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International Capital and the Crisis in Namibia's Mining Industry

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INTERNATIONAL CAPITAL AND THE CRISIS IN NAMIBIA'S MINING INDUSTRY

Brian Wood, Namibia Support Committee. 1982

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a) INTRODUCTION

The oppressive nature of mining in Namibia today is a result of complex inter-imperialist rivalry, uneven development of monopolistic mining-finance companies competing for new sources of value and the pattern of colonial domination exercised by Imperial Germany and, then, the White-supremacist South African state forcing Namibians into semi-slave conditions on the mines. It is against this historical backdrop that we can begin to understand the latest developments affecting Namibians and the foreign-controlled mines that have shaped so many of the contours of Namibia's national liberation struggle.

An attempt is made here to periodise the plunder of Namibia's mineral wealth so that the gravity of the current crisis in the Namibian mining industry can be appreciated. It is worth remembering that, unlike most other natural resources in Namibia, minerals are irreplaceable. And so, more importantly, are the Namibian lives lost to the brutal South African slaughter machine occupying Namibia which the mining companies provide so much revenue to. Now the huge slump in mineral prices, compounded by the increasing cost of the war, threatens this revenue as

TRANSNATIONAL COMPANIES IN THE DEVELOPMENT OF MINING

b) Capitalist mining under German colonialism

The indigenous Namibian population had, for centuries, been mining copp er, especially near Otavi, and trading metal products across a wide area, even though their main livelihood stemmed from stock ranching, crop growing, fishing or hunting and gathering. But it was the German conquest from 1883 that led to the first large scale copper mining at Tsumeb in 1906 and diamond mining near Luderitz in 1908. The systematic, destruction of the indigenous economies, involving the slaughter of 2/3 of the Herero and Nama people and massive confiscation of their land and cattle by the German imperial army, laid the foundation for all subsequent colonial-capitalist enterprise, i.e.: the use of forced (semi-slave) labour by the settlers and imperial companies to secure massive rates of surplus value for quick repatriation abroad amidst the most brutal national oppression of the indigenous Namibians. Moreover, especially in the case of mining, right from the start of this brutal enterprise, the huge European banks were financing and reaping massive profits from monopolistic companies.

The Deutsche Kolonialgessellschaft fur Sudwestafrika (DKG), formed in 1885 from Luderitz' illicit land deals, had a monopoly on mineral rights from 1905in the southern central region (the "Sperrgebeit"). When marketable gem diamonds were discovered in 1908, the DKG monopolised their production through the Deutsche Diamanten Gessellschaft (DDG) which in 1910 secured exclusive rights in the Sperrgebeit' (a massive area) from th e German Colonia Office until the year 2010. The exploitation of the labour power of the 4 -5 000 (Owambo) contract labourers on average per annum to search for these diamonds along the coastal sands between 1908 and 1915 not only enriched the DDG and DKG, and the German banks behind them, but provided the public revenue for the colonial administration to attract considerably more settlers into capitalist ranching on the dispossessed Namibians' plateau lands. Between 1908 and 1915, the companies exported 5.5 million carats, earning in the region of R17 million through the monopolistic sales network of the Diamanten Regie (1909) in Berlin, while, at the same time, providing over R10m in taxes to finance settler expansion. Needless to say, the contract workers who produced the gems earned only R2.50 per month in the most brutal conditions. This pattern of "concession or chartered company" development was replicated, albeit on a less spectacular scale, by the London based South West Africa Company Ltd. (SWACO), (set up in 1892) which, after acquiring huge mineral concessions from the DKG in 1896, helped establish the Otavi Minen and Eisenbahngessellschaft in 1900. With erman finance, 'Otavi' controlled the construction of a railway from Swakopmund to Tsumeb in 1906 from where mining of copper/lead/zinc ore began in 1907 - 25% of profits went to SWACO. SWACO also established its first direcly controlled mine at Abenab in 1921, where vanadium was produced, and then at Berg Aukas in 1924, where vanadium, zinc and lead were produced.

c) The mining sector in the colonial economy

Thus the pattern was established whereby capitalist mining, especially of diamonds, provided the motor force for colonialism in Namibia, except in the years of the Great Depression. By 1920, for example, the 4 600 African workers on the diamond mines, 800 on the copper, lead and zinc mines, 300 on a tin mine and 50 or so on vanadium and salt mines, were responsible for physically producing 59% of the entire Gross Domestic product, under the most appalling conditions. Although this mining percentage was inflated by the rupture of German settler-owned ranching during the South African-British invasion and military defeat of the Germans in 1915, the share of capitalist mining output in GDP(except during the Great Depression) has always been very high, along with settler agriculture, capitalist fishing, and colonial state "services" (the classic pattern for colonial Africa). Mining provided most of the taxes for the colonial administration and most of the profits repatriated abroad, particularly, as will be shown below, through large multinational companies on the Consolidated Diamond Mines (CDM) model.

DISTRIBUTION OF G.D.P IN NAMIBIA BY SECTORS (%)

	Agricult &Fishing	Mining	Manufact., Construct., Transport	Gov't & other servs &Distrib.	G.D.P. (mill.R) Current Ps.	Annual Share GDP taken by foreigners(%) (1)
1920	13	59	3	25	13	33.9 } 1920-1930
1925	12	49	6	33	11	
1930	5	44	8	43	10	
1935	46	13	7	34	8	5.6 } 1931-1934
1940	48	4	6	42	10	8.0 } 1935-1945
1945	46	13	6	35	20	
1950	34	33	6	27	61	13.3 } 1946-1949
1955	26	39	6	29	129	34.6 } 1950-1956
1960	15	34	13	38	142	36 } 1957-1962
1965	20	47	8	25	275	40 } 1963-1970
1970	16	31	14	39	379	
1975	16.	27	17	40	674	40 } 1971-1977
1980	12	48	15	25	1327 (2)	

Sources;- D. Krogh (1960), W.H. Thomas (1978), UNIN(1970) SWA/Namibia Dept. of Finance (1982), SWAPO (1981)

Notes:- (1) The net outflow of income from Namibia once inflows are deducted, which are mostly outflows of corporate profits (transfer pricing not included). The dates do not exactly correspond, but the column figures are accurate averages. Foreigners = non-residents.

(2) This figure for 1980 GDP is from the "official" Dept. of Finance. It is probably substantially underestimated to hide foreign expropriation and because it is based mostly on physical output and figures from Pretoria.

d) U.S. Capital, the Diamond Monopoly and Anglo-American's fiefdom

Control of Namibia's diamonds after the First World War became a key instrument in shaping the largest financial empire in Africa - namely the Anglo-American group of companies. The military defeat of the German settlers in 1915 resulted in great changes in "South West Africa's" gem mining industry, and contributed significantly to the rise of the Anglo-American Corporation of South Africa and its control of Cecil Rhodes de Beers Consolidated Mines Ltd.(controlled by the Rothschilds' banking house). Up to 1925 de Beers had a virtual marketing monopoly of all the world's diamond production and it was the profits from Kimberly's diamonds that helped establish de Beers and the other major South African gold mining finance houses:- Consolidated Investment CO. (British controlled), Rand Selection(British controlled), Rand Mining (British controlled) Union Corporation (German control) and General Mining and Finance Corp. (German control) (all registered in London and known as the "Randlords" - the largest mining companies in the world). Ernest Oppenheimer, who understood how de Beers' diamond monopoly was being threatened after 1908 by the "South West Africa" DDG and the Diamanten Regie in Berlin (Oppenheimer had worked for one of de Beers' four major diamond merchants in London), set out to break the de Beers' monopoly by using his influence with General Smuts (SA Premier) to wrest control of the "South West Africa" mines. Oppenheimer had already begun a unique development in South African mining company history. He registered his gold mining company in South Africa (not London) in Sept. 1917 and mobilised considerable finance from the USA (mostly from JP Morgan and William Thompson the founder of Newmont Mining Corp two years later). He then used his "patriotic" South African profile and his superior connections amongst U.S. bankers to convince the Union Government to grant Anglo the "SWA" diamond mining concessions, which "foreign" de Beers were fiercely competing for. These were granted in 1919 for a paltry R7m. (export value for one year), and formed the original capital base of Anglo's new Consolidated Diamond Mines, the consummation of a new alliance between U.S. capital and English- South African interests. Smuts was attracted by the U.S. involvement because he was busy trying to secure outright annexation of "South West Africa" at the post-war haggling over the German colonies prior to the Treaty of Versailles, and was being firmly opposed by Woodrow Wilson. Anglo joined the exclusive de Beers preserve, the Diamond Syndicate in London, and set up a second company, the South West Africa Finance Corporation, to take over the remaining diamond royalty rights of the DKG in Diamond Area 1 (around Luderitz). By quickly establishing marketing control of other, mainly African, diamond producers, Anglo withdrew from the Diamond Syndicate in 1925. At the same time, Anglo's rise to power in the relatively new but rich "Far East Rand" goldfields, swallowing up Rand Selection, enabled Oppenheimer to make a bid for de Beers itself. By 1929, thanks to Namibia's gem diamonds, and Far East Rand gold, Anglo controlled de Beers, with Oppenheimer Chairman of both, and supported by both JP Morgan and Rothschilds banking houses. This was, and is still today, the largest non-oil mining-based finance group in the world, and larger than all the other South African mining-finance houses put together.

After swopping Anglo's diamond interests, mainly CDM, for some of de Beers' gold and other interests, Oppenheimer further tightened the Anglo-de Beers diamond monopoly by setting up (in 1930) the Diamond Corporation (a subsidiary of de Beers, to buy up all the non-South African/SWA diamonds) and then the Diamond Producers Association in 1934, which bought together the South African Government, its colonial administration via the SWA Diamond Board(which replaced the Diamanten Regie in 1921), the Diamond Corporation and all other South African producers into a cartel to replace the old de Beers' Diamond Syndicate. Oppenheimer then used the Diamond Producers Association to buy equity in almost all other diamond producers, wherever they were. CDM is still literally the gem of this de Beers' empire, and normally contributes around 20% of de Beers' overall profit(although separate CDM accounts were no longer published after 1974). This is mainly because, although de Beers' own mines account for about 30% of world diamond production, they account for over 60% of the world's gemstones, largely from CDM. From 1919 onwards, CDM and other SWA mines were taxed by the South African administration.

2) Mining During the Great Depression

However when the world recession hit the CDM diamond and the SWACO-Otavi base-mineral mines in the mid 1930's, CDM ceased all operations from 1932 to 1935 and Tsumeb production was halted altogether from 1932 until the mine was bought up after the Second World War by Newmont Mining and American Metal Climax (AMAX).(See Table 1 for effect on GDP). The only important new mining oepration during this period was the opening of SWACO's tin/tungsten mine at Brandberg West in 1942. This became the only medium sized producer of base minerals apart from SWACO's Berg Aukas (lead-vanadium)mine. Thus from 1934 to 1948, when Tsumeb again started production, the value of mining output in colonial Namibia was overwhelmingly from CDM's gem diamond mine, itself an enclave of forced labour and intensive sand-sifting near the mouth of the Orange river. The GDP only grew because of a big expansion in settler ranching, which almost doubled by numer of farms in the 1930's, mainly through an influx of 'poorer' white Afrikaaners from South Africa.

CDM had discovered the Orange river mouth deposits in 1928, but since the de Beers' monopoly was making profits by controlling, rather maximising, output (ie limiting it in times of recession), the value of CDM was in its maintaining secrecy over these new deposits until such times as they could profitably be brought onto the world market,ie. during the Second World War. Even then, CDM announced that the reserves were 2.5 m carats, whereas over 25m carats have since been recovered, an example of how "known reserves" of mines, especially precious metal and gem mines, are manipulated for financial and political reasons.

3) The first post-war base metal boom - Newmont and AMAX

Just as CDM contributed substantially to the meteoric rise of Anglo-American, so, following in Anglo's footsteps, did the Tsumeb mine in Namibia contribute substantially to the rise of Newmont Mining Corporation. As mentioned abovem William Boyce Thompson helped organise the U.S. syndicate to launch the Anglo American Company in 1917, and this led to his forming Newmont in 1921, which then accumulated considerable capital from Anglo's Rhodesian subsidiary Rhoanglo. Newmont, taking a leaf out of Anglo's book, saw a political opportunity to financially exploit when the Otavi Company was seized by the South African Custodian of Enemy Property during the Second World War. Newmont (29.6%) formed a consortiun of AMAX(29.6%), Union Corporation(9.4%), Selection Trust (14,2%) and SWACO(2.4%), plus 9.5% for its own new South African subsidiary, O'Kiep

Copper Company Ltd.(17.3% owned by AMAX), and persuaded the South African government to part with the Tsumeb mine in 1947 for £1 010 000 - to be managed by Newmont. The South African Government and Anglo's were keen to involve U.S. capital directly in "South West Africa" so as to bolster the claim to annex the territory outright - a claim subsequently turned down by the United Nations.

Nevertheless, despite the technical difficulties of mining the copper/lead/zinc ore, the consortium pumped about $47m into the Tsumeb, Kombat and Matchless mines up to 1973 (all owned by the consortium's Tsumeb Corporation Ltd (TCL)), for net profits of R255m between 1952 and 1974. This staggering rate of return does not even take into account the substantial management fees (accruing to Newmont), the excessive sales and refining commissions (accruing to AMAX and Ametalco, an AMAX subsiduary) or the benefits from U.S. rax relief or transfer pricing. The Company itself boasted in 1967 "no mine .. . ever returned so large a cash flow for such a relatively small investment as Tsumeb". T.C.L. became, by the late 1960's, the largest employer of labour in Namibia (over 6 200) and was the largest producer of refined lead and fourth largest blister copper producer in Africa. It also produced germanium. white arsenic and silver in significant quantities. Between them, TCL and CDM produced 90% of the mining output during the 1950's and 60's, almost one third of GDP and 50% of exports.

5) The second base metal boom and Afrikaaner capital

The voracious appetite for a wide range of minerals used in the West's and Japan's booming industries after the Second World War was reflected in militarily occupied Namibia by the late 60's and early 70's where the war of national liberation led by SWAPO was gathering momentum. A part from expansion at the existing mines (CDM's Oranjemund, TCL's Tsumeb, Kombat and Matchless, SWACO's Berg Aukas and Brandberg West as mentioned above) a number of new medium sized mining operations started up, attracted by TCL's success, mostly relying on new developments in mining technology to dig up and concentrate large amounts of low quality ore.

On the one hand, there were the "overseas" owned operations. Oamites Mining Company, owned by the Canadian Falconbridge Nickel Mines (74.9%) and the South African Industrial Development Corporation(25.1%), producing copper and silver, Nordex Joint Venture Ltd (Krantzberg) owned by the U.S. Nord resources Corp(40%) and the US Ebco Mining Corp(60%), producing tin-tungsten concentrates, and SWA Lithium Mines, owned by the FRG MetalgessellschaftAG (100%) producing lithium ores are all typical of this "overseas" expansion into Namibia's mining industry. While the produce varied, the tungsten and lithium being of very high strategic value in aero-space and military-related industries, the new mines were end-tentacles of massive North American and West European monopoly companies. Behind Falconbridge stood Superioir Oil, behind Ebco stood Bethlehem Steel, with the South African state a willing partner if necessary.

On the other hand, there was the South African (and British-SA) expansion, typified by Klein Aub Copper Comany, owned by the (by now Afrikaaner controlled) General Mining/Federale Mynbou-Group (90%) the Uis Mining Company (tin) and Rosh-Pinah-IMCOR Zinc Pvt Ltd., (zonc and lead) owned by the South African parastatal, ISCOR and ZINCOR (itself 33% ISCOR owned and 39% owned by Consolidated Goldfields of SA) and the large copper/pyrite Otjihase Mining Company, owned originally by Johannesburg Consolidated Investment (67%) with a small Tsumeb Corporation stake, and now mostly Tsumeb (AMAX and Newmont) owned, with JCI and Federale Volksbeleggings shares (30%) These new developments illustrate the expansionist nature of South African "Afrikaaner" capital, and again show the eargerness of the South African state to make long-term strategic investments (e.g Rosh Pinah was vital beaause South Africa didn't have zinc mines of its own for its growing iron and steel industry). As South Africa becomes more and more a capital exporting country, (R1,4 billion in 1973 to R3.4 billion in 1979,) the need to guarantee a constant flow of interest and dividends attracts the South African ruling class to occupied Namibia in particular.

h) The uranium rush and the Rossing pact

The most spectacular example of this new post-war mining boom is undoubtedly the 1976 opening of Rossing Uranium Ltd's huge open cast mine (the largest in the world), owned by the British-based Rio Tinto Zinc (46.5%), Canadian Rio Algom (10% and a subsiduary of RTZ), the South African State owned Industrial Development Corporation (13.2%, but controller of the Rossing voting shares), French Minatome (10%) Afrikaaner General Mining (6.8%) and several other undisclosed companies (reportedly the FRG's Urangesselschaft AG). The mine itself, apart from infrastructure, has absorbed R385m. in the most advanced heavy machinery and generated a net profit in 1981 of £46 m, despite putting aside over £17m in deferred tax. This single mine makes "Namibia"(!) the world's fifth largest producer of uranium oxide after the USA, USSR, Canada and South Africa (5 000 tonnes + a year) with known reserves to last for 26 years from the mine's first production in 1977. Just as 'Anglo+de Beers' had a major long term effect in enhancing South Africa's stranglehold of Namibia from 1919 onwards, albeit for a luxury but highly lucrative commodity, so too the Rossing mine has dramatically increased the subjugation of Namibians. The possibility of the "Western powers" implementing government - imposed economic sanctions against South Africa for its refusal to withdraw from Namibia (in terms of the 1971 ICJ Opinion and Security Council Resolution 301) faded rapidly with the emergence of the Rossing project. In May 1970 the US Government had initiated Security Council Res.283 which backed economic sanctions measures. After some token measures by the US and FRG governments, and a great deal of hostility from the British and French governments towards these moves, the matter was made taboo in Western diplomatic circles, despite the enactment of the 1974 Decree No1. Namibians were left with no àlternative but to intensify the armed liberation struggle led by SWAPO. The secret long- term supply contracts with key nuclear installations in Britain, France, the Federal Republic of Germany , the Netherlands and Japan (via plants in Canada and the U.S.A.) mean that these states will not tolerate a rapid or early withdrawal from Namibia by the South African state. Moreover, these contracts, together with those for South African uranium, (produced as a by-product on the gold mines), have given the white-supremacist South African state a nuclear weapons capability and great deal more bargaining power as an ally in Western military strategy. Finally, apart from the massive depletion of Namibia's potential wealth, Rossing has become, like TCL and CDM, a major source of revenue for the now beleagered administration in Windhoek. Rossing boasts pumping R100m+ per year into the economy and, apart from customs and excise, non- residents shareholders tax, personal income tax, sales tax and water and electricity levies, which it already pays, Rossing will begin paying company tax in 1983/4, estimated at between R65m and R100 million depending on the formulae used. Rossing will thus join CDM as the main local financier of South Africa's military occupation.

In 1969 the South African Dept. of Foreign Affairs forbade the release of official infomration on certain minerals produced or known to exist in Namibia and the 1967 Atomic Energy Act prohibits the disclosure of information on 'source' material. It is thus difficult to see the "strategic" importance of mining in Namibia, other than in general terms. What is clear, though, is that the Rossing development has precipitated a "uranium rush" of major proportions. Already susbstantial uranium deposits have been located in the Rossing vicinity by General Mining (at Langer Heinrich in 1975, about ½ Rossing's potential), Goldfields of S.A. (at Trekkopje - 1976), Anglo-American, Minatome, Union Carbide and Elf Aquitaine - via Omitaramines -(at Tubas in 1979) which are clouded in secrecy, but unlikely to start producing until the uranium price rises in the mid- late 1980's, if it does.

i) The non-uranium rush

It is usual for prospecting licences to drop off during depressed price periods, as is the case for almost all mineral prices at present, (except those minerals being sold in some long-term contracts) While this is certainly true for Namibia, during 1981 more than 250 licences were issued in the territory to companies which, apart from the above "uranium seekers" include ...

Ebco, Falconbridge, Elf Aquitaine, Total, Anglo-Vaal, General Mining, CDM, Utah International and Rossing itself, to name but a few. Definite new discoveries outside of uranium and more CDM diamonds have been made. For example, Falconbridge found significant copper, zinc, silver deposits at Elbe, Anglo-Vaal copper at Witvlei and Anglo-American has found large commercial coal deposits at Aranos near the Botswana border. But the political uncertainty and depressed markets are likely to prevent any major new mining developments and keep much of this data quiet for the moment, especially if highly sensitive material is found (e.g. oil or gas) Several major U.S. oil companies, such as Texaco, US Natural Resources Corp Atlantic Richfield, Continental Oil, Gulf Oil and Standard Oil had been engaged in oil and gas exploration in the earlu 1970's but most withdrew by 1975, apparently for reasons of uncertainty and commercial non-viability. The Texaco-Chevron (Standard Oil) rig struck methane gas about 130 kms out from the Orange river mouth in 1974 but deeper drilling results have been kept quiet by Soekor, the South African parastatal which leases the concessions. More recently, a former geologist for AMOCO argued strongly in the ' American Oil and Gas Journal' that traces of oil were found in a 3 000m drilling in the Etosha Pan region. The concession holder, Etosha Petroleum, a subsiduary of Briland Mines registered in Lichtenstien, claims that Superior Oil pulled out of a development deal because its personnel were under danger of SWAPO attack in the region. The facts of the case remain obscure.

There is also still a great deal of secrecy surrounding the Tsumeb mines' production of germanium (used in lazer technology, lenses, etc.) which a US government advisor described in 1963 as of great value to US weapons technology. Likewise, not much is known about Metalgessellschaft's lithium (which goes mostly to the FRG and Japan , but also to Belgium France and Italy under the'South African' label - S.A. produces none as far as known) which includes, apparently, the very rare rubidium metal. Neither for instance is much known about the vanadium and wolfram (tungsten) from Berg Aukas and Brandberg West.mines which Consolidated Goldfields of South Africa now owns (since 1976) via its unquoted subsidiary, Kiln Products Ltd., having bought out SWACO, the old London-registered Company. No details have been released on KILN'S production since 1976. Mystery also surrounds the latest sale by Falcolnbridge Nickel Mines of its 74.1% holding in the Oamites copper/silver mine (the other 25% is with the parastatal IDC) to Metorex of South Africa.

j) The curre nt crisis - Rossing to the rescue?

In the wake of the world slump, mines in Namibia have followed suit. With all mineral prices falling, bar tin and silver, only those mines which are strategic or with very low cost structure, or large enough to manipulate prices and draw on large financial reserves, (i.e. CDM, TCL and Rossing) have a good chance of pulling through without going onto care and maintenance. Uis tin mine, Klein Aub copper/silver mine, Rosh Pinah (low cost - vital to ISCOR) and SWA LIthium are those fortnuate enough to hang in with the big three. Tsumeb corporation's sales dropped from R126m in 1980 to R87m in 1981, and it recorded a net loss (on public accounting) of R3,4 m, despite maintaining output levels. The General Manager of Tsumeb declined to comment on a statement in the so-called 'National Assembly' (of Pretoria's puppet groupings) that Tsumeb has remitted over $30m in dividends in 1981. The company is nevertheless pushing ahead with its expanded smelter capacity for ore from the newly-equipped Otjihase mine. (which TCL aquired for R57.7m from Johnnies). This move is designed to counter TCL's flagging ore reserves. However, a number of other base metal mines have been forced to shut including Berg Aukas , and Brandberg West (Consgold), Krantzberg (Nord, Bethlehem Steel) Swartmodder and Oamites (now Metorex - formerly Falconbridge.) and some other small ones.

Of the "big two" (Rossing and CDM) CDM is currently worst affected. After the two previous booms in gem diamond prices (1972/3 and 1977/8), demand has fallen dramatically and not even de Beers' monopolistic Central Selling Organisation (which the Diamond Corporation and Diamond Producers' Association market through) could hold up prices by holding back stocks. Sales in 1981 were 42% down on 1980 and the cost of holding stock rose from R705m in 1980 to R1403m in 1981 for which de Beers had to borrow heavily. Anglo's even had to intervene secretly to stop de Beers' shares falling too much. The CSO had lost the Zairean industrjal diamond trade, but seems to have gained the selling contract for RTZ's massive Ashton Joint Venture, mainly industrial diamonds,mine in Australia (by guaranteeing the £195m bankers advance to RTZ).

Nevertheless, because gem diamonds, of which CDM is the major source, are used by speculators to transfer values, it is CDM which has taken the brunt of the production cut-backs, - down to 1m carats (Botswana's de Beers' controlled production has not been cut at all). One of the 4 processing plants has been closed, 24 hour shifts abandoned in some scraping areas and contract workers sent back to Owamboland at the end of contracts and told to wait perhaps 9 months or longer before being recalled. The effect on "SWA Revenues" (Pretoria's puppet administration) has been catstrophic, with a mere R35m coming directly from minerals in '82/83 out of a total planned budget of R840m!

"SWA REVENUE" DEPENDENCE ON MINING RM (%)

	63/4	75/6	76/7	77/8	78/9	79/80	80/1	81/2	82/3
TOTAL SWA REV.(1)	32.5	126	128	174	275	357	316	514	459
CUSTOMS & EXCISE	5.3(16)	28(22)	36(28)	48(27)	45(16)	49(14)	45(14)	250(49)	250(54)
DIAMOND MINES(2)	13.2(41)	43(34)	43(34)	73(41)	163(59)	188(53)	133(42)	124(24)	33(7)
OTHER MINES(3)	0.3(1)	10(8)	2.1(2)	1(.7)	--	5(1)	15(5)	1(.2)	2(.4)

Notes:
(1) Excludes "RSA Contribution" and loans and diamond royalties remitted;
(2) Excludes Loan levy, non-resident shareholders tax and other indirect taxes;
(3) Odendaal Report.

Rossing has been exempt from company tax until it recovers its full capital expenditure, which it is likely to do in 1983. It has been able to maintain sales (£161m+ for 5 160 tons in 1981 through its long-term contracts (see below) and is therefore almost certain to contribute between R65m (normal rate) and R100m(gold mine rate) in 1983/4. This will help considerably to bail the regime out of a public financial crisis caused not only by the collapse of mining revenue, but by massive subsidy payments to keep white farmers on the land, grants to the many "homeland-Bantustan" functionaries and the transfer of "SWA" army units and police from the Pretoria payroll to Windhoek. From the point of view of SWAPO, the 5-year rhetoric of the "Western Contact Group"(about a diplomatic settlment leading to Namibian independence) is rendered completely meaningless and hypocritical when measured against their deliberate 'nuclear utility' purchases of Rossing uranium and the contribution this makes to the South African war effort. 1983 will bring this into focus sharper than ever before.

k) Restructuring labour on the mines

Following the system developed since the 1920's to keep down wage costs, the overwhelming majority of black mine workers are "contracted", male, migrant workers from the northern Bantustan reserves(18 000 out of 18 500 in 1977) who do 12+ month stints of unskilled and semiskilled manual work, while whites are reserved the clerical, technical, supervisory and managerial posts. (3 500 in 1977)Denied all rights to free mobility and formal collective bargaining, and subject to the arbitrary discipline of white foremen, labour bureau officials and the Security personnel and police, the only form of organisation available to black mineworkers is largely clandestine - a form of "brotherhood network" at the workplace level and ongoing support of SWAPO's armed struggle at the national level.

The attempts by management and bureau officials to ferret out 'agitators' (i.e. SWAPO) by paying large networks of informers, for example at Rossing mine, or intimidating workers by elaborate security checking and vetting systems (CDM,TCL, Rossing,etc.) have proved uselessin dampening the resilience of black workers' comeraderie' and support for SWAPO.

For example, the Rossing management had the November 1976 strike by 700 workers brutally put down by South African police reinforcements only months after putting down a previous one in similar fashion. Condtions at the mine were described by journalists at the time as "the worst they had seen in Namibia" and this was confirmed by the RTZ Chairman on a 1977 visit. Yet the management were still bewildered in December 1979(the workers waited until after they got their Xmas bonuses) when, after a spate of minor stoppages, the 800 open pit workers left their gigantic machines, downed tools and marched to all sections of the mine until the entire 2 300 black workforce joined them on strike. The demands were not just improved wages, since wages had already been raised fractionally during 1979, but the scrapping of the entire racial job grading system. Linked to this were demands for family housing, dust protection, recreational facilities, and an end to police and Security Department harassment. The SWAPO office immediately dispatched the workers' demands to London from where they were put into the world's mass media, part of the statement reading, "Rossing invited carefully selected reporters to come and see the conditions - what appeared in the press were blatant lies ... the workers who spoke to the press were handpicked" "The Namibian workers will never be defeated by imperialist and racist collaboration." Clearly the workers' leaders shought to maximise every available pressure to win their demands and, in this instance, "collective barganining" in Namibia included mobilising political support as far afield as in the home country of the transnational company in management (RTZ).

While the main workers' leaders were arrested by the South African police and held indefinitely (on the pretext of letting off a bomb) the supposed "agitators" were sacked, the hostels(single quarters) raided and workers intimidated and injured by security police. The white workers actively assisted the police and management. Less dramatic stoppages have continued ever since.

Yet Rossing management had no choicebut to set about trying to 'upgrade' blacks into semi-skilled and even some skilled positions if it was to maintain orderly production. Ethnic separation in black housing was much reduced and family accomodation increased. A great display was made to protect workers from dust radiation and involve them in low-level training and organised recreation. Black workers at Rossing now earn more than other black workers (except at CDM) but, of course, much less than whites on average. No open trade unionism is tolerated and a management controlled system of grievance or 'liaison committees' is used. Management still acknowledge privately that all their black workers support SWAPO. The 1978 Rossing strike was accompanied by similar strikes at Krantzberg and Uis mines, with smaller stoppages at Tsumeb. Workers at the smaller mines were dealt with ruthlessly - the workers at Krantzberg (U.S. owned) were all deported. Nevertheless, the 5 000 black workers at CDM staged a dramatically successful strike within a few hours (in April 1979) of a worker being denied sick leave and poison being found in one of the five hostel kitchens. The catering manager was removed and the affected food burnt publically by CDM management in accordance with the workers' demands. In addition, the black workforce won the right to appoint its own kitchen staff. As at Rossing, the SWAPO channels were used by the CDM strike leaders to send telexes about the strike to London for the international media. When work resumed several days later, each hostel waited for the others before the entire workforce returned together. A repetition of this workplace display of power occurred at CDM on 26th October 1982 when the mine was brought to a standstill becasue two black workers from the engineering workshop were sacked after a fight with three whites. The workforce returned after 2 days when CDM management agreed to an inquiry.

There is no doubt that the combination of this workplace power and the impending victory of SWAPO in any geniune elections has forced the mining companies to begin partial "upgrading" of some black workers. The war has also resulted in a shortage of white artisans, and so more blacks, especially "coloured" workers are being trained. The Mines INdustries and Minerals Amendment Act of 1981 (amending the 1968 Ordinance) has abolished white job reservation of posts such as shift boss, overseer and the training for an underground blasting certificate. Thus the larger companies, like CDM, Rossing and Tsumeb, are active in trying to form a limited black labour aristocracy. Nevertheless, the history of black struggle on the mines and elsewhere is not easily eradicated, and it is more likely that limited "upgrading" (depending on what it entails) will either enhance the existing black leadership or merely replace it by a new one which rejects superficial co-option under white tutelage. Besides, the bulk of the mining companies have labour practices more akin to Namibia 's big mines in the 1940's, and it is still only the big three that even tolerate 'liaison committees'. The fact that CDM has recently opened up four liquer stores for its black workers is indicative that even the big mines are desperate for a strategy to cope with the bulk of their large and concentrated workforce! Migrancy is still the norm for the bulk of black workers.

The new settler nationalism

The efforts of the major mining companies to promote a black comprador stratum to serve their in terests are not confined to 'upgrading' black mine workers and limiting their turnover. CDM, Rossing, TCL and other large mining and non-mining firms, like Barclays and Standard Banks are working through the Private Sector Foundation" the "Chamber of Mines of SWA/Namibia", the "Rossing Foundation" the Katutura/Komasdaal Education Centre, the Concordia School (CDM built this multiracial shcool in Windhoek), the Oranjemund Tutuorial College and other business- funded associations to create a black middle class which is trained to represent the large international companies' interests in the future Namibia.

These efforts have recently spawned a counter attack on the large companies by the local white settler business community, who have accused CDM and other such companies of robbing the"nation's wealth". The attack was started by local millionaire, Eric Lang, who accused CDM of making after-tax profits of £4 700mbetween 1946 and 1981, too little of which found its way to the state coffers. Lang claims that de Beers uses a complex chain of intermediaries between CDM and the CSO to cream off illicit profit. This was hotly denied by CDM, but no figures have been produced by the company, which is now in its biggest crisis since the 1930's. Subsequently Dirk Mudge, another rich settler, and DTA stooge announced plans for his puppet government, which is now out offavour with Pretoria, to begin greater control of the mining companies through state shareholdings, government directors and the creation of several state depts. and boards to monitor mining.

The large mining companies in Namibia are mostly quite adept at dealing with these kinds of proposals in independendent Africa, and may well use this new brand of settler nationalism tolink up to a black comprador stratum.

Ultimately, however, the large mining companies know that it is the national liberation movement, SWAPO, that they will have to deal with if they wish to keep a semblance of their operations going in an independent Namibia. In this confrontation the companies will use all their financial, technological, managerial and marketing power to demobilise any attempt to bring 'their' resources under the social control of the Namibian masses led by SWAPO.

REFERENCES NOT OTHERWISE MENTIONED IN THE STATISTICAL TABLES

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G Lanning & A Meuller: ' Africa Undermined' 1979

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Investigation by Anglo-American Company into Tsumeb Corp Ltd.

OUTPUT AND IMPORTANCE OF COMMODITIES MINED IN NAMIBIA

(all figures in short tons, unless otherwise stated)

NAMIBIAN MINE OUTPUT ('000s short tons)

COMMODITY/MINE		1975	1976	1977	1978	1979	1980	1981	RECEIVING COUNTRIES	REMARKS ON IMPORTANCE
A) COPPER:	Namibia	38.5	48.0	54.2	42.0	46.1	43.2	43.7	FRG, JAPAN BELGIUM, USA	Namibia is 4th largest in Africa. TCL expanded ore reserves by buying Otjihase. No refined copper produced in Namibia, even though 80% African is.
	Africa	1,604.0	1,616.5	1,596.8	1,504.6	1,401.3				
	TCL(blister)	24.5	17.5	24.7	31.9	31.0				
B) LEAD:	Namibia	58.5	51.1	45.4	42.5	44.5	52.6	48.5	JAPAN, ITALY, UK, USA?	Namibia has largest refined lead prodn in Africa. All refin. done at TCL. SA has no sig lead mines.
	Africa	171.9	154.6	190.5	192.0	194.6				
	TCL refin (inc Rosh Pinah)	46.0	32.8	37.9	37.2	34.6	47.0	46.0		
C) ZINC	Namibia	41.6	29.7	42.2	40.3	56.8			SOUTH AFRICA, (ISCOR) and FRG.	Namibia has 2nd largest prod in Africa, with SA SA does all electrolytic processing of N. zinc.
	Africa	301.5	270.0	284.8	278.4	251.0				
	Berg Aukus	18.3	15.6	15.3	8.6	–				
	Rosh Pinah					51.0	48.5	52.0		
D) URANIUM (s tons)	Rossing	–	850	3041	3506	4980	5250	5160	UK, FRANCE, HOLLAND, FRG (both indirectly) JAPAN (via CANADA and poss USA).	Namibia 4th largest ur oxide prod in world. Potentially 3 more large mines in Namibia.
	S.A.	3234	3585	4368	5149	6754				
	World	24819	28676	37458	44110	49589	48170			
E) GEM DIAMONDS (Millions of carats, metric)	CDM	1.75	1.69	2.00	1.89	1.65	1.56	1.71	SA to London(UK) then to USA, ISRAEL, BELGIUM, and INDIA.	Namibia source of half world's gem diamonds.
E) TIN(conc) (tantalite + columbite as by-prod at ISCOR)	Uis	1.3	1.3			1.4	1.2	1.4	½ to SA (ISCOR) UK?	ISCOR figures not reliable. SA mines about 2.5. Namibia (UIS) has huge reserves

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OUTPUT AND IMPORTANCE OF COMMODITIES MINED IN NAMIBIA (Continued)

(ALL figures in 'ooos short tons , unless otherwise stated)

COMMODITY/MINE	1975	1976	1977	1978	1979	1980	1981	RECEIVING COUNTRIES	REMARKS ON IMPORTANCE
F) SILVER (Mostly TCL) ('000 troy onces)	1823	1174	1376	2717	2921		2800	USA + UK?	Namibia 4th largest in Africa-but small.
G) CADMIUM TCL ('000 lbs)	220	183	194	174	179	154		?	Namibia small.
H) SALT		242.5	245.0	250.0	250.0	250.0		SA	Namibia 3rd largest in Africa+ has vast reserves.
I) GERMANIUM DIOXIDE ('000 lbs) TCL			19.8					?	Namibia 3rd or 4th largest in world, TCL keep secret - high strategic value.
J) LITHIUM ORES (SWA Lithium) (INCL LEPIDOLITE PETALITE, AMBLYGONITE, + poss rubidium & Caesium)			2.5		2.7			FRG, JAPAN	Namibia 3rd/4th in world, but figures kept secret. SA does not produce these ores.
K) VANADIUM Berg Aukus		1.9	0.8	0.5				?	Namibia was approx 6th largest in world. Berg Aukas closed in 1978, but thought to be large reserves.
L) WHITE ARSENIC TCL								?	Namibia is 6th largest in world, & very large.
M) PYRITES TCL (Otjihase)								SA (& used by Rossing)	
N) WOLLASTONITE								?	Inst for Geological Science lists Namibia as having. Highly strategic. V little outside USA.

SOURCES OF DATA: American Bureau of Metal Statistics (New York)
World Mineral Statistics (London)
Metal Bulletin Handbooks (London)
Plus other fragmentary data.

NOTE: The SA Government has suppressed statistics as Have the companies.

TOTAL EMPLOYMENT (AND DISTRIBUTION OF WHITES) ON MINES 1982

MINE	TOTAL[b]	WHITES[b]	%[b]	DATE DERIVED FROM[a]
CDM	5470	1320	24	1982
Tsumeb	6400	1410	22	1981
Rossing	3230	895	28	1982
Oamites	413	52	13	1980
Klein Aub	1057	45	4	1980
Uis	(363-436)	(36-109)	(10-25)	1980
Rosh Pinah	(332-399)	(33-100)	(10-25)	1980
Lithium	(97)	(10)	(10)	1980
Tin Tan.	(74)	(7)	(10)	1980
Salt & Sodalite	(110)	(6)	(5)	1980
Others	(326)	(24)	(7½)	1980
TOTAL	c. 18000	c. 3900	22	
Mines now closed				
Berg Aukas	724	94	13	1978
Krantzberg	(327)	(49)	(15)	1980
Brandberg West	(300)	(30)	(10)	1980
Sodalite	(87)	(4)	(5)	1980
TOTAL	1400	175	12	

Sources: CDM data
Tsumeb 1981 Annual Report total for skilled and above minus 130 blacks said to be skilled.
Rossing data
Oamites ENOK Rehoboth report
Klein Aub ENOK Rehoboth report
Berg Aukas Murray 1982
Others: Chamber of Mines figures for black workers (see Note)

Notes: (a) Date corresponding to data.
(b) Figures in brackets are derived from Chamber of Mines figures for black workers, plus an assumed % of whites. For Uis and Rosh Pinah, two alternative assumptions (10% and 25% whites) are used.

EMPLOYMENT AT ROSSING (Absolute Nos) AND THE LIMITED EFFECTS OF RECENT 'UPGRADING' OF THE BLACK WORKFORCE.

ROUGH CATEGORIES	DATE	UNSKILLED		PART SKILLED		SEMI-SKILLED				SKILLED			PROFESSIONAL			TOTAL
GRADES		I	2	3	4	5	6	7	8	9	I0	II	I2	I3	I4-I8	
Africans	Apr I982	2I5	284	I75	336	2II	365	II2	30	6	3	I	I	I		
	Jan I980	282	298	I98	306	203	265	70	9	4	I	I	0	0	0	I637
Coloureds	Apr I982	6	I5	22	58	68	I23	I33	78	32	45	7	2	I		
	Jan I980	7	28	50	80	84	I38	I45	36	29	22	I	I	0	0	62I
Whites	Apr I982	0	I	I7	6	29	32	46	77	40	243	I55	I07	47	95	895
	Jan I980	0	5	7	4	22	34	32	83	47	3I7	I33	86	57	59	886
TOTAL	Apr I982	22I	300	2I4	400	308	520	29I	I85	78	29I	I63	II0	49	I00[a]	3230
	Jan I980	289	33I	255	390	309	437	247	I28	80	340	I35	87	57	59	3I44

Notes: a. This figure includes Managers, Superintendants, Confidential Payroll and Secondees. It is possible that not all are in grades I3 - I8.

Sources: Rossing, and Fact Sheet No 2, I980.

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

(e) Mineral production, 1964-78: value

(Rm)	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1977(1)	1975	1976	1977(2)	1978
diamonds	54.0	65.9	80.5	87.2	78.2	84.1	59.9	56.8	97.0	149.7	123.6	200	170	215	290	[illegible]
copper (refined)	19.8	27.5	36.0	27.8	28.6	28.8	28.8	20.8	21.5	44.5	44.6	40	50	50	40	42
lead (refined + conc.)	13.7	17.3	14.9	12.0	10.7	13.0	15.2	11.3	14.8	18.9	24.0	25	25	25	25	28
zinc	7.5	6.7	5.7	5.5	4.7	5.7	9.9	9.7	10.1	22.2	33.6	45	35	37	40	45
silver	1.3	1.4	1.4	1.6	2.1	2.5	2.0	1.9	1.8	2.8	4.8	5	4	4	5	5
tin	0.9	1.3	1.8	1.7	1.8	2.4	2.7	2.3	2.8	2.6	3.9	5	4	4	5	5
vanadium	1.6	1.8	1.9	1.5	0.9	1.3	1.3	2.7	1.9	2.1	2.6	3	3	3	3	3
arsenic					0.2	0.2	0.4	0.4	0.4	1.5	1.3	2		2	2	2
other													4			
uranium												75	–	30	130	170
total	98.8	121.9	142.2	137.3	127.2	138	120.2	105.9	150.3	244.3	238.4	400	295	375	545	645

Sources: 1964-77(1) – Thomas 1978, Table H; 1975-8 – UNIN 1977, projections based on fragmentary data and company statements.