CONGO (LÉOPOLDVILLE)

The study mission arrived in Léopoldville, the capital, simultaneously with the announcement that the U.S. Government extended recognition to the new Congo regime of President Joseph Mobutu. The new Government took over from President Joseph Kasavubu in a bloodless coup on November 25, 1965.

The rebellion which occurred in eastern Congo in 1964 has not yet been crushed, and the same disruptive elements remain in the northeast and eastern section of the country. Some mercenaries have been withdrawn but arms and ammunition are still being supplied to the remaining Congo rebels. These illegal weapons reportedly are being transported through Tanzania and across Lake Tanganyika, and bear manufacture markings of Red Chinese and Soviet bloc countries. More than 3½ tons of arms and ammunition have been confiscated. Stability within the country obviously cannot be realized until externally aided subversion is eliminated.

The study mission met with President Mobutu and was impressed by his determination to rid the country of graft and corruption and to establish better work and production standards to stimulate the people to greater efforts on behalf of their country.

ECONOMY

The Congo suffered a decline in export earnings during the early years of independence, due partly to the secession of Katanga and South Kasai, whose mineral production had represented almost half of the country's earnings. A sharp decline in the export of certain agricultural products has also affected the economy.

The economic stabilization program initiated under the guidance of the International Monetary Fund in November 1963 was short lived. Renewed deficit budgetary spending, almost uncontrollable inflation, and a drop in export earnings have had disastrous effects on the Government's financial status.

U.S. ASSISTANCE

U.S. economic assistance programs have provided balance-of-payments assistance in support of the stabilization program in the following amounts:

(1) Public Law 480, title I sales, \$20 to \$25 million annually; and

(2) Supporting assistance in financed commercial imports ranging from \$20 to \$25 million annually.

The Congo still has a long way to go before it becomes a unified and viable state capable of maintaining political and economic stability.