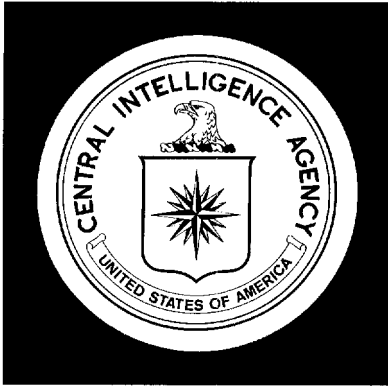


Secret



25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review
completed

DIA review
completed.

Navy review
completed.

Secret

24 November 1972
No. 0397/72

Copy N^o 46

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

CONTENTS (24 November 1972)



[Redacted]
3 Banking on the West

4 Argentina: The New Politics

25X6

FAR EAST

6 Indochina

8 Korea: Elections North and South

EUROPE

9 French Arms Sales Slacken

10 New Trade Talks

11 The Netherlands: A Squeaker

12 Poland: Grumbling Through Channels

13 Romania-Yugoslavia: In Helsinki

MIDDLE EAST

AFRICA

14 Egypt-USSR: Keeping in Touch

14 Egypt: A Season of Discord

15 Israel: A Message to Syria

16 Zaire: Looking to the Future

17 Angola: Divided Liberators

18 Morocco: More of the Same

18 The Arabs: Still at Odds

WESTERN
HEMISPHERE

19 Uruguay: Navy Upset

19 Brazil: Municipal Elections

20 Cuba: Changes in the Party

21 Chile: Allende Heads Abroad

22 Honduras: Waiting for Lopez

23 Haiti: A Strongman Gets Axed

24 Ecuador: A Gagggle of Problems

SPECIAL
REPORTS

(Published separately)

A Asian Exodus from East Africa

[Redacted]

25X6

Page Denied

Next 4 Page(s) In Document Denied

BANKING ON THE WEST

6/7 [The USSR and Eastern Europe are in the market for new Western credits. They have stepped up their contacts with leading US financial houses and have consulted with the president of the US stock exchange. The Russians have now agreed to permit two banks with large international credit operations—one US and one French—to open “representative” offices in Moscow. Judging from the volume of new orders for Western machinery and equipment, Communist needs for credit will increase—probably at an accelerated rate in the case of the USSR and a somewhat slower pace for Eastern Europe.]

6/7 [Except for food aid under PL-480 and assistance by the Commodity Credit Corporation, which recently extended \$500 million to help finance Soviet grain purchases, US banks and official agencies have not participated significantly in granting credit to Communist countries. With the easing of political relations, however, Moscow expects the US Government as well as private American institutions to play a major role in financing Communist imports. Export-Import Bank credit and insurance have been made available to the USSR, Poland, and Romania.]

Other US banks appear to be willing to enter into consortia to finance US exports for various industrial projects in the USSR and have participated in marketing bonds floated by Hungary. The present financing activities of all Western organizations, however, could be dwarfed by Western contributions to the multi-billion dollar projects involving oil and liquid natural gas now being discussed.]

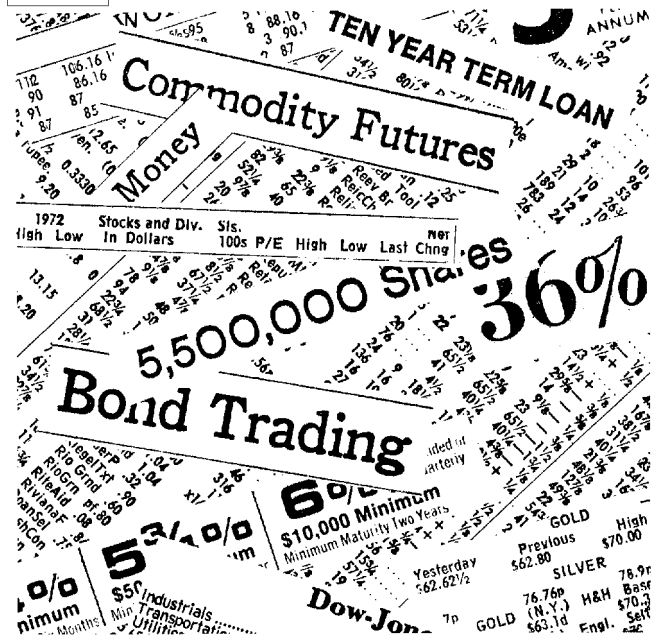
6/7 [The USSR is in a somewhat better position vis-a-vis its Western creditors than the East European countries. Soviet indebtedness rose from \$50 million in 1960 to over \$2 billion this year, but the average maturity of the Soviet debt is longer than that of Eastern Europe and, therefore, easier to service. The USSR's large stock of gold, worth over \$2 billion, enhances its credit worthiness, and its rich reserves of raw materials can help pay for machinery and equipment. Self-liquidating credit deals, such as the gas-for-pipe contracts negotiated with Western Europe, have

further lightened the burden of the growing Soviet debt and promise large foreign exchange earnings in the future.]

6/7 [Some of the East European countries, on the other hand, are at or near levels of indebtedness where repayment becomes a serious problem. Yugoslavia's debt burden is the greatest, having climbed from about \$600 million in 1960 to about \$2.5 billion in 1972. The rest of Eastern Europe's debt rose from \$600 million to over \$4 billion during the same period. Romania carries a particularly heavy burden; about 40 percent of its 1971 exports to hard-currency countries had to be used just to service the debt. Romania has managed to reschedule some of its debt and acquired a hard currency loan from China. Bulgaria has received hard currency assistance from the USSR in order to protect Communist credit ratings. Eastern Europe has warned Western countries that they must make efforts to increase their purchases from Eastern Europe if present trade levels are to be maintained. Joint ventures and barter deals are also being tried to augment financing by credits. Nevertheless, Eastern Europe's indebtedness is likely to exceed \$5 billion by the mid-1970s.]

25X1

25X1



SECRET

SECRET

ARGENTINA: THE NEW POLITICS

[1] Since arriving in Buenos Aires on 17 November, former dictator Juan Peron has done more to move toward a broad political accord than President Lanusse has since coming to power in March 1971. Peron's efforts to fulfill his proclaimed "mission of peace" have been facilitated by the unexpected freedom of movement that Lanusse has permitted him over the strong objections of elements in the armed forces.]

[2] The rousing and violent welcome that military leaders had long believed would occur if Peron ever returned did not materialize. Large crowds gathered around Peron's home in the suburbs after the government allowed the old dictator to leave the airport, but for the most part they were joyful and orderly. Obviously tired, but just as obviously reveling in the adulation of his followers, the 77-year-old former president lost little time in demonstrating that he is indeed a potent political power in Argentina.]

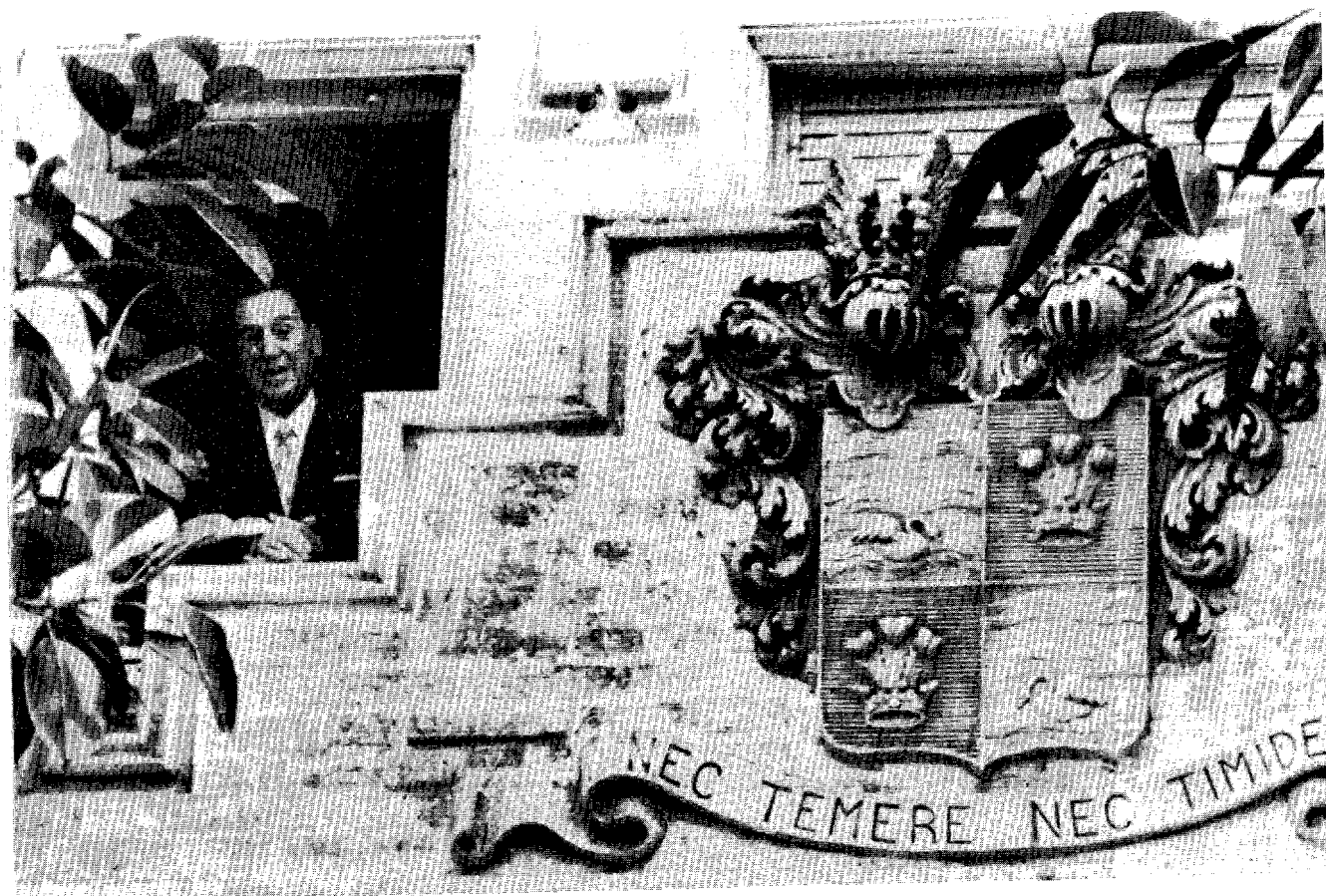
[3] Peron gathered leaders from a wide spectrum of political parties and movements to discuss the formation of a broad popular front for the presidential elections scheduled next March. Peron still has much to do before he can claim success in this venture, but the first meeting did produce what he termed a "consensus to share a common attitude." The group that shares this consensus encompasses representatives of all major political views except the conservatives and the extreme left. The group reportedly agreed to ask the government to remove the residency requirement that bars Peron from running for president, although it seems unlikely that Peron seriously contemplates being a candidate.]

[4] It would be difficult for President Lanusse to agree to a suspension of the residency requirement. He was under criticism from his military comrades for letting Peron return at all, and the



Waiting to Greet Peron
Still a Potent Political Power

SECRET



Peron at Suburban Villa
"Neither Menacing nor Timid"

armed forces opposition to Lanusse's handling of the affair has increased with each new move by Peron.]

[Redacted]

Lanusse has continued to play a waiting game, however, hoping that Peron's popular image will be tarnished through public exposure. Lanusse has, however, made some moves behind the scenes to try to prevent Peron from achieving a coalition or, if he does, to improve the chances

that it will be acceptable to the armed forces.] Both Peron and Lanusse seem to agree that the time is propitious for the division between Peronist and anti-Peronist that has wracked Argentine society for decades to be overcome. They both appear to realize that this cannot be accomplished without the cooperation of the two most powerful forces in Argentina, the military and the Peronists. A direct encounter between Peron and Lanusse, or possibly their seconds, would seem to be a necessary step. Years of bitter antagonism, the massive egos of the two men, and the impatience of the military, will make reaching that final agreement difficult.

[Redacted]

25X1

SECRET

INDOCHINA

VIETNAM: GENERALLY QUIET

Both sides are still trying to expand their territory before a cease-fire is declared. In the northern half of South Vietnam, South Vietnamese Marines north of Quang Tri City moved close to the Cua Viet River, the last natural barrier held by the Communists south of the DMZ. West of the city, South Vietnamese paratroops are in an area that had been under enemy control since the early weeks of the offensive. Heavy rains and flooding are hampering movements on both sides.

In the central highlands, elements of the North Vietnamese 320th Division are conducting a campaign in western Pleiku Province. Most of the attacks have been near the Thanh An District capital, the last major government district headquarters in the western highlands. These actions are similar to those mounted by the Communists against border ranger camps in both Kontum and Pleiku during the past few weeks and apparently are intended to eliminate any significant government presence near the border.

Military activity in the southern half of the country has been light and sporadic. The Communists continue to shell scattered district and

provincial cities in the delta but have not followed up with major ground attacks.

More Support for Thieu

The South Vietnamese Senate added its voice to that of the Lower House and many other groups this week by passing a resolution of support for the government's peace stand. The resolution was approved by a 36-8 vote. Senate chairman Huyen's Catholic group, which recently has switched from an opposition posture to one more favorable to the President, joined pro-government senators in supporting the measure.

It was opposed by Buddhist leader Vu Van Mau and a small band of followers, who tried unsuccessfully to postpone the vote on the resolution and to insert a clause calling on Thieu to bring about greater "national unity." Mau, one of the few political leaders to criticize Thieu publicly in recent days, apparently believes the Buddhists should maintain their opposition despite the uncertainties in the current situation. Other Buddhist leaders, including the influential Tri Quang, reportedly are concerned about the survival of an anti-Communist government and believe the Buddhists should refrain, for the time being, from attacking the Thieu administration.

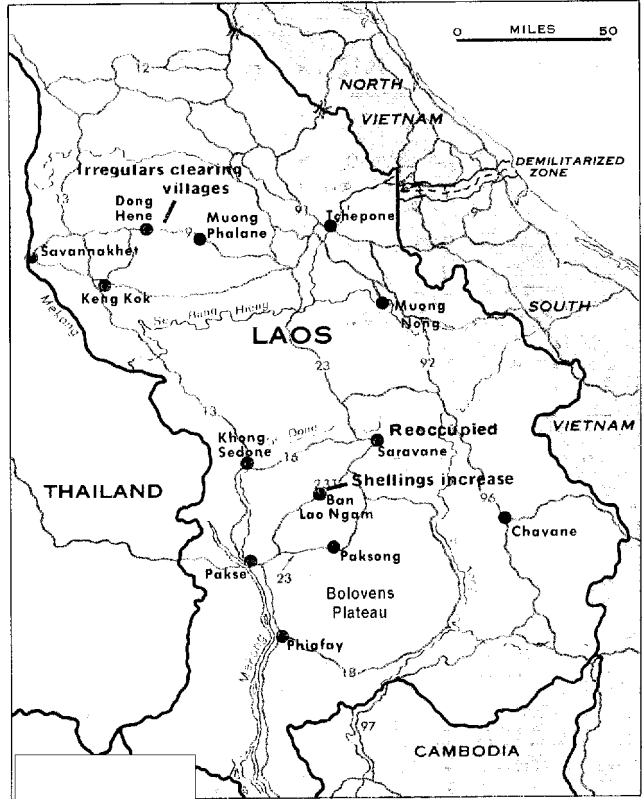
♦ ♦ ♦

SECRET

LAOS: BACK ON TOP DOWN SOUTH

19 Government efforts to retake lost territory in south Laos are having mixed results. A twelve-battalion irregular force in the central panhandle is clearing small Communist units out of villages east of Dong Hene, where sizable enemy supply caches have been uncovered. The irregulars have now pushed five miles east of the Se Champone River. The North Vietnamese regiment that resisted the government move across the river earlier in the week has for the most part fallen back to defend Muong Phalane, a town on Route 9 not far from the Ho Chi Minh supply network.

22 Farther south, elements of an eight-battalion irregular force have moved back into Saravane, a provincial capital north of the Bolovens Plateau. North Vietnamese troops from the 968th Division had driven government units from the town on 15 November, but the irregulars stayed nearby and directed air strikes on enemy positions. The Communists are probing irregular positions near Ban Lao Ngam, the other government-held town in the area, and may be preparing to push back into the town, once used as a Communist supply center. Lao Army units have advanced about ten miles east of Khong Sedone without meeting any resistance, and an irregular force has reoccupied positions at the junction of Routes 23 and 231.



25X1

25X1

SECRET

KOREA: ELECTIONS NORTH AND SOUTH

27/17/ Seoul's new constitution, approved by a substantial majority of South Koreans in a national referendum on 21 November, will permit President Pak Chong-hui to continue his rule indefinitely. Although tight control of the referendum process ensured the favorable outcome, the government had overseen an extensive campaign to overcome voter apathy. Prominent officials traveled across the country to underscore the regime contention that the new measure was necessary to foster national unification and prosperity. The President personally took to the hustings, sounding strident notes of nationalism and promising rapid economic development in rural areas in the next few years.

27/18/ The regime was confident that any opposition could be kept under wraps. Tanks and troops were withdrawn from the streets shortly before the vote, and a session of the Red Cross talks was scheduled in Seoul just afterward. Disgruntled elements within the intellectual and Christian communities were already cowed by the regime's tough enforcement of martial law—more than 200 had been arrested and several opposition politicians beaten up. The only way left to register a protest was to join the reportedly less than 10 percent of eligible voters who stayed away from the polls. The government is likely to remain tough as it moves to complete the scheduled changes.

27/19/ Under the new constitution, a National Council for Unification and Self-Reliance composed of up to 3,000 local officials must now be elected, and this body will in turn select the new president. Both events are scheduled for mid-December so that Pak can begin the new year with a sweeping mandate and greatly expanded powers. The President clearly

hopes that the rapid completion of the changes will cut short any disarray at home and keep adverse foreign criticism, particularly from the US, to a minimum. Some Korean officials maintain that once the president is in office, martial law will be lifted and other restrictions will be eased.

Voting Up North

27/20/ Pyongyang has announced that it will hold elections on 12 December for the Supreme People's Assembly, which will in turn ratify a new North Korean constitution. Regime spokesmen are maintaining that the constitutional changes—approved by a plenum of the party central committee last month—are needed to reflect the nation's achievement of a "higher stage of socialism." Pro-Pyongyang Koreans in Japan suggest that it is also intended to facilitate national unification by removing impediments to greater North-South contacts.

25X1

25X1



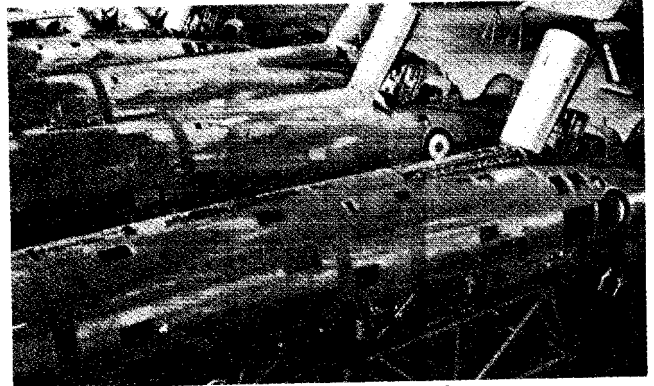
Hiratsuka's "Seoul Todaimon Gate, Korea," 1934.

SECRET

SECRET

FRENCH ARMS SALES SLACKEN

30 } For France, the world's third largest arms
 31 supplier, 1972 has not been an especially lucrative
 32 year. In the first six months, arms sales were
 33 down by about 40 percent from the same period
 in 1971. In 1970 and 1971, sales topped the
 \$1-billion mark for the first time, but in both
 years sales were inflated by large contracts, such
 as the Mirage aircraft deal with Libya and the sale
 of more than 700 Exocet anti-ship missiles to
 some ten countries. }

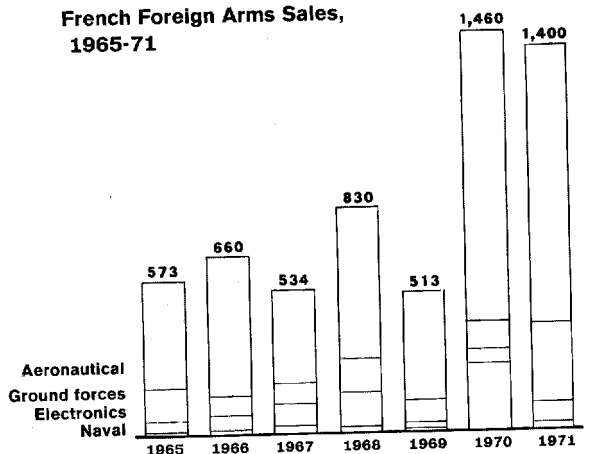


Mirages at Dassault Plant
Confident of New Sales

34 } The French armament industry has had bad
 years before and recovered. French officials have
 been quick to point out that a decline in arms
 sales for 1972 should not be interpreted as a
 slackening of effort and that France intends to
 remain as formidable a competitor as in the past.
 35 } The French expect that sales of aeronautical
 equipment will continue to spearhead their effort.
 The new Mirage F1 fighter-bomber, for example,
 is being pushed in a number of countries looking
 for an aircraft to replace aging US F-104s and
 older Mirage IIIs. Dassault, the manufacturer of
 the new fighter-bomber, is confident that sales
 will equal or surpass the more than 1,000 Mirage
 IIIs and Mirage 5s sold by the company. }

36 } Despite the success of French arms sales in
 the past and French confidence about the future,
 some French press writers recently suggested that
 1973 may see the introduction of increased com-
 petition, particularly from the US. The newsmen
 argue that this may occur because of the anti-
 cipated cutoff of the Vietnam outlet for US arms
 producers and the SALT agreements that will free
 the US and USSR to concentrate on improving
 conventional arms systems for sales. }

**French Foreign Arms Sales,
 1965-71**



553842 11-72 CIA

CONFIDENTIAL

37 } The French Government apparently views
 the threat of increased competition as potentially
 serious. In a recent meeting, the technical adviser
 to Defense Minister Debre pointed out to the US
 defense attache in Paris that reasonable com-
 petition in arms sales is natural, but that excessive
 competition between France and the US could be
 detrimental to both countries. The French official
 added that in such circumstances, third countries
 might be tempted to play off one arms supplier
 against the other to get the best terms. He has-
 tened, however, to assure the US attache that
 France has no wish to cause the US political
 embarrassment in any specific arms deal. }

38 } French success in the arms field can be
 ascribed to three main factors:

39 }

SECRET

SECRET

33] • The French are willing to sell arms on easy credit terms with long repayment periods and—unlike many other arms suppliers—with few political strings attached;

• The French have been willing to sell arms in markets where the US and the British will not, particularly in the Middle East, Latin America, Africa, and South Asia;

• The French have the added stimulus of needing to amortize the costs of their large national arms industry, which Paris counts as a basic component of France's independence.]

33] Over the past year, the French seem to have introduced a fourth factor. In an attempt to capture a greater share of the European arms market, Paris is pressing its neighbors to be "good Europeans" and procure arms within the Common Market. If this effort is successful, France will become the supplier for many major items of military equipment, particularly fighter aircraft. [redacted]

NEW TRADE TALKS

36] Building on earlier commitments by the US, the EC, and Japan, representatives of the 57 contracting parties to the General Agreement on Tariff and Trade have agreed to proceed with the most ambitious negotiations to reduce world-wide barriers to trade since the 1964-67 Kennedy Round. Plans for the negotiations came out of a two-week session that ended in Geneva last week. The negotiations, expected to begin in November 1973, will deal with tariff reductions, a wide range of non-tariff obstacles to trade, and the special problems involved in reducing agricultural protectionism.]

34] Preparatory work on the "techniques and modalities" of the trade negotiations has been under way for some time. A committee will be established to define principles and set guidelines

for the negotiations. In September 1973, a ministerial-level session is scheduled to work out the final negotiating guidelines.] [Although the EC agreed to open the actual negotiations next November, it is somewhat skeptical that the US will be able to meet the schedule. The hoped-for date for concluding the negotiations is 1975.]

34] A number of points of contention between the EC and the US will arise during the talks. Commenting on last week's meetings, the European press pointed to alleged US demands that the negotiations aim principally at the eventual elimination of all industrial tariffs. The EC, following the French line, has long maintained that a tariff wall is still necessary to provide "cement" for the community. In part through debt intervention by the EC Commission, however, the community has now accepted zero industrial tariffs as one approach to be considered for the negotiations. The question will be debated again. The hotter the pursuit of a zero-tariff goal, however, the more insistent will be demands for safeguards against "disruptive" imports.]

34] Another set of GATT negotiations will begin early next year. These talks are to arrange for compensation due the trading partners of EC members because of new discrimination arising from the community's enlargement and its free-trade arrangements with certain other European countries.] These talks should be finished prior to the general trade talks, but are likely to be difficult because the EC will not want to make concessions in them that could be better saved for the later bargaining.]

41] At the Geneva talks last week, some less-developed countries again laid claim to the sort of special consideration in the general trade talks that the industrial states are unwilling to grant. The developing countries were assured that they should secure additional benefits in the general talks, but they will press their wider demands throughout the negotiations, and considerable effort will be necessary to prevent the talks from degenerating into a dispute between the "haves" and "have-nots." [redacted]

25X1

25X1

SECRET

NETHERLANDS: A SQUEAKER (42-47)

47 [Widespread disagreement over how to deal with the nation's most pressing problem—inflation—has turned a rather desultory campaign into a heated struggle between the Biesheuvel government and the opposition just a few days before the 29 November national elections. The unstable minority coalition had hitherto been able to beat back challenges to its legislative program and was deriving satisfaction from the latest polls that indicated growing popular support. The government, however, must endure a crucial parliamentary debate that might affect its electoral fortunes.]

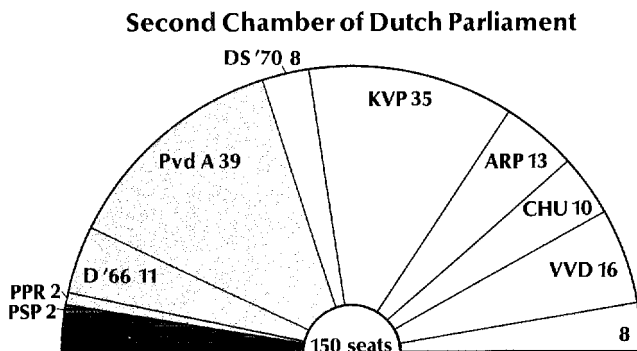


Prime Minister Biesheuvel

40 Prime Minister Biesheuvel has faced considerable criticism that he has followed economic policies designed to do no more than preserve the tenuous unity of his coalition. The center-right parties that form the government, for example, have long disagreed about the need for wage and price controls to combat the high rate of inflation. The opposition Progressive Bloc, led by the

Labor Party, saw a good chance that voter dissatisfaction with the government's economic policies might give the bloc enough seats in parliament to form a government of its own.]

The opposition's efforts to dramatize the issue had been unfruitful until now. In an eleven-hour challenge, the Labor Party, supported by the trade unions, demanded a price freeze and threatened a parliamentary debate this week if the government failed to act. Biesheuvel temporarily pre-empted the debate, however, by announcing selected price controls. Any decision was a calculated risk, for either labor or management might as a result have backed off from the accord recently reached on wage-price guide lines for next year—an accord that had improved the coalition's election prospects. The government won the support of the trade unions for its decision, but the employers are claiming that the price controls will undermine the equity of the projected 1973 guide lines and are now refusing to sign the accord.



- CPN - Communist Party of the Netherlands
- ▨ PSP - Pacifist Socialist Party
- Progressive Opposition Bloc
 - PPR - Radical Political Party
 - D '66 - Democrats '66
 - Pvd A - Party of Labor
- DS '70 - Democratic Socialists '70
- Government Coalition
 - KVP - Catholic People's Party
 - ARP - Anti-Revolutionary Party
 - CHU - Christian Historical Union
 - VVD - Liberals
- Ultra-Conservative Parties

47 Although the outcome will not be known until the votes are counted, Biesheuvel probably gained from this week's maneuvering. His efforts showed that his factious coalition, including the business-oriented Liberals, is willing to support limited price controls. The government may even regain the allegiance of its former coalition partner, the Democratic Socialists, who have repeatedly urged Biesheuvel to adopt anti-inflationary measures. On the other hand, the opposition's demand for a full-scale price freeze is unlikely to win support, even from the trade unions.

25X1

25X1

SECRET

POLAND: GRUMBLING THROUGH CHANNELS

45 Polish workers at a recent trade union congress let it be known that they are not entirely pleased with their present standard of living. They acknowledge, however, that they are better off under party chief Gierek than they were under Gomulka, and they therefore seem willing to give Gierek a short-term vote of confidence.

trade union charter only after strongly criticizing it. A draft labor code, presented to the congress with much fanfare, also came in for sharp criticism. Many delegates argued that the guarantees of worker and union rights, as outlined in the draft code, were too narrow and too vaguely defined. The code was sent back to be rewritten.

48 Still, the seventh congress of the Polish Central Association of Trade Unions ended in Warsaw last week on a somewhat controversial note. Only the election of trade union officials for the next four years went according to party plan. The delegates accepted the government-proposed

48 The militancy of Polish workers reflects a growing awareness of their political clout and an interest in organizing their unions into a more effective mechanism to exert pressure on their behalf. Delegates to this congress were younger than those who attended the previous one in



Gierek with Gdansk Shipyard Workers, 1971
A Short-term Vote of Confidence

SECRET

SECRET

50 1967; some got to the congress by challenging the traditional selection process in their local unions. Polish workers in general are still testing their power. They well remember that it was their demonstrations in December 1970 that resulted in the downfall of the old regime and sent tremors throughout the Soviet bloc. Minor strikes and work stoppages have been occurring with increasing frequency this year, and most have ended to the workers' satisfaction.]

51 Despite these difficulties with the workers, the regime prefers to have their complaints out in the open. Gierek has consistently tried to use the unions as a vehicle of communication between the workers and the party leaders and seems willing to accept that the communications should be two ways. Therefore, although Gierek did not get all that he wanted from the trade union congress, he at least saw to it that the workers, unlike during the December 1970 period, blew off excess steam through approved channels. Because the Polish worker is going to have to live with substantial economic problems for some years to come, a safety valve of this sort is a political necessity. [redacted]

25X1

ROMANIA-YUGOSLAVIA: IN HELSINKI

54 [Yugoslavia and Romania will work hard to ensure equal rights for all participants gathered in Helsinki this week to prepare for a full dress Conference on Security and Cooperation in Europe next year. In the process, they will espouse positions contrary to those held by the US and USSR, but neither of the mavericks is likely to push the preparatory talks onto the rocks.]

54 [If the preliminary talks were to get into matters of substance, Belgrade, with support from Bucharest, would press the desirability of establishing nuclear-free zones in the Balkans and Mediterranean area, a prohibition on military maneuvers and bases on foreign soil, and the removal of all barriers to increased trade, scientific, and cultural exchanges.]

53 [Yugoslavia has voiced concern lest the outcome of European detente merely shift the great-power confrontation from central Europe to the Mediterranean.] This past week, Belgrade condemned the scenario for force reduction talks—to be held separate from the security conference—as a superpower design that would fail to offer security to countries outside central Europe. The commentary suggested that the only way such great-power games can be frustrated is for smaller countries to force the conference to live up to its responsibilities to provide security for all Europeans.]

54 [As one counterweight, Belgrade has been promoting a Mediterranean security meeting which, although still plagued by differences over agenda and attendance, could take place before the security conference itself convenes, probably in June 1973. The participants—presumably including such countries as Egypt, Tunisia, and Algeria—would highlight the Mediterranean aspects of the over-all problem.]

54 [Like Yugoslavia, Romania regards the European Security Conference as a forum for countering Soviet hegemony in Eastern Europe and a politically united Western Europe. Bucharest opposes bloc politics on principle and, over the long run, hopes that some sort of machinery or a secretariat will be established that would "guarantee" the territorial integrity and independence of all European states. More immediately, the Romanians will be pressing for a declaration of "solemn principles" governing the relations between states—a declaration that would be aimed at countering the "Brezhnev doctrine" of limited sovereignty.]

52 [On 18 November, the party daily, *Scinteia*, published a lengthy editorial setting forth the Romanian position on the eve of the talks. It forcefully reiterated Bucharest's desire that the Helsinki meeting should set an early date for holding the conference itself. Ceausescu, in a speech before party leaders in Bucharest on 20 November, attacked the concept of separate conferences on mutual and balanced force reductions and on European security. [redacted]

25X1

25X1

SECRET

SECRET

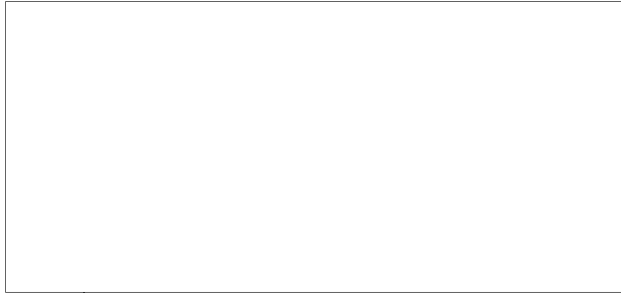
EGYPT USSR: KEEPING IN TOUCH

Soviet-Egyptian contacts continue at an active pace, but they do not appear to be producing much of a reconciliation between Moscow and Cairo.

This week, the commander of the Egyptian Air Force, General Mubarak, led a three-man military delegation to Moscow. Moscow also is expected to receive an Egyptian economic delegation led by Deputy Premier Marzaban later in the month. The two sides will sign a trade protocol for 1973 and discuss Soviet financing of Egyptian projects and other increases in economic cooperation. On 18 November, Soviet Ambassador Vinogradov met with Egyptian Premier Sidqi for 75 minutes. What they discussed was not revealed, but Moscow may be attempting to coordinate its position with the Arabs before the UN General Assembly debate on the Middle East. On the same day, Syrian President Asad received the Soviet ambassador to Damascus.

These exchanges have led to speculation—encouraged by the Egyptians—that preparations for a Soviet-Egyptian summit meeting are under way. The Lebanese press claims that Premier Kosygin will visit Cairo in December to smooth the way for a meeting between President Sadat and party leader Brezhnev. The Kremlin probably will allow the dust to settle a bit more before committing itself to a summit.

The Soviets probably are not too unhappy with the current state of play with Cairo, and they do not appear anxious to accommodate Sadat after his expulsion order last July. They have remained active in other parts of the Middle East and, while their role in Egypt has diminished, so have their costs and the danger of becoming engaged in a hot war on the Egyptian front.



25X1

EGYPT: A SEASON OF DISCORD

Indications of political ferment continue to surface in Cairo. Although President Sadat's position has not as yet been seriously threatened, these signs of discontent do serve to highlight the increasingly troublesome political climate facing the President.

One of the latest examples of anti-regime activity reportedly involved a group of air force officers from a base south of the capital city. Various versions of the episode are circulating; some describe it as a coup attempt, others as a relatively minor act of insubordination. Whatever the true nature of the affair, several arrests were apparently made, and, in a possibly related development, the director of Military Intelligence was sacked.



25X1

in early October, a small number of army personnel in Cairo publicly denounced the Sadat regime. Later last month, there were instances of student restiveness with the government, and more recently sectarian strife broke out between Egyptian Muslims and adherents of the Coptic faith.

The recent activities of Egypt's two leading military figures demonstrate official concern over the situation. War Minister Ahmad Ismail Ali had been scheduled to attend the opening session of



25X1

SECRET

SECRET

the meeting of Arab foreign and defense ministers in Kuwait on 15 November, but delayed his departure by a day to continue his visits with Egyptian troops, exhorting them to "maintain discipline" and focus on strictly military matters. Chief of Staff Shazli did go to Kuwait, but returned after only one day.]

GA [Dissatisfaction with Sadat is fueled by a number of factors. The credibility of the regime is low. The thaw in relations with Moscow bothers some, the no-war, no-peace situation is an irritant to many, the followers of ousted war minister Sadiq are doubtless not happy, and a number of Egyptians are uneasy about the projected union with Libya.]

GA [The recent expressions of discontent were apparently isolated incidents, and so far there is no evidence that the many disaffected elements are coalescing. Sadat is doubtless taking greater security precautions, but as the discontent spreads, so do the dangers to his position.]

25X6

25X1

25X1

25X6

SECRET

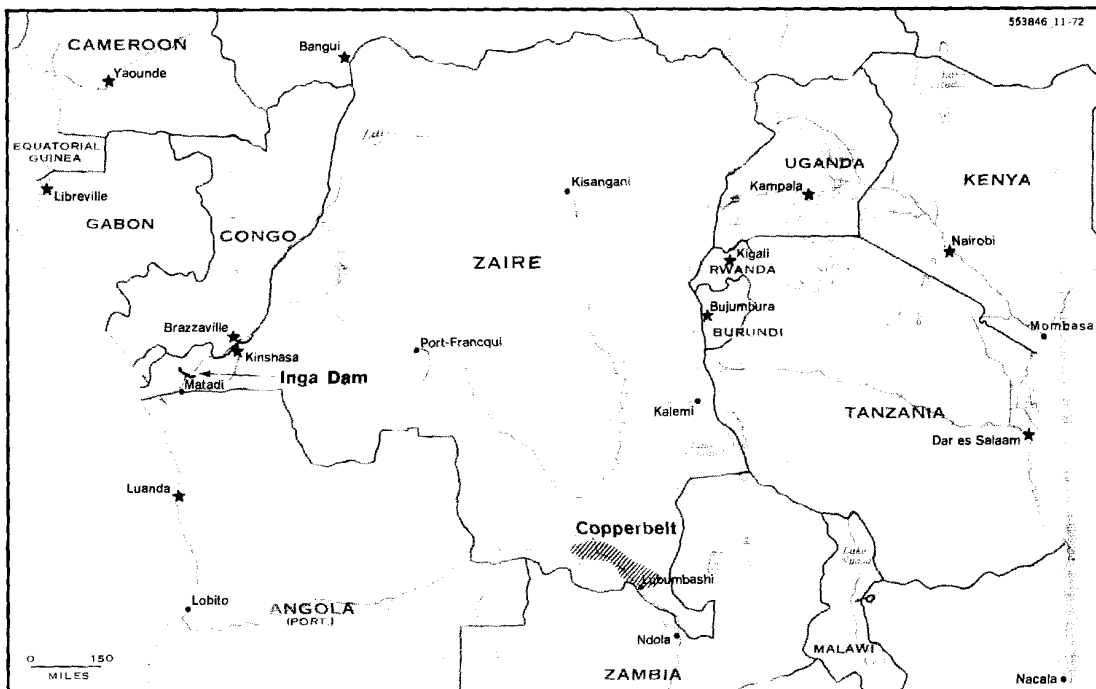
SECRET**ZAIRE: LOOKING TO THE FUTURE**

President Mobutu Sese Seko on the seventh anniversary of his accession to power on 24 November plans to call attention to his determination that his country, despite its current economic slump, become a leading economic power in Africa. Dedication of the second of a series of hydroelectric plants at Inga is being used to draw attention to Zaire's hydroelectric potential, which he hopes will attract the large-scale, foreign-financed industry essential to the country's development.

The Inga Dam is an ambitious scheme to harness the potential—reputedly the greatest in the world—of the Zaire River (formerly known as the Congo). The project, which could cost some \$3 billion before it is finished, will not be complete before the mid-1980s. The first of three stages is to be finished around 1974, and will provide electricity for the capital, Kinshasa, and the surrounding area, where most of the country's population and light industry are located. The

second stage, scheduled for the late 1970s, will include a 1,000-mile-long transmission line, costing some \$300 million, that will connect Inga with mining areas in the copperbelt. Copper production is being expanded, with the aim of doubling output and revenue by 1980. Success in this expansion program, the quickest way to revive the economy, is at least partially contingent on electric power from the Inga Dam.

The second stage is also designed to power a vast industrial complex that Kinshasa hopes will develop adjacent to the dam site. Foreign investors are being courted to set up industrial plants that require large amounts of cheap electricity. Negotiations have been stalled, however, by a current world surplus of capacity in the industries the Zairians have in mind and low prices for the products. Until customers are found for all of Inga's stage-two power, plans for the final stage will probably be shelved.

**SECRET**

SECRET

69]The potential symbolized by Inga contrasts sharply with the current performance of Zaire's economy. A steady decline over the past two and a half years in world prices for copper, the major export and leading source of government revenue, has reduced the country's growth rate. The government is operating in the red by more than \$100 million, despite cutbacks in planned investments. The budget is top heavy, supporting an inefficient bureaucracy and an oversized military establishment, which probably cannot be reduced significantly without upsetting the delicate political balance. Inefficient means of production, low prices paid by the government to farmers, and transport difficulties continue to plague both agriculture and industry. Foreign exchange reserves are at a low level, and a trade deficit is likely for a second consecutive year. Imports will approach last year's record level, since demand for foodstuffs, consumer goods, and capital equipment remains high. [redacted]



At a press conference following last June's agreement in principle: (left to right) Holden Roberto, Presidents Mobutu and Ngouabi, and MPLA head Augustino Neto.

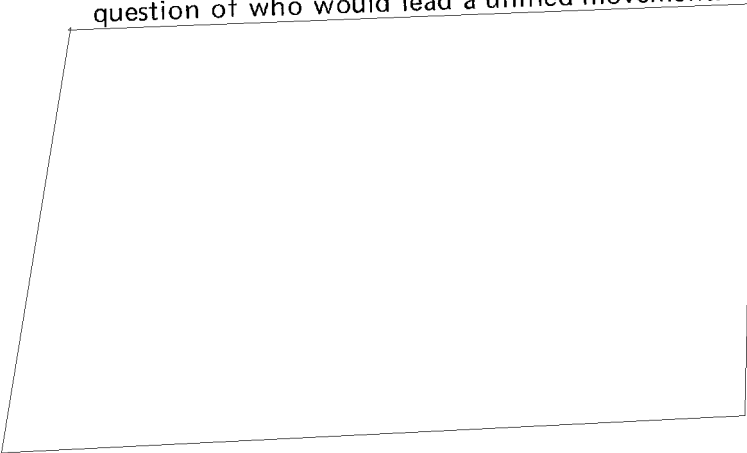
25X1

25X1

ANGOLA: DIVIDED LIBERATORS [redacted]

Despite a reconciliation in principle last June, Angola's two major liberation movements remain as far apart as ever. Indeed, a reconciliation meeting scheduled to be held in Kinshasa early next month seems likely to end in a deadlock.

A major stumbling block is, as always, the question of who would lead a unified movement.



25X1

25X1

SECRET

SECRET

MOROCCO: MORE OF THE SAME

The announcement last weekend that a new government of technocrats had been formed bears witness to King Hassan's failure to win the support of the political parties. The new government, like the old, will do little to popularize Hassan's regime or to encourage participation in promised elections.

Ahmed Osman, the King's brother-in-law, heads the 18-member government. It has ten holdovers from the previous apolitical cabinet and eight new ministers with long-standing palace connections. The Benhima brothers, two of the King's closest advisers, have retained the key posts of foreign minister and interior minister. King Hassan will continue to control the military, the position of minister of defense having been abolished shortly after the assassination attempt last August. Several of the new appointees add administrative strength to the cabinet, but the entire government will, of course, remain under the close supervision of the palace.

The principal opposition parties refused to join Osman's government. Hassan has since an-

nounced that there are still vacancies in the cabinet, which is to oversee elections promised for early next year. Although further negotiations between the palace and political leaders cannot be ruled out, Osman's appointment and the composition of the government would seem to preclude early compromise. The parties have been making demands that are unacceptable to Hassan; for example, the lion's share of the cabinet seats. The impasse between King and opposition is likely to erode moderate backing for the political leaders who let pass another opportunity to regain access to power and royal patronage. Their failure may increase the weight of those urging radical solutions.

25X1

THE ARABS: STILL AT ODDS

The Arab foreign ministers' conference held in Kuwait last week made no progress toward solving the problems dividing the Arab states. After the conference, Arab League Secretary General Mahmud Riad admitted that Jordan's dispute with the fedayeen was continuing "even more fiercely than before." The fedayeen and their supporters made their standard demand that the terrorists be allowed to operate from all fronts, but King Husayn has made it clear that fedayeen are not welcome in Jordan. An attempt to schedule an Arab heads of state summit apparently got nowhere.

The conference did prepare studies for a "joint Arab plan of action." The participants also agreed that the Arab military chiefs would meet in Cairo in the first half of December and that the Arab Defense Council, which brings together foreign, defense, and economy ministers, would meet in Cairo in January.

25X1



Marrakech
No Change in Sight

SECRET

SECRET

URUGUAY: NAVY UPSET

92 [President Bordaberry has managed to delay the arrest of political opposition leader Senator Wilson Ferreira by the navy, but the issue could still boil up to another full-fledged, military-civilian dispute.]

92 [Until now the navy has stayed out of politics and even sought to act as a brake on the army's late penchant for involvement in civilian affairs. Ferreira, however, provoked the navy by disclosing classified information showing that Argentine ships have been allowed to fish in Uruguayan waters.]

25X1

25X1

93 [If the judges decide that Ferreira should be prosecuted, the President will come under heavy pressure from the military to request Congress to lift the senator's congressional immunity. While the navy does not have sufficient clout by itself to force the issue, the case could serve as the basis for a reconciliation between the army and the navy. Army commanders earlier had voiced a desire to move against Ferreira for smuggling.]

94 [President Bordaberry is thus still caught between the politicians and the service commanders. Despite mounting civilian opposition to its new role, the army has given fresh evidence of its intention to stay in politics. At a recent gathering of officers and civilians, General Zubia, commander of the Second Army Corps, stated that he, for one, would not go back to the barracks but would remain involved to the fullest extent.]

95 [Several weeks ago, pressure from the army forced Bordaberry to allow the arrest of political leader Jorge Batlle. Although civilian tempers have cooled now that Batlle is out on bail, the arrest of Ferreira would cause an even greater reaction. Despite Ferreira's popularity, there is little doubt that military leaders could again make Bordaberry bow.]

25X1

25X1

BRAZIL: MUNICIPAL ELECTIONS

96 [On 15 November, city councilmen and mayors were elected in nearly 4,000 municipalities in the first elections throughout Brazil since President Medici came to power in 1969. They are the only officials in the executive branch of government who are elected. Although results probably will not be complete for at least a month, partial returns indicate that the official pro-government party will win all but a handful of the races.]

96 [At stake are city council seats all over the country and the mayoralties of all municipalities except state capitals and those in what the government calls "national security areas." In these cases, mayors are appointed by state governors, who in turn are named by the President. All candidates ran under the colors of either the official party or the nominal opposition party. Candidates of the official party appear to have won in all but three state capitals, and the government will also win or at least make good showings in several cities in Minas Gerais, where the opposition has been in power.]

96 [Given the many restrictions placed on the elections, many Brazilians viewed the exercise as pointless. Nevertheless, the contenders took the contests seriously, and there were numerous incidents of violence in towns throughout the interior. It appears that, despite the highly centralized, authoritarian style of government that has predominated since 1964, intense local rivalries and feuds are still very much alive. In fact, the turmoil that attended some contests may now be used by the regime to justify continued muzzling of political activity in larger cities.]

96 [The government will not be able to convince very many that the vote was proof of its popularity. Political "undesirables" were not permitted to run, and potentially sensitive local positions—such as the executives of certain important cities—were not filled by the elections.]

25X1

SECRET



HEADING FOR CUBA

Kresta-class Cruiser

The Soviets are sending another small naval task group to Cuba following a hiatus of six months. Two surface combatants—a Kresta-class cruiser and a Kanin-class destroyer—are in the mid-Atlantic and could arrive in Caribbean waters this weekend. A tanker is accompanying the warships. There

Soviet warships and submarines have made periodic visits to Cuba since 1969, and they took part in anti-submarine operations with Cuban naval units during November of 1970 and 1971.

25X1

25X1

25X1

CUBA: CHANGES IN THE PARTY

The Cuban Communist Party is apparently undergoing an extensive program of expansion, reorganization, and normalization of ties with foreign Communist parties. These changes seem to point toward a more important role for the party in both political and economic affairs on the island.

Fidel Castro criticized the party in July 1970 for its shortcomings during the ill-fated effort to harvest 10 million tons of sugar that year. The criticism was directed at party cadres who were untrained and therefore unable to cope with the technical complexities involved in harvesting sugar. Fidel promised that changes would be made in the party's structure and in its role in the Cuban political system.

Since then, the Central Committee has established a number of subordinate commissions. Most of them have economic responsibilities, suggesting that the party will become more involved in economic matters. In addition, press accounts indicate that the party is now involved in a serious effort to increase its membership. This drive is apparently being supervised by a special committee, probably created earlier this year.

In addition, the Cuban party has played host to Communist party delegations from a number of countries in recent months; they have come from the USSR, Bulgaria, Romania, Czechoslovakia, Mongolia, Chile, Peru, Ecuador, Argentina, Uruguay, Canada, the US, and India. Since 1968, relations with foreign Communist parties have gradually improved as Havana has reduced

SECRET

SECRET

its involvement with non-Communist national liberation groups. The recent flurry of visits, however, indicates an effort by the Cuban party to accelerate the normalization of ties with other parties.]

81 Jesus Montane Oropesa, the minister of communications, has been the central figure in this increased party activity. Montane has become prominent in party activities during the last year or so, and although no formal announcement has been made, he has in effect replaced an old Castro crony, Armando Hart, as party organization secretary.]

82 [The new program is not yet fully developed, but the signs so far point in the direction of a greater acceptance by Fidel Castro of the need to delegate some of his authority. While the party will thus become more involved in mobilizing the masses in support of the government's objectives and monitoring economic production, all key policy decisions will continue to emanate from Fidel himself.]

104 be from 30 November to 3 December, but Allende would like to use this visit to demonstrate his popularity among the Mexicans.]

101 In New York, Allende plans to address the UN General Assembly on 4 December. His speech has been billed as a blast at US-based multinational corporations. He will zero in on the US copper companies whose lawsuits are hindering some sales of copper from the nationalized mines.]

101 102 [The Chilean President plans to be in the USSR from 5-9 December. He is expected to ask for new credits in hard currency. He wants the money right away to buy consumer goods to carry the Chilean economy past the March 1973 legislative elections.] Communist Party boss Corvalan already is in Moscow, reportedly to supply the details and the political justification for Allende's pitch. The Soviets so far have preferred not to get too deeply entangled with Allende.]

101 [The Cuban stop, scheduled for 9-13 December, will give Castro the chance to reciprocate Allende's earlier hospitality. It will be Allende's first visit to Cuba since his inauguration, and he is certain to be given a red carpet reception.]

CHILE: ALLENDE HEADS ABROAD (101-106)

101 [President Allende's foreign trip from 30 November to 13 December will provide him with an opportunity to publicize himself as a leader of the Latin American left, to lambast large US companies and to solicit increased aid from the Soviets. The trip is designed to raise Chile's prestige among sympathetic audiences and to emphasize the seriousness of Chile's need for immediate economic help. Few quick changes are likely to result from the trip, but it could influence the direction of Chile's international relations for some time.]

98-99 Allende's principal stops will be in Mexico City, New York, Moscow, and Havana.] He has little business to conduct in Mexico, where he will

25X6

SECRET

25X1

SECRET

HONDURAS: WAITING FOR LOPEZ

3 1 [The atmosphere of instability that has hung over Honduras for months has finally penetrated the presidential palace. President Cruz now acknowledges that his days in office are numbered.] The so-called "unity" government, which he nominally heads, has been generally regarded as a failure since shortly after it took office 17 months ago, and Cruz' eventual ouster has been seen as a virtual certainty for over a year. The real

to the Central American Common Market or to restore normal relations with El Salvador.]

8 7 [Honduras is, in short, a country ripe for a change, and it is looking to former president General Oswaldo Lopez, now chief of the armed forces, to provide it. Pressures from the military, labor unions, businessmen, and leaders of both parties have been strong, but Lopez has thus far failed to move.] Some observers believe he is trying to devise a constitutional means of resuming direct control, but Lopez has already said that a strict constitutional solution is impossible. Others allege that he is waiting for the popular demand to become irresistible. Lopez, however, has already proven that he can orchestrate public opinion. He is probably waiting for some indication from the US that a new government would receive recognition and financial assistance.]

4 [Despite Lopez' tendency to procrastinate, he is in a position to take over easily and quickly once he decides to move. A change of government cannot be delayed indefinitely, or Lopez will risk seeing his substantial support eroded.]



General Lopez
An Urge to Return

question has always been, "When?" Increasing pressure from many quarters for a change and Cruz' newly expressed worries indicate that a coup may be at hand.]

8 4 [Although few Honduran governments have enacted significant social and economic reforms, conditions have degenerated to a new low under Cruz. Corruption and abuse of privileges are more widespread than ever. Relations between the two major parties have become even more antagonistic under the "unity" plan than they were before. The economy is stagnant, the government has stumbled from one fiscal crisis to another, and the lack of progress in agrarian reform confines over half the population to miserable conditions. In foreign affairs, nothing has been done to return



President Cruz
A Premonition of Leaving

25X1

25X1

SECRET

SECRET

HAITI: A STRONGMAN GETS AXED

86 [President Jean Claude Duvalier made the first significant cabinet change in his 19-month-old government on 15 November when he suddenly fired his key aide, Minister of Interior and National Defense Luckner Cambronne, and one other lesser figure. Cambronne immediately sought asylum in the Colombian Embassy in Port-au-Prince, and no untoward reactions have been noted.]

86 [An able but avaricious official, Cambronne was largely responsible for the smooth functioning of the government that assumed control when dictator Francois Duvalier died in April 1971. Long a trusted lieutenant of Papa Doc, Cambronne became in effect the glue that held the new regime together while the elder Duvalier's wife, Madame Simone Duvalier, and his son, Jean Claude, shared the trappings of executive power. Cambronne's role as de facto prime minister earned him more enemies than political support. Marie Denise Duvalier Dominique, Papa Doc's ambitious eldest daughter, became a particularly bitter enemy after she and her husband lost an earlier round against Cambronne and had to leave Haiti.]

86 [It is clear that Cambronne never had the military or political support he would have



Luckner Cambronne
More Enemies Than Support



Roger Lafontant
Less Freedom of Action

needed to challenge his dismissal. His free-wheeling use of power made him many enemies; for one thing he extorted many fancy profits on virtually every important commercial deal consummated in Haiti in recent years. This greediness apparently was a major cause of his downfall.]

87 [President Duvalier named Roger Lafontant, an influential friend who was consul general in New York, to succeed Cambronne. Although Lafontant is reported to be tough and shrewd—qualities that also characterized his predecessor—he may well be neither as forceful as Cambronne nor destined to wield the same kind of power. Duvalier clearly served notice that henceforth all ministers will work “under the direct supervision of the chief of state,” implying that Lafontant will lack the authority and freedom of action Cambronne enjoyed.]

86 [In fact, this assertion of control over his cabinet by the young Duvalier may indicate that he intends now to act as chief executive in fact as well as in name. Should he desire to move very far in this direction, however, he would be required to challenge the authority of his mother, his eldest sister, and the rest of the Duvalierist hierarchy, a task that is likely to prove difficult for him and unsettling for Haiti.]

25X1

SECRET

SECRET**ECUADOR: A GAGGLE OF PROBLEMS** (89, 10, 51)

Inept may be the best way to describe the military government as it enters its tenth month. Although most Ecuadoreans applaud the seizures this month of "unlicensed" US tuna boats fishing within the claimed 200-mile territorial sea, there is a rising tide of opposition to President Rodriguez. Labor is reacting strongly to a decree limiting strikes, students are responding violently to repressive police tactics on campuses, and business circles are alarmed by uncertain credit policies. Moreover, Rodriguez' dismissal of a military court to prevent it from acquitting a former cabinet minister of misconduct during the previous administration has stirred the political opposition from its torpor.

In addition, Minister of Natural Resources Jarrin has ignored the advice of the state petroleum enterprise, as well as a direct order from Rodriguez, and presented yet another ultimatum to the oil companies. Jarrin is threatening to annul the contract of any company that fails to pay rent for its concession by the end of the month. Since June, when higher rent schedules were decreed and made retroactive to October 1971, the companies have shown decreasing interest in Ecuador's profit potential. Companies with relatively little to lose have even relinquished concessions rather than bow to government demands.

Until now, Rodriguez has remained relatively aloof, so the intensity of the criticism has taken him by surprise. Supreme Court justices and a former president have lashed out at him for his affront to the judicial system, and dissenters within the high command are grumbling about his poor judgment and lack of leadership. He can contend with the oil problem by reversing or tempering the ultimatum presented to the companies, but in this matter anything he does is likely to provide grist for the opposition mills. As the unity of the military slips, the government is less able to deal with its problems. This downward spiral will prove difficult to arrest and could lead first to personnel changes within the administration and then to the discrediting of the entire military government.



Troops Confront Students
Inept Tactics, Violent Response

25X1

SECRET

Page Denied

Approved For Release 2009/03/12 : CIA-RDP79-00927A009900040001-1

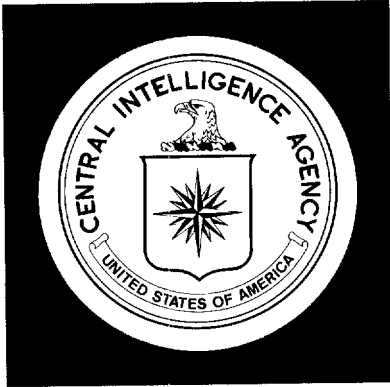
Secret

Secret

Approved For Release 2009/03/12 : CIA-RDP79-00927A009900040001-1

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Asian Exodus from East Africa

Secret

No. 46

24 November 1972
No. 0397/72A

Page Denied

Next 1 Page(s) In Document Denied



EXODUS FROM EAST AFRICA

**"The expulsion of the Asians,
seen by most of the world as brutal,
inhumane, and foolish, has enhanced
Amin's popularity not just in Uganda
but throughout east Africa"**

The Economist

SECRET

In early August 1972, Uganda's unpredictable leader, General Amin, ordered virtually the entire country's Asian community—some 44,000 people—to leave within 90 days. For the next three months, Britain and several other countries, as well as the UN, worked hard to help evacuate those affected by the expulsion order. This was not the first time that world attention has focused on the plight of the Asian in east Africa, and it is not likely to be the last.]

Kenya, Tanzania, and Uganda had large and well-entrenched Asian communities when they became independent in the early 1960s. Since then, Asians have been leaving the area in large numbers. The reason for the exodus is simple.

the Asians are envied and hated. Their only virtue in the eyes of the three east African governments is the fact that they possess vitally needed skills that are in short supply. By the same token, their predominance in commerce and industry has been the source of long-standing popular grievances. Each govern-



Typical Asian Quarter in East Africa

ment has dealt differently with this problem, but the goal has been the same—to push the Asian out. In Kenya, this process has been a slow and pragmatic one. In Tanzania, the pace has been somewhat faster and disjointed. Now, in Uganda, Amin has uprooted the Asian community at a single stroke, seriously damaging the modern parts of the economy.]

Historical Backdrop

Long before the Western age of discovery, Asian merchants—mainly from southern Arabia and the Indian subcontinent—had been drawn to the east coast of Africa by the lucrative trade in spices, leopard skins, rhinoceros horns, gold, ivory, and slaves. By the time the Portuguese arrived at the end of the 15th century, Indian bankers, money-lenders, and middlemen were well established in all the major coastal towns from Mogadiscio to Mozambique. It was not until the European colonial powers established themselves in the interior in the late 1800s, however, that Asians—this time mainly from India—began to flock to this part of Africa in large numbers. Some Indians were brought in by the British to build railroads in Kenya and Uganda. Others fought there against the Germans during World War I and stayed on. But the majority of Asian immigrants came later. Between 1921 and the early 1960s when Tanzania, Uganda, and Kenya gained independence, the Asian population in east Africa increased from 50,000 to over 375,000.]

Barred by British colonial law from owning farm land (except in Tanzania), most Asians initially moved into commerce and the skilled trades or sought jobs in the colonial administration. The *dukawalla*, the small Asian shopkeeper and trader, became ubiquitous in rural areas. Later, as their wealth increased, some Asian families entered the professions and invested heavily in local manufacturing and construction. Although only about one percent of the population in east Africa, the Asian communities made up the bulk of the middle class before independence. They still do.]

During the colonial period, British officials did everything they could to keep the races apart.

25X6

SECRET

SECRET

Each racial group had its own schools, clubs, hospitals, residential areas, even cemeteries. In government, British colonial civil servants monopolized the top positions while Asians filled the middle ranks and Africans were consigned to the more menial tasks. The same was true in business. European companies hired Asians over Africans, and if an Asian wanted to expand his business he sought the help of a relative. This naturally generated resentment among Africans who came to regard the Asians as a roadblock to economic advancement.]

1 [Although relegated to second-class citizenship himself, the Asian grew to accept this situation. Not only did east Africa offer a better life than he had known before, he enjoyed a privileged position above the African. Independence, however, reversed the roles—at least politically—and Asians were called on to adapt in ways few were willing to do.]

Africanization

1 [Asians who could prove that they and at least one of their parents had been born in east Africa were automatically granted local citizenship after independence. Those who did not qualify were given the option of applying for citizenship by giving up their British "protected person" status. The Asians were already heartily disliked by the African

and most were unwilling to bind themselves to the new nations. This left the Asians vulnerable to attack by the new African governments, which were under popular pressure to break the Asians' stranglehold on commerce and to end their predominance in the civil service. In order to accomplish these objectives, the three governments adopted "Africanization" programs designed to ease the Asians out in favor of the Africans, without seriously disrupting the economy or the government. At least this was true until Amin abruptly moved against the Asian community in Uganda.]

Kenyan Pragmatism

2 [Two years ago, the picture of a dejected young Asian girl named Rajanbala Viad made the



Asian business house in East Africa.

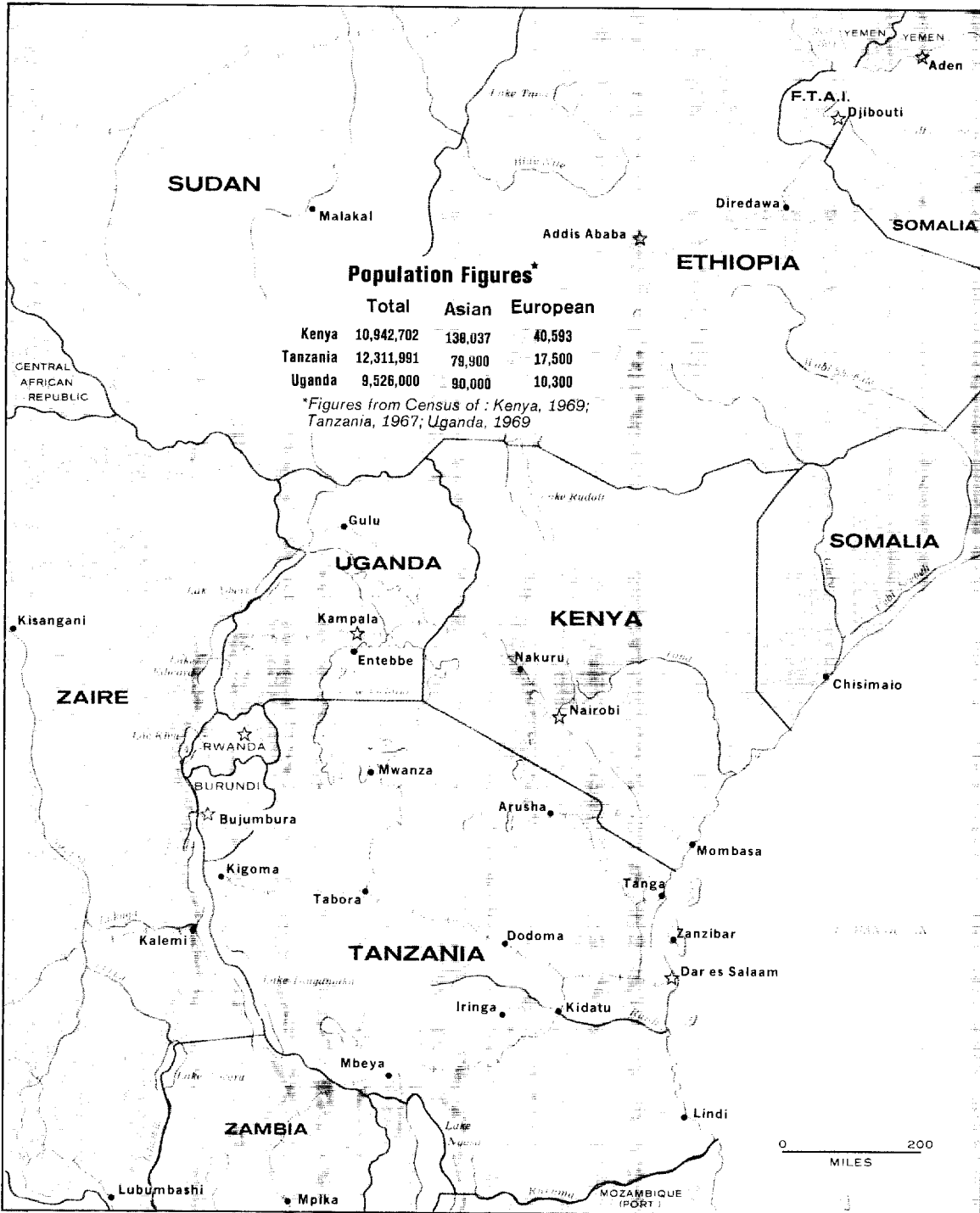
front pages when immigration officials in England, Germany, and Kenya refused her entry. Unable to obtain a work permit needed to stay in Kenya, Miss Viad flew to London to join her brother in hope of gaining admittance. Turned away, she became caught up in a nightmarish round of transcontinental flights that took her to Frankfurt, Nairobi, Johannesburg, back to Nairobi, and then back to London, where she was finally admitted because of her inability to re-enter Kenya.]

2 [The Asian lobby in London immediately seized on the incident to focus attention on the plight of other non-citizen Asians in Kenya caught in the crunch of Africanization. Although Kenya's 130-140,000 Asians have been subjected to much verbal abuse, harassment, and racial discrimination, the number of persons affected by this displacement policy has been greatly exaggerated by the international press. Hoping to avoid the dislocations that are now occurring in Uganda, the Kenyatta government in fact has moved its so-called "Kenyanization" program at a gradual, almost glacial pace.]

2 [Nothing did more to confirm the Kenyan Government in its conservative approach than the panicky, much publicized flight of 15,000 Asians from Kenya in early 1968. Their departure was

SECRET

EAST AFRICA



553845 11-72

SECRET

3 triggered by the Kenyan Government's efforts to lay the legislative groundwork for turning control of the economy over to Kenyan citizens. The bureaucracy had already been largely Africanized by then, but the Asians' domination in trade and industry had hardly been touched. The government had informally encouraged some large foreign corporations to hire more Africans. It had also established a chain of "people's shops" to compete with local Asian retailers. Neither step had proved very effective.]

[In order to speed up matters, the National Assembly in December 1967 enacted an immigration and a trade licensing act. The immigration law required all non-citizens to register for work permits and gave the government the power to withhold or revoke these permits, thus terminating the holder's right to stay in Kenya. The licensing act empowered the government to prohibit businesses owned by non-citizens from handling certain basic goods and from trading in some parts of the country. Fearing the worst, thousands of Asians stampeded to the British passport office in Nairobi, prompting an alarmed British Government to clamp a lid on the flow of Kenyan Asians to the UK on 1 March 1968. After that date, a quota was established permitting only 1,500 Asians with British passports and their immediate families to emigrate to Britain each year. This quota was increased to 3,000 in 1971.]

4 [The 1968 exodus had no serious repercussions on the Kenyan economy. Many commercial firms and small repair shops were temporarily hit by a loss of clerical and semi-skilled personnel. In addition, some capital was smuggled out of the country and private domestic investment and employment fell as jittery Asian businessmen tightened up their operations and converted more of their assets into cash. Few professionals, skilled artisans, or Asian merchants left, however, and the economy continued to show signs of strength.]

1 2 [Nevertheless, the government became concerned about the decline in local business confidence and about the unfavorable impact the exodus might have on foreign investment and tourism—Kenya's largest foreign exchange earner. To counteract these tendencies, the government

offered reassurances to skilled Asians both verbally and by freely issuing work permits. It also postponed the implementation of the trade licensing act for one year. Even after the law was put into effect, the government did not move as vigorously against Asian traders as it had previously indicated it would. In fact, it allowed many of them to dodge the intent of the act by registering their firms in the name of a relative with Kenyan citizenship or by taking on an ostensible African partner.]

7 Since then, the Kenyatta government has maintained a delicate balancing act. On the one hand, it has moved steadily ahead with its Africanization program. Lower and middle level labor, technical, and clerical positions are gradually being filled as qualified Africans become available. On the other hand, the government has resisted popular pressure to move faster. When pressed, it has taken action amid much fanfare designed to give the impression that it is making greater strides forward than is actually the case.]

1 [Kenyan Asians have become inured to this kind of display and there has been no repetition]



Kenyatta with sculpture symbolizing Kenya's commitment to multiracialism.

SECRET

SECRET

of the 1968 panic. Nevertheless, events such as those in Uganda are vivid reminders of how vulnerable they are, and many Asians have probably made plans to leave Kenya if things get rougher under a successor government that is less pragmatic than that of venerated 80-year-old President Kenyatta.]

Tanzania: Socialism with a Racial Tinge

[When General Amin issued his expulsion order, the only African leader to condemn him publicly was Tanzanian President Nyerere. Although his attitude hardly reflected the feelings of most Tanzanians, Nyerere has long been an outspoken opponent of racism—white or black. "Socialism is not racialism," Nyerere proclaims. There is a certain irony, therefore, in the fact that the President's socialist policies have done much to undermine the Asians' position in Tanzania.]

[By far the most damaging blow to Asian interests came early last year when the government nationalized all rental property in the country worth more than \$14,000. Some African-owned buildings were expropriated, but the Asians suffered more by virtue of the fact that they were the country's property-owning class. The suddenness with which the government moved, moreover, aroused an intense feeling within the Asian community of being under siege.]

[Since Nyerere launched his socialist "revolution" in 1967, the government has steadily whittled away at the Asians' control over the economy. A few Asian agricultural estates and commercial holdings were nationalized in 1967 along with several other foreign-owned concerns. Subsequently, the Tanzanian Government has taken over most of the import-export trade as well as the wholesale business—areas traditionally dominated by Asians. Over 90 percent of all imports and probably all exports are now handled by the State Trading Corporation and other government agencies.]

[In an effort to curb the outflow of foreign exchange, the government halted all educational remittances abroad in mid-1970. The measure may not have been intended as "anti-Asian," but

it hit hardest at Asians who send their children to India or Europe for schooling. Many Asians subsequently began to fear that the government would move against their few remaining private schools in Tanzania—that their very cultural identity would come under attack next.]

[In the face of these events, many Asians began to move their assets out of the country. This movement became so great that the government finally imposed strict exchange controls in April 1971. The expropriation of rental properties a few weeks later was the crowning blow. Within a matter of months, Tanzania's Asian population shrank from about 70,000 to 50,000. Among the first to leave were the most talented. Scores of Asian doctors, nurses, civil servants, technicians, and businessmen departed, resulting in a deterioration in services and a general slowdown of the economy. The government initially made some half-hearted conciliatory gestures to try to stem this brain drain, but these efforts quickly ceased and the departures continue.]

[For those Asians who remain, the future looks bleak. As a business and professional class, they face extremely high taxes, a crushing credit squeeze, a reduction in income and capital as a result of the loss of rents, and increasing competition from government-supported cooperative enterprises. In short, Tanzania has become less and less hospitable to local capitalists, and few Asians still take heart from Nyerere's continued espousal of multiracialism.]

Zanzibar: A Footnote

[Although ostensibly a part of Tanzania, Zanzibar has treated its Asian minority far more harshly than the mainland. Since 1964 when the African majority overthrew the island's Arab ruling caste, the virtually autonomous Revolutionary Council has carried on a vendetta against the small but dwindling non-African communities (Indian, Persian, Goan, and Arab). In the name of socialism and equality, the council has purged Asians from the civil service, confiscated their businesses, and forced their daughters into marriages with Africans. All of this has made the Asian a vanishing species on Zanzibar. The Asian

SECRET

SECRET

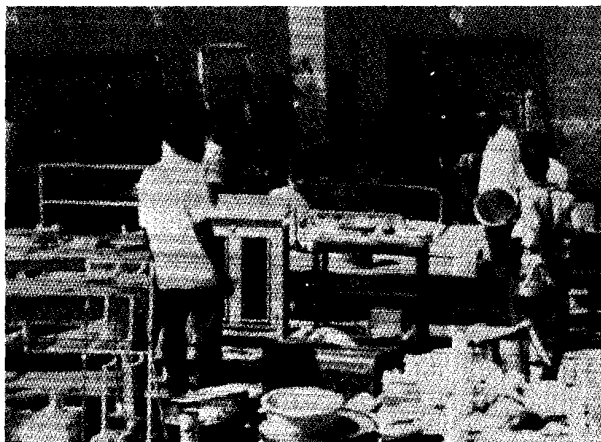
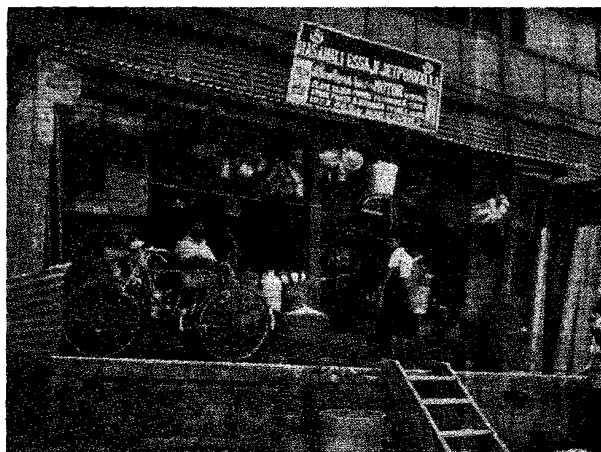
merchant and craftsman who once filled Zanzibar town's main bazaar and narrow side streets is almost a thing of the past. In 1964, there were 12 some 66,000 Asians on the island; now there are less than 7,000.]

Amin's Folly

12 In a sense, the exodus of Asians from Uganda began even before Amin's expulsion order. In contrast to Kenya and Tanzania, Uganda had brought little government pressure on the Asians until three years ago. Then in January 1970, the Obote government passed licensing and immigration legislation similar to Kenya's. Five months later, Obote announced that his government intended to take over the import-export trade by the end of the year and to become the senior partner in the 85 largest industrial and financial enterprises, most of which were owned by Asians.]

1 Not surprisingly, the Asian community welcomed the overthrow of President Obote by General Amin in January 1971. A few months later, however, Amin himself began to lash out at the Asians, accusing them of sabotaging the economy and of failing to integrate with Africans. He also canceled long-pending citizenship applications of 12,000 Asians. In December 1971, Amin called a conference to allow the Asian community to air its grievances. The meeting, however, turned into a long recital by Amin of past and present Asian sins. The session must have convinced those Asians who had remained that it was 12 time to leave. In any event, by August 1972 when Amin ordered all non-citizen Asians to leave Uganda, the Asian population had dropped by at least 30,000 from an estimated 80,000 only three years earlier.]

11 [Most of the 44,000 Asians who were expelled have found some place to go. Britain has absorbed just over 25,000. India, Pakistan, Bangladesh, Canada, and other Commonwealth countries have taken several thousand more. About a thousand have come to the US. Another 4,000 stateless Asians have found at least temporary refuge in relocation centers in Europe. Up to 8,000 Asians are still in Uganda. Some are



An Asian shop—before and after.

Ugandan citizens; others have been granted special exemptions because of their skills. Under the circumstances, however, most of these people will probably leave before long if they can find some place to go.]

1 [Amin's action is immensely popular in Uganda, but the results of his folly are already evident. At least 40,000 Africans have been thrown out of work. Trade has declined sharply, and basic commodities are becoming scarce. Tourism, a growing exchange earner in east Africa, has ground to a halt. Some of Uganda's smaller urban areas are reportedly almost ghost towns. In Kampala, most of the stores, garages,

SECRET



Departing Asian families
in Kampala.

restaurants, and other small businesses are closed and up for sale. Government efforts to help Africans take over these concerns have largely been limited to rhetoric. Even if there were enough trained Africans to buy and run the businesses—and there are only a handful—credit has virtually dried up. Because most Ugandans live at the subsistence level, they will not be greatly affected by all of this. But by dispatching the Asians, Amin has gutted the small modern portions of the economy and set back economic development in Uganda by a number of years.]

Where They Go

12 [All told, east Africa's Asian population of some 375,000 has in the last decade dropped by almost half. Well over 100,000 have left in the last five years. Some have gone to nearby African

states such as Zambia and Malawi and perhaps Mozambique, where there are small Asian communities. But most have left the continent.]

1 [India and Britain have been the main recipients. Over 60,000 Asians have emigrated to the UK since 1968. Once there, they have met with a mixed reception. London's policy of letting in large numbers of coloreds from the West Indies and the Indian subcontinent as well as east Africa has never been wildly popular. The British economy has managed to absorb what is for England large numbers of these people, providing them with jobs, largely menial, and housing. Prejudice against them has obviously not been legislated out of existence, and most of them live in the poorer sections of English cities. Nevertheless, their lives and property are no longer in jeopardy as they start over again.]

25X1

Secret

Secret

Page Denied

Next 11 Page(s) In Document Denied