Playing the Globalisation Game:

The implications of economic liberalisation for Namibia

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Abbreviations

BON	Bank of Namibia
CAP	Common Agricultural Policy
CBTE	Community Based Tourism Enterprise
CCA	Common Currency Area
CDM	Consolidated Diamond Mine
CIF	Construction Industries Federation
COMESA	Common Market for Eastern and Southern Africa
EPZ	Export processing Zone
FDI	Foreign Direct Investment
FNV	Federatie Nederalnds Vakbeweging
FTA	Free Trade Area
GDP	Gross Domestic Product
GRN	Government of the Republic of Namibia
IDAF	International Defence and Aid Fund for Southern Africa
IMF	International Monetary Fund
IPBC	Indigenous People's Business Council
ITS	International Trade Secretariat
LAC	Labour Advisory Council
LDC	Least Developed Country
MANWU	Metal and Allied Namibia Workers Union
MUN	Mineworkers Union of Namibia
NACOBTA	Namibia Community Based Tourism Association
NAPWU	Namibia Public Workers Union
NAU	Namibia Agricultural Union
NGO	Non Governmental Organisation
NIMT	Namibia Institute for Mining Technology
NNFU	Namibia National Farmers Union
NUNW	National Union of Namibian Workers Union
ODC	Offshore Development Company
PSUN	Public Service Union of Namibia
PTA	Preferential Trade Area
SACU	Southern African Customs Union
SADCC	Southern African Development Co-ordinating Council
SADC	Southern African Development Community
SAPs	Structural Adjustment Programmes
SASK	Suomen Ammattiliittojen Solidaaisuuskeskus
SATUCC	Southern African Trade Union Co-ordinating Council
SEATINI	Southern and East African Trade Information and Negotiations Initiative
TCL	Tsumeb Corporation Limited
TNC	Transnational Corporation
UNIN	United Nations Institute for Namibia
VAT	Value Added Tax
WB	World Bank
WTO	World Trade Organisation

Executive Summary

Globalisation refers to the linkages and inter-connections between states and societies that have emerged over the past 30 years. This process, however, is not as 'neutral' as such a definition may suggest. Globalisation was assisted by the development of new technology and driven by the interests of large Transnational Corporations (TNCs) which designed global strategies to maximise their profits. Globalisation has also dominated and even destroyed indigenous cultures in many developing countries and thus has had a dramatic impact on people's lives. The key issue when analysing the process of globalisation is the question of political power: who controls the process, who benefits and who are the losers?

Globalisation has resulted in an unprecedented concentration of economic power in the hands of a few hundred TNCs that control international trade and production. Eightyfive (85) percent of global trade now consists of trade within corporate networks. These TNCs are mostly based in the USA, the European Union and Japan and have emerged as the driving force as well as the main beneficiaries of the globalisation process.

International Financial Institutions like the International Monetary Fund (IMF) and the World Bank as well as the World Trade Organisation (WTO) have also played a key role in promoting the globalisation process. These institutions are controlled and dominated by the industrialised countries and have promoted economic liberalisation under the ideology of neo-liberalism, coercing (or forcing) countries to open up their economies and reducing the role of the state to being a creator of favourable investment conditions for foreign capital.

Increasing inequalities

Globalisation has increased inequalities within and between countries to unparalleled heights. While the profits of the world’s top 200 corporations grew by 362% between 1983 and 1999, 1,3 billion people (over 20% of the world’s population) survive on US$ 1,- per day. Almost all African countries have a lower per capita income now than what they had in 1980. Globalisation has also worsened gender inequalities as 70% of the world’s poor are women.

Globalisation has often hit the African continent in the form of Structural Adjustment Programmes (SAPs) which were imposed by the IMF and World Bank as a precondition for further loans. These programmes included economic liberalisation, privatisation, cuts in social services, a deregulation of labour relations, and a shift in production towards exports. Instead of leading to economic recovery, SAPs have worsened Africa's economic and social problems and they had a devastating effect on the poor. Southern African countries like Zambia, Mozambique and others have experienced increasing unemployment problems, company closures and deteriorating health and education services as a result of SAPs.

The impact on Namibia

The key sectors of Namibia's economy at independence were controlled by TNCs who exploited Namibia's natural resources, particularly in the mining and fishing sectors. Although the Namibian government tried to change the economic structure and ownership patterns after independence, the success has been limited. Namibia is still an exporter of mainly primary products and mining and fishing are still foreign dominated. However, the 'Namibianisation' of the fishing industry and the increasing employment of Namibians in the industry have brought about some changes.

Namibia's investment policies are largely shaped by the process of globalisation and the neo-liberal line of thought which claims that developing countries have to attract investment by offering increasing concessions to foreign investors. This is reflected in the Government's policy on Export Processing Zones (EPZs). However, the manufacturing sector is still underdeveloped and Namibia continues to be a net exporter of capital. The figures for the last 5 years reveal that the foreign investment received is significantly lower than the capital leaving the country each year. Last year (2000),for example, Namibia received capital inflows of 795 million N$, but more than 2 billion N$ left the country. About two thirds of the foreign investment that Namibia receives goes into the capital-intensive mining sector without contributing significantly to employment creation. Unless this trend can be reversed, there is little prospect for the development of a significant manufacturing sector in Namibia.

Namibian workers are experiencing the pressures of globalisation at the workplace. EPZ workers are still denied the right to strike as the Namibian government fears that this might scare away investors. Several companies (inside and outside the EPZ) have resorted to employ workers on a casual or temporary basis to save costs. This deprives workers of job security and benefits and renders them extremely vulnerable. Trade unions find it difficult to organise casual and temporary workers who are usually not covered by collective bargaining agreements. The situation is especially serious for casual and contract workers employed by labour hire companies who keep a significant part of the workers' wages (usually 35 -60%) as their fees. The use of casual labour is particularly widespread in the manufacturing sector but occurs in other sectors as well.

The impact of globalisation is also visible in the drive towards commercialisation and privatisation of state-owned entities. Although commercialisation has not resulted in immediate retrenchments or declining terms and conditions for workers, this might well happen in future - particularly in the light of poor management and bloated management packages. Furthermore, Namibian workers experienced moves to increase productivity, for example through the introduction of new machinery in all industrial sectors. Subcontracting is practised especially in the mining sector as a strategy to reduce production costs. Although the workers whose jobs are directly affected are often taken over by the subcontractor, a significant number is retrenched. Likewise, the merger of companies frequently results in retrenchments.

Searching for alternatives

The often devastating results of globalisation have produced a growing consensus among labour and community activists world-wide that the current form of corporate-driven globalisation is detrimental to the interests of working people. The debates about alternatives to globalisation are ongoing and include the development of regional economic blocks to achieve higher levels of self-sufficiency and to reduce the dependency on foreign capital. Although there is general agreement about the need for regional integration in Southern Africa, the current process is characterised by skewed integration and competition between member states as a result of adherence to the neo-liberal dogma. Regional integration is also threatened by the dominance of South African capital, which might turn SADC into its retail outlet, similar to the way the Namibian economy was - and still is - a captive market for South African products.

International trade unions have started to bargain across borders in an attempt to hold international capital accountable. Unions have also started to form broad-based coalitions with community-based organisations to challenge the power of TNCs and global institutions like the IMF, World Bank and WTO. The ongoing protests at meetings of these institutions show the increasing levels of resistance 'from below' to their policies.

As deregulated global capitalism creates increasing misery for the majority of the world's population, the debates about political and economic alternatives are intensifying. Proposals were made to reform global institutions, to strengthen grassroots organisations and to deepen democracy by shifting decision-making power away from TNC board rooms to elected and accountable representatives of working people.

Africa (like Namibia) continues to be a net exporter of capital, which leaves the continent mainly in the form of repatriated profits and savings as well as debt repayments. There is thus a need to reverse this trend and to introduce 'performance requirements' (such as job creation, skills development, technology diffusion) when dealing with foreign investors. The challenge is to fundamentally change the current process of globalisation if it is to benefit the majority of the world's people.

In Namibia thus far, the debate around globalisation has largely been shaped by the neo-liberal dogma and it is up to the organisations representing Namibian workers and other marginalised groups (such as communal farmers, the unemployed and rural poor), to enter the debate around globalisation more forcefully from a different perspective. Trade unions and their allies among community based organisations will have to develop their own alternative policy proposals and advocate for a different development strategy that will not leave socio-economic development to the mercy of foreign investors and 'market forces'.

1. Introduction

Researching a topic such as the impact of globalisation on a country like Namibia is a mammoth task and requires an analysis of the process at global level linked to the developments inside Namibia. This report does not claim to have covered all aspects of globalisation and its impact on Namibia. Instead, it tries to identify some key areas and provide some examples of how globalisation is affecting socio-economic developments in Namibia.

In developing this report, we drew on previous LaRRI studies that examined developments which are linked to the process of globalisation such as the introduction of Export Processing Zones (EPZs), privatisation, sub-contracting and the casualisation of work. This report is an attempt to draw together various socio-economic developments that have taken place since independence and to analyse them against the background of the pressures placed by globalisation on developing countries. The main focus is the impact experienced by Namibian workers.

This report questions some of the 'conventional wisdom' contained in the analysis and policy recommendations of the 'experts' of the International Monetary Fund (IMF), World Bank and World Trade Organisation (WTO) who have become frequent advisors to our governments in Southern Africa – and elsewhere. The report hopes to stimulate critical debate on a process that has direct (and often dire) consequences for working people in Namibia and elsewhere. LaRRI hopes that this report will contribute to an opening up of debates and help clarify the dynamics of globalisation.

We would like to break the monopoly of 'experts' who are often caught in the neo-liberal dogma and proclaim that globalisation is a reality that cannot be changed. Developments in recent years have shown that more and more people are questioning this conventional 'globalisation wisdom' and there are now increasing attempts to build alternatives to the current form of globalisation. This report draws on these experiences and refers to global developments, particularly in other African countries. This serves to draw out some possible lessons regarding our interaction with globalisation.

We are aware that this research report will be accessible to a limited number of people only and we will therefore prepare additional 'popular booklets' in some of our local languages to reach a broader audience.

This report is divided into 9 sections. Following this introduction, section 2 tries to answer the question 'what is globalisation?' by looking at some of the developments over the past 20-30 years. Section 3 looks at the ideology behind globalisation and at the debate around the role of the state in the development process. Section 4 outlines the impact of globalisation while section 5 examines the Namibian economy and how it is linked to and affected by the globalisation process. Section 6 outlines the experiences of Namibian workers and section 7 presents some possible alternatives, including trade union responses and the debate about regional integration. This is followed by the conclusions and the references.

2. What is globalisation?

'Globalisation' has become one of the buzzwords of the 1990s. Governments, businesses, unions and community activists talk about it, but often attach very different meanings to the term. It is therefore essential to first define the term and to identify the forces that shape the process of globalisation. Analytical clarity is also crucial to explain the impact of globalisation and to develop possible alternatives.

Many governments, global financial institutions like the World Bank and the IMF, and the increasingly powerful Transnational Corporations (TNCs) claim that globalisation will ultimately improve the lives of people all over the world. They argue that globalisation is beneficial for developing countries and that opening up trade and markets (as part of globalisation) will lead to prosperity everywhere (see for example the International Herald Tribune, 22.03.1996). Globalisation promises a better tomorrow and harmony between the people of the world who are supposed to benefit from greater economic efficiency and increased wealth in the long run (Ruigrok and van Tulder 1995: 169). These assumptions, however, are increasingly contradicted by empirical evidence and do not match the experiences of billions of people, especially in developing countries.

Globalisation refers to the multiplicity of linkages and inter-connections between states and societies that have emerged as the result of changes that occurred over the last 20 - 30 years. These changes were largely a response to the global economic crisis of the early 1970s and are driven by business interests to achieve maximum profits (Murray 2000: 7-8; ILRIG 1998:7). The current form of globalisation is essentially driven by economic considerations such as profit maximisation of international businesses - the TNCs. Globalisation as an economic force centres around: "… the spatial reorganisation of production, international trade, and the integration of financial markets." (Sideri, 1997:38). Yarbrough conceptualised globalisation as "... increased international economic interdependence or increased vulnerability to economic events occurring abroad" (1997:82; Higgot 1997:2). A common definition of globalisation is an increase in international trade and investment made possible by the development of new technology. Globalisation thus refers to the liberalisation of trade and investment accompanied by companies' strategies to become internationally competitive as a means of profit maximisation.

While globalisation, international trade and investment are nothing new, structural changes took place in the global economic system. These structural changes are best exemplified by the establishment of the World

Trade Organisation (WTO), after the conclusion of the Uruguay Round of the General Agreement of Trade and Tariffs (GATT) on world trade, on 15 April 1994[1]. This multilateral trade liberalisation reinforces the notion of growing strategic interdependence on international trade. However, there are winners and losers from globalisation due to global lopsided economic development. In the case of the Caribbean countries the negative impact of WTO codes and rules are already discernable. Anver Versi posits that:

> *'Under Lomé agreements, Caribbean banana producers were able to export their products into European markets under very favourable terms. All this is now set to change because giant American multi-nationals have invoked WTO codes and are demanding the end of preferential treatment for the Caribbean growers' (1999:7).*

He concludes that: '… there is no way that the Caribbean can compete against the US multinationals on equal terms' (ibid.). Similarly, no developing country can compete with the developed world on an uneven international trading field. This reality needs to be recognised by the WTO codes.

The 'New World Order' of today is characterised by fast movements of capital across borders, by the establishment of a global set of economic rules (as promoted by the World Bank, IMF and WTO) and by the emergence of powerful TNCs. 'Competition' and 'international competitiveness' have now become permanent features of the overall neo-liberal ideology (see section 3) of a global capitalist system which is dominated largely by the interests of TNCs. For industrialists and bankers, competitiveness has become the short-term goal as a way of achieving profits in the long run. Governments want to make their countries competitive in order to attract companies to their territories and to keep them there, hoping that this will solve the burning problems of unemployment and poverty (Petrella 1996: 62). As a result, countries compete with each other by offering increasing concessions to TNCs. This is evident, for example in the creation of Export Processing Zones where huge concessions are offered to foreign investors.

The new global economy looks like a battlefield between economic giants in the form of TNCs from the USA, Western Europe, Japan and – more recently – the 'Asian Tigers'. These TNCs are the driving force behind a world-wide system of competitive capitalism which increasingly creates conditions that allow TNCs to escape the rules and controls of nation states.

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[1] The United Nations Human Development Report claims that: "The Uruguay Round left intact most of the protection for industry and agriculture in industrial countries, while ignoring issues of vital concern to poor countries- notably the problem of debt and the management of primary commodity markets." (1998:85).

As individual countries feel increasingly powerless to regulate investments from TNCs, they try to make themselves 'competitive' to attract investors, often at the price of reducing wages and benefits for workers and by deregulating environmental protection (Group of Lisbon 1993: 3-7). This, however is only one aspect of globalisation and there are other components of this process:

- **Globalisation of finances and capital ownership**: Financial markets are deregulated; international financial capital is mobile and can move between countries in seconds; economic power is concentrated in the hands of fewer but ever larger TNCs who merge with other companies or build up a network of dependent companies to which parts of the production process can be 'outsourced'.

- **Globalisation of markets and strategies**: Business activities are spreading around the globe, a single global market is emerging as protective tariffs are disappearing which allows TNCs to take over markets everywhere under the ideology of 'free trade'. TNCs are establishing integrated operations abroad or form strategic alliances with other companies.

- **Globalisation of technology and production methods**: TNCs establish global networks within their empire and move towards 'lean production' (Toyotism). Production is shifted away from Fordist-type methods (large factories located in one place, producing consumer goods for a mostly local population) to 'post-fordist' production (piecemeal work taking place in the cheapest area for export).

- **Globalisation of culture**: A global culture ('Coca-Cola-Culture') emerges, e.g. consumption of 'global food' like Hamburgers and Coca Cola everywhere. News are dominated a few global news networks which broadcast all over the world; 80% of all TV news comes from 3 major world image banks (Group of Lisbon: 12). 'Western' values are also spread through American films and American music and this process has been described as 'cultural imperialism'.

- **Globalisation of governance**: As TNCs operate across the globe and national governments compete with each other for foreign investments, governments' power to control them is being eroded. Democratic rules and decisions are difficult to enforce due to weak bargaining positions of national governments when dealing with TNCs. In the absence of a global set the rules, TNCs have become powerful organisations which try to control the global economy while nation-states feel compelled to offer a 'competitive' environment to attract investment.

Globalisation of economic activities

Production processes and trade have changed significantly over the past 20 years. Some production processes were shifted from industrialised countries to low wage economies on the periphery of the world's capitalist system, especially in Asia and Latin America. Trade expanded massively, affecting the national markets all over the world. Due to the unfavourable terms of trade for the poorer countries of the South, this increase in trade widened the gap between the richer and poorer countries. According to the Financial Mail:

> "*At the start of the 19th century the ratio of real incomes between the world's richest and poorest countries was three to one. By 1990 it was 10 to one. By 2000 it had risen to 60 to one*" (quoted in Seabrook 2000)

The expansion of trade was facilitated by new communication and transport technologies. As Transnational Corporations (TNCs) spread their production processes over the globe, better paid workers in the North were often placed in competition with vulnerable workers in the South. Workers in the North were threatened with company relocation and felt that their jobs were taken by workers in the South who worked for lower wages. This is exemplified by the relocation of US and Canadian companies to Mexico's maquiladoras, which are export processing zones (EPZs) along the border of the 2 countries. Wages in the maquiladoras are about half of those in the rest of Mexico and 10% of those in the US (Brecher and Castello1991: 90). However, such relocation usually tends to take place in low-skill manufacturing processes while skilled jobs and technology have essentially remained in the industrialised countries.

In the era of globalisation capital has increased its mobility to move across countries at a rapid pace. This applies especially to speculative finance capital on the world's stock markets. Huge amounts of shares are traded, huge speculative profits are made but no (or very few) jobs are created. National governments find it difficult to control finance capital which is roaming the globe in search of high profits at low risk. Today's globalised economy is characterised by an unprecedented mobility of transnational capital and the concentration of economic power. By the mid-1990s, TNCs controlled about 70% of all world trade and over a quarter of the world's economic activity takes place within the 200 largest corporations (ILRIG 1996: 9). Today, about 85% of world trade consists of intra-firm trade (Tandon 2001).

Although global trade and global activities of capital are nothing new, the pace of capital movement as well as the form and concentration of capital have changed. The liberalisation of capital movements is one of the features of global capitalism (Group of Lisbon1993: 35) and TNCs are now shedding much of their traditional in-house functions through outsourcing. They are building networks of dependant small and medium-sized enterprises and are supplying global markets (Trade Monitor 13: 29). For example, the sports shoe company Nike employs only 9000 core workers, but there are 75 000 workers in the chain of sub-contractors which supply Nike (ICFTU 1996: 4). Some TNCs have gone as far as selling their name only while they leave manufacturing to others. Examples are Kodac, Olivetti, Siemens and General Motors (Gallin 1994: 112).

Why is capital so mobile?

Holloway describes capitalism as a "restless mode of domination", epitomised in its existence as money. In this form it flows globally chasing maximum profits. Once productive capital (factories, machinery, buildings) becomes less profitable (for example due to market saturation), it will convert into the money form. As accumulated capital can no longer find sufficient profitable outlets in productive investment, it is turned into speculative investment. Such "liquefied" capital is invested in stock markets and can be withdrawn in seconds. To engage in such speculative investment, TNCs need de-regulated financial markets and an end to foreign exchange controls. However, speculative investments make national economies extremely vulnerable as shown by the events in Mexico at the end of 1994 and the Asian crises from 1997 onwards. Speculative short-term investment ('hot money') was withdrawn in huge amounts within hours and the stock market collapsed. The ICFTU has described the deregulated financial world as a 'massive global casino'. As obstacles to capital flows are reduced, world-wide communication systems are in place and national states' power to intervene are reduced, financial markets are about to become their own masters (ICFTU1996 : 4).

Globalisation of investment?

Globalisation does not affect all countries in the same way. McGrew captures this in his description of it as 'highly uneven in its scope and highly differentiated in its consequences' (quoted in Petrella1996: 66). Over 90% of the largest TNCs have their headquarters in the industrialised countries and according to Ohmae, 85-90% of all high-value added, high-tech manufactured goods are produced and consumed in the three powerful economic blocks: USA, Western Europe and Japan. Most of the rest is accounted for by the East Asian 'Tigers'. Over 85% of inter-firm co-operative agreements are signed between companies of these blocks and most foreign direct investment (about 80%) is originating from and going to these countries. Throughout the 1980s there was a trend of growing exports and imports in the industrialised world, while the share of developing countries was falling to below 30%. Management, research and technology also remain in the industrial centres and only certain production processes are located in developing countries (Ruigrok and van Tulder 1995: 148-164).

Although developing countries today receive about 20% of all foreign direct investment (FDI) – compared to 5-10% in the early 1980s - capital flows to the least developed countries (which includes most of Sub-Saharan Africa) declined from 55% of the total in 1980 to 2% in 1990 (Group of Lisbon: 38). Today, the whole continent of Africa accounts for less than half a percent of global investments (Gaomab II, 2000). Singapore alone receives as much FDI (about US$ 9 billion) as the whole of Africa (Odenthal 2001). Amongst developing countries most FDI went to Asia, especially to China which has become the new haven for investors (ICFTU 1996: 5). On the other hand, large parts of the world have become totally marginalised and excluded from the global economy. Capital flows to the Least Developed Countries (LDCs) - especially Africa - are now more humanitarian than economic (Group of Lisbon 1993: 38). In addition, about half of Africa's overseas development assistance immediately returns to the donor countries as repayment for debt servicing (Mandaza1996: 2).

3. The ideology behind globalisation

The driving ideology behind the process of globalisation is 'neo-liberalism'. This ideology has its roots in the Thatcherite (UK) and Carter and Reagan (US) regimes which dismantled their welfare states in the 1980s in response to a pending global economic crisis of the early 1970s. As Murray pointed out:

> *'The knowledge that capitalism is a system which is subject to periodic crises is nothing new - the global capitalist system has been through many long term cyclical downturns… Somewhat frustrating to those predicting the inevitable demise of capitalism, the system is able to overcome its internal contradictions and remedy the declining rate of profitability associated with over-accumulation crises (where production overtakes consumption). For example, in the case of the global capitalist crisis of the 1930s and early 1940s, capitalism survived through the mass destruction of capital (in World War II) and the reconstruction of a new accumulation logic known as Fordism (mass production for mass markets). Fordism was in many instances associated with Keynesian economic philosophy which advocated an expansive role for the state in regulating the economy and looking after the social welfare needs of the population. While the immediate trigger for the economic crisis of the early 1970s was a global oil crisis, the economic downturn in effect grew out of internal contradictions within Fordism - the rising costs of labour in the core capitalist economies and the rapid development of capitalism in semi-peripheral economies (the Newly Industrialising Countries) which had led to a massive increases in global production, increased competition and declining profitability' (2000:11-12).*

The response by capital to the crisis of the 1970s has been the reorganisation of the global capitalist system. This included:

- the development of highly flexible manufacturing technologies which produce high quality goods for specialist and volatile markets;
- the rapid growth of the tertiary sector;
- the trend towards smaller batch production and the development of small firm networks (to tap into sub-contracting opportunities as bigger firms divide up and outsource aspects of their production process);
- the deregulation of collective bargaining;
- and increased flexibility and segmentation of labour markets leading to the rise of insecure forms of employment and the increased 'marginalisation' of peripheral workers.

This restructuring was driven by neo-liberalism as an organising philosophy. The Keynesian model of state-led development was replaced by a conservative monetarism, which put the battle against inflation above all else. Centred around the ''Washington consensus' (the IMF, World Bank, and US Treasury), and spurred on by the collapse of the Soviet Union and the East European socialist states in the late 1980s, 'the neo-liberal economic philosophy has become so widespread and entrenched that its prescriptions today go largely unchallenged by governments who accept the assumption that liberalisation is a fundamental prerequisite for integration into the global economy' (Murray 2000: 12). The core assumptions of this philosophy are summarised in box 1 below.

BOX 1: CORE ASSUMPTIONS OF NEO-LIBERAL ECONOMIC PHILOSOPHY

- **overspending by the Keynesian welfare state led directly to the global economic crisis of the past two decades;**
- **the state should reduce its role in regulating the economy and allow market forces to allocate resources;**
- **the market is the most efficient means of allocating resources;**
- **the state should reduce levels of social spending so as to limit budget deficits which are seen to be inflationary;**
- **countries should liberalise and open their economies to foreign trade and investment (ruling out protective behaviour such as tariff controls and import substitution);**
- **corporate taxes should be reduced since they restrict foreign investment;**
- **countries should adopt open-door policies on profit repatriation by transnational corporations;**
- **labour markets should be deregulated to allow the flexibility required for business expansion and economic growth;**
- **centralised collective bargaining leads to labour market rigidities;**
- **wage increases should be kept in check as they are seen to be inflationary;**
- **private management is intrinsically more efficient than public management;**
- **private sector involvement and investment in state-run enterprises and services should be encouraged**

Source: Murray 2000

Countries which have not been willing to adopt economic policies which adhere (in some form or the other) to the above assumptions have often been pressured into doing so by the World Bank and the IMF which have made economic liberalisation a condition for qualifying for a loan. Borrowing countries, particularly in Africa, often have loans tied to a programme of economic reform - a structural adjustment programme (SAP). Public sector reform and privatisation continue to be key conditionalities of SAPs and they were adopted in Sub-Saharan Africa largely as a consequence of World Bank/IMF pressure. In countries which are not tied to loans and structural adjustment programmes (such as Namibia), pressure to adopt neo-liberal economic principles may come in the form of 'technical expertise and capacity' provided by the World Bank/IMF or donor agencies like the United States International Agency for Development (USAID). They punish or reward countries for choosing particular economic policies, and may at times fund public sector restructuring programmes (as the Swedish International Development Agency SIDA is doing with the MWTC 2000 project). Today an increasing number of countries self-impose a neo-liberal economic framework based on the assumption that individual countries cannot on their own resist globalisation, and in the belief that there are no viable macro-policy alternatives (Murray 2000: 13-14).

The role of the nation-state

The role of the state has come under enormous attack by neo-liberalism. National states have been a central economic arena for decades, but globalisation has influenced the role and power of the nation-state today . In the 1950s, 60s and 70s, the state was seen as a key player in a country's socio-economic development. States were widely seen as having the obligation to provide social services (especially for the poor) and playing an important developmental role. This ranged from directing economic and social developments (as was the case in the socialist countries) to providing social safety nets and regulations for those sections of the population that were marginalised by market forces. This was the case in western, social-democratic countries. In post-colonial Africa, the newly formed independent states also played a central role in the development process. However, with the introduction of SAPs and increasing pressure from the World Bank, IMF and donor agencies, many countries began to reduce the role of the state. The Reagan and Thatcher administrations in the USA and UK led this move by dismantling their welfare states and promoting corporate interests. In Africa (and other parts of the world) states withdrew from the economic arena and often embarked on whole-scale privatisation programmes. Through the liberalisation of import and export regulations, the national market (which is one of the foundations of the nation-state) was gradually replaced by the global market. For TNCs this meant that they no longer depended on any individual country as a market for their products, but were able to market their products world-wide. Likewise, they were no longer bound to produce in any specific country but could spread their production chains globally. What emerged is a global network of industrial and financial firms which are not bound to a specific country and are increasingly influencing the rules for national economies (Gallin1994: 124; Group of Lisbon 1993: 34). As states increasingly compete with each other for foreign investment, they undercut each other trying to offer greater incentives. This allows TNCs to play out countries against each other and instead of host countries setting the terms and conditions for foreign investment, there is a trend for investors to dictate the terms under which they are willing to invest.

Powerless state?

A closer analysis of TNC activities reveals that TNCs do not spread their activities evenly across the globe. Instead they retain their core activities in the industrialised blocks. No TNC seems to be totally independent of its 'home base' and a group of researchers, called 'Group of Lisbon', has tried to explain the new dynamic alliance between industrialised states and 'their' TNCs. The group pointed out that states are now trying to ensure that their 'local' TNCs are succeeding in the process of globalisation. This is based on the belief that the 'local' TNCs have to succeed globally to preserve a country's technological and economic autonomy. TNCs usually expect the following support and services from the state:

1. State should cover the costs for basic infrastructure;
2. State should provide tax incentives for investment in Research and Development;
3. State should guarantee 'local' TNCs access to the domestic market via public contracts;
4. State should provide support and assistance to 'local' TNCs in their fight for survival in international markets;

Companies also expect the state to pass laws and policies favourable to their interests, for example labour market regulations. In return, companies promise to remain or to become globally competitive which will contribute to the nation's technological independence. They also promise that this will create jobs and wealth for the country.

In the era of globalisation the (bourgeois) state is increasingly relying on the success of 'its' enterprises as the basis for its own political and social legitimacy. In other words, the state relies on the success of companies to secure the country's continuous socio-economic development. The state therefore has every interest in supporting its 'own' TNCs and uses national resources to help these companies succeed on world markets. The Group of Lisbon notes a massive transfer of public resources to TNCs to enable them to remain competitive at the world level (Group of Lisbon 1993: 87-93).

Developing countries are increasingly playing the role of undercutting each other to offer 'competitive' investment packages to TNCs. Playing by the global rules of the New World Order leaves very little scope for independent national decisions by governments of developing countries. Under the disguise of competitiveness, they are entering a race to the bottom which leads to the exploitation of human and natural resources and ultimately leads to economic stagnation (Gallin 1994: 114).

This strategy was questioned was Prof. Yash Tandon, the Director of the Southern and East African Trade Information and Negotiations Initiative (SEATINI). In a recent paper on the role of foreign direct investments (FDIs) in Africa's human development, Tandon pointed out that contrary to popular beliefs, Africa's savings rate is high but leaves the continent in the form of dividends, interests on, loans, debt payments etc. He also found that it was growth that attracted FDIs, and not FDIs that brought growth as so commonly believed. Criticising the competition between countries for foreign investments as counter-productive Tandon pointed out that there was 'no evidence that FDIs brought development, just as there was no evidence that liberalisation, in general, brought development'. Contrary to the ideology of neo-liberalism, the growth of some of the East Asian countries was brought about by several factors, one of them being a strongly interventionist state who deviated from the market principle (2000: 4).

4. Effects of globalisation

Increasing inequality

Despite the promises of a better life for all in the era of globalisation, the reality is quite different. As Dan Gallin, the former Secretary General of the international foodworkers union IUF pointed out: 'The new world order has turned into a nightmare for all but a small elite'(Gallin 1994: 107). Growing unemployment, poverty, inequality and increased exploitation are the features of a 'globalising' world. This is clearly shown by UN statistics. The 1996 Human Development Report of the United Nations Development Programme (UNDP), for example, already pointed out that:

- The world's richest 358 billionaires own as much as the world's poorest 2,3 billion people - nearly half the world population!
- Since 1980, 15 countries had high economic growth rates but 100 countries stagnated or declined; people in these countries (a third of the world's population) are poorer today than what they were in 1980;
- Almost all African countries have lower per capita incomes now than they had in 1980;
- The poorest 50 nations account for 20% of the world's population, but consume only 2% of the world's income while the richest 20% consume 80%;
- In 1965 the richest 20% of the world's population earned 30 times the income of the poorest 20%. Today, they earn 60 times as much!
- 1,3 billion people (20% of the world's population) survive on US$ 1,- per day, another 60% have to live on $ 2,- per day!
- about 70% of the world's poor are women!

Today, these inequalities are even worse: The wealth gap between the richest and poorest 20% of the world's countries has grown to 74 times -up from 30 times more income in 1960. Foreign direct investment (FDI) has increased to US$ 400 billion annually but 80% of it goes to 10 countries while 100 countries average just US$ 100 million in FDI each year. (Business week, 6 November 2000).

In stark contrast to the increasing poverty of many of the world's people, the profits of the 200 global top firms grew by 362,4% between 1983 and 1999 (Anderson and Cavanagh 2001). This clearly shows who the winners and losers of the globalisation process are.

UNDP reports and other research carried out have shown that today's world is characterised by ever increasing economic inequalities both within and between states. While globalisation has resulted in an increased polarisation between industrialised and developing countries, it has also exacerbated the income gaps between people in countries of the North and South. In the USA, for example, the richest 1% of Americans own 40% of the country's wealth. In South Africa 13% of the population (whites) control 58,5% of the national income. In Namibia the income distribution is equally skewed and the World Bank Development report ranks Namibia as the country with the highest income inequality in the world (Murray 2000:26). Likewise the gap between industrialised and "developing" countries is ever increasing, accompanied by an increase in the number of people who have to live in absolute poverty. This trend of increasing inequalities and poverty is one of the defining features of globalisation. The winners of the globalisation game are the few whose wealth is being paid for by increasing misery for the majority of the world's people.

Undermining workers' bargaining power

The mobility of capital has severe implications for working people everywhere - although they differ between developing and industrialised countries. In general, labour power is 'rooted in the fundamental interdependence of capital and labour' (Piven). Workers' power is exercised mainly through the collective threat of withholding labour which is an essential component of the production process. This power was based on capital's limited ability to escape from ongoing economic relationships with labour. In the post-war period (1945 - mid 1970s) national governments were able to set the rules for collective bargaining through national labour laws. While this still applies to locally-based companies, TNCs are now trying to escape the rules of national bargaining. Today's economic globalisation combined with restructuring through new technologies, has created many options for capital's escape, such as relocation of production (or simply threatening to do so) and outsourcing.

As a result, national states whose political leaders entrust their country's well-being in the hands of foreign investors, are under constant pressure to maintain conditions which will hold capital in their own territory. The former secretary general of the IUF, Dan Gallin, pointed out that:

> *'Globalisation has led to a global labour market in which workers of all countries are in direct competition with each other'*.

Unable to see an alternative, countries and workers are underbidding each other in order to become "competitive". This results in a race to the bottom as far as labour standards are concerned. It does not benefit workers anywhere in developing countries and even threatens the achievements of workers in the industrialised world. At best, a small group of workers will gain some jobs for a short period of time - until capital finds more attractive conditions elsewhere (Gallin 1996: 3-4).

Structural adjustment programmes in Southern Africa

One of the most obvious and perhaps most dramatic effects of globalisation are the Structural Adjustment Programmes (SAPs) of the World Bank and the International Monetary Fund (IMF). The effects of these policies are visible in all countries of Southern Africa, although the manifestations are different. According to the IMF and World Bank, SAPs were meant to lead to economic growth and improve a country's competitiveness through increased investments. In reality, however, SAPs are built on the fundamental condition that debtor countries have to repay their debt in hard currency. This leads to a policy of 'exports at all costs' because exports are the only way for developing countries to obtain such currencies. A first feature of SAPs is therefore a switch in production from what local people eat, wear or use towards goods that can be sold in the industrialised countries. Since the 1980s dozens of countries have followed these policies simultaneously. They often exported the same primary commodities, competed with each other and then suffered because of declining world market prizes for their commodities. Between 1980 and 1992, developing countries lost 52% of their export income due to deteriorating prizes (see Touissant and Comanne 1995: 12; George 1995:22; Bournay 1995: 51).

SAPs have 4 fundamental objectives according to which they are shaped:
1. Liberalisation: promoting the free movement of capital; opening of national markets to international competition.
2. Privatisation of public services and companies.
3. De-regulations of labour relations and cutting social safety nets.
4. Improving competitiveness (see Toissant and Comanne 1995:14)

Based on these objectives, SAPs prescribe nearly always the same measures as a condition for new loans. These are:
- reduction of government deficit through cuts in public spending (cost recovery programmes);
- higher interest rates
- liberalisation of foreign exchange rules and trade (deregulation);
- rationalisation and privatisation of public and parastatal companies;
- deregulation of the economy, for example:
  - liberalisation of foreign investment regulations
  - deregulation of the labour market, e.g. wage 'flexibility'

- abolishing price controls and food subsidies

- shift from import substitution to export production (see Isaacs 1997: 135)

These measures forced countries on a path of deregulated free market economies and integration into the global economy. The IMF and World Bank basically determine countries' macro-economic policies, they take control over central bank policies and over public expenditure through the so-called 'Public Expenditure Review'. SAPs promote the principal of cost-recovery for social services and the gradual withdrawal of the state from basic health and educational services. Under its 'Public Investment Programme' the IMF even decides what type of infrastructure should be built while an imposed system of international tender ensures that public-works projects are carried out by international construction and engineering firms (Chossudovsky 1995: 59).

Although several countries were sceptical about such neo-liberal policies (designed along the ideas of the Reagan and Thatcher administrations) they were forced to abandon socialist or even social democratic ideas. In this way, the debt crisis has provided the IMF and World Bank with a very effective instrument of disciplining 'rebellious' countries. Debtor countries are kept in a 'strait-jacket' which prevents them from implementing their own economic policies (George 1995: 21; Chossudovsky 1995: 57).

Despite the IMF and World Bank claims of SAP successes, it is widely acknowledged that SAPs have failed to achieve their goals. They have not created wealth and economic development as unregulated markets did not benefit the poor and failed to protect the delivery of social services. The IMF/World Bank believe that the elimination of protective tariffs will make domestic industries more competitive. In reality, domestic manufacturing often collapsed and imported consumer goods replaced domestic production. Other results of SAPs were:

- Privatisation allows international capital to buy state enterprises at very low costs.
- Tax reforms under SAPs (like the introduction of VAT) place a greater tax burden on middle and low-income groups while foreign capital receives generous tax holidays.
- Deregulation of the banking system leads to very high interest rates which makes most goods unaffordable to the majority.
- Elimination of subsidies and prize controls, covered with devaluation lead to price increases and reduce real earnings in the formal and informal sectors.
- Free movement of foreign exchange allows foreign companies to repatriate their profits. It also allows the 'laundering' of 'dirty money' from offshore banking accounts.

- Cost-recovery programmes in the health sector increased the inequality in health care delivery, reduced health coverage and increased the number of people without access to health care. Diseases like cholera, malaria and yellow fever are on the increase again.
- Various NGOs funded by international aid agencies have gradually taken over government functions in the social sector.
- Cuts in public sector employment (for example 300 000 civil servants were retrenched in Zaire - now DRC - in 1995), coupled with bankruptcies of local companies has led to large increases in unemployment.
- Liberalisation of the labour market leads to the elimination of cost of living adjustment clauses in collective agreements and to the phasing out of minimum wage legislation.
- Export orientation in agriculture is eliminating subsistence crops and accelerates the exodus of the unemployed towards the cities (Touissant and Comanne 1995: 9; Chossudovsky 1995:58-64).

In Africa, SAPs have not created wealth and economic development as unregulated markets did not benefit the poor and failed to protect the delivery of social services (Mandaza 1996: 2). Overall, SAPs have reversed some of the gains made by developing countries in their attempt to find a development strategy that would suit local conditions. They rolled back some of the achievements made by African states in the post-colonial era (Goncalves: 6-8). Countries like India, Mexico, Algeria and Brazil are now returning to their former dependency on and subordination to the industrialised world (Toussaint and Comanne 1995: 17). Chipeta points out that this is no accident as SAPs were not designed to promote genuine economic development:

> *"Each policy is designed to fail so that the implementing country can enter into another programme".*

In other words, an implementing country becomes permanently locked into ESAPs which are designed by the industrialised blocks to shape developing countries according to their needs (Chipeta: 11).

Namibia's Minister of Higher Education Nahas Angula described SAPs as a strategy of 'short term gain for long term pain'. He pointed out that SAPs were a failure because they were ill-conceived and ideologically driven. He called for a new development strategies which will enable people to control their own destiny and place 'human beings at the centre of development and growth' (1998).

SAPs as a part of the broader process of globalisation have increased the manoeuvring space for TNCs to an unprecedented level. They could utilise the opportunities created through privatisation and the general economic liberalisation. However, it is important to point out that the political and economic elite of developing countries has also played a crucial role in the adjustment process. These elites often used the initial loans for their own benefits. They continued a life in luxury while telling their people to tighten their belts. Even under structural adjustment they were hardly the ones who suffered and sometimes even benefited from SAPs. When public services deteriorate or disappear they could afford private schools and hospitals. They often benefited from privatisation by obtaining functioning enterprises at give-away prices and they benefited from low labour costs as a result of labour flexibility. Susan George has accurately summed up the results of SAPs and globalisation when she wrote about the global apartheid economy:

> *'The Bretton Woods twins have become the managers of a global apartheid economy in which the transnational elite from both "North" and "South" plays the role of the "whites"; a shrinking and anxious middle class the role of the "coloureds"; and finally, at the bottom, the vast sea of wretchedness made up of "blacks", whatever their literal skin colour' (1995:23).*

Although the World Bank and IMF have continued to defend structural adjustment programmes and still hailed Ghana and Uganda as African success stories during a seminar in Windhoek in 1998, the Bretton Woods institution finally (and reluctantly) had to admit their shortcomings. In the words of the World Banks' former chief economist, Joseph Stiglitz:

> *'The IMF push for capital-market liberalisation for all nations was driven by financial-market ideology. They have conceded defeat but only after the damage was done.'(Business Week, 6 November 2000)*

5. Namibia in the global economy

The political economy at independence

Until independence, Namibia was practically treated as a fifth province of South Africa. Ninety per cent of all imports came from RSA, although some goods were, in turn, imported by South Africa. Four out of five commercial banks were controlled by South African interests, and so were insurance companies and most of the wholesale business. All major export minerals were produced by foreign-owned companies and the core of private enterprises was controlled by South African oligopoly groups such as the Anglo American Corporation. Other South African enterprises dominated meat packing, karakul trading, shipping and construction (Oden 1991: 1-2; Green 1988:3).

At independence Namibia imported about 90% of what it consumed. Namibia's inclusion in the Southern African Customs Union (SACU) and the Common Currency Area (CCA) inhibited the development of a significant manufacturing sector. SACU tariffs provided effective protection for South Africa's manufacturing industry which supplied 75% of Namibia's imports. The development of autonomous local institutions was prevented in virtually every economic sector as tariffs and tight exchange controls served to turn Namibia into a captive market for South African products (Sparks and Green 1992:74,101; Green and Kiljunen 1981: 40-44).

Table 1: NAMIBIA'S DIRECTION OF TRADE (1988)

MAJOR DESTINA-TIONS OF EXPORTS	% OF TOTAL	MAJOR ORIGINS OF IMPORTS	% OF TOTAL
Switzerland	30	South Africa	75
South Africa	20	West Germany	10
West Germany	15	United States of America	5
Japan	10	Switzerland	5
United States of America	5		

SOURCE: Economist Intelligence Unit. Namibia. Botswana. Lesotho. Swaziland: Country Report No. 1. 1990 (London: EIU. 1990). Published in: Sparks and Green 1992, Jauch 1998.

With the exception of the Rössing uranium mine whose major shareholder was the British Rio Tinto Zinc (RTZ) Corporation, all major mineral operations were controlled by South African interests. These included the Tsumeb copper mine, the Rosh Pinah zinc mine, the Uis tin mine, the Otjihase copper/pyrite mine, the Navachab gold mine and the CDM diamond mine (Oden 1991: 4-8). During the economic boom years of 1947-1977 the mining companies made huge profits over which Namibians had no control. Twenty to thirty per cent of the GDP was estimated to have been removed annually as profits and dividends and there was little reinvestment (Green 1988: 8; IDAF 1998:28). Simon and Moorsom pointed out that the Transnational Corpora-tions had little stake in recycling their profits into local investment or in extending the Namibian market by paying higher wages except when they were concerned about their image or when they had to supplement the scarce and expensive White skilled labour from South Africa (Simon and Moorsom 1987: 89).

Namibia's economy was thus shaped according to the imperialist interests of both South Africa and the western Transnational Corporations. As an externally oriented economy, Namibia provided South Africa with goods which would otherwise have had to be imported from abroad. It provided foreign exchange earnings for the colonial government, a market for South African consumer goods, and a flow of surplus to the metropolitan economies of both South Africa and the western industrialised countries (Green and Kiljunen: 44). Namibia at independence was, therefore, described as

> *'a stereotype of the economy which produces what it does not use and uses what it does not produce' (UNIN 1986 :76).*

Dependency on primary mineral resources

The mining industry accounted for over 60% of Namibia's exports and for over 40% of state revenues between 1960 and 1980.(Mbuende 1986: 107). Between 1980 and 1990 the industry accounted for 24 - 44% of Namibia's Gross Domestic Product (GDP) and 69 - 91% of all exports. As the industry was highly mechanised, it employed only 5% of all workers in formal employment (Sparks and Green 1992:74, Tapscott 1992: 35; IDAF 1989:30).

Table 2: STRUCTURE OF NAMIBIA'S GDP BY SECTOR OF ORIGIN

SECTOR	**% OF TOTAL GDP**		
	1980	**1984**	**1989**
Agriculture and fishing	11.5	8.0	10.7
Mining and quarrying	43.6	35.9	31.6
Manufacturing	3.9	4.6	4.7
Electricity and water	1.8	2.3	2.5
Construction	3.5	2.8	2.2
Wholesale/retail trade	11.5	12.3	12.7
Transport/communications	5.3	5.8	6.3
Finance/business services/insurance and real estate	5.3	5.9	6.0
Social, community and personal services	1.3	1.9	1.9
General Government	9.6	17.5	18.2
Other	2.6	3.0	3.1

(Totals may not equal 100 due to rounding)

SOURCE: World Bank 1991

The vast majority of Black mine workers were employed at the lower ranks while Whites had almost complete control over supervisory and management positions. In 1987 White miners earned an average of 24 times more than their Black colleagues (IDAF 1989: 28-30).

The mining industry played a key role in the colonial exploitation of Namibia. After the discovery of diamonds in 1908, the industry became the dominant branch of production attracting huge capital investments. Namibia's physical infrastructures such as the railway system, harbours, water and electricity supplies were developed largely in accordance with the demands of the mining industry (Mbuende 1986:109). Although mining remained the dominant export sector in the 1980s, the revenues from mining as a percentage of total government revenues declined since 1977, from providing over 60% of total taxes paid in Namibia to about 22% in 1990. (Sparks and Green 1992:76). This can be attributed to low mineral prices on the world market but also to political uncertainty over the future of Namibia Green 1988: 11).

A closer look at the mining sector reveals that three large companies dominated the industry, namely CDM, TCL, and Rössing which accounted for 85% of all capital invested in mining (Mbuende 1986:110). Most of the South African based corporations were interwoven with each other and with their subsidiaries. Anglo-American's De Beers conglomerate controlled the diamond fields in the South, while 70% of the mining of base metals (mainly copper, lead and zinc) was controlled by Tsumeb Corporation Limited (TCL) which in turn was controlled by Anglo-American and the British-based company Consolidated Goldfields through Goldfields of South Africa. The Navachab gold mine was 70% owned by the Erongo Mining and Exploratory Company which in turn was controlled by CDM and other companies belonging to Anglo American (IDAF 1989: 30; SWAPO 1981: 36; Oden 1991: 7-8).

Thus, the mining industry in Namibia was completely dominated by a tightly knit group of TNCs which had a vested interest in the colonial economy. However the economic decline during the 1980s led to disagreement between mining companies and the colonial state over the question of how to reach a lasting political settlement in Namibia. Mining companies increasingly believed that an enduring neo-colonial solution (including formal independence) would serve their interests better than continued colonial rule (Green 1988: 10-11).

Through their interconnections, the mining companies became a cohesive force which prevented competition for labour among the mines and thereby kept the cost of labour low. They gained complete control over the industry and were responsible for the bulk of the outflow of profits to the industrial centres of the West and South Africa (SWAPO 1981: 44-46; Mbuende 1986: 112). When Namibia achieved her independence, the Minister of Mines and Energy, Andimba Toivo ya Toivo noted:

> *Over the years through the mining industry, Namibia has developed an abnormal degree of dependency on a foreign country. Such an economic dependency threatens the political aspirations of a sovereign state and cannot be allowed to continue (The Namibian, 22.03.1990).*

Declining fishing industry

Similar to the mining sector, the fishing industry at independence was also dominated by foreign companies which had made huge profits except in depression years(UNIN 1986:65). The sea off the Namibian coast had an exceptionally high biological productivity leading to an abundance of fishing resources such as pilchards, anchovy, horse mackerel and hake. However, these fishing resources were heavily overexploited in the past four decades. Tapscott noted:

> *Uncontrolled exploitation of pelagic fish resources (especially pilchards) by South African fleets in the 1950s was followed in the mid-1960s by extensive fishing by other foreign fishing fleets, who seriously depleted stocks of hake and mackerel (1992:32).*

Nine South African companies dominated the fishing industry which was geared for export, mainly of pilchard and anchovy. In 1969 fishing accounted for over 28% of Namibia's gross exports but this figure dropped to 15,5% in 1974, to 7,1% in 1977 and to 4% in 1988. The pelagic fish catches declined from over 1,5 million tons in the late 1960s to below 200 000 tons in 1985 and were still below 400 000 tons in 1988. Correspondingly the fish processing industry had a capacity utilization of only around 25% in the late 1980s accounting for only 0,9% of Namibia's total employment (Mbuende 1986: 132; NDC 1989; Oden 1991: 7).

The activities of foreign fishing vessels held little benefit to Namibia as the fishing companies were allowed to keep the bulk of their profits. These profits were taxed at a rate of only 32,5% which was even lower than the South African rate of 40%.(SWAPO 1981: 50; World Bank 1991: 6). Assessing the fishing industry before independence Mbuende noted:

> *The decline of the Namibian fishing industry illustrates the character of resource imperialism in aiming at profit maximizing without due consideration to the future of the industry (1986:133).*

‘Dualistic structure’ of agriculture

After mining, general government, wholesale and retail trade, agriculture was only the fourth largest contributor to Namibia's Gross Domestic Product (see table 35). However, it supported about 70% of the population either directly or indirectly. Extensive stock farming was dominant, accounting for 65% of the sector's gross value of output, with beef being the major product. In 1988 commercial farming employed 18,6% of those in formal employment (34 398 people) while the communal subsistence agriculture sustained between 250 000 and 300 000 people or 20 to 25% of the population (World Bank 1991: 5-6).

The South African regime depicted Namibia as a country with a dualistic economic structure where a large-scale, capital- and technology-intensive (White) commercial agricultural sector existed alongside traditional (Black) subsistence agriculture (Mbuende 1986: 101; Sparks and Green: 73). While this may be the case, it must be remembered that this dualistic structure did not evolve naturally but was the result of deliberate colonial apartheid policies which were particularly harsh in the agricultural sector. As it was argued earlier, the land policies of the German and South African colonial regimes ensured that 73% of Namibia's farmlands were owned by some 4450 White farmers while more than 100 000 communal farmers were restricted to 27% of the total farmland. The average size of a White farm was 7 836 hectares which was 23 times larger than the average Black-owned cattle farm (World Bank 1991: 21). In addition, White commercial farmers were effectively supported and subsidised by the colonial regime, while the communal areas were characterised by administrative neglect. This has accurately been described as constituting an "agrarian counter-revolution", preventing pastoralists from remaining self-sufficient, thus forcing them to take up wage employment and turning the reserves into places for mainly old and sick people, women and children (Gottschalk 1983: 76). The Bantustans were systematically turned into pools of cheap labour as land shortage, poverty and droughts forced more and more able-bodied people to seek employment on commercial farms or in the mining and fishing industries. Furthermore, the creation of Bantustans provided a market for products from the commercial economy and relieved the state of social welfare obligations for the old and sick who were left to be looked after by their families (Angula, L. 1988: 332). The 'dualistic structure' in agriculture which Namibia inherited at independence must, therefore, be under-stood as the result of systematic colonial policies. Mbuende rightly pointed out that it was a distortion of basic historic facts to imply that Africans were poor because of their traditions, lack of initiative or lack of knowledge while whites became rich because of their skills and initiatives. He stated:

Poverty and wealth in Namibia are the results of a single process of primitive accumulation which generated wealth at the one end and poverty at another end (1986: 134).

Colonial settlement policies resulted in a significant transfer of land and livestock from Africans in the central and southern parts of Namibia to White settlers. Although the communities in the northern parts were not dispossessed in the same way, their subsistence economy was also eroded. The land question is, therefore, a central theme in Namibia, not only because land is a very important socio-economic factor but because it symbolises the inequalities and injustices created by a century of colonialism UNIN 1986:106).

Lack of industrial and manufacturing diversification

Namibia's manufacturing sector at independence was underdeveloped, had a negligible share in the GDP and employment, and was virtually an appendage of the primary sector. It contributed only 4 - 5% to GDP and employed about 9 000 people who represented approximately 5% of those in formal employment (see Figure 1.5). However, this number increased significantly after the reintegration of Walvis Bay into Namibia (Mbuende 1986: 134; Sparks and Green 1992: 88; World Bank 1991: 85; Tapscott 1992: 37).

Table 3: Employment by sector, 1988

SECTOR	Employment	Percentage
Agriculture and Fishing	36 071	19,5
Mining and quarrying	10 062	5,4
Manufacturing	9 442	5,1
Electricity and water	1 273	0,7
Construction	12 657	6,9
Wholesale and retail, trade, catering and accommodation services	29 394	15,9
Transport and communication	7 880	4,3
Finance, insurance, real estate and business services	4 325	2,3
Community, social/personal services	35 589	19,3
General government	38 098	20,6
TOTAL	**184 791**	**100**

Source: Manpower Survey 1988; published in Jauch 1998.

Approximately 70% of all goods produced in Namibia were food products and the rest was made up of wood products, textiles, furniture and transport equipment.(Sparks and Green 1992: 88). Mbuende pointed out that:

> *The local processing of mineral ores does not contribute to the general expansion of the industrial base in Namibia ... as it is capital intensive, export oriented, and because the processing plants are in the vicinity of the mines thus not contributing to further development of infrastructures (1986:134).*

Manufacturing firms were concentrated in urban centres and were mostly small scale, employing only a few people. With the exception of small artisan and cottage industries almost all modern manufacturing firms were owned by Whites. Sparks and Green identified six reasons for Namibia's small manufacturing sector, namely:

1. lack of natural material inputs;
2. limited and remote markets;
3. scarce water;
4. high energy and transport costs;
5. lack of skilled workers and entrepreneurs;
6. South Africa's policy to create a dependency relationship in the manufacturing sector (1992: 88-90).

The last point is of special significance as the Southern African Customs Union (SACU) and the Southern African Regional Industrial Development Programme (RIDP) ensured a competitive advantage for South African manufacturers over their local counterparts. Namibia became a market-outlet for South Africa's manufactured goods as SACU protected South African companies against competition from the western industrialised countries also.

Between 1985 and 1989 the output growth of Namibia's manufacturing sector remained consistently below that of the GDP. During this period investment in manufacturing fell at an annual rate of 6,4% although the economy's total fixed investment increased by 3,3% annually (Tapscott 1992: 37).

Namibia's economy today

Some economists and business organisations in Namibia believe that globalisation stands to benefit Namibia[2]. They argue that globalisation offers Namibia the opportunity to become competitive. In the realm of policy development, Namibia has already conformed and in fact 'imported' some policy guidelines as prescribed by international institutions. These policy guidelines serve as a stepping-stone to conform with IMF/World Bank policies and with WTO regulations on world trade.

Some proponents of globalisation suggest that the poor will gain most from liberalising the economy. They admit, however, that urban groups of workers in 'uncompetitive' industries and parastatals will be adversely affected. Robin Sherbourne, for example argues that globalisation will only be a threat to Namibia if she continues to protect economically non-viable enterprises. He believes that as a result of globalisation, industries will have to increase their competitiveness and their productivity, particularly for products aimed at the export markets. Sherbourne suggests that employment creation and the reduction of poverty are best addressed by opening-up the Namibian economy (interview 2000).

Arguments in favour of globalisation point out that a country will have to develop its skills base as one of the strategies to become internationally competitive. The suggestion is that skills need to be developed where a country like Namibia has a comparative advantage. Industries such as fishing and tourism accord the country a comparative advantage, and thus they should be developed. In this regard, the Ministry of Trade and Industry's Export Development Strategy, is instructive. This strategy is aimed at increasing firms' abilities to make their products more competitive, by addressing aspects such as costing and pricing, packaging, product design and quality standards. The aim is to provide technical assistance, with a view to determine the export potential of a product, and identify how assistance should be rendered to make the product more competitive. This, the Ministry hopes, will improve the performance of the country's export sector and thus the economy as a whole.

Namibia's economic policies since independence

The Namibian government tries to implement various strategies simultaneously in an attempt to broaden the country's manufacturing

[2] Mr Sam Geiseb, Mr Robin Sherboune (2000), NEPRU Viewpoint (1999).

base and to address the burning problem of under- and unemployment which affects about 60% of the population. On the one hand, the government subscribes to the neo-liberal line of thought and states that:

> *'The Namibian economy is based on free enterprise and private initiative. The Namibian Government regards the private business sector as the engine of economic growth and has put in place policies and a legislative framework designed to stimulate private sector production. Multinational companies have been operating successfully in Namibia for many years. Foreign companies are free to repatriate capital, profits and dividends… The Government of Namibia maintains prudent fiscal and monetary policies. As a result, Namibia enjoys one of the lowest levels of debt in the world, stable prices, and a healthy balance of payments position'* (Republic of Namibia 1995:1).

> *'Since Namibia has a small population and a limited domestic market, export-led growth will be the only viable strategy for sustainable economic development and massive job creation' (GRN 1997:17).*

> *'Government will provide an enabling environment for the industrial sector. Government policies will be oriented towards creating and maintaining markets. Specific interventions will operate through markets by providing the appropriate incentives and information' (MTI 1999: 4-5).*

> *'Free trade is important for the development of the industrial sector in a small economy like that of Namibia...trade liberalisation represents a unique opportunity…to benefit from improved access to larger markets' (MTI 1999:6).*

On the other hand, the government identified the SME sector and the informal sector as key sectors of job creation. These sectors face various structural problems and are characterised by low value output. The government promises to provide assistance in various forms, including building of institutional capacity, provision of market places and transfer of technology. In addition, the Ministry of Trade and Industry is considering temporary support for industries that have difficulties in acclimatising to globalisation – provided that they will be able to achieve sustainability in the long run (GRN 1997:39-40).

The Ministry also tries to promote selected industrial sectors that have a comparative advantage in the export markets. These are identified as processed fish, horticulture, cotton, tobacco, meat products, metals, industrial minerals, hides and skins, leather, crafts and hand-woven carpets. The Ministry's intention is to give support towards sub-sectors with economic potential. In addition, the Ministry tries to promote linkages between the SME sector and large enterprises and also wants to study the possibility of establishing a 'SME – EPZ linkages programme…in order to support domestic suppliers' (MTI 1999: 9-11).

There are obvious tensions and trade-offs between the various policy measures. Global experiences have clearly demonstrated that trade liberalisation and free market policies favour large TNCs and may lead to the destruction of local industries as has happened in most African countries under Structural Adjustment Programmes (Chossudovsky 1995, Goncalves 1996, Saunders 1996). SMEs tend to be one of the first casualties in the liberalisation process and there is no compelling reason to believe that Namibia will be an exception to this rule. Referring to the Zimbabwean experience, John Makamure has pointed out that SMEs will need a wide range of support if they want to retain any chance of surviving the present form of globalisation (The Zimbabwe Mirror, 17 – 23 December 1999). The Namibian government is thus likely to face difficulties in its attempt to pursue various strategies simultaneously. The rules of the WTO, for example, tend to reflect the interests of industrialised countries and their TNCs. As a member of the WTO, Namibia is bound by these rules and might find it increasingly difficult to reconcile them with programmes aimed at supporting and building the local SME sector and specific industrial sectors.

Investment policy

Namibia - like many other developing countries – tries to market itself as an ideal location for investors. In its 1999 World Investment Report, UNCTAD rated Namibia 'among the top 10 countries with the most attractive environment for Foreign Direct Investments (FDI)' (The Namibian 1 October 1999). Although Namibia has only a population of 1,7 million and therefore a very small domestic market, the country offers various incentive packages for investors coupled with privileged access to major regional (especially South African) markets. The Foreign Investment Act (No.27) of 1990, which was amended in 1993, is the cornerstone of Namibia's policy on foreign investment. The Act brought into being, the Investment Centre within the Ministry of Trade and Industry, to facilitate the promotion and administration of foreign investments. Article 2 of the Foreign Investment Act stipulates that:

'…subject to the laws governing the public service there shall be established in the Ministry of Trade and Industry a division, to be known as the Investment Centre, to assist the Minister in the administration of this Act'.

Article 16 of the Namibian constitution gives all persons the right to own property. Guided by this article, the Foreign Investment Act gives foreign nationals the right to engage in business activities without extra requirement from the government. Article 3 of the Foreign Investment Act states that a foreign national may invest and engage in any business activity in Namibia with no position different from any Namibian, in aspects such as taxation of the income, except as may be otherwise provided by the Foreign Investment Act. The Act guarantees the equal treatment of foreign and local investors. The act also grants liberal foreign investment conditions, as well as full autonomy and protection of foreign investments. Article 3, clause 3 stipulates that foreign nationals engaged in a business activity (or intending to commence a business activity) in Namibia shall not be required to provide for the participation of the GRN or any Namibian as shareholder. In other words, foreign nationals or companies are under no obligation to enter partnerships with the Namibian government or Namibian nationals. This is applicable to all business activities except for those involving the exploitation of natural resources.

Namibia is a country of many natural resources of which some have been exploited to a point of exhaustion by TNCs under the colonial regimes. After independence, the Namibian government developed policies to better protect its natural resources. Foreign Nationals may still acquire rights to exploit natural resources but provision is also made for Namibians to benefit. Article 3, clause 3 further explains that when granting rights over natural resources to foreign nationals, the state shall be entitled to acquire an interest in any enterprise to be formed for the exploitation of such rights. This has happened in the case of NAMDEB which is a joint venture between De Beers and the Namibian government. Article 3, clause 5 also states that Namibians shall have privileges over foreign nationals when it comes to rights of exploitation of Namibia's natural resources.

The Act's stated aim is to contribute to the upliftment of the country's overall welfare. Article 6, clause 3 of the Foreign Investment Act states that a certificate of status investment can only be considered in special regard to:

'The extend to which the proposed investment is likely to contribute towards Namibia's development objectives

The extent to which the enterprise in which the proposed investment is to be made, will utilise Namibia's resources so as to contribute to the economy, by inter alia

- *Increasing employment opportunities in Namibia*
- *Providing for the training of Namibians*
- *Earning or saving foreign exchange*
- *Generating development in the low developed areas of Namibia*

The extent to which the enterprise in which the proposed investment is to be made will contribute to the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws and practices or will facilitate the implementation of policies and programs aimed at redressing social, economic or educational imbalances in the Namibian society;

The extent to which the enterprise in which the proposed investment is to be made will make provision for equal opportunities for women;

(e) The impact which the activities of the enterprise in which the proposed investment is to be made is likely to have on the environment and, where necessary, the measures proposed to deal with any adverse environmental consequences.'

If the proposed investment satisfies these conditions, a certificate will be granted. The investment also has to have a certain minimum value which is determined from time to time by notice.

Article 6 of the Namibian Foreign Investment Act is a guideline similar to those found in other developing countries' foreign investment acts. They reflect the hopes that host countries attach to foreign investments. In practice, however, these guidelines are often not implemented out of desperation to attract investors. Developing countries often lower their requirements regarding environmental and labour conditions to attract foreign investment. This is also the case in Namibia where some manufacturing projects release pollutants with serious side effect to the environmental the work force. A case in point is the African Portland Cement (APC) factory in Otjiwarongo that eventually closed down after operating for years without a license.

Host countries often have ineffective labour and health inspectors or are willing to overlook health and environmental risks to retain investments. The situation at some Namibian EPZ companies also confirms this trend. Libra manufactures bath tabs and uses strong chemicals in the process. In April 2000 an explosion occurred in the factory which took a worker's life.

At another EPZ company accidents are common, with some workers losing fingers.

Formally, all investors are required to carry out the obligations agreed to between the minister and the investor and specified in the certificate. The government has the right to cancel the certificate if the holder is convicted of an offence or if the certificate was issued because of incorrect information supplied by the applicant (articles 15 & 16).

The EPZ policy

Despite all attempts to create a favourable investment climate, the investment flows were disappointing after independence. The government then introduced Export Processing Zones (EPZs)as part of its strategy to become internationally competitive. The Namibian government introduced the EPZ Act in 1995 and - like most other EPZ host countries - hoped that EPZs would attract significant foreign investment to Namibia and boost the country's manufacturing capacity. It also expected the creation of 25 000 jobs in the EPZs between 1997 and 1999 (GRN 1997:ii). Namibia's EPZ Act of 1995 states the specific purpose of EPZs as follows:

1. to 'attract, promote or increase the manufacture of export goods;
2. to create or increase industrial employment;
3. to create or expand export earnings;
4. to create or expand industrial investment, including foreign investment; and
5. to encourage technology transfer and the development of management and labour skills.' (Ayoade 1997:13).

The Namibian EPZ scheme offers the typical EPZ incentives such as:

- Corporate tax holiday
- Exemption from import duties on imported intermediate and capital goods
- Exemption from sales tax, stamp and transfer duties on goods and services required for EPZ activities
- Reduction in foreign exchange controls
- Guarantee of free repatriation of capital and profits
- Permission for EPZ investors to hold foreign currency accounts locally
- Access to streamlined regulatory service ('one stop shop')
- Refund of up to 75% of costs of pre-approved training of Namibian citizens
- No strike and lock-outs allowed in EPZs

- Provision of factory facilities for rent at economical rates (Ayoade 1997: 14, ODC 1996).

Despite these generous provisions, the results have been disappointing with only a few hundred jobs being created, most of them in the low skill – low wage categories. Even worse, Namibia has remained a net exporter of capital as shown in table 4. This supports Tandon's view that Africa needs to pay more attention to preventing capital outflow instead of being pre-occupied with attracting foreign investors (2000).

Table 4: Capital inflow and outflow in Namibia 1996-2000

	1996	1997	1998	1999	2000
Total Capital Inflows (million N$)	780,6	692,8	434,4	690,7	795
Total Capital Outflows (million N$)	1633	994,6	860,2	1111,7	2002,4
Net Capital Outflows (million N$)	852,4	301,8	425,8	421	1207,4

Source: Bank of Namibia

Macroeconomic Indicators

The GDP growth over the past few years ranged from 2,1% (1996) to 6,5% (1994) with an average growth of about 3% per annum. During 1999, the Namibian economy experienced a growth in value addition in the construction, tourism, agriculture and mining sectors, as well as an expansion in government consumption expenditure. The Bank of Namibia estimated the growth in the real gross domestic product GDP for 1999 at around 3% representing an increase of half a percentage point above the rate recorded in the preceding year.

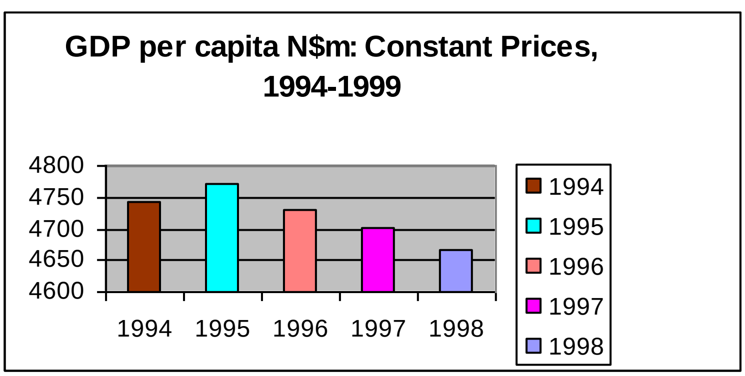
Table 5 : GDP Growth 1994 –2000

Year	GDP Growth
1994	6,5 %
1995	3,6
1996	2,1
1997	2,4
1998	2,6
1999	4,3
2000	3,9

Sources: Standard Bank 1999; Bank of Namibia 1999, 2000.

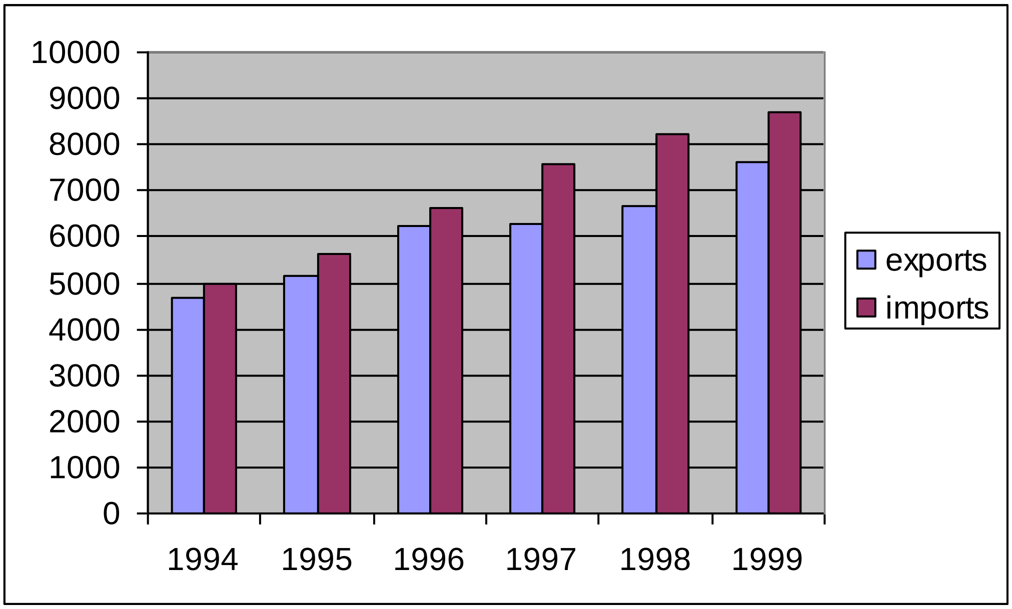
The overall GDP growth rates hide the fact that the GDP per capita at constant prices has fallen since 1995 from over N$ 4 770 to N$ 4 660 in 1998. Coupled with the unequal distribution of wealth, this indicates that the majority of Namibians are actually getting poorer.

Figure 1: GDP per capita (in N$), 1994-1998



Source: Bank of Namibia: Annual Report, 1999

Figure 2: Value of Imports and Exports in N$m, 1994-1999



Source: Bank of Namibia: Annual Report, 1999

Achieving the aim of economic growth through export and investment demands that Namibia must diversify and increase its exports, specifically in manufactured goods. Namibia's economy relies heavily on international trade with exports and imports constituting more than half the GDP in value (SADC Trade Directory, 2000). The major exports include beef, meat products, diamonds, uranium, a wide variety of fish products, and beer.

Primary products - mainly unprocessed - have accounted for approximately 80% of export earnings. Such products are extremely vulnerable to international fluctuations in commodity prices and the value of the South African Rand[3]. The impact of this on labour could be a reduction in the workforce, especially unskilled labour as was experienced

3 The value of the Namibian Dollar is on par with the South African Rand, and both are legal tenders in Namibia. Lesotho, Namibia, South Africa and Swaziland are members of the Common Monetary Area. Donovan and Gurirab conclude that: "… Namibia is susceptible to inflationary movements in South Africa via the currency mechanism and also through any increase in the price of goods imported from South Africa." (1996:6).

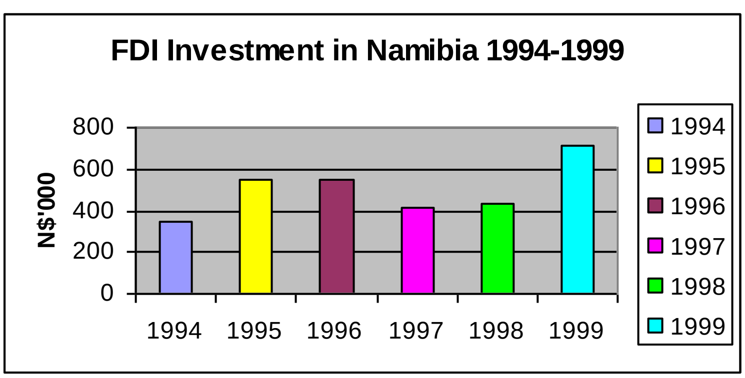
at the Rossing Uranium Mine in the 1990s. Other workers who are likely to be affected by unstable commodity prices on global markets are workers in the agriculture and fisheries sector.

Namibia is trying to diversify its exports away from primary products towards manufactured goods. This would ensure that the country is a less dependent on raw materials and semi-finished product whose international prices are volatile. In order to ensure that higher exports income is attained, a concerted effort to achieve value addition will have to be made. In its annual report of 1999, the Bank of Namibia pointed out that the manufactured goods exported in 1998 and 1999 accounted for 34% of all exported goods. This was, however, mainly attributed to the fishing sector, which was able to exploit new markets and better market prices.

In recent years, Namibia has increased its exports to the Democratic Republic of Congo, Malawi and Mozambique, amongst others. Despite this diversification of exports, Namibia's direction of trade has essentially remained the same. The main export destinations are the United Kingdom, South Africa, Japan and Spain. Namibia's imports, however, seem to be changing. In the past Namibia only imported from South Africa, Germany, France and Japan. Today, Spain, Switzerland, Zambia, China, and Russia are emerging as trading partners. Countries such as Germany (machinery and vehicles), the United States of America (vehicles, ships, boats and cereals), Russia (arms and ammunition, miscellaneous manufactured articles, animal fodder, China (construction, apparel, agriculture, and manufactured goods), are changing the nature of trade directions in Namibia (Interview with M. Pakote; BON 1999).

Investment patterns

Figure 3: FDI Investment in Namibia, 1994-1999



Source: Bank of Namibia: Annual Report, 1999

Table 6: Market Values of the stock of FDI in Namibia by sector, 1997

Industry	% of FDI stock
Agriculture, hunting, forestry & fishing	3%
Mining & quarrying	65.8%
Manufacturing	2.8%
Electricity, gas & water	
Construction	0.2%
Wholesale & retail trade, catering & accommodation services	7%
Transport, storage & communication	0.4%
Financing, insurance, real estate & business services	20.8%
Community, social & personal services	
Total	100%

Source: Bank of Namibia

Table 6 reveals is that the pre-independence pattern of investing in the (capital-intensive) mining sector still prevails while manufacturing received virtually no FDI.

Table 7: Market values of the stock of FDI in Namibia, by country, 1997

Countries	**% of FDI flows**
1. South Africa	44.5%
2. Luxembourg	41.5%
3. United Kingdom	7.7%
4. Spain	1.8%
5. British Virgin Islands	0.6%
6. Switzerland	0.6%
7. Germany	0.4%
8. USA	0.3%
9. France	0.3%
10. Canada	0.3%
11. Other	0.2%

Source: Bank of Namibia 1999

Most FDI stock in Namibia originates from South Africa and Luxemburg as investments in the mining, financial, wholesale and retail, manufacturing, agriculture and fishing sectors.

In order to make Namibia more attractive for investors, the government as adopted a 'growth through export and investment' economic strategy. Immediately after independence the Government passed the Foreign Investment Act (1990) which was followed by the EPZ Act in 1995 and the 'Special Incentives for Manufactures and Exporters' (1999). Investment in infrastructural projects increased from N$ 249 million in 1998 to N$ 269 million in 1999. This affected particularly the eastern and northern regions of the country. Investment during this period came mainly from Germany, China, Sweden and The Netherlands. The major projects funded were the Trans-Caprivi Highway, the northern tannery and leather project in Ondangwa, the provision of rural water supply, the upgrading of schools in the north, the Windhoek reclamation project, low cost housing in secondary towns and the Oshivelo road rehabilitation project (BON Annual Report, 1999).

Although FDI into Namibia increased from N$ 386 million in 1997 to N$ 785,4 million in 2000, this was more than offset by the capital outflows which increased from N$ 994,6 million to N$ 2002,4 million during the same period (Information provided by BON, 2001).

The World Investment Report (1999) listed a number of issues that are important to foreign investors. Five of these issues are in order of importance: (1) profitability of investment; (2) state of physical infrastructure; (3) political and economic outlook; (4) access to regional markets; (5) the regulatory and legal framework governing FDI.

Namibia has recently received a favourable rating as a place for investment by the World Economic Forum: African Competitiveness Report (2000-2001). Namibia is rated fourth, the same rating that it received in previous reports. However, Namibia received a much lower rating on the improvement index (19 out of 24) and the optimism index (20 out of 24).

The Namibian government has followed this line of argument in its attempt to attract FDI which is seen as essential for the country's development. Tandon, however, has pointed out that this assumption is more based on an ideological dogma than on reality:

> *'Everybody has to bent backwards and entice the fickle FDI and to keep it at home and prevent it from flying away to greener pastures. And yet, there is no evidence that FDIs brought*

development, just as there was no evidence that liberalisation, in general, brought development'(2000:4).

Contrary to the proponents of liberalisation, Tandon believes that from a national development perspective, domestic capital accumulation is far more critical than FDI. The crisis of lack of capital in most African countries was brought about by capital flight in the form of profit repatriation, debt payments on loans etc. Instead of concentrating on attracting FDIs, Tndon therfore suggests that developing countries should rather concentrate on preventing the continuous export of capital (2000: 10-12).

Sectoral Analysis

Table 8: Employment by Sector (1997)

	Number	% Share
Agriculture formal & informal sectors	146, 899	36,6
Subsistence	55, 871	14,0
Commercial	91, 028	22,6
Fishing	14, 000	2,9
Mining	6, 592	1,6
Manufacturing	25, 983	6,5
Electricity & Water	4, 576	1,1
Construction	19, 801	4,9
Transport, Storage & Communication	33, 815	3,4
Wholesale Trade, Hotels & & Catering	36,803	9,1
Finance & property	21, 297	6,1
Public administration & social security	22, 0 29	5,5
Education	24, 023	6,0
Health & social work	10, 922	2,7
Other community, social & personal services	24,518	6,1
Domestic work & other	30, 682	7,5
Total	413 159	100

Sources: http.www.Namibia-economy.co.na; The Namibian Investor. 1998/99; Labour Force Survey 1997 (Draft 2000).

Agriculture

The agricultural sector recorded growth of 5% in 1999, as opposed to a decline of 6% in 1998. Ostrich and local cattle slaughtering contributed to this growth. It is estimated that approximately 70% of Namibia's population are involved in some form of agriculture. This sector contributed N$ 493m to the GDP in 1999 which is a slight increase from N$ 477m in 1998. Agricultural output is dominated by the commercial sector which contributed N$ 319m to GDP, compared to N$ 174m of the subsistence sub-sector. In terms of value addition, the contribution of this sector increased slightly from 5.9% in 1998 to 6.2% in 1999. The commercial sector contributed 3.9% in 1999, as opposed to 3.7% in 1998. The communal sector on the other hand contributed 2.1% in 1998 and 2.3% in 1999.

The Namibian Agricultural Union (NAU) which represents commercial (mostly white) farmers, views globalisation as a demand-driven process that leads to market expansion away from traditional national market and production-driven processes. The Namibian National Farmers Union (NNFU) represents communal (black) farmers and conceptualises globalisation as an attempt to remove trade barriers that will ensure the free flow of goods and services that will increase access to markets. The NNFU believes that 'globalisation assumes and implies that the playing fields are level' but warns that the proponents of globalisation have 'double standards'. The Common Agricultural Policy (CAP) of the EU, and USA's subsidisation of products undermine the competitive advantage of agricultural producers in the South. The NNFU concludes that Namibia can only benefit form the globalisation process if the subsistence and market economies are promoted in tandem (Interview with P. Vleermuis, 2000).

Namibia exports 80% of its meat products. Beef and mutton are the core of the agricultural sector as Namibia produces about 90,000 tonnes of beef annually. Beef exports to South Africa accounts for 50% of all exports in this sector. This is primarily due to the comparative advantage Namibian beef enjoys in that country. Currently, plans are underway to market beef to other markets under the Farm Assured Namibian (FAN) scheme[4]. To increase the diversification of this sector, game and ostrich is marketed as new meat products. The lamb industry, which currently exports mostly live animals, also represents itself as an opportunity for value addition.

In the medium-term, Namibia's beef exports to South Africa could be undermined by the SA-EU free trade agreement (FTA) which is likely to pave the way for subsidised beef imports from the EU into South Africa. Although it is envisaged that the EU-SA FTA will not directly affect the agricultural sector (since the agreement precludes the most important

[4] This is essentially a product traceability scheme that also depicts compliance to a set of minimum (EU) standards, including hygiene for the production of meat products.

agricultural products), the potential inclusion of meat products in future agreements and the expansion of diary product access to the South African market may have a negative effect. In addition, the import of processed foods from the EU to South Africa may find their way into Namibia. This has the ability to undermine any potential local industrial food processing and therefore efforts at value addition in Namibia.

In the agronomic sector globalisation is viewed as a threat. This is because this sector is perceived to be under-developed and incapable of competing with neighbouring countries that have better climatic conditions. Consequently, opening-up this sector will have negative effects, because it is incapable of exploiting economies of scale in both production and processing. Like the beef sector, the agronomic sector is still excluded from the EU-SA FTA. With a view to make this sector more competitive internationally and regionally, the agronomic board is encouraging crop diversification that will ensure that producers start producing crops that are draught-tolerant. The agronomic sector will eventually be liberalised completely through the trade agreements to which Namibia is party. Namibia will have to concentrate on crops that are competitive; in order to exploit niche markets.

International trends suggest that non-economic factors are increasingly influential in determining consumer preferences. Price factors are becoming less influential especially in more advanced consumer markets like the EU, North America, Japan and other industrialised countries. Niche markets with unique needs are therefore increasing, raising the potential to explore such markets. Amongst others, issues such health, safety of foods, animal welfare, and environmentally friendly production issues are already great determinants of consumer purchasing preferences. This might be an advantage for Namibia which uses a fairly natural and environmentally friendly production process for most of its agricultural products.

Certain products have a competitive advantage and the potential to earn foreign exchange. Two areas with export potential are horticulture products and cotton. Exports of fresh fruits like dates and grapes are growing because they have the international advantage of being marketed early when most competitors are not yet able to harvest. Cotton has the potential to diversify subsistence farming in the Northern Namibia's communal areas.

Overall, the agricultural sector is still characterised by a 'dualistic structure' of predominantly white commercial farmers and black communal farmers. Despite government attempts to purchase farms for resettlement and to encourage communal farmers to buy commercial farms through the affirmative loan scheme, the inequalities in land distribution have remained. A relatively small black elite was able to buy commercial farms or has fenced in communal farm lands for their private use. For the vast majority of subsistence farmers in communal areas, however, access to land remains an urgent problem and an explosive political issue.

Fisheries

This sector contributed N$ 386m to the GDP in 1999 and is increasingly becoming essential as a source of manufactured exports. This is borne out by the fact that the total value of exports for canned fish, fish meal and fish oil have increased by 15.9% in 1999. All in all, the volume of fish exports increased by 12,3% for processed and 2,3% for unprocessed fish for 1999 (BON 1999). The fishing sectors' value addition for both 1998 and 1999 remained at 4.5%. Similarly, fish processing's value addition for both 1998 and 1999 remained at 6%. New markets to which to export, and also decreasing international competition from Argentina, have contributed to this increase in fish exports.

The fisheries sector employs approximately 12 000 Namibians, and an estimated 2000 expatriates. The Ministry is setting conditions for the increasing employment of Namibian citizens by companies who are granted fishing quotas. It is estimated that 70% of all households on the coast are directly or indirectly dependent on this sector – it is the prime industry on the coast. Its overall impact on industry is thus significant. The pelagic industry employs most people but employment patterns in this industry vary with the quota allocated to it. A major drawback of this industry is its resource dependence.

Respondents in the fishing sector do not view globalisation as a threat because competition from other countries has existed all along. The fishing sector also has an established and very competitive client base. Simply put, Namibia exports fish to certain markets that it has established links with. Namibia has been able to retain its market share, increase sales to Malawi and Mozambique, and has even been able to explore new markets. The Middle East, Far East, North America, Japan and the Democratic Republic of Congo, are some of the new markets the country is exporting to.

Like with most sectors of the Namibian economy, this sector also relies on expatriates for highly skilled positions. The country relies on expatriates for positions such as captains, technicians, and operation managers. The fishing companies claim that these expatriates have made an important contribution to human resource development. They claim that the Danish, Polish and Russian 'experts' are providing affirmative action companies with the 'backbone' to maximise their market share.

The fisheries sector has the potential of increasing employment by processing all fish in Namibia. As the owner of a sought-after resource, the Namibian government could make this a precondition for the granting of fishing rights. Government initiated exchange programmes, and legislation to grant Namibian companies marketing rights will also serve to enhance the potential of this sector.

Industrial relations in this sector are particularly volatile which according to the companies has an impact on investments in the fishing sector. Companies claimed that this alienates investors and some even described the Affirmative Action Act as a deterrent to investment. Companies believed that the union movement is insensitive towards the industry and that the unions test the provisions of the Labour Act to the maximum. They suggested that labour relations may be able to improve significantly if the sea-based industries are allowed to provide input on the provisions of the Labour Act.

Despite these concerns raised by companies, the profit margins of this industry are high and the sector will continue to grow provided that the fish resources are managed in a sustainable manner. Despite the progress made in 'Namibianising' the fishing industry, the sector is still largely controlled by foreign companies. The policy of encouraging 'joint ventures' between foreign companies and Namibians has essentially resulted in a small but wealthy group of black Namibians being co-opted on company boards while control over technology and skills is still largely under foreign control.

Mining

Mining is one of the pillars of the Namibian economy and the largest contributor to export earnings. It remains, however, a vulnerable sector of the economy because of its complete dependency on international market prices. The diamond sub-sector is the most important mining component and diamonds alone accounted for 33% of Namibia's export earnings in 1998(BON,1999). In general, the mining sectors' value addition efforts have increased modestly over the years. This is largely due to the diamond sub-sector whose value addition has improved from 9.2% in 1998 to 10.6% in 1999 as a result of the diamond polishing plant (Namgem) in

Okahandja. This is in stark contrast to the decrease in other mining value addition that has fallen from 3.4% in 1998 to 1.9% in 1999.

The dominance of the mining sector in the Namibian economy is not reflected in employment figures. These figures continue to decline and the mining sector as a whole now employs only about 6 500 people compared to over 10 000 at independence. The Navachab gold mine exemplifies this trend. Its owner, AngloGold has refused to extend the life of the mine citing poor labour relations, problems with obtaining work permits for expatriates, the low gold price, and delays in recognising the mine as contributing factors.

Another case in point is the Rössing Uranium Mine which produces approximately 8% of the world's uranium. Uranium is the second most significant contributor to the mining sector. It contributes 10.2% of total exports and its average GDP contribution is 3%. The low international demand and very low prices for uranium has resulted in a collapse of the prices for it internationally. This in turn makes it difficult for the company to compete internationally, in the light of much higher levels of technology used in other mines. Globalisation will represent a threat to Rössing if it fails to match best practices elsewhere. The company is even facing the threat of mine closure due to increased competition, low world market prices and an over-supply of Uranium. To prevent the possible closure of the mine, a process of restructuring is underway. This takes the form of substituting low-grade ore body, old technology and outdated work practices. The outsourcing of peripheral businesses (concentration on 'core activities')is also aimed at making the company more competitive by reducing production costs.

This cut in production costs is discernible in the fall of employment figures. Rössing Uranium Mine employed 1,006 people in 1999. At the beginning of 2000, it employed 937 people. It is projected that this figure will fall to between 700 and 750 by 2001. This is to be achieved by reducing the working week from 7 to 5 days. The aim is to reduce the workforce to 600. As further cost-cutting measures, the company has sold its corporate aircraft, privatised its club services in Arandis, and its clinic.

Rössing has negotiated retrenchment packages with the Mineworkers Union of Namibia (MUN). These packages include cash and non-cash benefits like a three months training course at the Namibia Institute for Mining Technology (NIMT). Rossing further contracts local firms to do peripheral business which may lead to employment through small business development.

A more positive development in the mining sector was the establishment of the Ongongooolo Mine in Tsumeb. This Namibian joint venture between the government, trade unions and former TCL managers took over the liquidated TCL mines in 2000. The life span of the mine is an estimated 30 years. The mine currently employs 800 workers- 400 permanent and 360 casual workers. The casual workers are involved in functions that the mine presently outsources, such as transport and engineering. The aim is to convert these functions as part of the mine's activities once it becomes profitable. The "smart partnership" between management and the trade union that helped to establish the mine is characteristic of relations between the union and management.

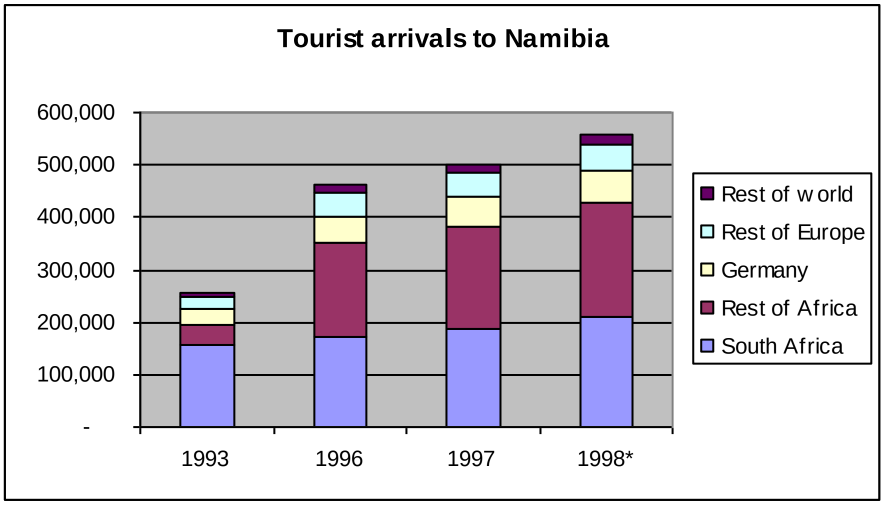
The proposed Skorpion Zinc Project (owned by the Anglo-Amercian Corporation) with a projected investment of N$3.2 billion is estimated to contribute approximately 4% of the GDP at full production. The Project will create about 2000 jobs during the construction phase, and 550 during mining operations.

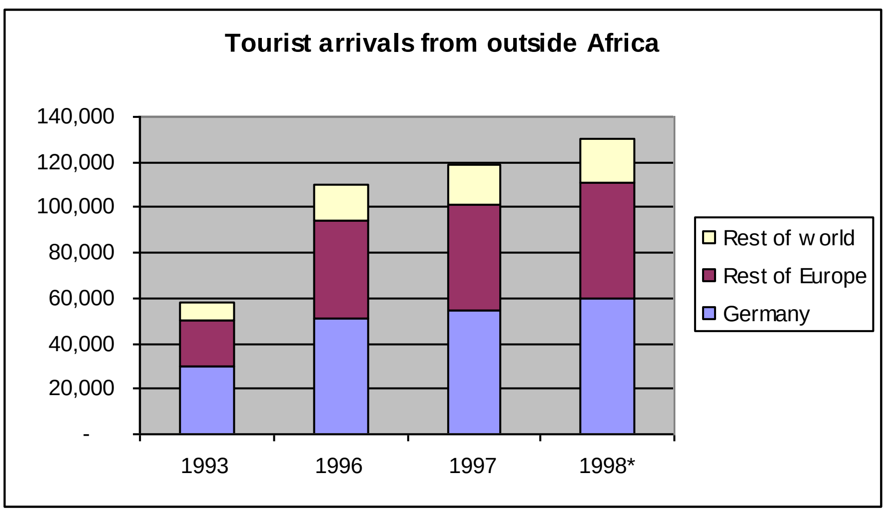
Overall, the mining sector is still firmly under control of foreign companies as mining operations require large capital outlays which Namibian businesses are unable to provide. The only benefits for Namibians are the relatively few jobs created and the tax revenue for government. In a recent development, the Ministry of Trade and Industry has now awarded EPZ status to the envisaged Skorpion Zink Mine owned by Anglo-American. Although the company obtained EPZ status for is processing operations only, it is likely that it will use the EPZ status to gain complete tax exemption for its profits. The simple trick of transfer pricing will ensure tax exemption and deprive the Namibian state of tax revenue from the mining sector, which has so far contributed significantly to the national income. However, the Minister of Trade and Industry, Hidipo Hamutenya, regards the Scorpion Zinc mining ventures as proof that the EPZ programme is working. In a two-page advertisement that was placed in several newspapers, he wrote that these investments should silence the EPZ 'detractors and restore confidence in the (EPZ) regime and in Namibia's capacity to attract investors of substance' (The Namibian 27 September 2000).

Tourism

Tourism is the fastest growing industry in Namibia. As such, it represents one of the most attractive industries for FDI. Tourist arrivals have increased steadily from about 300 000 in 1994 to 500 000 in 1997. In 1998, 560 000 tourists visited Namibia. It is expected that tourist arrivals will increase in coming years.

Figures 4 and 5: Tourist arrivals to Namibia





Source: http//www.Namibian-economy.com.na

Tourism remains the third highest contributor to GDP, behind the mining and fishing sectors. In 1998, the tourism sector earned N$1.2billion. This sector's contribution in terms of employment and foreign exchange earnings is significant although the war in Namibia's north-eastern Kavango and Caprivi regions has resulted in the closure of lodges and a dramatic reduction in visiting tourists to those regions. By and large, however, tourism has the potential to overtake the mining and fishing industries to become the largest contributor to GDP.

Overseas tourist who benefit from fluctuations of the N$ against the major world currencies contributes significantly to this sustained growth in the tourism sector. As the N$ weakens against major currencies, these tourists have more money to spend, and can therefore afford to stay longer in the country. However, the contribution of this sector to Namibia's economy is diminished because of substantial 'leakages' caused by tourists who pay for their trips to travel agents in their home countries (e.g. Germany). There is also a trend among South African tourists of bringing foodand other esentials with them thus reducing their spending in Namibia (Namibia Economist, 15-21 June 2001).

Until now the tourism sector in Namibia is essentially controlled, developed, managed, and owned by private (predominantly white) business. The governments White Paper on Tourism (1998) tries to change this by fostering, amongst others, community participation and economic growth. In recent years, community-based tourism initiatives have increased, administered and directed by the Namibia Community Based Tourism Association (NACOBTA).

NACOBTA has developed close links with private sector and government bodies in developing community-based tourism projects through funding and training. NACOBTA currently receives funds from international donors like the United States Agency for international Development (USAID), the World Wildlife Fund (WWF-USA), the Swedish International Development Agency (SIDA), the Dutch Environmental Fund, the EU and the US-Embassy.

NACOBTA is a membership organisation that supports 42 established and emerging Community Based Tourism Enterprises (CBTEs) in all the regions of the country. NACOBTA represents campsites, conservancies, craft centres, indigenous tour guides, museums, rest camps and traditional villages. Community-based tourism is a viable option for generating economic opportunities, fostering environmental conservation and preserving the culture and customs of indigenous people. Moreover, local communities are also meant to benefit from a development fund that seeks to support economic and social empowerment in previously disadvantaged communities. Community tourism is still at an early stage of developments and so far, approximately 400 jobs has been created by the CBTEs which offer trophy hunting, angling, photographic tours, and accommodation.

Construction

The construction sector contributed N$ 157m to the GDP in 1999. This represents a slight increase of N$ 4m to the previous year. The fall in interest rates during 1999 contributed to increase activity in this sector. Value addition in this sector has remained at 2.3% in both 1998 and 1999. Furthermore, an increase in government development expenditure of 22% contributed to this increased activity. This sector employs approximately 18 000 people. This figure, however, does not reflect the informal sector nor does it take into account government projects. Employment patterns in this sector depend on the state of the economy, the Construction Industries Federation of Namibia (CIF of Namibia) maintains.

The construction industry is made up of different types of companies:

- Foreign companies that enjoy preference in government tenders because some capital projects are big and cannot be undertaken at a 'competitive' price by local companies.

- Formally registered Namibia construction firms, usually based in Windhoek and at the coast They are organised under the ambit of the Construction Industries Federation of Namibia;

- Construction firms that are run on a more informal basis, but still able to sustain themselves financially. They are based in rural areas;

- Community-based groups that are helped by Non-Governmental Organisations (NGOs);

- Family-based construction firms.

The CIF views globalisation as a positive development and believes that it will accord new trading opportunities to the construction industry. This view is in stark contrast with that of the Indigenous Peoples Business Council (IPBC) which views globalisation with scepticism as a threat to local businesses. The construction industry does not envisage increased competition from foreign companies, because the small Namibian market will not be able to cater for more companies. The CIF outsources primarily specialised material, such as infrastructural pipe-work and other civil engineering projects. Although the CIF does not view the globalisation as a threat, there is a view among Namibian construction companies that foreign contractors (especially Chinese construction companies) enjoy preference when it comes to government tenders.

Namibian construction companies at the coast pointed out that tenders for government projects are often awarded to South African companies who bring in their own employees. This situation is prevalent in both the road and building sub-sectors. In the Northern region the picture is much the same. In this region the government is the most important client. It is estimated that foreign firms received between 10-20% of all government contracts over the last four years. These firms bring their own management staff, but the Namibian government requires to employ local workers and artisans. Some foreign firms who received government contracts, sub-contract between 40-50% of their work to local firms.

Wholesale and Retail

The decline in interest rates and the demutualisation of Old Mutual and Sanlam, contributed to substantial increases in the retail sector. It improved (temporarily) the cash flow of consumers and resulted in increased demand for consumer goods. This is reflected in the sector's contribution to the GDP. In 1998 the wholesale and retail sector contributed N$ 508m to the GDP which rose to N$ 531 million in 1999. The value addition of this sector increased only marginally from 7.4% in 1998 to 7.5% in 1999.

At the coast, respondents pointed out that the impact of this sector on the coastal economy is influenced by the fishing industry. From observation and informal interviews, it seems that in this sector consumers are rather conservative, and tend to stay with the 'tried and tested'. Namibian retailers believe that South African and Chinese retail and wholesale traders do not have a big influence on their choices. This view is likely to be based on the relatively affluent consumer group that these businesses cater for.

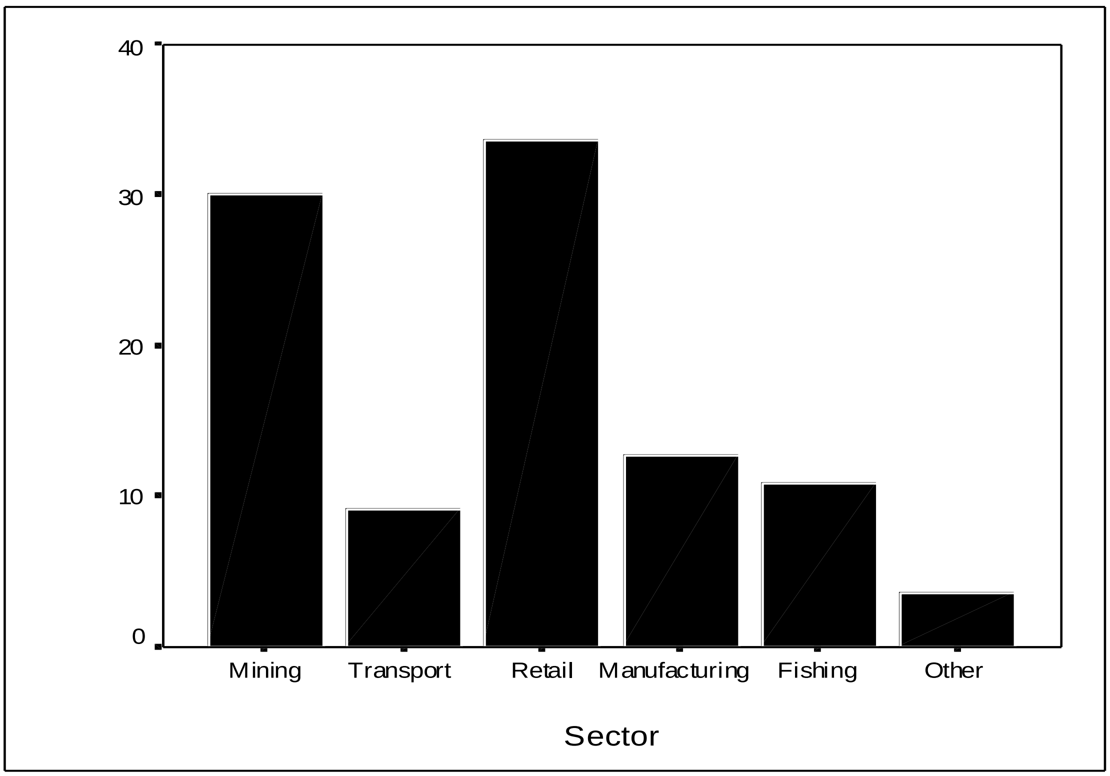
In the North, however, businesses pointed out that South African wholesale and retail traders are taking over the market of indigenous Namibians. South African chain stores like Game, Shoprite and Pick 'n Pay are mushrooming in the North. At Oshikango, where Namibian-Angolan trade was profitable in the past, South Africans have taken over 85% of that market. Indeed, South Africans own most Warehouses at Oshikango, alongside Lebanese and Iranians. The Batswana and the Chinese have further eroded Angolan-Namibian trade by 'dumping' goods on the Angolan-Namibian border.

In the central region, the pattern is much the same. South African chain stores like Game, Shoprite and Pick n Pay are dominating this sector**.** At the proposed new Maerua Park shopping complex South African retail chains like Ackermans, Checkers, Ellerines, Hi Fi Corporation, Mr Price and Musica are all lining up to open stores (The Namibian). The Chinese retailers also take a considerable market share in the central region. Invariable these developments have a negative impact on small Namibian retailers and shops. The IPBC views the influx of Chinese retailers negatively since they only provide cheap products that threaten the existence of other small businesses. The IPBC seeks to remedy the situation by lobbying government and other stakeholders to review existing legislation and initiate new enabling legislation that takes into account the concerns of Namibian SMEs (Interview with M. Gaomab 2000).

6. The impact on Namibian workers

As part of this study, we carried out a survey among 112 randomly selected workers in various industrial sectors and in various regions of the country. This served to establish the shopfloor experiences of workers, relating them to the process of globalisation. Thirty-seven respondents were working in the retail sector, 33 in the mining sector, 14 in the manufacturing sector, 12 in the fishing industry, 10 in the manufacturing sector and 4 in other sectors (see table 7).

Table 9: Frequency of respondents by sector



Sector	Frequency	Percent
Mining	33	30%
Transport	10	9.1%
Retail	37	33.6%
Manufacturing	14	12.7%
Fishing	12	10.9%
Other	4	3.6%
Total	**110**	**100%**

It should be noted that the sample was not equally representative of all sectors. The transport, fishing and the manufacturing sectors had a significantly smaller sample than mining and retail sectors and one has to be careful when comparing the results between sectors. The results presented here merely give an indication of the trends experienced by industrial workers in Namibia.

Table 10: Frequency of total respondents by skill category

Skill Category	Frequency	Percent
Unskilled & semiskilled	65	59.1%
Skilled worker (artisan)	13	11.8%
Clerical & supervisory staff	28	25.5%
Managerial & professional staff	4	3.6%
TOTAL	**110**	**100.0%**

Most of the respondents (59%) were unskilled and semi-skilled workers but other categories of employees were covered as well.

Most respondent were members of a trade union although the level varied between the retail sector (50% union members) and the mining sector where all respondents were union members (see table 11)

Table 11: Union membership by sector

		Union Membership		
		Yes	No	**Total**
SECTOR	Mining	33 100.0%		**33** **100.0%**
	Transport	8 80.0%	2 20.0%	**10** **100.0%**
	Retail	18 50.0%	18 50.0%	**36** **100.0%**
	Manufacturing	12 85.7%	2 14.3%	**14** **100.0%**
	Fishing	9 90.0%	1 10.0%	**10** **100.0%**
	Other	4 100.0%		**4** **100.0%**
Total		**84** **78.5%**	**23** **21.5%**	**107** **100.0%**

All skilled workers in our sample were union members compared to 81,3% of unskilled and semi-skilled workers and 66,7% of clerical and supervisory staff (table 12). Namibia's overall unionisation rate stands at about 50% (LaRRI 1999) which means that union members were over-represented in our sample.

Table 12: Union membership by type of work

		Union Membership		
		Yes	No	**Total**
OCCUPATION	unskilled and semiskilled	52 81.3%	12 18.8%	**64** **100.0%**
	skilled worker (artisan)	13 100.0%		**13** **100.0%**
	clerical and supervisory staff	18 66.7%	9 33.3%	**27** **100.0%**
	managerial and professional staff	1 33.3%	2 66.7%	**3** **100.0%**
Total		**84** **78.5%**	**23** **21.5%**	**107** **100.0%**

During periods of structural changes in the production of goods and services, companies tend to change their products, for example by concentrating on those goods and services where they have a competitive edge. Changes in the types of products or services produced seem to have occurred primarily in the retail and manufacturing sectors while mining and transport companies essentially produce the same goods and services as they did around independence (table 13).

Table 13: Change of product/service by sector

		Change in Product/Service			Total
		Yes	NO	Dont Know	
SECTOR	Mining	2	27		**29**
		6.9%	93.1%		**100.0%**
	Transport		10		**10**
			100.0%		**100.0%**
	Retail	15	21	1	**37**
		40.5%	56.8%	2.7%	**100.0%**
	Manufacturing	9	4		**13**
		69.2%	30.8%		**100.0%**
	FISHING	4	7		**11**
		36.4%	63.6%		**100.0%**
	Other		4		**4**
			100.0%		**100.0%**
Total		**30**	**73**	**1**	**104**
		28.8%	**70.2%**	**1.0%**	**100.0%**

Another indication of industrial restructuring is the introduction of new machinery. This was experienced in all sectors covered by our study, particularly in manufacturing, fishing, transport and mining. The retail sector seems least affected but even here 59,5% of the respondents indicated that new machinery had been introduced during the past 5 years (table 14).

Table 14: Introduction of new machinery by sector

		Introductioning of New Machinery			Total
		Yes	No	Dont Know	
SECTOR	Mining	28	4	1	**33**
		84.8%	12.1%	3.0%	**100.0%**
	Transport	8		1	**9**
		88.9%		11.1%	**100.0%**
	Retail	22	14	1	**37**
		59.5%	37.8%	2.7%	**100.0%**
	Manufacturing	14			**14**
		100.0%			**100.0%**
	Fishing	10	1		**11**
		90.9%	9.1%		**100.0%**
	Other	3	1		**4**
		75.0%	25.0%		**100.0%**
Total		**85**	**20**	**3**	**108**
		78.7%	**18.5%**	**2.8%**	**100.0%**

When asked about the reason for the introduction of new machinery, most respondents indicated that this was done to improve production anfd the company's competitiveness (53%) or to cut costs (10,3%). Other reasons cited for this move were improvements in the administration of the company and to make the work easier (table 15)

Table 15: Reasons for introducing new machinery by sector

SECTOR	Improve Production	Cutting Cost	Other	**ROW TOTAL**
Mining	12 48.0%	4 16.0%	9 36.0%	**25** **28.7%**
Transport	5 62.5%	1 12.5%	2 25.0%	**8** **9.2%**
Retail	13 48.1%	3 11.1%	11 40.7%	**27** **31.0%**
Manufacturing	10 66.7%	1 6.7%	4 26.7%	**15** **17.2%**
Fishing	5 55.6%	0 .0%	4 44.4%	**9** **10.3%**
Other	1 33.3%	0 .0%	2 66.7%	**3** **3.4%**
COLUMN TOTAL	**46** **52.9%**	**9** **10.3%**	**32** **36.8%**	**87** **100.0%**

The effects of the new machinery on workers differed from sector to sector and company to company. Overall, more than half the respondents indicated the new machinery did not affect them at all. 10,6% indicated that it resulted in increased training for staff, particularly in the manufacturing industry. By contrast, this did not seem to have happened to a significant extent in the mining industry where almost 20% of the respondents indicated that new machinery led to retrenchments. Unlike in the other sectors, 11,5% of the respondents in the mining sector indicated that new machinery led to a faster pace of work. Respondents in the other sectors felt that new machinery hardly affected employment levels and training (table 16).

Table 16: Effects of new machinery by sector

SECTOR	None	Retrench-ment	Faster pace of work	Increased Training	Additional Employ-ment	Other	ROW TOTAL
Mining	10 38.5%	5 19.2%	3 11.5%	1 3.8%	2 7.7%	5 19.2%	**26 30.6%**
Transport	7 100.0%	0 .0%	0 .0%	0 .0%	0 .0%	0 .0%	**7 8.2%**
Retail	15 65.2%	1 4.3%	0 .0%	3 13.0%	1 4.3%	3 13.0%	**23 27.1%**
Manufactur-ing	8 53.3%	0 .0%	1 6.7%	5 33.3%	0 .0%	1 6.7%	**15 17.6%**
Fishing	4 40.0%	1 10.0%	0 .0%	0 .0%	0 .0%	5 50.5%	**10 11.8%**
Other	2 50.0%	0 .0%	1 25.0%	0 .0%	1 25%	0 .0%	**4 4.7%**
COLUMN TOTAL	**46 54.1%**	**7 8.2%**	**5 5.9%**	**9 10.6%**	**4 4.7%**	**14 16.5%**	**85 100.0%**

An interesting finding was the trend of increasing recruitment rather than retrenchments in most sectors covered by our study. Despite a general decline in the mining sector, 62,1% of the respondents indicated that recruitment took place during the past 5 years. Against the background of new technologies used in this sector, this might indicate that people with technical skills were hired. Most respondents in the transport, retail, manufacturing and fishing sectors also indicated that recruitment took place over the past 5 years (table 17).

Table 17: Recruitment over past 5 years by sector

		Recruitment during past 5 years			
		Yes	No	Dont Know	Total
SECTOR	Mining	18 62.1%	11 37.9%		**29 100.0%**
	Transport	7 77.8%	2 22.2%		**9 100.0%**
	Retail	17 54.8%	13 41.9%	1 3.2%	**31 100.0%**
	Manufacturing	12 85.7%	2 14.3%		**14 100.0%**
	Fishing	7 77.8%	2 22.2%		**9 100.0%**
	Other	1 25.0%	2 50.0%	1 25.0%	**4 100.0%**
Total		**62 64.6%**	**32 33.3%**	**2 62**	**96 100.0%**

On the other hand, workers in most sectors were also affected by retrenchments, particularly those in the mining and fishing sectors. In the fishing industry this can be explained as a result of a high turnover of workers due to the dependence on seasons and quotas. In the mining industry retrenchments were brought about by a reduction in production, outsourcing and the introduction of new technologies. 50% of the respondents in the mining industry and 30% of those in the fishing sector blamed new machinery for the retrenchments experienced. In all other sectors, however, respondents indicated that the introduction of new machinery did not lead to retrenchments (tables 18 and 19).

Table 18: Retrenchments over the past 5 years by sector

		Retrenchment over past 5 years			
		Yes	No	Dont Know	**Total**
SECTOR	Mining	23	6		**29**
		79.3%	20.7%		**100.0%**
	Transport	3	6	1	**10**
		30.0%	60.0%	10.0%	**100.0%**
	Retail	7	24		**31**
		22.6%	77.4%		**100.0%**
	Manufacturing		14		**14**
			100.0%		**100.0%**
	Fishing	6	5		**11**
		54.5%	45.5%		**100.0%**
	Other	1	3		**4**
		25.0%	75.0%		**100.0%**
Total		**40**	**58**	**1**	**99**
		40.4%	**58.6%**	**1.0%**	**100.0%**

Table 19: Retrenchments as a result of new machinery?

		Retrenchment as result of new machinery		
		Yes	No	**Total**
SECTOR	Mining	13 50.0%	13 50.0%	**26** **100.0%**
	Transport		8 100.0%	**8** **100.0%**
	Retail	1 4.3%	22 95.7%	**23** **100.0%**
	Manufacturing		14 100.0%	**14** **100.0%**
	Fishing	3 30.0%	7 70.0%	**10** **100.0%**
	Other		4 100.0%	**4** **100.0%**
Total		**17** **20.0%**	**68** **80.0%**	**85** **100.0%**

One of the strategies to reduce labour costs (and to undermine unionisation of workers) is the employment of casual workers, particularly for low skilled jobs. Companies tend to benefit in the short term from reduced labour costs by employing such workers 'on demand', usually without the benefits enjoyed by permanent workers. This trend is visible in all sectors of the Namibian economy as 63,9 % of all respondents indicated that casual workers are used by their employers. The use of casual labour seems particularly widespread in the manufacturing sector (table 20). Surprisingly, the phenomenon of casualistaion does not only affect unskilled and semi-skilled workers but also skilled workers, clerical and supervisory staff. This can be observed especially in the mining sector (table 21).

Table 20: The use of casual workers by sector

		The use of casual worker			
		Yes	No	Dont Know	**Total**
SECTOR	Mining	24	8		**32**
		75.0%	25.0%		**100.0%**
	Transport	1	7	2	**10**
		10.0%	70.0%	20.0%	**100.0%**
	Retail	19	17	1	**37**
		51.4%	45.9%	2.7%	**100.0%**
	Manufacturing	13	1		**14**
		92.9%	7.1%		**100.0%**
	Fishing	8	3		**11**
		72.7%	27.3%		**100.0%**
	Other	4			**4**
		100.0%			**100.0%**
Total		**69**	**36**	**3**	**108**
		63.9%	**33.3%**	**2.8%**	**100.0%**

Table 21: The use of casuals by skills

		The use of casuals			
		Yes	No	Dont Know	**Total**
OCCUPATION	unskilled and semiskilled	38	24	2	**64**
		59.4%	37.5%	3.1%	**100.0%**
	skilled worker (artisan)	10	3		**13**
		76.9%	23.1%		**100.0%**
	clerical and supervisory staff	20	7	1	**28**
		71.4%	25.0%	3.6%	**100.0%**
	managerial and professional staff	1	2		**3**
		33.3%	66.7%		**100.0%**
Total		**69**	**36**	**3**	**108**
		63.9%	**33.3%**	**2.8%**	**100.0%**

Subcontracting and outsourcing is widespread in the mining sector but seems less common in the other sectors (table 19). However, 27,3% of respondents in the fishing sector and 24,3% of those in the retail sector also indicated that their employers outsourced and sub-contracted some of the company's functions (table 22).

Table 22: Subcontracting/outsourcing of functions by sector

		Subcontracting/Outsourcing of functions			
		Yes	No	Dont know	**Total**
SECTOR	Mining	31 93.9%		2 6.1%	**33** **100.0%**
	Transport	1 10.0%	9 90.0%		**10** **100.0%**
	Retail	9 24.3%	23 62.2%	5 13.5%	**37** **100.0%**
	Manufacturing	2 15.4%	10 76.9%	1 7.7%	**13** **100.0%**
	Fishing	3 27.3%	8 72.7%		**11** **100.0%**
	Other	1 25.0%	2 50.0%	1 25.0%	**4** **100.0%**
Total		**47** **43.5%**	**52** **48.1%**	**9** **8.3%**	**108** **100.0%**

When asked about the consequences of sub-contracting for the workers concerned, 69,9% of the respondents indicated that those workers were usually transferred to the subcontactor. 14,3% indicated that workers were transferred to other departments within their company but 23,8% indicated that workers affected by subcontracting were retrenched (table 23). These retrenchments did not only affect unskilled and semi-skilled workers, but also skilled workers to a significant extent (table 24).

Table 23: Effects of subcontracting/outsourcing by sector

SECTOR	Incorporated into subcontract	Transferred to other department	Retrenchment	ROW TOTAL
Mining	14 48.2%	5 17.2%	10 34.5%	**29** **69.0%**
Retail	8 100.0%	0 .0%	0 .0%	**8** **19.0%**
Manufacturing	2 100.0%	0 .0%	0 .0%	**2** **4.8%**
Fishing	1 50.0%	1 50.0%	0 .0%	**2** **4.8%**
Other	1 100.0%	0 .0%	0 .0%	**1** **2.4%**
COLUMN TOTAL	**26** **61.9%**	**6** **14.3%**	**10** **23.8%**	**42** **100.0%**

Table 24: Effects of subcontracting/outsourcing by skill

OCCUPATION	Incorporated into subcontract	Transferred to other department	Retrenched	ROW TOTAL
Unskilled & semi-skilled	12 66.7%	2 11%	4 22.2%	**18** **42.9%**
Skilled worker (artisan)	8 53.4%	2 13.3%	5 33.3%	**15** **35.7%**
Clerical & supervisory staff	6 85.7%	1 14.3%	0 .0%	**7** **16.7%**
Managerial & professional	0 .0%	1 50.0%	1 50.0%	**2** **4.8%**
COLUMN TOTAL	**26** **61.9%**	**6** **14.3%**	**10** **23.8%**	**42** **100.0%**

Company mergers are another feature of globalisation. They occur as companies try to increase their control over markets. This may take the form of eliminating competition through mergers with companies in the same sector. Namibian workers experienced mergers particularly in the mining and fishing industries (table 25). Such mergers resulted in retrenchments according to 41,4% of the respondents while 34,5% indicated that mergers did not affect workers at all. 13,8% of respondents indicated that mergers resulted in new recruitments (table 26).

Table 25: Merger by sector

SECTOR	Company merged with others			TOTAL
	Yes	No	Don't Know	
Mining	12 38.7%	17 54.8%	2 6.5%	**31 100.0%**
Transport		9 90.0%	1 10.0%	**10 100.0%**
Retail	9 26.5%	23 67.6%	2 5.9%	**34 100.0%**
Manufacturing	2 20.0%	8 80.0%		**10 100.0%**
Fishing	5 45.5%	6 54.5%		**11 100.0%**
Other	1 25.0%	3 75.0%		**4 100.0%**
TOTAL	**29 29.0%**	**66 66.0%**	**5 5.0%**	**100 100.0%**

Table 26: Effect of mergers on workers by sector

SECTOR	Retrenchments	New Recruitments	Better working conditions	Poorer working conditions	No Effects	ROW TOTAL
Mining	6 42.9%	2 14.3%	2 14.3%	0 .0%	4 28.6%	**14 48.3%**
Retail	3 33.3%	0 .0%	0 .0%	0 .0%	6 66.7%	**9 31.0%**
Manufact-uring	2 100.0%	0 .0%	0 .0%	0 .0%	0 .0%	**2 6.9%**
Fishing	1 25.0%	2 50.0%	0 .0%	1 25.0%	0 .0%	**4 13.8%**
COLUMN TOTAL	**12 41.4%**	**4 13.8%**	**2 6.9%**	**1 3.4%**	**10 34.5%**	**29 100.0%**

The form of mergers differed between industrial sectors. In the mining industry, the most significant event was the joint venture between the Namibian government and De Beers to form Namgem. In the fishing industry, the Ministry of Fisheries and Marine Resources encouraged joint ventures between foreign fishing companies and local companies. This was experienced by fishing workers in our sample. In the manufacturing and retail sectors, mergers took the form of one company buying another one (table 27).

Table 27: The form of merger by sector

		The form of the merger						
		Was bought by another company	Bought another company	Partnership with Grn	Partnership with local private company	Partnership with international company	Other	**Total**
SECTOR	Mining			10	1	1		**12**
				83.3%	8.3%	8.3%		**100.0%**
	Retail	3	2				4	**9**
		33.3%	22.2%				44.4%	**100.0%**
	Manufacturing		2					**2**
			100.0%					**100.0%**
	Fishing				4			**4**
					100.0%			**100.0%**
	Other				1			**1**
					100.0%			**100.0%**
Total		**3**	**4**	**10**	**6**	**1**	**4**	**28**
		10.7%	**14.3%**	**35.7%**	**21.4%**	**3.6%**	**14.3%**	**100.0%**

Training is one of the strategies employed by companies to increase productivity and to improve their competitiveness. The main reasons cited for training were to increase productivity and to use new machinery (table 28). About 70% of the respondents indicated that they were offered training by their employers. The figure was particularly high in the retail sector where almost 90% of respondents indicated that they received training (table 29). Training was mostly offered to skilled workers, supervisory and clerical staff but also to more than 50% of unskilled and semi-skilled workers (table 20).

Table 28: Reasons for training by total sample

REASONS	Count	% of Responses	% of Cases
New Machinery	29	35.4%	49.0%
New Products/service	4	4.9%	6.3%
Increase Productivity	40	48.8%	63.5%
Other	9	11.0%	14.3%
TOTAL RESPONSES	**82**	**100.0%**	**130.2%**

Table 29: Training offered by sector

		Training offered		
		Yes	No	**Total**
SECTOR	Mining	25 75.8%	8 24.2%	33 100.0%
	Transport	4 40.0%	6 60.0%	10 100.0%
	Retail	32 88.9%	4 11.1%	36 100.0%
	Manufacturing	9 64.3%	5 35.7%	14 100.0%
	Fishing	5 45.5%	6 54.5%	11 100.0%
	Other		4 100.0%	4 100.0%
Total		**75** **69.4%**	**33** **30.6%**	**108** **100.0%**

Table 30: Training offered by type of work

		Training offered		
		Yes	No	**Total**
OCCUPATION	unskilled and semiskilled	38 58.5%	27 41.5%	**65** **100.0%**
	skilled worker (artisan)	10 76.9%	3 23.1%	**13** **100.0%**
	clerical and supervisory staff	24 88.9%	3 11.1%	**27** **100.0%**
	managerial and professional staff	3 100.0%		**3** **100.0%**
Total		**75** **69.4%**	**33** **30.6%**	**108** **100.0%**

The training offered to workers covered in our sample was usually of fairly short duration, lasting from a few days up to 4 weeks. 40,5% of the respondents indicated that their training lasted between 1-4 weeks. One third of the respondents (33,8%) indicated that they received training of 1-3 months length while about 15% of the respondents indicated that they received training for more than 3 months (table 31).

Table 31: Training duration by type of work

OCCUPATION	1-6 days	1-4 weeks	1-3 months	4-6 months	7-12 months	More than 1 year	ROW TOTAL
Unskilled & semiskilled	5 12.8%	18 46.2%	13 33.3%	1 2.6%	2 5.1%	0 .0%	**39** **52.7%**
Skilled workers (artisan)	2 16.7%	4 33.3%	4 33.3%	1 8.3%	0 .0%	1 8.3%	**12** **16.2%**
Clerical & supervisory staff	1 5.0%	7 35.0%	7 35.0%	4 20.0%	0 .0%	1 5.0%	**20** **27.0%**
Managerial & professional	0 .0%	1 33.3%	1 33.3%	0 .0%	0 .0%	1 33.3%	**3** **4.1%**
COLUMN TOTAL	**8** **10.8%**	**30** **40.5%**	**25** **33.8%**	**6** **8.1%**	**2** **2.7%**	**3** **4.1%**	**74** **100.0%**

Regarding labour relations in general and workers' satisfaction with trade unions, we asked respondents if they were satisfied with the services rendered by their trade unions and if they were scared to complain at work. 73,8% indicated that they were satisfied with their union while 10,7% were partly satisfied. 15,5% were not satisfied, particularly those workers in clerical and supervisory positions. Almost 30% of them were not satisfied with the services rendered by their union (table 32).

Table 32: Union satisfaction by type of work

		Satisfaction with union			
		Yes	No	Partly	Total
OCCUPATION	unskilled and semiskilled	40 75.5%	7 13.2%	6 11.3%	53 100.0%
	skilled worker (artisan)	10 76.9%	1 7.7%	2 15.4%	13 100.0%
	clerical and supervisory staff	12 70.6%	5 29.4%		17 100.0%
	managerial and professional staff			1 100.0%	1 100.0%
Total		62 73.8%	13 15.5%	9 10.7%	84 100.0%

Most respondents indicated that they were not scared to complain at work. This was the case particularly with workers below clerical and supervisory positions. However, almost 20% of respondents in clerical and supervisory positions were scared to complain, mainly for fear of loosing their jobs. This indicates a higher level of insecurity among workers in those positions (tables 33 and 34).

Table 33: Scared to complain by type of work

		Scared to complain		
		Yes	No	**Total**
OCCUPATION	unskilled and semiskilled	7 11.7%	53 88.3%	**60** **100.0%**
	skilled worker (artisan)	1 7.7%	12 92.3%	**13** **100.0%**
	clerical and supervisory staff	5 19.2%	21 80.8%	**26** **100.0%**
	managerial and professional staff		3 100.0%	**3** **100.0%**
Total		**13** **12.7%**	**89** **87.3%**	**102** **100.0%**

Table 34: Why scared to complain by type of work

		Why scared to complain			
		Intimidation by manager	Scared to loose job	Other	**Total**
OCCUPATION	unskilled and semiskilled		5 83.3%	1 16.7%	**6** **100.0%**
	skilled worker (artisan)		1 100.0%		**1** **100.0%**
	clerical and supervisory staff	1 25.0%	2 50.0%	1 25.0%	**4** **100.0%**
Total		**1** **9.1%**	**8** **72.7%**	**2** **18.2%**	**11** **100.0%**

The impact of privatisation[5]

The drive to privatise is neither new nor unique to Namibia. As mentioned earlier, beginning in the 1970s, and gaining momentum throughout the 1980s and 1990s, has been the global trend away from state ownership and control towards privatisation and commercialisation. The drive to privatise grew out of a two-fold process: Firstly the realisation (or perception) that many state-owned companies were inefficient, poorly managed, unable to sustain themselves, and a burden on the fiscus; and se secondly the growing dominance of neo-liberalism as a model of economic development. This model advocates that the state should withdraw from economic activity and allow market forces to allocate resources. The experience of privatisation around the world shows that the policy comes in many shapes and sizes. Some define privatisation narrowly as the transfer of ownership from the state to private companies while others define it broadly as the replacement of state management and planning by competitive markets. Box 2 shows various definitions.

Box 2: DEFINITIONS OF PRIVATISATION

- ***Privatisation*** **(narrow definition): The transfer of (either full or partial) ownership from the state to private companies or individuals.**
- ***Privatisation*** **(broad definition): The replacement of state management and planning by competitive markets. This refers not only the transfer of ownership to the private sector, but also to the delegation of government functions to private companies (out-sourcing) as well as to the running of public activities on a market-like basis (commercialisation).**
- ***Corporatisation*****: The process whereby government departments (or functions within departments) are reconstituted as state-owned corporations.**
- ***Commercialisation:*** **The infusion of market-driven logic into the enterprise, and the introduction of commercial goals, values and private sector management orientation.**
- ***Contracting-out/out-sourcing:*** **Also known as the privatisation of service provision, this refers to the situation in which the public service, parastatal or local authority ceases to perform an activity and enters into contracts with the private sector to provide it.**
- ***Public-private partnerships*****: Here the state retains ownership of the utility and regulates the performance of the private company which provides the service. This may take the form of service contracts, management contracts, lease contracts, or long term concessions.**

Source: Murray 2000

[5] This section is based on LaRRI's study on public sector restructuring (2000).

In Namibia, privatisation has thus far taken the form of commercialisation and contracting-out (the privatisation of service provision), although the sale of state assets and utilities in the future cannot be ruled out. Corporatisation and commercialisation are commonly regarded as 'first steps' in the privatisation of ownership. In order to privatise and attract potential private sector investors, the state must firstly restructure its utilities and services to make them financially viable. Contrary to popular perception, the private sector is not necessarily queuing up to buy up all the assets which governments are willing to sell. Instead, the private sector carefully assesses the opportunities for profit-making before buying state utilities. Hence profitable enterprises such as telecommunications tend to get fully sold off, while less profitable enterprises tend to be subject to 'public-private partnerships' with the state retaining ownership while entering into some kind of service agreement.

Objectives

To date, a number of policy proposals such as those of the Wage and Salary Commission, the National Development Plan, and the Outsourcing Policy (of the Efficiency and Charter Unit in the Office of the Prime Minister) have been made. This indicates that a serious process of public sector restructuring is getting underway. The key objectives behind this drive to privatise are as follows:

Downsizing the public service - This is perhaps the central objective behind the restructuring process. Numerous policy proposals have suggested that Government spends too large a proportion of its budget on personnel expenditures. The WASCOM (accepted by Cabinet in December 1995), for example, recommended that the public service must reduce its personnel expenditure by at least 2% per year. A commonly held perception within Government is that the optimum size of the public service is 30 000, which means a reduction by 50%. Outsourcing and commercialisation are the principal strategies to attain downsizing. Compared to outright retrenchment, these strategies appear to be the least politically controversial, particularly in view of the fact that restructuring is not being directly associated with any privatisation drive, and employees are being transferred to new undertakings on similar terms and conditions of employment. In a sense, by transferring employees to new undertakings, Government is deferring the responsibility for downsizing to these companies (and their boards of directors). In other words, downsizing will now become a more fragmented and de-politicised process.

Reduce fiscal deficits - Related to the objective outlined above, it is thought that reducing Government expenditure and contracting out functions and activities to the newly established commercialised entities will reduce fiscal deficits to targets seen necessary for macro-economic growth (for example: NDP1; White Paper-Towards a Sustainable Fiscal Policy).

Improving efficiency - This is perhaps the second most important objective behind restructuring, and has grown out of the realisation that Government is not performing as well as it should. There is widespread concern that Government output (in terms of productivity and service delivery) does not justify the amount of (financial and human) resources which Government invests. Underlying this objective is the (neo-liberal) belief that organisations running on market-principles (as do commercialised entities) are inherently more efficient than government.

Improving service delivery - Evident in the Outsourcing Policy of Government is the belief that outsourcing and commercialisation will actually improve the delivery of government services. This is closely tied to the neo-liberal belief that the market is an efficient and effective allocator or resources, and that government should limit its role as service provider. However, such assumptions fail to account for the fact that when left to 'the will of the market' resources and services tend to gravitate to those who can afford them, leaving out the poor. This necessitates a central role for Government in service delivery, especially in a country like Namibia with huge socio-economic deficits and disparities in wealth and income, and where a large proportion of the population do not have access to basic needs goods and services.

The form of restructuring

Public sector restructuring in Namibia is primarily taking the form of outsourcing and commercialisation. The Ministry of Works, Transport and Communication (MWTC), for example, had about 10 500 employees at independence. The creation of commercialised companies (Telecom, Namibia Post, and TransNamib) resulted in a reduction of about 3000 employees by 1998. The MWTC 2000 project was then introduced which will reduce the Ministry's staff to about 300 while all other employees will be transferred to independent operational entities to carry out maintenance of roads, government buildings, gardens, stores, airports etc. Security and printing services will also be outsourced. The new entities will receive government contracts for a period of 3 years and thereafter will have to compete for government jobs through open tenders.

To date, the debate on privatisation has been shaped by the commonly held perception that privatisation is not happening in Namibia. The processes of commercialisation and outsourcing (in the Public Service) as well as outsourcing and public-private partnerships in the municipalities is not seen to be an integral component of privatisation. In Namibia, privatisation is currently defined in its narrowest sense as the 'transfer of ownership to the private sector', rather than the intrusion of market forces into public activities and services (as in the broad definition).

As Chris Smith, the deputy director of the Efficiency and Charter Unit suggests, 'privatisation', like 'downsizing' are baggage words which give rise to a particular political and emotional response, especially from the trade unions. Government has therefore been careful to avoid sparking a controversial debate around these processes, especially in the run-up to the national elections of December 1999. This is in spite of the centrality of these concepts (downsizing and privatisation) to any public sector restructuring process, Namibia being no exception.

So to answer the question 'Is privatisation happening in Namibia?' will depend on how one defines privatisation. In the narrow sense (transfer of ownership to the private sector), privatisation has not yet commenced. But even if there is no direct transfer of ownership, this doesn't preclude private sector involvement in public sector activities and services. This can take a number of forms including joint ventures, partnerships, ownership in SOOE subsidiaries etc. Furthermore, at the risk of being speculative, if one is to take seriously the recommendations of policy proposals emanating from WASCOM and the ongoing Deloitte and Touche SOOE review, it is expected that a number of SOOEs are soon to be (partly) privatised. This is especially the case with those SOOEs which are performing particularly badly (eg. Air Namibia) where it will be argued that private sector involvement can turn companies around and actually generate revenue for Government, which is likely to continue to hold (majority) shares. Given that SOOEs like Air Namibia are costing the Government hundreds of millions of dollars, Government may find such scenarios too tempting to resist. Also in the context of a failing export-oriented industrialisation strategy (built around EPZs), Government is becoming increasingly desperate to attract foreign investment and generate foreign exchange earnings.

The implications for workers

Even if privatisation as a transfer of ownership doesn't take place in the immediate future, commercialisation and outsourcing, as well as the privatisation of service provision in the municipalities, represents a serious challenge for trade unions. This challenge can be summarised as follows:

The changing organisation of work - In the public service, all 'non-essential' work is being eliminated, and all necessary services and activities are being divided along the lines of 'core' and 'non-core' functions. All those classified as 'non-core' will be outsourced, mostly to newly established commercialised companies like Namibia Wildlife Resorts, Airports Company etc. These companies are run on commercial principles, which means their key focus will be on increasing outputs and decreasing operational (and labour) costs. The commercialised companies may engage cost-accounting methods to assess efficiency within individual units within the organisation, and if the unit is deemed to be inefficient, they may outsource functions to private companies. In other words, like Government, commercially oriented state-owned companies will also distinguish 'core' from 'non-core' services, and outsource 'non-core' services if they are considered to be 'inefficiently operated'. This may result in retrenchment.

A similar restructuring process is happening within municipalities, also with the division of 'core' and 'non-core' services. 'Non-core' services (security, cleaning, refuse removal, parks and gardens etc) are being outsourced (through tendering) to private firms or SMMEs (in the name of economic empowerment). This privatisation of municipal service provision may represent a major setback, not only for workers who may lose their jobs, but also for poor communities who may suffer increased user charges and a loss of accountability. This is especially the case where private companies operate concessions and become responsible for collecting rates and tariffs (as in some forms of public-private partnership). Partnerships between TNCs and municipalities are just commencing in Namibia, and the first contract was signed between Swakopmund municipality and a German water and sanitation multinational.

Terms and conditions – So far, workers who have been transferred from the Public Service to commercialised companies have not suffered any decrease in their terms and conditions of employment. Worrying though, in the case of the Public Service, is the fact that often no grace period has been negotiated. Given the escalating levels of outsourcing in commercialised companies, this means that job insecurity among transferred workers remains high. This insecurity will increase if these SOOEs start resorting to more widespread use of casual labour in order to reduce costs (to meet efficiency and performance targets). Even those workers who will be transferred to independent entities as part of the MWTC 2000 programme will only have a grace period of 3 years in which they are assured of government contracts. Thereafter they will have to compete for government tenders on the 'open market'.

With regards the municipalities, the process of outsourcing has only just begun, so it is too soon to tell how it will affect workers' terms and conditions.

Collective bargaining - Workers who have been transferred from the Public Service to new undertakings find themselves no longer protected by collective bargaining agreements. Trade unions once again need to prove that they represent the majority in order to be recognised as exclusive bargaining agent. This can often prove to be a tedious and time-consuming process, especially when a rival union is active in the new undertaking. What may even happen is that after being transferred, workers find themselves represented by a different union. This could well happen in the case of workers transferred from the Ministry of Works, Transport and Communication (where they were represented by the Namibia Public Workers Union - NAPWU) to the Airports Company (where the the Public Service Union of Namibia - PSUN - may have a majority). In this sense, restructuring divides bargaining units, and may even represent a net loss of members for certain unions (and a gain for others).

Trade union responses

So how have trade unions responded to the restructuring process, and what has been their input? According to Ranga Haikali, Secretary General of the National Union of Namibian Workers (NUNW), the NUNW has completely rejected privatisation because privatisation will only be in the interests of the large multinationals who will buy up the shares. Citing the case of Zambia, Haikali suggests privatisation will only result in retrenchments and higher unemployment and poverty. At the same time the union federation understands that public sector restructuring is inevitable, and has been told as much by the Office of the Prime Minister. The concern of the NUNW (and its affiliate NAPWU) has therefore been to limit the damage in terms of their members' interests. The NUNW and NAPWU have both been involved in consultations with the Office of the Prime Minister, where they made it clear that privatisation (transfer of ownership to the private sector) would be rejected outright. Indeed, the feeling is that this is one of the reasons why the Government has been backtracking (or at least postponing) discussions around privatisation. As Haikali explains: ‘The Office of the Prime Minister then came with a set of proposals around commercialisation, with a "clear set of checks and balances" to ensure that the interests of workers would be catered for as best as possible. To that extent we have accepted commercialisation... but it is with the assurance of Government that they will not privatise’. Haikali has confidence that Government will not renege on its promises: ‘Even if the boards of directors [of the commercialised companies] decide to privatise, it still has to go through Cabinet...and we have confidence that the present Cabinet will respect our concerns’.

NAPWU echoes the sentiments of its federation in its rejection of privatisation. As deputy General Secretary Peter Nevonga argues: ‘Privatisation will lead to a civil war in the country. We will fight it’. However NAPWU has given qualified support to the process of commercialisation, because Government ‘is still in control’ and can therefore be pressured to intervene on behalf of workers and the unions. Nevonga, however, is unhappy with the way in which core and non-core activities are being categorised. As Nevonga argues: ‘We thought that they would only commercialise the non-core services’. Referring to the establishment of Namwater he argues: ‘Water is life. It cannot be regarded as non-core. Now it means that the price of water will increase’.

Nevonga is also concerned about outsourcing in state-owned companies. He cites the case of the Development Brigade Corporation which outsourced certain functions to its subsidiary Star Protection. But the failure of Star Protection to capture a sufficient market share (in the competitive security services) has meant workers being placed on a three day working week. NAPWU shopstewards from Telecom and Namwater also experienced outsourcing in their construction and security departments.

According to Nevonga, NAPWU will not tolerate municipalities outsourcing services to private sector service providers. As Nevonga argues: ‘Municipalities have facilities and they have capable workers who can do the job. The municipalities are trying to run away from their responsibilities. If they are weak they should look at solving their problems, not just handing over their responsibilities to the private sector. We see what happens in the private sector....they don't care about workers... they don't give benefits....they still have the colonial mentality with whites at the top getting all the benefits. We don't want to be partners with them. It is the supervisors and managers [in the municipalities] who should be replaced. Workers just do their job as they're told. If they're not being properly managed that is the municipalities' problem...it's not our problem. We don't want to know about this privatisation ...we will just reject it'.

Steve Rukoro, Secretary General of Public Service Union of Namibia (PSUN), also hints at some of the deep seated problems in the public sector which are being side-stepped in the restructuring process. He suggests that commercialisation won't remove what he regards as the fundamental problems - croneyism, corruption and poor management. According to Rukoro, these 'ills of the system' will just be displaced from Government to the commercialised entities. So why should we expect any better performance from these companies he asks cynically. Rukoro is also sceptical about the organisation of work in the planned Road Contractors Company. He argues that 'it is not a "bed of roses" as it is made out to sound. Where do workers get the money to buy the equipment. After the honeymoon period [referring to the 3-year grace period of getting guaranteed contracts from Government] workers will be competing against large companies like Grinaker Construction. If the new (MWTC 2000) companies lose tenders then the workers will be out of work...' Rukoro argues that while some outsourcing can promote black economic empowerment...'We need to be cautious. We don't just want to create new elites… benefits must go to the whole population'.

These perceptions reveal that unions are not going to take privatisation lying down, although unions might not adequately have thought through the implications of commercialisation and outsourcing which are almost the same as in the case of an outright transfer of ownership to the private sector. The idea that Government will intervene in the affairs of a commercialised company on behalf of workers needs to be cautioned against. Government is coming under increasing pressure to standardise its governance arrangements of state-owned companies. The move is towards greater decision-making autonomy for company boards and executive management. With regards municipalities, Government is supportive of the concepts of outsourcing and public-private partnerships in municipal service provision. This suggests that unions will have to be particularly innovative and proactive in their anti-privatisation campaigns, building a common vision among the different unions, and with other civil society organisations (such as NGOs) whose constituency will also be affected by the consequences of privatisation. These organisations may have to pressurise Government not to renege on its fundamental obligations regarding service delivery, particularly of goods and services to satisfy basic needs. It may also mean unions getting more involved in addressing the problems of inefficiency in Government, and suggesting alternative ways to reduce Government spending and to increase efficiency in the public sector. After all, privatisation (in all its forms) might create even bigger problems than what it may be able to resolve. In Zambia, for example, the Government and the World Bank presented the privatisation programme as a major success because it has reduced the government's budget deficit and brought in foreign investment. However, the programme also had a devastating social impact in terms of growing unemployment and poverty. This sends a warning to Namibia to carefully assess which type of public sector reform will increase efficiency while at the same time safeguarding employment and affordable service delivery for the disadvantaged majority.

EPZs and labour[6]

The question of labour rights in EPZs has been a source of conflict since the passing of the EPZ Act. Although Namibia's social security act applies fully in EPZs, this is not the case with the Labour Act of 1992. Instead, the EPZ Act empowers the Minister of Trade and Industry, in consultation with the Minister of Labour and Human Resources Development to make regulations regarding basic conditions of employment, termination of employment and disciplinary actions, as well as health, safety and welfare conditions.

The exclusion of the Labour Act immediately led to heated debate in Namibia. The government argued that both local and foreign investment in the first five years of independence has been disappointing and that EPZs are the only solution to high unemployment. President Sam Nujoma described the exclusion of the Labour Act as necessary to allay investors' fear of possible industrial unrest. He promised that regulations on conditions of employment would be put in place to address the fears of workers. In the meantime, however, he declared "the non-application of Namibia's Code in the EPZ Regime is a delicate compromise which is necessary to achieve the larger goal of job creation" (The Namibian, 30 October 1995).

The National Union of Namibian Workers (NUNW) on the other hand opposed the exclusion of the Labour Act as a violation of both the ILO convention and Namibia's constitution. The union federation instructed its lawyers to challenge the constitutionality of the EPZ Act in court. However, during a high level meeting between the government, SWAPO and the NUNW, on 21 August 1995, a compromise was reached. It stipulates that the Labour Act will apply in the EPZs, but that strikes and lockouts would be outlawed for a period of five years (The Namibian, 24 March 1995 and 23 August 1995). Although this compromise was greeted with mixed

[6] This section is based on LaRRI's EPZ study 2000.

responses from Namibian unionists, it was formally endorsed during a special meeting between the NUNW and its affiliates in September 1995.

Labour relations continue to be one of the problem areas relating to EPZs. Some EPZ companies do not recognise trade unions and refuse to grant them access. Other EPZ companies experienced tensions and had to rely on the EPZ Management Company to mediate the conflict. There are, however, significant differences between the individual EPZ companies. At some, labour relations seem to be fairly stable with few conflicts and occasional consultations with workers while at other EPZ companies labour relations are openly hostile.

A notable feature of EPZs is the almost complete absence of collective bargaining as envisaged by the Namibian Labour Act. The Metal and Allied Namibia Workers Union (MANWU) submitted proposed recognition agreements to two EPZ companies in Walvis Bay in 1997 and 1999, but did not receive any response. One of the companies (Libra Bathroom Ware) eventually signed the recognition agreement in October 2000 but retrenched 37 out of its 72 workers at the beginning of December 2000. The Metal and Allied Namibia Workers Union (MANWU) which had just signed a recognition agreement with the company was furious and pointed out that almost all retrenched workers were union members. The union regarded the retrenchments as a union bashing strategy aimed at punishing workers who had joined the union. The company argued that the retrenchments were necessary to ensure the company's long-term survival. The Managing Director said that production had to be reduced from 4 500 manufactured units to 1 500 per month due to an extremely competitive world market, resulting in an oversupply of stock. He also stated that Namibian labour was not cheap compared with other countries and that this was the reason why the EPZ was not attracting new business (The Namibian 6 December 2000).

The diamond polishing company NamGem (a joint venture between the Namibian government and De Beers) is the only other EPZ company that has so far signed a recognition agreement with a trade union, the Mineworkers Union of Namibia (MUN). This is the only EPZ company where collective bargaining takes place.

One company holds regular meetings with workers' representatives to discuss problems and possible improvements regarding some of the problems they experience at work. One company has established a factory committee as a forum for negotiations. Another company discusses wages with workers directly but is not interested to negotiate with trade unions. As the manager explained: 'Someone who joins a union does not have confidence in the employer. That is when the conflict starts'.

Most Namibian EPZ companies are characterised by a widespread mistrust against trade unions. Unions are widely seen as instigators of workers who expect too much and table unrealistic demands. One EPZ manager openly told his workers that he would not tolerate trade unions because 'they are not allowed in EPZs'. Another manager praised the no-strike-clause of the EPZ act, saying that 'otherwise they [the unions] would eat us'. One EPZ manager indicated that his company would sign a recognition agreement with a union only if it respects the no-strike clause of the EPZ Act. One EPZ manager indicated the company's intention to stop the automatic deduction of union membership fees because such a system would give workers no chance to resign from the union. EPZ managers also complained about mistrust towards foreign investors, low labour productivity, high expectations and a high rate of absenteeism among their workforce.

Trade unions on the other hand experience problems when trying to organise at EPZ companies. They feel that some companies are trying to undermine unions and that they are not respecting the Labour Act. As one union organiser explained: 'EPZ companies are very powerful and get away with many things. They are protected by the EPZ policy and trade unions find it difficult to represent the workers fully. It is easy to resolve problems with non-EPZ companies because the channels of communication are clear. With EPZ companies the channels are complex and blocked' (Interview with A. Kandjala).

Our study found two of the EPZ companies openly violating the Labour Act. Trade unions also feel that EPZ companies are not negotiating in good faith because they know that EPZ workers cannot go on strike. Union organisers also reported that EPZ companies tend to threaten with dis-investment whenever workers table demands. In one instance, the manager of an EPZ company phoned the National Union of Namibian Workers (NUNW) and threatened that he would close his company if workers continued with demonstrations. Another EPZ manager indicated that workers must be careful not to out-market themselves as this would raise negative perceptions among investors.

The prevention of strikes in EPZs is seen by several EPZ companies as an important incentive. According to the Walvis Bay EPZ Management Company most investors first ask about the labour situation and they are pleased with the no-strike-clause (Interview with L. Haufiku). EPZ companies indicated that they need this clause to meet deadlines with 'just-in-time production' and that the clause is one of the major incentives for companies to enter the EPZ. However, this view is not unanimous as 3 EPZ companies indicated that the no-strike-provision is of no relevance to them. One manager said: 'Our workers will in any case go on strike if they want to'.

About a third of the workers admitted that they have been involved in disputes at their workplace. Very few had taken part in "illegal strikes", but some had joined demonstrations and protest meetings. "Go-slows" were unusual, but according to one manager, the popular way of protesting in his company. The predominant cause of the disputes was wages. Few of the disputes were resolved in favour of the workers, there were even incidents that workers were fired (or threatened) as a result of their protests. About half of the EPZ workers are members of a trade union, mostly the Metal and Allied Namibia Workers Union (MANWU), the Namibia Food and Allied Workers Union (NAFAU) or the Mineworkers Union of Namibia (MUN).

In an attempt to diffuse the tense labour relations and to resolve problems before they turn into major conflicts, the Walvis Bay EPZ Management Company has created a Consultative Forum. One forum was held to bring Walvis Bay companies and the unions together and one was created specifically for EPZs. However, the trade unions do no longer attend meetings of the Forum because companies sent 'junior staff' without decision-making power (interviews with L. Haufiku and D. Visser). Labour relations and dialogue between companies and unions are still problematic and the EPZ Management Company still tries to find a lasting solution. The leadership of the EPZ Management Company believes that the way forward as regards labour relations and working conditions of the EPZ lies in improved contact between the parties, and expressed a positive attitude towards collective bargaining practices. This is, however, contrary to the attitude of most managers of EPZ companies. A case in point is Libra Bathroom Ware in Walvis Bay which retrenched 37 out of its 72 workers at the beginning of December 2000. The Metal and Allied Namibia Workers Union (MANWU) which had just signed a recognition agreement with the company was furious and pointed out that almost all retrenched workers were union members. The union regarded the retrenchments as a union bashing strategy aimed at punishing workers who had joined the union (Interview with B. Kandjala 2000). The company argued that the retrenchments were necessary to ensure the company's long-term survival. The Managing Director said that production had to be reduced from 4 500 manufactured units to 1 500 per month due to an extremely competitive world market, resulting in an oversupply of stock. He also stated that Namibian labour was not cheap compared with other countries and that this was the reason why the EPZ was not attracting new business (The Namibian, 6 December 2000).

There are huge differences in the salaries paid by Namibian EPZ companies. The worst case is a company where workers have a nine hours working day with only 30 minutes lunch break and a salary of only N$ 280 - 320 per month. Workers at this company are not even covered by social security and receive no benefits at all. In addition, money is deducted if they are on sick leave – even when they provide a doctor's certificate.

The best paying EPZ company pays N$ 1200 – N$ 2 000 per month for blue collar workers but most other EPZ companies pay wages of N$ 600 – 1 200 per month. EPZ companies offer very few additional benefits. Although five EPZ companies contribute to a pension scheme, only 2 offer a housing allowance and only ones offers a medical aid scheme. One EPZ company provides its employees with 5 kg of meat per month as an additional benefit.

About half of the EPZ workers are permanently employed, and 70 per cent of the workers have written contracts. One of the Walvis Bay based EPZ companies employs about half of its staff as casual workers through Africa Labour Hire.

The main and most regularly experienced problems of Namibian EPZ workers are the following:

- Low salaries and poor benefits
- Poor relations with mangers and supervisors. Many EPZ workers complained about racist practices and colonial treatment, some even mentioned this as a bigger problem than low salary. Generally, the workers are not afraid to complain about working conditions to the supervisors and the management, but in some companies, the workers are afraid to raise problems for fear of loosing their jobs.
- In all EPZ companies, 65 per cent of the workers thought their job involved a health risk. At two companies there are very serious concerns about health and safety conditions. Workers are exposed to chemical fumes, heat or cold and complained about a lack of adequate protective equipment. They also pointed to a lack of independent monitoring of health and safety conditions in EPZ companies.

When questioned about poor working conditions at some EPZ companies, the ODC indicated that workers should be patient and that it is better to earn low salaries than to have no job at all. This indicates that the seriousness of the health conditions are at best unknown to the ODC, or at worst, ignored by them. Referring the Mauritian experience, the ODC pointed out that wages were low at the beginning and increase over time as labour productivity increases. The Central Executive Officer indicated that in his view Namibia needs to build an industrial culture first and that salaries must be determined by the market and not by minimum wage legislation (Interview with S. Aboobakar 1999).

Impact of sub-contracting and labour hire[7]

In recent years a new phenomenon appeared in the Namibian labour market: labour hire companies. They are now featuring prominently in several towns including Walvis Bay, Windhoek, Swakopmund and Tsumeb. The ILO categorises 2 forms of subcontracting, namely job contracting (where a subcontractor supplies goods or services) and labour-only contracting where the sub-contractor supplies merely labour. Namibia's labour hire companies fall into the second category as they merely supply labour to their clients. Referring to international experiences, South African researchers Kenny and Bezuidenhout described such practices as 'the most exploitative form of labour broking' (Kenny and Bezuidenhout 1999: 42). It is therefore hardly surprising, that the emergence of labour hire companies has resulted in to heated debates and angry responses from the Namibian labour movement.

Namibia's labour hire companies hire out workers (mostly unskilled or semi-skilled) to companies for a certain period of time. This period ranges from a few hours to several months or even a year. They are not offering permanent employment to their staff, but merely offer them contracts that are only as long as the contract between the labour hire company and its clients. Labour hire companies do not offer specialised services to a number of firms but merely provide them with casual labour in accordance with the wishes of the client company. Such client companies include private businesses as well as parastatals.

Africa Labour Hire (ALH), based in Walvis Bay, is the dominant labour hire company in Namibia, employing about 1 500 workers countrywide on an ongoing (but contract-bound) basis. In addition, some workers are hired on a daily basis depending on the requests from client companies. ALH supplies three categories of workers, ranging from unskilled workers, to semi-skilled and skilled ones. The other labour hire companies are much smaller and are limited in their operations to specific towns or companies.

[7] This section is based on LaRRI's study on labour hire companies 2000.

The client companies

A wide variety of companies, both private and parastatals, recruit casual workers through labour hire companies. They include mining companies like Rossing Uranium, private companies like Namib Mills, PCI, ABB, Namibia Breweries, Hansa Breweries, Wesbank transport, Brandberg Construction, Namibia Press and Tools (EPZ company in Walvis Bay), parastatals like Transnamib, Nampost, Telecom Namibia and others. Most of the companies interviewed indicated that they use labour hire workers mainly during peak periods, e.g. loading and off-loading trucks, plant cleaning etc. One manager explained:

> *'The main reason why we use labour hire companies is because the work is irregular. There are quiet periods and very busy periods when we need a lot of workers. On busy days we use about 10 –12 labour hire workers, normally just unskilled workers. They are hired on an hourly basis and paid according to thre fixed rate of the labour hire company. When they work on Saturdays they are paid the overtime rate as set out in the Labour Act. We usually use the same group of workers because they already know how to do the job… The work that labour hire workers do does not take place all the time and it is not feasible to employ permanent staff for it. Sometimes there is no work and we can't afford to employ many people which might then have to be retrenched again. That is why we employ only a few people permanently and then get additional workers from labour hire companies when needed.'*

Clients of labour hire companies also found the use of labour hire workers to be cheaper than hiring workers on a permanent basis. Companies save on administrative costs (like calculating wages) and also on the costs for protective clothing. In the words of one manager:

> *'Protective clothing was a problem for us because workers often lost or damaged the clothing and the company had to replace it. Now it is the task of the labour hire company and we just request a number of workers whenever we need them'.*

Another manager added that his company spent large amounts on boots and protective equipment which was sometimes stolen by casual workers. Now the responsibility for protective equipment has been placed on the labour hire company.

Overall, the ability to obtain and dismiss workers at will in line with their company's requirement, seems to be the main reason why client companies use labour hire workers. It allows client companies to turn labour into a commodity that can be ordered and disposed of without any social responsibility towards the workers concerned. Although the overall costs of recruiting casual workers through labour hire companies might not be significantly less than recruiting casual workers directly, the convenience for clients is greatly enhanced. In the words of company managers:

> *'We are very happy with the services rendered by the labour hire company. We can get workers very quickly, within half an hour'.*
>
> *'They are fast to deliver and even during the period when TCL was closed they never gave up trying to find clients to whom they could supply workers. Labour hire workers are not our workers, they belong to the labour hire company. We agree on a rate with the labour hire company and it is not our concern what they pay their workers'.*

Another advantage for companies when using labour hire workers is that they are not unionised and can thus be used as 'scab labour' (strike breakers) during industrial action. As such practices are allowed under the Namibian Labour Act, client companies may use labour hire workers during strikes of their permanent staff**.** One labour hire company stated:

> *'I think it is right that companies should hire casuals during a strike. If you are my client and you phone me to say that your workers are striking, I will send workers because the country's economy suffers if the man cannot produce. That is part of why we have many clients - if he has problems with his workers then I am there to send people to him. And my people will go and work there ... If my people are in safe circumstances, then they will go and work there. My people won't have problems with that, it is work for them'.*

However, several client companies also indicated that they have to pay higher fees for casual workers if they employ them through labour hire companies. This is due to the fees charged by the labour brokers. Client companies thus have to weigh up the higher wage costs against savings regarding administrative costs as well as protective equipment.

The effects on conditions of employment

The employment of casual workers and the increasing flexibility of production globally have resulted in more and more workers loosing permanent employment and job security. As companies try to reduce their permanent staff to those who perform 'core activities', permanent full-time posts are converted into casual jobs. At Rossing Uranium, for example, the workers that were not engaged in 'core mining activities' are being phased out. They are either replaced by labour hire workers, or the complete provision of a specific service is outsourced to a sub-contractor.

The emergence of labour hire companies has meant that several companies do no longer recruit casual workers themselves. They merely request a certain number of workers for a certain period from the labour hire company. They then pay the labour hire company a certain hourly fee per worker but are no longer responsible for the conditions of employment. In other words, the employment contact between employers and employees is replaced by a commercial contract between the labour hire company and its client company.

This system holds direct benefits for the client companies, especially in terms of cutting costs associated with permanent employment like benefits and leave pay. Client companies can utilise subcontracted labour whenever the need arises without being responsible for the employment conditions. They merely negotiate a fee with the labour hire company. Client companies are also free to request specific workers that they utilised before – and they may exclude labour hire workers that did not perform (or behave) to their satisfaction.

Labour hire companies pay their workers a certain hourly rate, provide them with safety equipment and usually register them with social security. Namib Labour Hire still provides transport for its employees but offers no other benefits. In turn, the labour hire companies keep 25 – 50% of workers hourly wages.

In Walvis Bay competition emerged between labour hire companies for contracts from clients. Former ALH employees started their own labour hire companies and tried to win contracts by offering the same services at lower rates. Some of these companies deducted as much as 75% for their workers' earnings and paid workers as little as N$ 2 per hour. The same amount was paid to labour hire workers in Tsumeb while other labour hire companies pay their workers (labourers) between N$ 3,50 and N$ 5,20 per hour. Most labour hire workers earn less than N$ 4,- per hour.

The dramatic loss of income for casual workers that are employed by labour hire companies was indicated by one of the client companies which indicated that casual workers that were directly hired used to receive a minimum wage of N$ 6,20 per hour. This amount was reduced to about half once the workers were employed through a labour hire company.

Training and skills

The vast majority of labour hire workers seem to be relatively young, unskilled or semi-skilled, with more than half of them having completed grade 9 or more. Only one worker had tertiary education.

Some of the labour hire companies stressed the positive effect of employment on the development of workers' skills and indicated that they offered training. However, only 3 of the 38 workers we interviewed had received any training. On the other hand, 14 workers stated that the skills they had obtained during their work would be useful when applying for another job. ALH emphasised that the company places great importance on training. The company indicated that they offer training in adult basic education, literacy skills, language skills, security procedures and specialised training like forklift operations. During our interviews with workers of ALH, however, 28 out of 29 randomly selected workers indicated that they never received any training at all.

Living conditions

The labour hire workers are *migrants*, mainly from the northern parts of Namibia. Only four of the 38 were permanent residents in the town where they worked. Nearly all of them (31 workers) stated that they left their hometown to find work. They tried to go home as often as possible, but half of them could afford the journey only once or twice a year. Only one was involved in income-generating activity at home (trade).

The housing conditions of labour hire workers are similar to those of other migrant workers, most of them rent a room in a private house. Their expenses on housing form a considerable part of their wage. The low standard of living becomes even more visible when the workers' expenses on food are analysed. Considering the fact that most labour hire workers carry out strenuous physical labour, it is worrying that they have little money to buy food. Sixty-six per cent of the workers spent less than N$ 200 on food per month.

Most labour hire workers have family members dependent upon their wage in their hometown, and 32 of the 38 workers send money home, 24 of them regularly. The amounts vary between N$ 50 and N$ 400. Thirteen of the workers have dependants both in their hometown and in the town where they work, either parents or spouses and children.

An indicator that the wages labour hire workers are below the subsistence level is the fact that some workers received food and clothes from their hometown. During periods without work, help from the family in the hometown was their most important means of survival.

Trade Union Responses

The Namibian labour movement has responded angrily to the emergence of labour hire companies. Following workers demonstrations and a petition to the Government, the secretary general of the National Union of Namibian Workers (NUNW), Ranga Haikali, presented the union's position to the Labour Advisory Council (LAC). He pointed out that labour hire companies pose a particular problem for workers and their trade unions. Their workers are not covered by collective agreements and are extremely vulnerable as they depend on renewed contracts for their survival. Haikali added that labour hire companies remind the labour movement of the contract labour system under which Namibian workers suffered before independence:

> *'Our memories are still fresh about the role SWANLA played in upholding an unjust and exploitative system and we seem to allow a revival in the form of Labour Hire Companies. We need to take stock of the goals we set ourselves during the liberation struggle and of the rights and freedoms brought about by our independence. Are these goals and achievements cherished or are we beginning to undermine and destroy them? Are we moving forward as a free people in a free country or are we moving backwards? We need to realise our historical responsibility for the destiny of our country, the destiny of our people and the destiny of future generations.'*

The emergence of labour hire companies coupled with a broader emphasis on ' labour flexibility' poses a major challenge to the achievements of the Namibian labour movement. The use of labour hire workers reflects (in part) an attempt by employers to regain greater control over workers (and their trade unions). Calls for greater 'flexibility' in the deployment and use of labour therefore amount to an attack on the joint regulation of work practices.

7. Possible alternatives

The results of globalisation have produced a growing consensus among labour and community activists all over the world that the search for alternatives to the present form of globalisation (driven by corporate interests) is essential. The recent protests in Seattle (USA), Davos (Switzerland), Bangkok (Thailand) and elsewhere are indications that the excluded majority of the world's population are beginning to resist a process that threatens to exclude them even further. The debates over the possibilities of influencing and changing the present form of globalisation are ongoing and will intensify in the years to come. It will be crucial to intensify the debate in Namibia and the whole Southern African region to ensure that our interaction with the global economic actors (like TNCs, the WTO, World Bank and the IMF) are shaped by a clear vision of our own development strategy. Otherwise, Namibia (like the continent as a whole) faces the danger of continued and worsening marginalisation. While some economists argue that globalisation 'can be a positive force for the economic growth in Africa if it is properly embraced by our economies' (Gaomab II, 2000),others believe that :

> *" Without a change in World Bank/IMF policy on debt relief, without an end of dogmatic market liberalism as a condition for aid, without a clampdown on predatory outside forces, without protection of all sorts, Africa seems doomed to stay marginalised"* (Leys and Saul 1999:24).

Several proposals regarding responses to globalisation were made by labour and community activists in various countries. They all represent attempts to create mechanism to control the sweeping powers of the global economic players who control large parts of the world's resources. Such initiatives include attempts to safeguard workers and environmental rights and resistance to a system that entrenches continued poverty by and exploitation of the majority of the world's people. The 'new world order' certainly requires new and innovative responses. Some international trade unions, for example, called for new forms of international workers' organisations to face the challenge of a globalising world. The former secretary general of the international trade union IUF, Dan Gallin believes that to bring about change is a question of power and organisation and that the labour movement must think and organise globally. Such a global approach to unionism has to involve the union membership to a far greater extent than usual, for example when bargaining with a TNC. These companies must be organised wherever they operate which means that cross-border collective bargaining must become a top priority for the labour movement . However, labour must not focus narrowly on bargaining if it wants to fight for a just and equitable distribution of resources. Instead trade unions must build links with community organisations nationally and internationally. This must happen with a clear vision of challenging today's forms of globalisation. In the words of Gallin: "We can no longer afford the luxury of labour movement institutions relieving symptoms rather than treating the causes of social diseases". He argues that labour must take the lead to build new international coalitions with civic and social action groups. Lower communication and travel costs in a globalising world crate possibilities for more cross-border action and information exchange. Gallin believes that there is a basis for the emergence of a new global civil society in which the labour movement can and should play a leading role (Gallin 1994: 131-132)

Global experiences and those of Namibian workers highlight the fact that the benefits of the present form of globalisation have been limited to a minority of the world's people. As a result, those people most negatively affected – formal and informal sector workers, small-scale farmers, rural people – have begun to organise themselves. Trade unions, community and political organisations have begun to challenge the assumption that globalisation is unavoidable. Some - like the Zimbabwe Congress of Trade Unions (ZCTU) and the Congress of South African Trade Unions (COSATU) - have already presented alternative policy proposals. It is high time that the Namibian labour movement jointly with community based organisations land allies particularly in the Southern African region, draft their own development proposals that place people's interests above those of corporations. This will also influence the approach towards regional integration which is currently dominated by the free market dogma that has been accepted by most governments in the region.

Regional integration

The rise of regionalism in many parts of the world not only represent an attempt to militate against the possible negative consequences of globalisation, but also seeks to influence the form that globalisation is taking. The need to adapt to and manage the evolution of the world economic system explains the renewed interest in regional integration agreements. However, regional integration is not merely an economic issue, but also as a politically driven project.

Regional integration or what Kenichi Ohmae (1995) called 'The Rise of Regional Economies' is reflected in moves towards a more integrated European Union (EU), the formation of the North Atlantic Free Trade Area (NAFTA) and the Asian Pacific Economic Co-operation (APEC). In

Southern Africa similar changes took place. The formation of the Southern African Development Community (SADC) replaced the Southern African Development Co-ordinating Conference (SADCC). In addition, the Common Market for Eastern and Southern Africa (COMESA) was established in place of the Preferential Trade Area (PTA). Moreover, the continued restructuring of the Southern African Custom Union (SACU), bears testimony to the realisation that- for sound economic reasons, if nothing else- a need for a broader form of regional organisation and more developed forms of regional integration involving both states and non-state actors exist.

Söderbaum and Hettne pointed out that: '… although both processes form an integral part of the current transformation of the global system, regionalization has a stronger element of political reaction to the basically market-driven globalization process.' (1998:4). In the case of Southern Africa, regional integration implies, for instance, a political economic dimension since development is a key issue in the region. The strategic challenge in this respect is to use the regional framework to develop and diversify economies, improve production, productivity and export capacities. Regional integration as a development tool must also be used as an important framework within which to redress the gross imbalances created not only within but also between countries of the region. Thus regionalism in Southern Africa must take cognisance of the different levels of development between countries and put mechanisms in place to safeguard the interests of weaker economies. Otherwise the region is likely to be turned into a market outlet for South African corporations.

The new regionalism brought about by the structural transformation of the global economy differs in important respects from older forms of regionalism with regard to objectives. Whereas old regionalism was either economically or politically orientated, the new form is multi-dimensional. It includes trade and economic integration, security and political issues. Global structural transformation was also occasioned by the addition of: '… non-state actors [that] are active and manifest themselves at several levels of the global system." (Hettne, 1996:161). The new regionalism focuses not only on integration between sovereign states but '…. involves more spontaneous processes that often emerge from below and within the region itself, and more in accordance with its peculiarities and problems' (Hettne and Söderbaum, 1998:7). The developmental aspect of the new regionalism focuses on: '… activities such as the conscious fostering of complementarities, industrial projects, joint investment in transport, infrastructure, etc.' (Hettne, 1996:160).

This requires the energies of both state and non-state actors. This is important for Southern Africa if the history of lopsided economic development is to be reversed. Indeed what is required in Southern Africa is a:

> '*… maximalist conception of [regional] order involving more extensive schemes of co-operation to safeguard peace and security, to promote economic development, to solve common problems, and to sustain common values' (Hurrel. and Fawcett, 1995:309)*

Renewed interest in regional integration emanates from the realisation that African countries in general, and Southern Africa in this instance, will become increasingly marginalised if they fail to respond to the challenge of globalisation and regionalisation collectively. Fantu Cheru cautions that:

> '*Africa will find itself even more vulnerable and isolated if it choose (or is obliged) to remain a collection of fifty, small, competing exporters, dependent on… regional markets and by rationalising existing resources… by establishing viable sub-regional economic integration schemes.' (1992:1).*

In the case of Southern Africa, this reminder is particularly important because the history of regional economic integration is a history of unequal economic development. Thus, any regional order in Southern Africa which seeks to foster and enhance closer regional economic integration, needs to acknowledge the disparities and inequities in existing relations, and there must be a commitment to overcome these. Therefore what is needed is the construction of interaction based on principles of equity, mutual benefit and interdependence.

At present, South Africa commands the region in every respect. Her Gross Domestic Product (GDP) is four times the size of other SADC member states. This notwithstanding, it was widely expected that some positive spill-over would be the result of South Africa joining a regional grouping. However, the Free Trade agreement signed between South Africa and the European Union, casts serious doubts about her regional role. South Africa, however, has much to gain by constructively engaging her neighbours. Carol Thompson, for instance contends that South Africa: 'needs a viable and prospering Mozambique for its own growth' (1992:144). Writing generally on interdependencies between South Africa and the region, Maphanyane asserts that:

> '*South Africa needs the market of the region which currently absorb 50 per cent of its non-mineral exports and its natural resources such*

as water, power etc. The rest of the region needs South Africa's large market, and its- in the regional context- advanced technology' (1993:180).

Moreover, by ensuring the well being of neighbouring countries, South Africa would considerably alleviate the burden of migration pressure, and by pooling resources into a regional market, South Africa would promote regional development. The scope and content of the SACU re-negotiations will provide insights into the prospects of how the Customs Union intend to reconfigure it to become more developmentally focussed. Furthermore, the proposed SADC Free Trade Protocol will also impact heavily on the form that regionalism will take in Southern Africa.

All in all, there is a general consensus that regional integration and deeper forms of regionalism is critical for the development of Southern Africa. However, the current state of regionalism is characterised by skewed integration. This needs to be transformed to a more equitable regional order with harmonised labour practices. Trade unions in the region, through their regional umbrella organisation, the Southern African Trade Union Co-ordinating Council (SATUCC) and the International Trade Secretariats (ITSs), have already proposed a social charter of workers rights for the region. Trade unions have also made various policy interventions, e.g. opposing the introduction of EPZs as a highly divisive strategy. However, trade unions still have to develop an overall development strategy for the Southern African region that will place the interests of working people above those of business. The deliberations by SADC governments are currently shaped by the neo-liberal dogma and unless the labour movement - as the key player among civil society organisations in the region – can present an alternative development strategy, the process of regional integration is likely to be shaped by corporate interests.

International workers solidarity and cross-border bargaining

Trade unions are increasingly realising that the globalisation process requires a comprehensive response from labour as well as a new approach to the labour movement's international work. Dan Gallin and others have called for new forms of international workers' organisations to face the challenge of globalisation. Gallin believes that to bring about change is a question of power and organisation and that the labour movement must think and organise globally. Such a global approach to unionism has to involve the union membership to a far greater extent than usual, for example when bargaining with a TNC. These companies must be organised wherever they operate which means that cross-border collective bargaining must become a top priority for the labour movement.

Gallin argues that union education must start focusing on the implications of the New World Order and how to challenge it. This requires putting many more resources into international trade union activities. In organisational terms, unions should concentrate available resources through mergers into larger and more effective organisations which can challenge the power of TNCs. Gallin believes that the International Trade Secretariats (ITSs) are in the best position to organise workers across borders. He suggests that the number of ITSs should be reduced from 15 to 7 to sustain long-term and costly struggles of workers internationally (Gallin 1994:123-129).

Developing a new vision

In the era of globalisation working people in the South, but increasingly even those in the North are facing similar problems. Global competition increases the opportunities for new forms of international solidarity. The dominance by TNCs and the dictates of international competitiveness require a joint and co-ordinated approach on a national, regional and global level. More and more issues require a global approach to ensure that working people all over the world regain control over their lives. Meaningful international co-operation, however, requires national organisations which are well organised and deeply rooted in the constituencies they represent. It is only on this basis that they can fight for a just and equitable distribution of resources by linking up with labour movements and community organisations in other parts of the globe. This must happen with a clear vision of challenging today's forms of globalisation. In the words of Gallin: 'We can no longer afford the luxury of labour movement institutions relieving symptoms rather than treating the causes of social diseases'. He argues that only the labour movement is capable to deal with the root causes of social disasters and to prevent their recurrence. Therefore labour must take the lead to build new international coalitions with civic and social action groups. Lower communication and travel costs in a globalising world create possibilities for more cross-border action and information exchange. This creates is a basis for the emergence of a new global civil society in which the labour movement can and should play a leading role. In many countries, especially in the developing world, trade unions are not a 'special interest group' but the backbone of organised civil society. This has been shown in many Southern African countries where trade unions have articulated worker's aspirations beyond the workplace.

Trade unions and other organisations representing the interests of working people will have to tackle the political question behind the globalisation process, i.e. who controls this process who benefits and who loses out? As the president of the International Federation of Workers Education Associations (IFWEA), pointed out:

> *'The contest is between the present from of globalisation, controlled by capital and its interests, and a form of globalisation that is politically controlled by the majority of the world's people and therefore likely to benefit the majority of the world's people' (Gallin 2001:1).*

Challenging' the system'

The question of how to respond to globalisation touches on the debate if the present global capitalist system can be reformed or if it needs to be fundamentally changed. Many critics on the political left have pointed out that international competition will always pit workers against each other and can never benefit the working class. Gregory Albo (1997) for example, has argued that it is a myth to believe that the state is powerless in the global economy. The state can still regulate economic activity and still is the centre of social power. State power is still essential to redistribute resources and move towards a more egalitarian society. Many of the limits of state policy are self-imposed by governments and this can be changed.

Today's globalisation is built on private capital and the nation state as an agent of capital. The market has become a global economic regulator while democracy (as a process of popular participation in decision-making) is being reduced. There is less and less democratic accountability for economic decisions. The more 'globalised' the economy becomes, the less possible it is for democratic forces to influence economic policies.

Finding the alternative to the current form of globalisation is thus a question of building democracy instead of succumbing to the imperatives of the market. The alternative to toady's globalisation is a broad working class based democracy where citizens do not just vote, but also decide how society and production must be organised. This means replacing the dictates of market imperatives with participatory democracy. It means fighting the logic the global capitalist market and systematically establishing democratic control over capital, for example by setting performance requirements (like job creation and technology and skills transfer).

This will have to be accompanied by a shift away from international competitiveness towards a more inward-oriented national and regional economic strategy. Foreign trade relations will have to be shaped according to the needs for local, national and regional development and social considerations will have to be placed above mere macro-economic targets. Production must above all meet basic needs, foster self-management capacities and increase the living standards of the majority – beyond the narrow interests of the elite. Economic policy must aim at a redistribution of resources and political power will have to be used to direct sustainable economic activity. Such a policy must address fundamental issues like the spreading of work and the equalisation of incomes (Albo 1997).

Such a fundamental shift in policy will be required at national and international level in an attempt to rectify the fundamental flaws of the current globalisation process.

Reforming global institutions

Martin Khor, the director of the Third World Network based in Malaysia has repeatedly highlighted the lack of tangible benefits for developing countries from opening up their economies. Economic losses, social dislocation, growing inequalities, and worsening social and cultural problems are some of the results of liberalised free-market economies in developing countries. The decision-making processes in international institutions like the WTO, IMF and World Bank have been dominated by industrialised countries with serious consequences for the South. National policies have increasingly come under the influence of international agencies and TNCs. This has eroded independent policy-making in most developing countries. Citing the example of the WTO system which is weighted against the South and forces domestic legislation and policies to be brought in line with WTO agreements, Khor points out that:

> *'Many domestic economic policies of developing countries are therefore being made in the WTO negotiations, rather than in the parliament, bureacracy or cabinet at national level' (2000:7).*

Although industrialised countries were better able to determine the policies and practices of international institutions, they are also increasingly influenced by large TNCs. The WTO, IMF and World Bank have systematically promoted the empowerment of the market, a minimal role for the state and rapid liberalisation. However, industrialised countries have managed to maintain tariffs and non-tariff barriers in sectors where developing countries have a comparative advantage, for example agriculture (in the EU) and textiles (in the USA) (Khor 2000:3-9).

Globalisation as a highly uneven process – contrary to the myth of the 'global village' – has led to increasing polarisation between the few countries and groups that gained and the many countries and groups who were the losers. The world is now divided into a few countries with economic growth and expansion, some countries with moderate and fluctuating economic growth and the vast majority of countries that experience social and economic deterioration, unable to cope with liberalisation. The continuously deteriorating world prices for primary commodities from developing countries contributed significantly to the misery and Khor proposes several steps to reverse the trend:

- Establishing an international convention to address decling commodity prices
- Develop commodity agreements because market forces cause negative social and environmental effects
- Producers should co-ordinate and rationalise their global supply
- Improve the terms of trade to reverse the South to North flow of resources
- International agencies should monitor and analyses the implications of biotechnology for commodities from developing countries. This should be done to consider the social implications (2000: 20-21).

Khor further stresses the need for South-South policy co-ordination among developing countries and the need for democratic global governance: 'For the South as well as the international community to make progress towards redressing the basic inequities of the international system, the UN must be able to make the leap from merely offsetting the social fallout of unequal structures and liberalisation, to fighting against the basic causes of poverty, inequities, social rtensions and unsustainable development' (2000: 104).

8. Conclusion

The current form of globalisation is driven by corporate interests and has resulted in unparalleled levels of socio-economic inequalities world-wide. Rising levels of inequality can be observed within and between countries as globalisation has widened the North-South divide as well as the socio-economic inequalities between the rich and poor within countries. Namibia is no exception to this trend and continuous to be one of the countries with the highest levels of income inequality.

Despite some critical comments made by government ministers (Angula 1999, Gurirab 2000), the Namibian government has largely surrendered to the neo-liberal dogma that accompanies the globalisation process. As Nahas Angula pointed out:

> *'Neo-liberalism is a form of social Darwinism, where, by deliberate action, non-action, or through benign neglect, the weak is allowed to perish and the strong flourish' (1999).*

Neo-liberalism is reflected in the government's economic policies, particularly the EPZ policy which aims to attract investors through special incentives paid for with public funds. The neo-liberal line of thought also underpins the government's commercialisation/privatisation programmes. Within this framework, Namibia's options for achieving sustainable socio-economic development are limited. Namibia has entered the scramble for foreign investment which is perceived as the engine for economic development. Socio-economic development is increasingly left to market forces which are already widening the existing inequalities. In addition, Namibia's competitive advantages in the international arena are questionable. Although the country has a good infrastructure as well as political stability (which investors cite as important for investment conditions), its small market and limited skills base hamper the development of manufacturing industries. In addition, Namibia will not be able (and should never attempt) to compete with the extremely low wages paid in some African and Asian countries. Empirical evidence in many developing countries has shown that the low-wage industrialisation strategy does not lead to sustainable development.

Based on the experiences of developing countries, Khor and others have also warned against the illusion that FDI will be the panacea for development problems. Due to the concentration of FDI in a few developing countries, FDI is insignificant as a source of external finance to most developing countries. Studies by the Malaysian economist Ghazal bin Atan in the 1990s have shown that successful growth in developing countries is based on raising the domestic savings rate to high levels and on productively investing these savings. FDI brings in capital but also leads to a stream of capital outflows in the form of repatriation of profits and other investment incomes. This outflow increases over time as the stock of foreign capital rises. Thus, FDI has a tendency to lead to 'decapitalisation' (Khor 2000: 73).

To counter these problems, Ghazeli proposed the following when dealing with FDI:

- Foreign capital must not detract from own savings efforts
- Factor payment costs must be minimised and prudently managed
- Joint ventures with locals must be required to ensure that part of the returns are retained in the local economy
- FDI must be concentrated in the tradable sector, especially in export-based activities
- Local content of output should be raised over time
- Growth of domestic investment should exceed FDI growth
- Developing countries should increase their own savings rate and maintain sound economic and political conditions to avoid reliance on foreign capital (Ghazeli 1996, quoted in Khor 2000:75).

Although the Namibian government actively tries to encourage joint ventures and local processing as part of its industrialisation strategy, Namibia is still a net exporter of capital. Furthermore, increasing financial liberalisation and indiscriminate acceptance of FDI, could undermine development efforts because – as Khor pointed out - not all FDI is condusive to development and:

> *'…a policy to accept any and all FDI may harbour trouble for a country's future development prospects…Experience shows that for foreign investment to play a positive role, government must have the right and powers to regulate its entry, terms of conditions and operations' (2000: 79-80).*

Likewise UNCTAD has been warning about the dangers and costs of financial liberalisation, especially the destabilising economic and social effects for developing countries. UNCTAD secretary general Rubens Ricupero pointed out in February 2000 that liberalisation measures:

> *'…must take account of specific local circumstances, they must be complemented by appropriate domestic policies and accompanies by institution - and capacity – building. Only then can they hope to succeed.' (Quoted in Khor 2000: 44-45).*

These seem to be some lessons regarding the minimum safety measures when dealing with globalisation and global institutions like the IMF, World

Bank and the WTO. However, the Namibian government still seems to believe that countries like Namibia can benefit from the globalisation process by expanding:

> *'… Africa's productive capacity and increase its competitiveness in the global marketplace…We must benchmark our competencies and skills against the best' (Hamutenya 1999).*

Likewise, foreign affairs minister Theo-Ben Gurirab believes that in the globalisation game '…there are no permanent winners and losers and it is simply a matter of how a country or its people position itself in the global market'. He further stated that Namibia must 'get its economic fundamentals right, stay on course …and just do the right thing' although this means stiff competition for Namibian producers (New Era, 23-26 April 2001).

On the other hand, there are also critical voices who warn against the current form of globalisation. Speaking before the UN general assembly in September 2000, Gurirab himself said that globalisation is the latest buzzword which may 'hoodwink Africans yet again into dropping their guard'. He called globalisation nothing else than old-fashioned capitalist imperialism by a new name. Gurirab pointed out that globalisationon is at least 500 years old in Africa and warned that: '…Our memories should alert us to the hypocrisy and self-servingness which informs that term, globalisation.' (Namibia Economist, 29.9 – 5.10 2000). In the same vein, the Minister of Higher Education, Nahas Angula, wrote:

> *'From the vantage point of a citizen of Sub-Saharan Africa globalisation is nothing new. The so-called voyages of discovery of the 14th and 15th centuries opened up the world to Europe. Slave trade and colonisation of the African people ensued. Imperialism crowned the global domination by Europe. The much vaunted globalisation of today is in facrt imperialism at its best, in sheep's cloth' (1999).*

Such criticism is, however, the exception to the rule in debates around globalisation. By and large, globalisation is either justified as 'unavoidable' and 'irreversible' or defended as a phenomenon which holds great promise. At present, the possibilities for radical, alternative responses to globalisation are small because Namibia's civil society organisations as well as the trade union movement have not articulated their own proposals regarding Namibia's approach towards globalisation.

Namibian workers are already feeling the impact of globalisation at the workplace. Workers' basic right to strike, for example, was compromised in the EPZs; commercialisation is taking place in the public sector; subcontracting and outsourcing is occurring in several industries; industrial mergers are taking place sometimes resulting in retrenchments; and labour hire companies are turning workers into tradable and easily disposable commodities. Namibian workers have had no say in these developments and their trade unions have confined themselves to fighting the worst abuses without systematically addressing the root causes of the problems that their members experience. In order to influence and shape the policy debates around globalisation, the Namibian labour movement will have to develop its own vision of how a new, egalitarian society can be built in Namibia. Trade unions, jointly with their allies locally and internationally will have to challenge the neo-liberal ideology of globalisation and present their own policy proposals. This will also require a change in outlook towards international solidarity which has mostly been confined to symbolic gestures. Facing the challenges of globalisation will require the prioritisation and systematic development of activities at international level, particularly in the Southern African region. As key civil society organisations, trade unions will have to articulate the aspirations and interests of working people beyond the workplace. Nahas Angula hinted at possible African responses to gloablisation:

> *'Above all, Africa should develop its human resource capacity and sharpen its ideology of Pan-Africanism as a counter to the imperilaistic ideology of neo-liberalism especially in the forums of the World Trade Organisation and the multi-lateral financial institutions. Poor countries should not allow suicidal policies to be imposed on them by the rich. The unity demonstrated during the negotiations and subsequent rejection of the Multilateral Agreement on Investment clearly points to the fact that if the poor could unite the rich will listen… Africa should stop singing and dancing to the tune of others. It must start to compose its own rhythms.. Above all, Africa must unite and continue to fight for its rightful place in world affairs' (1999).*

The task is nothing less than turning the current process of globalisation on its head to benefit the majority of the world's working people who are increasingly marginalised. It is high time for the Namibian labour movement and its allies to debate these issues and to develop their own vision and proposals for a viable development strategy for Namibia as part of the Southern African region. Failure to do this is likely to result in worsening living and working conditions for Namibia's working people.

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