Box 9

The Political Economy of SWAPO

SWAPO's political economic thinking did not alter substantially over 1980.[1] It does appear to have evolved in certain specific areas as evidenced at the Geneva Pre-Implementation Talks, the United Nation's Council for Namibia uranium hearings, and the ongoing tactical discussions on sanctions among states committed to their use.

At Geneva SWAPO's delegation included several of its economic strategists and advisers. Since the PIM was not scheduled to discuss constitutional provisions, there is some speculation as to why. At least three explanations have been advanced. First, that SWAPO wished to be able to respond if economic issues became part of PIM discussion. Second, that SWAPO intended to discuss its economic transition views with one or more of the Western Contact Group delegations with a view to reassuring them on specific questions. Third, that SWAPO thought it might be useful to be able to present its broad and/or more detailed economic intentions to the world press as part of its campaign to overturn the Western press image of a 'band of terrorists' and substitute that of a 'responsible government in waiting.'

In the event the first possible purpose never arose since only the fringe Federal and Christian Democratic Party components of the South African PIM delegation showed any interest in discussing constitutional or economic issues.[2] The second apparently did - particularly in respect to

Germany and France. SWAPO is known to have stressed its intention to keep Rossing operating and to sell its uranium oxide on economic criteria to electric power users - a point of considerable concern to Germany and France. Further, the German delegation brought with it several German-speaking business, farming and civil service residents of Namibia. They are believed to have been reassured by SWAPO's indication that confiscation of small businesses, expulsion of responsible farmers and firing of competent technical civil servants played no part in its economic transition strategy. Certainly the position of the German delegation, headed by Foreign Minister Genscher, was notably harder in respect to South Africa than previously and was singled out by an irate Pik Botha as 'unhelpful.'

While the main thrust of SWAPO press contacts at Geneva was not economic, President Nujama and one of the delegation's technical advisers were interviewed by UN television on the Namibian economy and SWAPO's views on transition. The stark outlining of the colonial economy was followed by statements on the need for continued production and for radical reform of transnational corporation policies (in terms implying the probability of a continued role for them) and on ending racial inequality in opportunities and incomes (in terms clearly accepting the presence of 'white Namibians' and expatriates as both necessary and desirable). Similar inclusion of - indeed stress on - economic issues was evident at the seminar on Namibia and the Nordic countries held by the Scandinavian Institute of African Studies in March 1981 at Helsinki with the full participation of SWAPO.[3] Sessions included one on the political economy of transition[4] and another - led by SWAPO Secretary for Economic Affairs, Ben Amethila - on the nationhood programme.

The United Nations Council for Namibia uranium hearings[5] provided a focus on the largest of the post revocation of mandate natural resource ventures in Namibia. Rossing has become a symbol of South African exploitation and international corporate/state connivance. It has also - apparently somewhat to SWAPO's embarrassment - become a symbol for opponents of atomic energy. As SWAPO's evidence[6] indicates, it is not among those opponents but perceives Rossing and uranium oxide as a major national asset to be utilized to provide finance and foreign exchange for Namibia. Its challenges centred on the illegality of the Anglo-RTZ-South African agreements, the exploitation of workers, doubtful environmental and worker safety not necessarily on the presence of some foreign technical partner and not at all on the continued production of oxide for sale to electric power generation companies.

Sanctions - Toward a Workable Package?

SWAPO has consistently supported sanctions against South Africa. Both at the general level and in relation to exports of Namibian raw materials (as covered in Decree No. 1 of the UN Council for Namibia) it has argued that economic pressures could help bring South Africa to the conference table.

In that sense Central Committee member Peter Katjavivi's article,[7] like SWAPO's statement at the end of the Geneva Conference,[8] does not break new ground. However, the Non-Aligned and OAV proposals and especially the technical work behind the OAV's Sanctions Committee/Committee of 19 (on assistance to Front Line States) March 1981 joint meeting at Arusha, at all three of which SWAPO participated, seem to embody a change in tactics.

First, the sanctions resolutions are being put to the Security Council, but with a fallback position if - as expected - they are vetoed. That is to convene an Emergency Special Session of the General Assembly under the 'uniting for peace' procedure to give considerably more authority to a sanctions resolution than a simple General Assembly resolution.[9]

Second, there is a new stress on operating an oil embargo. With the exception of Brunei, every significant net oil exporter in principle will not allow shipments to South Africa. Detailed information on tanker and company violations and how the loopholes might be plugged has now been collected and published under the title Oil Tankers to South Africa by the Shipping Research Bureau (Amsterdam).[10]

The OAU joint committee meeting brought in three technical experts. Two were Bernard Rivers and Martin Bailey who have worked on Rhodesian and South African 'oil running' for several years, Rivers being the co-author of Oil Tankers to South Africa. The third was R. H. Green who has been involved in dependence re-direction and regional cooperation studies in respect to Southern Africa.[11] Their selection and the conference's press briefings[12] suggest two lines were stressed. The first seems to be exploring how to utilize OAU and oil exporting country capacity to boycott tankers and threaten oil companies' crude supplies (as Nigeria has done to some effect) to make an embargo backed by a 'uniting for peace resolution' could work. The second, was how to reduce the impact of oil sanctions on the states (Swaziland, Botswana, Malawi, Zimbabwe, Lesotho) now dependent on South Africa for supplies. If followed through these approaches mark a shift from use of sanctions resolutions as part of a diplomatic offensive to actual attempts to implement them. Given the make-up of the OAU - net oil exporter group, they also represent a partial shift from appealing for global action to a Third World led operation open to support by friendly industrial economies (e.g., Norway, Netherlands which are critical in respect to tankers, Antilles refining and, less clearly, the so-called 'Amsterdam spot market').

Nationhood Programme, Education and UNIN.

The Nationhood Programme of the United Nations and the United Nations Institute for Namibia constitute two of the larger components in SWAPO's knowledge and personpower development strategy. The Nationhood Programme has gained momentum - especially on the training side - but remains relatively weak on building up a systematic body of applied studies for use by policy makers. In person-power development the range now spans technical education for cadres with partial secondary school in Angola to post UNIN courses in public enterprise management in Yugoslavia and in economic planning at the Economic Commission for Africa's Institute for Economic Development and Planning in Dakar.[13]

UNIN's teaching programme is now well-established with an integrated year of service in a Front Line State's civil or public corporate service and an increasing number of graduates entering SWAPO service or pursuing more specialised courses. In addition, UNIN's sometimes underrated applied research programme will by the end of 1981 have conducted studies and seminars on inter alia: manpower development, constitutional options, agricultural reform, national language (English) development, education, health, housing and economic strategy.[14]

The total number of UNIN graduates is currently approaching 200 with over 250 more enrolled. About 500 other Namibians are following tertiary courses and 2,000 to 3,000 secondary courses (in Angola and Nigeria) including vocational ones. The primary enrollment is even more substantial, forming part of the increasingly integrated health-education-agriculture programmes of SWAPO's refugee camps. The introduction of conscription by the occupation authorities early in 1981 caused a new wave of secondary school student refugees increasing both the PLAN cadres and the pool of candidates for SWAPO's programmes general and specialised secondary and tertiary education.

War and the Namibian Economy

The liberation war is increasingly hampering and undermining the colonial economy. It is still far from bringing that economy to a halt but is beginning to impose substantial costs and raise substantial doubts for many individuals and enterprises. For South Africa it would appear probable that costs - estimated at R 400 million a year in the late 1970s - have now reached R 600 million in 1980 including the Buffalo Brigade and related anti-Angolan operations.

At the R 600 million level, Namibia is in purely national economic terms a liability to South Africa. Net South African corporate, individual and state earnings including exports to Namibia not saleable elsewhere can hardly exceed R 450 - 500 million. In pure foreign exchange balance terms, the situation is less clear - sales to and remittances from Namibia may well exceed both the foreign exchange content of normal exports to and of military operations in or from Namibia.

The northern third of the 'operational zone' - Ovambo, Kavango, Caprivi - has been a labour reserve. Therefore, for South Africa or South Africans the economic cost of its being caught up in war is low. For its residents the situation is of course different, especially given the highly brutal and destructive style of South African raiding and 'pacification' operations.

However, there is one major cost to the colonial economy - the constant threat of unuseability of Ruacana Falls Dam. While water flow has been partially secured by a command raid on the Caleuque diversion works in Angola, Ruacana's control station has been mortared at least once. Further, the long, lonely transmission lines South have been blown up more than once and - at least in the empty hills of the Kaokoveld - are almost impossible to defend. As a result the high tension power link to the Western Cape is being pushed ahead at a cost likely to reach R 50 million.[15]

It is in the central third of the 'operational zone' that the situation is most evidently worsening from the point of view of the colonial economy and its beneficiaries. Grootfontein - Tsumeb - Otavi is known as 'the triangle of death', 600 farmers have left their ranches (partly linked to prolonged drought in the Outjo area but most at least in part because of the collapse of guaranteed security). Lorries north of Okahandja usually move in armed convoy; the Etosha Pan - where

Howard Keck and Superior Oil of Houston (who control Falconbridge) somewhat naively propose to prove and develop the very small, known petroleum find - is an operational area; threats to the Tsumeb area mine's communications (even if not yet to the mine sites themselves) are becoming real.

In the Southern tier of the zone (and in Windhoek which adjoins it), there is no direct evidence of armed conflict apart from the South African (now rechristened SWA/Namibia Territorial Defence Force) military presence. But there is continued lack of confidence plus growing caution by external investors who perceive it to be unwise to sink money before having a clearer view on the future political status and economic policies of Namibia.

It is neither accidental nor trivial that DTA says it cannot win any election unless it has a two-year pre-election campaign cease-fire to make the economy work.[16] Otherwise, DTA argues SWAPO would win as the party of peace and prosperity. The loss of security for ranchers and their flight was an especially recurrent theme in DTA tirades at Geneva.

The loss of confidence has spread to the South African press. 'Waiting for Sam' is now a real headline for a feature on Namibia which asserts that all sectors of the population view a SWAPO government as inevitable, only a matter of timing and ways and means.[17] In that they agree with a recent pro-SWAPO analysis 'Unto What End: the crisis of colonialism in Namibia'[18] and, interestingly, from both of these divergent viewpoints the long drawn out, destructive war scenario is perceived to be the most damaging.

Economy 1980 - Waiting in Stagnation

In 1979 the Namibian economy grew at perhaps 2% in real terms. Within that production of goods fell as higher Rossing uranium oxide production was more than offset by lower diamond output while beef offtake increases barely exceeded the continued slide in fishing. The real growth sector appears to have been state spending - both recurrent and capital - to prop up the DTA and its 'second tier' authorities and to facilitate movement of military traffic by road improvement.[19]

1980 outturn is likely to be no better. Rossing has reached capacity and an incipient glut in the large, high grade (speculative hedge) end of the gem diamond market is being met by de Beers with reductions in offerings to reverse falls in secondary market prices. Fishing remains in a slump; cattle production increases are limited by South African quotas, inadequate abbatoirs for packing to sell to third countries, drought and the armed struggle in the extreme and middle north.

Private sector construction remains nearly collapsed -

the risk is seen as too high. Recent attempts by the DTA to force mining companies to proceed with active exploration and development[20] are unlikely to succeed. The outlook for 1981 is like 1979 and 1980, slow drift with real growth below 3% and possible negative. The only positive sign is the possible recommissioning of Otjihase copper mine.

Mining.

Rossing reached - after numerous delays, technical problems and cost overruns - its rated capacity of 5,200 tonnes a year of concentrate in mid 1979 and continues at that level. Prospecting and proving has identified at least three broadly comparable uranium possibilities.[21] However, there is little chance any will be developed before Namibia achieves an internationally recognised independence and peace. The most advanced - Langer Heinrich - has a pilot plant and some shaft work done but the main shareholder (Federale Mynebou) has clearly put it into cold storage. Anglo-American and Companie Francaises du Petrole (the French state-owned energy company) have completed prospecting and proving but show no signs of moving to development or production. The same appears to be true of Anglo's coal prospects[22] and general exploration programme.

Base metal mining remains at semi-depressed levels. The 1979 mini boom in copper has faded. Several smaller base metal mines have run down to a care and maintenance or tailings recovery basis. However, Otjihase copper mine is in the process of being reactivated. The former main shareholder - Johannesburg Consolidated of the Anglo group - has given its controlling interest to Tsumeb in return for Tsumeb's taking over certain debt guarantees. Because Tsumeb is the smelter for Otjihase ore; because Rossing is a market for a byproduct and because much of the mine cost has been written off, Otjihase is now probably viable at a New York copper price of about $0.80 - 0.90 per pound. Whether it is in Tsumeb's interest to acquire a post-revocation of mandate mine (a factor said to have been relevant to Anglo's disposal) may be another matter.

Rural Production.

The fishery sector remains at a very low level.[24] Total catch in 1980 is unlikely to have exceeded 200,000 tonnes. The Metal Box plant to provide tins has closed so low is demand. Tinned fish is apparently actually being imported.

Livestock, however, has recovered.[25] Prices have turned up as has the South African quota allocation. To date this seems to have offset the negative influence of drought and of the liberation struggle on production. However, that is not certain - one effect of drought has been abnormal sales[26] and the same may result from ranchers abandoning homesteads as PLAN activities increase.

For the majority of rural households - the Africans of the 'operational zone' - the situation has worsened markedly. South African response to inability to defeat or prevent growing operations by PLAN has been increasingly violent. Even the 'centre' parties (e.g., SWAPO-D, Christian Democrats) speak of atrocities and reigns of terror. Search and destroy missions, shooting first and checking who was there later and restrictions on movement have had devastating effects on African security, quality of life and ability to produce. This is by no means offset by the DTA 'government' pumping of funds to 'second tier' authorities as these are used to buy the loyalty of quite limited numbers of politicians, petty officials and militia, not for more broadly based production assistance, social services or relief operations.

Economic Data

The South African authorities have finally revealed detailed Gross Domestic Product figures on Namibia (excluding Walvis Bay) and, by reconsolidating the budget on a SWA/Namibia basis, on public finance.[27] The results are revealing and strongly support the critical analysts' perceptions[28] as opposed to the previous official line.

GDP in 1979 is now stated to have been R 1,213.2 million. Adjusting for Walvis Bay (fishing, fish processing, manufacturing, harbour, railway, commerce, public administration), this implies a quasi-official Namibian figure in the R 1,350 - 1,400 million range. Unofficial estimates are broadly comparable - the most detailed for

1979 being R 1,425 million.[29]

The data also confirm the dominance of mining - 50% odd in 1978 and 1979 - and its total domination of post 1976 physical goods growth. They also confirm low real growth in 1978 and 1979, radical decline in fishing since 1976 and fluctuating fortunes for ranching.

On the face of it, fixed investment is of the order of 20% of GDP.[30] However, closer examination[31] reveals that 75-80% is state and state corporation investment, the bulk of it in 'second tier' infrastructure, in roads whose primary use is military and - from 1980 - in replacing the 'lost' Ruacana Falls power. For mining, investment appears to be down to 5 to 6% of value added, almost totally in replacement of assets and prospecting. Indeed, the figures suggest deferral of maintenance and a failure to maintain productive capacity.

In 1979-80 there was a surplus on the SWA/Namibia budget of R 24.5 million. This is quite consistent with some previous outside estimates[33] but not with RSA and apologist claims that the Republic heavily subsidised Namibia.

In 1979-80 it appears that about R375 million was spent on the main (South African) SWA account and R 75 million (net of a transfer of R 57.5 million to the SWA account) by the SWA Territorial account as well as R 40 million by local authorities for a total of about R 500 million non-military expenditure.

The 1980-81 budget is on a somewhat different and non-comparable basis. First, the old (South African) SWA account has been 'repatriated' as the SWA/Namibia Budget and second, some services have been transferred to the SWA Territorial (*de facto* apparently now 'second tier' European) Budget. The expenditure estimate for the first is R 520 million against R 332 million basic revenue. The latter represents a decline from a 1979/80 actual of R 400 million[34] because of lower anticipated taxes on diamond profits (output and sales fell in 1980) and an end to the Territorial Fund transfer.

The apparent deficit of R 188 million is probably unreal for three reasons. First, capital spending has regularly fallen short of estimates. Second, there is no self-evident reason to believe in the complete cessation of receipts from the Territorial Fund. Third, revenue has tended in recent years to be underestimated. Together, these three factors would seem likely to account for R100-150 million, leaving a plausible 1980-1981 financing requirement (toward the R 200 million odd capital component in the budget) of R 40 - 90 million.

Toward this R24.5 million 1979/80 surplus, R 15 million from a Stabilisation Account and R 20 million borrowed on the South African market were available at the opening of the budget year.[35] Also available was a

R 40 million 1979/80 RSA contribution and a potential 1980/81 contribution of another R 40 million. If used, these would represent actual use of South African government finance for up to 40% of the capital budget after at least two and probably three years of total self finance. Whether both (or indeed either) will have been used is unclear, the revised deficit projection could be covered with the existing sources and a second commercial loan.

Labour and Prices.

In 1980 the Administrator General promulgated a new trade union ordinance. In effect it is based on the South African Wiehan Report with provision for registered African trade unions and - unlike Wiehan - for unified non racial trade unions. This legislation, while on the face of it relatively permissive, has remained a dead letter and is probably intended for international public relations use, not for seeking to create a docile, managed set of registered Namibian unions.

Certainly the experience of those actually trying to organise Namibian workers during 1980 suggested no change in the authorities' hostility. Pastor Gerson Max, long involved in publicizing worker conditions and assisting worker organisation, was detained or under house arrest during much of the year. Arthur Pickering, a leader in the attempt to organise Rossing workers, was finally driven into exile. The National Union of Namibian Workers did indeed continue to organise - and to develop union personnel training courses in Angola and jointly with Finnish trade unions - but clandestinely and with continued opposition from the occupation authorities and most employers.[36]

During 1978 prices rose by 9.2% while retail sales in money terms were static. In 1979 the price increase was 12.2% and the retail sales growth 11.1%. Adjusting the retail sales for the relevant price index components shows a 10% fall for 1978 and a 1% fall for 1979 in real terms or about a 15 - 17½% per capita fall for the two years.[37]

1980 price increases are expected to have been of the same order of magnitude or higher. In particular the railway tariffs (and almost certainly road tariffs) were adjusted upward by 10 to 17% in early 1980. In an economy with a high proportion of transport costs the results are likely to have weighed heavily on livestock producers and on consumers. Another decrease in per capita retail sales for 1980 of 3 to 5% would, therefore, seem likely.

The distribution of this fall in consumption is less clear. European wages and salaries may have lagged inflation but not by much. The same holds for Africans working for major enterprises but almost certainly not to the majority working for small business, ranch or household employers. The net incomes of smaller European businesses (especially ranchers and trawler operators) have declined sharply. The hardest hit in relative terms are African wage-seeking unemployed - growing with economic stagnation - and African rural households whose production possibilities have been dislocated by the repressive South African reactions to the war and whose income from migrant family members has been cut by job losses and the scissors impact of rising urban living costs and stagnant small employer payments to African workers.

Notes.

1. See ACR 1979-80

2. Press Conferences at PIM

3. See Windhoek Observer, 21.iii.81.

4. ibid 'Economy of Theft - Prof.' and R. H. Green From Sudwes Afrika to Namibia: The Political Economy of Transition, Scandinavian Institute of African Studies, Uppsala, 1981.

5. See Rand Daily Mail 5 and 12.vii.80, Guardian 11.vii.80, SWAPO Information and Comments Vol. 2-5, July 1980.

6. Theo Ben Gurirab (SWAPO UN Representative) 'Statement at Uranium Hearings July 7, 1980' in Information and Comment, op cit.

7. New African, April 1981

8. op cit.

9. Press Briefings 17 and 18.iii.81, Arusha, Tanzania.

10. Amsterdam, 1981

11. Daily News, 16.iii.81

12. Press Briefings 18 and 20.iii.81, see also Daily News 18 and 21.iii.81.

13. Presentation at Namibia and Nordic Countries Seminar by Ben Amethila.

14. Institute Director Hage Geingob at seminar.

15. WO, passim; Dirk Mudge, Budget 1980/81, SWA/Namibia Information Service, Windhoek, 1981.

16. D. Mudge at PIM talks, press conferences.

17. Sunday Express (Johannesburg), 30.xi.80; see also 'Pretoria's choice: SWAPO or sanctions', 'SWA's choices narrow down', Rand Daily Mail, 9 and 20.x.80

18. R. H. Green, K. Kiljunen in Green, Kiljunen, M. L. Kiljunen, Namibia: The Last Colony, Longman, Burnt Mill, 1981.

19. See Financial Mail, 8.xii.80; African Business, March 1981; Budget 1980/81, op cit.

20. African Business, op cit.

21. ibid, see also ACR 1978-79, 1979-80.

22. WO, passim, April 1980.

23. Financial Mail, passim, 1980.

24. See ACR 1978-79, 1979-80.

25. ibid.

26. WO, passim, April 1980.

27. Financial Mail; African Business; Budget 1980/81, op cit.

28. See ACR 1979-80; Green, Kiljunen, Kiljunen, op cit.

29. ibid.

30. African Business, op cit.

31. ibid and Budget 1980/81, op cit.

32. Budget 1980/81, op cit.

33. See _ACR 1979-80_.

34. _Budget 1980/81_, _op cit_.

35. _ibid._

36. Communications from journalists and trade unionists at Geneva and Helsinki Conferences.

37. _Budget 1980/81_, _op cit._