FOREIGN ECONOMIC INTERESTS
and
GENUINE NAMIBIAN INDEPENDENCE

Conflicts of Interest

By Reginald Herbold Green

> We made South West. Why should we give it to you?
>
> \- Settler Proprietor to Namibian Employee

> We do not believe in a system which sells people.
>
> \- Namibian Strikers

> It must be borne in mind that the Namibian people are shedding blood to liberate each and every inch of the Namibian soil, thus each and every inch of Namibian land must and will belong to the Namibian people.
>
> \- S. Nujoma, President of SWAPO

What Do We Mean?

To discuss the interaction among foreign economic interests, the illegal regime in Namibia and the process of attaining genuine Namibian independence requires posing several definitional and/or conceptual questions.

First - what is a foreign enterprise or economic interest in Namibia? Fairly clearly South African firms or territorial subsidiaries controlled by them are foreign economic enterprises. So too are economic instrumentalities of the South African state. Economic instrumentalities (including enterprises) controlled by the authorities installed in Windhoek by South Africa are also for this purpose classified as foreign because they are controlled by Pretoria. Presumptively both in respect to such economic units and - slightly less certainly - economic units directly controlled by the South African state there would be an automatic shift at independence.

Expatriates (persons who view a country other than Namibia as their basic home and place of retirement) are also clearly foreign. Settlers who view Namibia as their territorial home are a more ambiguous category. Arguably those (whether White or Coloured) who would choose to remain in a genuinely independent Namibia are more domestic than foreign. Severe problems arise in separating (guessing the future separation) among expatriates, 'transient' settlers and 'domestic' settlers.

Second - what is the interaction of economic importance from a national accounts or economic structure perspective; of objective support for the occupation regime (e.g. by paying taxes) and of subjective attitudes relative to the occupation regime and to genuine independence? These are not necessarily homogenous categories since for security purposes numbers matter; for economic structure total value added and/or exports are dominant; for occupation regime taxable income or consumption and for attitudes toward the future, calculation of long term economic (and in the case of individuals social and political) interest.

Third, to what degree do external economic interests in Namibia influence their home governments either by overt pressure or simply by their existence? The existence of RSA economic interests clearly is significant as are the pressures (perhaps more political than economic) exerted by a majority of the RSA white expatriate/settler community. In other cases the links are much more tenuous and in one - that of Federal Germany - mixed in direction, i.e. some are in favour of genuine independence.

Fourth, excluding South Africa, what steps by what governments could in fact be influenced by their enterprises, nationals or compatriates in Namibia and how? For example, it is by no means self-evident that the USA economic interests (now relatively peripheral to Namibian production or tax base and at least as marginal to the USA companies involved) could exert much leverage over USA policy toward Namibia. Economic concerns, kith and kin links and strategic/ideological goals or fear are present in the Namibia policies and perspectives of all the states with economic interests there. It is by no means certain that the direct economic element is dominant in any case and clear that it is not dominant in certain cases.

It is in general much easier to demonstrate the dominance of external economic interests in Namibia and to the occupation regime's revenue plus RSA's balance of payments than to posit ways in which they could actually cause significant state policy changes even if they were so minded. However, this is an area requiring attention if one main purpose of the appraisal of foreign economic interests' present role is perceived as altering their roles/impact during the ongoing struggle for genuine Namibian independence.

What Foreign Interests? With What Significances?

The core of private enterprise interests in Namibia are controlled by the South African oligopoly groups. In Namibia, as in South Africa, their largest member is the Anglo American Group (including De Beers and arguably First National, ex-Barclays). It is the sole diamond producer (Consolidated Diamond Mines) and via Consolidated Goldfields probably has effective control over the largest base metal producers - Tsumeb/Otjihase/SWACO - when it chooses to exert it. First National is the largest bank by a substantial margin. Other Anglo Group interests include substantial (but not dominant) stakes in fishing, construction and rental office/commercial property. The total Namibian interests of the Anglo Group are significant (especially in respect to diamonds) but are under 5% of its probable global assets and operations.

Other South African enterprises dominate meat packing, karakul trading, probably shipping plus clearing and forwarding (SAFMarine), construction and large scale road haulage. A majority of banking and insurance is in other RSA private enterprise hands as are a number of manufacturing enterprises. The largest single one is Stanswa - the branch of The Standard Bank of South Africa (no longer effectively controlled by Standard and Chartered of the UK). In no single case is the Namibian operation a large per cent of Namibia's GDP albeit taken together the stake is substantial. In each case it would appear to be quite small relative to the total operations of the South African parent group. This was not true of the fishing enterprises before their overfishing wrecked the Namibian industry but holds for them too today.

The second largest enterprise group is that comprising South African state and nominally the occupation 'SWA/Namibia' regime ventures. These include a large (controlling for voting purposes) stake in uranium (Rossing), some secondary base metal mines, the largest segment of manufacturing (via First National Development Corporation), a significant petroleum distribution stake and a monopoly position in hydrocarbon exploration, dominance in housing and development finance, a secondary motor transport role plus railways, electricity and water.

Non-South African TNC's have a more limited role. While hundreds can be listed as having an office or agents or present/past mineral explorations, the number of ventures of any size even relative to the Namibian economy, let alone to their parent groups' operations, is very small indeed. The major case is that of the RTZ group (UK) which is the major equity holder in Rossing in financial terms as well as its manager. Newmont (USA) is the second largest shareholder (after Consolidated Goldfields) in Tsumeb and currently provides its management. Up to 10% of RTZ's net profits accrue from Rossing. If Tsumeb returns to profitability (as it may well have in 1987) the same might be true of Newmont. Shell, BP and Metal Box (UK via their RSA subsidiaries) are significant in petroleum product importation and distribution and in container production for Namibia, but miniscule compared to group global operations. The same is true of French and German concerns other than uranium users/power companies whose interest lies more in security of supply - a situation even more true in the case of Japan.

Settlers number perhaps 40,000 (of whom 10,000 to 25,000 might remain at least for some years after genuine independence). They dominate the livestock sector (cattle, karakul) as well as the commercial and maintenance ones and have minority segments in manufacturing, road haulage and fishing plus a peripheral bank. A small majority are South African and almost all the rest German by origin.

Expatriates also number around 40,000 (excluding South African military and police personnel) and are predominantly South African by origin. They are occupation regime, South African/occupation regime state enterprise, and South African and foreign private enterprise functionaries and managers more or less in that order in terms of numbers.

A potentially important sixth group is external lenders. In practice this group now appears to be almost solely South African financial institutions and to have virtually total guarantees of its lending by the RSA Treasury. External loans for specifically Namibian (public or private) projects appear virtually totally retired while - despite occupation regime claims - non-RSA bank uptake of 'SWA/Namibia' paper at present seems to be minimal (probably concentrated on private and secondary banks and their clients in Switzerland and Federal Germany).

For purposes of this resume Walvis Bay - in accordance with geographic, historic and economic reality as well as United Nations resolutions - is treated as an integral part of Namibia. Deep sea fishing (beyond territorial waters) is, however, excluded because in the absence of a decree by the United Nations Council for Namibia it is not clear that the "economic zone" waters are now an integral part of Namibia. Further, the predominant foreign deep sea fishing fleets (USSR and Spain) do not provide material support for RSA or its occupation regime by their activities and, especially in the former case, are clear supporters of genuine Namibian independence.

Excluding government proper, the approximate shares of Gross Territorial Product flowing from foreign economic interest activities are:

A.	South African Oligopolies (of which Anglo: 25-27½%)	35-42½%
B.	South African and Occupation Regime Ventures	17½-25%
C.	Other TNCs	10-15%
D.	Settlers (of which potentially domestic: 7½-12½%)	17½-20%
E.	Expatriate	2-4%
		94-96%
Balance for Black Namibians		4-6%

(Wages and salaries are classed as part of the employing sector not of that to which the employees belong.)

These figures are not very precise. In particular division of Rossing between Other TNC's and South African/Occupation Regime State Enterprises and of Tsumeb between Anglo and Other TNC's is problematic. However, they do represent fairly firm relative orders of magnitude.

As the occupation regime is South African and derives its revenues predominately from categories A through F above (including direct taxes on their employees' income and indirect on their expenditure) plus transfers and loans from South Africa, it could logically also be categorised as an external interest. In that case 97%-98% of the Namibian economy is foreign controlled and operated. Black Namibian controlled production is trivial and extends only marginally beyond production for own use, minimal agricultural production for sale and petty artisanal and service units at an individual or household level. The exceptions can be numbered at most in scores and even they are at best of small or medium scale even compared with the middle-sized settler ranch or commercial enterprises.

Foreign Enterprise and Individual Roles

The foreign enterprises and the settlers created the present Namibian economy over the past century. Nowhere has there been less space for black people to act on their own or to choose their response. That lack of space and of choice has been enforced by the state not merely through residence and employment control but through systematic despoilation of black Namibians of any natural resource base (or effective independent access to markets or finance) from which to take initiatives or make choices. That enforcement has been - for enterprises and settlers - the nexus of their mutual interest with the South African state (a nexus not as homogenously firm today as it was a decade or a decade and a half ago). On the state's side the enterprises provided tax revenues and foreign exchange earnings and the settlers security plus some revenue and foreign exchange. The expatriates - while at least 50% of the white residents at any one time - are largely consequential on enterprise, settler and state interests albeit they have become over time a particularly intransigent pressure group against genuine independence and one whose potential interaction with the right wing white opposition in RSA gives (or is asserted by RSA to give) them power out of proportion to their numbers or basic economic significance.

The actors have shifted marginally - especially in relative weight - over time. Before the mid-1940s this was within an insignificant economy (absolutely and relative to South Africa). The creation of the 'modern' Namibian economy dates basically to the three decades between 1947 and 1977.

Since then it has been in a series of stagnation, decline and stagnation crises related both to the world economy's evolution and natural disasters and to the costs and uncertainties which the colonial economy bears as a result of SWAPO's nearly three decades old struggle for genuine Namibian independence and particularly its intensification of that struggle from the mid-1970s.

Before 1947 the enduring bedrock (or sandbank) of the colonial economy was settler ranchers. They were not prosperous, indeed both as to settlers and expatriates Namibia - after the South African conquest - was at least as much a safety valve for poor white relocation as an economic zone.

Mining was highly cyclical. Diamonds together with base metals became the economic backbone of German South West Africa's economy but both declined to very low levels of production or total closure for much of the late 1920s through 1945. Prices accounted for this as to base metals while De Beers bought the diamond concession to control global output and then - as now - used Oranjemund (CDM) as a swing producer with sharp cuts when world market gluts threatened but quite high production at peaks.

In the 1940s Amax/Newmont pioneered the revival of base metal production while De Beers built up CDM to a major global gem producer. RTZ (two decades later after the Mandate's revocation) brought Rossing into production. Fishing was developed (and nearly destroyed by reckless overcatching) over the same period basically by RSA firms but with substantial initial indirect US TNC involvement. Settlers meanwhile more than doubled in numbers (from Germany as well as South Africa) and became prosperous in ranching (with a good world karakul market and large, if erratic, beef export quotas to RSA) and in the burgeoning commercial and service sectors.

Other foreign enterprise involvement followed in the wake of these main currents. The RSA/Occupation Regime state enterprise role was partly supportive (infrastructural) and partly interventionist (e.g. uranium plus base metals and FNDC) as at home in RSA.

The foreign enterprise sector and secondarily the settlers provided the investment to start the production takeoff. This in turn fuelled both enterprise and settler investible surplus and public revenues. From the early 1960s until the late 1970s, Namibia was a net capital exporter, i.e. domestic savings exceeded domestic investment (private plus public). But on average 30% of Gross Domestic Product was remitted as dividends, interest, loan repayments and individual settler or expatriate savings so that retained territorial savings for the enterprise sector tended to be below investment, creating an apparent structural need for continued capital inflows. Over this period Namibia generated very large investible surpluses (from remittances) as well as foreign exchange surpluses (Namibia exported dominantly abroad and imported dominantly from RSA) for RSA.

Thus over 1947-1977 the South African state and economy and the foreign enterprise/settler interests in Namibia did well out of the territory (though not by doing good for its people). So long as business boomed, tax revenues - especially on mining and most especially on diamonds - were buoyant enough to cover territorial state expenditure with personal direct and indirect taxes rather low and RSA transfers and borrowing (excluding that really representing customs duty foregone) negligible or negative. Few conflicts between the state and the enterprises/ settlers were apparent. The state's security forces kept the border war away, repressed union activity, de facto maintaining the old 'contract' labour allocation / wage depression mechanism (albeit a minority of larger employers with more need of a skilled, stable labour force and more concerned with long term labour relations began to have doubts about the 'contract'/ no union system's cost/benefit calculus for them).

This harmony has eroded with the rise of the liberation struggle and the decline of the economy. The territorial budget is in deficit because of the economic decline, the costs of creating a moderate wage black elite and parallel puppet governments in a "buy a bantustan" strategy and the escalation of the bills to finance maintenance of repression. RSA loses heavily on Namibia at net surplus levels (perhaps 10% of RSA state expenditure) and at best breaks even on external account. In narrow economic terms Namibia no longer pays. For most foreign enterprises it still pays (especially with partial metal and diamond market recoveries) but is no longer a bonanza, especially as they too have in many cases sought to buy a future by creating a middle income minority black labour elite. Settlers have been squeezed as have expatriates, heightening their always latent right wing populist antipathy to big business and big government but also causing a settler minority (largely German among whom it may be a majority) to begin to consider genuine independence as potentially less bad than the status deteriorandis. A handful of companies - notably CDM and perhaps First National and Stanswa, though notably not Tsumeb nor Rossing- have begun to toy with the same idea. On the other hand objectively neither the settler minority (excluding a handful of individuals) nor the enterprise sector has done anything significant to undermine the occupation regime's revenue and power to repress.

The Legal Context - A Semi Aside

The legal position of foreign enterprises, of the South African state and - less clearly - of settlers in an independent Namibia would be exceedingly tenuous albeit not totally uniform. Their continued enjoyment of any significant portion of their present incomes would be dependent on negotiated agreement with an independent Namibian government. SWAPO has made it clear that it would welcome such negotiations and believed that in many cases a mutually accepted new set of arrangements could be found. With the possible exception of some German settlers, this position has not been responded to in any serious way, even informally, by the foreign economic interests.

Pre 1966 (i.e. pre Mandate Revocation) settler and enterprise property in Namibia is - or at least was - lawful. The consequences of the International Court of Justice Advisory Opinion of 1971 (e.g. as to whether payment of taxes to the RSA occupation regime is a good discharge of liability) and of the UN Council for Namibia's Decree No. 1 in respect to natural resources (which presumably include livestock and fish albeit the stress has been on minerals generally and uranium in particular) raise questions even as to these assets.

Any post 1966 investments turning on RSA/occupation regime actions are - per the UN and the ICJ - without valid legal status. As this includes mining right extension, by 1990 Rossing and Otjihase (void ab initio) and CDM (whose pre-1966 rights expire in 1990) will have no legal basis. The same holds for fishing and for any land use rights transferred after 1966.

All RSA/Occupation Regime assets (state or enterprise) in or created for the use of Namibia would appear to vest without liability in the Namibian state on independence. That is the result prescribed in the international convention on rights and duties on state succession. It is also the accepted international practice which began at the independence of Tanzania and is sometimes termed the "Nyerere Doctrine".

The cumulative impact of these legal realities is to place the foreign enterprise and - given its very heavy dependence on state services and subsidies - settler agricultural sector in a very weak formal position in any independent Namibian state and an especially weak one against a genuinely independent Namibian state led by SWAPO.

The State and the Foreign Private Sector Today

Objectively foreign enterprise and settler production and earnings keep the colonial economy operating and provide (directly or indirectly) at least 95% of tax revenue. Similarly a substantial portion of the 'security' focus of the occupation regime are drawn from the settler and expatriate communities while most companies are de facto part of its information and civil repression apparatus as are many individual settlers/expatriates.

Subjectively there is rather less homogeneity. Enterprises (except settler ones) in general would prefer to jettison apartheid to salvage capitalism. Almost all expatriates and a majority of settlers vehemently disagree, indeed are to the right of P. W. Botha and his occupation regime.

Security service repression bothers (unequally) many enterprises because they see it as increasing disorder today and violence tomorrow ie it prevents the emergence of either a 'safe' neo-colonial state or a modus vivendi with a genuinely independent Namibian state. Some settlers and a few expatriates share this view. But very few enterprises or individuals have taken steps to shield black Namibians from repression (among major enterprises CDM has perhaps gone furthest) and even these very cautiously and with a low profile.

Most enterprises - notably Tsumeb and Rossing - let alone most settlers are bitterly anti-union. The one clear major exception is CDM which sees valid worker representatives to bargain with (to bargain toughly with one might add) and black skilling as key to present and potential future profitability.

Most enterprises, expatriates and settlers would like to see an amiable, enduring neo-colonial solution with some income redistribution as its price but minimal changes in economic power and surplus division structures. (So for that matter would RSA.) An increasing number, however, doubt that such an objective is attainable.

Therefore many German and a few South African settlers, a handful of expatriates and a minority of enterprises (led by CDM - but not including the other presumptively Anglo controlled giant Tsumeb - and perhaps including First National and Stanswa) are willing to envisage genuine independence and to give gratuitous public lectures presumptively aimed at SWAPO on how to manage it after it happens. Actually doing anything to further it or to undermine the occupation regime's power is - except for a handful of dedicated individuals - notable by its absence.

To this record of objective support for and muted, if any, opposition to the occupation regime there is one notable exception. Private enterprise investment in Namibia from the late 1970's has (after depreciation) been negative and Rossing and Otjihase were the last major external enterprise investments with no successors in sight a decade later. The uncertainty resulting from the mandate revocation, the ICJ ruling and the liberation struggle have interacted with the weakening profit results in Namibia to achieve that. As a result the growth of the colonial economy's productive sectors has been blocked - indeed they are running down. In that sense foreign enterprises are casting a vote of no confidence in the future of the occupation regime by so doing gradually eroding the economic and revenue bases for its survival. While useful in the context of the liberation struggle today this will pose real problems after genuine independence as in Namibia's mineral sector only Rossing and CDM have exhaustion dates on proven and developable deposits beyond 2000. Similarly, both ranching and fishing assets and infrastructure are not being restored or maintained up to the levels of depreciation from wear and tear plus ageing in the economic sense. A similar pattern in Rhodesia over 1975-79 has put severe pressure on the Zimbabwean economy and, in particular, its balance of payments.

How Much Influence on Outside States?

It is easy to overestimate foreign enterprise and settler leverage on their home states (with South Africa an exception in the expatriate/settler case).

RSA concerns almost certainly centre on strategic security at home and on the political/psychological impact of 'losing Namibia' to genuine independence on both white politics and black struggle in RSA.

The USA's direct economic concerns in Namibia are trivial. Further it has stated it would not support the main one - Tsumeb - against claims by an independent Namibia. Ideology, regional geo-political strategy and (less clearly) economic interests in South Africa dominate present administration Namibian policy while the rather different Congressional policy turns on domestic US political concerns and, in any event, has no clear Namibian focus.

The UK has been influenced by RTZ and by trade interests. Alone of states with significant economic concerns with Namibia its policy may well turn largely on enterprise interest and predominately on that of one company RTZ. Why a major component of the UK's regional policy should be held hostage in this way is perhaps unclear even in the historical context of RTZ-UK Government-UK Atomic Energy sector linkages, but the probable reality remains.

Germany is, on balance, influenced in favour of genuine Namibian independence by its settlers. Its main commercial companies in the atomic energy sector also appear to believe they could live with a SWAPO government, as their concerns turn on continued production and commercial sale of uranium oxide. There is right wing pressure in the opposite direction but it has not been dominant since 1980.

Arguably elements in the EEC complex support genuine independence for Namibia for reasons which are partly economic. EEC would be the natural supplier of perhaps 50% of Namibia's imports and South Africa of 10 to 15% since the natural external trade links of Namibia are by sea and transport costs from the Rand are often as high as from Europe. Under South African occupation 75% of Namibia's imports are South African and perhaps 15% from EEC. The implied market gain of perhaps $175-200 million a year for EEC exporters is not huge but neither is it negligible. Equal access to the Namibian market requires genuine Namibian independence (just as effective access to several SADCC markets requires an end to RSA's destabilisation and a reduction in its economic coercive powers over them) - therefore EEC and its exporters collectively do have an interest in speeding the demise of the occupation regime.

What Action Should Be Sought? To Do What?

It is easy to assert that settlers and foreign enterprises both morally and in their own long term economic interests should both withdraw support from the occupation regime and act - at least in public word and negotiation with the UN Council and/or SWAPO as well as with trade unions and church leaders - to further genuine independence. It is rather harder to define practicable targets or how those which are practicable would undermine the repressive or strengthen the liberating forces significantly.

Surely if all settlers and foreign enterprises left tomorrow, the economy would collapse and be very hard to resuscitate. If they refused to pay direct taxes the fiscal blood-letting would be expensive to RSA. But is this realistic? RSA would seize assets and flows of funds and replace individuals. Is it credible to suppose a genuinely independent Namibia would actually make good such losses? Surely not to the enterprises or settlers.

South African businesses are notably timorous in trying to shift state policy and not notably successful when they do try. In the USA case enterprise influence is probably trivial and in the German perhaps mildly positive. Only in the UK case could an enterprise change of stance have any major potential impact on state policy. As RTZ is unlikely to be converted to supporting (or stopping opposing) genuine independence even at verbal level, the only evident way to achieve a shift would be by concerted Australian - Canadian - Papua New Guinean pressure aimed at RTZ's group members in their countries (collectively much more important than Rossing).

What may be more generally attainable targets are:

a. training, promoting and housing black Namibians on a more genuinely equal opportunity basis;

b. genuine negotiation with the legitimate trade unions in Namibia (beginning with recognising them);

c. dialogue with Christian bodies in Namibia leading to concrete social and economic action as well as some degree of condemnation of apartheid and repression now and exploration of future steps;

d. withdrawal of support for repression, provision of militia and informing;

e. dialogue - preferably publicly but at least privately - with the UN Council for Namibia and SWAPO on the possible roles of settlers and foreign enterprises in a genuinely independent Namibia and on what steps (including public statements) need to taken now to safeguard these possibilities.

That agenda will not liberate Namibia nor even make a major contribution to doing so. To expect more from the foreign enterprise/settler community would, however, be pure romanticism. Moreover, the results of substantial progress in the agenda would be more than trivial. The proposed dialogues and actions would strengthen genuine Namibian organisations at home and abroad objectively and in terms of their self confidence and sense of making progress. Similarly they would at least marginally weaken the repressive power and information collection capacities of the occupation regime and heighten its, and its supporters, fears that the 'holding' of Namibia would become increasingly costly economically and politically over time. Finally the proposed actions could create a basis for a less bumpy economic and personpower transition and continuity process at independence; by no means a negligible consideration.

The final question is how to convince the enterprises and settlers. So far as this means rational persuasion as to their real future interests, it is a means which can only be carried out by the Liberation Movement and its Namibian supporters whether in or outside of Namibia. Friends and allies can at most ease the way to initial contacts and provide some evidence from other cases to prove that genuine independence and Armageddon for foreign enterprises and settlers are by no means necessarily identical and are least likely to be so when there is a pre-independence basis of dialogue and of at least some mutual respect and acceptance.

To the extent convince means to create a context in which the costs of continuing to oppose the genuine independence of Namibia are seen as rising to unacceptable levels, somewhat different considerations apply. The roles of the Liberation Movement, of the trade unions and of the churches of Namibia remain central. However, external government and pressure group action (analogous to that which has deterred new investment in, secured some withdrawals from and seriously upset businesses based in South Africa) can be effective. Who and where depends on the company. Shell and BP globally (and perhaps especially in the South where plenty of less RSA linked competitors would be happy to replace them?). Newmont in the USA, RTZ in Australia, Canada and Papua New Guinea, Anglo-De Beers-Con Gold Fields via the European and North American members of the group. Such a strategy would require detailed studies not a single paper. These are worth doing if actors exist or can be mobilised to implement them either because of a specific concern with working in support of Namibian independence or as part of wider commitment to regional liberation comprehending South Africa and the independent states of Southern Africa as well as Namibia.

Table 1

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 2

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	1600-1680	80-84%
1985	2900.0	2250-2400	77-83%

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, Kiljunen, Kiljunen), London, 1981.
d. 1983 GDP and BOP Tables revised from UNIN, 1986; 1985 GDP adjusted in same manner.

Table 3

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 4

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 4 (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 Chapter Wildlife and Tourism UNIN, 1986) and to take toll smelting receipts into account.

Table 5

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		Other Company tax	35
Transfers	79	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 5 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)

Table 5 continued (3)

Notes:

1 - 6. See 12A.

7. Excludes Opening Surplus, RSA Transfers, Loans Raised.

Sources: See 12A and Dirk Mudget, Budget Speech, 5-VII-85.

Sources and Related Readings

Allison, C., and Green, R. H., Political Economy and Structural Change: Namibia at Independence, Discussion Paper 212, IDS (Sussex), 1986.

Africa Contemporary Record 1979/80-1986/87, "Namibia" and "Southern Africa" chapters, 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., Papers on the Economy of Botswana, Heinemann, London, 1981.

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

Manning, P., and Green, R. H., "Namibia: Preparations for Destabilisation" in D. Martin and P. Johnson Destructive Engagement: Southern Africa at War, Zimbabwe Publishing House, Harare, 1986.

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

Oxfam, Namibia Conference Papers, (J. Faundez, R. Moorsom, B. Wood, R. H. Green, R. A. Hague) London, 1987.

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 1986, Windhoek.

South West Africa/Namibia, National Atlas of South West Africa, (J. H. van der Merwe, 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.

United Nations Institute for Namibia, Namibia: Perspectives for National Reconstruction and Development, 1986.

Author Note

Reg Green has been a student of the political economy of Namibia and a supporter of its struggle for genuine independence since 1955 and more especially since 1974. He has served as a consultant to the United Nations Institute for Namibia and to SWAPO and has published extensively on Namibia. He is also a student of the political economy of the independent states of Southern Africa to several of which - and to their regional organisation, SADCC - he has served as a consultant since 1966-74 when he was economic advisor to the Tanzania Treasury. He is based at the Institute of Development Studies (Sussex) where he has been a Professorial Fellow since 1974 and is active in the Southern African work of the Catholic Institute for International Relations (London), The World Council of Churches and UNICEF.