

## NAMIBIA ECONOMY

### The Colonial Political Economy in (Terminal?) Crisis

1981 was a disastrous year for the Namibian territorial economy with a probably drop in constant price gross territorial product (GTP) of 10% following a 1980 decline of 1% and 1979 fall of 7½%.<sup>1</sup> 1982 is likely to show a further decline of at least 7½% for a cumulative collapse of over one-third in constant price GTP. Because terms of trade movements have also been adverse over 1980-82, while exports account for about 70% of production, and imports for about the same share of domestic expenditure, and population has risen about 10%, the true 1978-82 per capita decline in territorial command over resources out of territorial production is a stunning 45 to 50%.

The late colonial political economy has gone stale and sour with a vengeance. Given both its naked exploitativeness - characterised as "The Political Economy of Theft" in several recent analyses<sup>2</sup> - and the lack of initiative or self-confidence in restoring it among its political masters,<sup>3</sup> the appropriate epitaph may well be from T.S.Eliot's "Hollow Men" - "Here we go round the prickly pear, prickly pear, prickly pear ... at six o'clock in the morning ... this is the way the world ends, not with a bang but a whimper." The causes of the collapse are partly external lying in the global economic crisis, the general economic weakness of Sub-Saharan Africa including for this purpose South Africa, and drought. But they are also related to the contradictions always latent in the colonial system - particularly its single male "contract" labour system<sup>4</sup> - which have now become explosively antagonistic. The cost of Namibia in economic terms now far exceeds the gains to RSA, the cost of continued war is not seen as having a positive payoff by many major investors (whatever their views of

SWAPO) - this Humpty Dumpty cannot be put together again by all Piet Wappen Botha's horses<sup>5</sup> and men.

Contract Built - Will it Destroy?<sup>6</sup>

The "contract" labour system allowed (and still allows) employers to pay lower than family subsistence wages because the contract employee's family remain in a homeland/reserve and scratch some food and shelter (not full subsistence) there. For the ranching sector low wages have always been essential; for the smaller mines and fishing industry they were critical, at least in the past. Thus cheap labour made available by land theft and housed in compounds for term contract was the foundation on which the colonial political economy was built. Today, however, it is contract - or rather the process of "breaking contract" - which is fatally eroding that political economic system.

This is not a matter simply of perceived grievances or exploitation, but of quite definite impacts on the structure of Namibian consciousness and organisation. First, it has created a sense of nationhood by bringing together people from different communities and areas at workplaces and in compounds. Second, by forcing households to keep one foot in the reserve and one in the compound it has built an organic worker-peasant unity. Third, the isolated compounds have given time, space and privacy for SWAPO to organise. Fourth, forcing women to act as head of households has contributed a high degree of self-organisation and activism among Namibian women. These are the characteristics that have made internal SWAPO impossible to break as a political consciousness force, external SWAPO a credible political mobiliser internationally and PLAN a dangerous and debilitating military opponent.

Drought and War: Dustlands on the Veldt<sup>7</sup>

Agricultural output has fallen sharply. Settler cattle stocks may well be down to little over 1,000,000 head or half their mid 1970's levels.<sup>8</sup> While the early months of 1982 saw some break in the drought, this was by no means general, and many ranches now have had no significant rainfall for three to five years.

While prices and RSA quotas for beef have been reasonably good over 1980-1981, they do not offset the fact that under drought conditions the ranchers are living on capital, not income - reducing stock nor sustaining it. For the case of karakul prices have been poor, forcing reinstitution of subsidies.<sup>9</sup> It seem likely that on proceeds of sales alone, the European ranching sector had a severe loss in 1980 and even more so in 1981, with 1982 probably as bad, or worse. Official marketing sources suggest falls of up to 2,000 of 10-12,000 registered livestock and crop sellers.<sup>10</sup> Population data show sharp falls in total European population.

The European ranching system in Namibia was not built purely as an economic instrument but also to provide a series of European "strong points" and a total number of rural European households to hold the territory. Therefore, a fall in the number of ranchers has been seen as unwelcome - especially when the northern and north central ranching areas were becoming the locus for PLAN attacks on roads and power lines as well as ranches.<sup>11</sup> Therefore, over 1980-82 subsidies - including a R2,000 allowance for living on a ranch quite overtly justified on security grounds - totally about R50-60 m (R 10,000 per ranch) a year have been introduced.

The subsidies have not stopped a slow but fairly steady stepping up of guerilla operations - including a major spring 1982 series of

attacks in the Outjo-Grootfontein-Tsumeb triangle<sup>12</sup> now called even in the RSA press "The triangle of death". This operation - like earlier sabotage at the Windhoek power station<sup>13</sup> - coincided (presumably deliberately) with major South African incursions into Anogla and claims that SWAPO/PLAN had been wiped out. These claims presumably ring as hollow to ranchers as to Namibians, since they have been made at half-yearly or shorter intervals for at least five years, while the RSA military involvement has risen to R600 to 1,000 million and 100,000 security personnel (including locally recruited and mercenary units) and the PLAN attacks and sabotage have also risen.

#### Depression - Global and Local

The world depression has affected South Africa's economy severely - high interests rates have shattered the gold and diamond booms. As a territory subject to South African inflation rates, monetary policies and exchange control, this necessarily affects Namibia regatively. Indeed, even the DTA leadership now queries the value of unified monetary and fiscal policy for Namibia and South Africa.<sup>14</sup>

In fact, in 1981 and 1982 the world economic depression has hit Namibia directly. The 50% cutback in diamond production from 2,000,000 carats in the late 1970's to probably 1,000,000 in 1982<sup>15</sup> is the most extreme example and one which has wreaked havoc on the territorial budget.<sup>16</sup> On the whole RTZ has been able to hold its uranium oxide price constraint because of multi-year contracts, but the same has not been true of the copper, lead, zinc and other base metal mines. Several of the smaller have closed and the 1980-81 reopening of Otjihase<sup>17</sup> seems to have been based on its special value to Tsumeb's smelting facilities, to an unduly optimistic view of the 1981-82 copper price and to tax gains to Tsumeb from acquiring

Otjihose's accrued losses.

While 1981 may have seen a marginal rise in fish catch,<sup>18</sup> the overall situation remains bleak. Only 2 of 10 tinneries appear to remain in production and employment in the sector has apparently dropped by three-quarters.

### Loss of Confidence

In 1980 the newly revised and updated official economic statistics were received with some enthusiasm<sup>19</sup> albeit also with caution centred in the poor 1979 performance.<sup>20</sup> By 1981 the overall situation had become one of lack of confidence. The only substantial private investments over 1979-81 were in recommissioning Otjihose, building additional abattoir facilities and CDM's prestige office tower in Windhoek to demonstrate its confidence that de Beers would remain, whatever governments fell or rose.<sup>21</sup> While 1980-81 planning approaches appeared to show a private sector construction boom, this was not reflected in overall investment totals.<sup>22</sup>

The Rand Daily Mail<sup>23</sup> and Windhoek Observer<sup>24</sup> were not alone in criticising the colonial political economy and suggesting that its problems were terminal. They were joined by DTA supporters<sup>25</sup> and even "Chief Minister" Dirk Mudge who kept harping on his belief South Africa would sell out the settlers and the European firms - either to protect mining profits,<sup>26</sup> or to achieve a Cuban forces withdrawal from Angola,<sup>27</sup> depending on his mood.

The gloom was, if anything, enhanced by a belief that South Africa was - throughout 1981 and early 1982 - not negotiating to settle arrangements for a transition to independence but to use up time and to try to come up with an option less unsatisfactory than a

Zimbabwe election rerun. This uncertainty as to an emergence into a new period and continuation of a decaying present seemed likely to ensure negligible new investment and substantial loss of output and employment during 1982.<sup>28</sup>

#### National Accounts

From having no up-to-date, detailed, published national accounts as of 1980, Namibia moved to having two sets - one official<sup>29</sup> and one "counter official"<sup>30</sup> in 1981. Surprisingly their totals are relatively similar indicating inter alia that previous South African assertions on output, exports and budgetary revenue have been serious understatements.

Official 1979 Gross Domestic Product figures at current prices totalled R1,191 million (over R1,250 per capita on official population estimates). However, the official estimate excludes Walvis Bay (a substantial portion of trade, transport and manufacturing and the bulk of fishing) and production carried out and consumed by the same unit (ie subsistence plus agricultural wages in kind). Including these (at R150 million for subsistence) suggests an adjusted total of R1,366 million. The detailed unofficial estimate for the same year - R1,425 million - is about 4% higher, well within the range of error of African GDP estimates.

What the 1979 official figures do reveal is a tendency in unofficial estimates to overstate agriculture (under-recognition of drought declines) and mining (underestimate of 1977-79 15% decline in dimao diamond output) and to underestimate transport and communication. The primary - secondary - tertiary sector division of the (adjusted) official figures is: R689 (740) million, R108 (148) million, R394 (479) million. The unofficial are R850 million, R 150 million, R425 million.

National income distribution data conflict fairly sharply for 1979, with the official series showing R470 million wages salaries and R29 million household property incomes, and the unofficial R390 million wages and salaries and R110 million household property incomes from ranches and small businesses. Official corporate savings plus remittances estimates total R438 million - unofficial R700 million. The official household property income data are clearly wrong (by comparison with other years in the official series) probably with wages too high. Similarly, remittances abroad are virtually defined as corporate dividends ignoring small proprietor and salary earner transfers. The corporate profit share of 40% of Net Domestic Product post tax and almost 55% pre tax is below some previous estimates, but still among the highest shares in the world. Of it, at least R300-325 million pre tax (of R615 total) relates to Consolidated Diamond Mines and Rossing Uranium. By 1981 it appears likely that the total from these two companies had fallen to perhaps R225 million with Rossing possibly accounting for slightly over half.<sup>31</sup>

#### Investment, Capital Stock and Stagnation

Gross fixed investment at current prices stand at R420 million (32% of GTP) in 1980<sup>32</sup>, but probably declined to under R400 million (31%) in 1981. In 1975 it had been R326.5 million (56%).

Given the probably rise in investment unit costs of 20-25%<sup>33</sup> in 1980, even the 1980 figure represents no real increase over 1979 despite a 23% nominal rise. Deflated to 1975 prices, 1980 investment would be of the order of £200 m, or 40% below that year's level. The mid 1970's investment surge which laid the foundations for the decade's output growth has not been sustained.

The makeup of investment has shifted with general government rising from 30% in 1975 to over 40% in 1980. A substantial portion of this in 1980 represents "bantusan infrastructure" ie, administration buildings and functionary residences whose value may be thought to be open to question. 1981 probably saw a decline in the government share as revenue collapse and subsidy explosion forced a cutback in capital spending which continued through 1982.

A supposed private sector building boom<sup>34</sup> does not really show up in the accounts - even if it does in Windhoek and other urban building plan approvals and completions - because the latter cover only about 4% of total fixed investment. Private sector investment growth in 1980 was dominated by the reactivation of Otjihose mine, and by completion of additional abbatoir and cold-store capacity - the first not likely to have had a comparable impact in 1981 and neither in 1982.

Capital stock estimates (on an historic cost less depreciation basis) exist for some sectors<sup>35</sup>: Government R1,300 million; Mining £570 million, Electricity, Water, Agriculture and Fishing<sup>36</sup> R225 million each, Manufacturing R56 million at the end of 1980. A roughly comparable estimate for transport (excluding roads which are included in general government) would be R250-275 million<sup>37</sup>. The agriculture estimate at under R40,000 per ranch at first sight appears compared to average investment per ranch (excluding land) estimates of R100,000 odd. However, normal karakul, cattle and other herds are worth in the order of R225-275<sup>38</sup> million, which would adjust the sectoral figure for agriculture (excluding fishing) to perhaps R450 million or over R80,000 per ranch. The fishing and manufacturing figures are rendered nearly useless by the exclusion of Walvis Bay, which is the site of the bulk of the fish

tinneries and the base for most vessels, as well as the location of a major meat packing plant, a substantial portion of heavy industry.

Prices: Scissors and Paste

Price data<sup>39</sup> for Namibia remain weak. The Windhoek Consumer Price Index showed a near 15% increase in 1981 over 1980 with a speeding up in the fourth quarter. The increase for food was over 25%. Over 1976-81 the cumulative increase was 82% overall and 110% for food.

The implicit GTP deflator<sup>40</sup> was 19.2% in 1979, 12.6% in 1980 and will probably be about 7.5% in 1981 and 1982. The fall, however, relates not to lower growth of prices or costs in Namibia, but to falls in base metal, uranium oxide and karakul export prices after 1980 and to a halt in the sharp 1979-80 rises in beef and diamond export prices. Thus it represents a real loss of Namibian command over real resources, since import prices have continued to rise rapidly. The economy - like that of RSA and almost all of those of independent Sub-Saharan Africa - is caught in a price scissors.

Some of the sectoral data appear rather shaky, eg mining's physical output index decline in 1979 and 1980 when Rossing was moving to capacity is unlikely, despite the known declines in base metal production (in response to negative price trends) and in diamond output (related to overall de Beers policy and perhaps to worsening of recovery rates at Consolidated Diamond Mines). This suggests an index number problem and a modest understatement of growth of constant price GTP, but not one which would alter the 1979 or 1981 and 1982 sharp declines in real output.

External Account - Into Imbalance

Namibian external account data remain highly inaccurate despite new official estimates<sup>41</sup> because of the lack of a separate customs, services transactions or currency area in terms of statistical reporting - much less controls - from South Africa.

Exports in 1980 were of the order of R1,050-1,075 million and imports R800-850 million (including estimates for Walvis Bay)<sup>42</sup> giving a positive trade balance of R250 million. This is not directly comparable to official estimates<sup>43</sup> partly because it treats taxes collected by South Africa (excise and import duty) on goods sold to Namibia as an import cost and a South African transfer to "SWA/Namibia". Similarly, Walvis Bay part services are treated as "net payments for non-factor services" to RSA or deducted from export value. Correcting for these differences would raise the trade surplus to the order of R300-325 million for 1980 and R400-450 for 1979. The latter is above the unofficial estimate for that year because imports were lower; the 1980 decline in surplus results from an import surge.

Statistical return based remittance and capital account data remain unavailable. Net factor payments<sup>44</sup> at R245 million for 1979 and R185 million for 1980 is a significant underestimate as it includes only dividends and some debt interest, leaving out both part of interest and all the remittances of unincorporated businesses (sole proprietors and partners) and employees. These would probably raise the total to R350 million for 1979 and R275 million for 1980, somewhat below earlier unofficial estimates, but still of the order of 30% of GTP in 1979, and nearly 25% in 1980, both of which were bad years for the territorial economy.

Public Finance: Historic Surpluses and Current Collapse

Nowhere are the new official data more revealing than in respect to public finance. They put paid to the contention that historically SWA/Namibia has been subsidised on recurrent account by South Africa and go further than even the harshest critics of the official data in showing that over 1970-1979 virtually all capital expenditure by the government was also met from Namibian resources, not external (RSA or other) loans or grants.<sup>45</sup>

The situation has worsened substantially in 1981 and 1982 for three reasons: first, the cost of the war and drought has led to massive subsidy payments to agriculture (of the order of R55 million, or 10,000 per European ranch)<sup>46</sup>; second, the attempt to buy a clientele for DTA has led to major expenditure on "bantustan" personnel salaries, houses and amenities; third, a substantial portion of South African police and armed forces expenditure in "SWA/Namibia" was transferred from RSA to Territorial Budget.<sup>47</sup> As a direct result, the budget plunged into deficit on recurrent account in the first half of 1981 (a virtually unprecedented situation for the post-1950 period) and has probably either remained there or recovered to a small surplus on the basis of RSA matching grants for police and military expenditure.

The position has been compounded by the collapse of revenue - down almost 20% in the first half of 1981 and probably about the same (excluding RSA transfers)<sup>48</sup> for the calendar year, with a further though lesser decline in 1982. This decline relates to the collapse of profits by CDM<sup>49</sup> in the present period of almost 75% diamond production cutbacks (the global cuts by de Beers have been weighted heavily against Namibian production), the negative profits of the base metal sector and the continued tax exemption of the highly

profitable - £54.4 million in 1980 and £63 million in 1981 - Rossing Uranium<sup>50</sup>.

In 1980<sup>51</sup> general government current income totalled R428 million, recurrent consumption expenditure R216 million, subsidies and domestic transfers R39 million for a surplus of R172.6 million (or R181.6 million on a cash flow basis, taking account of depreciation provisions). Of this, R40 million nominally represented RSA grants and R20 million was South African Railways and Posts and Telecommunications Investment.<sup>52</sup> Total domestically generated surplus was therefore at least R121.5 million, or 64% of investment of 190 million. Very few governments - especially in developing economies - finance 64% of capital spending from recurrent surplus. (RSA is not among them.)

The increase in bank deposits during 1980 - despite significant capital flight - was of the order of R120 million<sup>53</sup> and that for currency<sup>54</sup> perhaps R25 million. Given a separate Namibian banking system, these magnitudes suggest at least R50 million could reasonably have been raised domestically from these sources while a provident fund at 10% of wages and salaries up to R3,000 per year would have yielded perhaps R25 million. Thus for 1980 - a high investment, poor economic performance year, 100% domestic financing would have been both feasible and prudent, even ignoring the possibilities of raising the very low corporate and personal income tax and excise rates.

Over 1970-80 total government investment totalled about R1,090 million. Cash flow surplus on recurrent account was of the order of £1,100 million.<sup>55</sup> Adjusting for RSA grants not clearly representing transfers of specific Namibian revenue collected by RSA (in some

years a negative figure) and railways, posts and telecommunications, water investment transfers the domestic recurrent surplus was at least of the order of R800 million, or 72.5% of total investment.

In 1981 recurrent consumption expenditure was probably of the order of R330 million, an increase of R15 million over 1980 - about R50-60 million police and military previously on the RSA books. Domestic subsidies and current transfers were of the order of R75 million, an increase of R35 million. Revenue may well have exceeded R400 million, but only because of an increase in RSA grants (partly to offset the military/police bill) and a recalculation of the basis of customs and excise tax payments to Namibia on her imports.<sup>56</sup> Domestic revenue, narrowly defined, fell from about R330 million to perhaps R210 million or by almost one-third, basically as a result of the fall in diamond mining profits and output. Mid 1981 capital budget cutbacks probably held 1981 fiscal investment to R170 million (down 10% in nominal and up to 25-30% in real terms on 1980) and resulted in further cuts in 1982 as old projects were completed without new being started.

The 1981/82 fiscal year budget was expected to show a deterioration with RSA loans and grants (excluding R134 million compensation for transferred defence and police functions totalling R240 million, and total spending to reach R840 million.<sup>57</sup> In the event, spending seems to have been held to under R800 million - largely by draconian intrayear cutbacks on the investment budget - with South African loans and grants R220-230 million, uncovered deficit R30 million, and revenue R515 million (including customs and excise share).<sup>58</sup>

The 1982/83 budget<sup>59</sup> is set at R870 million - a decline in real terms on 1981/82 actuals, given the probable rate of inflation - of

which R210 million is estimated as territorial revenue collections, R250 million the SWA/Namibia share of customs and excise, R200 million RSA grants, R180 million RSA underwritten loans and R30 million residual deficit. These projections show continued falls in the receipts - down to R35 million for diamonds and de facto nil on the balance of the mining sector.

These data suggest that the makeup of Prime Minister Botha's assertion that South Africa is providing a R600 million subsidy to Namibia<sup>60</sup> is grants R2000 million, Namibia/SWA bank borrowing and loans underwritten R180 million, customs and excise transfers R250 million. His subsequently cited subsidy of R1000 million<sup>61</sup> apparently includes R400 million military spending (in addition to the R150 odd included in the basic territorial fiscal arrangements as of 1981/82 with the creation of the 'SWA Defence Force'). With total RSA defence and security expenditure directly identifiable in the 1982/83 budget comes to R4,270<sup>62</sup> million (of which R2,690 defence proper) the R400 million seems too low with R750-1,000 million a more likely<sup>63</sup> estimate of RSA defence costs attributable to the occupation of Namibia and related Angolan adventures.

On that basis the gross annual cost of Namibia to RSA is R950-1,250 million (excluding repayable loans and the customs/excise pool agreement). This is significantly above any plausible estimate of the value of South African earnings in, exports to, and remittances from the occupied territory. SWAPO has succeeded - with help from drought and world recession - in one key military-economic objective: the colonial political economy of Namibia no longer pays, viewed from a South African state or territorial economy perspective.

The Political Economy of SWAPO

South African estimates give SWAPO a military budget of R100 million (90% said to come from Warsaw Pact members, China, Yugoslavia and Cuba) and a civil budget of about the same size (70% from capitalist industrial economies and UN agencies).<sup>64</sup> These figures are interesting, partly as general orders of magnitude (especially on the civil side they may well be underestimates) but more particularly in demonstrating that even hostile observers assess SWAPO's civil government expenditure as of the same order of magnitude as military and its overall external funding sources as highly diversified.

SWAPO's political economic activity has four facets: military (to thwart the colonial political economy), refugee and normal civilian (services to camp residents and in semi-liberated zones), education directed to personpower development for independence, strategic planning toward an independent Namibia.

The camps<sup>65</sup> - especially in Zambia - have a broad range of basic services with concentration on health, nursery and primary education. District problems exist in respect both to water supply and to increasing self-sufficiency in food production. These problems have been exacerbated by the new surge of refugees following South Africa's imposition of conscription on African Namibians, and by the successive South African incursions into Angola over the past four years, which have forced relocation of refugee centres much further north in Angola to reduce the risks of further massacres like that at Kassinga.

SWAPO's personpower development programme appears to have covered up to 3,000 secondary and tertiary students (including ones who have completed their courses). It is broadly related to estimated

middle and higher-level personnel requirements, but apparently in a relatively loose sense, as at no level do cadres in training appear to be adequate in numbers, and priorities among different types of training do not seem to have been set very clearly.

Pre-independence planning has - perhaps logically - laid heavy stress on collecting data and advisory views, with SWAPO fairly careful not to lay down a detailed series of policy decisions and dates relating to its Programme.<sup>66</sup> Several UNIN and UN Conferences and quasi-academic volumes<sup>67</sup> have broadened the material and proposals available.

SWAPO's own volume To Be Born A Nation<sup>68</sup> describes and criticises the existing colonial political economy. It is much more circumspect in making detailed proposals. Its main planning discussions on health and education demonstrate serious thinking, but on the most sensitive issues - eg land reform, mining control - on which premature policy disclosure could increase problems of implementation - it does not go significantly beyond the Programme.

During 1981-82 several SWAPO leaders including President Sam Nujoma<sup>69</sup> and Administrative Secretary Moses Garoeb<sup>70</sup> stressed that SWAPO did not see instant socialism or instant expulsion of foreign firms as either practicable or desirable.

"The claim that we would do so is an exercise aimed at giving SWAPO a bad name ... we know that we will have to be extremely pragmatic in our approach ... like Mr Mugabe in Zimbabwe we want a radical economic transformation without disrupting production."<sup>71</sup>

Both land reform (to reduce the 85% of useable land in white hands) and renegotiation of constraints with TNC's "new agreements with an independent Namibian government based on mutual interest and mutual benefit"<sup>72</sup> were stressed.

Gross domestic product by kind of economic activity  
at constant 1975 prices<sup>1</sup>  
R millions

	GDP at factor cost	Agriculture and fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction (contractors)	Wholesale and retail trade, catering and accommodation	Transport and communication	Finance, insurance, real estate and business services	Community, social and personal services*	General government	Other producers
1970	508,7	92,5	147,8	28,3	4,8	27,4	46,2	38,7	44,4	8,0	53,7	16,9
1971	515,9	98,1	139,3	23,0	5,5	32,6	49,2	41,2	45,9	8,5	54,7	17,9
1972	523,5	97,5	139,7	24,0	7,0	27,7	49,8	42,9	48,9	8,9	58,7	18,4
1973	524,1	78,9	160,7	25,5	7,5	21,9	52,0	38,1	52,8	9,0	58,4	19,3
1974	530,7	83,7	154,6	30,6	6,3	22,7	54,4	38,3	51,5	10,0	58,9	19,7
1975	584,1	111,5	162,7	32,6	7,8	26,5	60,4	38,0	55,6	10,1	58,1	20,8
1976	593,0	114,9	165,7	32,3	7,6	24,9	59,8	37,7	55,6	10,4	61,0	23,1
1977	618,1	97,0	201,2	32,1	8,9	25,5	58,2	40,7	57,7	11,0	63,4	22,4
1978	699,6	83,5	283,4	35,0	8,2	22,9	53,7	46,6	59,7	11,1	73,5	22,0
1979	647,4	79,4	235,4	34,7	9,2	21,4	51,7	52,8	56,7	10,8	73,9	21,4
1980	640,7	78,4	227,4	32,4	11,2	18,3	55,1	51,3	60,4	10,4	74,5	21,0

**Gross domestic product by kind of economic activity  
at current prices  
R million**

	GDP at factor cost	Agriculture and fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction (contractors)	Wholesale and retail trade, catering and accommodation	Transport and communication	Finance, insurance real estate and business services	Community, social and personal services	General government	Other producers
1970	320,8	49,7	105,1	15,6	3,5	14,3	32,8	25,7	27,4	5,6	30,6	10,5
1971	327,2	56,0	85,9	14,0	4,3	17,4	35,0	29,5	31,0	6,2	35,9	12,0
1972	391,8	66,9	116,9	17,7	5,8	17,6	37,9	31,4	36,3	6,8	41,1	13,4
1973	504,9	76,4	187,0	25,8	6,6	18,0	45,3	32,9	42,6	7,5	47,0	15,8
1974	524,9	87,7	164,4	30,5	5,8	21,1	52,5	34,5	48,2	9,0	53,6	17,6
1975	584,1	111,5	162,7	32,6	7,8	26,5	60,4	38,0	55,6	10,1	58,1	20,8
1976	681,2	131,8	204,9	35,7	9,4	29,2	66,2	41,8	59,6	11,6	65,9	25,1
1977	856,0	111,8	349,2	40,3	15,1	32,3	73,5	51,6	67,4	13,3	74,5	27,0
1978	1080,1	104,4	530,5	45,9	17,4	34,0	74,7	62,0	74,7	15,3	91,7	29,5
1979	1191,0	110,8	57,88	50,5	21,3	35,9	83,5	71,8	85,9	16,5	103,2	32,8
1980	1327,5	128,1	632,7	56,0	26,3	38,8	99,1	76,7	94,1	18,6	120,0	37,1

Gross domestic fixed investment by kind of economic activity  
at current prices  
R millions

	TOTAL FIXED INVESTMENT	Agriculture and fishing <sup>x</sup>	Mining and quarrying	Manufacturing	Electricity and water	Construction (contractors) <sup>x</sup>	Wholesale and retail trade catering and accommodation <sup>x</sup>	Transport and communi- cation <sup>x</sup>	Finance, insurance real estate and business services	Community, social and personal services <sup>x</sup>	General government	Other producers <sup>11</sup>
1970	91,8	12,9	12,3	3,6	6,6	1,6	5,3	5,2	9,5	0,3	34,5	-
1971	125,1	12,4	6,0	3,6	20,6	2,0	5,4	6,9	11,0	0,4	56,8	-
1972	131,3	13,7	10,6	3,7	23,2	2,0	5,4	9,0	9,4	0,4	53,9	-
1973	138,5	16,3	17,2	3,7	18,2	2,1	4,4	9,2	7,7	1,7	58,0	-
1974	197,9	17,7	56,7	3,8	16,0	2,6	7,0	13,5	13,0	1,8	65,8	-
1975	326,5	18,0	118,3	4,2	32,7	3,5	15,5	17,1	16,7	1,9	98,6	-
1976	328,7	18,1	97,6	4,0	55,0	3,2	6,4	18,2	15,1	2,7 f	108,4	-
1977	302,6	19,3	76,2	5,7	46,0	3,1	4,1	20,2	10,0	1,1	116,9	-
1978	300,7	20,4	86,7	7,1	19,7	2,8	5,1	25,2	10,9	1,5	121,3	-
1979	340,8	21,5	52,5	7,8	14,7	3,6	9,5	26,7	16,4	2,4	185,7	-
1980	419,6	20,5	112,4	15,2	14,1	4,6	12,0	25,9	21,2	3,7	190,0	-

**Distribution of national income**  
**R millions**

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Remuneration of employees	150,8	170,5	189,1	213,4	247,1	283,1	332,1	375,8	419,0	470,2	550,8	
Income from property by households	42,8	26,4	28,2	63,0	70,6	84,0	127,7	108,0	63,9	28,9	130,8	
Corporate saving	-4,6	14,7	68,7	95,9	39,3	64,3	28,1	95,3	146,7	193,5	203,6	
Direct taxes on companies	55,0	46,1	29,4	52,3	75,7	63,6	56,1	80,4	150,7	176,9	185,4	
Income from property by general government	1,0	0,8	2,3	1,5	2,1	-2,9	3,7	4,8	16,8	12,2	5,0	
Less Interest on public debt	0,2	0,3	0,5	0,5	0,5	0,6	0,5	0,8	1,3	1,8	5,0	
Net national income	244,8	258,2	317,2	425,6	434,3	491,5	547,2	663,5	795,8	879,9	1070,6	
Net domestic product at factor cost	299,8	304,2	366,2	476,6	492,3	546,8	636,5	803,9	1021,8	1125,3	1254,9	
less Net factor payments to the rest of the world	55,0	46,0	49,0	51,0	58,0	55,3	89,3	140,4	226,0	245,4	184,3	
Net national product at factor cost	244,8	258,2	317,2	425,6	434,3	491,5	547,2	663,5	795,8	879,9	1070,6	

**Current income and expenditure  
of general government  
R millions**

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Income from property	1.0	0.8	2.3	1.5	2.1	-2.9	3.7	4.8	16.8	12.2	5.0	
less Interest on public debt	0.2	0.3	0.5	0.5	0.5	0.6	0.5	0.8	1.3	1.8	5.0	
Indirect taxes	27.7	33.6	33.6	40.3	47.7	46.9	60.2	97.0	106.6	121.3	118.6	
Direct taxes	60.6	53.1	37.9	63.1	89.6	89.0	83.7	110.4	189.4	214.0	229.0	
Current transfers received from households	1.2	1.0	1.1	1.3	1.5	1.5	1.7	1.7	1.8	1.9	1.9	
Transfers received from the rest of the world	17.8	17.9	25.5	31.1	26.9	37.5	51.7	55.0	91.9	52.3	78.4	
<b>CURRENT INCOME</b>	<b>108.1</b>	<b>106.1</b>	<b>99.9</b>	<b>136.8</b>	<b>167.3</b>	<b>171.4</b>	<b>200.5</b>	<b>268.1</b>	<b>405.2</b>	<b>399.9</b>	<b>427.9</b>	
Consumption expenditure	47.2	51.2	58.9	72.7	84.2	95.9	108.2	121.7	147.6	184.2	215.6	
Subsidies	5.9	6.1	6.9	7.1	5.5	4.4	6.3	5.4	17.6	19.5	20.0	
Current transfers to households	4.5	4.9	3.7	8.3	6.4	8.4	10.6	11.2	14.1	18.7	19.3	
Transfers to the rest of the world	2.9	3.3	3.9	3.2	1.6	0.7	0.5	0.5	0.3	0.3	0.4	
<b>CURRENT EXPENDITURE</b>	<b>60.5</b>	<b>65.5</b>	<b>73.4</b>	<b>91.3</b>	<b>97.7</b>	<b>109.4</b>	<b>125.6</b>	<b>138.8</b>	<b>179.6</b>	<b>222.6</b>	<b>255.3</b>	
<b>SAVING</b>	<b>47.6</b>	<b>40.6</b>	<b>26.5</b>	<b>45.5</b>	<b>69.6</b>	<b>62.0</b>	<b>74.9</b>	<b>129.3</b>	<b>225.6</b>	<b>177.3</b>	<b>172.6</b>	

**Final expenditure by the general government**  
R millions

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Remuneration of employees	28,6	33,5	38,3	43,8	49,9	54,0	61,1	68,8	85,3	95,5	111,0	
Provision for depreciation	2,0	2,4	2,8	3,2	3,7	4,1	4,8	5,6	6,5	7,7	9,0	
Gross value added	30,6	35,9	41,1	47,0	53,6	58,1	65,9	74,5	91,7	103,2	120,0	
Intermediate consumption	24,1	24,9	29,2	40,3	47,6	59,5	65,5	68,2	81,3	108,0	134,4	
less Sales and fees	7,5	9,6	11,4	14,6	17,0	21,7	23,2	21,0	25,4	27,1	38,8	
Consumption expenditure	47,2	51,2	58,9	72,7	84,2	95,9	108,2	121,7	147,6	184,1	215,6	
Residential buildings	5,2	8,7	6,2	5,8	8,1	14,6	13,7	13,3	13,7	13,1	13,9	
Non-residential buildings	8,4	11,6	14,1	16,2	15,8	18,0	21,1	31,3	30,1	63,0	42,6	
Construction works	20,9	38,5	33,6	36,0	41,9	66,0	73,6	72,3	77,5	109,6	133,5	
Gross fixed investment	34,5	56,8	53,9	58,0	65,8	98,6	108,4	116,9	121,3	185,7	190,0	
Total final expenditure	81,7	108,0	112,8	130,7	150,0	194,5	216,6	238,6	268,9	369,8	405,6	
Fixed capital stock	292,8	347,1	398,2	453,1	515,1	609,6	713,2	824,5	939,2	1117,3	1298,2	

**Current account of the balance of  
payments  
R millions**

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Merchandise exports	240,0	204,0	282,0	377,0	407,0	353,2	425,4	694,0	827,8	948,6	1022,9	
Merchandise imports	201,3	199,4	203,2	237,0	394,8	412,8	488,2	522,1	447,2	564,5	765,8	
Trade balance	38,7	4,6	78,8	140,0	12,2	-59,6	-62,8	171,9	380,6	384,1	257,1	
Net payments for non-factor services	-22,0	-21,0	-25,0	-47,0	-51,0	-54,7	-63,0	-83,3	-60,9	-91,1	-129,2	
Net exports of goods and non-factor services	16,7	-16,4	53,8	93,0	-38,8	-114,3	-125,8	88,6	319,7	293,0	127,9	
Net factor payments	-55,0	-46,0	-49,0	-51,0	-58,0	-55,3	-89,3	-140,4	-226,0	-245,4	-184,3	
Net transfer receipts	14,9	14,6	21,6	27,9	25,3	36,8	51,2	54,5	91,6	52,0	78,0	
Balance on current account	-23,4	-47,8	26,4	69,9	-71,5	-132,8	-163,9	2,7	185,3	99,6	21,6	

Selected economic indicators

	UNIT	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
GENERAL SALES TAX	R mill.	-	-	-	-	-	-	-	-	8,2	31,8	39,3	
TRANSFER DUTY	R mill.	1,6	1,2	1,3	1,5	1,6	1,1	0,6	0,8	1,3	1,2	3,4	
RETAIL SALES	R mill.	..						..	217,9	217,4	241,9	264,2	
WHOLESALE SALES	R mill.	..						..	198,3	235,0	342,7	406,6	490,9
CONSUMER PRICE INDEX- Windhoek		66,9	70,7	74,5	80,4	88,6	100,0	111,8	125,8	139,8	157,6	177,3	203,5
FOOD PRICE INDEX- Windhoek		60,1	62,2	67,4	78,6	88,8	100,0	107,1	121,4	138,5	155,6	177,6	224,8
TON-KILOMETRES TRANSPORTED BY SAR	mill. t-km	..		..	6000	5844	6489	6970	7113	5815	6360	6210	6681
BUILDING PLANS PASSED (private sector):													
Windhoek		..	..	12.195	11.682	12.148	5717	4004	5782	3309	12.551	14.299	24.600
Keetmanshoop		..						..	193	497	177	259	348
Swakopmund		..								..	1748	2467	6276
Okahandja		..								..	190	5026	
Gobabis		..											756
Tsumeb		..											854
Otjiwarongo		..											475
BUILDINGS COMPLETED (private sector):													
Windhoek	R'000	..	..	6517	4919	10.633	16.288	4560	2043	2493	1828	4346	12.902
Keetmanshoop		..						..	237	38	51	128	224
Swakopmund		..										..	3300
Okahandja		..										..	
Gobabis		..										..	180
Tsumeb		..										..	95
Otjiwarongo		..										..	129

NOTES

- 1 Statistical/Economic Review, Department of Finance, Windhoek, 1982 and D. Mudge's 1982 Budget Speech cited in Star (Johannesburg), 29-V-82 as reporting 11.3% agricultural and 12.4% mining output falls in 1981.
- 2 See, eg Namibia in the 1980's, Catholic Institute for International Relations, London, 1981; R.H. Green From Sudwestafrika to Namibia, research report no. 58, Scandinavian Institute of African Studies, Uppsala, 1981; R.H. Green, K. Kiljunen and M-L. Kiljunen, Namibia: The Last Colony, Longmans, 1981 and SWAPO, To Be Born A Nation: The Liberation Struggle for Namibia, Zed Press, London, 1981.
- 3 See "Namibia", ACR 1980-81; Financial Times, 3-II-82; International Herald Tribune, 1-VII-82.
- 4 See R.H. Green and J. de la Paix, "A Nation In Agony: The Namibian People's Struggle for Solidarity, Freedom and Justice", Development Dialogue, 1982-1.
- 5 See ibid especially on Botha meeting with Namibian church leaders.
- 6 ibid.
- 7 Partly derived from Statistical/Economic Review and partly from R. Moorsom, Agriculture in Namibia (publication pending).
- 8 Estimates vary widely but all show a sharp fall. This one appeared in 11-XII-81 Windhoek Advertiser.
- 9 Financial Times, 19-II-81.
- 10 Cited by Moorsom.
- 11 Eg, Star, 20-II-82, 17-IV-82; Windhoek Observer 24-IV-82; Rand Daily Mail, 15-XII-81.
- 12 Cf "Will SA settle in SWA", B. Pogrund Rand Daily Mail, 19-IV-82.
- 13 SWAPO broadcast, Addis Ababa, 4-I-82; de facto confirmed 6-I-82 Windhoek by SWAWEK general manager reporting resumption of service.
- 14 Cited Financial Mail (Johannesburg), 19-VI-81.
- 15 Estimated from De Beers Annual Reports.
- 16 Diamond tax revenue has fallen from nearly R200 million in the late 1970's to an estimated R35 million for 1982-83.
- 17 Statistical/Economic Review and FM, 19-VI-81.
- 18 ibid.
- 19 "SWA economic performance tops", Windhoek Advertiser, 19-XII-80; Astonishing Growth", FM, 12-XII-80.

- 20 "Department of Finance looks at the Economy", WO, 20-XII-80.
- 21 An attitude which comes through clearly in the Annual Reports and in the policy statements on non-racial training, housing, wages clearly aimed at present (eg Botswana) and future (eg Namibia) African decision takers.
- 22 Statistical/Economic Review.
- 23 Eg Pogrund op cit and "SWA's trick apartheid" 26-IV-82.
- 24 eg Weekly political column by G. Lister.
- 25 Eg cited in WO, 20-III-82.
- 26 At Geneva Pre-implementation Conference, January 1981.
- 27 Since South Africa began to raise "linkage" issue.
- 28 Rebuilding livestock herds, proving new mineral deposits and opening new mines clearly will not take place prior to a firm political settlement.
- 29 Statistical/Economic Review, op cit.
- 30 Green and Kiljunens, op cit.
- 31 This depends on the level of deferred taxes being provided. In 1979 85% of the total was CDM and only 15% Rossing. Estimated from De Beers and RTZ Annual Reports.
- 32 Statistical/Economic Review, op cit.
- 33 Guestimated from price data in ibid.
- 34 Notable in licenced building plans and completions for late 1979 on, as reported in ibid.
- 35 From ibid - the exact basis of estimation is not clear, but seems to be historic cost less straight line depreciation.
- 36 Excluding Walvis Bay.
- 37 Including Walvis Bay.
- 38 But data on cattle stock falls in ibid suggest 1982 level R110-150 million.
- 39 Statistical/Economic Review, op cit.
- 40 Computed from comparison of 1975 Constant Price and Current Price series in ibid.
- 41 In ibid.
- 42 Cf Green and Kiljunens, op cit.
- 43 Statistical/Economic Review, op cit.
- 44 ibid.
- 45 See "Namibia", ACR, 1979-80, 1980-81.

- 46 Moorsom, op cit.
- 47 Statistical/Economic Review, op cit.; FM, 19-VI-81, op cit.
- 48 These are largely import and excise duty pool shares - not apparently recomputed on a much more generous (and realistic) formula than previously.
- 49 Computed from 1981 de Beers Annual Report, Kimberley.
- 50 RTZ 1981 Annual Report, London
- 51 Statistical / Economic Review, op cit.
- 52 Ibid.
- 53 Ibid.
- 54 Rough guess, separate data are not kept by Reserve Bank of South Africa.
- 55 Computed from Statistical/Economic Review, op cit.
- 56 Either major re-estimation of imports of exciseables was carried out, or a 42% markup analagous to that applying to SACUA members (the B-L-S states) was instituted, or both.
- 57 FM, 19-VI-81.
- 58 Mudge's 1982-83 Bidget Speech, cited in Star 19-V-82.
- 59 Ibid.
- 60 FT, 3-II-82.
- 61 IHT, 1-VII-82.
- 62 Derived from RDM 25-III-82.
- 63 Assuming at least 30% of defence expenditure proper and 10% of other security/police spending is in Namibia.
- 64 Cited in Green and de la Paix, op cit.
- 65 See "A SWAPO camp that looks to the future", RDM, 8-III-82.
- 66 See "Namibia", ACR, 1978-79, 1979-80, 1980-81 for discussion of SWAPO Programme.
- 67 Op cit.
- 68 Zed Press, London, 1981.
- 69 Eg Washington Post, 7-X-81.
- 70 Herald (then Salisbury, now Harare), 10-XI-81.
- 71 Ibid.
- 72 Post, op cit.

Source of Tables: Statistical/Economic Review, Department of Finance, Windhoek, 1982.