

September 25, 1992

PROMOTING A PROSPEROUS AND PEACEFUL ANGOLA

INTRODUCTION

Angola will hold its first democratic elections on September 29 and 30. If free and fair, as expected, they will close out an arduous peace process that will end a sixteen-year civil war in the former Portuguese colony. The elections will determine which of the warring parties will govern Angola: Jonas Savimbi's National Union for the Total Independence of Angola (UNITA) rebel movement, which received U.S. military aid, or the Popular Movement for the Liberation of Angola (MPLA) government of President Jose Eduardo dos Santos, the ruling regime which enjoyed Soviet backing. Savimbi's UNITA probably will win if there are free elections. The charismatic Savimbi is attracting large and enthusiastic crowds throughout Angola. Regardless of who wins, the United States should follow through on its past support for Savimbi and help to consolidate a stable democracy in Angola.

A stable Angolan democracy could liberalize the country's socialist economy and become a more important U.S. trading partner. A democratic and prosperous Angola also would be a stabilizing influence in the turbulent southern African region. The success of democracy in Angola, for example, could help encourage the efforts of Mozambique, South Africa, and the other southern African countries struggling toward democracy and free market economic development. Moreover, Angola's successful transition to democracy would be a vindication of the Reagan Doctrine, under which the U.S. extended military aid to political movements combatting communist rule. Democratic elections certainly would not be happening if it had not been for the U.S. aid to Savimbi.

To encourage democracy in Angola, and thus to enable that country to play a stabilizing role in southern Africa, the Bush Administration should:

- ◆ **Establish a cutoff date for U.S. development aid to Angola.** Doing this would help prevent Angola from becoming overly dependent on foreign aid, which historically has not been conducive to free market reforms. The cutoff date should be in ten years.
- ◆ **Be prepared to suspend U.S. development aid if Angola's government corruption does not decrease dramatically.** Sending foreign aid to Angola would be pointless unless the current corruption of the MPLA government is

stopped. Whichever party controls the government, if corruption continues, U.S. aid should be terminated.

- ◆ **Provide training and professional advice to bolster Angola's fragile democratic institutions.** A small amount of American resources for technical assistance to Angola's young democracy, for building political parties for example, could help stabilize the entire southern region of Africa.
- ◆ **Hail the free elections in Angola as a vindication of the Reagan Doctrine.** Democratic elections in Angola would not be happening had it not been for Ronald Reagan's military aid to Savimbi.

THE REAGAN DOCTRINE: PRELUDE TO DEMOCRACY IN ANGOLA

The road to democracy in Angola has been a long one. Angola gained its independence from Portugal in 1975. Washington backed Jonas Savimbi's National Union for the Total Independence of Angola (UNITA), while Moscow backed the Marxist Popular Movement for the Liberation of Angola (MPLA). Ignoring its pledge to participate in elections, the MPLA seized power in November 1975, having driven UNITA and the National Front for the Liberation of Angola (FNLA) out of Luanda, Angola's capital city.¹ UNITA soon after organized its rural-based political and military opposition to the MPLA regime. U.S. opposition to that war was intense in the late 1970s: In 1976, for example, Congress passed the Clark Amendment, which prohibited American aid to any Angolan faction.

America's policy toward Angola changed dramatically under Ronald Reagan. In 1985 Congress repealed the Clark Amendment, allowing UNITA to join the Nicaraguan contras and the Afghan freedom fighters as recipients of U.S. military aid under the so-called Reagan Doctrine. The Reagan Doctrine was the U.S. policy to extend military aid to political movements combatting communist rule. Some \$250 million in U.S. military aid was funneled covertly to UNITA between 1986 and May 1991. This aid was used to assist Savimbi's UNITA in its war against the MPLA regime, which was backed by as many as 50,000 Cuban troops and Soviet military aid, which amounted to some \$1 billion in 1988 alone.² The Soviets also gave the MPLA economic aid, while East German internal security advisors helped create one of Africa's most repressive communist states. Until the MPLA's December 1989 failed offensive against the Angolan town of Mavinga, the MPLA hoped to defeat UNITA militarily. After the Mavinga offensive's failure, the MPLA, under intense Soviet pressure, agreed to direct talks with Savimbi.

The Estoril Accords were the eventual result. These Accords were signed on May 31, 1991, in Estoril, Portugal, by Savimbi and dos Santos. They called for ending Angola's civil war, holding free and fair elections, creating a unified and non-partisan Angolan Armed Forces, and developing a market economy and multiparty political system.

Without this American aid, UNITA might have been crushed by the MPLA's armed forces. If this had happened, democratic elections would not be taking place in Angola.

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- 1 The FNLA, in exile in Lisbon throughout most of Angola's civil war, is fielding its founder, Holden Roberto, as a presidential candidate. FNLA candidates are running for National Assembly seats as well.
 - 2 Total Soviet military aid to the Angolan government from 1975 to 1990 is estimated at \$15 billion.

Significant Events in Angola Since 1956

- December 1956** — The Popular Movement for the Liberation of Angola (MPLA) is founded.
- March 1962** — The National Front for the Liberation of Angola (FNLA) is founded with Holden Roberto as its leader.
- March 1966** — The National Union for the Total Independence of Angola (UNITA) is founded by Jonas Savimbi.
- January 15, 1975** — The Portuguese government signs the Alvor Agreement with the MPLA, UNITA, and the FNLA, calling for democratic elections the following October and independence in November. The agreement falls apart as fighting erupts, with the MPLA opposing UNITA and the FNLA.
- Winter/Spring 1975** — The U.S. provides covert military aid to UNITA and the FNLA.
- August 1975** — The MPLA drives UNITA and the FNLA out of Luanda.
- November 11, 1975** — The Alvor Agreement's planned independence day for Angola. The Portuguese High Commissioner and his staff depart Luanda. The MPLA establishes control over Luanda embassies and announces creation of the People's Republic of Angola with Agostinho Neto as president.
- May 1976** — The River Caunza Manifesto is issued by UNITA. It vows that UNITA will continue to fight against the MPLA, Cuba, and the Soviet Union.
- June 30, 1976** — The Clark Amendment prohibiting American military aid to any Angolan faction is signed into law by President Ford.
- October 1976** — The MPLA government signs a treaty of friendship and cooperation with the Soviet Union.
- December 1977** — The MPLA proclaims itself a Marxist-Leninist party.
- July 1985** — The Clark Amendment is repealed, allowing for the Reagan Administration to renew covert U.S. military aid to UNITA as part of the Reagan Doctrine.
- January 6, 1989** — President Bush, in a letter to Savimbi, reaffirms the U.S. intent to continue providing UNITA with military aid until Angola achieves national reconciliation.
- December 1989** — The MPLA launches an ultimately failed offensive against Mavinga, a UNITA-controlled town in southeastern Angola.
- April 1990** — The MPLA and UNITA publicly state their desire to negotiate an end to the war.
- May 25, 1991** — Cuba withdraws the last of its 50,000 troops from Angola, under the terms of the 1988 Angola-Namibia accords.
- May 31, 1991** — The Estoril Accords are signed by Savimbi and dos Santos in Estoril, Portugal. These provide for an end to Angola's civil war, the holding of free elections, the creation of a unified and non-partisan Angolan Armed Forces, and the development of a market economy and multiparty politics.
- September 29-30, 1992** — Presidential and National Assembly elections scheduled for Angola.

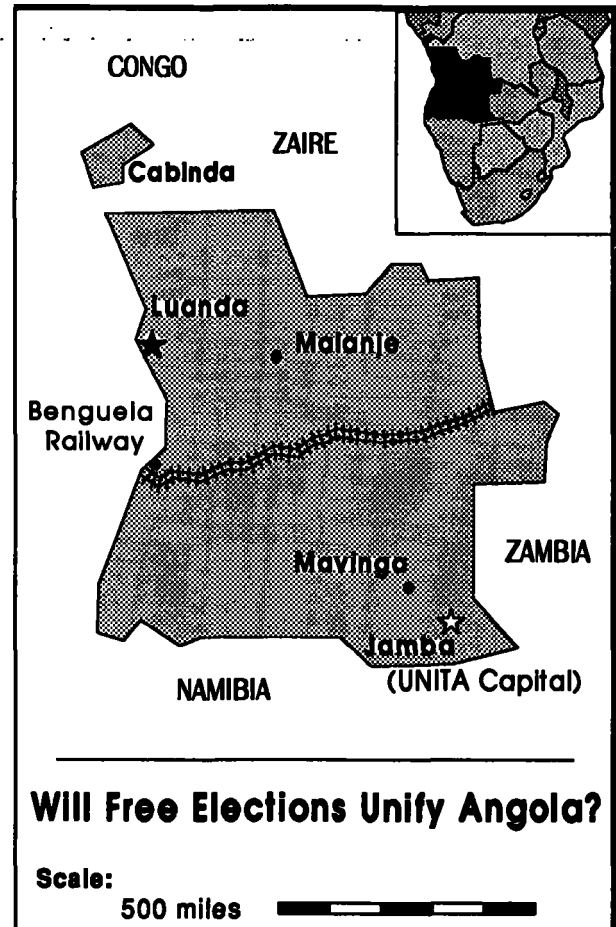
Thus, the elections of September 29-30 are, in a very real sense, a vindication of the Reagan Doctrine.

THE ROCKY ROAD TO ELECTIONS

The mere fact that Angola's elections will take place is a great victory for democracy. Problems remain, however. UNITA and the MPLA routinely question each other's commitment to democracy, while issuing veiled warnings that hostilities might be resumed. This tension has been heightened by the slow-paced demobilization of some 200,000 war veterans, many of whom are wandering the country in search of food. Clashes between UNITA and MPLA partisans have resulted in dozens of deaths. Malanje, a provincial capital 200 miles east of Luanda, has been particularly plagued by violence. The MPLA ominously has expanded its national police, ostensibly to keep order, particularly among increasingly violent separatists of the oil-rich enclave of Cabinda. Foreign embassies have drawn up evacuation plans in case Angola should spin out of control in a replay of 1975.

Despite growing tensions, UNITA and the MPLA appear committed to the elections, largely because each thinks it will win. Continued movement toward peace and democracy, however, will require that one party accept political defeat. For this to happen, Angola's elections must be free and fair. To encourage this, the U.N. will dispatch 800 election observers to monitor the elections. With the U.S. adding approximately 50 of its own election observers, and with other countries contributing additional observers, Angola soon should have close to 1,200 international election observers in place.

Massive Challenges. The election observers will face a difficult task. There will be some 6,000 polling stations to watch. Massive logistical challenges and local political interference are likely to keep Angola from conducting model elections. Both the MPLA and UNITA forces have been charged with acts of political intimidation. The MPLA, for example, has been accused of buying votes with money skimmed from the revenues of the state-owned oil and diamond companies, Sonangol and Endiama. Election observers probably will overlook a fair amount of such shortcomings in Angola's electoral process. They understand that if they were to invalidate the elections, Angola's prospects for achieving de-



mocracy would be reduced considerably and the possibility of social unrest greatly increased.

Beyond the hurdle of free and fair elections comes the challenge of governing a democratic Angola. At stake in these elections will be the Angolan presidency and all seats in the 223 member National Assembly.³ UNITA or the MPLA might be forced into a coalition with some of the thirteen smaller parties fielding parliamentary candidates, a difficult prospect for such highly centralized parties.⁴ Tribalism also poses a potential problem. To date, UNITA and the MPLA have steered clear of tribal appeals in the election campaign, preferring to present themselves as national, rather than tribal-based, parties. The Ovimbundu and Mbundu, Angola's two major tribes, long have been supporters of UNITA and the MPLA, respectively.

ANGOLA'S ECONOMIC PROMISE

Angola's economy has been on a downtrend since its 350,000 Portuguese colonists abruptly departed in 1975. Though their colonial rule was grossly inequitable, the Portuguese did build an impressive infrastructure, now in decay, that supported a vibrant manufacturing and industrial sector. Economic growth rates of 7 percent per year, some of Africa's highest, were registered throughout the 1960s and early 1970s.

Today economic growth is close to zero. Causes of Angola's economic crisis are the Portuguese exodus, the civil war, and the socialist economic policies of the MPLA regime. Particularly hard hit has been Angolan agriculture. Once self-sufficient, Angola now must import basic foodstuffs. The cash crop sector also is devastated. Angola produces around 10,000 tons of coffee today, compared to 210,000 tons in 1973. Except for oil, all economic sectors, including cocoa and diamonds, are in poor shape. Diamond production fell from 1.5 million carats in 1980 to 961,000 carats in 1991.

Government corruption is rampant. It is all but certain that at least a large chunk of \$320 million in proceeds generated from last spring's sale of a 10 percent government share in an oil field has disappeared into MPLA pockets. President dos Santos said the money was used to keep the economy going, yet his own finance minister said that he did not know what happened to the proceeds or why the sale was made.

Major Change. UNITA and the MPLA now share essentially the same plan for economic revival: create a market-based economy. This is a major change for the MPLA, which once nationalized taxis and barbershops. The MPLA shift away from a command economy began in 1987 with a series of half-measure economic liberalization programs relaxing price controls and encouraging private enterprise. Both parties now advocate the privatization of state enterprises and the encouragement of foreign investment.

Whichever party wins the elections will seek and probably receive major foreign economic assistance. The World Bank already has extended \$100 million of loans to Angola,

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- 3 If one of the eleven presidential candidates fails to receive 50 percent of the vote, there will be a second ballot, probably in mid-November.
 - 4 Despite past antagonisms and the hostile campaign, a victorious UNITA or MPLA probably would invite some opposition party members into their government in an attempt to promote national reconciliation.

while the International Monetary Fund currently has staff in Luanda preparing a generous loan package. A conference of Angola's foreign aid donors to establish foreign aid commitments likely will be convened soon after a democratically elected government is inaugurated.

Promising Economy. In the long run, however, economic development—and not foreign aid—is the key to Angola's economic future. Despite the ravages of the civil war, Angola's economy shows great promise. Particularly important in this respect are Angola's oil reserves, which are expected to keep oil companies active in Angola well into the next century. Angola's \$3.15 billion oil revenues last year provided 90 percent of its hard currency earnings. Part of these revenues were used to pay off Angola's \$9 billion debt, half of which is owed to private creditors and half to foreign governments. These revenues also give Angola one of sub-Saharan Africa's highest per capita gross domestic products, \$620.

In addition, Angola is blessed with diamonds, gold, manganese, and high quality marble, which could produce high export earnings. Its agriculture, livestock, and fisheries sectors, if revived, also could provide valuable exports. Another potential economic asset is the Benguela Railway, which links Zambia and Zaire to the Atlantic Ocean. The railway was put out of commission by Angola's civil war. Angola could attract new foreign investment if it reduced bureaucratic red tape and further liberalized its foreign investment code. Heavy taxes and regulation have deterred foreign investment.

Reforming the economy, along with the end of the civil war, could create the stability and predictability needed to raise Angola out of its current economic doldrums.

THE U.S. INTEREST IN A STABLE ANGOLA

The U.S. has been deeply involved in supporting democracy in Angola. Since the U.S. stopped covert military aid to UNITA in 1991, when Angolans stopped fighting, the U.S. has provided Angola with approximately \$90 million in foreign aid. This has included at least \$70 million in humanitarian assistance. U.S. aid has been used to reconstruct Angola's devastated infrastructure and to assist in the demobilization of UNITA and MPLA armed forces. Washington also has observer status on the Joint Political Military Commission (JPMC), which was created by the Estoril Accords. The JPMC's responsibilities include monitoring the cease fire and troop demobilization, and mediating disputes between the rival parties. Moreover, the U.S. has supported the deployment of 500 U.N. personnel in Angola to monitor the armed forces and national police, as well as to verify compliance with the terms of the Estoril Accords. The U.S. contribution to U.N. operations has been \$28 million.

The reason for this aid is clear: America has an interest in a stable, democratic Angola. Other southern African countries like Mozambique and South Africa are struggling toward democracy and free markets. A democratic Angola successfully liberalizing its socialist economy could serve as a forceful model for these southern African countries. An economically vibrant Angola, which will come about only if it successfully makes the transition to democracy and free markets, also would stimulate the growth of southern Africa's regional economy. A political breakdown and possible resumption of the civil war, however, could bring Angola the type of famine Somalia is now experiencing.

The U.S. also has an economic interest in helping to build a stable Angolan democracy. Angola's oil production, now 535,000 barrels per day, could reach 800,000 barrels a day by the end of the decade. The California-based Chevron Corporation, which now produces 300,000 barrels of Angolan oil per day, is one of several oil companies increasing their investment in Angola, which has large oil reserves and low operating costs. And since Angola is not a member of the Organization of Petroleum Exporting Countries (OPEC), there are no limits on how much Angolan oil may be produced and sold. While the Angolan oil industry was largely undamaged by the war, Angola's oil production would be adversely affected by political instability there.

The Angolan economy offers U.S. firms a potentially expanding market. While U.S. trade with Angola and investment there has been limited largely to the oil industry, primarily because of Angola's war, American firms are aware of Angola's potential. This recognition is reflected by the support U.S. companies give to the Washington-based United States-Angola Chamber of Commerce. The Chamber is one of the few existing bilateral business organizations between an African country and the U.S. U.S. Chamber members, including Pepsi-Cola International and McDonnell Douglas Corporation, believe that the emergence of peace and democracy in Angola will enable them to take advantage of expanded business opportunities. Angola's peace, however, already appears to be paying off for the U.S. In 1991, American exports to Angola were up 26 percent over 1990, to \$188 million.

Angolan Economic Statistics

Official Name: People's Republic of Angola

Capital: Luanda

Head of State: President Jose Eduardo dos Santos

Area: 481,354 sq. miles
(almost twice the size of Texas)

Population: 10.4 million (1991)

GDP: \$7.0 billion (1991 estimate)

Per Capita GDP: \$620 (1991 estimate)

Real Economic Growth Rate (GDP): 1.4 percent (1991).

U.S. Development Assistance: \$25 million planned for 1993

External debt: \$9.0 billion (1991)

Imports from the U.S.: \$188 million (1991)—
mining equipment/parts, motor vehicles, aircraft, steel works.

Exports to the U.S.: \$1.8 billion (1991)—
oil, natural gas.

Sources: Michael Johns, *U.S. and Africa Statistical Handbook 1991 Edition* (Washington, D.C.: The Heritage Foundation, 1991); The Economist Intelligence Unit—Country Report #1 1992; and other sources

CONSOLIDATING DEMOCRACY IN ANGOLA

The U.S. has refused to recognize the MPLA regime. If, however, the September 29-30 elections are free and fair, the U.S. will recognize the government of the winner. Washington also will repeal some relatively minor trade restrictions on Angola, including the 1986 Grassley Amendment to the 1986 Deficit Reduction Bill, which denies a foreign tax credit to American companies operating in Angola.

If the elections are free and fair, the U.S. should do more. The Bush Administration should:

✓ **Establish a cutoff date for U.S. development aid to Angola.**

If Angola's new leadership anticipates an indefinite supply of foreign aid, it may not make the changes needed to create a market economy. The U.S. Agency for International Development (USAID) plans to spend approximately \$25 million in Angola next year. This money will be spent on health, education, and infrastructure construction projects. Angola needs to become independent of this kind of aid. Therefore, the U.S. should convince Luanda and its other aid donors to set a deadline for Angola's independence from foreign aid. Ten years would be a reasonable deadline. Angola's aid donors might guarantee a certain amount of foreign aid until that date. The forthcoming conference of Angola's aid donors, expected soon after the election, would be an appropriate forum in which the U.S. could propose this concept.

✓ **Be prepared to suspend U.S. development aid if Angola's government corruption does not decrease dramatically.**

Foreign aid donors are taking increasingly aggressive actions against government corruption in recipient countries. A high level of corruption is a reliable indication that a state is wielding too much economic power. When government corruption is draining a country's development potential, foreign aid is unlikely to achieve its intended purpose of promoting economic development. Because corruption has been so rampant, AID should report annually on the extent of Angolan government corruption and be prepared to cut off aid to Luanda if it continues to thrive.

✓ **Provide training and professional advice to bolster Angola's fragile democratic institutions.**

There are many threats to Angolan democracy: tribalism, a totalitarian tradition, a bitter civil war legacy, a violent separatist movement in Cabinda, and a lack of experience with democratic institutions. The International Republican Institute (IRI) and the National Democratic Institute for International Affairs (NDI), two U.S. government-funded institutions that help promote democracy overseas, have been working to strengthen Angola's political parties and democratic culture through training seminars. These efforts should continue after Angola's election. The U.S. also should offer training and professional advice to Angola's National Assembly and presidency. For example, NDI recently conducted a seminar on parliamentary procedures and organization for the newly elected members of Namibia's National Assembly. The same thing should be done in Angola.

The U.S. enjoys much prestige in Angola because of its democratic traditions. The type of technical assistance that IRI and NDI provide reflects this strength. The NDI project in Namibia cost \$54,000. This is small price to pay to help Angola's young democracy through its most treacherous early years.

✓ **Hail the free elections in Angola as a vindication of the Reagan Doctrine.**

The Reagan Doctrine extended military aid to political movements combatting communist rule. In Angola, this was a remedy to the Clark Amendment's dangerous isolationism. Were it not for the American covert military aid, Savimbi's forces would have been crushed on the battlefield. Instead, the Soviet-backed MPLA was forced to negotiate the Estoril Accords, which in all likelihood will bring about a democratic Angola.

Despite its success during the Cold War, this practice of aiding African rebels like Savimbi happily is no longer necessary. The reason is simple: The Soviet Union no longer exists, and thus no longer can destabilize Africa in a way that threatens U.S. interests. Moreover, democracy appears to be on the rise in Zambia, Tanzania, Ghana, and other African nations. If this trend continues, then the U.S. will have even less of a need to worry about instability in Africa.

CONCLUSION

The U.S. acted boldly under the Reagan Doctrine to bring Angola to the threshold of democracy. Washington should remain engaged there as Angolans embark upon an era that promises, for the first time in its history, not only democracy but economic prosperity.

A democratic Angola that reaches its considerable economic potential through free market reforms would help to uplift all of southern Africa. But if Angola's experiment with democracy fails, it could spin out of control, as it did in 1975 when the civil war began. This would bring more misery to Angola. It also would establish a bad precedent that could destabilize the entire southern African region.

New Promise. To follow through on its earlier commitment to Angola, the U.S. should give the winner of the elections certain types of foreign aid—but only if the elections are free and fair, and only if the government embarks on a program of democratic and free market reforms. This aid should not be used to foster the kind of dependence that afflicts and perpetuates the poverty of so many other African countries. Angola is blessed with too much economic potential to see its new promise and independence squandered by the creation of a new and equally harmful dependence on foreign patrons.

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