for itself in attempts to resolve the Rhodesian impasse, beyond volunteering guarantees of assistance to distressed Rhodesians. Previously the Government has gone to fairly considerable lengths to co-operate with the West in seeking a settlement (to the extent of putting pressure on Rhodesia). Nothing suggests at this stage that such co-operation will not again be forthcoming from South Africa if it is required.

Please note that the views reflected in this brief report are not necessarily those of the Institute, which is precluded by its constitution from expressing an opinion on any aspect of international affairs.

This report was written and compiled by David Willers, Assistant Director, SAIIA.