NAMIBIA: Perverse Adjustment 1977-1985

(Background Notes)

By R. H. Green

NAMIBIA: Perverse Adjustment 1977-1985 (Background Notes)

The information you have
is not what you want
The information you want
is not what you need
The informatioon you need
is not available.

- Finagle's Law of Information

Sweet and cloying through the dark air
Falls the stifling scent of despair;
The forms take shape in the dark air;
Puss-purr of leopard, footfall of plodding bear
Palm-pat of nodding ape, square hyena waiting
For laughter, laughter, laughter. The Lords of hell are here.

- Murder In The Cathedral

Introductory Note

These are background notes on economic structure, policy and change in Occupied Namibia over 1977-1985. They do not purport to be a presentation of perverse adjustment but a set of data relevant to such a presentation.

Occupied Namibia 1977-85 is not quite as whimsical a case to look at in terms of adjustment as it may seem:

a. it suffers from the SSA four horsemen of external trade shocks, debt, drought and weakening of the polity;
b. it sought to operate what amounted to a neo-Keynesian policy of demand maintenance and private sector encouragement;
c. it had ridden out previous shocks moderately successfully in macro-economic terms;
d. government intervention has been detailed at the same time that quite real dependence on the private sector has been acknowledged, welcomed and - in some senses - efforts to support it acted upon;

e. sub-class interests are markedly (if confusedly) divergent in ways rendering simple capital/labour or foreign/domestic dichotomies crudely reductionist;
f. devaluation and interest rates have not been used effectively (albeit for special reasons);
g. particular actions have related to political attempts to shore up a viable sub-class coalition for the regime within perceived budgetary, investor and external constraints;
h. the results have been quite disastrous on almost any set of criteria.

These are the stigmata of non-adjustment or failed adjustment in SSA generally not just in Occupied Namibia. For some purposes it may he helpful to look at them in the context of a regime for which one is unlikely to wish to find excuses.

It should be stressed that while the Liberation War has weakened the economy it has not been the principal cause of the decline. Nor has it self evidently forced the policy of non-adjustment. Rhodesia had comparable war costs (indeed higher as it financed them itself and had a 3 to 5% of GDP sanctions evasion cost burden) but adopted and held to a neo-orthodox adjustment strategy which in terms of stabilisation in the sense of balance did work, in the sense of steadying output did no worse than that of Occupied Namibia and in respect to evolution of production capacity and structure at least arguably laid a foundation for recovery not mortgaged by a huge external debt nor budgetary gap overhang.

Two evident differences in approach between the Rhodesian and SWA/Namibia regimes are:

a. basic reliance on own resources and rapid adjustment of external and budgetary balance versus heavy use of external resources and no discernable concern about external (or until recently budgetary) balance;
b. concern with acting at current use and at structural level to reduce the underlying import/GDP ratio and to expand exportable production versus a total concern (even if hardly a targeted one) with the latter.

The "New Conventional Wisdom" would sugest that "a" was a cause of Rhodesia's less unsatisfactory (especially in its own terms - but ironically probably in terms of the successor state's inheritance as well) performance but would not make any such suggestion in respect to "b".

It is perfectly true that in part the difference in respect to "a" was enforced on Rhodesia but it had more financing room than it used just as it is also true that Rhodesia had more leeway to look inward as well as outward than does the SWA/Namibia regime, but that the latter has not tried to widen the limits or even to go up to them in any coherent fashion.

While the statistsics run out in 1983, 1983-85 does not include any major break in trend - either as to policy or results. As in most long running non-adjustment non-strategies, budgetary deficits and external borrowing (here in a sense englobing what would more usually be perceived as external balance) have given increasing concern to several sub-classes as well as to the bureaucracy while at the same time concern (often by the same groups) about unemployment and erosion of real incomes has also become more acute. The policy results are similar too - a budgetary/borrowing/wage restraint package which is indeed "a thing of shreds and patches" married to a "wandering minstrel" calling for entrepreneurial initiative, a smaller state and a melange of particular subsidies to poultice particular wounds. It is perhaps needless to add that the deficit reduction (in real terms) is trivial, the output decline unabated and the satisfaction of any sub-class minimal with no particular prospects of any change for the better unless and until some holy grail should turn up, e.g. an end to drought, a return of the fish schools, a hydrocarbon field, a recovery of the world minerals market, a major new mineral development and/or two years of pure peace and tranquility (a package of mildly inadequate and/or unlikely dei ex machinae no more unique to Occupied Namibia than are the febrile enthusiasms they engender).

The author must underline that he does not by the above - or the below - imply any acceptance of the legitimacy of the SWA/Namibia Occupation Regime; a point his other writing on Namibia should make abundantly clear. That illegitimacy, however, does not necessarily imply that its non-adjustment policy is unique nor that examination of the reasons for (and results of) it are uninteresting either in relation to Namibia or more generally.

It is tempting to contrast adjustment in Botswana with non-adjustment in Occupied Namibia. Both are small economies with dominant (as to value of output) mineral sectors and important agricultural sectors. Both have had high historic patterns of GDP, public expenditure and (at least in terms of volume and cost) services growth. Both have been severely drought afflicted. Botswana adjusted rapidly, coherently and orthodoxly (in the short term via interest rates and the medium, via real wage cuts) and Occupied Namibia did not.

However, this surface set of simple contrasts is less convincing on closer examination:

a. Botswana's mineral sector (for very special reasons) surged after a one year slump; no such recovery has characterised Namibia's;
b. real government expenditure in Botswana is, if anything, still growing faster than in Occupied Namibia;
c. Botswana had a far stronger reserve (basically government asset) position than Occupied Namibia.

That said, certain of the differences are of interest:

a. Botswana's government reacted rapidly to an impending crisis, the SWA/Namibia regime took at least four years to take the portents seriously;
b. Botswana's response was macro, multi-faceted and - if anything - overly energetic while the SWA/Namibia regime's response (in addition to internal inconsistencies) has been characterised by fragmentariness, limited use of a limited number of instruments and very tentative (as well as late) use of those;
c. the Botswana government - based on a fairly firm sub-class coalition and conscious of deep and broad support - felt able to act decisively despite the fact there would be losers and outcries while the SWA/Namibia regime's consciousness of the weakness and shallowness of its domestic support and its need to buy a broader sub-class supporting coalition has made it hesitant to impose major sacrifices on anyone (not that this has meant they were avoided) who might ever support it and rather profligate in afterthought subsidies aimed at buying support. (In this case the point that a colonial government is almost ipso facto illegitimate can explain the difference but there are many indepndent SSA governments whose timorousness response and haste to self sabotage their own policies

is remarkably similar to that of SWA/Namibia.)

Overview

The economy of Namibia[1] as of 1985 was:

1. unsatisfactory in output per capita terms;
2. disastrous in output per capita trend;
3. highly skewed and de-integrated in structure;
4. radically inegalitarian as to distribution;
5. characterised by a massive fiscal imbalance;
6. as well as gross mismanagement in the public sector;
7. and lack of confidence by the private sector;
8. vulnerable to a diverse range of exogenous shocks;
9. and with highly problematic future prospects at independence.

The one positive change since 1977 is that the middle and high level citizen personpower situation has improved radically. Priority attention to middle and high level education and training by the Liberation Movement, and expansion by the occupation regime and large companies of education and training in Namibia in their attempts to gain black support, have switched Namibia from having one of the weakest potential middle and high level personnel positions at independence in SSA to a probability of a distinctly above average position at independence within the Southern African Development Coordination group of countries relative to population and - indeed - in absolute terms at tertiary education level it will be second only to Zimbabwe.

Unsatisfactory economic evolution since 1977 is by no means unique to Namibia. Many of the nine characteristics are typical of lower middle income, mineral export dominated Sub-Saharan economies.[2] South African occupation and the Liberation Struggle have exacerbated them. But they are by no means the only causes. For that reason at independence Namibia's public and private sectors will face macro economic problems of stabilisation, recovery and renewed development witin a context of structural change similar to those of a majority of SSA economies as well as the special problems arising from the economic heritage of South African occupation and the probability of South African economic hostility.

In several respects the 1985 position is sharply divergent from - and worse than - that of the late 1970s. In 1977 it would have been possible to characterise the economy as:[3]

1. somewhat unsatisfactory in output per capita;
2. but with a healthy growth trend;
3. highly skewed and de-integrated structurally;
4. radically inegalitarian as to distribution (more so on racial lines but much less so among black Namibians than by 1985);
5. with a relatively sound fiscal position;
6. and - except for aspects related to apartheid and - moderately competent civil (non-military) public sector management;
7. and mixed but by no means wholly pessimistic private sector views as to the future;
8. vulnerable to a diverse range of economic shocks;
9. but with moderately positive economic prospects at independence.

The reasons for the sharp deterioration are fivefold: negative changes in the external economic environment; prolonged drought;[4] prolonged war; gross fiscal management (flowing from the interactive 'logic' of apartheid and trying to buy a black base for it); gross fishery mismanagement.[5] The negative changes in the external economic environment cannot be expected (at least in Namibia's case) to reverse themselves and Namibia's ability to reverse, rather than adjust to them, is distinctly limited. The drought has probably ended but rebuilding from it will - at best - require half a decade and the termination of the war. Similar considerations apply to fishing. The fiscal mismanagement and a number of its consequences will pose severe problems of rectification even after independence, as will the heritage of two decades of war.

These rather unpromising realities do not imply that turning the economy around is impossible - indeed Namibia's potential for doing so at independence would appear better than that of a majority of SSA economies today. However, they do indicate that the requirements of rehabilitation and restructuring are high relative to productive resources and capacity available and that the room for major mistakes is very limited. In particular a major post-independence public and African private consumption boom based on sharp net increases in public spending and average real wages of Africans would be unsustainable and would mortgage Namibia's economic future for at least a decade.

Analysis of Namibia's macro-economic past, present and future is highly problematic for several reasons:

a. data are incomplete and partially roughly estimated - as characteristic of all SSA economies but exacerbated in the case of Namibia by certain South African political and statistical practices[6] and lack of direct access to basic data sources and calculations to cross-check published figures;
b. the vulnerability to external shocks is very high and external prospects both in respect to weather/fish stock recuperation and external trade prices/external assistance flows very unclear;
c. severe conceptual and practical problems arise in respect to South African budget military expenditure in Namibia (which must have some impact on recorded imports, sales and production) and to the South African Customs Union system under which much of indirect tax paid is in practice included in pre-tax (factor cost) gross domestic product, paid to South Africa in the import bill and returned as an external transfer (retransfer) payment;
d. the timing, route to, state structure at and South African reaction to independence are relevant to macro economic conditions at independence and to prospects thereafter, but are not knowable.

Production: Overall Levels and Recent Trends

Adjusting published figures for complete territorial coverage, African household produced and consumed goods and services, small scale African marketed production and domestic service indicates that 1977 Gross Domestic Product at factor prices (excluding indirect taxes and subsidies) was of the order of R 1,150 million. In current price terms by 1983 it has risen to about R 2,000 million (Tables 4, 5). This apparent increase reverses the reality of substantial decline:

a. Namibia's population was of the order of 1,250,000 in 1977 and 1,500,000 in 1983;

b. prices of components of domestic product had risen 90% to 95%[7]

c. the prices of the goods used by Namibians had risen on the order of 110-120%.[8]

Thus while output per person in current price terms - abstracting from questions of distribution examined later - rose from R 930 (then equal to over US$ 1,000) to R 1,350 (equivalent to US$ 1,100 at 1983 exchange rates but under $650 at those prevailing in early 1985), in constant 1977 prices output per capita fell over a fifth from about R 930 to about R 690.

In terms of capacity to purchase the goods and services used by Namibia the fall was higher - over 30%. This greater fall in real ability to purchase goods and services than of constant price output, results form Namibia's worsening terms of external trade over 1977-83. On average the prices of meat, fish, karakul pelts, base metals, diamonds and uranium oxide rose less rapidly than those of the goods Namibia imports. The effect is large because 90% of Namibian production of goods (and a substantial portion of services relating to exportables and embodied in the free on board (fob) value of exports) are in fact exported and about 85% of goods used are imported so that negative (or positive) terms of trade shifts have a substantial adverse (or favourable) impact on national command over goods and services including imports.

The 30% to 33% fall in per capita command over goods and services used in Namibia can be divided into about one third from the fall in constant price output (down 5% to 6%), over a half from population growth (or the order of 20%) and slightly under a third from terms of trade deterioration (of the order of 15% worse). This radical worsening takes per capita command over real resources back to early 1960s levels. That result, while not uncommon in SSA, is deeply unsatisfactory in terms of human and macro economic consequences and is bad even by SSA 1977-83 standards. In fact these figures may well understate the deterioration because over 1977-83 constant price government expenditure per person rose. Excluding this, the decline was of the order of 35% to 40%. The bulk of government expenditure in Namibia benefits the white population and a black wage/salary 'elite' comprising about

10% of black households. Much of it (e.g. army, police) is manifestly negative in its welfare impact on the majority of Namibians. Thus the 35% decline is probably more relevant to a majority of Namibian households.

Population

A basic set of questions about people and an economy includes how many people there are, how old and where they live. They can be summed up in the world population official population data for Namibia - as for all colonies - they tend to be underestimates both because of colonial lack of interest in non-economically active people and the colonised people's desire to avoid being entered on official rosters. In Namibia these factors are very much present and are exacerbated by the residence restrictions (which give a special reason to avoid being known to the authorities) and the liberation war (resulting in Namibians in exile and foreign forces in Namibia).

Subject to that warning, as to accuracy, the Namibian population was about 1,250,000 in 1977, about 1,500,000 in 1983 and of the order of 1,600,000 in 1985 (Table 2). The black Namibian population is growing between 3.25% and 3.5% a year while the resident white population (excluding SADF forces and proxies) has declined since 1977. About 60% of Namibian residents live in the southern area beyond the 'Police Zone' and about 10% in the southern 'Homelands'. Under 5% live on the coast and about 5% in the south (i.e. South of Windhoek District). Slightly over 20% live in the centre. Slightly over a quarter of Namibians are urban and peri urban residents and slightly under three quarters rural (Table 3). About 51-52% of black Namibians are female and 51-52% under 17 years of age. It should be stressed that all of these figures are subject to substantial error margins.

Economic Structure Skewness and Non-Integration

Namibia's economy is centred on cattle, sheep, fish, copper-lead-zinc, diamonds and uranium oxide. These account directly for about a third of output.[9] However, this understates their importance as their processing is central to manufacturing and they are major consumers of non-governmental services. Including these indirect contributions brings their total proportion of output to about one half.

Furthermore, the bulk of other non-governmental production and expenditure is based on the incomes generated in the core productive sectors and the related sectors. Even in a year of poor prices and profits for core sectors such as 1983 they contributed directly perhaps a fifth of gross domestic government revenue adjusted for the customs and excise retransfer. The bulk of the remainder of that revenue represents indirect taxation on purchases out of incomes generated by them.

On the face of it the 1983 GDP (Tables 4, 5) distribution looks less skewed than 1977 when the core sectors accounted directly for about half of GDP. Unfortunately this appearance is partly deceptive and, to the extent it is real, arises from core sector contraction more rapid than that in the rest of the economy not rapid expansion of other sectors. Prices of beef and fish products have risen less rapidly than inflation as have those of base metals, and in recent years, diamonds. Karakul prices in 1983 had not regained 1977 nominal levels (a real price fall of over 50%) and those of uranium oxide were little better, even though until 1984 their short term effect was limited by continuing term contracts.

Therefore, the fall in share of current price output is partly the domestic reflection of the worsening external terms of trade experienced by the core sectors. In addition their real output has fallen: over 50% for agriculture and fishing and over 20% for mining (dominated by a cut of about one half in diamond production).[10] There has not been diversification into other sectors but rather severe drought, war and price related declines in the volume and real value of the output of the core directly productive sectors.

The highly non-integrated nature of the Namibian economy is illustrated by its external trade statistics (Tables 9,10). Exports of goods and services in 1983 were of the order of R 1,025 million or 50% of Gross Domestic Product. However, in respect to agriculture, fishing, mining and manufacturing (adjusting for embodied services) they were of the order of R 750 million of R 810 million or over 90%. For all physical output (including water, electricity and construction) about 80% were exported. Imports of goods and services (excluding interest and dividends) were of the order of R 1,175 million or about three fifths of total domestic production. In terms of domestic use of goods (excluding services) the share is of the order of 85% (nearly 90% excluding goods produced and consumed in the same household.) The only substantial linkages with the Namibian economy are from core export production into export processing/manufacturing, from water and electricity and services into export production and movement and from imports into services for their distribution. In short Namibia remains a stereotype of the economy which produces what it does not use and uses what it does not produce - a situation not substantially altered over 1977-83.

Core employment sagged from about 187,500 in 1977 to 176,000 in 1983. The labour force grew from 500,000 to 600,000 but the increase was largely pushed into low productivity informal and small agricultural self employment and into unemployment.[11] In the context of a 20% population increase combined with drought and general economic decline this implies sharp rises in open unemployment, and underemployment (especially in informal and peasant sectors). It also means increased income inequality and an increase in the percentage of households below any realistic absolute poverty line.

Income Inequality

Namibia in 1977 may well have had the most unequally distributed income in the world.[12] While 1983 inequality is probably somewhat less at least on racial lines, estimation suggests a 12 to 1 differential between white and black household incomes and a 6 to 1 differential between those of a 10-15% 'elite' of black household and those of the mass of the black population. The average incomes for these three groups are respectively R 20,000, R 6,000, R 1,000.

The basic cause of inequality is the income distribution logic of apartheid (including privileged access to skills, jobs, capital and other resources). That of the 'black' inequality - which in its present form is basically a post 1980 phenomenon - is the South African strategy of seeking to buy black support.

This strategy has been pursued both by the occupation regime and certain large employers (notably the three major mining companies and two main banks).

The broad socio-political and political economic implications of a combination of high inequality along overlapping race and sub-class lines, falling average real household incomes and unequal access (including rare or virtually none in many rural areas and very little except for primary education for a majority of black workers and peasants) to basic services are clear.[13]

a. absolute (and deepening) poverty for about 60% of households;
b. very poor health resulting from poverty (e.g. nutrition) and environmental (e.g. lack of access to pure water) as well as poor medical services for most black Namibians;
c. a mixed class/race oriented antagonistic political economic contradiction between the vast majority of black Namibians and the majority of white residents (the class/race mix is the result of apartheid which uses race to reinforce class power and profit);
d. a latent sub-class or class contradiction within the black community combined with an antagonistic one on political allegiance (liberation movement vs 'Botha's bought boys') cleavages;
e. and semi latent contradictions among settler, South African State and corporate political economic (sub-class) interests within the white group.

The use of the term "workers and peasants" is particularly appropriate in Namibia. The "contract" system - on which the colonial Namibian economy was built - guaranteed that most peasant males would at times have to be wage workers and vice versa. Therefore even at individual level, and certainly at household or extended family and social formation, the largest class is worker/peasant (including a female fraction).

That the 'contract' system in its pure form was operated most rigidly in respect to northern Namibia is a significant part of the explanation for the earlier rise of modern political consciousuness and mass mobilisation both in the north and among 'contract' workers nationally. Just as 'contract' built the colonial Namibian economy it has created the contradictions which have doomed it. By linking workers and peasants by creating a national system of 'contract' workers (who could and did reach out to their 'Police Zone' class counterparts), by isolating workers in compounds which also provided a place for self organisation it made creation of national liberation consciousness and its organised movement less difficult. And by making the link between specific grievances and the overall political economy of South African occupation blatantly obvious it has speeded the transformation from concentration on reforms of particular aspects of deprivation and repression to struggle for basic transformation of the political and economic power structures, rapid because worker/peasant consciousness quickly rose to make the links between specific manifestations and the overall system. In addition, until very recently objective black sub-class differences were small while cleavages on intra black sub-class lines detracting from national political mobilisation remain limited.

Clearly changes are necessary at independence for macro economic as well as political and socio economic reasons. The present levels of rural income will if unchanged lead both to a mass exodus to urban areas which could not provide either urban services or meaningful employment and the destruction of the actual and potential rural economic base. The approximately 60% of households in absolute poverty[14] is not a status quo with which an independent Namibia could live socially or politically.

However, very real constraints exist either to massive income redistribution away from the white group and the black 'elite' or to levelling mass black incomes up to the R 6,000 level of the black 'elite'. The former could lead to rapid departure of middle and high level white personpower before replacements could be trained. New imported expatriates would be even more expensive unless on technical assistance terms. It would also, at the least, lead to productivity (loss of morale), commitment and political problems in terms of black 'elite' members in health, education, mining and other key economic sectors.[15] Their absolute incomes ($2,000-6,000) are not extravagant. The majority are not in any way politically pro-South Africa or disloyal to Namibia; their skills and commitment are critical. The latter route of levelling up would lead to rapid overheating, widened fiscal and external gaps and national economic bankruptcy.

Fiscal Allocation and Imbalance

In 1983/84 estimated central revenue fund expenditure was R 1,036 million or over 55% of probable official GDP estimates (Table 11). Adjusting for second tier (ethnic) administration and Walvis Bay budget items not met out of the central revenue fund (especially the white authority's income tax and the urban authorities' rates, rents and user charges) the probable total estimate is of the order of R 1,200 - 1,250 million or somewhat under 60% of estimated adjusted GDP of about R 2,100 million. These are astoundingly high ratios especially for a relatively poor country - 25% to 30% is more typical of SSA. They are in fact not sustainable at those levels out of Namibian production.

The expenditure pattern is - to say the least - highly unusual.[16] Over 40% is expended on administration narrowly defined; about 20% on fiscal administration, subsidies, and debt services and 12½% to 15% on defence and police (excluding RSA budget expenditure). Social and economic services appear, at most, to account for 25-30% of total governmental spending even including items contained in second tier budgets. Similarly in 1983/84 wage and expenditure out of the Central Revenue Fund Budget is believed to have been of the order of R 600 million (60% of spending) and total governmental wages and salaries (including Walvis Bay, second tier and municipal authorities) perhaps R 625 million (also 60% odd of overall non-capital spending). These are very high shares. A 30% to 40% range is more typical even in SSA where government employee incomes are high relative to average output (or income) per person and, as a result, relative to total government spending.

The explanation lies in the very large transfers to second tier ethnic authorities (R 285 million in 1983/84) and the high wages and salaries relative to GDP per capita paid both to white and black employees. The apparent makeup of the wages and salaries bill (including some fringe benefits) in 1983/84 was over 20,000 whites at an average of just under R 20,000 each and 50,000 black Namibians at an average of perhaps R 4,000. Within the latter groups perhaps 10,000 constituted a black elite with average incomes of about R 6,000. This contrasts with a guesstimated average income of all other black households of about R 1,000 and with annual wages of R 400-1,500 in most enterprise sectors other than large scale manufacturing, mining parastatals and finance.

Basic social and economic services - beyond primary education in areas not affected by the war - cannot be provided to the entire population out of the present budget for three reasons: first the disproportionate share on administration; second the very high wage and salary scales relative to output per person and third the disproportionate concentration on providing high quality services to the 6-7% white minority (e.g. about 5 to 1 in difference in expenditure per enrolled child between white and black public education in 1982/83).

Revenue from domestic sources in 1983/84 was probably of the order of R 750 million (including personal income tax collected by the white second tier, rates and fees, the customs and excise transfer and Walvis Bay). At 37½% of domestic production this is a very high level for a poor or lower middle income territory, although the highly profitable diamond/uranium sector does provide scope for a higher ratio of government revenue to output than is normally the case.

The financing gap of the order of R 500 million is also - at 25% of GDP - very large. About R 250 million comes from South Africa (over half for 'defence' and police) and R 250 million from 'loans'. A financing requirement of R 125-175 million from external loans and grants and R 100-150 million from domestic borrowing - totalling R 225-325 million for capital and a small portion of recurrent spending would not be unusual for a country like Namibia. R 500 million financing - all external - is a most unusual level.

Comparisons with 1977 are difficult because the division of expenditure between RSA and territorial heads and between tiers has changed sharply.[17] Allowing for that, expenditure in 1977 was probably about R 350 or 30% of GDP. Implicit Revenue including an estimate of what customs and excise should have been probably was of the order of R 250-300 million leaving a balance of R 50-100 million covered by RSA primarily in respect to military heads subsequently shifted to the territorial budget and secondarily in respect to capital expenditure. The sharp deterioration in the revenue/expenditure gap relates both to the decline in the territorial economy since 1977 and to the sharp increases in real wages and salaries and second tier transfers as part of RSA's 'buy a bantustan' strategy.

A deficit related to that of the government is that of the railway. (e.g. the Namibian operations of SATS - South African Transport Services.) The railway reported a 1983/84 loss of R 90 million up from R 70 million in 1981/82 and perhaps R 20 million in 1977. While these asserted losses appear to include capital expenditure and overheads spent outside Namibia, very little beyond replacement has been done since 1980, so that the apparent position is R 120 million odd operating revenue (on perhaps 4.5 to 5) million tonnes total freight and R 210 million odd operating and replacement expenditure.[18]

A railway deficit approaching 5% of gross domestic product is both a macro economic and a fiscal policy problem. At present this deficit is part of overall SATS losses, covered by RSA. Were Namibia independent it would fall on the government to fill the gap (as it does in Zimbabwe which has a similar absolute deficit but in relation to a much larger traffic volume and GDP).[19]

Occupied Namibia's irresponsible fiscal policy has a very limited effect on inflation but a mildly positive one on short run Gross Domestic Product. These results arise from the fact that to date the deficit has been externally financed - by transfers by the South African state and by loans from South African financial institutions guaranteed by the South African state.

Given the slack in the Namibian economy the additional purchases out of the excess spending which go largely on wages and salaries plus imported goods have no marked inflationary impact since they do not involve local borrowing and are funded in a way generating cover for additional imports. Were the rest of the economy healthier, the added spending would probably create bottlenecks in respect to services and construction and thus be inflationary. As it is, Namibia's rate of inflation depends almost wholly on that of South Africa transmitted by imports from South Africa and South African monetary policy.

Namibia under South African occupation has no monetary policy. This is true by definition since it has neither a currency of its own nor a central bank. It is affected by South African monetary policy including high interest rates and the plummeting external value of the Rand which fell almost 70% relative to the USA between mid-1977 and mid-August 1985. Both of these factors are inflationary while the higher interest rates discourage private sector investment. Financial institutions in Namibia are historically highly liquid - their Namibian deposits far exceed Namibian lending with the balance held with Johannesburg bank head offices, lent to South African borrowers or invested in South African government securities. Therefore the effective restrictiveness of South African monetary policy in respect to would be Namibian borrowers turns primarily on the overdraft rate (over 20% in late 1984 and 1985) rather than on credit ceilings or a shortage of bank liquidity.

Mismanagement and Lack of Confidence

The Namibian economy has been grossly mismanaged. Even in the narrowest public finance terms, the multiple tier administration wage increase, administration expansion policies of 1977-83, in the face of a declining economic base, must be judged among the world's most irresponsible. Indeed they have been characterised as corrupt, wasteful, incompetent and an unbearable burden by the RSA's Thirion Commission of Inquiry and its own Finance Secretary in Windhoek as well as by voices in the Namibian (white) private sector.[20]

Similarly (but for a much longer period) ecological (e.g. preservation of grazing land and of fish stocks and overseeing of mineral resource use) and financial (e.g. mining tax and related issues in relation to both mining and fishing) management have been very weak. In part this has been lack of foresight and attention to development of proper territorial resource management approaches. The revenue and output losses certainly do not benefit the white community or the fiscal balance of Namibia and many are also negative from a South African state perspective.

However, the fiscal and resource mismanagement is ultimately more deeply based in apartheid and the attempt to hold Namibia as an occupied territory or - at worst (from an RSA perspective) - a neo-colony. To this end both prudent resource management (especially where it conflicted with settler or TNC interest) and fiscal sanity have repeatedly been compromised or sacrificed (e.g. in the 'buy a bantustan' approach).

The private enterprise sector in Namibia - both settler and TNC - has an extreme lack of confidence in the territorial economy's future and (perhaps more directly to the point) about there being a profitable role for them in it.[21] This is exemplified not merely in words but even more in the very low and declining levels of private enterprise investment (and even that of most state enterprises) since the late 1970s.[22] The concerns are fourfold:

a. the risks of the war situation;
b. the uncertainty of their position when it ends and of the role - if any - an independent Namibian state will allot them;
c. the fiscal madness pursued by the occupation authorities (especially in

respect to bantustan creation and high cost 'external borrowing');

d. the adverse economic circumstances confronting export oriented primary production, both in general and with particular respect to Namibia.

Independence and an end to violence as well as a clear (stated and operational) government policy in respect to them are preconditions to reversing the first three causes of lack of confidence while improved territorial economic performance and primary producer economic climate (including improved world prices) is needed to remedy the last.

In respect to state macro-economic management and to enterprise confidence (and investment in maintaining and expanding production) there has been rapid deterioration since 1977. The fiscal, administrative and natural resource preservation positions have become radically worse and the 1977 mix of caution and moderate optimism of the enterprise sector has turned into deep concern for their future survival combined in most cases (the three main mining companies are to a degree exceptions) with deep pessimism.

Vulnerability and Prognosis

As 1977-85 demonstrated, the Namibian economy is highly vulnerable to external shocks and only slightly less so to state economic mismanagement and enterprise lack of confidence. This vulnerability was relatively masked in 1977; the drought had just begun; base metal prices while not good seemed to be recovering; diamond and uranium oxide prospects were favourable; fishing seemed to be recovering; the fiscal position was sound; GDP had been growing moderately rapidly in real terms for a decade and a half. In 1985 it is only too starkly apparent: a seven year drought is (perhaps) just ended; fish stocks have collapsed for the two traditional main species; diamond prices have been sustained but only at the cost of an output cut of over 50%; the prices of most other exports have - compared to production costs and to prices in general - performed very poorly with significant recovery to date only in the case of karakul; the fiscal position is a shambles as are administration and public services.

In 1977 the degree of stability and margins of safety on the macro economic side (setting aside the course of the Liberation Struggle which then appeared to the occupation regime and to the private sector far less immediately threatening to macro economic management and performance than it does today) were clearly overestimated while vulnerability was underestimated. In 1985 the reverse may be the case. The core of the directly productive economy and of the infrastructure have not collapsed and the exogenous downside risk to them over 1985-93 can hardly be as great as over 1977-82.

The implicit assumptions behind projections indicating continued macro economic decline of unending administrative and fiscal mismanagement, uncertainty and war can be reversed by independence, peace (a separate condition from independence as the cases of Angola and Mozambique demonstrate), prudent fiscal management and a coherent rehabilitation and development strategy which shows initial signs of achievement.

However, the transition to independence will entail new vulnerabilities. A checklist of old and new macro economic danger areas follows with more detailed comments and indications of macro economic measure to limit or overcome them contained in the concluding sections, as well as in the sectoral chapters.

1. <u>weather</u> - Namibia is subject to drought cycles;
2. <u>range deterioration/desert encroachment</u> - a long term trend accelerated by the drought;
3. <u>fish stocks</u> - while limited downside risk remains, recovery is uncertain;
4. <u>base metal and uranium oxide prices</u> - again with little downside risk but uncertain recovery prospects;
5. <u>diamond volume</u> - dependent on market recovery at moderately rising prices;
6. <u>karakul prices</u> - dependent on fashion and ecology attitudes to sustain 1983-84 recovery;[23]
7. <u>beef market access</u> - to replace RSA market;
8. <u>restoring herds</u> - dependent on finance and confidence;
9. unmanageable <u>fiscal and external deficits</u> - from continuation of present trends or a post-independence boom;
10. <u>loss of skilled personnel</u> - before adequate numbers of Namibians can be trained;
11. <u>administrative and service breakdowns</u> - from personnel loss or ill designed restructuring;

12. loss of external access from South African interference with the rail link to RSA ports and/or with Walvis Bay after independence combined with failure to redirect traffic off the line to RSA and develop adequate Namibian port facilities;
13. South African economic destabilisation - from costly through macro economically destructive (e.g. over the recent Zimbabwe to Mozambique range).

This formidable list of vulnerabilities cannot be taken to mean that structural or institutional changes - as represented by the political economy of liberation - are either undesirable or impossible. Indeed the relationship of these vulnerabilities to the production and ownership patterns of the Namibian economy is such as to suggest that radical change is needed to diversify production, increase domestic economic linkages and reduce external factor payments. What the vulnerabilities do is to make such changes harder to achieve because of uncertainty of and fluctuations in resources available.

Namibian Production - A Review

Although estimates of Namibian territorial production exist from 1920 onward (Table 4), considerable problems arise in using them to determine output levels and trends. Their accuracy, coverage and methodology varies and is open to serious question in each case. In addition, no adequate price series - critical for estimating physical output changes and territorial purchasing power (volume adjusted for changes in external terms of trade) - exist for territorial production, exports or imports. Despite this, broad statements as to levels and trends are possible and the adjusted GDP figures presented for 1977 and 1983 are probably well within 10% of being correct[24] - a position no worse than the typical SSA national accounts case.

A brief review of main sources of estimates and their limitations follows as a preface to a sketch of historic trends and a presentation of estimated 1977 and 1983 gross national accounts.

1920-1945 estimates are from an analysis by a South African academician based on a variety of historic data. The quality and coverage are clearly relatively low and the methodology unclear. 1946-1960 estimates are from the

Odendaal Report and appear to be roughly plausible subject to coverage problems for household consumed and uncounted small scale commercial production, judging from comparison with an academic analysis based on access to official South African sources.

From 1975 reasonably consistent official estimates of current and constant price GDP exist. The problems with them relate to:

a. coverage - exclusion of producing household used (subsistence) output, undercounting of enterprise produced and used inputs of small scale commercial activity and of domestic service and exclusion of Walvis Bay;
b. accuracy of estimates - relatively low in respect to all data not tied to the government budget, export or parastatal and large corporation reports and highly uncertain in respect to price deflators;
c. methodology - not systematically biased on basic accounts but fairly rough and ready (inevitable in SSA) and not publicly available for analysis in any detail.

Revisions of the series from time to time reflect these weaknesses and suggest that all data must be treated with caution.

The 1977 figures prepared as background to UNIN manpower research[25] did not have the benefit of access to official data, published or otherwise. Adjusting for coverage, they are comparable in size to the official estimate, albeit they have relatively more agriculture and manufacturing and less mining than can be accounted for by coverage adjustments.

The UNIN related income distribution research carried out by the ILO[26] suggests higher consumption levels than official estimates (albeit this depends very much on assumptions as to savings and remittances) which suggest either overestimation of incomes in the income estimation data used or underestimation of some elements of production in official data and different territorial coverage in the 1975 survey data from that in the official accounts. All of these are quite likely.

The 1983 estimates used in the opening section and used in tables to this chapter are based on the official estimates for 1983 with adjustments to:

a. agriculture (and also factor payments) for which the 1982-83 decline is so large as to suggest an incomplete initial estimate;

b. Walvis Bay which is excluded from the official series because South Africa includes it in RSA, not Namibian, GDP estimates;

c. household production for own use, small scale commerical production and domestic service which appear to be omitted or underestimated.

The 1977 data used for broad 1977-83 comparison purposes are those of the work done as background to UNIN manpower research.

The 1977 GDP on this basis is R 1,135 million and the 1983 R 2,000 million at current prices (R 1,050 million odd in 1977 prices). The broad orders of magnitude and the downward trend over 1977-1983 have been set out above together with the main characteristics of its skewed structure.

Historically, Namibia's domestic production was very small absolutely and per capita until the middle of the 1940s.[27] The white enclave under German rule consisted of a very limited cattle - base metal - diamond sector. African subsistence production - then as now - was low absolutely and per capita. In the 1920s there was some growth - dominated by mining - but in the 1930s GDP collapsed as the base metal mining sector, and for a time, diamonds closed down and ranch output value fell by almost three quarters.

The situation changed rapidly from the mid-1940s as base metal production reopened and expanded rapidly, diamonds boomed, the fishing industry became substantial and ranching (including for a time dairying) also achieved substantial growth. Over the period 1945 through 1956 constant price GDP appears to have grown about 12% (9% per capita) a year.[28] As terms of trade swings over this period were largely favourable, the probable annual per capita rate of growth of purchasing power over resources used by the Namibian economy may well have exceeded 10%.

This initial "opening up boom" (characteristic of most SSA economies but at very different dates from the 1890s in Ghana to the 1960s in the Ivory Coast and the 1970s in Botswana) was based on the rapid growth from a very low base of a limited number of primary export products. This phase ended with a fall in GDP (and a worsening of the terms of trade) in 1957-59. Over those years constant price GDP fell by over a tenth with the sharpest proportionate falls in agriculture and fishing.[29]

From 1960 through 1977 another period of fairly rapid GDP growth; but at rates substantially lower than 1945-57, ensued. Constant price production rose about 5.5% a year (2.5% per capita) - significantly above the average SSA rate but by no means uniquely high.[30] On the whole terms of trade do not appear to have had any marked trend during this period so that real command over goods and services used probably grew at about the same rate as GDP.

Over 1977-83 constant price GDP has fallen about 6% - say 1% a year or 4% per capita per annum. The latest revised figures show declines in 1978, 1980 and 1983, virtual stagnation in 1979 and 1982 and some growth in 1981. Excluding general government 1978, 1980, 1981 and 1983 all show declines.[31] The negative terms of trade shifts increasing the rate of fall of ability to purchase goods and services used in Namibia and the causal factors behind the overall decline have been presented in the previous section.

<u>Gross fixed capital formation</u> (investment) estimates for Namibia are high relative to GDP even in 1983 even though in constant price terms there has been a fall of slightly over one third from 1977 to 1983 - R 305 million 1977 and R 195 million 1983 in 1977 prices (1983 R 395 million in 1983 prices) adjusting gross capital formation for coverage comparable to adjusted domestic production.

The 1977 GFCF estimate is about 30% of adjusted GDP and the 1983 just under 20%. These are on the face of it plausible rates especially for 1977 which was marked by substantial investment in the Rossing and Ruacana projects. The 1983 figure is surprisingly high, not so much in respect to government and parastatal investment which has been three fifths to two thirds virtually consistently since 1970, but in respect to private sector investment. However, by 1983 depreciation of existing capital stock accounted for almost 80% of GFCF bringing net fixed capital formation down to 4% of GDP (versus 18% in 1977). Thus, if one assumes most enterprise investment was asset replacement (including prospecting in respect to minerals) the data are plausible.

Official <u>capital stock</u> estimated for Namibia exist but appear to be significantly too high with an unadjusted (for capacity utilisation) ratio of over 4 and an adjusted one of over 3.5 in 1977. Per contra official depreciation estimates of 2% of capital stock are too low.

Assuming a 1977 capacity utilisation ratio of 90% and an adjusted capital output ratio of 2.7 (unadjusted 3.0), a depreciation rate of 3.5% and an annual increase in capital stock cost of 12.5%, the 1977 capital stock was R3,410 and the 1983 R 8,931 (R 4,400 million in 1977 prices). The latter figure implies a 1983 capacity utilisation ratio of 60% and a real growth rate of capital stock of slightly over 4% a year. (Table 7).

While these estimates are open to serious question, they do seem roughly consistent with somewhat more solidly based estimates from Zimbabwean data.[32] The 60% output/capacity ratio is certainly consistent with the known fall in GDP and the general state of the economy in 1983. However, the definition of capacity in respect to agriculture and fisheries assumes good weather and 'normal' middle 1970s fish stocks - as well as the absence of war - so that demand increases alone could not restore output in those sectors quite apart from budgetary and balance of payment considerations.

By 1983 state gross fixed investment exceeded total net fixed investment. That is enterprise investment was less than depreciation - especially for the private sector of the order of 60% of all fixed capital in Namibia is state owned but this is concentrated in transportation and communications, water and state ownership role in manufacturing and mining relatively small and in ranching and fishing, as well as commerce, quite low.

Namibia has had a very high gross territorial savings rate over most of the past two decades. Indeed the official Statistical/Economic Review for 1983 [33] argues that the rate was 37% in 1983 and that "over the past fourteen years, domestic saving was on the whole sufficient to finance total investment and still leave a surplus of almost R 500 million" - a rather revealing admission from a regime claiming Namibia to be bankrupt. The Review attributes the combination of surplus domestic savings and substantial use of external capital to the fact that savings are sent to the "nearest" capital market (South Africa) and then borrowed or invested back.

This pattern is one of private savings in excess of private investment with the balance largely transmitted directly or via the banking system to South Africa. On the other hand government investment normally substantially exceeds the recurrent budget surplus (by definition now that the recurrent budget is in deficit and government savings negative). The balance is borrowed abroad - largely from the same RSA banks to whom the Namibian private sector surplus savings go.

Attractive as this explanation - which, ironically, is a textbook example of the Mirija (bloodsucking) interpretation of colonial investment presumably presented without understanding its implications[34] - may be, the post 1979 position is not exactly as represented.

For example, in 1983 government and railways transfer receipts (net of customs and excise retransfers) were of the order of R 350 million. Subtracting this figure from the official estimate of domestic savings R 610 million leaves only R 260 million (adjusted perhaps R 285-290 million) against investment of R 359 million (adjusted R 395 million) for an investment/savings deficit of R 90 million (adjusted R 105 million) odd.

In 1977, however, net transfers were negligible (adjusted for the customs and excise retransfer at its fall level which was not, in fact, paid). Therefore, in that year domestic savings adjusted for governmental and railways transfers did exceed fixed investment by perhaps 20%, on the basis of official savings (after recorded dividends and interest payments) data.

Similarly it is clear that the offical estimates of <u>factor payments</u> (recorded interest and dividends) seriously understate total transfers out of income. The difference - made up of profit remittances by branches and unincorporated enterprises, remittances out of wages and salaries, increase in Namibian financial institution net claims abroad, increase in circulation of (South African) currency and unrecorded dividends and interest probably totalled at least R 200 million in 1983. If so this would have reduced effective domestic savings available for domestic investment, external debt repayment and capital flight to under R 100 million. All of that apparently was in fact absorbed in external debt reduction and capital flight reducing the effective financing of Namibian GFCF out of territorial savings to 0. (See Table 9)

As outlined in subsequent sections, this situation could be substantially improved by fiscal reform. Similarly capital account exchange control and limits on the allowable factor payments/remittances could reduce outflow on that head. It is, however, unlikely that a GFCF rate of 25% of GDP - R 500 million odd in 1983 prices - could be financed at independence totally out of domestic savings. On the face of it R 300 - R 350 domestic savings (including perhaps R 200-250 million government and parastatal savings net of railways losses) net of remittances/factor payments (15% to 17½% of GDP) could be mobilised leaving an external financing requirement of R 150-200 million (7½% to 10% of GDP).

Gross national product is defined as GDP (product produced in a country) less income accruing to nationals of another country. In Namibia's case the most practical method of estimating it is to substract recorded factor payments and other remittances (other than loan repayment and capital flight) from GDP. In general developing countries have GNP smaller than GDP because they are net borrowers, net hosts to foreign equity capital and net users (at least in total wage/salary bill terms) of expatriate personnel who make substantial remittances. Lesotho is an exception because its dominant economic activity is to export labour to South Africa, but the general SSA pattern is of one GDP 5% to 15% below GNP (with certain economies based on externally developed natural resource enclaves - e.g. Gabon - significantly higher).

In Namibia's case the GNP-GDP differences have been much wider (Table 3). While in 1946 about 8% of GDP was remitted, by 1956 the figure had risen to 40% as the very high profit 'opening up boom' peaked. It fell to perhaps 25% in 1969 rising to 375 at the peak of the second sustained growth period in 1977. With the severe slump in output - and especially profits - since 1977, the apparent outflow has fallen to R320-400 million or 16-20% of GDP; a remarkably high rate for a severely depressed economy.

The reasons for this pattern are quite clear. First, the mineral sector is dominated by foreign (largely South African and British) corporations which receive and remit high profits except in depression years. The same is true of fishing. Second, unincorporated business surpluses and the salary bill largely go to resident expatriates and white settlers who tend to save/invest in their 'home' countries (dominantly South Africa) not Namibia.

Namibia's labour market is highly fragmented by race and by skill. Expatriate and settler white incomes were and are based on South African rates plus a markup for Namibia's higher cost of living. These wages and salaries do to some extent reflect supply and demand but in RSA not Namibia. Until the 1970s the black labour market was artificial and homogenous and could virtually be summed up in the two terms "labour reserve economy" and "contract" as outlined above. Slightly different factors applied to "police zone" black labourers but overall the system was one which paid sub-subsistence wages by forcing dependents to remain on 'reserves' and produce some of their subsistence there. Cape Coloured - and to a lesser degree Rehoboth - workers filled an intermediate niche filling semi-skilled and clerical/sub-professional jobs again paid roughly comparable to South African coloured rates - well above black but a fraction of white.

This basically dual market has become more fragmented over the last decade. Employers needing a semi-skilled and skilled, stable labour force and seeing employee loyalty as a hedge against future risks have sharply raised the wages of about a tenth of employed black Namibians. The government - largely in seeking to create a bantustan and middle class black support group has done the same for comparable numbers. Both have significantly broadened the range of occupations and skill levels performed by black Namibians albeit at the top (professional and managerial) only teachers and nurses are exceptions to complete white dominance.

The reasons for the shift are different for the two sets of employers: the enterprises did seek primarily to set a cost efficient wage (one above subsistence and encouraging de facto continuity of employment and acquisition of skills) and only secondarily to buy loyalty. The government was primarily concerned with creating a black group (sub-class) with a state in the system and, perhaps, secondarily with the impracticability of securing enough white personnel especially in teaching and nursing. Smaller employers neither need nor can afford a higher productivity/higher wage black labour force and the government still has low wages for unskilled black employees so that fragmentation has created a number of skill and employer defined parallel sub-markets for labour.

In none of the markets are Namibian trade unions a significant force in wage determination. White Union branches exist but as wages are basically RSA plus there is little real local negotiation on pay. Black trade unions have been - and are forcibly suppressed before they can become effective in affecting the structure and results of the labour market. As a result black workers have increasingly come to see national liberation as a precondition for meaningful economic issue oriented trade unionism.

Income Distribution: Patterns and Problems

Income distribution cannot be separated from production. What is produced, by whom and in which patterns of production and industrial relations largely determines income distribution. Similarly the pattern of income distribution affects what goods are demanded domestically and - less fully in a very externally oriented economy like that of Namibia - produced.

Therefore income distribution policy in independent Namibia will need to go beyond wage salary, tax and ownership policies. If the incomes of households in small scale agriculture and the artisinal/informal sectors are to be raised above the absolute poverty line emphasis must be placed on assisting these households and household or small scale enterprises to produce more.

Household income also includes communal goods - e.g. health, education, water and other services produced and distributed either free or at charges well below cost by the state. Both the quantity of such services (e.g. universal primary education and health care) and the types (e.g. urban hospitals vs rural clinics and front line health workers) can influence income distribution significantly.

Estimating income distribution in Namibia is exceedingly difficult - data are either approximate, fragmentary or politically biased. In this area - unlike macro economic data in general - offical data suffer not simply from underestimating the population (which is in itself partly political) and difficulties of covering household production for own use and self employment output, plus domestic and small enterprise employees (a low wage group) but also from fairly evident political selectivity. These difficulties are explored in greater detail in the Income Distribution chapter. However, for macro economic purposes a substantial area of common ground does exist:[35]

1. income distribution is among the most - and possibly the most - unequal in the world;
2. the dominant cause of the inquality is racial with estimates of white to

black income ratios ranging from 8 to over 40 to 1;

3. however, within the black population a 50,000 household elite has been created, largely since 1980, with probable incomes dominantly in the R 4,000-12,500 range (vs an average of R 20,000 odd for whites) comprising perhaps 15% of black households and half of black incomes;[36]
4. in addition within the black income distribution there is a sharp division between black urban and rural household incomes - probably of the order of 3 to 1 excluding the 'elite' group;
5. however, all estimates are rendered very approximate because of serious problems in defining households as a result of the contract labour system (which divides households) and the large number of female headed households including children (e.g. probably dominant in petty trade and domestic service as well as in many rural areas).

A 1977 estimate prepared as background to the UNIN manpower study[37] suggested white/black inequality per capita of the order of 20 to 25 to 1. Its estimates of average formal sector black wages - on non-random and incomplete data - were about one quarter of the 1975 estimates.

As of 1983 the racial discrepancies were somewhat narrower - probably 12 to 1 - despite a recent press estimate of R 18,000 to R 450 white/black average household income, a ratio of 40 to 1 (more plausibly R 18,000 to R 650-700 or over 25 to 1 adjusting for subsistence, small commercial and wages in kind income). At the same time intra black differentials have risen sharply. The two movements have a basic common cause - the creation of a black 'elite' wage/salary group of perhaps 40,000 employees (say 20,000 government; 10-12,500 mines, 7,500-10,000 finance, public utilities including railways and large scale commerce and manufacturing) and perhaps 10,000 self employed, including small businessmen, professionals, internal 'party leaders', the Rehoboth ranching elite and 'traditional elites in homelands'. This group has average household incomes largely in the R 4,000-12,500 range and averaging about R 6,000 versus perhaps R 1,000 for other black households.

Excluding remittances,[38] rural 'subsistence' farming household income is unlikely to average more than R 400-500 even including commercial sales given the damage inflicted by drought and war. Those of urban households (usually female headed) in domestic service and petty trade are unlikely to average over R 500-600.

Very rough estimates from adjusted 1983 GDP suggest that 40,000 white households had incomes from all sources totalling on the order of R 800-850 million (R 20-21,000 each); 50,000 black 'elite' households about R 300 million (R 6,000 each); 310,000 other black households R 300 odd million (about R 1,000 each.) This suggests a white/black differential of the order of 12 to 1 - about the same as in Zimbabwe immediately before independence[39] - and a 6 to 1 ratio between the 'elite' and 'mass' African household groups. The household estimate of 400,000 is a rough approximation assuming an average black household size of about 4.

One difficulty is that in Namibia 'household' is a very problematic term as demonstrated in detail in Chapter 23, Women in Development. Given the degree of fragmentation in most divided households (including cases in which the southern male member of the nominally northern household has acquired a second household near his place of work), these are treated in Table 5 as separate households. This is, in fact, more consistent with the standard definition of a household as a unit which exist under one roof than the approach of treating all migrants as members of temporarily divided rural households.

Imprecise as this picture may be, it identifies four key macro-economic challenges arising from household income distribution:

1. massive racial inequality of income distribution;
2. very sharp 'elite'/mass inequality of African income distribution;
3. household incomes for the majority (probably 60-70%) of black households well below any plausible absolute poverty line;[40]
4. an increase in the number in the absolute poverty category - as a result of population increase, war dislocation and damage, static or falling formal sector employment and - especially for rural households - a significant worsening of their absolute position over the past decade.

Economic Structure

The broad structure of production by sector has already been sketched; its sectors are addressed in detail in subsequent chapters. Two aspects require further consideration here: the production relations (or organisation) of sub-sectors and the causal forces behind the degree of specialisation and non-integration.

Minerals production[41] is dominated by two TNC groups: RTZ (Rossing) and Anglo-American/De Beers (CDM and, via Consolidated Goldfields and Newmont, Tsumeb). These are - fortunately - all relatively long life mines. There are also two to four medium size mines including two controlled by South African metal producers who use their output. The balance of the sector is made up of small and/or short life mines plus coastal salt works - dominantly minor subsidiaries of much larger groups. Both capital and technology intensive, the main mines have historically been highly profitable (initially, but not recently, dependent on sub-subsistence African wage levels). At present two (CMD, Rossing) have reduced profits and one (Tsumeb) a loss as a result of extended world market depression, but their medium term capacity for export and surplus generation remains high.

Commercial agriculture is dominated by 3,000 odd white settler ranchers - arguably large peasant farmers, certainly heavily dependent on elaborate state and private service networks, financially weakened by drought and war, never very profitable even though paying sub-subsistence wages.[42] It is both capital and technology intensive. Black Namibian agriculture is largely for household provisioning - albeit with some production for sale despite generally negative occupation regime policies. It is certainly not capital or technology intensive and has received little (and poor quality) service support, but at the price of very low (and probably declining) productivity.

Fishing and fish processing[43] are dominated by a handful of moderately large conglomerates most of which are South African based. The actual catching is largely by smaller businesses owning one or a few vessels which are de facto employed by the major companies. The industry is severely run down and while still profitable to the main companies (much less so for the boat operators) is both in a poor position to absorb further shocks and - both as to vessels and main operators - relatively able to move to other fishing grounds.

Meat packing - now cartelised because of overcapacity - is dominated by the parastatal First National Development Corporation. It is a modern capital intensive industry plagued by overcapacity. Other manufacturing consists of a handful of medium and over 150 relatively small enterprises which are mostly white settler or South African owned but with a cluster of agricultural processing and other units owned by FNDC.

Two other critical highly concentrated sectors are banking (dominated by Standard and Barclays)[44] and petroleum distribution (largely Shell and BP). While currently run as part of their South African units, these enterprises are part of British and Anglo-Dutch TNC groupings. Both are skill and technology, rather than physical capital, intensive.

The reasons for Namibia's structure of production concentration and non-integration are fourfold:

a. natural resource endowment and known technological options;
b. economic incorporation of Namibia in South Africa;
c. market access;
d. profitability to corporate and settler operated enterprises.

Namibia is well endowed with a limited number of natural resources - ranching land; formerly and potentially fish, diamonds, uranium oxide, base metals. It is short of water, timber and (especially given the water constraint) high potential arable land. This has in large measure directed the choice of basic productive sectors. Diversification is possible either from new resource discoveries, new demand patterns making use of known resources viable and/or new technological application and/or infrastructure raising productivity. Mineral prospecting and proving is dominant in the first category. Crop production falls in both the second (alterations in pricing and income distribution) and third (irrigation, infrastructure, technical services). Manufacturing - beyond processing based on major natural resource based primary products is largely dependent on the second type of change. The manufacturing sector can generate substantial forward (to end uses) and backward (to input producers) linkages. Light engineering and heavy maintenance are examples of the former while food processing (meal and flour, vegetable oil, tomato paste, dairies, etc., an outlet for increased local crop and milk production) and textiles (linking back to cotton) are important examples of industries capable of generating backward linkage. The potential of a linkage strategy aimed at achieving greater domestic economic integration - and thereby reducing import dependence - are discussed in more detail in Chapter 10, Industry.

Technological change need not be limited to the large scale, modern economic sectors. Indeed, if it is to assist in reducing absolute poverty rapidly by allowing low income households (especially but not only, in peasant agriculture, technological change must include a focus on upgrading and augmenting the traditional and artisinal technologies used in the peasant and informal sector.[45]

The economic incorporation of Namibia into South Africa (including into the RSA-TNC nexus) has influenced production patterns in several major respects:[46]

a. settler ranching was heavily supported primarily to secure a rural white population to 'hold the territory' and secondarily to augment/balance RSA's own meat production sector;
b. the 'contract' labour system, reserves and limitation of black educational and job opportunities were imported from and evolved parallel to those of, South Africa;
c. exports were pushed because of RSA's weak external balance position and grain, dairy (after the mid-1960s) and manufactured goods production discouraged to provide markets for South Africa;
d. in most cases only branches rather than complete enterprises or institutions were created because the Namibian unit was explicitly or implicitly seen as a component of a South African based whole headquartered in the Republic - a characteristic which - at least on the operating side - is less true of the major mines and has eroded to a degree since the mid-1970s.

Market access considerations arise for two reasons. Production in dominant sub-sectors is far above any conceivable domestic demand (e.g. 400 to 600 kilos of meat and fish, 60 kilos of base metals and 3 of uranium oxide yellow cake, plus a carat of diamonds per person annually). In these cases substantial production is viable only if external market access at viable prices is available. (Thus the potential importance of an EEC preferential beef quota). Second the domestic market is very small both in terms of population and of purchasing power, limiting the range of domestic production to a few basic consumer items, goods with few economies of scale in production, products with high natural protection (transport cost, fragility, perishability), inputs of goods and services into the main production sub-sectors and/or items given substantial protection from competing imports (the last, a non-existent category to date given economic incorporation into

South Africa).

Production organisation and choice of product in colonial Namibia has been based on the goal of maximising enterprise surpluses. This has led to concentration on net rather than gross output and in recent years to substantial substitution of capital for labour. It has also reinforced the market access factor in encouraging production oriented to large, relatively safe, external markets.

Namibia's economic infrastructure (physical, enterprise, public service and skill) is also skewed because it has been built up to support and service the existing skewed production structure and because of the importation of the apartheid system.

In respect to physical infrastructure the basic position - apart from overdependence on the highly uneconomic railway system south of Windhoek is fairly good. The basic gaps are secondary, supporting pieces - e.g. feeder roads and boreholes in the north, village clinics and dispensaries generally.

External Balance

Namibia's 1983 external balance position (Tables 6,7) is to say the least - difficult to untangle. On the face of it there is a modest ordinary current account deficit (treating customs and excise transfers as invisible earnings) more than offset by transfer payments, and a substantial net outflow of capital other than occupation regime 'external borrowing'.

Namibian exports of goods and non-factor services in 1983 totalled about R 1,060 million over 90%. Imports of goods and non-factor services totalled R 1,170 million for a deficit before customs and excise transfer of R 150 million, a surplus on trade account adjusted for that item of R 100 million.[47] Recorded factor payments (interest and dividends) probably were of the order of R 120 million leaving a normal CAD of R 20 million and a surplus of about R 260 million odd after transfer payments consisting basically of RSA budget support and of railways transfers to cover their cash flow deficit.

As net 'external borrowing' by the occupation regime (basically from South African financial institutions) was of the order of R 150 million this leaves a total of R 420 million odd for personal remittances, underestimation of factor payments, private capital outflow (including Rossing debt repayment), increase in (South African) currency in circulation and changes in territorial financial institution balances and net trade credit outstanding. This sum is almost impossible to disaggregate on existing data, but a first attempt at orders of magnitude (Table 9) suggests that this is a plausible explanation.

Compared to 1977 the situation has worsened; imports have risen sharply relative to exports; non-customs and excise transfers have become significant; reduced profit remittances result from lower profits not higher retentions; capital flight has become significant if very hard to estimate. Exports have in fact not risen appreciably even in nominal terms since 1978 (rising until 1980 and thereafter declining) while physical imports (theoretically excluding all war related transactions) have apparently fallen even in nominal terms since 1981. This would suggest a 20-30% fall in volume terms.

Exports make up is dominated by minerals - in 1983 R 800 million odd or 80% (two fifths uranium oxide, one third diamonds, perhaps a fifth copper-lead-zinc and under a tenth other). Fish and products probably account for about 10% as do meat-cattle-karakul wool.

Since 1977 there has been a fall of the livestock component from a fifth to a tenth in favour of minerals. Within minerals diamonds have fallen from about 40% to about 25% of visible exports and uranium oxide (not in full production in 1977) risen from about 15% to over 30%.

The overall balance of payments is marked by extreme fragility - as indicated by the dependence on external transfers. The export position - because of its concentration - is exceedingly vulnerable to uranium oxide and diamond prices and saleability, base metal prices, beef export market access and prices, fur fashions and therefore prices, drought and fish stocks.

The potential for short term macro economic (overall) improvement in the level of export proceeds is - as of 1985 - limited. What there is turns on the possibility of general world price improvements. The medium term potential is somewhat speculative but also somewhat better.

In the short run the volumes of meat, karakul and fish exported is unlikely to rise. Time will be required for herds to be restored and for fish stocks to rebuild themselves. Further, transitional falls at and after independence are highly probable. Over the medium term herd restoration is clearly possible and - with control over total catches and Namibian participation in the deep water branch of fishing - present export levels of fish products can probably be doubled.[48]

The probable short term trend in volume of base metal exports is downward. Several short life mines will be closed; no new mines are under development. At independence it is likely that data from prospecting will be adequate to begin the 3 to 5 year development phase for one or more new mines if adequate finance (public or private), foreign exchange (from external capital flows to the public or private mining enterprises) and reasonable market prospects exist.

As the world uranium oxide industry is now operating at 70-75% of capacity and Rossing faces a rundown of its long term contracts, its return to full production is unlikely before about 1990 when an improved balance between supply and demand is anticipated. For the same reason the pre-1990 completion of Langer Heinrich or development of other proved uranium ore deposits is highly unlikely.

Future recovery of diamond export volume (and improvement of price received) turns - ironically - on the Central Selling Organisation's ability to regain tight control over the market via supply adjustment and demand manipulation. While a complete breakdown (with sharp price falls) appears unlikely, so does a speedy recovery in volume, especially of large stones from CDM. When market buoyancy is restored, CDM production volume can readily be increased by 50-75% and a substantial quantity of stockpiled stones sold if they are in Namibia (and not London) at independence.

The possibility of achieving substantial unit price increases on diamonds by the elimination of transfer pricing is highly speculative. The Thirion Commission hearings demonstrated the need for greater state surveillance over mining strategy and practice, diamond marketing and CDM-CSO-De Beers financial flows. It did not, in fact, demonstrate massive transfer pricing.[49] Given a nearly 50% reduction in volume of diamond exports since 1977 (at which point the Thirion Commission data suggested little transfer pricing) and CSO price increases since of the order of 100%, the relative similarity of 1983 to 1977 diamond export proceeds on first examination suggests the reverse. Detailed review will be required at independence. Experience elsewhere suggests that a 10-15% increase in unit prices to CDM may well be attainable, but not the 100% some Thirion evidence might suggest.

Hydrocarbon exports - as of 1985 - are at least five to ten years away.[50] There are no proven petroleum reservoirs either offshore or in the Etosha Basin. Substantial additional seismic work and drilling would be needed to establish the presence of commercially viable fields (if they exist) and, in either location, development would be likely to be protracted. The total cost of locating, proving and developing a $100-300 million (500,000 to 1,500,000 tonnes) a year oilfield is very unlikely to be less than $500-1,000 million - a sum it is most improbable anyone (even Soekor) will risk in Namibia before independence and the time span after serious new work is begun to production would be at least 5 to 7 years.

Potentially commercially viable natural gas reserves (the Kudu field offshore the Orange River mouth - Luderitz coastal range) are virtually proven. However, three obstacles stand in the way of speedy utilisation. First, there are limited viable uses of natural gas far from substantial power markets. These are liquification for export (costing $3,000-$8,000 million including special transport vessels), chemical (largely ammonia/urea) production (with development and plant costs of the order of $600-750 million) and conversion to gasoline ($2,500-$5,000 million for a plant comparable in output to SASOL 2). The last of these is viable only for the RSA market. Natural gas (via methane or synthesis ammonia based gasoline is not, and is not likely to become, generally competitive.

Second, financing such plants is difficult and lengthy under the best of circumstances which certainly do not exist for pre-independence Namibia and are unlikely to pertain immediately after independence. Third, the lead time from field proving through financing and design to construction, testing and production cannot be less than 5 years and is more likely to be 8 to 10.[51]

Coal production for export is dependent not simply on proving the commercial nature of the Aranos deposit, but on construction of a link line to the Trans-Kalahari and, therefore, on the existence of the latter. Given the middle and high level positions, identifying and acting on the productive unit, infrastructural and institutional requirements for medium term production restructuring and in addition mobilising substantial flows of external resources including personnel.

Austerity And, And For, Radical Change

The key tensions are the need to pursue austerity and radical change at the same time and to keep the existing macro economic core functioning while laying the foundations for its augmentation and structural alteration. Whether syntheses in respect to these two dialectical contradictions are attainable in practice (as opposed to in macro economic scenario sketching) is unclear. The case - at least at macro economic level - for seeking to do so is clear. All alternative scenarios imply very substantial falls in production, public revenue, investible surplus, consumption, employment and investment. None of these would contribute to making even medium term macroeconomic restructuring possible. All would imply losses for the majority of Namibians in the short and medium terms.

At macro-economic level nine priorities can be identified for action during the initial five years of independence. These are listed rather than detailed here because the articulation of possible means of execution must rest on data and programmatic suggestions contained in sectoral chapters and on the decisions of a Namibian government chosen by and responsible to the people of Namibia.

One is stabilisation and rehabilitation (including herd and fish stock rebuilding) of the present core agricultural and fishing sectors complemented by initial steps toward their radical restructuring (to replace departing settlers and companies). Complementing this would be action to raise African small scale farm production, with particular emphasis on the northern mixed farming areas and on crop production.

Another is stabilisation of the present core of mining (basically Oranjemund, Rossing, Tsumeb) parallel to tax and ownership/resource management reform. Complementary to this exploration and development (base metals, coal, hydrocarbons) requires to be encouraged/undertaken to lay the base for future output increases.

Stabilisation of other key sectors or sub-sectors (including among others infrastructure, banking, petroleum distribution) while identifying and filling immediate gaps (e.g. central bank, useability of Ruacana Falls power). Complementing this would be identification of medium term requirements and possibilities for additional lines of production and required supporting infrastructure.

Containment of transport costs (including subsidies) probably involving radical cuts in railway expenditure and services parallel to increasing access to road transport and rerouting the two thirds of external trade not via the rail link to South Africa to Namibian ports.

Radical restructuring - including major cuts in present programmes - of public expenditure toward universal access to basic services and accelerated middle and high level personnel development.

Restoration of fiscal balance by massive overall expenditure curtailment and substantial revenue boosting and external finance mobilisation.

Maintenance and initial augmentation of the incomes of poor (especially poor peasant and female headed) households, dominantly by enhanced income earning opportunities, as well as identification of longer term means to achieve relatively full, reasonably productive employment/self employment.

Estimation and budgeting of supply of and demand for critical, scarce resources including personnel, foreign exchange and key commodities as well as finance and credit - and, where necessary, instituting allocation procedures for balancing them (whether by market or rationing means).

Restructuring external economic flows (exports, imports, sources of finance) away from South Africa (which cannot be depended upon to purchase or supply them even were there no other objections to continuing the present international economic relations pattern). This will entail new enterprises (public and private) data collection and analysis units and public sector management and control devices.

Prioritisation among these ten programme elements is a matter of marginal balance shifts - the central point is that substantial success on each is crucial to macro economic stabilisation. Quite genuine priorities outside macro economic analysis, e.g. participation (including aspects concerning trade unions and women) political processes and law reform exist and can be pursued (at least to a substantial extent) consistent with this economic framework. Other macro economic and micro or sectoral economic targets - desirable as they may be themselves - can, at most, be catered for marginally in the transitional planning period because of the macro economic resource constraints (including personnel) identified above.

The evident question in respect to the above priority list from an orthodox macro economic point of view is as to the necessity of its radical change components. The defence is:

1. many are essential because existing structures, enterprises and individuals will in large part depart at or soon after independence;
2. others - including budget cuts to finance basic services and investment - are crucial to regaining macro-economic balance;
3. radical restructuring is easier to begin at a point of widespread change and macro economic crisis (even though resources are by definition scarce under those conditions);
4. the continued ability of the Liberation Movement to lead and to mobilise Namibian workers and peasants is integrally related to acting and being seen to act to begin achieving significant change on the macro economic as well as other aspects of Namibian national life. SWAPO neither should nor can put its political economic goals aside for five years and either retain the support of the Namibian people or be in a position to resume them after five years of 'cautious consolidation' have created a status quo oriented set of institutions and outlooks. Advice to the contrary is quite unrealistic and naive both in political and macro political economic terms.

This programme is not the basis for a long term development strategy. Rather it is an attempt to identify key macro economic elements (within the limits of the possible and necessary) toward a transitional (up to 5 years) stabilisation and rehabilitation plan which would lay the foundations on which such a strategy could be erected while avoiding creating new barriers to its execution.

Macro Economic Tables

1. South African Population Data For Namibia 1921-1984
2. Population Estimates For Namibia 1970-1990
3. Population Distribution Estimates 1980-1983
4. Gross Domestic Product 1920-1983
5. 1983 Gross Domestic Product
6. Gross Domestic and National Product 1946-1983
7. Investment - Depreciation - Capital Stock: 1977-1983
8. Income Distribution: 1977-1983
9. External Accounts: 1977-1983
10. Exports and Imports: 1977-1983
11. 1983/1984 Consolidated Territorial Budget

Table 1

South African Population 'Data' For Namibia

Year		Black	White	Total
1921	Estimate	203,451	19,714	223,165
1935	Estimate	313,457	31,200	324,657
1960 a	Census	452,540	73,464	526,004
1960 b	Estimate[1]	(502,500)	(73,500)	(576,000)
1970	Census	671,604	90,583	762,184
1981 a	Census	949,724	75,600	1,025,324
1981 b	Adjusted[2]	963,400	(81,600)	(1,045,000)
1984 a	Estimate[3]	1,074,000	76,000	1,150,000
1984 b	Adjusted[2]	(1,088,000)	(82,000)	(1,170,000)

Notes:

1. 1960 b backward projection from 1970 Census on assumption of 2.9% annual population growth.
2. 1981 b and 1984 b adjust territorial coverage to include all of Namibia comparable to previous RSA population estimates.
3. Occupation regime estimate.

Sources:

Report of the Commission of Enquiry into South West African Affairs 1962-63 (Odendall Report), Republic of South Africa, 1964; Leistner, E. et al, Namibia/SWA Prospectus. Africa Institute of South Africa, Johannesburg, 1980.
National Atlas of South West Africa, AG SWA, 1983,
Windhoek Advertiser, 26 May 1982; SWA Secretary for Finance J. Jones cited in Windhoek Advertiser, 24 January 1985.

Table 2

Population Estimates For Namibia 1970-1990

Year	Black	White	Total
1970[1]	935,000	90,000	1,025,000
1977[2]	1,150,000	102,500	1,252,500
1980[3]	1,275,000	85,000	1,360,000
1983[4]	1,412,500	85,000	1,497,500
1885[4]	1,512,500	85,000	1,597,500
1990 a[4]	1,805,000	85,000	1,890,000
1990 b[5]	1,805,000	(57,500)[6]	1,862,500

Notes

1. 1977 UNIN Estimate projected backward to 1970 at 2.95% annual growth.
2. 1977 UNIN Estimate.
3. 1980 SWAPO Estimate. 1977 UNIN Estimate projected on basis direct estimate white population and 3.5% annual growth black population.
4. 1977, 1980 data projected as at Note 3.
5. 1990a adjusted for departure 42,500 (50%) present settler/expatriate community and arrival 15,000 new expatriates and dependents with independence.
6. New expatriates not necessarily white.

Sources

UNIN, Manpower Estimates and Development Projections for Namibia, 1978; SWAPO, To Be Born A Nation, 1981; Table 1.

Table 3

Population Distribution Estimates 1980-1983

(people 000)

A. Geographic Distribution

District/Zone	1980 Rural	1980 Urban	1980 Total(%)	1983 Rural	1983 Urban	1983 Total(%)
Katima Mulilo[1]	38	7	45	40	8	48
Rundu[1]	119	6	125	125	8	133
Oshakati[1]	595	18	613	615	28	643
Opuwo/Opuhoho[1]	15	5	20	16	5	21
North	767	36	803 (61)	796	49	845 (60)
Tsumkwe[1]	1	1	2	1	1	2
Okakarara[1]	30	11	41	32	12	45
Khorixas[1]	17	12	29	18	13	31
Gibeon[1]	11	5	16	12	6	18
Rehoboth	18	14	32	19	15	34
Central/Southern 'Homelands'	77	43	120 (9)	83	47	130 (9)
Swakopmund	2	16	18	2	20	22
Walvis Bay	0	20	10	0	19	19
Luderitz[2]	1	16	17	1	16	17
Coast	3	52	55 (4)	3	55	58 (4)
Tsumeb	10	15	25	12	13	25
Outjo	7	4	11	8	4	12
Groot Fontein	12	12	24	14	14	28
Otjiwarongo	8	12	20	8	13	21
Omaruru	3	4	7	3	4	7
Okahandja	8	8	15	8	9	17
Gobabis	20	7	27	21	7	28
Karibib	6	6	12	6	6	12
Windhoek	11	124	135	13	150	163
North/Central 'White' Ranching Districts	85	192	277 (21)	93	220	313 (22)

......./2

Table 3 (continued)

Mariental	14	10	24	15	11	26
Maltahoho	3	2	5	4	2	6
Keetmanshoop	7	13	20	7	15	22
Bethanie	2	1	3	2	1	3
Karasburg	5	6	11	6	6	12
South 'White' Ranching Districts	31	32	63 (5)	34	35	69 (5)
In Namibia	973(74)	345(26)	1318(100)	1009(72)	406(28)	1415(100)
In Exile	-	-	42.5	-	-	82.5
Total	-	-	1,360	-	-	1,497.5

Notes: 1. Districts given name of main town not 'homeland' designation.
2. Includes Oranjemund.
All estimates highly approximate. District estimates rounded to nearest 000.

B. Sex/Age Distribution

	1980s - % of population	
	South African Census	Adjusted
Women	51	51.5
0 - 6	10.5	11
7 - 17	14	15.5
18+	26.5	25
Men	49	48.5
0 - 6	10.5	11
7 - 17	14	14.5
18+	24.5	23
Total	100	100
0 - 6	21	22
7 - 17	28	30
18+	51	48

Note: Estimated from Table 2; National Atlas South West Africa Sections 40 and 42-51; Rivers, B Namibia: An Energy Survey, UNDTCD, NAM/79/001, New York, 1985; Fragmentary reports on local employment, population situations. Subject to wide error margin but probably less so than 'official' data.

Table 4

Gross Domestic Product of Namibia: 1920-1983 (R 000,000)

Year	Source[1]	GDP	Agriculture/ Fishing	Mining	Manufact- uring	Construction	Public Utilities[a]	Transport, C'Cation	Trade Housing	General Govt.	Other Services
1920	A	13.0	1.7	7.6	0.3	0.1	Neg1[4]	(0.8)[4]	(0.8)	(0.8)	0.8
1925	A	10.6	1.3	5.1	0.5	0.1	Neg1	(0.8)	(0.8)	0.8	1.2
1929	A	13.0	1.9	5.3	0.6	0.3	Neg1	(1.1)	(1.1)	1.0	1.8
1930	A	9.8	0.5	4.3	0.6	0.2	Neg1	(0.8)	(0.8)	1.1	1.5
1933	A	3.8	0.7	Neg1	0.5	0.1	Neg1	(0.4)	(0.4)	0.6	1.2
1935	A	3.4	3.9	1.0	0.4	0.1	Neg1	(0.5)	(0.5)	0.7	1.1
1940	A	10.4	5.1	0.4	0.5	0.1	Neg1	(0.8)	(0.9)	1.0	1.7
1945	A	19.8	9.0	2.6	0.8	0.5[4]	Neg1[4]	(1.6)	(1.7)	1.5	2.1
1946	B	22.2	6.4	5.8	1.6	*	**	1.6	2.4	2.1	2.3
1950	B	61.0	20.8	20.1	3.4	*	**	3.7	4.6	4.0	4.4
1954	B	107.2	32.2	35.8	7.5	*	**	5.4	10.0	7.6	8.7
1956	B	141.6	33.5	60.0	8.7	*	**	6.7	12.6	9.3	10.8
1958	B	121.3	23.3	42.9	14.1	*	**	6.1	11.0	11.5	12.4
1960 a	B	122.0	13.2	49.4	14.9	*	**	8.5	8.5	13.7	13.8
1960 b	D	141.6	21.1	47.9	12.7	4	1.4	12.2	15.8	8.8	17.6
1962	B	146.7	35.2	47.3	14.2	*	**	10.7	9.7	15.1	14.5
1965	C	213.9	42.8	99.7	(12.0)	(5.0)	-	(12)	(12)	(15)	(15)
1970 a	D	379.4	60.7[4]	115.1	35.8	14.8	3.9	26.7	45.5	30.1	46.8
1970 b	E	373.1	-	-	-	-	-	-	-	-	-
1970 c	F	338.8	49.7	105.1	15.6	18.0	3.5	25.7	47.1	30.6	43.5
1972	D	455.5	-	-	-	-	-	-	-	-	-
1974	D	572	-	-	-	-	-	-	-	-	-
1975 a	E	643	111.5	174.2	32.6	33.4	7.8	38.0	101.2	58.1	86.5
1975 b	D	755	-	-	-	-	-	-	-	-	-
1975 c	G	825	-	-	-	-	-	-	-	-	-
1977 a	F	882	112	389	40	42	15	52	119	75	107
1977 b	H	1135	210	365	85	60	15	60	135	70	135
1983 a	F	1709	127	473	90	61	61	97	241	327	215
1983 b	I	2000	202	483	125	102	71	130	270	352	265

continued.........

Table 4 (continued)

Notes

1. Procedures, coverage and sources vary from source to source. Neither totals nor sectoral breakdowns are fully comparable.

2. Water and electricity.

3. Financial and business services, community-social-personal services and official estimates "other producers" category.

4. ( ) Figures are interpolated, not from original source, Negl indicates negligible, - means not available from that source, * indicates lumped with manufacturing, ** indicates lumped with other services.

Sources

A. D. C. Krogh, "The National Income and Expenditure of South West Africa (1920-1950)", South African Journal of Economics, Vol.28.

B. Odendaal Report, Pretoria, 1964, Table CVIII.

C. R. Murray, "The Namibian Economy", in R. Murray et al, The Role of Foreign Firms in Namibia, London, 1974.

D. W. H. Thomas, "The Economy of South West Africa: An Overall Perspective", mimeo, n.d. (1977).

E. United Nations, Report of Special Committee on Granting of Independence to Colonial Countries and Peoples, A/10023, New York, September 1975.

F. Statistical/Economic Review 1983 and 1984, Windhoek (excludes Walvis Bay).

G. W. S. Barthold, Namibia Economic Potential, Berlin, 1977.

H. R. H. Green et al, Namibia: The Last Colony, London, 1981, Table 15.

I. Table 2 this chapter.

Table 5

1983 Gross Domestic Product

Sector	RSA Estimate	Coverage Adjustment[1]	Revised Estimate	%
Agriculture, Forestry, Fishing, Hunting	143	95	238	12
Mining [2]	473	5	478	24
Primary	616	100	716	36
Manufacturing[3]	94	40	134	6½
Construction	64	15	79	4
Electricity & Water	61	10	71	3½
Secondary	291	65	284	14
Transport and Communications	97	23	120	6
Trade & Accommodation	235	42	277	14
Financial and Business Services	125	10	135	7
Other Services	88	30	118	6
General Government	340	25	365	18
	885	130	1015	51
Tertiary Sector				
GDP (at factor cost)	1720	295	2015	100

Notes:

1. Coverage Adjustment Includes Household Self Provisioning (food, fuel, house construction), artisanal - semi-formal - small scale formal undercount, domestic service and Walvis Bay.
   a. Household Self Provisioning (R 75m)

Crops	R 15m	Fuel	R 15m
Stock	R 30m	Hunting, Gathering	R 5m
Dairy	R 15m	Stock Losses	(-15m)

   Primary Sector R 65m

   Housing - Estimated on basis 200,000 rural dwellings, 5 year average life; R 250 average labour content.

   Secondary Sector R 10m

   b. Undercount (R 30m)

Artisanal Manufacturing	R 10m
Transport	R 3 m
Rental/Housing/Rooming and Trade	R 17m

   c. Domestic Service (R 20m)

   35-40,000 at R 500-600

   d. Walvis Bay (R 170m)

Fishing	R 30m	Transport-Communications	R 20m
Salt	R 5m	Trade and Accommodation	R 25m
Manufacturing	R 30m	Financial, Business Services	R 10m
Construction	R 5m	Other Services	R 10m
Electric/Water	R 10m	General Government	R 25m

2. Includes smelting, refining.
3. Includes meat packing, fish processing.

Sources: Adapted from Statistical and economic Review 1984; methodology based on Green, R. H., *et al* Namibia: The Last Colony, 1981; fragmentary and/or sectoral data 'subsistence' (self provisioning), forestry, fishing and fish processing, port, domestic service.

Table 6

Domestic and National Product: 1946 - 1983 (R 000,000)

Year	GDP	GNP[1]	GNP as % GDP[2]
1946	22.2	20.4	92%
1950	61.0	46.4	76%
1954	107.2	74.4	70%
1956	141.6	85.1	60%
1958	121.3	83.2	69%
1962	146.7	104.1	71%
1969	368.9	278.0	75%
1977	1135.0	710.0	63%
1983	2000.0	1320-1400	80-84%

Notes:

1. Methods of estimating factor payments and remittances vary. 1946-62 data are comparable with each other and probably roughly comparable with 1977 and 1983. 1969 is apparently on a basis likely to increase the GNP/GDP ratio by a least 5%.

2. Excluding 1969 (see Note 1) the swings correspond to degree of economic and especially enterprise surplus) buoyancy. This improved steadily over 1946-1957, worsened sharply 1958-60, recovered 1960-1977 and worsened radically from 1978 (and especially 1980) onward.

Sources:

a. 1946-1962 Odendaal Report, Pretoria, 1964.
b. 1969 'Desert Deadlock' Financial Mail, 2-III-73.
c. 1977 Table 14, Namibia: The Last Colony (Green, JKiljunen, Kiljunen), London, 1981.
d. 1983 GDP and BOP Tables this chapter.

Table 7

Investment - Depreciation - Capital Stock: 1977-83[1] (R 000,000)

	1977	1983
Opening Capital Stock[2]	3410	8931
Depreciation	(130)	(313)
Gross Fixed Capital Formation	335	395[8]
Net Fixed Capital Formation[3]	205	82[8]
Apparent K/O Ratio[4]	3.0	4.47
Basic K/O Ratio[5]	2.7	2.7
Capacity Utilisation[6]	90%	60%
Actual GDP	1135	2000
GDP at Full Capacity[7]	1260	3333
GFCF/Actual GDP	30%	20%[8]
NFCF/Actual GDP	18%	4%[8]
NFCF/Full Capacity GDP	16%	2.5%[8]

Notes:

1. Corresponding to adjusted 1977, 1983 GDP estimates.
2. 1977 estimated on basis of 2.7 fixed capital/GDP ratio at full capacity and 90% capacity utilisation in 1977, 1983 estimated by assuming 12½% annual average increase in Fixed Capital replacement cost, adjusted GFCF estimates, depreciation (at 3½% of opening fixed capital stock) over 1977-83.
3. GFCF less depreciation.
4. Actual GFCF/Capital stock.
5. See Note 1. Adjusted from Zimbabwe 1974-1993.
6. Capital stock divided by Q.F.
7. Actual GDP divided by capacity utilisation ratio. In the case of Namibia this figure could be achieved only in the context of 'normal' rainfall and fish stocks, restoration of herds and the absence of armed struggle. At least half of the under capacity utilisation in 1983 relates directly and indirectly to these factors.
8. The sharp drop in 1983 GFCF in official estimates may in part be the result of undercoverage in the provisional estimates. If so GFCF, NFCF and the resultant ratios of 1983 should be higher. However, the trend fall in GFCF and especially NFCF relative to GDP would remain clearly established.

Sources:

GFCF data estimated and adjusted from 1984 Statistical/Economic Review on basis comparable to GDP. Capital/output and depreciation ratios adjusted from study of Zimbabwe by X. Kadhani and R. H. Green summerised in April, 1985 issue of *Journal of Development Plannning*.

Table 8

Income Distribution: 1977-1983[1] (R 000,000)

	1977	1983
Household Incomes	700	1445
Wages/Salaries	450	1127½
Gross Operating Surpluses'	200	205
Jan Use Production	50	112½
Large Enterprise Gross Operating Surpluses	435	555
GDP at Factor Cost	1135	2000
Distribution of Household Incomes		
White	500(71%)	835(58%)
Wages/Salaries	320	700
Surpluses	175	125
Own Use	5	10
Number of Households[2]	45,000(13%)	40,000(10%)
Average per Household (R)	11,100	20,875
Black 'Elite'[3]	47(7%)	305(21%)
Wages/Salaries	30	240
Surpluses	15	60
Own Use	2	5
Number of Households[2]	22,500(6%)	50,000(12½%)
Average per Household (R)	12,100	6,100
Black Worker/Peasant	153(22%)	305(21%)
Wages/Salaries	100	187½
Surpluses	10	20
Own Use	43	97½
Number of Households[2]	282,500(81%)	310,000(77½%)
Average per Household (R)	540	1,000
Total		
Household Incomes	700	1,445
Households	350,000	400,000
Average per Household (R)	2,000	3,600

Notes:

1. Includes depreciation (estimated at R130 million 1977 and R313 million 1983).
2. Rough estimate. May overstate number of white households. In respect to black worker/peasant households, divided households are treated as separate units thus adjustment from 6 to 4 average household size.
3. In 1977 basically workers in large mines plus limited number of professionals, small businessmen, government employees, large scale non-mining enterprise employees. Rapid growth relates to upgrading of government black salaries, proliferation Second Tier posts, enterprise attempts to be seen as "equal opportunity" employers.

Sources:

1977 adjusted from Table 15 in Green, Kiljunen, Kiljunen; 1983 adjusted from 1984 Statistical/Economic Review and 1983/84 Budget to correspond to adjusted GDP. Wage/Salary level estimates based on incomplete micro data for some categories and posts.

Table 9

Namibian External Accounts 1977-83 (R 000,000)[1]

	1977	1983
Exports	800	1060
Goods	775	1005
Non Factor Services	25	55
Imports	650-	1170-
Goods	550	1000
Non Factor Services	100	170
Trade Balance Surplus/(Deficit)	150	(110)
Factor Payments/Remittances[2]	340-420	320-370[4]
Recorded Interest/Dividends[3]	140	120
Unrecorded Enterprise Remittances[5]	75-100	50-75
Wage-Salary-Small Business Remittances[6]	125-150	150-175
Basic Current Account Balance (Deficit)	(190-270)	(430-480)
Government/Railways Transfer Receipts[8]	75	625
Capital Account Net Inflow/Outflow	130-210	(35-85)
Government External Borrowing	-	150
Enterprise Capital Inflows[9]	150-200[10]	50[11]
Enterprise Debt Repayment[12]	(25)	(50-75)
Territorial Enterprise External Balance Changes[13]	20-(10)	(50-100)
Increase in RSA Currency in circulation[14]	(10)	(20-30)
Change in Net External Commercial Credit Outstanding[15]	25	(20-30)
Capital Flight	Negl	(90-100)

Notes:

1. All estimates adjusted to include Walvis Bay. Goods, non-factor services imports, recorded interest/dividends, government/railways transfer receipts estimated with some degree of accuracy. Other items highly speculative.

2. Narrowly defined.

continued ....../

Table 9 (continued notes, etc.)

3. Probably seriously incomplete.

4. Adjusted for probable R20 million underestimation in provision 1983 official estimates.

5. Not readily separable from enterprise external balance changes.

6. If savings held with Namibian financial institution impossible to separate accurately from enterprise external balance changes.

7. Railways R20 million 1977, R70 million 1983. Both government and railways include capital account transfers as well as recurrent, government transfers include R55 and R275 million for 1977 and 1983 respectively (adjusted to include all of Namibia).

8. Includes parastatals other than railways. Includes loan and equity capital inflows.

9. Dominated by Rossing/Otjihase mine development.

10. Probably largely mineral exploration.

11. Largely external loan payments by Rossing in 1983.

12. See Notes 5 and 6. Includes head office account balances of branches. ( ) means increase in net external claims.

13. Because RSA - not Namibian - currency is used in Namibia, increased currency circulation *de facto* represents a capital outflow (purchase of external asset).

14. ( ) means reduction in external commercial credit used.

15. ( ) means outflow. Highly speculative and if via shifting financial institution accounts almost impossible to disentangle from enterprise external balance changes.

Sources:

Statistical/Economic Review 1982, 1983; Green, Kiljunen, Kiljunen, *Namibia: The Last Colony*, Tables 14, 17, 20; various micro estimates. In both years exports adjusted to include new data on probable tourism receipts (see Chaper 7 Wildlife and Tourism) and to take toll smelting receipts into account.

Table 10

A. Exports: 1977-1983 (R 000,000)[1]

	1977	1983
Meat Products	15	30
Live Cattle	50	35
Karakul, Wool, Mutton	70	20
Fish Products	65	95
Diamonds	300	250
Uranium Oxide	110	325
Base Metals, Other Metals and Minerals, Concentrates[2]	150	220
Other Visible Exports[3]	20	30
Exports Non-Factor Services[4]	25	55
Total	800	1060

Notes:

1. Adjusted to include all of Namibia.
2. Includes concentrates, ores, salt.
3. Hides and skins may account for up to 25%.
4. Includes tourism, business travel, toll smelting, non-Namibian ores.

Sources: Statistical/Economic Review, 1984; Namibia:The Last Colony, Tables 18, 20; Quarterly Economic Review of Namibia, etc. (Economist Intelligence Unit), various issues 1983, 1984; Financial Mail and Rand Daily Mail, various issues.

B. Imports: 1977-1983 (R 000,000)[1]

	1977	1983
Grain[1]	5	25
Other Food[2]	15	30
Passenger Cars[3]	15	30
Other Consumer Goods[4]	127½ (16½)	250 (335)
Fuel[5]	60	275
Other Intermediate Goods[6]	112½ (172½)	135 (410)
Transport Equipment[7]	20	30
Other Capital Goods[7]	195 (215)	225 (255)
Total	550	1000

continued....../

Table 10 continued

C. **Direction of Trade 1983/84**

Imports (R 000,000)

	RSA	Other
Grain	25	-
Other Food	25	5
Automobiles	20	10
Other Consumer Goods	200	50
Fuel	275	-
Other Intermediate Goods	75	60
Transport Equipment	15	15
Other Capital Goods	125	100
Total	760	240
	769 [1]	24% [2]

1. If fuel treated as 50% other RSA share falls to 63%.
2. Dominantly Western Europe, North America, Japan, in that order.

Note: Estimated from import patterns of Botswana, Swaziland.

Exports (%)

	Recorded Exports	Adjusted to Include Namibian EEZ Fish
Western Europe	33-35	32-34
USA [1]	22-28	20-26
South Africa	18-20	18-20
Japan	14-16	12-14
Independent Africa	1-2	1-2
Socialist Europe	-	5-6
Other	4-6	4-5

Note: 1. Treats diamonds in terms of final destination - most via RSA, London and often Amsterdam.

Estimated from incomplete micro data on destination of exports.

Table 11

A. 1983/84 Consolidated Territorial Budget (R 000,000)[1]

Total Expenditure	1,300	Total Finance	1,300
Recurrent	1,050	Revenue	750[6]
Capital	200	Gap	500
By Category		By Category	
Second Tier		Indirect	(360)
Central Budget	285	Custom Excise	275
Own Revenue	150[2]	Sales Tax	85
Central Admin'stn.	40	Direct	(215)
'Debt' Service	76	Mining Taxes	75
Other Financial Transfers	79	Other Company tax	35
		Dividend Remittance Tax	10
Defence	71[3]	Personal Income Tax	145[7]
Police	53[3]	Other	(175)
Agriculture	70	Service Charges and Rates	140
Transport	91	Fees, Licences, etc.	35
Water	56	Subtotal	750
Education	42 (122)[4]	RSA Transfer	275
Health	32 (82)[4]	Borrowing	195
Walvis Bay	114	Residual	30
Other[5]	141	Total	1,300
Total	1,300		

Notes:

1. Adjusted to cover Walvis Bay plus Second Tier and Municipal expenditure from own revenue.
2. Dominantly white Second Tier and Windhoek.
3. Excludes expenditure on RSA Budget. Also excludes 'home guards' etc., on second tier budgets.
4. Including 'Second Tier'funding purportedly spent on these heads.
5. Includes municipal budget guesstimates.
6. Includes Walvis Bay, Second Tier, Municipal.
7. Collected by Second Tier. Indirect tax revenue is aggregated into RSA Revenue Estimates.

Sources: 1983/84 Budget Estimates adjusted on the basis of fragmentary data on Second Tier, Municipal, Walvis Bay expenditure and revenue; Thomas, W. H., "Namibia 1985: A New Start", address 3-VI-85 at Klein Windhoek.

continued......../(2)

Table 11 continued (2)

B. 1984-85[1]

Expenditure	Budget	Estimated Actual
Second Tier Central Budget	305	
Own Revenue[2]	200	
Central Administration	58	
Justice and Police[3]	66	
Defence[3]	131	
'Debt' Service	149	
Other Financial	98	
National Education (135)[4]	56	
National Health (75)[4]	14	
Water Affairs	56	
Agriculture	46	
Posts, Telecommunications	59	
Transport	97	
Economic and Manpower	96	
Others	149	
Total	1,580	1,520
Recurrent Expenditure	1,340	
Capital	240	
Revenue[6]		
Opening Surplus	56	68
Indirect	400	410
Customs/Excise	(275)	
Sales Tax	(125)	
Direct	320	340
Mining Tax	(105)	
Other Company Tax	(30)	
Personal Income Tax	(175)	
Dividend Remittance Tax	(10)	
Other	150	157
Loans Raised	180	220
RSA Transfer Basic	318	318
RSA Transfer Defence	54	54
Total	1,473	1,542
Expenditure	1,580	1,520
Revenue[7]	875	912
Gap	705	608

continued....../(3)

<u>Table 11</u> continued (3)

<u>Notes</u>:

1 - 6. See 11A.
7. Excludes Opening Surplus, RSA Transfers, Loans Raised.

<u>Sources</u>: See 11A and Dirk Mudget, <u>Budget Speech</u>, 5-VII-85.

Notes

1. The data used are largely derived from the sources cited below. Unless otherwise noted tables and quantitative estimates, are adapted from Statistical/Economic Review and/or National Atlas. Sources for Tables are given at end of each Table.

2. Journal of Development Planning (United Nations), Special Issue on Economic Malaise in SSA (R. H. Green, editor), April 1985; World Bank, World Economic Survey 1985, Washington, 1985; World Bank, Toward Sustainable Development in Sub-Saharan Africa: A Joint Programme of Action, 1984.

3. For fuller account and tabular summary see Green, Kiljunen, Kiljunen (1981).

4. See Moorsom (CIIR, 1982) and Africa Contemporary Record (1980/81 - 1983/84).

5. See Moorsom (CIIR, 1984).

6. Most markedly the improper exclusion of Walvis Bay, the gross population underestimation and the failure to estimate household production for own use ("subsistence")

7. Statistical/Economic Review (1982, 83, 84).

8. ibid.

9. See Green, Kiljunen, Kiljunen (1981): Aulakh and Asombang (UNIN, 1985) SWAPO (1981).

10. Statistical/Economic Review (1984) and De Beers, Annual Reports, Johannesburg, 1980-1985.

11. See Green (UNIN 1978) For 1977; Chapter 18, Population and labour for more detailed discussion; SWA/Namibia Manpower Survey 1984 for official estimates.

12. See Von Ginneken (1985) and Chapter 23, Income Distribution.

13. For fuller discussion of political and social consequences and dynamics Chapter 1, Historical and analytical Overview; 15, Health and Social Welfare, 24, Women in Development.

14. Of 310,000 black worker/peasant households with an estimated average (mean) income of R1,000 per year at least 240,000 have incomes under R900 per year. That is below any reasonable family (3 or more) absolute, poverty line and very close to it for a single person urban household.

15. Estimated as including 20,000 odd government/ 'homelands', 10-12,500 mining, 17,500-20,000 other large enterprise (including about 3,000

parastatal) employees and 10,000, self employed (e.g. Rehoboth and 'traditional elite' ranches, small business proprietors, 'internal party' political 'leaders', professionals).

16. See ACR (1982-3, 1983-4)

17. See ACR (1982-83, 83-84); Thomas (1981) Green, Kiljunen and Kiljunen (1981) especially pp49-52 and Tables 31-32.

18. Estimated From National Atlas and Rivers (1985); See Chapter II, Transport for more detailed discussion.

19. In 1985/86 or 1986/87 there is likely to be a formal transfer of the SATs operations in Namibia to the Administrator General which will put the deficit to 'SWA Account' but is unlikely to have any other significant results.

20. For fuller acount see ACR (1982-83, 1983-84).

21. See ibid especially account of CDM Managing Director's speech on economic policy very obviously addressed to anticipated incoming national government not to existing RSA regime or its puppets.

22. See Statistical/Economic Review (1982, 83, 84).

23. Economist Intelligence Unit, Quarterly Economic Bulletin (Botswana, Lesotho, Namibia, Swaziland), London various issues 1984.

24. The areas of greatest doubt are:
    a. Walvis Bay;
    b. household production for own use; and
    c. information sector.

    But in some these do not exceed 20% of GDP so that even an error of 25% would affect overall GDP by only 5%. The estimates for the large and medium scale modern sector enterprises plus government which dominate the economy appear to be reasonably accurate. GDP per capita is more problematic because the population estimates are uncertain. GNP (Gross National Product) is even more problematic because estimates of transfer payments out of wages and profits and for interest are at best rough orders of magnitude. If customs and excise were actually collected by Namibia instead of paid out in cif import prices and roughly recovered by a fiscal transfer there might be formal adjustments to GDP and GNP but the real position would be altered only to the extent the new cif import cost was was more or less than the present cost less the related RSA transfer payment.

25. Published in Green, Kiljunen, Kiljunen (1981) especially Tables 13-20.

26. Von Ginneken (1985)

27. See Chapter 1, Historical and Analytical Overview: Green, Kiljunen, Kiljunen (1981) Chapters 3,4.

28. Statistical/Economic Review (1982, 83, 84).

29. *ibid.*

30. *ibid.*

31. *ibid.*

32. Summarised in article by Green, R. H. and Kadhani, X. in *Journal of Development Planning*, April 1985, *op. cit.*

33. *op. cit.*

34. Or it may be an example of the semi-latent "white territorial nationalism" discussed in Chapter 1.

35. See Green, Kiljunen, Kiljunen (1981) Tables 15,17; Ginneken (1985); Chapter 23, Income Distribution.

36. The elite has been created in the sense that it has - and wishes to preserve - higher incomes but not in that of being anti-nationalist or loyal to South Africa.

37. Green, Kiljunen, Kiljunen (1981), Tables 15, 17.

38. These are largely within black worker/peasant sub-group. From 'black elite' employees (especially in mining) to it they are not negligible. Remittances are received by many households but do not appear to be large for more than a small proportion of rural households (assuming a divided household is treated as two units. If not, such transfers are intra-household and true inter-household transfers probably are negligible at macro level).

39. This is not entirely coincidental. The Smithorewa regime in "Zimbabwe/Rhodesia" introduced selected salary and wage upgrading to try to buy black support in a way analagous to 1982-1985 RSA policies in "SWA/Namibia".

40. See Note 34.

41. See *Mines and independence* (C11R, 1983); Chapter 8, Mining.

42. See Moorsom (CIIR, 1982) Oloya et al (UNIN 1984); Chambers and Green in Green, Kiljunen, Kiljunen; Chapter 4 Agriculture.

43. See Moorsom (CIIR, 1984); Chapter 5 Fisheries.

44. See Chapter 19. Financial Institutions.

45. See Chapter 25, Science and Technology, for fuller discussion of upgrading, augmenting traditional and artisanal technologies.

46. See also Kiljunen and Green, in Green, Kiljunen and Kiljunen (1981); Aulakh and Asombang (UNIN, 1985); Clarence Smith and Moorsom (1975); Moorsom (1977); Chapter 1.

47. The case for showing adjusted figures is that de facto Namibia pays this tax embodied in cif import values and then collects it back from South Africa as a transfer payment.

48. See Chapter 5, Fisheries for more detailed discussion and projections.

49. This opinion has been argued in some detail in a confidential memorandum by an expert, specialist independent diamond analyst who has served on the opposite side of the table from De Beers in several negotiations.

50. See Chapter 10, Energy; and Rivers (1985)

51. Estimates based on discussion with hydrocarbon plant construction and chemical production experts and on basis experience of Tanzania in respect to offshore natural gas development.

Sources and Related Readings

Africa Contemporary Record 1980/81-1983/84, "Namibia", Africana, London/New York.

Catholic Institute for International Relations, Future For Namibia, Series, CIIR, London.
Namibia in the 1980's, 1981;
Moorsom, R. Agriculture: Restoring a Wasted Land, 1982.
Mines and Independence, 1983;
Moorsom, R. Fishing: The Pillage of the Sea, 1984.

Clarence-Smith, W. G. and Moorsom, R. "Underdevelopment and Class Formation in Ovamboland 1845-1915" Journal of African History, 16, 3, 1975.

Ericsen, T. L. Namibia: An Annotated Political Economic Bibliography, Scandinavian Institute of African Studies, Uppsala, 1985.

Faber, M., Green, R. H. and Harvey, C. TNC-State Relations and negotiations: Fiscal and Financial issues (with special reference to Namibia, IDS (Sussex), 1984.

Geldenhuys, Deon, The Diplomacy of Isolation: South African and Foreign Policy Making, Macmillan, Johannesburg 1984.

German Development Institute Multi Sector Study of Namibia Berlin, 1981.
(Barthold, W. S.) Namibia's Economic Potential and Existing Economic Ties with the Republic of South Africa, Berline 1977.

Ginneken, W. von, "Incomes and Wages in Namibia" Paper prepared by ILO for UNIN, 1985.

Green, R. H., Kiljunen, K. and Kiljunen, M. L., Namibia: The Last Colony, Longman, London, 1981.

Green, R. H., "Economic Co-ordination, Liberation and Development: Botswana/Namibia Perspectives" in C. Harvey (ed) The Political Economy of Botswana, Heinman, London, 1981.

Green, R. H., "Toward The first Days: Notes on Public Sector Priorities" Paper presented at UNIN Development Strategy Options International Seminar, 1981.

Green, R. H., "A Guide to Acquisition and Initial Operation: Reflections From Tanzanian Experience 1967-74" in Faundez J. and Picciotto, S., The Nationalisation of Multinationals in Peripheral Economies, Macmillan, London, 1978.

Green, R. H., "Economic Co-ordination, Liberation and Development: Botswana-Namibia Perspectives" in Harvey, C., Paper on the Economy of Botswana, Heinemann, London, 1981.

Makon, Y., International Law And The New States of Africa, UNESCO, Addis Ababa/New York, 1983.

Moorsom, R. "Underdevelopment, Contract Labour and Worker consciousness in Namibia" 1915-1972, Journal of Southern African Studies, October 1977.

Rivers, B., Namibia: An Energy Survey, UNCTAD, Study under Project NAM/79/011. New York, 1985.

South West Africa/Namibia, Statistical/Economic Review, 1980 through 1984, Windhohek.

South West Africa/Namibia, National Atlas of South West Africa, (J. H. van der Merve, ed), 1983.

South West Africa, Manpower Survey 1984, Windhoek, 1985.

SWAPO, To Be Born A Nation, Zed Press, London/New York, 1981.

SWAPO, The Political Programme of the South West African People's Organization, Lusaka, 1976.

Thomas, W. H. Economic Development in Namibia: Towards Acceptable Development Strategies for Independent Namibia, Kaiser/Grunewall, Munich, 1978.

United Nations Institute for Namibia: Namibia, Lusaka, Studies Series.
(Green, R. H.) Manpower Estimates and Development Implications for Namibia, 1978;
(Oloya, J. J. et al) Agricultural Economy of Namibia: Strategies For Structural Change, 1984.
(Anderson, N.) Health Sector Policy Options for Independent Namibia, 1985;
(Aulakh, H. S. and Asombang, W.) Economic Development Strategies for Independent Namibia, 1985.