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The State and Development

Prepared by Herbert Jauch for The Villager newspaper

The Namibian budget has once again come and gone, this time with very few surprises. Education and health are still priority services in terms of budgetary allocations but the issue of unemployment and TIPEEG (Targeted Intervention Programme for Employment and Economic Growth) was relegated to the backstage this time. Unlike the fanfare which accompanies the announcement of TIPEEG last year, it now seems that government does not want to create heightened expectations that the multi- billion dollar programme will make a significant dent in unemployment. On may ask: why then go ahead with spending huge amounts of money on projects that will not deliver a large number of sustainable jobs? Why not use the available funds to reduce poverty and unemployment more directly?

Perhaps the time has come to look at the state of development in Namibia more holistically, with a specific and deliberate focus on tackling poverty, inequality and unemployment head-on. Such a holistic approach would have to critically assess and question Namibia's macro-economic framework which we have implemented since independence. We essentially followed the free-market approach as propagated by the so-called "Washington Consensus", made up of the International Monetary Fund (IMF), the US Treasury and the World Bank. As promoted by these institutions, Namibia introduced generous incentives for foreign investment, especially in the Export Processing Zones (EPZs). Namibia also guaranteed international capital the right to repatriate profits and we allowed foreign firms to continue their control over most of Namibia's natural resources. Even the corporate taxes charged are very modest and when government made an attempt to increase them last year, it quickly backtracked under pressure from the global mining houses.

All this was done in the mistaken belief in the "trickle-down effect", namely the belief that once business is doing well, some benefits will trickle-down to the poor over time. After 22 years of independence, we can certainly note that this ahs not happened and that pinning the hope for future development mainly on the private sector will not lead us towards the achievement of the aims set out in Vision 2030.

What Namibia urgently needs is an open, frank and participatory discussion on what needs to be done. This must include a willingness to learn from past mistakes and to overcome the ideological fixation on free market policies. Likewise, we must also asses the effectiveness of our state bureaucracy in making developmental interventions that have positive economic and social spin-offs. Following the global financial and economic crisis that started in 2008, there is now an emerging consensus that unregulated free markets are not sustainable and have resulted in severe hardships for large parts of the world's population. There is thus a need for strategic state interventions. However, as Omano Edigheji from South Africa's Human Sciences research Council pointed out:: "The recognition of the importance of a democractic developmental state in addressing the economic. Social and institutional deficits is not enough. The litmus test is the desire and ability on the part of the government to create a competent administrative apparatus within the state, and political leaders having the political will to ensure that the necessary resources are deployed, and that policy and programmes are developed and implemented… In effect, democratic deliberations, including at the local level, will be central to enhancing the state capacity in addressing the country's developmental challenges".

Edigheji points to the key challenges ahead: as a first step we need to recognise that the free market model has failed, not only in Namibia but also globally. Strategic state intervention is absolutely essential but it requires the political will and the administrative capacity to effect fundamental changes, including redistribution in favour of the poor. Finally, this can only happen as part of a participatory democratic process that is driven by the interests of working people and the poor. This is certainly a huge task and there are no easy solutions. However, we must use the policy and financial space available to make some fundamental changes now. As we have seen with most of our neighbours, once the country is highly indebted and dependent on IMF and World Bank loans to balance its budget, it will be far more difficult to effect fundamental changes. Future generations will judge us on our courage to do just that.

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