Developmental programmes needed to address inequalities – LaRRI - by Catherine Sasman

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WINDHOEK – The opted for neo-liberal model for development is not serving Namibia or the region, and alternatives are needed, say researchers.

In 2004, the Namibian Government presented its Vision 2030 as a national growth plan that has, as its aim, the achievement of living standards comparable to that of developed nations.

Goals set by Vision 2030 include an annual economic growth rate of 12%; a decline in unemployment from 35% to 5%; a fall in the gini-coefficient from 0.7 to 0.3 [gini-coefficient denotes the income discrepancies]; and an increase of the contribution of manufacturing and service sectors to about 80% of the country's Gross Domestic Product (GDP) by 2030.

These goals, said Labour Resource and Research Institute (LaRRI) researchers, are highly ambitious, considering the neo-liberal model of development through creating favourable investment conditions for private capital accumulation opted for by Government.

Such a model, they say, emphasises the free flow of capital – though not labour – as well as the opening of borders to goods and services, and the elimination of tariffs and barriers to free trade.

"A central premise of the neo-liberal model is the idea that competition breeds efficiency, and removing the impediments of unfettered competition will of necessity provide for the development of effective industries, thereby leading to economic growth."

But, said researchers Herbert Jauch, Lucy Edwards and Braam Cupido, the neo-liberal model of development has neither served Namibia nor the Southern African Development Community (SADC) region well.

Economic growth, they say, has been insufficient to create needed jobs, and inequalities cannot be addressed by a profit-driven model for growth.

Instead, they propose a 'people centered' development paradigm, as opposed to a corporate-driven one, underpinning initiatives such as the implementation for a universal Basic Income Grant (BIG), and other initiatives.

What are the alternatives?

In 2002, the Namibia Tax Consortium (NAMTAX) proposed to Government a universal income grant to alleviate poverty and inequality, introducing the idea of a N$100 per person per month covering all Namibians from birth to the age of 60, after which a pension fund would become applicable.

NAMTAX calculated that such a grant would amount to about three percent of Namibia's GDP, and can be recovered through changes in the tax system.

This has unleashed mixed feelings amongst those in Government. Some viewed it as an unaffordable welfare measure, with the International Monetary Fund (IMF) dissuading Namibia from adopting it.

In 2002, a coalition of churches and civil society organisations formed the BIG Coalition to advocate for its introduction, with no conclusion reached by Government yet, although it has been introduced on a pilot basis at Otjivero in Omitara district.

Subsequent assessments of the pilot roll-out of BIG was a "dramatic reduction" in malnutrition among children; increase in income-earning among residents and self-employment; higher levels of nutrition among those on anti-retroviral treatment; greater school attendance; increased use of the local health facility; increased control by residents over their own lives.

The LaRRI researchers proposed that the BIG initiative should, however, be viewed – and implemented – alongside redistribution, job creation and structural changes, although it is a "promising starting point".

Pivotal to rectifying the engrained inequalities, said the researchers, is to once and for all address the gender disparities.

This, they said, means closing the socio-economic divide between men and women, proposing redistributive policy frameworks that will transform unequal power relationships, unequal access to resources and unequal control over assets.

Furthermore, said the researchers, inequality cannot be left to market forces, but instead requires a deliberate, strategic intervention by a developmental State.

They proposed a "movement from below" to "shape the State", based on an understanding of the inequality and poverty crisis and possibilities of alternative development strategies.

"Grassroots mobilization has to include constant engagement with the State to transform it into an ethical, responsible and developmental State that acts in the interest of the working people instead of … 'the Empire'."

The term, 'the Empire' was coined by the Alternatives to Neo-liberalism in Southern Africa (ANSA).

This organisation considers a three-pronged approach to alternative development strategies: the 'social factor' that considers how human rights are safeguarded and how vulnerable people are protected against poverty and exploitation; the 'democratic factor' that looks at how the political system functions, in other words how political decisions are made and implemented and how resources are distributed; and the 'global factor' that looks at how global decisions and directions impact locally and how resources globally are controlled.

LaRRI said since independence there has been a considerable weakening of civil and labour organisations, which need to be revitalised for a human rights based development paradigm.

"The struggle for basic services is part of the everyday battles," they said.

"When governments privatise services under pressure from the IMF, World Bank or donors, they affect people immediately – not at some future date."

Lessons from Venezuela

The researchers included in their study lessons from Venezuela's development format with its model of redistribution and participatory democracy.

Said Jauch of his jaunt in that country in 2008: "Being aware of the risk of romanticizing difficult processes of change, I could not help but being deeply impressed by the 'revolutionary spirit' that seems to permeate the 'barrios'(townships) of Caracas. It reminded me of the time of the 'mass democratic movement' in South Africa and Namibia during the 1980s."

Venezuela was characterized by its "apartheid-style social divisions", and when the Bolivian party – or the United Socialist Party of Venezuela – with Hugo Chavez as the president took over the reins of power, social programmes sponsored by that country's rich oil reserves were introduced to enforce redistribution of resources.

By the time Chavez took control of the government in 1998, the national oil company, large manufacturing companies and much of the farmland already belonged to the State.

"What changed was how these resources were utilised to benefit the poor," say the researchers.

Royalty fees payable by private companies were increased from one percent to 16%. On top of that, an extraction tax was introduced that earned the Venezuelan Government an amount of US$10 billion between 2004 and 2007.

These proceeds were used to expand health, housing and education programmes, with health and education services now free of charge with the support of Cuban medical staff.

Potable water is accessible by 95% of the population, minimum wages have increased to be the highest in Latin America (about US$286 per month), with poverty levels having dropped significantly.

The country's GDP has grown by 11.8% over the last four years, and unemployment levels have dropped to 6.3%.

The rate of poverty fell from 50.4% to 33%, where the percentage of households in poverty declined from 54% to 26%; the number of households affected by extreme poverty has dropped from 25% to seven percent.
The lessons for Namibia are obvious, say the researchers.

Firstly, using natural resources to provide social services for all instead of leaving such resources under the control of transnational corporations.

Secondly, the establishment of participatory democratic structures deepens democracy and greater participation by working people.

“Likewise, the bitter experiences with Ramatex and other investors point to the need for workers to play a more active and direct role in the economy, not just as employees but as owners of worker-run factories,” they said.

Lastly, they said, there is need for building a regional bloc “not on the basis of the rules of a free market and capitalist competition, but rather on the basis of mutual benefits and cooperation”.

Back to Top