www.africa-confidential.com

18 February 2000 Vol 41 No 4

AFRICA CONFIDENTIAL

ZIMBABWE

Saying no to the yes-men

ZANU's referendum defeat is a political watershed but it doesn't guarantee the opposition a victory in the April polls

'We've won this war, so we're all guerrillas now,' a young man shouted out at a crowded civic meeting in Harare, just hours after the Zimbabwean people had learned of the first electoral defeat since Independence for the ruling Zimbabwe African National Union-Patriotic Front. Though it won 578,210 'Yes' votes in the 12-13 February referendum, the 'No' votes were a convincing 697,754. Like so many speakers at the meeting, the young man triumphantly saw the government's defeat as automatically translating into an opposition victory in the elections due in April.

That's too easy. With about 1.3 million people voting in the referendum from an electorate of 5 mn., the turnout was even lower than the 36 per cent who voted in the 1996 presidential election. It was clearly a massive protest vote against President **Robert Mugabe**'s government but the loyalist forces were hardly mobilised, as shown by the huge stayaways in ZANU-PF's core constituencies in the rural areas which make up 70 per cent of Zimbabwe. While the towns vociferously and actively oppose Mugabe and his party, the countryside stays on the sidelines. The real fight will be for the rural vote. The 'No' to the proposed constitution was a warning to both ZANU-PF and the opposition led by **Morgan Tsvangirai**'s Movement for Democratic Change. 'ZANU-PF isn't ready to leave power, the opposition isn't ready to take it', a more temperate voice pointed out at the civic meeting.

Knee-jerk intolerance

The biggest danger is that neither side breaks out of knee-jerk politics. The MDC and other opposition parties are riding high but not because of popular support for their policies or even admiration for their leaders: few are yet national figures. The opposition looks as if it's winning because the government is losing. Mugabe and his party are now held in unprecedented contempt by people in the towns, the well educated who benefited most from ZANU-PF's social investment programmes in the 1980s.

However, ZANU-PF is largely to blame for the climate of political intolerance that has grown up. With little substantive debate about policies or new ideas, the political battle is reduced to sloganeering and a personalisation of politics that loads the ills of the country onto one man. Some fear that if the opposition succeeds in chasing Mugabe from powe, political and economic chaos will follow as it did in **Zambia**.

Certainly the government's referendum defeat has forced people to ask more seriously than ever: after Mugabe, what then? The political row over the constitution-making process shows how complex the succession or political transition issues have become. It's clear divisions are deepening in ZANU-PF. That, according to one ZANU-PF comrade at the Harare meeting, was the reason for the low turnout. There had been a bitter debate in the party about the political reform. Some argued that it should be pursued seriously; others just wanted to make a show of reform so they could shoot the opposition's fox.

Eventually, the faction of Minister without Portfolio **Eddison Zvobgo** won the day. Zvobgo insisted ZANU could initiate genuine political reform which would also help it to undermine the opposition. Hardline Mugabe loyalists weren't totally convinced, suspecting this was another ploy by Zvobgo and his Karanga constituency in the Midlands to undermine the presidency and position himself for the succession. The more likely candidates to succeed Mugabe - Local Government Minister **John Nkomo**, Justice Minister **Emmerson Mnangagwa** and Security Minister **Sydney Sekeramayi** - maintained a discreet distance as the referendum campaign degenerated into farce.

These and other less ambitious party figures questioned the wisdom of Zvobgo's strategy of trying to coopt the constitutional reform bandwagon. If fact, some in the hierarchy warned their party branches about getting too involved in the constitutional campaign: accordingly, there were derisory turnouts in ZANU-PF's heartland, the Mashonaland rural constituencies.

When Mugabe and his two deputies, **Simon Muzenda** and **Joseph Msika** saw that ZANU-PF's constitutional campaign was turning into a referendum on the government's performance, they belatedly tried to tie it to the redistribution of land, so that voting for the ZANU-PF-approved draft constitution would be a vote for redistributing the mainly white-held commercial farms but voting 'No' would be seen as a vote back to the 'neo-colonial' Lancaster House constitution of 1980, with its special representation for whites. The official media represented the 'No' campaign as a 'white-organised conspiracy'. However, the neat combination of land and

Hawks or doves?

Britain is maintaining an 'informal arms embargo' on Zimbabwe, defence sources told *Africa Confidential* in Harare this week. This is despite a cabinet meeting in Downing Street last month when Prime Minister **Tony Blair** overruled Foreign Secretary **Robin Cook**'s arguments for continuing to block arms export licences, in particular spare parts for the Hawk jets which British Aerospace (BAe) sold President **Robert Mugabe**'s government a decade ago. It now seems that Cook may have won the day after press reports of the cabinet row caused further embarrassment over the question of the government's touted 'ethical foreign policy'. Defence sources in Harare insist that Whitehall is continuing to block the export licences: 'We have submitted a long shopping list to British Aerospace but we are told that the export licences are pending - we all know what that means.'

Zimbabwe's Air Force Chief, **Perence Shiri**, who is widely held responsible for organising the brutal suppression of opposition in Matebeleland in the early 1980s, is furious at the British embargo. He and Defence Minister **Moven Mahachi** have written to BAe threatening to sue for breach of contract. Zimbabwe's squadron of Hawk jets - ten battle-ready planes and two trainers - is about ten years old and was supplied on the understanding that BAe would provide technical support.

BAe has directed Shiri and Mahachi 'to a clause' in their contract which stipulates that supplies of spares are subject to the British authorities issuing documentation. However, we hear that BAe is mounting pressure on Blair and Cook, arguing that the informal ban on Zimbabwe, which is not subject to any European Union or United Nations sanctions, suggests that Britain is an unreliable supplier.

In theory, Zimbabwe could get the Hawk spares through back-door deals with countries such as **Malaysia** or **Saudi Arabia** but such deals are regarded as prohibitively expensive and squeeze the local procurement margins in Zimbabwe. Britain also faces increasing competition from **Chinese**, **Russian** and **Ukrainian** suppliers, who have been very active in supplying military hardware and materiel for both sides in the **Congo-Kinshasa** war.

Zimbabwe's Hawks have played a key role in the military campaign in Congo-K. They have a bigger range and greater reliability than the Russian and Chinese MiGs. Currently, though, only four or five Hawks in the squadron are operational. That restricts the Zimbabwe Air Force to 2x2 bombing sorties against the rebels in the east. The Hawks were used to bomb rebel positions in Ikela, where they were surrounding a large contingent of Zimbabwean and Congolese troops. Since the start of the war, Zimbabwe has lost a couple of Hawks (one was shot down) and its air power in the Congo is under added pressure following incidents with five of its six Hind helicopter gunships. Procured by a UK-based arms dealer through a **Seychelles**' company, the Hind helicopters' undersides are reinforced with titanium. Still, the rebels' 35 mm. mortars and, Zimbabwe claims, **United States**-supplied Stinger missiles, have badly damaged the helicopters. Only one is operational at present.

There are no signs that Britain will unblock the export licences for the Hawk spares soon. It has led international diplomatic criticism of the government's economic and political record, prompting accusations by the ruling Zimbabwe African National Union-Patriotic Front that Britain has been financing opposition groups in Zimbabwe. Britain's Foreign and Commonwealth Office is undertaking a strategic review of government policy on export licences for arms to Africa. It is due to report early next month but few expect its conclusions to be favourable to Zimbabwe. FCO officials see a contradiction in diplomatically backing the Congo peace accord while supplying arms to one of the major protagonists.

Other Western powers are less critical: Washington appears to have improved its relations with Harare following a series of visits by its UN Ambassador, **Richard Holbrooke**, and US Senators. However, the outgoing International Monetary Fund Managing Director, **Michel Camdessus**, has called for Zimbabwe to reduce defence spending 'to the minimum'. The Fund suspended its US$193 million balance of payments credit to Zimbabwe after it found flaws in government figures of its war costs in Congo.

race failed to impress electors. By most estimates, hardly more than 20,000 whites voted and it was not 'their' constituencies in Harare's northern suburbs but the townships on its outskirts that returned the highest 'No' vote.

It was a huge miscalculation by government to allow the constitution debate to become a confrontation with the opposition. The gulf between ZANU-PF's and the opposition's constitutional reformers is not in fact unbridgeable. Put cynically, the opposition parties believe they will soon be in power and may not be keen to cede much of the ruling party's powers to independent commissions.

Such *Realpolitik* hasn't really surfaced in the rhetorical battle between the government-backed Constitutional Commission and the opposition's National Constitutional Assembly (NCA). The two bodies found they couldn't work together as politics grew more polarised. Each drew up its own draft constitution but the CC's draft had the advantage of being the version presented to electors. Both organisations took soundings of opinion: some 5,000 constitution meetings in the ten provinces were organised by 400 commissioners. It quickly emerged that most people thought the President had too much power, there were too many government ministers and not enough checks and balances on the management of public funds. And, to prevent the gerontocracy from perpetuating itself, they also called for an age limit on candidates. There is energetic debate between CC spokesperson **Jonathan Moyo** and NCA spokesperson **Welshman Ncube** as to how much popular views were incorporated into the CC's draft constitution. Ncube says some critical issues, such as strict limits on presidential powers of patronage and appointment, were left out. While Ncube applauded the proposals to set up 'independent' commissions on public expenditure, elections, corruption and the media, he questioned their real independence, as the draft constitution recommended all commission members be appointed by the president.

The issue now is whether these views can be reconciled. The 'No' vote can't be taken as support for the NCA's draft constitution. Moderates on both sides are pushing for cooperation on a joint constitution. They fear that without a compromise, the ruling clique will simply hold April's elections under the old constitution, with its pro-ruling party provisions, such as the absence of an independent electoral commission, the president's power to nominate members of parliament and the party's near total grip on the state media.

Mugabe initially described the referendum result as 'unfortunate', then became conciliatory in the face of such overwhelming defeat for his government. Calling on both sides to start planning the way forward, he congratulated electors and organisers alike for ensuring voting was free and peaceful. A day later, ministers were claiming the referendum had changed nothing. Information Minister **Chen Chimutengwende** said the government was indifferent to it. Before the extraordinary meeting of ZANU-PF's Central Committee on 18 February, party officials were reluctant to spell out their future plans. The best guess is that ZANU will try to forge ahead with some minor amendments to the existing constitution (already amended 14 times since 1980), push some populist legislation through parliament on land redistribution and keep to the April election date.

So far, the opposition has maintained a broad consensus for political reform but ZANU-PF will work hard to drive a wedge between the pan-ethnic MDC and the Ndebele-dominated Zimbabwe African People's Union. Just as the referendum result has concentrated government minds, the opposition could still throw away its advantage - popular anger at government corruption and economic mismanagement. The vote was a turning point for the opposition, not a victory.

CONGO-KINSHASA

Hanging on

Kabila's regime proves more durable than expected but he mustn't offend his allies

It is not yet time to write off President **Laurent-Désiré Kabila**, whose government is trying to climb out of the deep economic hole it has dug itself. Crucially, imports seem to be recovering. Monthly container shipments to the main port, Matadi, were down to about 30 per cent of pre-war levels last year but are now back to around half, suggesting that business people expect the government to scrap its disastrous ban on holding foreign currency. If that happens, more of the diamond trade should flow through legal channels (AC Vol 40 No 23) and government revenue, already helped by the increase in imports, should pick up further.

Fairly or unfairly, the blame for the spectacularly unsuccessful exchange-rate policy has been laid on Finance Minister **Ferdinand Mawapanga Mwana Nanga**, who left the cabinet for a few weeks then rejoined it, perhaps because he knew too much about the private affairs of top people. He may not last long but a wholesale reshuffle is thought unlikely just yet. Kabila has little chance of attracting weighty opposition figures such as **Etienne Tshisekedi wa Mulumba** into government, at least before the all-party dialogue stipulated by the Lusaka peace process, which the regime and other belligerents signed up to last July.

Central bank statistics show monthly revenue running at about US$12-$15 million, down from $30-$40 mn. before the war. The real figure is rumoured to be at least $30-$40 mn., down from $80 mn. Spending is well above income and is concentrated on the war. Soldiers are the only government employees to be paid more or less regularly. With little fighting at the moment, the gap between revenue and expenditure is reduced.

Liberalising the currency will be tough, bringing an immediate rise in fuel prices and then a general price hike which could bring tempers to the boil in Kinshasa and other cities. The government is setting up state shops in the hope of keeping down basic food prices but even if they succeed, they'll mainly bring profits to military and party hacks.

Though its price has tripled this month, petrol is still at only the equivalent (at the unreliable exchange rate) of 27 US cents a litre. Consumers have seen little benefit from price fixing for other commodities, so there is hope that price increases caused by currency liberalisation might not hit too hard. There are dire warnings of social unrest yet even the many urban residents who usually go hungry are not generally inclined to riot except when the army gives the lead. The bitter lesson of the pillaging of 1991 and 1993 was that sacked shops and businesses and wrecked public transport tend not to be replaced. And if civil servants went on permanent strike, the rest of the population would hardly notice.

The regime's fate will be decided by the army, and by Kabila's allies. Presidents **Robert Mugabe** (and his 11,000 or so **Zimbabwean** troops), **José Eduardo dos Santos** (and some 5,000 **Angolan** troops) and **Sam Nujoma** (around 2,500 **Namibian** troops) have been the backbone of the war against the rebels supported by **Rwanda** and **Uganda**. Mugabe has of late been talking of withdrawing half his troops in March. The opposition in Zimbabwe has promised to withdraw all troops if it wins the parliamentary elections due by April and that pledge looks like a vote-winner.

It may be too late for Mugabe to pinch his critics' policy. His talk of pulling troops out seems to be premised on intervention by the United Nations (AC Vol 41 No 3). The **United States**, now chairing the UN Security Council, has proposed sending 500 military observers and 5,537 UN troops to Congo-Kinshasa, provided that the combattants give firm and credible assurances that they will respect the Lusaka Accords. But even if the US resolution passes, there will be a delay before Congress votes on a US contribution, which it might not approve. Nobody seriously expects UN troops to arrive in time for the Zimbabwean forces to leave in March.

Harare may try to reduce Zimbabwe's presence but will be reluctant to quit Congo-K entirely. Since Lusaka, Kinshasa's allies have avoided confronting their Ugandan and Rwandan counterparts; some kind of deal between Mugabe and Ugandan President **Yoweri Kaguta Museveni** could be in the offing, allowing both to withdraw some troops yet keeping enough for generals and politicians to carry on exploiting Congolese resources.

The Kabila regime seems to have been trying for a rapprochement with Kampala. Not until February did it condemn Uganda for its role in the ethnic conflict between the Hema and Lendu peoples in the north-east, which may have claimed over 5,000 lives. Last October, UN reporters were already blaming the Ugandan occupation for the breakdown of order in Lendu and Hema areas. Kinshasa remained silent until the scale of the massacres had been well publicised and Kabila had ended his visit to New York. This looked like a *quid pro quo* for not embarrassing Museveni too much at the Security Council session, to which rebel leader **Jean-Pierre Bemba** of the *Mouvement pour la Libération du Congo* was not invited, probably because his Ugandan backers did not insist on his presence.

UN military observers believe the rebels may have shot their bolt. Pro-Kabila forces appear to have scored local successes in the past two months, though not enough for a military solution to be in sight. If Zimbabwe's troops stay until UN peacekeepers arrive, Kabila may well evade a military defeat. So his regime could survive at least till elections, should they ever happen.

Fire practice

The President distrusts everyone outside a small circle of confidants. His motorcade avoids main streets in Kinshasa. When he was flying to New York, the dark corners of Kinshasa airport were checked by the Interior Minister himself, close presidential relative **Gaëtan Kakudji**. On his way home, Kabila stopped over in Paris, where a fire began in his hotel; he refused to leave his suite, despite entreaties from the police. Perhaps he's getting used to fire alarms: the same hotel caught fire when he stayed there over a year ago.

Kabila likes to call himself '*Mzee*', the Old Man. He hung on for 20 years as almost the only rebel leader in Zaïre by avoiding needless risks, thereby 'controlling' a territory inhabited by 100-200,000 people. Unlike his predecessor, **Mobutu Sese Seko**, who assumed foreign troops would bail him out if necessary, he has not wilfully neglected his army. In the capital, at least, his soldiers are provided for and in general do not harass the population, though they summarily shoot those deemed to be looters. He has placed people from his ethnic group, the Baluba, in key political and military positions, leaving other officers, who barely control their units, badly placed to stage a coup. In any case, a potential coup leader would be wise to square things with the foreign allies, and probably with the rebels as well. That wouldn't be easy, at least until the war was clearly over. Kabila should beware of exasperating his allies.

Shaky movers

The men who lead **Laurent-Désiré Kabila**'s government were mostly in exile till he seized power in 1997 and owe their status to presidential favour rather than local power-base. The main divide is between the dominant North Katangans, the Kasaiens and the rest.

● **Gaëtan Kakudji**, Kabila's cousin and Interior Minister, is the regime's number two. He lived in **Belgium** for many years, where he worked for non-governmental organisations but more often, it is said, in restaurants. He is the strong man of the North Katangan faction but does not impress the intellectuals. (Kabila's parents were also from North Katanga, though he himself was born in the south).

● **Yerodia Abdoulaye Ndombasi**, the Foreign Affairs Minister, is another long-time associate of '*Mzee*'. He was a Lacanian psychiatrist in Paris before the 1997 war, keen on the rhetoric of Third World revolution. He likes appearing on TV with a huge **Castro**-style cigar and calls the United Nations Military Mission in Congo 'Monique' (its French acronym is MONUC).

● **Mwenze Kongolo**, Justice Minister and formerly an assistant to a state attorney in Pennsylvania, **United States**, is another Katangan, more highly thought of than most of the entourage. Meanwhile **Kazadi**, former boss of the *Conseil National de Sécurité* and close to Kabila in **Tanzania** in the 1980s, is said to handle some of the leader's personal finances.

● **Pierre-Victor Mpoyo**, Minister for Petroleum and a Kasaien, was formerly an Elf-Aquitaine executive in **Nigeria**, with a home in **France**, who used some of his considerable wealth to back Kabila's rebellion.

● **Jean-Claude Masangu** is one of the government's few real technocrats. He pulled Citibank (Kinshasa) out of trouble and was leaned on to run the Central Bank, which he appears to have done with honesty in dreadful circumstances.

● **(Ferdinand) Mawapanga Mwana Nanga**, still hanging on as Finance Minister, was a lecturer in rural economy at Kentucky State University, USA, which gave him relatively technocratic credentials when he joined Kabila's movement in 1997; the ten computers he brought with him will help him in his current job.

● **Raphaël Ghenda**, Secretary General of the government movement, the *Comités de Pouvoir Populaire*, is out of favour, having failed to swing the public behind the CPPs. That is hardly surprising given his fascination with the regime in **North Korea**, one of the few countries to have suffered a more catastrophic economic collapse than Congo-K.

● The commission to verify the CPP elections in Kinshasa includes the regime's most faithful militants: most of the above, plus Comrades **Mutomb Tshibal**, **Kay Kumwimba**, **Didier Mumengi**, **Rose Kamunyi**, **Eddy Angulu**, **Diambwana**, **Jean-Marie Omolela**, **Banyari**, **Faustin Munene** and **Mova Sakani**. Leading civil servants include **Lufuma Makanda**, **Laurent Batumona** and **Hilaire Lukelema**.

● **Joseph Kabila**, the President's son and commander of land forces, was a junior officer in **Mobutu**'s army and has not distinguished himself since. **Jacques Kabila** is a favoured younger brother.

● General **Sylvestre Lwecha**, who spent over 30 years in the bush, was named as commander of all the armed forces last September. A few days later, it was announced that he had died in action, a rare occurrence for Congolese generals. Indeed, rumours abounded this week that he was about to reappear.

● Other senior generals are mainly from Kabila's home province. Faustin Munene, one of the most competent, is not. He fought in an anti-Mobutu rebellion before serving for many years in the **Angolan** army. Few other generals are identifiable; some who hold senior ranks do so in name only. Some shadowy commanders are known only by their first names, such as Commandant **Georges**, a security chief with personal access to Kabila, hailing from the same village. Like many leaders of guerrillas, Kabila and his colleagues conceal the identity of the real commanders in the field.

● Opposition parties are banned, though the leftwing *Union de la Gauche Congolaise* has just been legalised. The churches are the only well rooted non-governmental organisations; Archbishop **Laurent Monsengwo Pasinya**, who chaired the National Conference when Mobutu pretended to move towards democracy, still carries some clout.

● The opposition figure who still really matters is **Etienne Tshisekedi wa Mulumba**, the boss of Kasai. Other names to watch are **Jean-Baptiste Sondji**, once Kabila's popular Health Minister but sacked for independent thinking; the courageous **Joseph Olengankhoy**, who has spent long months in gaol for defying the opposition ban; **François Lumumba**, son of the murdered independence leader, **Patrice Lumumba**; **Baudoin Hanuli**, coordinator of the Campaign for Lasting Peace, the *Campagne Nationale pour la Paix Durable au Congo*; and **Félicien Malanga**, of the *Conseil National des ONGs du Développement*. The civil society NGOs are more likely than political parties to act in concert during the coming national dialogue.

ALGERIA

Boutef rides his luck

Peace has dawned: next, the push for a prosperity which may help protect it

President **Abdelaziz Bouteflika** enjoys a surplus of that most sought-after North African blessing, *Baraka* (God-given luck). He inherited a flagging peace process, needed to show tangible results and can now take credit for the *Armée Islamique du Salut* (AIS) formally giving up its arms (AC Vol 41 No 1). His appointees oversee an economy ripe for reform (which therefore, if things go well, might produce dramatic growth); the payments crisis, looming when he took power last April, looks far less threatening with the surge in global oil prices.

As Chairman of the Organisation of African Unity, the garrulous Bouteflika has been able to stride the international stage, establishing himself on satellite television. His discussions with **Egyptian** President **Hosni Mubarak** and **South African** President **Thabo Mbeki**, messages on debt to **British** Prime Minister **Tony Blair** and entertaining of such personages as **Congo-Kinshasa**'s **Laurent-Désiré Kabila** fill local media (slipping back into bad old habits under pressure from a presidency which believes state television is for state spokespeople). 'Boutef' plans a trip to Paris, to rival **Moroccan** King **Mohamed** VI's visit in March. With troublesome generals and Islamist opponents adopting a lower profile, Western governments, sceptical at his election but with eyes firmly fixed on the potential of Algeria's energy and domestic market, are revising their policies in Bouteflika's favour.

Hocine Aït Ahmed's *Front des Forces Socialistes* (FFS) and other significant groups claim that little has changed in the power structure. Yet in Marrakesh, Morocco, on 11 February, **United States** Defence Secretary **William Cohen** said Washington planned 'to expand and enhance its contacts', though not, he quickly added, at Morocco's expense. Bouteflika swept into the presidency at just the right time. His adroit refusal of the post in 1994, when the 'eradicationist' generals were at the peak of their power, meant that in 1999, he inherited an Algeria weakened, divided and ready for peace. The potentially troublesome Chief of Staff, Lieutenant General **Mohamed Lamari**, is coming up for retirement. Bouteflika can favour his military allies, widely expected to include the number two in military intelligence, Colonel **Smain Lamari**, who has made himself as useful to Bouteflika as he did to his predecessor, retired Major Gen. **Liamine Zeroual**. Lamari has developed a talent for politics as a negotiator with the Islamist organisations.

By 1999, the Islamist opposition was divided and visibly going nowhere. Brutal attacks by the *Groupes Islamiques Armés* (GIA) on vulnerable settlements alienated potential supporters. Security officials now reckon there are around 1,500 rebels left in the southern and western high plateaux. According to Bouteflika, more than 6,000 members of the AIS, the armed wing of the banned *Front Islamique du Salut* (and of other groups) have returned to their homes; others put the figure much lower. By most accounts the returnees are treated well, and the AIS 'Emir', **Madani Mezrag**, cultivated by Smain Lamari during Zeroual's presidency, seems set to go on a pilgrimage to the holy places in **Saudi Arabia**.

The amnesty has not been followed by any commitment to reintegrate FIS people into normal politics. **Abdelkader Hachani**, number three in the FIS, after **Abbasi Madani** (under house arrest and apparently seeking retirement) and the gaoled **Ali Belhadj**, had sought this throughout 1998-99. Hachani was assassinated in November by a lone gunman in an Algiers dentist's waiting-room (AC Vol 40 No 24). His killing - few prominent politicians have been murdered in Algeria's decade of murder - was widely blamed on **Antar Zouabri**'s GIA faction. In late December, an alleged member of this group, **Boulemia Fouad**, reportedly confessed to the killing, having recognised Hachani during a chance encounter in the Bab el Oued neighbourhood.

Djezaira'istes and Salafistes

Hachani was no friend of the GIA; he was a leading *Djezaira'iste* (Algerianist), pitted against the Salafist movement which includes GIA leaders. Yet questions remain about the killing. It underlined the GIA's determination to undermine the peace process but was also a warning to those who pose a serious challenge to the *status quo*. The authorities are hunting down what remains of the GIA and the breakaway *Da'wa wal Djihad*, also known as the *Groupe Salafiste pour la Prédication et le Combat* (GSPC, Salafist Group for Call and Jihad). Accurate information from the *maquis* is scarce, with claims and counter-claims about whether GSPC leader **Hassan Hattab** would give himself up in Bouteflika's amnesty in January - and, in February, rumours about his apparent death. The GSPC has been squeezed by a big troop build-up in the Jijel region but Hattab is alive and talking to Bouteflika's aides about the amnesty.

Bouteflika and the military-security establishment do not want to abandon their dominance over potential Islamist rivals. The government they finally appointed in late December is a workable coalition of establishment figures, including the former ruling *Front de Libération Nationale* (FLN) and its successor, the *Rassemblement Nationale Démocratique* (RND), along with a smattering of 'opposition' politicians. The offer of government jobs attracted the *Ennahda* (Renaissance) party which, last year, shed its founder, Sheikh **Abdallah Djaballah**, who wanted to go on opposing Boutef. *Ennahda* members **Abdelwahab Derbal** and **Mohamed Ali Boughazi** are now ministers for, respectively, Relations with Parliament and Public Works. Another 'moderate Islamist' party, the *Mouvement de la Société pour la Paix* (MSP, formerly Hamas), stays in government - although the authorities blocked its leader, Sheikh **Mahfoud Nahnah**, from the April presidential election. MSP ministers include **Soltani Bouguerra** (Labour and Social Protection), **Abdelmadjid Menasra** (Industry and Restructuring) and **Omar Ghoul** (Fisheries).

These parties sit in government with men who should be their biggest rivals, notably two members of **Saïd Saadi**'s *Rassemblement pour la Culture et la Démocratie* (RCD), **Hamid Lounaouci** at Transport and **Amara Benyounes** at Health. **Salim Saadi** of former Premier **Redha Malek**'s eradicationist *Assemblée Nationale Republicaine* (ANR) and a former Interior Minister, becomes Water Resources Minister. Much has been made of the 'liberal' credentials of Bouteflika's allies in government. These include **Abdellatif Benachenhou** (cousin of **Mourad Benachenhou**, a former reforming minister) at Finance; **Hamid Temmar** at Participations and Coordination of Reforms; **Chakib Khellil** at Energy and Mines; and former minister-turned-consultant **Mourad Medelci** at Trade.

The new Prime Minister, **Ahmed Benbitour**, is favourably remembered as Finance Minister in a broadly reforming mid-1990s government. Yet his first speeches in parliament were disappointing and reports of sweeping privatisation in the key energy sector seem premature. Long-time observers of economic policy believe the government, backed by Bouteflika's aide **Abdelhak Bouhafs** (now returned to running state energy company Sonatrach), will revive the reformist programme advocated since **Mouloud Hamrouche**'s government in the late 1980s - but without the privatising zeal its foreign supporters expect.

Foreign Affairs went to **Youcef Yousfi**, a determined survivor, former Energy Minister and previously Zeroual's spokesperson. Also firmly in Bouteflika's camp is Interior Minister **Noureddine 'Yazid' Zerhouni**, an ally from the President's years at military security in the 1970s under the late President **Houari Boumedienne**. The sole Minister of State is former Premier and RND grandee **Ahmed Ouyahia**, at Justice. His job is highly sensitive, given the calls - and, recently, clashes between bereaved protesters and security forces - for killers to be brought to book. The accused could include officers as well as Islamists. The Justice Ministry will also spearhead a more coherent anti-corruption campaign.

Senior officers, who count Ouyahia as their ally, are gratified at the priority still given to military procurement. Lt. Gen. Lamari has highlighted rearmament during recent visits to barracks. Foreign Minister Yousfi has asked **France** and other countries for more military cooperation. Visitors, including **Polish** Foreign Affairs Minister **Bronislaw Geremek**, have been told more weapons are needed 'to combat Islamist terrorists'.

It is believed that Bouteflika pulled back from his rapprochement with Morocco as a sop to nationalist officers. Continued tensions with their neighbour will keep the army, and its re-equipment claims, in the front line, revived by the statement in early February from Polisario Front leader **Mohammed Abdelaziz** that fighting could resume in the Western Sahara if the long-delayed referendum on its future is not held by the end of 2000. Bouteflika stands up for peace but leads a government where conflict is endemic.

SOUTH AFRICA

Ten years after, another revolution

Thabo Mbeki's new economics mean confronting his political allies

A decade after **Nelson Mandela** walked out of prison and South Africa's political revolution started, his successor **Thabo Mbeki** is launching another revolution,It aims to overthrow the apartheid economy with its racial hierarchy, replacing it with a modern African capitalist state based on a skilled work force and a growing body of black entrepreneurs (AC Vol 41 Nos 2 & 3). As South Africa pioneered an African method in political reform, it may do the same in economic reform with 'Mbekonomics'. More than any other country on the continent, South Africa could make the leap from a low-growth, export-commodity-driven, protected economy to a fast-growing, diversified, competitive one. **Egypt** and **Morocco** are taking halting steps along that path but neither rivals South Africa's industrialisation or its financial and physical infrastructure.

'Capitalism with a conscience'

Perhaps 10 per cent of the 40 million people enjoy a veneer of Western-level prosperity. Over 25 per cent live in abject poverty. Their plight isn't improving fast enough, despite some impressive progress in providing clean water and electricity to people in the the neglected countryside. Finance Minister **Trevor Manuel**'s determination to drive down the budget deficit puts strict limits on how much Mbeki's government can use state spending to address the inequalities of the apartheid past. An anti-poverty strategy must focus on faster growth and creating jobs. That's where Mbeki's African capitalism (with a conscience) comes in.

Just over a decade ago, **Frederik Willem de Klerk** concluded that to continue with apartheid would mean financial and social ruin. Mbeki appears to have reached the same conclusion about the economy which the African National Congress government inherited from De Klerk's National Party in 1994. De Klerk fought shy of the likely political result of releasing Mandela and unbanning the ANC (the collapse of NP power). Mbeki, too, is bashful about proclaiming where his economic reform strategy is heading.

South Africa's corporate barons praised the President's state-of-the-nation address to parliament on 4 June as his most business-minded yet. One of the ANC's own economic reformers said the speech typified the high political art of obfuscation: it comforted the ANC's broad church of supporters but was peppered with warnings about the government's economic hard line. In an hour-long speech, amid Afro-optimism and denunciations of racism, Mbeki explicitly linked his government's labour laws to the lack of job-creating investment. Labour Minister **Membathisi Mdladlana** is to pilot a bill revising the labour regime through parliament in August.

Right-sizing and restructuring

The other two sacred cows identified by Mbeki were 'right-sizing' the public service (cutting civil servants' jobs) and restructuring public companies (selling off state assets). His aides insist he is determined to progress on all three this year. To convince local and foreign business he's serious, he's set up an International Investment Council with such corporate heads as Citibank's **Bill Rhodes**, **George Soros**, **Frank Savage** of **America**'s Alliance Capital Management, **Tony O'Reilly** of Independent Newspapers, Mitsubishi's **Minoru Makihara** and **Jürgen Schremp** of Daimler-Chrysler.

Such business bias unsettles the ANC's long-time political allies, the Congress of South African Trade Unions (Cosatu) and the South African Communist Party. A union confrontation with the government over the social costs of its market-economics strategy looks inevitable. The big question is how it will be managed. Mbeki seems determined to face down the unions, with minimum political cost. Many of Cosatu's best organisers have joined the ANC's parliamentary caucus or the government's senior ranks.

Cosatu's General Secretary, SACP member **Zwekinzima Vavi**, is one of the most formidable militants left in the union leadership. He is leading Cosatu protest marches, with the threat of a general strike in May over growing job losses, particularly in the state sector. Yet Vavi concedes, as did his predecessor **Sam Shilowa** (now ANC Premier of Gauteng Province) that union militancy has clear limits. He speaks of Cosatu's legitimate pressure over government policy and condemns as strongly as Mbeki the recent unofficial (and illegal) strike at Volkswagen's plant in Uitenhage.

Reform versus union solidarity

The real fight will be over the labour law drawn up four years ago, when the economy still mirrored the battle-lines of the apartheid struggle. Labour Minister Mdladlana, an affable ex-teacher and SACP member, is caught between Mbeki's reformism and Vavi's union solidarity. Current provisions under review include the mandatory maximum 45-hour week, double-time payments for Sunday working and the elaborate system of employee protection from unfair dismissal. Workers claiming to have been wrongfully dismissed can take employers to the Commission for Conciliation, Mediation and Arbitration; artful workers can drag out their cases for months, during which time they claim full pay and their employers must attend the proceedings.

Corporate black empowerment has transformed many old ANC comrades into big employers, less keen on the labour laws they helped draft. For example, former mineworkers' leader **Cyril Ramaphosa** is now Chairman of Johnnic (which owns the respected Times Media group) and has amassed a

Sparkling lobbyists

The failed attempt by **Nicky Oppenheimer**, Chairman of De Beers, to meet the **United States** Justice Department's **Joel Klein** at the business people's festival in Davos, **Switzerland** last month was part of a lobbying effort by South Africa's diamond giant. De Beers wants to wipe out its criminal indictment in the USA by exploiting its improved relationship with the US State Department.

Until the indictment is lifted, De Beers is banned from trading directly in the huge US market. Company executives think their cooperation with United Nations' and US efforts to cut diamond smuggling from **Angola** and **Sierra Leone** will boost their standing in Washington.

In 1994, the US Justice Department indicted De Beers and US conglomerate General Electric for allegedly colluding to raise the prices of industrial diamonds (AC Vol 35 No 5). The case failed in the courts but the Justice Department still accuses De Beers of monopolistic practices. The De Beers-Anglo American combine was first accused of price-fixing during World War II and President **Bill Clinton**'s anti-trust investigators pounced on the General Electric case.

De Beers has temporarily banned all diamond sales out of Angola and offered 'to be constructive' in Sierra Leone (by opening an office and running a training programme). This could help the battered US Africa policy. Washington wants to cut the diamond lifeline of the *União Nacional para a Independência Total de Angola* leader, **Jonas Savimbi**. US oil companies in Angola make much of their government's diplomatic clout.

This may not cut ice with the Justice Department; Washington officials insist that foreign policy cannot influence legal proceedings. De Beers may hope for changes after this year's presidential election. The current likely winner, Republican **George W. Bush** (an oil-man), is less enthusiastic about anti-trust laws than Clinton and we hear that some of his backers enjoy good relations with De Beers-Anglo American.

fortune estimated at US$25 million. Former Black Consciousness militant **Saki Macozoma** has become the scourge of over-staffing at the state-owned Transnet conglomerate.

Mbeki plans to promote black entrepreneurs at the grassroots but elaborate dismissal procedures are seen to discourage small and medium scale companies from hiring staff. Foreign corporations, too, balk at the legal costs involved in dismissal cases. Mdladlana's review seems likely to grant small businesses some exemptions from the costlier elements of the labour law, while offering the big corporations a simplification of the rules on sacking.

But what can Mdladlana offer the unions in return, given rising concern about mounting unemployment (500,000 jobs lost since 1994)? There have been imaginative suggestions, some endorsed by union leaders such as Vavi, that unions form joint venture companies with community-based companies to manage sold-off public housing stock and other public works projects. Public-private partnerships would fit in with plans to cut the state payroll being drawn up by Public Service Minister **Geraldine Fraser-Moleketi**.

Cosatu Chairman **Willie Madisha** is already fuming at the 170,000 jobs lost in the public sector since 1996. Nevertheless, one ANC economic advisor reckons that, of the current payroll of about 1.1 million, 50,000 more jobs might go in early retirement deals. A similar number of employees might join 'out-sourcing' schemes, whereby they quit the civil service and are helped to set up small companies, tendering for contracts to do the same sort of work they did as salaried state employees.

Testing the government's intentions

Similar schemes are mooted to mitigate job losses arising from three state sell-offs this year: Transnet, South African Airways and Telkom. Sales of further equity stakes in Telkom and SAA will raise a few more billion rand to help Manuel's budget deficit reduction campaign. Much of the ailing transport parastatal Transnet may have to be almost given away, though, and will require substantial new investment.

The real test of the government's privatising intentions is the state power company Eskom. The sale of just 50 per cent of Eskom could pay off much of the government's debt, plus the $15 billion foreign exchange cushion built up by the former NP regime. Selling stakes in the efficient and profitable Eskom would confirm the commitment to market economics and tempt world-league power generation companies not just to Eskom's local operations but also to its long-term ambitions to expand Africa's electricity grid, with involvement in power projects in countries such as **Nigeria** and **Congo-Kinshasa**.

Logically, in a country with one of the world's most active communist parties and reputedly one of the most militant union movements, Mbeki's market economics will provoke massive opposition. However, outside Cosatu's protest campaign there's little sign of a political fight-back. Four ministers leading the charge for Mbekonomics are SACP members: Trade Minister **Alec Erwin** (liberalising trade and ending protection), Public Service Minister Fraser-Moleketi (cutting the state payroll), Public Enterprises Minister **Jeff Radebe** (selling assets) and Labour Minister Mdladlana (rewriting labour law).

Finance Minister Manuel, whose reforming enthusiasms are if anything stronger than Mbeki's, has maintained a strong power base within the ANC and his own Western Cape bailiwick: he came sixth in last year's elections to the National Executive Committee. He and his Director General, **Maria Ramos**, are great fans of **British** Chancellor **Gordon Brown**'s mix of fiscal rectitude and social welfare economics. This month, United States' ratings agency Moody's upgraded its assessment of South Africa from 'stable' to 'positive'. The bigger US ratings agency, Standard & Poors, is holding its verdict until Manuel's budget on 23 February.

Mbeki has no major adversaries in cabinet. The two most independent ministers, Education's **Kader Asmal** and **Zola Skweyiya** at Welfare and Population Development, lack the detailed economic knowledge to confront Mbeki and Manuel on strategy. The SACP ministers are too tied into the strategy to oppose it. When asked how he squared his Marxist beliefs with the government's market economics, Trade Minister Erwin responded: 'I've never been a utopian socialist and I never joined a utopian communist party'. He argued that the alternative to privatisation and restructuring the state would be a ruinously expensive programme of propping up the apartheid-era parastatals - not exactly in the workers' interests.

Yet the government cannot ignore the misgivings within Cosatu and the SACP. Both organisations, as part of the tripartite alliance with ANC, are more important than their numbers make it appear. The CP's nominal membership is about 70,000 but paid-up members number just over 20,000. Cosatu represents a minority, about 2 million, of workers. Yet both organisations are critical to mobilising the ANC's electoral support. Until Cosatu brought the vote out, the governing party looked in real danger of losing control of the biggest and richest province, Gauteng, in last June's elections. The SACP was for most of the 1970s and 1980s the ANC's organisational backbone.

So there's little chance of the early divorce, much hoped for by opposition parties, between the ANC on the one hand and the SACP and Cosatu on the other. For all his hard-edged economics, Mbeki wants to keep the ANC as a (moderately) happy family, safely inside the tent. He believes he can help to do that by using some of the fiscal benefits of reform to pay for a so-called 'social wage' for the poorest people. It would include benefits such as social welfare payments, access to cheap capital to set up new businesses, and free retraining and further education. Before that loom several months of tough negotiation with Cosatu and the CP. Mbeki's chief consolation is that the ANC now has the most experienced and artful negotiators on its side. His worry may be that the most vicious quarrels usually take place within the family.

Visit our website at: www.africa-confidential.com
Published fortnightly (25 issues per year) by Africa Confidential, at
73 Farringdon Road, London EC1M 3JQ, England.
Tel: +44 20-7831 3511. Fax: +44 20-7831 6778.

Edited by **Patrick Smith**. Deputy: **Gillian Lusk**.
Administration: **Clare Tauben**.

Annual subscriptions, cheques payable to Africa Confidential in advance:
UK: £278 Europe: £278
Africa: £258 US:$697 (including Airmail)
Rest of the World: £361
Students (with proof): £79 or US$126
All prices may be paid in equivalent convertible currency. We accept American Express, Diner's Club, Mastercard and Visa credit cards.
Subscription enquiries to: Africa Confidential, PO Box 805, Oxford OX4 1FH England. Tel: 44 1865 244083 and Fax: 44 1865 381381
Printed in England by Duncan Print and Packaging Ltd, Herts, UK.
ISSN 0044-6483

Pointers

OAU/EU

Fudge all round

Finding a suitable name was the toughest job behind the 11 February announcement of a Europe-Africa summit in Cairo on 2-3 April. **Portugal** holds the European Union's six-monthly rotating presidency and its Foreign Minister, **Jaime Gama**, fulfilled an old ambition by heralding the 'Euro-African summit, organised by the EU and the OAU'. This lengthy formula concealed nuances.

The Organisation of African Unity Chairperson (annual rotation), **Algerian** President **Abdelaziz Bouteflika**, had wanted the summit to bring together the European Union and Organisation of African Unity, as such. But **Morocco** has kept clear of the OAU since it admitted the 'Sahrawi Arab Democratic Republic' to membership in 1982; Morocco says there is no such state. The EU, though, wanted to discuss (among other things) immigration (i.e. emigration) and this would be pointless in Rabat's absence.

In December, Algiers cut the knot, persuading Sahrawi President **Mohamed Abdelaziz** not to insist on turning up. On 10 February, the compromise name was invented when Gama and the man in charge of EU foreign and security policies, **Javier Solana** (the **Spanish** ex-Secretary General of the North Atlantic Treaty Organisation), visited Rabat and Algiers. Morocco (wanting to oblige President **Hosni Mubarak**, who was keen for Cairo to be the venue) was placated by its inclusion as an organiser of the meeting, along with Algeria, **Egypt**, **South Africa**, **Togo** (next OAU Chair), **Burkina Faso** (last OAU Chair) and the OAU Secretariat. (The EU organisers are Portugal, **Finland** and **France**).

The African governments want economic and social issues - trade, investment, debt, education, health, environment - high on the agenda. The European ones want to talk politics, migration, human rights, good governance, refugees and the drugs and arms trades. Paris wants to promote peace in the Great Lakes. At EU headquarters, officials want a 'plan of action' to be agreed in Cairo and worry that they have only six weeks to fix it up in advance.

One interested and interesting party is **Libya**'s Colonel **Moammar el Gaddafi** (to whom the Elysée Palace has sent at least four envoys in recent months). In December, the European Commission's **Italian** President, **Romano Prodi**, invited the Libyan Leader to pay a visit but, with the Lockerbie trial of Libyan security officers now officially under way, **Britain** objected; Gadaffi was disinvited. Now speculation abounds as to who will meet whom when EU and OAU gather. Expect some ingenious fixes and fudges.

ANGOLA

Phone operators

Launched in Lisbon, the Commission for Peace, Justice and Reconciliation in Angola is the latest diplomatic device of the *União Nacional para a Independência Total de Angola*. It is led by UNITA's Representative in **Italy**, **Adalberto da Costa**. Commission members claim to have been empowered by **Jonas Savimbi** to work for negotiations (AC Vol 41 No 2).

United Nations sanctions prevent senior UNITA leaders from travelling abroad. Savimbi's confidants, such as **Isaías Samakuva** (now appealing against **France**'s refusal of political asylum) are stuck. So it is up to Da Costa, not on the UN sanctions list, to change Western opinion. After their recent defeats, Savimbi and his men were out of contact, for fear that their satellite phones might betray their location. The calls have begun again. Savimbi's team thinks there's been a shift, especially in Africa, towards preferring a negotiated solution that would include him.

Da Costa began by approaching former pro-UNITA figures in Lisbon, such as **João Soares**, Mayor of Lisbon and son of former President **Mário Soares**. He then went to see Savimbi's old friends in France, where he had to counter anti-Savimbi messages from the UNITA-*Renovada* leader, **Eugénio Manuvakola**, and his wife, **Bela Malaquias**, who used to work with UNITA's *Radio Vorgan*. In Paris, Manuvakola's companions included **Chiyeva Kandeya**, brother of **Anibal Kandeya**, UNITA's former Representative in **Britain**; and **Araujo Sakaita**, Savimbi's estranged son. **Artur Kalupe 'Gato'**, 18-year old son of UNITA Secretary General **Paulo Lukamba 'Gato'**, has also spoken against Savimbi on Angolan government TV.

The telegenic Da Costa, who regularly talks to Savimbi by telephone, was formerly an effective propagandist in **Portugal** for his boss, who gave him a lavish party in Huambo in 1993, when he married a Portuguese businesswoman from Tras-Os-Montes linked to UNITA lobbies in northern Portugal. Earlier, Da Costa was a seminarian and in Rome he has been trying to reduce the **Vatican**'s suspicions of Savimbi. Senior Angolan churchmen, including Archbishop **Zacarias Kamuenyo** of Lubango, have begun to advocate dialogue between the government and UNITA. Da Costa's job is to spread that message.

SUDAN

Secret pipeline

The National Islamic Front government is quietly preparing a second pipeline from the south, with pumps again supplied by **Britain**'s Weir Pumps. The NIF has said it wants to expand production, from some 150,000 barrels per day to 400,000 bpd, using the existing line. Yet it would be technically challenging to increase through-put in the present 28-inch, mainly **Chinese**-made, pipe. A separate line also splits the risk of sabotage.

The political timing is bad (AC Vol 41 No 3). The government of **Canada**, home of lead company Talisman, has said oil fuels the war. The UK government is criticised for encouraging investment. **United States**' shareholders are selling shares in Talisman. The **China** National Petroleum Corporation has been having a hard time getting onto the New York Stock Exchange because of its Sudan project. The USA imposed sanctions on the oil consortium on 16 February.

The government's planes this week bombed around Pariang in the oil area and there has been heavy fighting between its militias and southern opponents. Khartoum also bombed a school in Kauda in the Nuba Mountains, killing 14 children and their teacher. The visible face of the NIF's 'Peace from Within' policy, **Riek Machar**, resigned (while in the opposition-held south) on 31 January.

The original 1,600-kilometre pipeline from Unity Field to near Port Sudan was designed to reduce the threat of opposition attack in the north-east by making a detour via El Obeid, Khartoum and Atbara, 310 km. north of the capital. Now, a new line is being laid in the Bayuda Desert: excavations (done by Sudanese, though many Chinese are in the area) reach from Atbara to nearly half-way to Merowe, 280 km. north-west. Local people have been told the line is to Dongola, implying that it must cross the Nile twice or turn west towards **Libya**. They were also told another branch would go from Atbara to Wadi Halfa, near the **Egyptian** border. Economics make a products line unlikely: extending the railway would be far cheaper and is badly needed. So is this the same line as the one to increase Unity's output? The government may be planning for a future where the east is out of its control.

BENIN

Watching and waiting

President **Mathieu Kérékou** has kept his head down amid celebrations of his overthrow ten years ago. His friends say he developed humility when he became a Catholic while out of office. Yet he seems to like running Benin: having won back the presidency in the 1996 poll, he wants to do it again next year.

Kérékou's ruling coalition lost its parliamentary majority in 1999. Now talk of military intervention has been in the air since last month, when he claimed that a coup by retired officers had been planned, and monitored, since August. Defence Minister **Pierre Osho** distanced himself from this warning, which some consider disinformation. Kérékou went quiet and his spokespeople play things down.

The President Kérékou beat in 1996, **Nicéphore Soglo**, may well run again in 2001. He condemned Kérékou's coup allegations as a smear on the opposition. Yet many still look nervously towards **Côte d'Ivoire**.