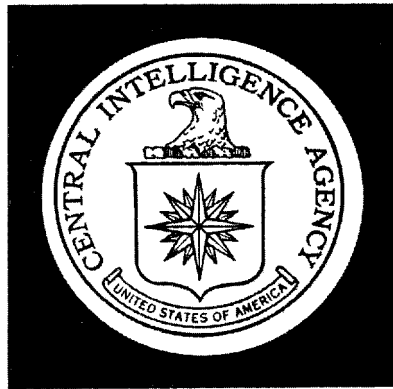


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BOARD OF
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SPECIAL MEMORANDUM

Troubles Ahead for Zambia

Secret

18 June 1968
No. 14-68

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

18 June 1968

SPECIAL MEMORANDUM NO. 14-68

SUBJECT: Troubles Ahead for Zambia*

SUMMARY

Black-ruled Zambia, now in its fourth year of independence, is beset by new internal tribal and political pressures, and faces serious economic difficulties. Its foreign relations are also disquieting. Zambian assistance to armed guerrillas seeking to bring down the white minority regime in Rhodesia is worsening its relations with the white governments in southern Africa. Fearing retaliation, the Zambians are now urgently seeking modern, sophisticated weapons which they believe will deter an attack from the South. Lusaka is also preparing to receive the first large contingent of Chinese Communist engineers, who will plan the route of the Tan-Zam railway to Tanzania.

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1. Zambia, a country beset with internal political and economic troubles, is ill-equipped to play the role it has chosen in the black challenge to white southern Africa. Zambia's modern sector, dominated by the important copper industry* is a world apart from the very primitive, isolated subsistence farmers who make up the bulk of the population. Deficiencies of skilled and trained manpower are so great that the country depends, even more than the Congo, on the hired services of a large number of whites. There is still very little sense of national identity, and tribal rivalries and suspicions dominate political life.

2. A further complication is Zambia's continued dependence on Rhodesia, particularly for coal, power, and transportation. Efforts to circumvent this dependence have cost Zambia dearly, and have produced only marginal results. A pipeline from Dar es Salaam, now nearly completed, will alleviate Zambia's chronic petroleum shortage. But Zambian hopes for diverting trade from Rhodesian routes to alternate lines are far from realization. Rail lines through Angola and the Congo, the Great North Road to Dar es Salaam, and an expensive air lift to Dar es Salaam, can

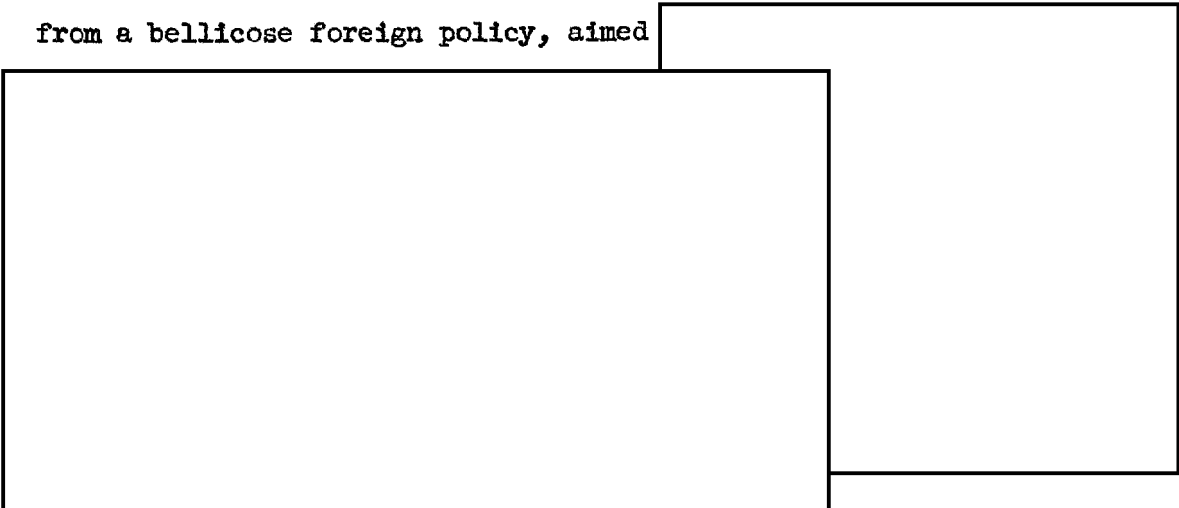
* Zambia is one of the three top producers among non-Communist countries; the others are the US and Chile.

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handle only about half of the copper exports. The rest goes via Rhodesia Railways, which also still carry nearly 90 percent of Zambia's imported goods other than fuel. The Chinese Communists have undertaken to build a railroad from Zambia's copperbelt to Dar es Salaam but this will probably take up to seven years to complete. Zambian coal, from newly opened mines, is of low quality, and is usable in copper smelters only if mixed with Rhodesian coal. In addition, Rhodesia controls the giant Kariba hydroelectric plant, which furnishes the bulk of Zambia's electric power.

3. These harsh economic realities have not deterred Zambia from a bellicose foreign policy, aimed



4. In so doing, Zambia is running a higher risk of retaliation. Already the prime ministers of South Africa and Rhodesia

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have issued stern warnings, and the Portuguese, intentionally or not, have dropped bombs on a Zambian village near the Angolan border. Typically, the response from Lusaka was a bold reaffirmation of its support for the liberation movements, and an appeal to the UK, and the US, and others for defensive armaments. We doubt that Zambia is currently in danger of attack or even of severe economic retaliation, but the Zambians feel exposed and vulnerable and are seeking sophisticated weapons systems, e.g., British "Rapier" mobile missiles, with radar guidance, as well as jet interceptor aircraft.

Kaunda and Copper

5. In this period of rising tensions, Zambia's two great national assets, Kaunda and copper, which have carried the frail state through previous crises, are in difficulties. Kenneth Kaunda, Zambia's president since independence and head of the ruling political party, is something of an anomaly among African leaders. He prefers governing by cabinet consensus to autocratic methods, and instead of charismatic appeals, lectures the populace on the virtues of African Humanism, a vague political and economic creed based on Christian precepts, which he sees as a substitute for capitalism and communism.

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6. Recently, Kaunda's political touch has been less sure, and the internal challenges more determined. The aggressive Bemba tribe, led by a forceful political figure, Simon Kapwepwe, has enhanced its position in the government, upsetting the tribal balance. Kapwepwe, now vice president, is not yet threatening Kaunda's position, but his star is rising. Disgruntled tribal representatives are forming new cliques within the ruling party and in resurgent minor parties, to the accompanying din of increased ward-level violence. Kaunda has papered over some of the rifts in his party, but has not restored harmony. Indeed, factional feuding in a recent party conclave so upset him that he resigned from the presidency, but was persuaded to return to office.

7. Meanwhile, the copper industry, which accounts for over 90 percent of Zambia's exports and about 65 percent of government revenue, is slipping into serious trouble. High world copper prices since independence have provided Zambia with a windfall, much of which was squandered on schemes to avoid reliance on Rhodesia. But with the settlement of the lengthy US copper strike, world prices have plunged in the last few months from 70 cents a pound to as low as 45 cents, and are likely to level

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off at about 40 cents. New mines and production facilities are being opened in the US and South America and there is little likelihood of a significant price increase over the next few years.

8. The economic and political impact in Zambia is likely to be severe. Government revenues are already dropping sharply with the fall of copper prices, and for the first time since independence, Lusaka faces a budget deficit. It can coast for a year or so on its \$120 million holdings in London, but the deficits will mount, unless it curtails its spending drastically. Zambia's ambitious \$1.2 billion, four-year national development program is likely to undergo major reductions. This will mean fewer jobs, reduced social services, and inevitably, a rise in urban discontent, which will exacerbate the current political unrest. The copper companies will be unable to provide much help, for they are already facing a severe cost-price squeeze. Because of massive wage increases and rising fuel and transportation costs, the unit cost of Zambian copper is the highest in the world.

9. Moreover, Kaunda has shown particularly bad timing in initiating a new economic policy at this critical point. In an effort to bolster his prestige and head off pressures for greater

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Africanization of the economy, he has decided that the government will take controlling interest in some 25 leading non-copper firms, and that the repatriation of profits by the two major copper companies will be limited. The effect of this is to discourage new foreign investment in Zambia, particularly by the copper companies. The copper producers are now considering whether it is worthwhile to invest the additional funds in Zambia, which would be necessary just to maintain the present level of output, or take up options elsewhere which look to them more attractive politically, e.g., copper and nickel deposits in Botswana.

Outlook

10. The interactions of economic stringencies, political unrest, and tribal tensions are threatening the internal stability of Zambia. At the least, Kaunda will be in for some difficult days. As popular discontent rises, there will probably be a tendency to blame the government, but some hostility will be directed toward the copper companies, expatriate business men, Asian traders, and outside powers, particularly the UK latent antiwhite hostility, which is fairly close to the surface in Zambia, could give an ugly cast to the kind of discontent likely

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to boil up. Kaunda would certainly try to prevent racial incidents. At present he can count on a fairly effective police and army, led by expatriates, to preserve order but their effectiveness will decline as expatriate leaders are replaced by Zambians. If Kaunda acts firmly he will probably be able to keep the internal unrest within tolerable bounds. He is still the only national figure who commands respect and allegiance from most Zambian tribal groups.

11. Much hinges on Kaunda's willingness to stick it out in the face of rising pressures. On the basis of his past performances, and evidences of more recent emotional outbursts, we are not very confident on this score. If Kaunda leaves office for any reason, a likely successor would be Vice President Kapwepwe, a more radical figure, who evokes strong feelings in Zambia both pro and con. He would be deemed unacceptable by some of Zambia's tribal groups, and his accession could touch off some nasty tribal disorders. By necessity and inclination, Kapwepwe would probably act in more authoritarian ways than does Kaunda, and would not shy away from antiwhite racist appeals, if these suited his purposes.

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12. Whatever direction the internal course of events in Zambia takes, its relations with southern Africa are not likely to shift very far from the present path. Kapwepwe would be less cautious than Kaunda in dealings with white regimes to the South, and in support of the armed guerrillas in their forays into Rhodesia and Angola. But we do not believe that the black "liberators" will develop sufficient strength, determination, and cohesion in the next few years to pose a serious threat to any white regime in southern Africa. However, the Smith regime and the Portuguese in Angola will continue to be harassed and worried by sporadic forays of Zambia-based insurgents.

13. We cannot be sure that the white regimes will continue to resist the temptation to take a swipe at Zambia. This could be done in subtle ways, e.g., the Portuguese might close the Benguela Railroad for "repairs," or the Rhodesians might turn off Kariba power to Zambia in order to "test the equipment." Such measures would cause Lusaka at least to consider a temporary restriction of guerrilla activities, but would not bring about any fundamental change in Zambian commitments to "liberation." If economic retaliation were accompanied by stern warnings to Zambia, or if the whites were to raid a guerrilla camp in Zambia,

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Lusaka would respond with dramatic appeals for help to the UN, the OAU, and to Western powers. Zambia would gain a great deal of sympathy for its plight, but it is unlikely that any African states, or any outside power, would become engaged militarily in support of Zambia. The result would be a reinforced sense of frustration, isolation, and bitterness in Zambia, and a tendency to blame the US and the UK.

14. In the next few years it is almost inevitable that Zambia, whether governed by the normally Westward looking Kaunda, or the more leftist Kapwepwe, will turn somewhat more to the communist powers for support. The imminent arrival in Zambia of several hundred Chinese railway experts to begin the engineering survey, a preliminary stage in the construction of the Tan-Zam railway, will probably enhance the prestige of the Chinese Communists among Zambians, and may eventually lead to an increase of Chinese political influence in Lusaka. Indeed, some degree of political influence may already exist, and may have accounted for Zambia's vote against the Nuclear Non-proliferation Treaty in the UN. But the Chinese will find Zambians a suspicious, reserved people, who will not willingly accept much Chinese tutelage.

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15. Zambia's leaders will be less likely to follow policies favorable to the West in the next couple of years. The influence of Whitehall is fading fast, even though some British advisory personnel in the service of Zambia are still respected and heeded. The refusal of the UK to provide funds which Zambia feels it is entitled to, as compensation for joining the UK in sanctions against Rhodesia, will further estrange Zambia from the British. The US project of paving the Great North Road will not be completed for some two years and thus will be of little immediate help to Zambia. This project concerns the Tanzanian section of the road, and is, therefore, unlikely to have much impact in Zambia. Some Western interests, including perhaps the US investors in the copper industry, are likely to suffer losses, but Zambia will depend for a long time on Western markets for its copper, and this will be a residual source of Western influence.

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