

## || CHAPTER SIX

# WHERE THE MONEY GOES

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IN 1980, reporters for a Belgian weekly, *Humo*, combed land and tax records in their country, and documented the long-standing rumors about the lavish European real estate holdings of Mobutu and his inner circle. The records they found,\* not necessarily complete, show that Joseph Desiré Mobutu-Gbiatwa—address: Kinshasa; occupation: chief of state—owns two houses, a chateau, a park, a stables, and an undeveloped property, all in Belgium. *Humo* sent photographers out to get pictures of these places, and a couple of them truly look like the kind of thing a Vanderbilt or a Rockefeller would call home. One was a veritable castle, replete with spires and surrounded by a moat, some 25 miles outside Brussels. Mobutu's relatives and various government officials he appointed were also recorded as owners of apartment buildings and large tracts of land in Belgium.

Other secrets of Mobutu's reign were beginning to flow out of Kinshasa itself, as a few people began to talk. Mobutu had been tempered in his readiness to permanently silence the disloyal. He was pressured by the Carter administration's focus on human rights abuses by U.S. allies, and, perhaps even more, by the investigations of Amnesty International, the most respected independent human rights lobby. The Carter human rights crusade and Amnesty International have sometimes been laughed off as futile, or naive, but

\*Examined by the author with the kind and much appreciated help of Dirk Van Der Syen of *Humo*.

a lot of people are alive today because of them who otherwise wouldn't be, and some of those are Zairians.\*

Former government officials dumped by Mobutu, instead of disappearing and never being heard from again, were occasionally moving to Brussels or Geneva and holding press conferences. Among them were Ngouza Karl-i-bond, the prime minister and former finance minister who had been scheduled to speak at the St. Regis Hotel meeting in September 1980, but didn't make it, and Bernardin Mungul-Diaka, another former cabinet minister, who had also served as executive secretary of Zaire's only political party (founded by Mobutu). Both men gave the Belgian press detailed accounts of corruption.

By draping Mobutu in scandal, Ngouza and Mungul-Diaka hoped to construct clean personal images, and perhaps attract a following as leaders-in-exile should Mobutu fall. But both were themselves living high off the hog, with no ostensible legitimate source of income. Asked the source of funds for his home and limo, Ngouza said, "This is my problem. A clever man would know that somebody who has been prime minister for all these years has not been throwing his money out of the window." Meaning that the reporter who asked the question must not have been very clever.

Mungul-Diaka, the former head of Mobutu's political apparatus, released an itemization of Mobutu's European holdings. His list valued Mobutu's Belgian real estate—the same holdings documented by official records—at about \$100 million.† The list went on to cite a Swiss bank account of \$143 million and a \$5.4 million chateau at Cully, on Lake Geneva.

The list also included villas in Paris (\$1.1 million) and Nice (\$1.3 million), and châteaux in Spain, Italy, and Central African Republic. (Only the latter was valued, at \$17.9 million; it was apparently part of a vast private hunting park set up in Central African Republic and given away to then French President Valéry Giscard d'Estaing and his family and friends, including Mobutu.) In addition, Mobutu was listed as owner of hotels in Spain and Ivory Coast, tourist homes in Greece, and residences and properties in Senegal and Ivory Coast. If the end came at home, he would not be caught short of refuge.

Three pages were required to enumerate Mobutu's Zairian property. It took another page and a half to name companies in Zaire that were allegedly controlled by Mobutu but held in the names of two uncles and a friend, as intermediaries. Among the holdings that Mungul-Diaka listed (and reiterated in detail during a long interview) was a majority share in the diamond buying *comptoirs*, or agencies, in Western Kasai. That was where Maurice Tem-

\*Amnesty exists on donations. Its U.S. office is at 304 West 58th Street, New York, N.Y. 10019.

†Values listed in francs have been converted by the author to U.S. dollars at prevailing exchange rates in December 1979, the date of most of the information Mungul-Diaka brought with him when he canoed to freedom across the Congo River on January 25.

pelsman's company had received from Mobutu a special government concession to explore for diamonds.

Any independent diamond holdings in Eastern or Western Kasai would seem to violate the monopolistic charter claimed by MIBA, the national diamond franchise that is owned jointly by Société Général du Belgique and the Zairian government. Tempelsman acknowledges that he was given a concession, but says it was just to explore, and he has repeatedly denied having any joint business investments with his friend and patron, Mobutu.

At any rate, Mobutu, the president, is obviously in a position to grant useful franchises and other conveniences to Mobutu, the businessman. If this seems untoward, it's only fair to note that Zaire's main model in modern government was Belgium, where the king is allowed all sorts of secret control over semimonopolistic private businesses, many of which owned the natural resources of Zaire throughout its colonial history. Société Général, for one, is still there. The United States government, with its own admirable restrictions on conflicts of interest, its belief in open government, and its dedication to fighting monopoly trusts, might have taught Zaire a better way to run a country. But the State Department and CIA preferred to teach the Zairians duplicity, bribery, and assassination instead.

ANOTHER source of information from Zaire was a secret group of dissidents in parliament, who, on November 1, 1980, anonymously published a fifty-page open letter to Mobutu. The letter politely but unmistakably accused him of suppressing his people's liberty and also welshing on his promise to improve their economic lot. The same parliamentarians are also suspected of being a source of other information, including a report issued jointly by two Belgian human rights groups\* in February 1981.

The report challenged Mobutu's account of the July 1979 killing of civilian diamond scavengers just outside Mbuji-Mayi, the diamond center of Eastern Kasai province. Against Mobutu's assertion that only three people were killed when the army swooped down, the human rights groups identified by name ninety-seven persons they said died in the massacre. Not only that, they reported that another ten persons, also named, had been killed in a previously unreported massacre near Mbuji-Mayi two weeks earlier.

Shortly after the open letter to Mobutu was disseminated in Europe, thirteen parliamentarians were arrested and charged with writing it. Without much legal explanation, Mobutu had them flown to their homes, mostly in outlying parts of Zaire, and placed under house arrest for five years. Through secret couriers, some of the arrested parliamentarians continued to feed information to the outside world. Probably the most prominent of the group

\*The Belgian League for the Rights of Man, affiliated with the International League for the Rights of Man, and the Zaire Committee, a political group with a leftist orientation.

was Tshisekedi wa Mulumba, from near Kisangani (Lumumba's area). Tshisekedi was among several Zairians—Ngouza was another—known to have been courted by U.S. diplomats, obviously with the idea in mind that Mobutu might some day need a replacement. On a visit to Brussels, Tshisekedi is known to have been a house guest of John Heimann, an important U.S. diplomat with expertise in Belgian-Zairian affairs.\*

Tshisekedi and his twelve compatriots would have faced a much worse fate than house arrest—at least that is the opinion of their European contacts—had it not been for the Mbuji-Mayi massacre. When Amnesty International couldn't get into Zaire to investigate the massacre under terms it considered satisfactory, it launched a full-scale campaign against human rights violations throughout the country. In the glare of this campaign, Mobutu became much more cautious in his treatment of opponents.

In announcing the campaign in May 1980, Amnesty International said, "A twenty-page memorandum on political imprisonment, torture, and killing presented by Amnesty International to President Mobutu Sese Seko of Zaire in February has evoked no response. Instead, Mobutu claimed in a March 11 communiqué from Brussels that AI [Amnesty International] had 'congratulated' him on his government's human rights record.

"In fact, flagrant and gross violation of human rights has been common in Zaire for several years. In 1978, AI began a thorough study of those violations, which over the past two years have included:

"the detention without charge or trial of suspected opponents of the government for long periods.

"the imprisonment of political prisoners convicted at trials which did not conform with internationally recognized standards.

"the use of torture.

"the frequency of deaths in detention resulting from torture, ill-treatment, and harsh prison conditions.

"the use of the death penalty in both criminal and political cases and extrajudicial executions. . . .

"There is no estimate of the number of untried political detainees currently in custody. Detention without trial occurs frequently, and it is used by authorities to suppress political opposition. Detainees frequently 'disappear' after their arrest. They are either transferred to another prison or they die in custody. . . . Most people killed for political reasons have . . . been summarily executed by members of the security forces without being given any sort of trial. . . . Prisoners are badly fed and have sometimes been starved to death. Medical facilities are grossly inadequate, and standards of hygiene and sanitation are extremely low."

In one year in one prison, Amnesty reported the loss, apparently from malnutrition and disease, of 2,309 prisoners—seventy-seven times the num-

\*Heimann didn't respond to the author's written request for comment.

ber of whites killed in Stanleyville in 1964 during the episode that cemented U.S. support for Mobutu's rule.

Amnesty International issued this report four months before American businessmen and Zairian government officials gathered in September 1980 in the Versailles Room of the St. Regis Hotel in New York. But the report was never mentioned there. For all its effect on Mobutu, the report had received so little publicity in the U.S. that most people at the meeting may have been unaware of it.

Ironically, the report specifically condemned "the use of the charge of embezzlement" to camouflage arrests that are really made "on a political basis." Under the Belgians, embezzlement was the charge that first sent Patrice Lumumba to prison.

IN April 1982, Mungul-Diaka, the former political aide to Mobutu, issued a compilation of massacres in Zaire, attempting to show that the Mbuji-Mayi incident was part of a pattern. Among the fourteen incidents he cited were:

the hanging of four cabinet ministers, without the right of self-defense, in an alleged plot against Mobutu in 1966;

the killing of several thousand Katangese soldiers by burning or burying alive or jettisoning from helicopters in 1967;

the killing of several hundred peacefully demonstrating students at the national university in Kinshasa in 1969;

the massacre of more than 500 innocent people in several villages in May 1970, in reprisal for the killing of a soldier who had tried to steal a chicken;

the massacre of 2,000 to 2,500 religious sect members in Kitawala in January 1978;

the massacre of 150 people in Eastern Kasai on October 6, 1981, after some villagers challenged some army officers who were dealing illegally in ivory;

the alleged harassment during 1981 of Cardinal Joseph Albert Malula, archbishop of Kinshasa, for having criticized the government. (Mungul-Diaka said the archbishop slept in a different house every night because of the threats against him. Mobutu also held a grudge against the archbishop because when Pope John Paul II visited Zaire in 1980, Mobutu had wanted the Pope to marry him to a new wife, and the archbishop had been the one to inform Mobutu that the Pope wouldn't do it.)

Mungul-Diaka also reported the almost unexplained killing of thousands more people in other incidents.

AMONG the documents that reached the Belgian press were apparently accurate records from a committee of the Zairian parliament that was assigned to supervise the national bank. The records indicate that Mobutu was being a bit hypocritical back in December 1979, when he stunned his countrymen

with the tough new financial restrictions designed to please the IMF. (Those were the restrictions that abolished people's right to spend their savings, or to convert Zairian money to foreign currency; it was the same crackdown that wiped out the \$1 million fertilizer purchase fund that belonged to the farmers in Hassan Nabhan's U.N.-sponsored crop improvement program.) According to the records that turned up in Belgium, Mobutu himself withdrew 364.3 million Belgian francs from the Zairian national bank in 1979, the equivalent of more than \$13 million. Members of his family withdrew \$209,000 in various Western currencies.

The records show that from 1977 to 1979, the group withdrew \$2.8 million in U.S. cash, \$132.1 million in Belgian francs, \$6.4 million in French francs, and \$268,000 in Swiss francs, worth altogether some \$141.6 million.\* Mobutu also had access to the enormous funds that he could acquire in Europe from the European and U.S. businessmen willing to pay bribes, commissions or whatever you want to call them, for the favorable deals they received on their business in Zaire.

Everyone, from U.S. diplomats in Europe and Kinshasa to Western businessmen making money in Zaire, acknowledges that huge kickbacks are paid. Often they are paid by deposit in a bank in Europe or the U.S., before the money goes onto the books of the Bank of Zaire at all—and thus before hostile parliamentarians or the IMF can find out about it.

Even Tempelman acknowledges that bribes are "probably" paid. He also argues, quite correctly, that Zaire is far from alone in this. U.S.-supported dictators around the world conduct business via kickbacks. This corruption can only rarely be cited in its particulars, because the culprits can cover their tracks in too many ways. Still, the Mobutus get their castles, and their overseas bank accounts.

Such thievery not only strips Third World countries of needed money, but more than that, it guarantees that the free market will not be able to determine where resources are to be applied. This, in turn, sabotages development. And the system, devised largely by Western governments, including the American, seems designed to tempt if not actually to encourage venality. We have seen this system at work in Zaire, and the chapters ahead will show instances elsewhere. At this point, an overview might be helpful.

The CIA, for one, actively strives to find up-and-coming foreign officials who are susceptible to bribery. People noticeably out to make a buck are approached and encouraged. The Economic Intelligence Committee in the CIA publishes a frequently updated Economic Alert List for each region of the world, telling U.S. spies what to watch for. Along with obvious queries on energy use and food supply, the lists stress a search for bribability. For example, the Economic Alert List for Africa for the period October 1981 to March 1982 gives the following priority instructions to spies:

Chad: "Continue reporting on corruption and graft in Chadian business

\*Currency values converted by the author.



and government, especially names and positions of officials and groups, amounts siphoned abroad, and economic impact."

Kenya: "We are interested in attempts by any members of the government to gain personal economic advantages through their positions."

Liberia: "Report on any corrupt practices by the new leaders."

Zaire: "Reporting on military corruption has been exceptional; keep it flowing. Try to supplement the flow with more reporting on civilian corruption, including names and positions."

All four of these countries are considered friends and allies of the U.S., and the U.S. military has been brought in recently in at least three of them.

When time comes for the CIA to select which man it wants to push for higher office in some foreign government, bribeability is obviously considered an asset. Whatever other pressures might come to bear on a foreign ruler at a time of decision, the U.S. can be confident that if the contest is judged on graft, the CIA will be able to outbid any rival. And once someone starts taking money, there is always the threat of exposure to ensure his continued cooperation.

U.S. business offers a handy potential means of distributing this CIA bribe money. Corporations pay sales commissions to front men for the foreign rulers who purchase U.S. goods on behalf of their governments. If these payments are bribes, or kickbacks, they are illegal under U.S. law, even if they are made overseas. A 1975 Senate investigation into payoffs by multinational corporations uncovered a lot of apparently illegal money transfers. Some involved tens of million of dollars at a throw. It was originally assumed that these payments were simply a form of illegal commercial bribery.

But there's good reason to suspect that many payments, at least, weren't commercial bribes at all, but rather CIA payoffs channeled under corporate cover. For one thing, a disproportionate percentage of the payments were made by arms companies like Northrop and Lockheed, which must work closely with the CIA and Defense Department because of the technology they use. More intriguing, a disproportionate percentage of the payments, even by companies not in the military supply business, were made in countries around the perimeters of the Soviet Union and China, and in countries, like Italy and Japan, where communist parties were a strong political force. The money routinely went to political leaders, or their relatives, who were asserted anti-communists:

During the late 1970s, the Securities and Exchange Commission began efforts to expose violations of the Foreign Corrupt Practices Act, which prohibits commercial bribery by U.S. business overseas. A series of enforcement actions involving alleged illegal foreign payments by U.S. companies was announced, then withdrawn on the ground that to pursue them would endanger the national security. Although these cases involved millions and millions of dollars and companies whose stock is publicly traded, none of these cases has ever been explained. Attempts by several *Wall Street*

*Journal* reporters to clear up the mysteries failed to elicit a satisfying explanation for a single one of them. Requests under the Freedom of Information Act for documents from the SEC and State Department only brought more citations of "national security" as a ground for nondisclosure. The potential methods of subterfuge for making political payoffs through corporations are almost limitless.

In 1976, the Aluminum Company of America (Alcoa), the world's biggest aluminum company, disclosed that it had paid at least \$25,000 to officials and political parties of an unnamed foreign country at the direction of the U.S. ambassador to that country. The statement was hidden in some forms that Alcoa was required to file with the SEC. No one would supply more information. There was no reason to believe that the instance was unique.

A new law requires fuller disclosure on questionable foreign payments, but contains a loophole whereby "national security" exemptions can be granted at the request of the CIA or other U.S. intelligence agencies. The number of companies that receive such exemptions, and the size of the payments they make, is secret. But the number has been rumored to run into the several dozens. And the mere existence of such an exemption is a tacit admission that the U.S. government uses private companies to bribe foreign nationals and influence the politics of foreign countries. This creates very unfair pressure on private U.S. companies to participate in adventures they can't control and may not approve of.

If the government wants to pass bribes, or to obtain cover for CIA operations overseas—for example, getting permission from companies for spies to pose as company officials—it can exercise considerable leverage over business executives. The government awards billions of dollars of domestic contracts each year, and despite bidding laws there are many ways to steer these contracts toward or away from a particular supplier. Government assistance can also be a powerful help in getting foreign contracts, as the Inga-Shaba episode in Zaire illustrates. And many laws important to business are enforced with discretion; for example, a massive Justice Department antitrust case against the major oil companies was dropped on White House orders while Big Oil worked with the State Department to support the shah of Iran in a crisis.\*

Of necessity, the government controls almost *all* the work available for companies specializing in military or intelligence equipment. It isn't easy for these companies to turn down government requests for favors. The Pentagon and CIA are their only domestic customers, and they need government permission to export their deadly wares. Beyond that, such companies generally share with most of the military community a philosophical belief in an adventurist, get-them-before-they-get-us foreign policy. Arms sellers

\*Discussed in detail in chapters 10 and 11. Specific instances of questionable foreign payments can also be found elsewhere in this book.



make their money from it. So they might gladly agree without any pressure at all to let their overseas sales commissions serve as a cover for CIA payments to corrupt foreign rulers.

The discretionary exemption from SEC reporting requirements that may be gained by cooperating with government foreign policy adventurers could benefit a company in other important regulatory matters. If nothing else, the threat of exposing secrets could be used to hold Justice Department, or SEC, or Federal Trade Commission investigators at bay. Moreover, those companies that enjoy profiting from foreign intrigue, or that knuckle under to government pressure, gain an unfair advantage over other companies that prefer to mind their own business—whose owners don't want to get involved in bribery, kickbacks, and deception; whose owners may be ethical people. The corruption of foreigners cannot be accomplished without the corruption of Americans.

The obvious question raised by all this is what the best interest of the United States really is: to perpetually try to corrupt as many overseas governments as we can so that when a military crisis arises we may have some crook on the scene in our pocket? Or to try to encourage, by example and reward, a world of clean governments that are strong through their own popularity—governments that allow their peoples' free-market impulses to interact productively with our own peoples' free-market impulses, and which for all these reasons are unlikely to become involved in a military crisis at all?

ANOTHER enticement to corruption is the way the World Bank and most private Western lending institutions work. Their loans don't depend on the viability of the projects that the loans are allegedly financing. The projects often seem to be a mere excuse. Money is available, public money, and everyone dives for a quick share.

Proposals for projects to be funded by the World Bank are often prepared by the companies that will get the contracts (and thus the money), rather than by local citizens groups, or development workers, or the World Bank itself, or the governments that are supposedly receiving the loans. Instead of demand inspiring supply, the supplier is encouraged to write his own ticket. The company and the government then make their deal before anyone else considers the project. This opens the door for collusion and kickback arrangements, and forecloses any possibility that the bank could oversee fair competitive bidding on a project.

The people who decide whether to lend the World Bank's cash aren't bankers risking their own wealth, but rather bureaucrats, who are more or less on loan to the World Bank from their respective governments, and thus aren't even risking their careers. In fact, often the real decision makers are paid outside consultants who aren't risking anything, and who aren't meaningfully policed, either.

In 1978, the World Bank undertook a \$9 million project to refurbish Zaire's palm oil plantations. Stated that way, it sounds like an appropriate enough investment. But the project proposal was prepared by Unilever and the two other companies, both Belgian, that, combined, control most of Zaire's palm oil industry. Unilever is a giant international agricultural growing, processing, shipping, and retailing firm. In Standard & Poor's stock guide, under the column that describes each stock-issuing company's principal business, the description of Unilever's is probably the most grandiose of any of the thousands of listings in the book; it just says, "Controls vast international enterprise."

Why should the World Bank spend taxpayer development money to beef up the balance sheet of one of the world's richest companies? The \$7- to \$13-a-month wages Unilever pays its local workers, from which it deducts rent money for the almost slavlike quarters it puts them in, certainly doesn't commend the company to the Zairians who are supposed to be benefiting from the development aid. One would think that if Unilever considered the palm oil project viable, it would invest its own money. It probably would—lots of people would—if Zaire had anything resembling an honest, popular, efficient government.

A Belgian company, Compagnie Sucrière, prepared an \$80.4 million World Bank project in 1980 to improve its sugar plantation in Zaire and buy new processing equipment. The bank went along. (Compagnie Sucrière graciously agreed to put up one-third of the money itself to get the loan.) These two projects have been cited as examples here only because secret World Bank documents describing them happened to fall into the hands of sources friendly to the author. Many other examples would be available if the World Bank would allow U.S. taxpayers to see the documents that account for use of the taxpayers' generous credit and cash.

The World Bank and International Monetary Fund, sister organizations, don't disclose much about their operations. Helmut Hartmann, press spokesman for the IMF, says he won't answer a reporter's questions unless the answers are completely off the record—no fair sharing them with the reader.\* Hartmann also declared that no one else at the IMF would be available to discuss things, either.

There has never been any evidence of kickbacks or other graft in connection with the Unilever or Compagnie Sucrière loans; there hasn't been much information of any kind available about them. We know only that both companies are very, very rich, and so is Mobutu, and they all use public funds in secret.

Beyond the question of individual enrichment is the question of whether our long-run best interest—a free, peaceful, productive world—is served by diverting Third World resources to Western businesses to build projects that will be controlled by unpopular governments. These governments are

\*This reporter declined.

basically socialist, whether our momentary convenience is to call them left wing, right wing, or moderate. That is, their money is spent by a dictator, or by a central bureaucracy that has no personal stake in the ultimate economic effectiveness of a project, and usually isn't even answerable to a free electorate.

One could envision some system the World Bank could adopt that would promote fairly distributed local private ownership, with the project itself held as mortgage collateral. If the project wasn't operated up to specification, new local ownership would be found. This would foster real local capital in exchange for the siphoned wealth, but it would do more. If the system required that individuals, or small, freely formed cooperatives, not just governments, bid competitively with something of their own—even their pledges of labor if money wasn't available—it might, through the free market, lead to a better selection of projects.

Even private banks lending to Third World countries aren't concerned with the viability of the projects they lend for, as they are when they lend at home. To the extent that foreign loans don't depend on U.S. taxpayer guarantees, they are secured by mineral wealth. Repayment doesn't depend on the wealth to be produced by the project being funded. So even private Western banks prefer to deal with governments, which control the mineral wealth, rather than with individuals or cooperatives whose entrepreneurship might yield better projects.

THE World Bank and IMF don't just operate in secrecy. They operate in real deception. Sanguine press releases belie boardroom jitters. The World Bank, for example, told the public that the deterioration in Zaire's economy "was arrested" in 1980. The IMF reported 1.8 percent positive growth. *IMF Survey*, the IMF's bimonthly public relations magazine, gave Zaire quite a plug in the July 6, 1981, issue, announcing an extended credit agreement. The announcement, as usual, blamed Zaire's problems on the downturn in the copper market in 1975, and some "structural maladjustments that developed." It praised Mobutu's courageous action in wiping out all of his countrymen's savings, which the announcement referred to only as "a comprehensive stabilization program." It said "significant progress was made under the program in 1980, especially in slowing the high rate of inflation."

To read the *IMF Survey*, you would certainly never guess that Manoudou Touré, the Senegalese economist who ran the IMF team in Zaire, had just resigned, frustrated. In an interview in his office in the national bank building in Kinshasa, right in the middle of 1980's "significant progress," Touré moaned to a reporter that "I can't control" the illegal outflow of wealth from the country. Nor, he said, could he tell how much Sozacom, the minerals marketing agency, turned over to Gecamines, the mining agency that kept getting shortchanged according to the expatriate professionals who help run it.

"We are under the supervision of the Zairian authorities," Touré said. "I have to take for granted what they tell me. The people who are powerful here, the people who export coffee and diamonds and so forth, are very shrewd, very full of technical resources to bypass the law." What of the illegal withdrawals by government officials and Mobutu relatives?—literally right out from under Touré's nose, since his office was on the top floor. "I cannot control that," he said. "When I want a clarification, I have to take for granted what they tell me."

Of course, the way the IMF crowd explained it to the *New York Times*, graft may be the only thing that can bail Zaire out. In reporting the news about an alleged 1.8 percent growth in the Zairian economy, the *Times* quoted an unnamed economist explaining, "The reason was that goods could be imported with black money, and the economy grew." Mobutu, it was explained, had decided to allow more smuggling so that the raw materials needed for expanded enterprise could be imported. Carried to its logical conclusion, this means that the IMF currency and exchange restrictions are the very thing that is *impeding* development in Zaire—which isn't surprising, except for an IMF economist's admission of it.

Of course, calculating Zairian "growth" down to such fine calibrations as 1.8 percent is absurd on its face. You can't measure the gross national product of a nation of subsistence farmers. By definition, all a subsistence farmer produces is himself and his family for one more year, and what is that worth?—and to whom? The progress of Zaire is measured by the health and prosperity one sees in little villages like Yalifoka, and in 1980, there was damn little of it.

WHILE all this was going on, you could pick up some leading overseas business publications and read that Mobutu had sold 200 tons of cobalt on the spot market in Switzerland and 10,000 tons of copper to South Africa—South Africa!—all off the books, without reporting it to his own bank or the IMF. The cobalt sale, at least, was said to be for the benefit of his countrymen, to pay for some French buses to get people to work. The old British ones were sitting, rusting, on the outskirts of Kinshasa, lame for lack of spare parts.

You could read similar stories in the World Bank's own memos—but only if you worked for the World Bank. According to a leaked memo dated October 5, 1979, and marked "Confidential," the World Bank knew very well that its public sanguinity was a lie. The memo complained not of the sub rosa sales in Switzerland and South Africa, but of another off-the-books 20,000 ton copper sale, to China, which was never generally reported in the press.

"A review of Gecamines's books indicated a number of special transactions undertaken since January 1979 which have reduced Gecamines's cash flow during the period by US \$49.4 million," the secret memo said. Besides the

Chinese copper sale, the memo complained, Gecamines had handed out \$5.3 million in foreign exchange, part of an overall plan to pay \$59 million, for the improvement of a single farm. The memo didn't say so, but the farm sounded suspiciously like Mobutu's own, which was reported in the Belgian press to have received exactly one-half the entire national importation of fertilizer and two-thirds of a shipment of 125 jeeps sent by Belgium to spur Zairian development.

The secret World Bank memo also says that \$25 million was drained from Gecamines for "two presidential centers," and notes that "A local construction firm involved with local political interests is attempting to secure the contracts without bidding at more than double the cost estimated by Gecamines."

For obvious reasons, Mobutu was not eager to discuss any of this. An endless series of requests for interviews both in Zaire and in the United States went without reply, and when a reporter\* phoned or showed up at the palace, he was told that not only was the president unavailable, but that no one in authority was available to speak *for* the president, or would be, for weeks and weeks.

Another potential source of information wasn't talking much either, Société Générale. Some 250 companies are under Société Générale's wing, and the majority of the stock in most of them is owned by the others; they also own stock in the parent, which owns stock in them, a complicated arrangement that was banned as an illegal trust in the United States long ago. The units make money off each other by monopolizing the marketplace through their joint ownership. A mining company in Société Générale will ship its goods by a Société Générale shipping company to a Société Générale smelting company, and all will insure with a Société Générale insurance company. These deals are locked in by contract, so no new companies can try to compete, another thing that's illegal in the U.S. There are no consolidated financial statements, so it's hard to quantify how big the company is. But poor it is not.

Some 92 to 93 percent of Société Générale's stock is held by the public, but the other 7 to 8 percent controls the company. Who owns it? Rumor is, it's the royal family, which obviously has influence over at least several seats on the board. Says a high corporate official, who would be identified only as a high corporate official, "It is natural for you to suppose so. But if you ask me if the royal family is a shareholder, the only answer I can give you is, 'Maybe.'"

Jean Dachy, director general of Société Générale's main mineral subsidiary, will say his name, but not much else. How much did Société Générale get when it sold its mining interests in Zaire to the Zairian government? "It wasn't for nothing, but that I cannot tell you." What does Société Générale make now for supplying Zaire with expertise, customers, shipping, smelting,

\*The author.

insurance, and who knows what else? "It's an agreement between two countries, and I don't think I can give you any information about that."

Is the price Zaire gets for its minerals at least fair? "A lot of people have very loose opinions about that, but they don't know anything," informs Mr. Dachy. "It's very dangerous to discuss this without understanding the whole arrangement. But I'm certainly not allowed to disclose that. We get something, they get something."

IN 1981, Mobutu broke his deal with the DeBeers syndicate to sell all of Zaire's diamonds through DeBeers (all, that is, except for the large percentage of diamonds Mobutu preferred to sell through someone else and not talk about so he could keep the money). In 1981, he contracted on Zaire's behalf with other buying companies, and happened to pick one represented by Herman DeCroo.

Before settling into private law practice, DeCroo had held several cabinet posts in Belgium. He was minister of telephone and telegraph while Zaire built up \$1 billion in unpaid telephone bills to the Belgian government. The Belgian government still hasn't collected on this bill. Communications Minister DeCroo made trips to Zaire, and was close to Mobutu. After leaving public office, he continued to make trips to Zaire and be close to Mobutu.

"When I go, friends ask me some little services, the payment of some little bills," he says. "Sometimes my clients are Belgian. Small firms, which have some problem of payment." DeCroo gets payment for them. He should have done so well for the taxpayers.

Another recently retired cabinet minister in 1981 was Henri Simonet, longtime foreign minister and, like DeCroo, expected to come back to the cabinet some day when the right coalition comes to power. Simonet's wife did a booming business as a consultant, particularly while he was foreign minister. One client was Maurice Tempelman. Others were arms traders seeking Belgian-manufactured military equipment; as foreign minister, Simonet held ultimate authority in granting export approvals for this equipment, though he has denied reports in the Belgian press suggesting that he ever personally handled cases involving businesses represented by his wife.

WHEN the Reagan administration took office, a "State Department official who has been intimately involved in U.S. policy toward Zaire" told the *Washington Post* that the administration wanted "to significantly increase military aid" to Mobutu. He told the *Post*, "It is one of the few tools we have to exercise any leverage with the Zairians to get them to reform their government."

A year later, an unreformed Mobutu visited the U.S. He traveled with eighty people, including twenty-one children, some his own, some nieces



and nephews, and some just friends. They went first to Disney World in Florida, and then traveled for a week, ending up at New York's Waldorf Astoria. The *New York Times* reported, "The hotel's Presidential Suite, after years of serving as the New York headquarters for a succession of American presidents and a host of visiting heads of state, was finally getting a real workout."

The Mobutu party took over the entire thirty-fifth floor of the hotel. The children received all their meals in the Presidential Suite, served by three hotel waiters and three servants who came along from Kinshasa.

In November 1982, Vice-President George Bush visited Mobutu in Kinshasa. "I am pleased to announce that during my visit here the U.S.A. and Zaire have agreed to begin negotiations leading to a bilateral investment treaty," Bush declared. Reuters voiced the opinion that this signaled "an improvement of relations." The discussions took place aboard Mobutu's yacht.

WITHIN the corridors of the State Department, and in the newspaper columns of hard-nosed pundits who profess not to be disturbed by liberal or conservative ideology, the most commonly expressed reason given for the U.S.'s personal support of Mobutu is that there is no one available to take his place—as if, of course, this was the U.S.'s problem and not Zaire's.

One of the many who might take Mobutu's place, if the U.S. and its allies stopped supporting him, is an important regional administrator who was interviewed only on condition that he not be identified (for obvious reasons). What follows is what he said, in his own words, edited only slightly where bad grammar made the meaning unclear, and to delete redundancies. Some of it may seem naive, but all of it is real:

"If countries as large as the United States and France and other capitalist countries were more aware of what was really going on here, things might change. On the radio everybody hears that the U.S. just gave us a bunch of money, and nobody sees that money. I was born in 1952. Before independence, I was eight years old. And I've noticed that the changes and development in this country [since then] are nothing substantial.

"The financial assistance that enters this country never leaves Kinshasa. Skyscrapers and streetlights, you see those things in Kinshasa. It's the central government that receives it, and the central government that keeps everything. When people look at Zaire, they think of Zaire as a whole, and that it's all no good. People tell me that everything they have now is only what they have had from colonial days.

"The roads here are poorly kept up. The farmers want to sell their food to buy pants or soap or clothing. They always ask me, how do they ride into town? The first thing that should be developed is the road system. [Without it] nothing else can work. The second thing are the vehicles.

"We have foreign assistance, but we don't know how to use it properly. Why are things expensive? Because they are rare, because you can't transport goods to the marketplace. When someone asks you for a corruption [a bribe], it's because he has to eat. He asks you for a corruption so he can buy food for his family.

"Zaire takes a lot of money from international assistance. All the Western countries give money. But Zaire itself has everything it needs to exist. Where do the benefits of the diamond mining go? Gecamines, MIBA, Kilomotor [another big European company]. We're here, but we don't see any of the profits. Each company is here. If they didn't have a profit, they wouldn't be here. The profits go to the heads of the companies and the heads of the government. The MIBA company, for example, everybody knows they have a lot of profit. Why do children go to school in this town without shoes on? These aren't luxuries, these are necessities.

"There is nothing to lighten the load of life. I want the riches of the country to be equal, so everybody in the country can profit from it. The central government should give an order to MIBA, tell an organization like MIBA to build so many primary schools, so many secondary schools—to spread the benefits to the town that they're in. Now only a few can benefit.

"I don't think it's right that only the people who work at MIBA can use the dining room, shop at the stores. That the people in the central government should profit, and the people of the town not profit at all. The diamonds shouldn't only help those who work at MIBA. They pay taxes to the state, but are those taxes used for the general good of the state?

"The socialism. When I think of the individual unhappiness here, it makes me immediately want to embrace socialism. But when I think it through, I know that what we need is to take the system we have right now and make it better. [If] the distribution of political power is equal, everybody could be happy where he is.

"There should be a new constitution of federalism. The size of Zaire—regions are the size of whole states in the U.S., or whole countries in Africa. We adopt federalism, we stay as capitalism. The American system. Every state has its own government set-up. Now a man from Mbandaka [Mobutu's home district, far away] is commissioner [like a governor] of this region, appointed by the president. Kinshasa chooses and sends him. The commissioner may be here a couple of days and then leave. They help out the police. No one knows what they do.

"It's the opinion of everybody. Look at what just happened in Kinshasa with the students [this was at the time of the 1980 student strike]. I didn't go to Kinshasa and tell them these ideas. Everybody just has these ideas in their heads. If it hadn't been for the Amnesty International investigation, they would have killed the students. But because everybody's watching, they didn't.

"There's no group organized. Everybody is afraid to speak for their rights.

The people have seen people thrown in prison for speaking out. When the president gained his power, those who opposed him were killed. [He named several.] Those are people who wanted to revolt and were killed directly. People saw this. Other people were killed that nobody knows about. If I were to talk like this to reporters from this country, they would in turn report me to their superiors. They would give the reporters a pay raise and I would be caned. I wouldn't mind if you used my name, but I have to think of my family and my income.

"The central government can change if the president quits. It's you who are keeping him there. If the Americans put pressure on him to leave, he'd be gone today. They give him aid for this country, but the aid never reaches the country. Zaire is in a capitalist system, and who is the boss in the system but America? America should cut off all aid. Also the countries that are behind America—Belgium, France, and the other countries. If America set the pattern, they would follow. It would create a situation for the central government to think about. Until the president stepped down.

"Who [would take over]? There are many people. All the people in this government are hypocrites. When the president calls these people to work in this government, they can't refuse. But their hearts are not in it.

"Without doubt, we're going to vote. As soon as you [a reporter] get out of Zaire and go back with this story that's going to happen. Here in Zaire, there will not be violence. All the violent people are out of the country. Soldiers are unhappy here. They couldn't create a violence. Lawlessness? In isolated spots, but not a general situation. In Third World countries where there is change, there is [always] death.

"If the U.S. keeps on, we'll go back to how it was in the early days of independence. Lumumba took the hand of socialism. Without fault, we will most likely follow the path of Lumumba. There are groups of Lumumba's followers.

"It's clear the U.S. killed him. At that moment, Zairians were like children. We didn't have our political maturity. It was a political error [by the U.S.], and the Zairian people aren't against the American people. Followers of Lumumba don't hold it against America for that error because it was one man. But they do hold it against the Americans for the kind of system America has imposed on Zaire."

A room steward at a hotel in Kisangani was asked what he felt about the Mobutu government. He simply went to the beside stand, pulled out a Bible, turned quickly to the epistle of James, chapter 5, and read:

"Go to now, ye rich men, weep and howl for your miseries that shall come upon you. Your riches are corrupted and your garments are motheaten. Your gold and silver is cankered and the rust of them shall be a witness against you, and shall eat your flesh as it were fire. Ye have heaped treasure

together for the last days. Behold, the hire of the laborers who have reaped down your fields, which is of you kept back by fraud, crieth; and the cries . . . are entered into the ears of the Lord.”