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B U D G E T S P E E C H 1 9 9 0 / 9 1

1. INTRODUCTION

1.1 GENERAL REMARKS

It is a great honour to lay before this house today the first budget of the independent Republic of Namibia. It is a historic occasion and this honourable house can be proud to be able to play a part in it. It has not been an easy task to slim the budget from that which it should have been to that which we can afford.

For many years the people of Namibia have struggled and looked forward to this point in time when we can start governing the country for the benefit of all its people. We have achieved political independence. We have been victorious. But there is no victory until the final victory has been achieved – victory over poverty, over disease, over under-development in all its manifestations.

We have declared war on poverty and underdevelopment. The struggle is now on for economic dignity, a struggle which the people of Namibia have to fight together. This implies that we will have to cut back our demands for the present, so that a better future may be achieved more rapidly.

While preparing the budget my colleagues and I were forced to make painful cuts on much needed funds and even then we still had to look to the rest of the world for further assistance. I look forward to the day when I can announce that we have done it all out of our own resources. I am thankful to the international community who has come to our aid at this difficult stage and who are assisting us so generously now to allow us to eventually stand on our own feet.

1.2 PAST YEAR'S EVENTS

During the past year the people of Namibia focused on the successful implementation of Resolution 435 and its consequent political self-determination for the country.

Little attention was paid to the lopsided and in part backward economy which the new government of the Republic of Namibia inherited and the increasing pressure to improve the situation.

Apart form being faced initially with a budget deficit of some R556 million for 1990/91 and a foreign debt amounting to R726.5 million, urgent attention has to be given to the

increasing unemployment rate, conservatively estimated at 30 % urbanization and squatting, the escalating crime rate, the population growth rate of over 3 %, the sluggish economic growth rate and the illiteracy rate of 65 %. In addition, the rocketing inflation rate which we in Namibia can hardly influence, increase the difficulties with which the new independent country has to struggle.

It is not the intention of the Namibian Government to rely on hand-outs and to develop the detrimental dependency syndrome, but rather it is our intention to clear the way for the restructuring of the economy in order to afford Namibia the long denied opportunity to contribute towards a self-sufficient economy and to keep alive the flame of Namibia's fragile democracy.

1.3 PRIORITY SECTORS

The relationship between growth and development is not automatic, but has to be fostered through conscious planning and Policy implementation. Therefore, the Government of the Republic of Namibia compiled a list of priority sectors. Some of our programmes are provisional. However, we believe that by and large our investment schemes are solid and within the limits of our own absorptive capacity.

These public sector investment priorities include among others agricultural and rural development on which the livelihood of the majority of the Namibian people depends, and education and training to lay the foundation for our future development.

The factors determining the economic activity of any country are the human resources, the capital resource in all its forms (including natural resources) and technical progress. Human resources are the ultimate basis for the wealth of a nation. The classical sentence of the economic theorist Adam Smith that "the wealth of a nation lies in its people" is today as true as it was more than 200 years ago. If one keeps in mind that 65 % of the Namibian population cannot read or write and that 80 % of the teachers are either unqualified or not trained at all, one will realize the size of the task ahead of us.

The general lack of appreciation of the value of investment in education – one of the worst legacies of the colonial era – still prevails in Namibia today. It is often considered that investment in education is not a productive investment. Yet this is by far the most productive investment for the country as a whole. Education forms the major challenge facing the Government in order to achieve a fair and accessible educational system that does not only serve all Namibians, but which forms the basis of economic development of our country.

In view of what I have just said, it is extremely painful that the budgetary requirements of the Education Ministry could not have been met in full. It is in this area that urgent additional finance is required and it is hoped that this additional finance may be made available from the donors' pledges that were made during the New York Donors' Conference. The additional funds will hopefully be made available through an additional budget at a later stage during the course of this year.

1.4 ECONOMIC AND SOCIAL POLICY GUIDELINES

The Government's economic and social policies have been put forward in a document entitled "General Policy Statement of the Namibian Government". The Policy Statement defines the economic system as a mixed market economy based on social responsibility. A dynamic role for the private sector is envisaged which, "together with well-functioning markets must provide safeguards against stagnation that could result from excessive centralization and bureaucracy". Nationalisation does not form part of the Government's economic strategy.

The general economic policy direction of the Government has been set out in a highly eloquent way by His Excellency, the President of the Republic of Namibia, in a letter to the international business community. I quote:

"We have set ourselves the task to construct an economy which will form the basis on which our proud nation will be built. Namibia has the human and material resources to meet the demands of our future development. Saddled with the deficiencies of the past we will, however, never be satisfied with economic stagnation or decline.

We cannot expect to make good the accumulated neglects of the past within a year or even a decade, but we will endeavour to set realistic aims in regard to the development process of the economy, to narrow the gap between rich and poor, to eliminate the misery of unemployment and to create an environment of stability and trust without which no economy can hope to thrive.

The first tasks confronting the new state are to revive our own economy, to release the pent-up available energies and to create the vigour and vitality of a free economy. To achieve these aims we will, first and foremost, expand the nation's investments in human resources to a maximum. We will equally ensure that the budget will be made an instrument of prosperity and stability. Our policy will be directed to a maximum achievement of economic development and growth.

I am convinced that business is the partner of Government, that our success is dependent on their success and their success is again dependent on ours. Far from being enemies Government and business are allies. I do not believe that there is a clash between the interests of the Government and

those of the business community. Each will play its proper role and the conceived partnership between the two will be based on mutual understanding and fertile co-operation."

1.5 ECONOMIC CHALLENGES

The Namibian Government faces three main economic challenges:

1. to reactivate the economy;
2. to reduce income disparities;
3. to restrain and redirect public expenditure.

The Namibian economy has had a lackluster performance for the past ten years. Beginning in 1980 the economy fell into a recession that lasted five years and that brought GDP down be 6,8 %. After recovering the lost ground in 1986 to 1988 growth stopped in 1989. the per capita GDP declined without interruption during the past decade and at independence it was 23 % lower than in 1980.

During the last quarter of 1989 and continuing into the first six months of 1990 the South African economy entered into a major recessionary phase. Due to the direct linkage of the Namibian economy to the South African one via the Common Monetary Area, this recessionary phase has had a major and direct influence on our own economy as well. To reactivate the economy is therefore the prime challenge to the Government.

The Government's approach to economic management is conducive to a speedy reactivation of the economy. With the lifting of sanctions, exports of mining products, especially uranium, are expected to grow. Fishing is likely to become one of the most important economic activities of the future. The Government further sees its function in ensuring the reactivation and boosting of the construction sector. Finally, agriculture also has the potential to become a major source of growth in the medium term.

Real GDP has been stagnant for the last ten years. Government **consumption** expenditure, however, increased sharply from 16,5 % of GDP in 1980 to 30 % in 1985. This ratio fluctuated around 30 % of GDP in the second half of the decade. Gross fixed investment declined in the 1980's both as a ratio to GDP and in real terms. While gross fixed investment still stood at 28 % of GDP during 1980 it declined to 15 % in 1984 and during the rest of the decade it stood at or below this level. This very low rate of public and private

investment was the major cause for the negative development in GDP in Namibia over the past decade.

While public investment declined steadily throughout the decade, private investment initiated a mild recovery in 1986, but it still remained at a very low

level. This overall investment decline was caused partly by the previous administration's inexplicable decision to reduce capital expenditure as a way of limiting the size of the fiscal deficit, and by a combination of factors affecting private investors' behaviour. It is clear that a much higher level of investment in the productive sector and by government will be a prerequisite for Namibia's faster pace of economic growth and social development in the future.

The **second challenge** facing the Government of independent Namibia is the extreme disparities in income distribution. The heretofore disenfranchised and neglected majority will rightfully expect to partake in greater measure of the economy's income and wealth. Addressing the country's equity problem at an acceptable pace without jeopardizing growth will be the major challenge.

The key policy issues for the future are growth and equality. Legal equality has already been established via the Constitution of Namibia. Macro-economic constraints make it difficult to give maximum content to this objective in the short run. However, in the medium and long term the equity issue may best be tackled by increasing the rate of growth of the Namibian economy. Fortunately there is scope for improving the gross performance of the Namibian economy. The recovery of the level of economic activity is likely to be led by the increased income to Namibia from the fisheries sector as well as from improved mining output, the increase in the construction sector as well as development of the agricultural sector.

In summary, after two decades of economic stagnation the stage has now been set for a major boost of the Namibian economy.

2. GENERAL ASSESMENT OF THE ECONOMY

The rate of real economic growth in Namibia, as measured by the annual percentage change in real GDP, continued to decline steadily for the third year in succession until last year (1989) when it reached an almost zero-growth situation. This was particularly marked in the output and even more so in the expenditure figures for last year. tight fiscal and monetary policy, the very low rate of public investments, the persistent inflationary spiral and tough export market conditions can be put forward as possible reasons for the depressed economic climate during 1989. The growth in **real gross domestic** product stood at only 0,2 % during 1989, compared to 1,7 % in 1988 and 3,0 % in 1987.

A sectoral analysis reveals that the very low rate of expansion during 1989 originated mainly in the **mining industry**, where all major sub-sectors experienced marked output decreases. Total real **non-mining production** rose by 3,6 % during 1989, compared to 2,1 % in the proceeding year. In fact, during 1989 almost all non-mining

sectors improved upon the growth attained in real output during 1988. Only the **construction** industry showed a real output decline, while the sectors **electricity and water** and **community services** showed lower growth rates in real output in 1989 than in 1988. **Real gross domestic expenditure,** which in 1987 rose at rates of more than 8 % on account of steady domestic consumption and investment, declined by 5,6 % in 1989. This fall emanated from a much smaller real increase in inventory build-up and from an almost 4 % decline in real government consumption expenditure. **Real private consumption expenditure** was still fairly subdued and expanded by less than 1 %.

Namibia's **foreign trade** position further recovered from the set-back suffered during 1987. Instrumental in this recovery was the remarkable strength of Namibia's merchandise export performance despite the tight conditions on export markets. The fairly moderate rises in merchandise imports also helped to restore the trade surplus to a level of R332 million during 1989 after a trade deficit of R26 million in 1987 and a very moderate trade surplus of R64 million in 1988. In 1989 the value of **merchandise exports** rose by 24,8 % compared to a 12,7 % rise in that of **merchandise imports.** In volume terms, merchandise exports declined marginally by 0,3 %, but the volume of imports fell even faster at a rate of 1,8 %. The rise in the average export prices of 25,2 % compared well with the price rise in Namibia's exports of 14,7 %, thus explaining the improvement in the terms of trade.

The much improved trade balance and, to a smaller extent, the decrease in factor payments to the rest of the world assisted in turning around the **balance of payments** on current account from a deficit of R153 million in 1988 to a surplus of some R60 million in 1989. This reversal occurred despite the continuous rise in net payments for non-factor services and despite a decrease in transfer receipts.

As measured by the rise in the consumer price index for Windhoek, Namibia's inflation rate of 15,1 % in 1989 was notably higher than the 12,9 % of 1988. The above average rises in consumer prices picked up further towards the end of 1988 and stood at 16,8 % during the second quarter of 1989, after which it slowed down again to 13,4 % in the fourth quarter of 1989. During the first quarter of 1990 the inflation rate once again advanced.

In summary, the economy of Namibia in the pre-independence situation could be seen as moving into a recessionary phase with the growth in output easing off and expenditure levels declining marginally. This was partly responsible for the shift into a positive balance

on the current account of the balance of payments. Encouraging is the fact that the real outlay on fixed capital goods was rising slowly. Less satisfactory progress has clearly been made as yet in the Common Monetary Area, as regards subduing inflation. A feature of the pre-independence situation was the facto that over the past ten years no surplus on the current account of the balance of payments was achieved without substantial transfer receipts from outside the country in the form of budget aid.

Independence as such has, of course, changed the prospects for Namibia's economy in many ways. **First** of all, the fact that the country is now internationally recognized as a sovereign entity, has increased the hopes for material foreign capital inflows in the form of private investments and development aid. **Secondly,** the fact that the pre-independence trade sanctions have now been lifted has reopened markets that were closed for some time in sectors that had been affected by this, and is allowing furthermore the opening up of new markets. **Thirdly,** the fact that the Namibian Government is now in command and control of its deep-sea fishing zone, means that the country is about to expand its economy significantly, since the deep-sea fishing activities will bring about a net addition to its GDP. If this resource could be properly monitored and integrated into the rest of the economy many new opportunities are likely to unfold.

It is, however, anticipated that the economy will not move into a boom situation immediately, mainly because the restrictive monetary policies Of the Common Monetary Area are as severe as ever in the effect of our economy, and partly because much of the foreign aid and capital we will be receiving will take some time before we can reap the benefit thereof. Nevertheless, the productive economy still possesses a lot of inherent strength and also has spare production capacity to expand output considerably, so that it is possible to look forward to a more favourable climate for economic progress, growth and employment from now on. To give momentum to this process and also the alleviate possible balance of payments and public finance dilemmas in future, private investments locally and from abroad are needed and encouraged.

3. THE FINANCIAL YEAR 1989/1990

Before I discuss the 1990/91 budget I would like to give a brief overview of the previous financial year, which ended just after independence.

3.1 REVENUE

The previous financial year's collection of revenue was substantially more than budgeted for on several of the Heads of Revenue. It can be said that in this regard things took a fortunate turn for the previous Administration. The drop in the value of the Rand favoured exports, notably in the mining sector, with the result that mining

taxes to the tune of R20 million more than budgeted for were collected. Companies (other than mining companies) last year also paid R42 million in taxes more than estimated, and general sales tax exceeded the estimate by R57 million. Non-resident shareholders' tax eventually contributed R65 million, whereas only R33 million as expected from this source. The reason was that dividend declarations were much higher than is normally the case. A possible inference here is that some companies decided to distribute as much as possible of their profits to shareholders in anticipation of independence. This favoured tax collections in the short term, but could lead to drastic drops in future declarations of dividends, with a resultant lower potential revenue for the State.

The demilitarization of Namibia and the withdrawal of UNTAG – as positive as it was in the political sense – has had an adverse influence on the economy. This is already reflected in sales tax collections for May 1990, which dropped by 10 % as compared to returns in February 1990. Other business profits will without doubt also be negatively influenced, and will result in lower tax collections. Whether inflationary price increases and "bracket-creep" will be able to counter the potential drop in revenue, remains to be seen. It may also be expected that, as a result of high interest rates, a drop will be experienced in the real-estate market, and that the high frequency of transactions in this market will not readily be repeated.

I may further add that some mining companies have embarked upon capital investment and expenditure programmes for extending the mines' operational lives, a fact which, given the immediate capital write-off concession, will in the coming two years drastically lower their taxable income. This may bode well for the medium-term future, but the State will not be able to count on the same amount of taxes to be collected from this source in the immediate future.

3.2 EXPENDITURE

In the Second Additional Budget for 1989/90 the total expenditure to be financed for the year was estimated at R2 448 million. The provisional figures at this stage reveal that total expenditure will in fact amount to R2 369 million, which reflects an underspending of R79 million or 3 % of the amount appropriated. Of this amount R16 million was in respect of capital works, for which a total amount of R189 million was appropriated. The unspent portion on capital

3.3 SURPLUS FOR 1989/1990

The Second Additional Budget for 1989/1990 showed an expected deficit for the year as a whole of R30 million, which was a substantial improvement on the expected deficit of R267 million reflected in the Main Budget. Since the time of the Second Additional Budget

the position has improved further and I now expect a surplus of at least R20 million for the year. The final surplus can only be determined when all transactions have been entered and the final accounts have been drawn up.

4. THE FINANCIAL YEAR 1990/1991

Before I go into the details of the budget for 1990/91 I must point out That corresponding figures for the previous year are not shown in the Printed document, as was done in the past, because there was a complete restructuring of all the Ministries. The services of former second-tier authorities were also incorporated in this year's main budget. Furthermore, this is the first budget of the independent Republic of Namibia, and as such its expenditure is very different and cannot easily be compared with previous budgetary items.

4.1 REVENUE

The budget which I table today shows the **total expected revenue** for 1990/1991 as R2 366 million. Included in this estimate are R542 million from customs and excise, R160 million from foreign budgetary aid contributions, R78 million from the Amortization Fund, R88 million from estimated balances of former second-tier authorities and an estimated surplus on the State Revenue Fund as at 31 March 1990 of R20 million.

As far as **customs and excise** is concerned the estimate is R95 million more than was received from South Africa during the previous year. It is my intention to negotiate this increased amount with the other members of the Customs Union in the near future. Honourable members will appreciate that since independence Namibia no longer receives an arbitrary allocation from South Africa, but is a full member of the Customs Union and therefore shares fully in the revenue of that Union. It is my contention that Namibia did not receive in the past what was rightfully due to her.

The R160 million from **foreign budgetary aid contributions** represents the amount I expect to receive from pledges made at the Donors' Conference in New York. Namibia has received pledges in excess of this amount and I confidently expect the final contribution towards the financing of this year's budget to exceed the amount of R160 million provided for here. Honourable members will notice that I do not, as was done in the past, specifically make provision for a contribution from South Africa; this contribution of $10 million being already incorporated in the R160 million of total budgetary aid.

The R78 million from the **Amortization Fund** represents a withdrawal from the Fund which was established to make provision for the repayment of loans. In view of the expected deficit, which I will deal with later on, I found it necessary to draw R78 million from the Amortization Fund.

As far as the R88 million from **former second-tier authorities** is concerned, it is common knowledge that some of those authorities, especially the white administration, had built up substantial reserves in the past. Obviously this Government can now make use of these surpluses but I must point out that some of these monies have been invested for long terms and will therefore not be available for immediate use.

4.2 EXPENDITURE

The total expenditure for 1990/1991 is estimated at R2 576 million, which is only R128 million or 5 % more than the total amount of R2 448 million provided for in the previous year, i.e. the main plus additional budgets. If one bears in mind the rate of inflation, the fact that the whole Government Service is being restructured, that provision has to be made for new services and whole Ministries which did not exist before and that the administrations of former second-tier authorities were incorporated, then it must be admitted that it was, and will be, a formidable task to stay within these limits.

I must point out that we have also increased the appropriations for capital projects from R189 million in 1989/1990 to R261 million this year. This will have a stimulating effect on the economy, and the construction industry in particular will benefit from this increase. One can also expect that the increased investment projects will help to combat unemployment. Additional capital projects may be catered for in additional budgets during the course of the year, financed mainly through donors' pledges.

Included in the total amount of R2576 million which must be financed, is a statutory obligation of R316 million.
This amount includes –

- R96 million for interest payments on government debts
- R37 million for loan costs (mainly currency revaluation costs on Government debt and
- R163 million for capital repayments on loans.

The obligation in respect of Government debt alone amounts to R296 million, or 11,5 % of total expenditure. We will have to give particular attention to this aspect of high debt servicing problems.

4.3 DEFICIT BEFORE BORROWING AND FINANCING THEREOF

I indicated that the total estimated expenditure for 1990/1991 will amount to R2 576 million and the estimated amount available for financing will be R2 366 million. That leaves a deficit of R210 million. At this stage I do not consider increasing any taxes to finance any part of the deficit. I intended to raise loans to finance the deficit and once Namibia's own Central Bank is established an overdraft may be arranged for part of it. It is interesting to note that the amount to be financed through loans almost equals the government loans repayment for the year so that the government debt position essentially remains the same.

The question may be asked why at this stage increases in the rate of taxation have not been suggested for the financing of the budget deficit.

In the first place, Namibia is already heavily taxed. International experts maintain that our taxation level compares with that of a developed country.

Sales tax increases have been suggested, but as sales tax is regressive and affects the poorer sector more than the wealthier, it appears not to be the ideal tool for increasing revenue. **Company tax** is at present already at a high level and increases at this stage would not be conducive to the economic development and the investment climate that Government tries to create and would in any case be counter-productive. **Personal tax** is also very high and the problem of "fiscal drag" is making life difficult as it is.

On the other hand, our public finance position neither allows us to decrease taxation as is so often suggested. Increased demands for finance by the new requirements of an independent country are difficult to reconcile with reduced revenues from taxation.

The whole question of **mining taxation** is, however, under review and will hopefully lead to a more uniform taxation structure in the future. Apart from that, "undistributed profits tax" is also under review with a view to investigating the consequences of the abolition of the tax.

5. CONCLUDING REMARKS

5.1 GENERAL

In spite of the tremendous needs of all the Ministries, for which I have great sympathy and understanding, my colleagues in the Cabinet showed understanding for the problem of keeping the budget within affordable limits. I would like to thank them particularly for their co-operation and understanding.

5.2 FISCAL CHALLENGE OF THE FUTURE

The Government of the independent Republic of Namibia faces a momentous fiscal problem. Fiscal policy was adjusted over the past couple of years to the declining budgetary support from the Republic of South Africa. The deficit was reduced initially through higher taxes and lower public investment and maintenance expenditure. In terms of economic management during the country's initial post-independence period, public finance faces what is probably the most difficult immediate challenge. During the first half of the 1980s, the deficit of the Central Authority reached an average of 20 % of GDP. Namibia relied heavily on budget support from South Africa for financing that deficit. The deficit after transfers from South Africa was financed

from treasury cash balances and by commercial bank borrowing guaranteed by the Republic of South Africa, as well as by loans taken up on the South African and Namibian capital markets, also guaranteed by the Republic of South Africa.

In the second half of the decade a significant reduction in budget support from the Republic of South Africa coincided with a sharp decline in the overall deficit to an average of 8 % of GDP. The expenditure reduction continued to be mainly in the capital budget which was more than halved relative to GDP to 3,5 % in 1989/90. This reduction in capital expenditure had a disastrous effect on the economic development of Namibia. It is due to that lack of investment directed expenditure that we are faced today with an economic limited which is extremely recessionary. In summary, the fiscal position at independence was extremely vulnerable and the adjustments that has taken place prior to independence were incompatible with the aims of economic development. Most of the fiscal adjustment to an extent which hampered the country's economic development.

Although relatively well developed, Namibia's public finance administration is now confronted with a number of difficult problems. It has inherited a narrowly based revenue system with a large share of revenue to be determined in the short term by negotiations with the Republic of South Africa in the SACU framework, thus not subject to the Namibian policy action. It faces, at least in the short run, a scale and composition of public expenditure which the country can ill afford. Significant budget support from the Republic of South Africa is unlikely to continue. Given the narrow tax base and the already high tax burden, there is no room for increased taxation in the short term. However, expenditure pressure to meet both social and economic needs is strong. The challenge to our Government consists in rationalizing public administration without endangering fiscal and macro-economic stability.

The new Government is faced with major pressures for higher public expenditure. **First,** independence entails additional overhead expenditure such as new ministries, embassies, a customs department etc. **Second,** the government needs to provide more and better health, education and housing services to the heretofore neglected majority of the population. **Finally,** the government needs to maintain the existing infrastructure and to make up for the low investment outlays during the eighties.

The cost of maintaining the economic and physical infrastructure

left by the Administration of the Republic of South Africa is above what other countries at similar stages of development have to sustain.

The scope for raising revenues is limited. Part of the adjustment to the declining budget support from the Republic of South Africa was through higher taxes and the tax burden is now at developed country levels. Further rate increases without in-depth alalysis of the effects on equity and private sector activities would not be advisable.

Given the constraints on revenue and the new demands on expenditure the fiscal deficit is likely to rise in the short term. On the revenue side, broadening the tax base and reducing some overly generous exemptions should increase yields and improve the efficiency of the system. Furthermore, tax revenues are likely to increase as a result of GDP growth. The medium-term goal is one where government revenues cover current expenditure and make a significant contribution projects funded partly from loans within the Common Monetary Area.

In summary, Namibia's prospects for a return to a sustainable position in the medium term will depend on the efficiency in the public administration. The opportunity to rationalize the public administration will not be passed up. The Government is also mindful of the fact that investments generate future current requirements. Thus, the size of the investment programme will be consistent with the government's ability to support corresponding future recurrent cost.

The size of the public sector deficit and the way in which the deficit will be financed acquire paramount importance. Namibia's membership in the Rand Monetary Area implies that the country does not face an effective balance of payments

constraint. This institutional arrangement, however, also means that Namibia's option for financing the public sector are limited. Because the local money and capital markets are still undeveloped, external borrowing and grants become one of the few significant sources of funding through which the deficit of the public sector can be covered. Given Namibia's lack of access to domestic credit in local financial markets, the Government does not have a lender of last resort for meeting short-term liquidity needs. For this reason, its cash-flow management is conservative and aims to ensure positive cash balances at all times. The original budget estimates therefore should be considered budget management tools with a strong focus on ensuring the Government's continued liquidity rather than macro-economic

management tools.

Finally and in conclusion, if there is one lesson that we all will have to learn, it is the importance of keeping the Government's own finances on an even keel. In the first and immediate period of independence there are many well-founded demands for new expenditure, particularly on social programmes for the benefit of those previously left out in the cold. We all naturally want to do as much worse off than by setting a realistic goal. We must start by assessing our resources and only then decide on what we can afford to spend. If we start by what we like to do and hope that the resources will look after themselves, this would be a clear recipe for disaster.

Yet, this Government has a clear commitment

- to national reconciliation, peace and unity,
- to the fact that each Namibian must have the inherent right to dignity and life, liberty and the pursuit of happiness,
- to economic development and growth,
- to the problem of unemployment, which must be tackled as the most urgent need,
- to the education system and to the chance for every Namibian child to have a proper education,
- to a health policy trying to achieve the goal of health for all by the year 2000
- and to redressing the inbalances and injustices of the past.

These are formidable tasks and require the solidarity and support of the whole nation, of those that govern and those that are governed, of the ruling party and the opposition.