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# Senegal: Outlook for the Diouf Government



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An Intelligence Assessment

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May 1983

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# Senegal: Outlook for the Diouf Government

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**An Intelligence Assessment**

This paper was prepared by [Redacted] the Office of African and Latin American Analysis, with a contribution from [Redacted] the Office of Central Reference. It was coordinated with the Directorate of Operations and the National Intelligence Council. [Redacted]

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Comments and queries are welcome and may be directed to the Chief, West-East Africa Division, ALA, [Redacted]

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**Senegal: Outlook  
for the Diouf Government**

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**Key Judgments**

*Information available  
as of 30 March 1983  
was used in this report.*

The pro-Western government of Abdou Diouf, who was elected President in February 1983 after a two-year interim presidency, is in financial crisis and under growing pressure to improve living conditions. The US Embassy points out that Diouf must prepare the public for painful economic sacrifices, just after raising unrealistic expectations for improvement during the national elections. We believe Diouf must move toward promised reform or risk popular disillusionment with his leadership. In our view, unrest inspired by deteriorating economic conditions could provoke upheaval potentially detrimental to the regional interests of the United States and other West African states friendly to Washington.

The US Embassy reports that because of recurrent drought, recession in key foreign markets, falling commodity prices, and high interest rates, the five-year recovery program that Senegal launched in 1979 has succeeded only in slowing the decline in living conditions rather than arresting or reversing it. Large infusions of outside financial aid have been necessary to avert disaster and to allow Diouf to implement much-needed reforms. We believe that to get the country's seriously troubled economy in order will require substantial increases in foreign assistance and entail sharper cuts in the standard of living of a large portion of the population in the near term.

We believe that Diouf's ability to protect his position will depend on his skill in distributing increasingly scarce resources among a few key interest groups. He must meet the minimal demands of the powerful Islamic brotherhoods and the military, limit urban dissent among students and workers, and preserve a consensus among young leaders and the old guard of the ruling party. We concur with the US Embassy view that popular reaction to eroding living standards will continue to be muted over the next two years but that Diouf will be held increasingly responsible for a continued decline in living conditions as his term in office progresses.

In our view, the traditionally apolitical Senegalese military is likely to intervene only if economic conditions provoke widespread public disturbances that threaten the country's stability or if the military's own material needs are seriously neglected. We believe that over the next 12 to 18 months neither condition will be met. Thereafter, the risk that the military will intervene will rise if the economic program is not scoring significant gains.

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A military takeover by senior officers who are members of the current elite probably would be designed to restore order and maintain Senegal's moderate policies. A less likely—and a worst case—possibility is that lower ranking military personnel, motivated by opportunism or ambition, would exploit a period of turmoil to seize power. That sort of coup would pose the greatest risk that domestic political or religious radicals, with Libyan or Soviet backing, would gain influence.

In our view, the Diouf government will continue to work assiduously to prevent Tripoli and Moscow from expanding their contacts with domestic religious and political dissidents, increasing their funding of leftist opposition parties, or multiplying recruitment efforts among disgruntled students and intellectuals. Senegal's conservative Muslim brotherhoods have traditionally used their influence to ensure domestic stability, but we believe that young Muslim radicals, seeking a greater share of power, could become susceptible to Qadhafi's proselytizing.

We concur with the US Embassy that the Diouf government will hold to its moderate, pro-Western foreign policy out of a critical need for continuous, large-scale economic assistance. The maintenance of close ties to France, Senegal's largest aid donor and guarantor of national security, will remain the cornerstone of Dakar's foreign policy. At the same time, we expect that Diouf will work to strengthen Senegal's relations with Washington to ensure an additional source of economic and security assistance. Diouf will also continue to foster strong ties with the conservative Persian Gulf states, particularly Saudi Arabia, on which Senegal increasingly depends for generous aid donations.

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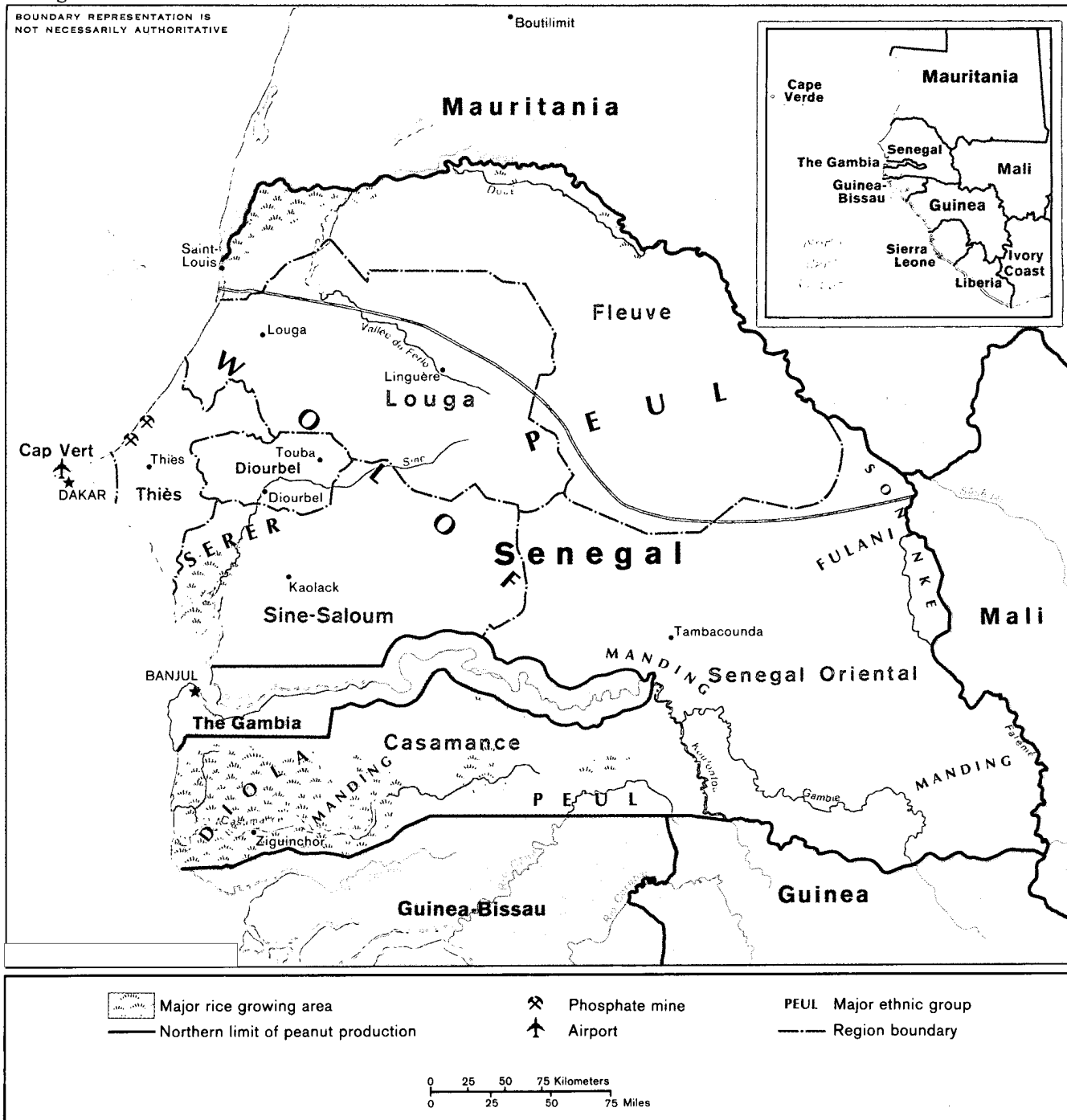
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Figure 1  
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### Senegal: Outlook for the Diouf Government



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#### Introduction

Pro-Western Abdou Diouf, elected President of Senegal in February 1983 after a two-year interim presidency, faces popular pressure for improved living conditions and a clean break with the inefficiency, corruption, and cronyism that characterized his predecessor's government. In addition, Senegal, which is strategically and politically important for France and the United States, is one of many moderate states in West Africa in financial crisis and facing serious adjustment problems. The US Embassy points out that Diouf faces severe constraints in allocating increasingly scarce resources among competing political groups that he cannot afford to alienate.



This paper examines Dakar's efforts to stem economic decline and analyzes the prospects for political stability and change during President Diouf's rule. It considers the potential for Libyan and Soviet exploitation of Senegal's problems and the implications of potential instability for Western, particularly US, interests.



President Abdou Diouf, with French President Francois Mitterrand.

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#### The Diouf Era: Change Within Continuity <sup>1</sup>

National elections in February 1983 gave 48-year-old interim President Diouf a popular mandate to assume the leadership in his own right and to continue his campaign to increase the efficiency and responsiveness of Senegal's political and economic institutions. He constitutionally succeeded to the office of president in January 1981 upon the retirement of Leopold Senghor, Senegal's "founding father" and first president, who had dominated the country since independence from France in 1960. Diouf was carefully groomed by Senghor, who retired two years before the end of his five-year term to allow his chosen successor time to consolidate his own position. Senghor's legacy

of institutional stability and general respect for constitutional procedures ensured an orderly transfer of power to Diouf.



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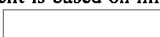
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Diouf, a brilliant graduate of Senegalese and French universities, served eight years as prime minister and won a reputation as a modernizing technocrat and able administrator. During his interim presidency he established a reputation as an honest, capable, and independent leader. A Muslim of mixed Senegalese ethnic origin, he proved adept at balancing the competing interests of Senegal's six major tribes, labor, students, and military factions, and he gained acceptance by the powerful Muslim religious brotherhoods, to which 80 percent of the country's 5.5 million people belong.



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<sup>1</sup> This background assessment is based on information provided by the US Embassy in Dakar.



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**US Interests****Strategic Location and Access Rights**

Senegal's location on the bulge of West Africa sets it astride important mid-Atlantic sea and air lanes and allows it to serve as a communications link between North America, Sub-Saharan Africa, and the South Atlantic. Senegal accords important military air transit privileges to Western countries during international crises. Dakar allowed the United Kingdom to carry out daily support flights during the Falklands conflict and gives the United States ad hoc landing rights for surveillance of Soviet naval task forces in the Atlantic. Under a 10-year access agreement signed in January 1983, Dakar's airport serves as an emergency landing site for the NASA space shuttle. Senegal permits France to maintain a permanent military base at Dakar with 1,350 personnel organized into infantry and naval units, an air detachment, and support forces. [redacted]

**Pro-Western Orientation and Moderating Role in the Third World**

Senegal's traditionally moderate and constructive foreign policy is often supportive of US interests on important international issues such as Afghanistan

and Poland. Dakar plays a moderating role in West Africa and in Third World forums such as the Nonaligned Movement and the United Nations. The Diouf government supports Western efforts to secure the departure of Cuban troops from Angola as part of a Namibian settlement, and has occasionally served as a channel of communication with the Luanda government. The Senegalese participated in the boycott by African moderates of the abortive OAU summit in Tripoli last year that denied OAU chairmanship to Libyan leader Qadhafi. The Senegalese armed forces have participated in international peacekeeping operations in Zaire, Chad, and Lebanon. [redacted]

**US Aid and Investment**

US bilateral aid is projected to total \$49.3 million during fiscal year 1983, including \$33.8 million in economic development and food assistance and \$15.5 million in military sales and training assistance. US private investment in Senegal totals approximately \$25 million, largely in petroleum marketing and phosphate mining. [redacted]

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Senegal was on the brink of financial collapse when Diouf took office, and only the intervention of international creditors saved it from bankruptcy. Diouf responded to the crisis by introducing a program of economic recovery and reform that emphasizes diversification of the economy toward and greater reliance on the private sector. He also mounted a campaign against corruption and inefficiency in government, tried to bring new blood into the ruling party, and allowed the formation of additional opposition parties to "open up" the political system. [redacted]

Although Diouf's moves have shaken up the entrenched political establishment, dislocated many traditional patterns of economic activity, and financially pinched the common man, he has avoided triggering public unrest and alienating powerful local interests that are essential to his political survival. With a full five-year term ahead of him, Diouf's challenge is to move his programs and reforms forward or risk popular disillusionment. [redacted]

**Efforts To Halt Economic Decline**

The principal concern is that Dakar revitalize the economy before irreversible decline and political destabilization set in. The country faces serious economic problems that were brought about by dependence on an essentially one-crop (peanuts) agricultural economy and excessive state involvement in economic life, which led to a proliferation of inefficient state-run enterprises. Recurrent drought and the global recession of the 1970s resulted in a convergence of several bad crop years and depressed world demand and prices for Senegal's peanut exports. For the 1970s, this translated, according to the World Bank, into an average annual increase in national output of only about 2.5 percent and a secular decline in real incomes of about 0.3 percent a year. [redacted]

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**The Road to Economic Ruin**

*From independence in 1960 until 1980, Senegal faced a series of setbacks to its economic development, including recurrent drought, depressed world prices for its exports, and misguided government policies. These problems, coupled with sharply rising oil and food import bills during the last half of the 1970s resulted in a slow but steady decline of the economy. Senegal depends on peanut production and phosphate mining for a large portion of its foreign exchange earnings and government revenues. Agriculture employs 70 percent of the population on small farms that produce peanuts for export and grains for domestic consumption. Food imports absorb 20 percent of total export earnings and account for almost half of the country's basic food supply. Senegal's rapidly growing population (a 2.7-percent annual growth rate) has outpaced real economic growth in the last decade and strained the government's ability to provide jobs and services. Only large-scale aid from France and its European Community partners, conservative Arab states, and international financial institutions has prevented an even sharper decline in economic activity.*

*At independence, Senegal—the administrative center of French West Africa—inherited an oversized bureaucracy, a university system producing graduates in excess of local needs, and, in Dakar, one of the most industrialized and urbane capital cities in French-speaking Africa. President Senghor sought to create a semi-industrialized urban state based on his philosophy of "African socialism."*

*Development plans promoted import-substitution industries and sought to reduce French economic dominance by emphasizing even greater public-sector involvement in the economy. The result was a proliferation of poorly managed, corrupt, and unprofitable state-run enterprises that provided political patronage and employment for university graduates, and a pampered urban elite that benefited from government-subsidized prices for imported food and consumer goods. The cost of industrial and urban welfare was borne by the farmers through low prices paid by the state peanut marketing monopoly.*

*The economy limped along through the mid-1970s, despite the worst drought since independence and sharply increased world oil prices. Ill-advised expansionary policies resulting from a temporary boom in world demand for phosphates and tropical commodities and a sharp drop in peanut production pushed the current account deficit to record levels. By the end of the decade, the growing financial burden of price subsidies, inefficient state enterprises, and the economy's vulnerability to vagaries of weather brought Senegal to the point of collapse and forced it to seek emergency relief from creditors. By 1980, Senegal's trade deficit had ballooned from \$96 million in 1976 to about \$400 million. Its debt service ratio rose from 6 to 30 percent of export earnings and the government budget deficit exceeded \$300 million.*

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The adverse impact of these factors on Senegal's international transactions was amplified by burgeoning costs of oil and food imports. A rapidly increasing trade deficit and debt servicing ratio, spot shortages of essential commodities, and inflated fuel and transportation costs signaled the need for prompt and forceful policy responses.

**The Five-Year Program**

At the end of 1979, under pressure from France and other major Western aid donors, Senegal launched an ambitious five-year program of economic recovery and reform in collaboration with the International

Monetary Fund (IMF) to stave off rapidly approaching financial collapse. The economic plan was designed to encourage stabilization in the short term by reducing the serious foreign exchange gap and to promote growth in the long term by emphasizing reform of economic policies and institutions, particularly in agriculture. It called for a sweeping transfer of substantial control of the economy from the government to private interests and a reduction of the country's heavy dependence on peanuts for foreign exchange revenue.

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The US Embassy reports that in support of these goals the government streamlined the operations of state-run enterprises, increased producer prices for agricultural products, and reduced consumer subsidies. Dakar also adopted an export bonus scheme to encourage cash crops other than peanuts. To soften the impact of these measures on the budget and inflation, Senegal agreed to restrict government borrowings, clamp down on hiring of civil servants, and impose wage controls. It also agreed to open the country more to non-French imports. On the basis of this program, Dakar negotiated in 1980 a \$220 million three-year extended fund facility with the IMF and obtained generous pledges of foreign assistance from France, Saudi Arabia, and other conservative Arab states, totaling almost \$300 million. [redacted]

Despite moderately successful initial implementation of reforms, a disastrous peanut harvest in 1981 prompted the government to revise the goals of the program as well as the time needed to achieve them. The poor harvest resulted in a decline in national output of 0.4 percent. In addition, the loss of export earnings from peanuts, combined with a debt service burden of \$157.8 million, created a severe liquidity crisis. To finance the nearly \$360 million gap, Dakar was forced to reschedule its public and private debt and abandon the IMF extended fund facility for a one-year standby agreement. France—Senegal's largest aid donor—in turn tied its assistance to IMF requirements for a freeze on government hiring and a reduction in food subsidies that led to a dramatic increase in prices of consumer goods. [redacted]

We believe that the deterioration of the economy was stemmed in 1982. Adequate rainfall boosted agricultural output, which makes up more than 25 percent of GDP. Peanut production alone jumped more than 80 percent. As a result, export earnings rose by 24 percent. This improvement in trade, combined with an inflow of some \$200 million in foreign aid, relieved some of the pressure on foreign finances. Unfortunately, record rates on international borrowing and continued depreciation of the CFA franc against the

dollar continued to weaken the foreign financial position somewhat.<sup>2</sup> Moreover, the sharp fall in world prices for peanut products increased the government's cost of maintaining a relatively high producer price to peanut farmers. The consequent drain on government resources came when Diouf was preoccupied with winning the 1983 elections and less inclined to scrutinize public spending. [redacted]

A primary result of the ups and downs of 1982 has been a search for additional foreign grants to meet the performance criteria for the current IMF agreement and a difficult renegotiation of another IMF standby agreement for 1983-84. The Fund has called on the government to strengthen its tax collection system, reduce public-sector hiring, and cut spending for petroleum imports, while instituting additional restrictions on borrowing and other deficit financing. Senegal, still trying to come to grips with these prescriptions, has yet to sign an accord with the IMF for new funds. [redacted]

For the moment, such limited indicators as are available suggest that Senegal will neither lose nor gain economic ground in 1983. Weather conditions appear adequate to support agricultural production on a scale similar to that of last year. On the other hand, inflation, which was on the order of 23 percent coming out of 1982, probably will not abate. [redacted]

On balance, then, Senegal is on a better economic footing than when Diouf took office but is still faced with very serious challenges. Despite impressive reforms involving politically risky measures, recurrent drought, falling commodity prices, high interest rates and worldwide recession have prevented economic recovery. The government has made definite strides to correct its previous lack of fiscal discipline and to live within Senegal's limited economic means; however, even with massive foreign donor assistance, the effect so far has only been to decrease the rate of economic

<sup>2</sup> Along with most other ex-French territories in central and West Africa, Senegal participates in the French franc zone through the multilateral Communité Francaise Africaine (CFA) franc, a currency used by Senegal and 10 other of these states. [redacted]

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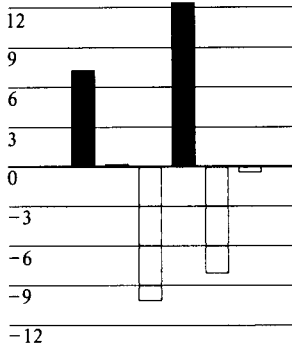
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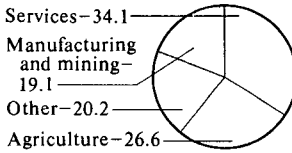
**Figure 2**  
**Senegal: Selected Economic Indicators**

Percent except where noted

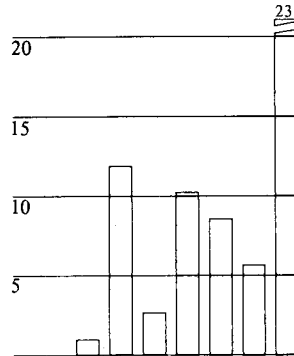
**Real GDP Growth**



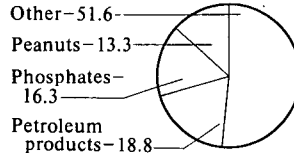
**Composition of Real GDP, 1979**



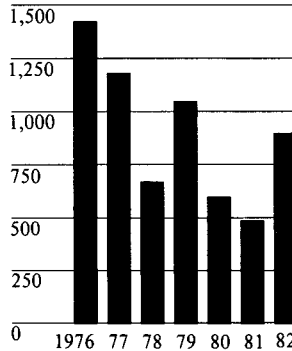
**Consumer Price Inflation**



**Composition of Exports, 1980**

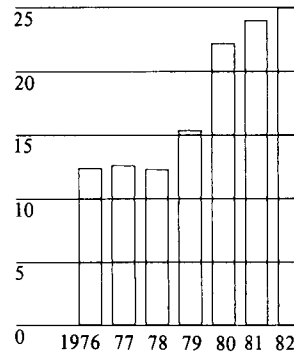


**Peanut Production<sup>a</sup>**  
Thousand Metric Tons



<sup>a</sup> Marketing years.  
<sup>b</sup> Data for 1981 estimated.  
<sup>c</sup> Projected.

**Oil as a Share of Imports<sup>b</sup>**



decline. Meanwhile, Diouf's economic measures and his election to a full presidential term have, in our view, increased popular expectations for improved living conditions at a time when the country's indebtedness and desperate need for new liquidity will restrict social service expenditures. [redacted]

**Muted Popular Reaction**

In the view of the US Embassy, Diouf has successfully implemented more politically painful austerity measures than most African leaders could without provoking major rioting. Although there was a series of small-scale disturbances in Dakar at the height of the economic crisis in 1981 over rising prices, spot shortages of goods, and increasing unemployment, public reaction over the last two years—especially among the educated unemployed—has been muted. [redacted]

Most Senegalese, according to the US Embassy, still blame the country's economic woes on the former Senghor regime and credit Diouf with common sense and efforts to set things right. He is regarded as willing to break with the past by bringing more honesty and efficiency into government. The combination of Senghor's abdication, Diouf's interim moves toward recovery and reform, and the 1983 elections defused popular frustration and provided a substitute for possibly explosive protests. [redacted]

**Political Constraints on Reform**

Although economic conditions have not become bad enough to generate popular challenges to his authority, Diouf faces a variety of political problems that could delay the implementation of his promised reforms and thus test public patience to the breaking point. Indeed, Diouf's success will depend on his continued ability to implement reform while balancing the often conflicting interests and competing demands of key political interest groups. [redacted]

**Party and Bureaucratic Responsiveness**

Diouf's reform program is contingent on his ability to mobilize the support of the ruling Socialist Party and

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**Political Parties**

<b>Party</b>	<b>Leader</b>	<b>Orientation</b>
<i>Socialist Party (PS)</i>	<i>Abdou Diouf</i>	<i>Ruling centrist Socialist Party won 83 percent of the presidential vote and 111 of 120 National Assembly seats in the February 1983 elections.</i>
<i>Senegalese Democratic Party (PDS)</i>	<i>Abdoulaye Wade</i>	<i>African socialist; holds eight National Assembly seats</i>
<i>Democratic National Rally (RND)</i>	<i>Cheikh Anta Diop</i>	<i>African socialist; holds one National Assembly seat</i>
<i>Popular Democratic Movement (MDP)</i>	<i>Mamadou Dia</i>	<i>African socialist</i>
<i>African Independence Party (PAI)</i>	<i>Majhmout Diop</i>	<i>Marxist-Leninist</i>
<i>Revolutionary Movement for New Democracy (MRDN)</i>	<i>Landing Savane</i>	<i>Marxist (pro-Chinese)</i>
<i>Independence and Work Party (PIT)</i>	<i>Amath Dansokoh and Maguette Thiam</i>	<i>Communist (reportedly receiving Soviet financial aid)</i>
<i>Senegalese Republican Movement (MRS)</i>	<i>Boubacar Gueye</i>	<i>Conservative</i>
<i>Democratic League/Movement for a Workers Party (LD/MPT)</i>	<i>Babacar Sane</i>	<i>Trotskyite</i>
<i>Union for a People's Democracy (UDP)</i>	<i>Hamedine Racine Guisse</i>	<i>Marxist (pro-Albanian)</i>
<i>Senegalese People's Party (PPS)</i>	<i>Oumar Wone</i>	<i>Marxist</i>
<i>Workers Communist League (LCT)</i>	<i>NA</i>	<i>Marxist</i>
<i>Socialist Organization of Workers (OST)</i>	<i>NA</i>	<i>Marxist</i>
<i>African Independence Party of the Masses (PAIM)</i>	<i>NA</i>	<i>Marxist</i>

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the government bureaucracy. Although the 1983 elections gave the Socialists an overwhelming majority in the National Assembly, we do not know how willing the party's conservative old guard will be to cooperate with the President on the recovery plan and to forgo internecine battles. [redacted]

Upon assuming the presidency in 1981, Diouf faced consolidating his hold on the Socialist Party structure, which Senghor had dominated for 30 years. He tried to do this by calling local party elections last November in hopes of replacing entrenched and aging politicians—who derived their influence from the patronage system formed under Senghor—with loyal supporters of his own policies. Although some younger, pro-Diouf activists won local party positions, the party's old guard retains control of key local bureaus and much of the party hierarchy. [redacted]

The US Embassy also reports that the public expects Diouf to reduce graft and cronyism in the civil service and to make the large and lethargic bureaucracy more responsive to local needs. Diouf's appointment of a majority of young, competent technocrats to his Cabinet last March has reassured the Senegalese that he intends to weed out incompetent senior officials and to encourage promotions on merit. Diouf has also set up special courts to try cases of corruption in government and has put himself squarely at the front of government operations by eliminating the post of prime minister and assuming direct responsibility for executing policies and programs. [redacted]

In our view, veteran politicians resent Diouf's appointment of younger technocrats to many key posts and may seek to reassert their influence by opposing some of his progressive reforms. Yet, younger party activists may become disillusioned with Diouf if the pace of change is too slow. In the short term, we believe Diouf will continue, as he has in the past, to promote gradual change through quiet consultation with all party leaders to avoid additional ferment and to ensure a firm base of support in the newly elected National Assembly. [redacted]

#### **The Opposition**

The US Embassy reports that fortunately for Diouf none of Senegal's opposition parties—the proliferation of which he has encouraged—constitutes a realistic

alternative to the ruling Socialist Party. These parties have formed mainly around rival personalities and ideologies drawn from the small Senegalese left, and they lack coherent platforms and public appeal. Diouf has undercut the weak and divided opposition by adopting and implementing as his own virtually all of the reforms they have advocated, such as abolishing the corrupt government peanut purchasing monopoly. [redacted]

Only two parties managed to elect representatives to the National Assembly in the 1983 election. The leading opposition party, the Senegalese Democratic Party, won eight of the nine opposition seats in the 120-seat chamber. The US Embassy reports that, although the party retains a rural organization and maintains contacts with religious and business leaders, it lacks significant grass-roots support. [redacted]

#### **Islamic Brotherhoods and the Peasantry**

The most influential leaders of Senegal's many interest groups are the heads of the Islamic brotherhoods, which command the religious loyalty of 80 percent of the population and wield powerful social, economic, and political influence. The brotherhoods' conservative leaders are thus in a position to demand homage and favors from the Western-style central government. In return they can deliver the vote of the country's rural majority and ensure that the peasantry complies with government programs. [redacted]

The US Embassy reports that although Diouf is Senegal's first Muslim President, his reputation as a modernizing technocrat initially aroused suspicion among the two principal brotherhoods—the Tijaniya and the Muridiya—that he would upset traditional patronage links between the government and the brotherhoods. Since Diouf took office in 1981, he has worked hard to bolster his Islamic credentials and to win the confidence of brotherhood leaders; indeed, they endorsed him for the presidency in the 1983 elections. Unlike former President Senghor—a Christian who deliberately encouraged rivalry among the brotherhoods—Diouf has tried to promote cooperation among the sects while balancing their competing interests. [redacted]

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**Islamic Brotherhoods**

Senegal's Muslim community, the most highly organized in West Africa, is dominated by powerful Islamic brotherhoods, principally the Muridiya and the Tijaniya. [redacted]

The Muridiya is the most powerful brotherhood because of its economic influence and its rapidly growing membership, which has tripled over the last 20 years to at least 1.5 million adherents. Although the Muridiya is closely associated with the Wolof ethnic community—Senegal's largest ethnic group, which makes up 36 percent of the population—the brotherhood is attracting significant numbers of other ethnic groups. Young educated Senegalese increasingly perceive Muridism, with its mass following, wealth, and influence, as a ticket to upward mobility. The brotherhood has become involved in student politics and government employee associations, while the migration of Muride peasants to the cities—where they often fail to find work—has drawn the Muridiya into providing assistance to the urban unemployed. A majority of the Army, including the Chief of Staff, belong to the brotherhood. [redacted]

The brotherhood's economic strength stems from its predominance among peasant producers of the peanut

crop, Senegal's major agricultural export. The Muri-diya leadership has invested heavily in peanut processing and related transportation facilities, has taken over the country's trading sector, and is diversifying into many other aspects of the economy. Muride businessmen, who have accumulated large investments in productive sectors of the economy, are probably the largest source of private capital in the country. [redacted]

The Tijaniya is the most orthodox brotherhood with a membership estimated at 1.3 to 1.5 million. Many top government officials, including President Diouf, are Tijani, reflecting the brotherhood's attractiveness to the Senegalese intellectual elite. Unlike the leadership of the Muridiya, that of the Tijaniya exercises only symbolic authority over its members and lacks the intense drive of the Murides for economic and political influence. The Tijaniya are opposed to control of the central government by any Islamic brotherhood and have traditionally exercised a moderating influence in Senegal. They tend to look down upon the Muridiya as vulgar, excessively ambitious, and too concerned with worldly matters. [redacted]

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As a nominal Tijaniya, Diouf has had to cultivate ties with the economically important Murides to avoid charges of favoritism. In exchange for their support, according to the US Embassy, the Murides expect Diouf to limit economic reform programs that would depreciate their financial investments or put a heavy strain on Muride peanut farmers. Among the Muri-diya's demands are less restrictive credit policies, better rural public services, cheaper fertilizer and seed for farmers, and increased government subsidies for mosques and Koranic schools. [redacted]

In our view, President Diouf will find it increasingly difficult to meet the brotherhoods' demands while pursuing economic austerity. Although some agricultural reforms—higher prices for farm products and a five-year debt moratorium for farmers—have benefited the brotherhoods' rural membership and have

encouraged peasant support for Diouf, pressure from Muride leaders forced Diouf to delay implementing an IMF condition to eliminate government subsidies on fertilizer. [redacted]

[redacted] we believe the brotherhoods have a large stake in the recovery of the economy and will—despite considerable jockeying to protect their interests—probably continue to back Diouf as long as his policies prove reasonably effective. [redacted]

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**Urban Dwellers**

The need to satisfy at least some of the demands of urban dwellers poses yet another difficult challenge for Diouf. The urban poor want lower food prices, while businessmen seek looser credit, protected markets, and continued exemption from income taxes. Workers want cost-of-living increases and more jobs. Students and intellectuals are concerned with future job prospects and want the French presence and cultural influence reduced. The US Embassy notes, that despite these demands and eroding living conditions, students and workers—the most organized and potentially the most threatening urban groups—have remained unusually quiet.<sup>3</sup> [redacted]

Left-leaning students and intellectuals, long a source of opposition to the former Senghor regime, could again become restless over bleak employment prospects and delayed payment of student scholarships. Although there have been no serious outbreaks of student unrest since Diouf assumed power, short-lived strikes have occurred periodically among students at all levels of the educational systems. The Embassy credits Diouf's conciliatory approach to their grievances with averting student and teacher unrest so far. [redacted]

The predominant labor organization, the National Confederation of Senegalese Workers, traditionally has followed a policy of "responsible participation" with the government, making it an effective tool so far for official control over workers and wages. As a rule, the leaders of the 60,000-member union have not called strikes to press the government for political or economic aims. Instead, they generally work within the ruling Socialist Party or the government to settle disputes. Nevertheless, we believe that worker discontent over the rising cost of living will sooner or later force the union leadership to become a more active defender of workers' welfare. The US Embassy reports that the purchasing power of wage earners has declined almost 20 percent since Diouf took office. [redacted]

<sup>3</sup> Disgruntled students joined forces with workers in a crippling strike in the late 1960s that nearly brought down the Senghor government. [redacted]

**The Pivotal Role of the Military**

The traditionally apolitical Senegalese military considers itself to be the ultimate defender of political order and that its self-restraint, discipline, and effectiveness make it a key asset to Diouf as he wrestles with the country's difficult economic problems. [redacted]

[redacted] The largely French-trained military traditionally has remained on the political sidelines and supported civilian rule. [redacted]

Still, we concur with the US Embassy's view that the military—which enjoys relatively comfortable living standards compared to the average peasant—could be provoked to intervene if economic austerity needs dictated severe paycuts and a freeze in the acquisition of equipment or if countrywide deteriorating living conditions led to uncontrollable unrest. Articles appearing in the military's in-house publications from French colonial days to the present are replete with attacks on civilian administrations in those instances when payrolls were not met on time, essential supplies were not available, or Army units abroad on peace-keeping missions were not adequately supported. [redacted]

A military takeover to restore political order probably would last no longer than necessary if led by senior military officers who are members of the present elite. We believe Armed Forces Chief of Staff Idressa Fall, [redacted]

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the military's longtime pillar of strength, could emerge to head such a military government. According to attache reporting, General Fall is a conservative professional soldier without political ambitions. [redacted]

Events in other African countries afflicted by similar economic and political problems lead us to conclude that it is possible that Senegalese junior officers or enlisted men motivated by personal ambition or opportunism could exploit a period of popular unrest to seize control. In our view, the coup leaders probably would attempt to rally rank-and-file support with promises to redress alleged neglect of the military's needs and corruption among senior officers. We believe the ensuing regime would be beset by political weaknesses and foreign policy uncertainties because of their probable lack of experience, education, and sophistication. [redacted]

[redacted] we believe that because of the professionalism and discipline that pervades the Senegalese Army, the lower ranks are less likely than their other African counterparts to stage a populist revolt. [redacted]

**Diouf's Chances**

We believe that Diouf's political prospects depend heavily on his ability to prepare the public for more painful economic sacrifices at a time when his supporters expect improvement in their living standards. Diouf must distribute increasingly scarce resources among his major constituencies, while trying to adhere to tough belt-tightening conditions imposed by the IMF. Nevertheless, we note that he has established himself in the public eye as a capable leader committed to honest reform, which may buy him another year or two before he is blamed for Senegal's economic difficulties. [redacted]

In our judgment, Diouf will probably manage to muddle through the next several years and retain grudging support of key political interests. To maintain the legitimacy of his regime, we believe Diouf needs to meet the minimal demands of the Islamic brotherhoods and the military, while dealing with

urban dissent on a case-by-case basis. The key to his survival will be continued large infusions of foreign assistance. US Embassy reporting indicates that although Dakar has been able to slow the pace of economic decline, the government will need sizable increases in outside aid to arrest and reverse it. We believe a significant decrease in assistance levels would accelerate economic collapse and could lead to serious political upheaval. [redacted]

We believe that Senegal's economy is likely to remain stagnant through mid-decade. Even if foreign aid remains at present levels and rainfall is adequate to ensure a good peanut crop, the harsh austerity measures that Diouf will have to implement to contain budgetary deficits will constrain output. Inflation may rise as subsidies for rice, vegetable oil, and petroleum are reduced or eliminated, and the number of jobless could increase as a result of stricter employment policies. Living standards will continue to slide because of increasing consumer prices and the continued decline in the international value of the franc, but in our view little public outcry will ensue in the short run. Over the next few years, however, we believe that Diouf will be held increasingly responsible for failing to stem the economic decline and that this could lead to outbreaks of serious popular unrest and military intervention. Growing unhappiness with the Diouf government's performance could then inspire sympathy for leftist opposition parties and maverick Islamic religious leaders, thus offering opportunities for Libyan and Soviet involvement. [redacted]

**Ties to the West**

So long as he retains office, we believe Diouf will continue to pursue a moderate, pro-Western foreign policy and that his efforts will be driven by two primary concerns—finding massive aid to keep the country economically afloat and securing the political-military support to meet the perceived threat of Libyan and Soviet destabilization in the region. These concerns dictate that Dakar cultivate Saudi Arabia and the conservative Persian Gulf states while maintaining traditional ties with France and the West and nourishing anew the regional ties in Africa that Senghor allowed to wane in his later years. [redacted]

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### *The Senegambia Confederation*

*French-speaking Senegal and The Gambia—a former British colony—officially merged on 1 February 1982 to form Senegambia. The confederation is a loose political and economic union that for now preserves separate national and governmental identities, but which could eventually evolve into a single, federated state. It is designed to gradually integrate the two countries' armed forces and police, foreign policies, and communications and transportation networks. The union may eventually eliminate or at least minimize the longstanding problem of cross-border smuggling that worked to the advantage of Banjul. The confederation also minimizes the danger that a radical regime could be implanted in The Gambia, which nearly separates most of Senegal from its southern Casamance region, where separatist sentiment has long smoldered.* [redacted]

*Both countries had long talked about closer ties, but The Gambia—afraid of being swallowed by its larger neighbor—resisted until July 1981, when Gambian President Jawara finally agreed to the merger as the price of Senegal's intervention to put down a Marxist-led military coup and restoring him to power. The Gambia's continued dependence on the presence of a Senegalese Army battalion to keep order has convinced the still-reluctant Gambians of the inevitability of the union despite occasional delaying tactics on their part.* [redacted]

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### **France**

Although Diouf is more African oriented and less automatically responsive to French policy concerns than was Senghor, he has stressed Senegal's basic fidelity to France—the cornerstone of Senegal's foreign policy. In return, the Mitterrand government has assured Diouf that Senegal remains one of the most important countries in francophone Africa and that it will not be neglected as France tries to broaden its relations with key non-French-speaking states south of the Sahara. [redacted]

There is little doubt in Senegal that France remains the most reliable guarantor of its security. French spokesmen have told US officials that they view

Senegal as an "island of moderation" in a volatile region. Paris maintains an important naval base and airbase at Dakar manned by some 1,350 French troops and is obligated under a mutual defense agreement to intervene at Senegal's request if the country's security is threatened.<sup>4</sup> According to the US Embassy, after Senegal sent troops into The Gambia in 1981 to crush a Marxist-led coup, Diouf received President Mitterrand's assurance that France would honor the defense treaty if Senegal invoked it [redacted] 25X1

France continues to be Senegal's largest single investor, financial donor, and source of technical and administrative assistance. In 1980, the last year for which data is available on regularly scheduled French aid, Paris provided some \$111.4 million. Despite Dakar's fears that its share of French economic aid would diminish as the worldwide recession squeezed Paris's financial resources, in both fiscal years 1981 and 1982 Diouf requested and received extraordinary budget support from the French totaling almost \$100 million. French private investment totals \$65 million, and some 18,000 French live in Senegal. The latter include some 1,400 French advisers (teachers, technicians, and doctors) stationed in Senegal, according to the US Embassy in Paris. [redacted] 25X1

Despite Diouf's close ties with France, US Embassy reporting suggests that there have been some moments of stress and that there could be similar episodes in the future. Diouf, for example, is under domestic pressure to reduce France's "neocolonial" presence and influence, and he has begun to "Senegalize" education by ordering instruction in native Senegalese languages. His emphasis on diversifying Senegal's foreign relations, stressing even closer ties with the Persian Gulf states and the United States, has engendered some concern in Paris of US encroachment on a French preserve. The Senegalese would like the French to increase their financial support and to place greater emphasis on development and joint investment projects. [redacted] 25X1

<sup>4</sup> French forces include a 450-man naval force at Dakar harbor with one sea-reconnaissance aircraft; a 400-man Air Force unit with four transport aircraft, two helicopters, and four Jaguar fighter aircraft at Dakar airport; and a 500-man ground force that is 50 percent mechanized and 50 percent armored. [redacted] 25X1

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**Persian Gulf States**

Diouf realizes that Senegal is increasingly dependent on continued large-scale assistance from Persian Gulf oil-producing states and would be hard pressed to cope with reductions in present aid levels. Riyadh has become Senegal's second-ranking bilateral aid donor. Saudi Arabia [redacted] has provided Senegal with \$400 million in balance-of-payments assistance over the last four years. Last year, Kuwait extended a \$110 million low-interest loan and Iraq provided a \$10 million loan to help balance the Senegalese budget, according to the US Embassy. Conservative Arab states also are financing 80 percent of a \$1 billion development project in the Senegal River Basin and have funneled capital into joint ventures and state enterprises. [redacted]

In exchange for Arab aid, Diouf keeps Senegal's stance on Middle Eastern issues closely aligned with the moderate Arab mainstream. Diouf has marshaled moderate Arab support by arguing that if left unsolved his country's serious economic problems would lead to greater opportunities for Libyan and Soviet subversion. [redacted]

[redacted] We believe that, despite Riyadh's reluctance to increase foreign aid to the Third World because of its reduced revenues due to soft world oil prices, the Saudis will continue to provide Dakar with crucial infusions of aid when necessary to protect their interests. [redacted]

**Libyan and Soviet Meddling**

Any serious domestic unrest in Senegal could provide the Soviets and Libyans with opportunities for meddling. In our view, precisely because of Senegal's politically moderate orientation, strong ties to France, and large Muslim population, any signs of exploitable instability would make Senegal an inviting target for Libyan and Soviet efforts to undermine Western influence in the region, and a major prize if it succumbed. Moreover, the chronic economic problems of all of Senegal's neighbors—Mauritania, Mali, Guinea, Guinea-Bissau, and Cape Verde—may offer unforeseen opportunities for further Libyan or Soviet meddling in the region. We believe that Dakar's

vulnerability will increase if economic conditions deteriorate to the point of stirring public unrest and demands for radical change. [redacted]

**Libya**

Reports of Libyan military training of Senegalese dissidents led Senghor to break diplomatic relations with Tripoli in June 1980, and Diouf has continued Senghor's vigilance against Libyan encroachment in the region. US Embassy reporting indicates that Senegal keeps an especially wary eye on Mauritania because it is so politically weak and prone to coups. [redacted]

US Embassy reporting indicates that Libya has provided an unknown amount of money to Senegalese religious and political groups in an effort to spread Qadhafi's brand of radical Islamic nationalism. Tripoli gave support and asylum to a religious figure, Ahmed Niasse, who advocated an Iranian-style Islamic revolution in Senegal until his arrest in April 1981 and expulsion from the country. Although Dakar viewed Niasse as a religious renegade with little popular support, his emphasis on Islamic unity and the shortcomings of Senegal's secular state appealed to a small group of young intellectuals and radical university students. [redacted]

Abdoulaye Wade's Senegalese Democratic Party, the leading opposition group, [redacted]

[redacted] The US Embassy noted that Wade spent lavishly during the campaign. He returned to Senegal last year from self-imposed exile in France following revelations in early 1981 that members of his party allegedly were receiving guerrilla training in Libya. [redacted]

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**Soviet Union**

Diouf is suspicious of Soviet intentions in West Africa and has continued to limit official ties with the Soviets to cultural and educational activities. A cultural exchange agreement provides for student scholarships to the USSR, Soviet funding of teachers' salaries at the National Arts Conservatory of Dakar, and the exchange of radio and TV programs. Dakar receives no military or economic assistance from Moscow and there are no Communist military or technical advisers in the country. We believe the size of the Soviet Embassy in Dakar—the 110-man mission serves as Moscow's regional West African headquarters—keeps the Senegalese Government particularly alert to Soviet activities. [redacted]

The Soviet Union provides limited funds to some of Senegal's small, legal Marxist-Leninist opposition parties, continuing a practice that began years ago when these groups were underground or exile movements. [redacted]

In our view, the Diouf government will continue its efforts to monitor and thwart Soviet and Libyan machinations, but opportunities for Moscow and Tripoli to expand contacts with religious and political dissidents will be enhanced if the economy continues to decline over the long run. Conservative Muslim brotherhoods traditionally have used their powerful social and political influence to ensure domestic stability, but young religious dissidents seeking a larger share of power could become susceptible to Qadhafi's proselytizing. Leftist opposition parties remain weak and divided, in our view, although increased funding could make them a more united and potent force. Unemployed students and disgruntled intellectuals also may provide fertile ground for Soviet and Libyan recruitment efforts. [redacted]

**Implications for US and Western Interests**

We regard Diouf's election to a full presidential term as an important plus for US and Western interests in West Africa, where there are few friendly governments willing to use what resources and influence they have to help oppose Soviet and Libyan activities. Without a Western-oriented government in Senegal, we believe the United States would be very likely to lose its present military access to Dakar's port and airfield as well as a useful and moderate voice in African and international forums on Third World issues. [redacted]

Senegal, faced with severe economic problems that could spur instability, almost certainly will seek even closer ties with Washington to help guarantee the country's economic survival and security against perceived Soviet and Libyan threats. Diouf sees the United States as the power most capable of holding the Soviets and Libyans at bay. According to the Embassy, he also believes Washington has decisive influence with the IMF and World Bank, which play the major role in setting the standards for his government's economic performance. We believe Diouf is likely to intensify requests for aid and US intercession with international financial institutions to soften their demands for even tougher austerity measures. Moreover, we believe Senegal's reliance on Washington would sharply increase if France and conservative Persian Gulf states, particularly Saudi Arabia, curtailed their assistance. [redacted]

We believe Diouf calculates that the promotion of better relations with the United States will help keep the French as generous as possible to protect their very substantial interests in the country. The US Embassy reports that Diouf will continue to look to France as Dakar's major source of economic and military aid. In our judgment, the French, who have always viewed Senegal with favor as their first colony in black Africa, are likely to work closely with [redacted]

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conservative Arab states and the United States to prevent financial bankruptcy and instability in Senegal.

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In our view, the maintenance of a strong Senegalese relationship with France and the United States will probably deter major opportunities for Soviet and Libyan inroads. Nevertheless, an expansion of Libyan and Soviet influence—or heightened fears of such influence—in response to domestic instability has the potential to raise doubts in the region about the wisdom of depending too heavily on France and the United States. The danger will remain that other, less stable governments in West Africa will seek security through greater accommodation with Tripoli and Moscow if the Senegalese example of relying on the West fails.

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