



**WERE WE BETTER OFF  
DURING APARTHEID OR  
WHAT?**

*“THE POINT IS NOT JUST TO  
INTERPRET THE WORLD, BUT  
TO CHANGE IT.”*

*- KARL MARX*

# Afrikaner Economic Empowerment

- ▶ In the early 1800 Afrikaners were pastoral and subsistence farmers
- ▶ After the two Anglo-Boer wars in South Africa, Afrikaners were vanquished, dispirited and destitute with clear memories of:
  - ▶ the defeat in the Boer wars,
  - ▶ the deaths of their mothers, daughters and wives in concentration camps at the hands of the British and;
  - ▶ they were driven from their destroyed farms to seek work in urban areas
- ▶ In 1948 Apartheid, as we knew it, was legislated and the concept of separate development was born
- ▶ Apartheid was in essence Afrikaner Economic Empowerment and Afrikaner Economic Empowerment became Apartheid
- ▶ Apartheid was based on supposed white superiority and its justification was rooted in the biblical 'chosen people'

# Afrikaner Economic Empowerment

- ▶ Afrikaner Economic Empowerment took place in parastatals, deployment through state contracts, and patronage to Afrikaner firms
- ▶ The drivers for Afrikaner Economic Empowerment were:
  - ▶ The 'poor white' question
  - ▶ Shortage of resources after the wars
  - ▶ Decreased reliance on land due to successive droughts
  - ▶ Migration to urban areas despite lack of skills
- ▶ Focus was put on labour, savings and buying power

# Effects of Apartheid on Namibia

- The same apartheid laws were enforced in Namibia

South Africa has turned Namibia into an armed camp, controlled by some 90,000 police and military forces. And Namibia is a land worth controlling.

The Police Zone was the area set aside for white settlement. The Nama and Herero, who had formerly grazed their herds in much of this area, were forced either into reserves or into employment for white settlers.



- Namibia was a police zone and a false sense of security prevailed

# Effects of Apartheid on Namibia

## Repression

The laws and regulations which repress the Namibian people are similar or identical to South Africa's internal repressive instruments of control:

**The Terrorism Act, 1967:** made retroactive to 1962. Enacted specifically to try 37 SWAPO members. Provides for the death penalty for a wide range of "terrorist activities," including interfering with traffic, causing any substantial financial loss to private business or the state, etc. Empowers the police to arrest anyone suspected of being or having aided a terrorist, and to detain such persons indefinitely and incommunicado for interrogation.

**Internal Security Amendment Act, 1976:** Allows for the banning of organizations and publications, the prohibition of attendance at gatherings and preventive detention.

**Riotous Assembly Act, 1956:** extended to Namibia in 1976. Allows for the banning of organizations, the prohibition of gatherings and other political activities.

**Proclamation AG9, 1977 as amended:** allows for the declaration of any area as a security district imposing martial law there. It empowers the police to search, arrest, question and detain people for up to 30-day periods.

**Proclamation AG26, 1978 as amended:** reinforces the above measures, empowering the police to detain people believed to threaten violence or intimidation for indefinite periods without recourse to the courts.

**Proclamation AG50, 1978:** provides for the deportation of persons considered a threat to good government. Under this provision many ministers and church lay people have been deported.<sup>7</sup>

**Prohibition and Notification of Meeting Act of the National Assembly of South West Africa/Namibia, 1981:** Requires 24-hour notice of any meeting to be given to a magistrate, including names and addresses of organizers and speakers. Meetings can be banned by the magistrate if he deems the organization supports armed struggle. This effectively bars SWAPO from holding public meetings in Namibia. The law allows for penalties of three years imprisonment or \$3450 fines.

- ▶ No freedom of movement
- ▶ No freedom of association
- ▶ Extensive detentions without trial
- ▶ No freedom of the media / expression
- ▶ Absolute control of the media

The hated contract labour system was enforced

# Effects of Apartheid on Namibia

## **The Migrant Labor System**

In order to guarantee a constant supply of cheap black labor, great restrictions are placed on a worker's ability to seek work, to live in a family setting, to earn a living wage, and to organize. The laws have changed in recent years but a complex set of customs and ordinances determine when and where a laborer may seek employment. For example, almost half the population lives in the north. Because of the war, the area has been declared an "operational area of the South African Defense Force." No one is allowed to leave this area to seek work without an official permit.<sup>5</sup> Once this permit is acquired, the worker, typically a man, leaves his family behind, and may be gone from 12 to 30 months. He has to receive official permission to accept employment and his contract must be registered with the government.

These are the current requirements of the migratory labor system which has been in effect in Namibia for decades, and which still dominates the mining, fishing and agricultural sectors. It is a profoundly cruel system because it separates families, forcing vast numbers of men and women to live most of their married lives as if they were single. As one man said, "I left a small child at home and when I return he will ask his mother: 'Who is this funny man?'"<sup>6</sup>

- ▶ Not allowed to work outside the north of Namibia without a permit
- ▶ Working men were only back home after 12 to 30 months
- ▶ That skewed the natural development of the family unit in the north
- ▶ Non-farm labourers were confined to compounds in towns and cities



# Effects of Apartheid on Namibia

Health services were in shambles except in urban areas

Life expectancy for Namibian whites was said to be between 68 and 72 years, for blacks between 42 and 52 years. The infant mortality rate for whites was given as 21.6 per 1000 children under the age of one, 145 per 1000 for "coloureds"\* and 163 per 1000 for Africans.

Of 152 doctors in Namibia, 80 percent of them practiced in the urban areas where most whites live. With only 20 percent of the doctors in the rural areas where about half the population lives, the doctor/patient ratio was about one doctor for every 17,000 people.

In the north, where the war is most intense, conditions are worse. People are afraid to travel to the few clinics that are still open. The most available doctors are those connected to the South African Defense Force but according to a report presented at a June 1981 forum in Windhoek, "The doctors in uniform are not welcomed by most Ovambos."<sup>3</sup>

- ▶ Infant mortality was 145 and 163 for coloureds and blacks per 1000 births
- ▶ Doctor/patient ratio of 1:17 000 in the rural areas
- ▶ WHO guidelines recommend a ratio of 1:1000

Quality education was reserved for the minority and the black majority were left uneducated

# Effects of Apartheid on Namibia

In 1981, 83 percent of black children of primary school age were in school, but that figure drops to only 16 percent for black children of secondary school age—12,301 out of a potential 76,436. Statistics show a dramatic falloff in attendance as the grades, or standards, increase, indicating that very few black Namibians are getting any high school training.

Standard 6	4,967 pupils
7	3,419
8	3,028
9	544
10 Matric	343

Matric, or standard ten, is the rough equivalent of the senior year of high school. In 1981, among black matric students only 105 were taking mathematics, 42 science, 25 accounting, 6 economics, 26 typing, and 17 technical drawing.<sup>6</sup>

- ▶ In 1981 there were 343 black grade 12's
- ▶ Only 16% of all black teenagers were in high school in 1981



# Effects of Apartheid on Namibia



Corporate Namibia before independence mostly contributed to South African wealth and growth

- ▶ The tax structure favoured foreign corporations
- ▶ Many mines were zero taxed for its first years of operation
- ▶ Capital investments were an allowable deduction from already low taxes
- ▶ No exchange controls for South African corporations meant 95% of dividends could be paid to shareholders abroad
- ▶ Diamonds, copper and uranium were exported in huge quantities
- ▶ Namibia's fishing waters were almost depleted by South Africa – from 1.5 million tonnes per year harvested in 1968 to 12 000 tonnes in 1980
- ▶ Very few, if any, Namibians had equity in South African corporations



Diamonds have been Namibia's single most valuable resource. They are found in the south, both along the desolate Namib Desert and offshore, where they are washed by the Orange River and deposited in alluvial sand and gravel accumulations. Most stones are of gem quality and the annual production of 1.5 million carats is nearly a quarter of the world's gem diamond production.

Consolidated Diamond Mines, CDM, has mining rights through the year 2000 and is the world's top producer of gem diamonds as well as the largest private employer in Namibia. CDM records are not made public for such information is considered highly sensitive and could have international economic repercussions. From 1971-74, CDM paid only 35 percent of its profits in taxes and deposited huge sums in cash and investments with subsidiaries and its parent, De Beers, outside Namibia. For South African-owned corporations there are no exchange controls at all. Such firms can send their profits to South Africa rather than holding or investing them in Namibia.<sup>9</sup>

The deposits at Tsumeb's main mine, about 200 miles north of Windhoek, were first commercially exploited at the turn of the century by a German-owned firm. By 1947, when Tsumeb Corporation took over the mine, 330,000 tons of lead and 180 tons of copper had already been extracted.<sup>10</sup> In the years following World War II, Tsumeb's mines have accounted for about 80 percent of Namibia's total base metal production.<sup>11</sup>

Tsumeb is a relatively small mine that has been immensely profitable for its owners. Their original investment was \$2.8 million,<sup>10</sup> and by 1977 an additional \$99 million had been invested.<sup>11</sup> In that period, well over \$1 billion worth of metals had been produced. The average annual return on the original investment over the period 1950 to 1970 was 348 percent.<sup>12</sup>

The Tsumeb Corporation still accounts for the largest single contribution to GDP of any base metal producer in Namibia. Tsumeb's gross metal sales accounted for approximately 9 percent of GDP in 1980.<sup>13</sup> Tsumeb's taxes over the last ten years have been a relatively low 35 percent of pre-tax profits, with total taxes paid since Tsumeb was established amounting to only about \$200 million — a small sum considering sales have come to well over 1.2 billion dollars.<sup>16</sup>

Rossing began production in 1977 and reached its full capacity of 5,000 tons in 1979. Its share of Namibia's total mining investment is 42 percent (\$299 million) and it employs about 2,000 workers or 12 percent of the mining labor force.<sup>17</sup>

Rossing's net profit has leaped from \$4.6 million in 1978 to \$128 million in 1981.<sup>18</sup>

Rossing illustrates these conditions most dramatically. Rossing has paid absolutely no taxes to the government and will pay none until 1984. Yet it paid more than \$115 million in shareholders' dividends up to 1982.<sup>19</sup> South African mining law permits capital investment in gold and uranium mining to be completely redeemed before any taxes are paid on profits. Rossing's total capital investment was \$460 million. Its earnings over the past four years have been: 1978, \$4.6 million net profit; 1979, \$54.75 million; 1980, \$126.42 million, and 1981, \$128 million.<sup>40</sup>

Namibia's fishing grounds are historically among the richest in the world. Pilchards or sardines were the most important fish, followed by maasbanker, anchovies, tuna and mackerel. The fishing industry is South African owned and managed with Namibian blacks supplying the labor. In 1975 Namibia was the largest producer of canned pilchards in the world, and in the mid 1970s the industry contributed as much as 13 percent to the GDP and 15 percent of exports.<sup>25</sup>

Today the industry is in ruins. Massive overfishing reduced the catch from a record 1.5 million tons of pilchards in 1968 to a mere 12,000 tons in 1980. Early warnings were ignored and quick profits took precedence over the need to protect a vital national resource.

The future of the industry depends on whether the fish shoals will be allowed sufficient time to build up their numbers. The future of Namibia's fishing industry is further complicated by South Africa's effort to keep Walvis Bay, the center of the industry, and 200 miles of sea as its own territory even after Namibian independence, thus maintaining control of fishing and fish-processing activities.<sup>27</sup>

# Effects of Apartheid on Namibia

- ▶ Whites were born as South African citizens in Namibia
- ▶ Forced conscription for all whites to fight against the war for liberation
- ▶ Jailtime for conscientious objectors
- ▶ Unequal access to economic resources
- ▶ The Dutch Reformed Church used religion to justify apartheid
- ▶ Christian National Education was the order of the day
- ▶ The war of liberation effectively started 1959 (Old location forced removal) and progressed to military operations in 1966
- ▶ It became a civil war
  - ▶ Some Namibians backed by Angolans, Cubans, Russians
  - ▶ Some Namibians backed by South Africa (mostly whites, but later recruited from all tribes)
  - ▶ South Africa justified it as a war against communism and used Namibia as a battlefield and buffer

# NO!

## Was Apartheid better?

- ▶ Apartheid was an empowerment scheme – only for the white Afrikaner
- ▶ Focusing only on Afrikaners instead of the whole population, crippled Namibia at independence
- ▶ Apartheid was an unjust and inhumane system that is rightly treated as a crime against humanity
- ▶ The crime of apartheid was so great that the sins of their fathers are still visited upon white 'born-free' children in Namibia today

# Did anything good come from Apartheid?



- ▶ The desire for justice and independence for Namibia ignited from the sins of apartheid
- ▶ At independence, Namibia had a good and well-maintained infrastructure skeleton
- ▶ The white school system was affordable and efficient, and provided a blueprint for national education
- ▶ The whites that remained are those that together with their countrymen had the desire to participate in the rebirth of the Namibian nation

# Namibian Independence

- ▶ At independence Namibia was a divided nation of suspects (1990)
- ▶ The Constituent assembly was established only days after the election results (8 Dec 1989) under the chairmanship our current president, Dr Hage Geingob
- ▶ The Swapo constitution was used as a working document as proposed by the 'opposition'
- ▶ 80 days later our world-renowned constitution was unanimously adopted
- ▶ Dr Sam Nujoma was unanimously elected as the first president by the national assembly and became the father of the nation
- ▶ A policy of national reconciliation was declared to guard against a possible culture of fear and revenge

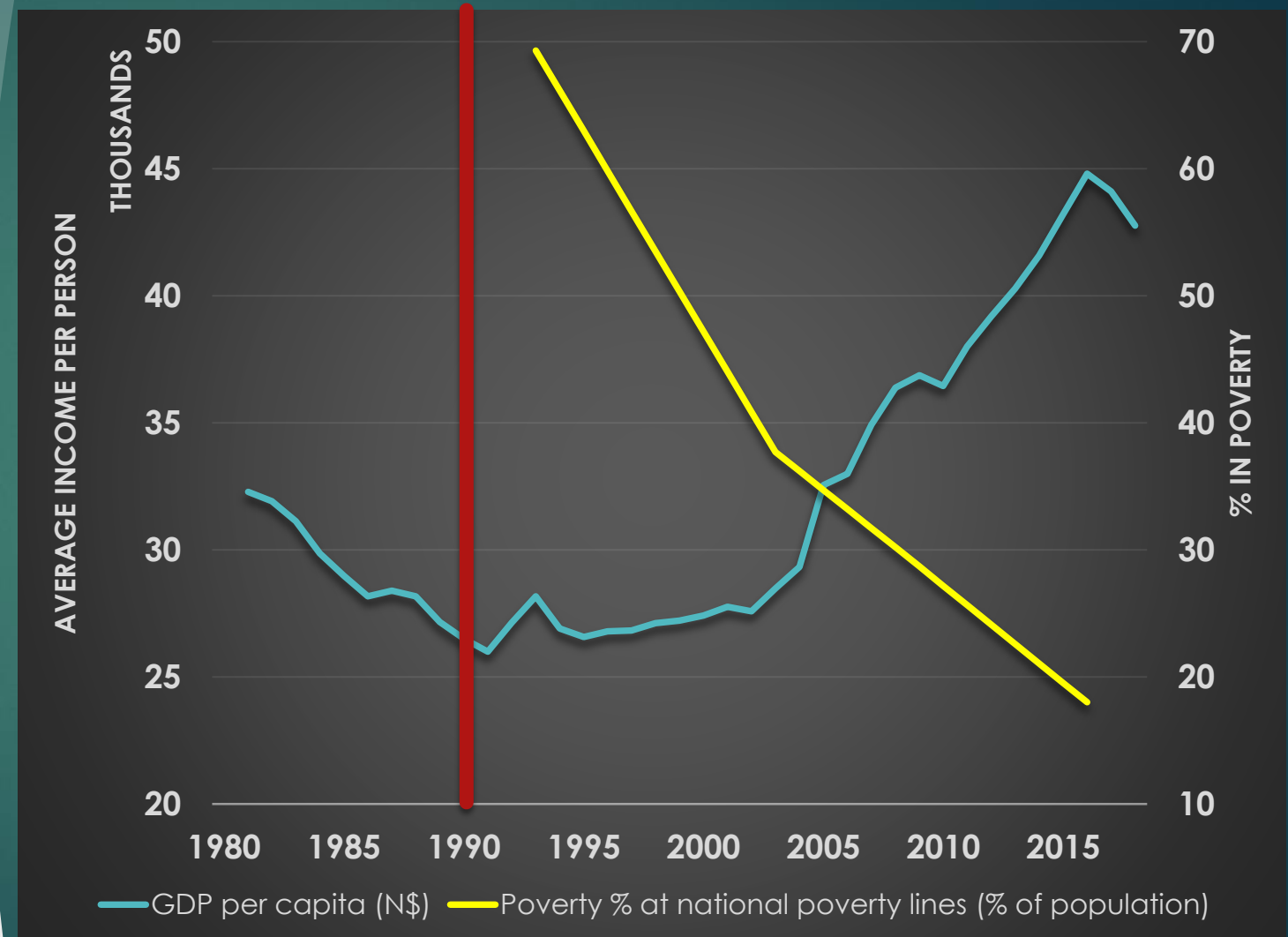
- ▶ We became independent with the following challenges:
  - ▶ Population 1.4 million (Currently 2.6 million)
  - ▶ Narrow tax base
  - ▶ Skewed and inadequate skill distribution between black and white
  - ▶ A liberation movement had to be converted into a national government
  - ▶ Integration and retraining of armed forces
  - ▶ Restaffing of civil service
  - ▶ A promise to deliver a free, secular and prosperous Namibia to all, had to be delivered upon
  - ▶ Fears and aspirations had to be balanced to attract urgently needed foreign direct investment
- ▶ At first, we retained all previous government debt incurred and Walvis Bay harbour was still in South African hands
- ▶ In 1994, under the leadership of the current vice-president Mr Nangolo Mbumba, the return of Walvis Bay and the debt write-off was negotiated

## Namibia at independence



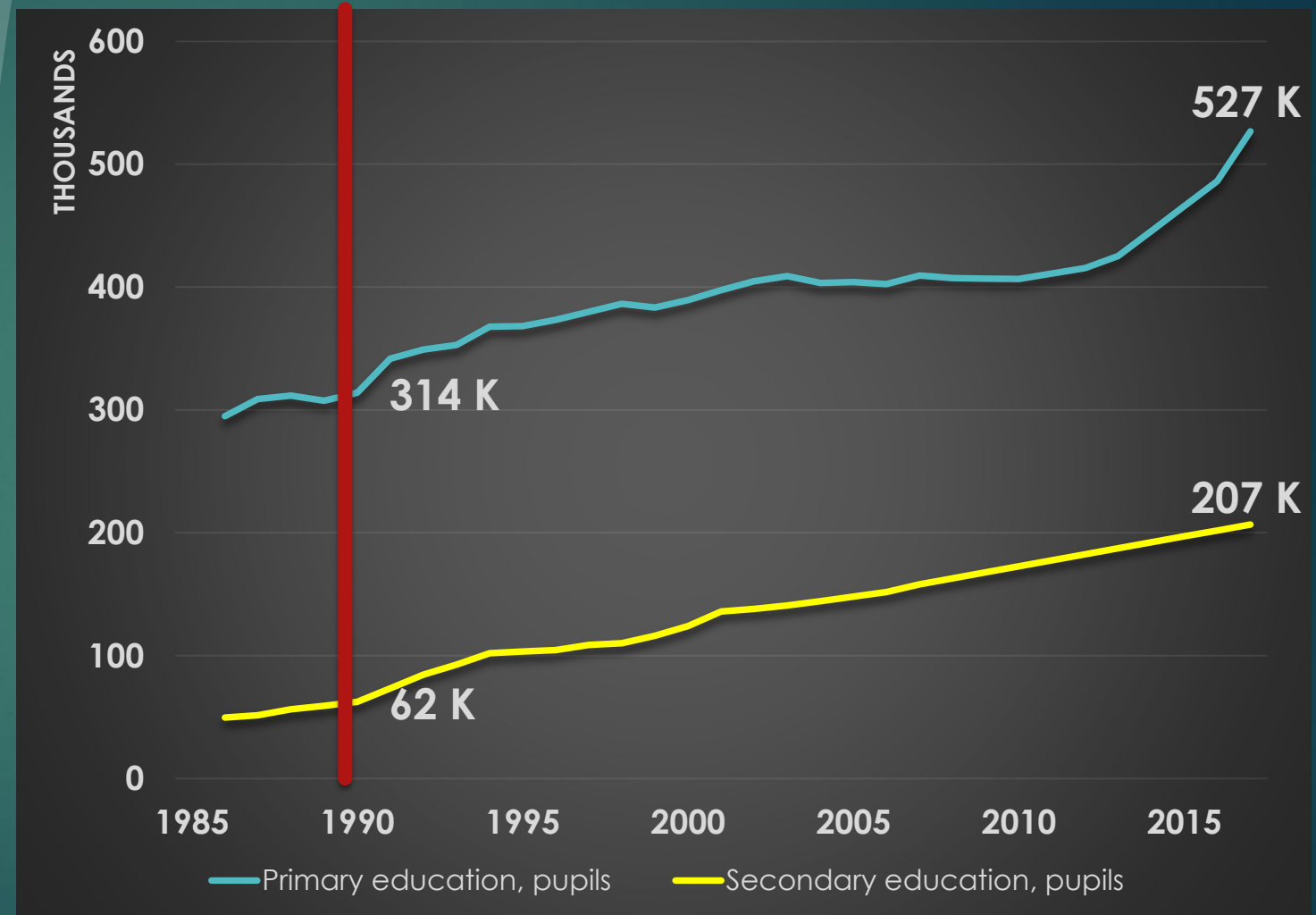
# Namibia post-independence

GDP per capita  
& % Population  
in poverty



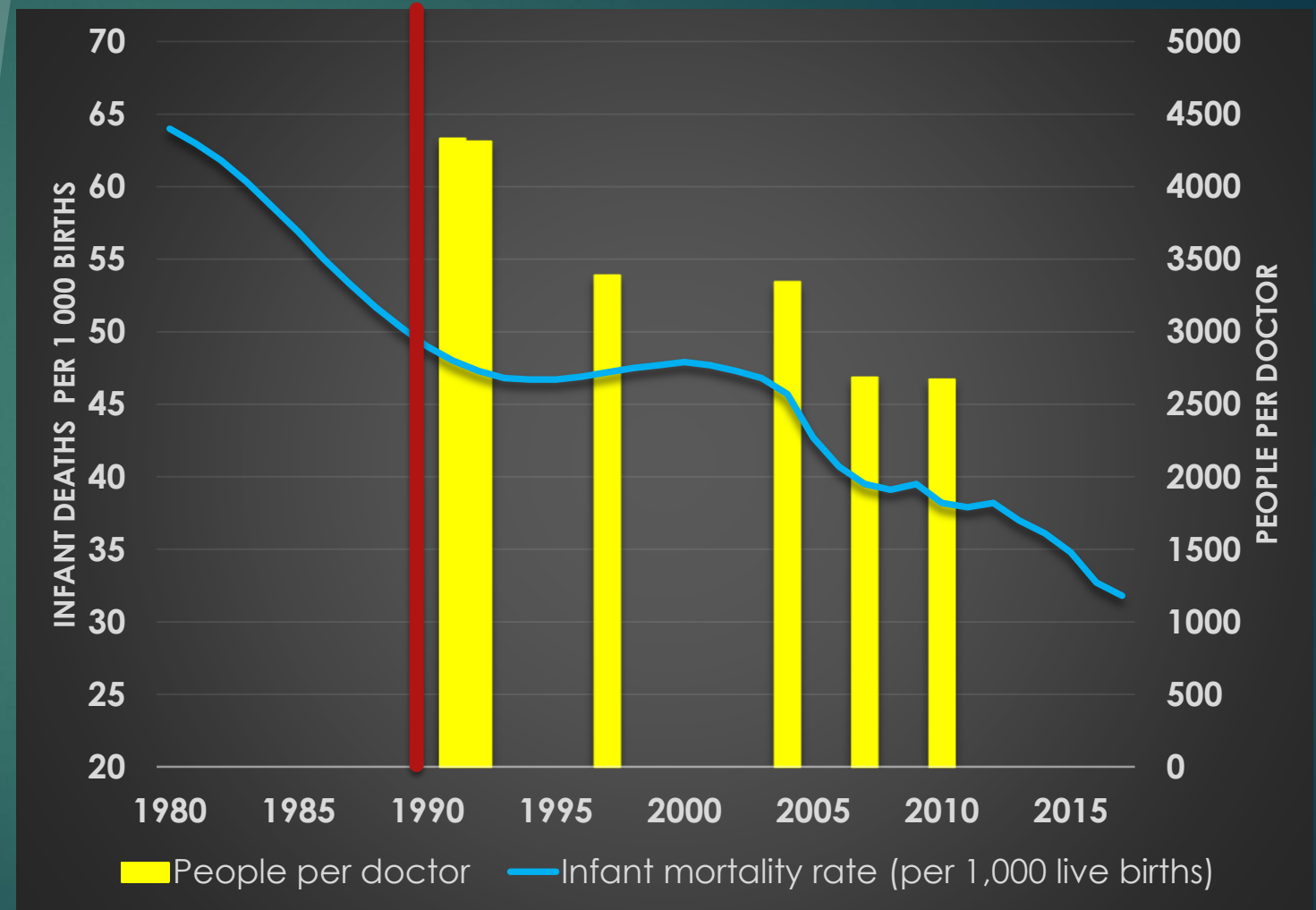
# Namibia post-independence

## Education

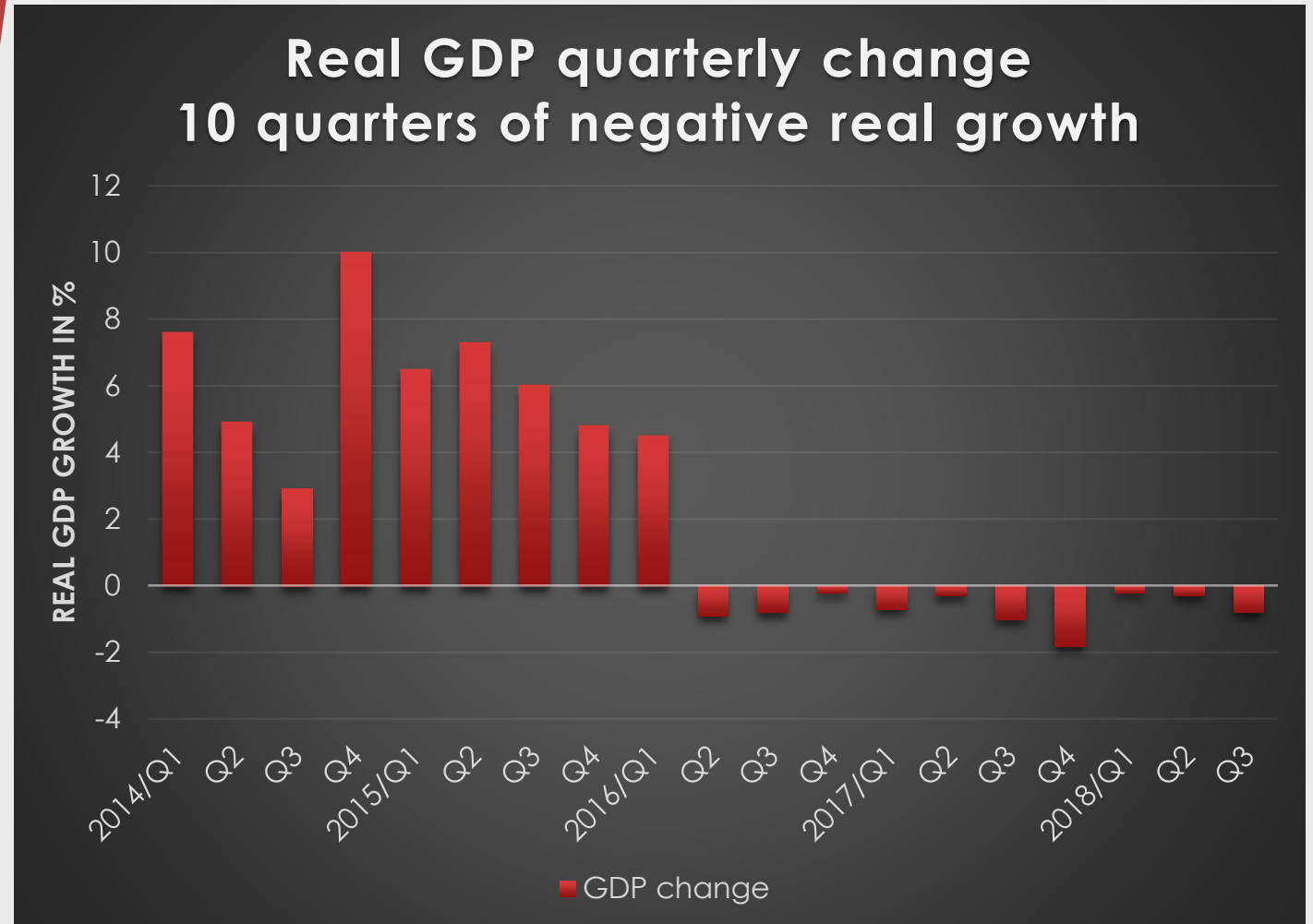


# Namibia post-independence

## Health



# When did the recession start and why?



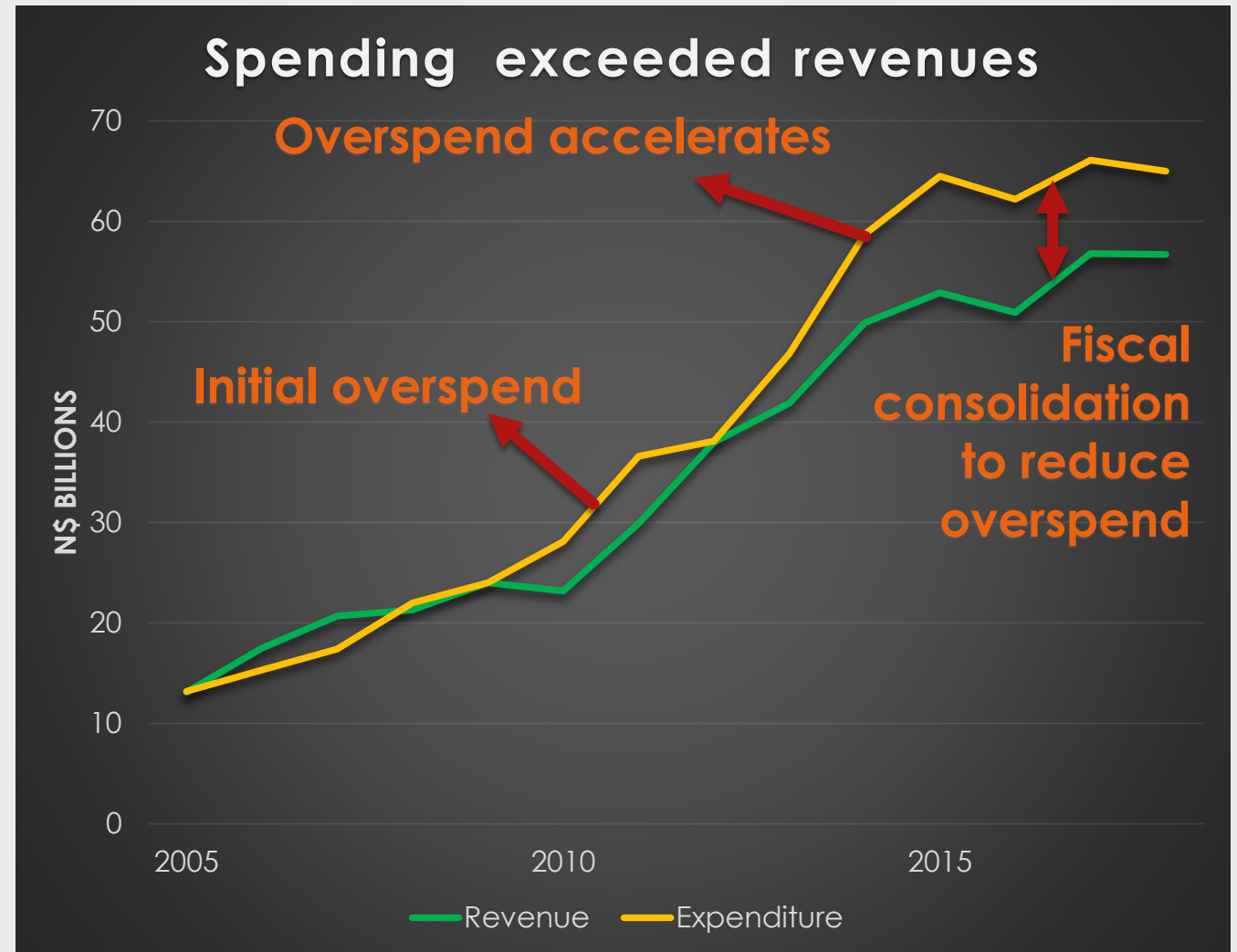
# Why did the recession start?



	Namibia	Botswana	South Africa
GDP per capita in USD (PPP)	9 542	15 807	12 293
GDP growth	-0.8%	2.4%	1.3
Debt % of GDP	42.4%	15.1%	55.8%
Saving % of GDP	15.9%	33%	19.6%
Unemployment	34%(2016)	17.7%(2017)	27.5% (2018)
Foreign Reserves in USD billion	2.1	7.5	51.6
Company tax	32%	22%	28%
Personal income tax	37%	25%	45%
VAT tax	15%	12%	15%
SOE's	71	16	131
Size of Cabinet	31	17	73
Corruption Index Rank	53	35	73
Ease of doing business Rank	107	81	82
Global Competitiveness Rank	100	90	67
Entrepreneurship Index Rank	61	52	57
Mining Attractiveness Index Africa	6	3	4
Human Development Index	129	101	113
Gini Coefficient (Income inequality)	57.2	60.3	63
Rating of Moody's	Ba 1 (negative)	A 2	Baa 3

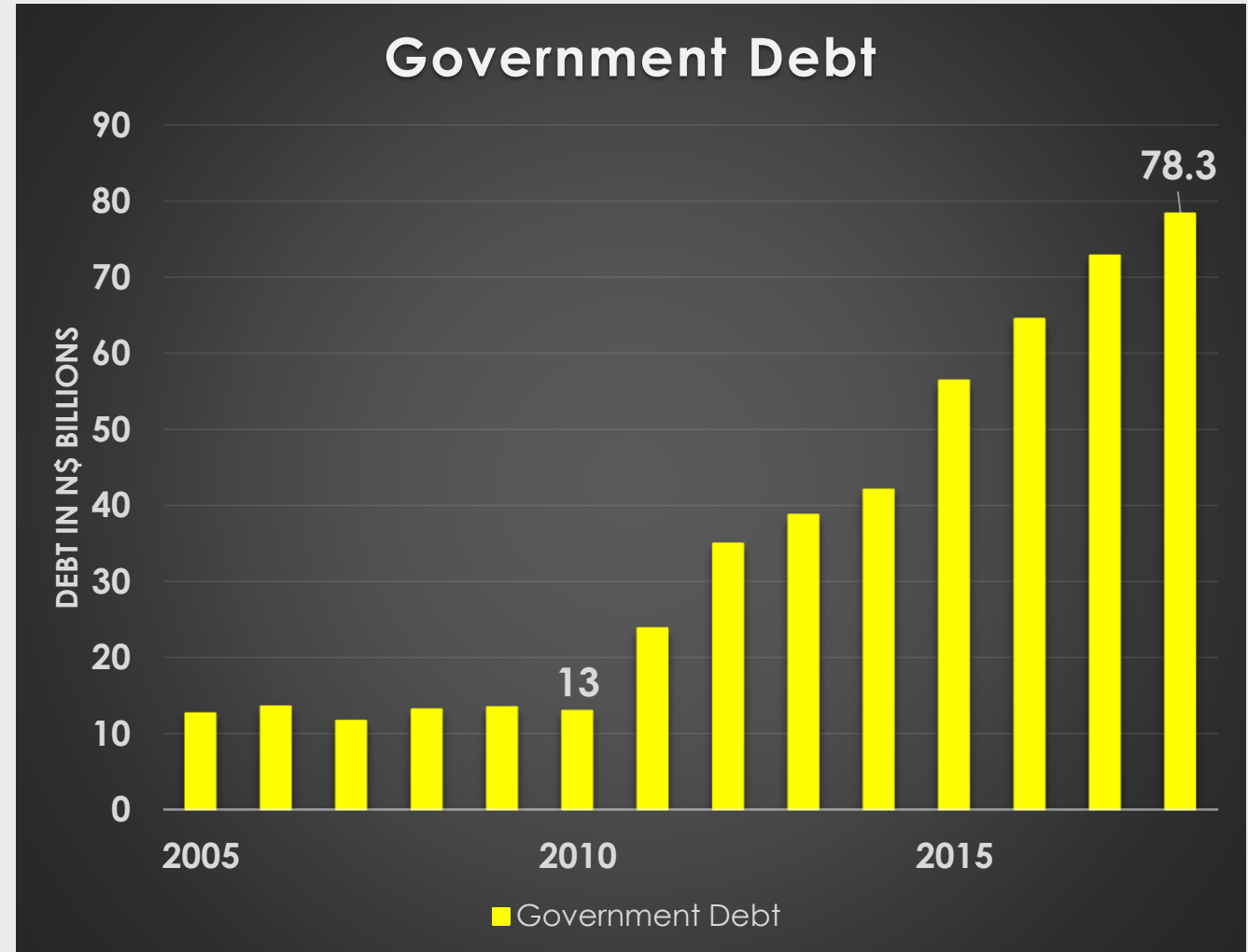
- Botswana did not have the corrective cost of apartheid

# What happened?



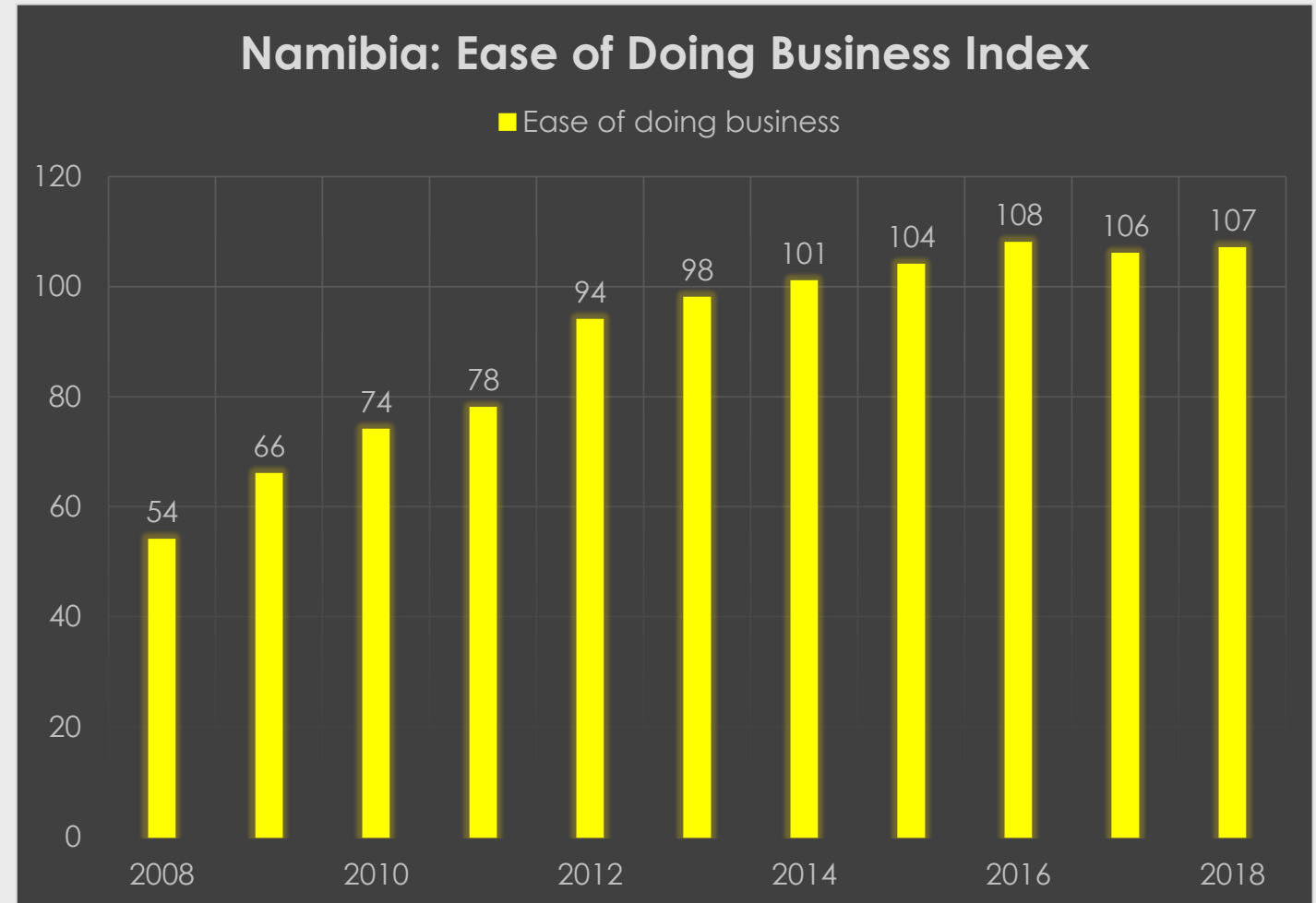


# Government debt ballooned

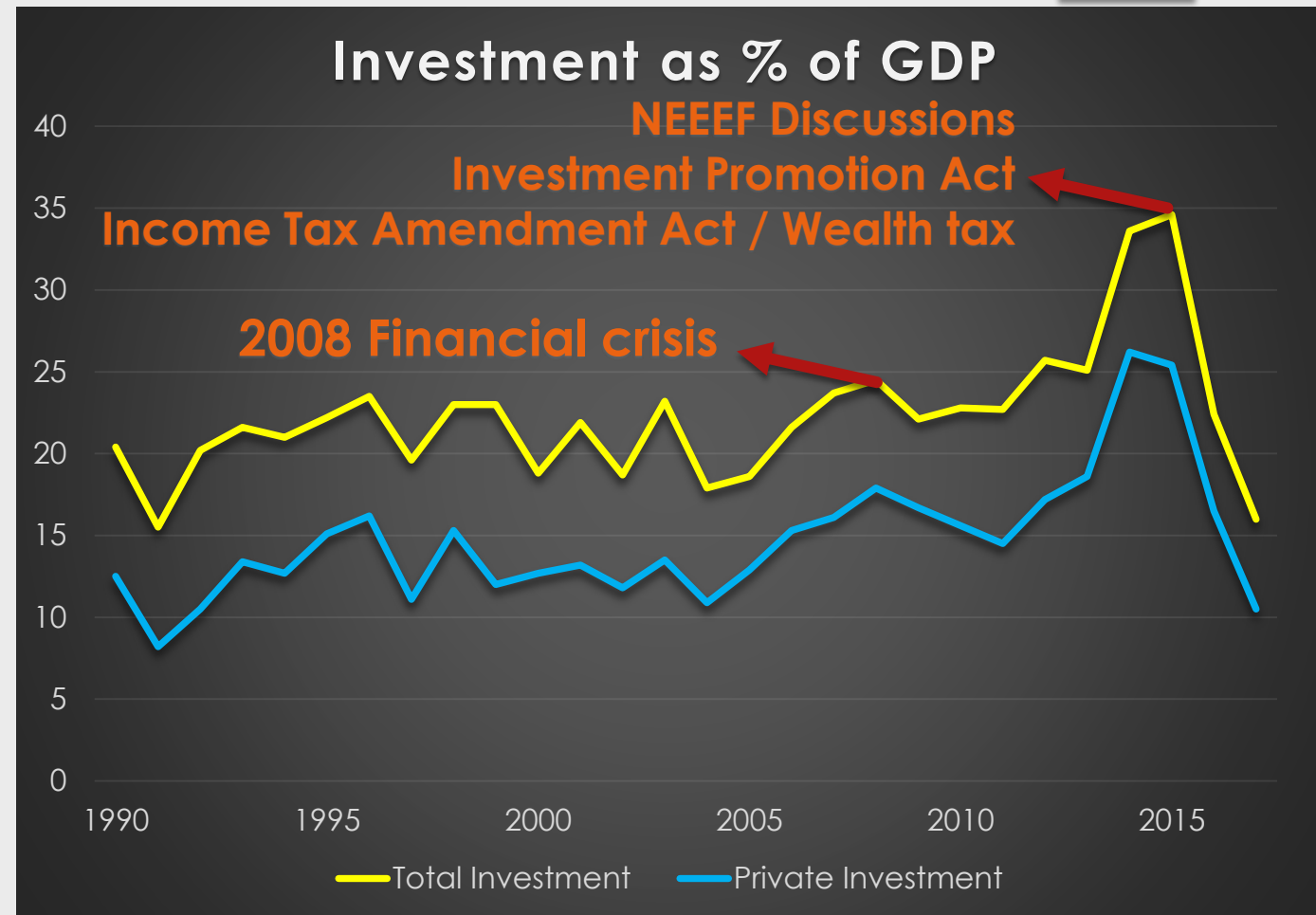


► Est N\$ 44 billion in debt at SOE's (2016)

While debt  
ballooned, our  
ease of doing  
business  
deteriorated



# Why the recession happened



# Why the recession happened

## Summary Financial Statistics for the Largest Public Enterprises

	2014	2015	2016
<b>Income statement</b>			
Revenue (NAD)	3 967 840 000	4 480 514 000	5 005 992 000
Net profit after tax (NAD)	616 379 000	531 247 000	(296 388 000)
<b>Profitability</b>			
Growth in revenue	20.03%	12.92%	11.73%
Growth in costs	21.24%	19.28%	42.20%
EBITDA margin	26%	21%	5%
Operating costs to revenue	34%	34%	47%
Return on capital	<b>4.65%</b>	<b>3.85%</b>	<b>-1.59%</b>
<b>Balance sheet</b>			
Equity (NAD)	13 262 833 000	13 807 725 000	18 584 930 000
Liabilities (NAD)	9 805 094 000	9 908 100 000	11 648 273 000

- Namibian private companies managed a Return on capital of 17.2% (based on latest annual reports of Capricorn Investment Holdings, FNB Namibia, Trustco, Letshego Namibia, Namibia Breweries)



*"THE PAST HAS A HUGE  
IMPACT ON THE PRESENT,  
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*- KARL MARX*

## The way forward?

## Political challenges

- ▶ Namibian society is over-politicized – we must de-colonize our minds and think nationhood, nationhood, nationhood
- ▶ We've been colonized twice before because our colonizers outsmarted us by putting their own interests first
- ▶ Our elections have always been free and fair – and our nation should keep it so
- ▶ Should the president and his/her cabinet have a single term of 10 years?
- ▶ That way, they will be free from party politics and can focus on national and international issues during their term
- ▶ Should non-performing ministers not be relieved of their duties instead of being recycled among ministries?
- ▶ Do we really need an upper and lower house of parliament?
- ▶ The civil service should focus more on executive implementation and less on bureaucratic planning



## The way forward?

## Social challenges

- ▶ The past must never be forgotten, but we cannot move forward with our feet stuck in the past
- ▶ Health before wealth – food, water, and safety must be a Namibian priority i.e. subsistence farmers must be upgraded to commercially viable farmers
- ▶ Social development spend must be balanced with economic growth – it's only possible to redress social ills with newly created wealth, not with debt
- ▶ Our peace and stability is our most valuable asset – we should monetize it
- ▶ Government employment is the highest duty to Namibia and its people – it should not be a reward for political affiliation

# The way forward?

## Economic challenges

- ▶ Every dollar leaving our economy robs the nation of opportunities - let's build capacity and skills within Namibia
- ▶ We must reduce our reliance on the South African Economy
- ▶ The Namibian Stock Exchange must be modernised and become the engine of growth in the country
- ▶ Should we not reduce national debt by privatising selected SOE's urgently, even those with perceived monopolies?
- ▶ We need to rebuild investor confidence in an insecure region/world
- ▶ Namibian savings was 37.4% of GDP at independence, but has dropped to 15.9% currently – a Namibian savings culture must be built to enable Namibian reinvestment

# The way forward?

## Economic challenges

- ▶ Isn't it time for an economic conference similar to the land conference to address points like Black Economic Empowerment instead of Namibian Economic Empowerment?
- ▶ Should we not refrain from short-term populist policies that have long-term negative economic effects?
- ▶ Isn't the most efficient way to quickly bring foreign currency to our shores simply promoting our beautiful country to tourists?
- ▶ We must improve our rankings on all international indexes and become more efficient
- ▶ Namibians need to support and trust each other before expecting investors to trust and support us

# The floor is open for questions

## Sources

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- ▶ *National Household Income and Expenditure Survey 2015/2016, Namibia Statistics Agency*
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- ▶ *UN Inter-agency Group for Child Mortality Estimation*
- ▶ *World Health Organization's Global Health Workforce Statistics*
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- ▶ *UNESCO Institute for Statistics*
- ▶ *Ministry of Education*
- ▶ *Bank of Namibia*



The  
**QVR**  
ode  
A mind FAQ



TONIGHT WE CAME  
HERE AS 'WE'

NOW WE LEAVE  
HERE AS 'US'