

Straight Talk (2), August 2011:

## **Time for Redistribution**

*Prepared by Herbert Jauch for the Villager newspaper*

Namibia's historic legacy of apartheid-colonialism resulted in enormous levels of socio-economic inequality, primarily along racial lines, but also along the lines of gender and social class. The country's economic structures remained largely intact after independence. Despite various attempts by the Namibian Government to provide basic services for all (such as education and health) and despite several policy interventions aimed at redressing the apartheid legacies (such as affirmative action and BEE), Namibia still ranks amongst the most unequal societies in the world.

Inequality in Namibia also shows an urban-rural divide as on average, the income for residents in urban areas is about twice that of those in rural areas. High levels of expenditure on food are far more widespread in rural areas than in urban areas and rural households are affected by poverty to a far greater extent than urban ones.

The disparities in income, employment, and access to resources with regards to gender in Namibia are equally clear. Women are the bulk of "caregivers" in our households but they are considerably under-represented in the formal economy, especially at management level. Female-headed households have far lower incomes than male-headed households which points to the continued economic marginalisation of women in Namibian society.

In 2008, the National Planning Commission published a review of poverty and inequality which found stark levels of inequality along racial and ethnic lines. Poverty is particularly widespread amongst households where Khoisan-languages and Rukwangali are spoken. Between 54 and 60% of them are affected by poverty. On the other hand, German and English-speaking households are hardly affected by poverty at all. In terms of consumption, the poorest 15% of Namibians account for only 1% of national expenditure while the richest 5,6% account for 53% of expenditure. This means that a person from a wealthy urban households spends 57 times more money than a person from one of Namibia's poor rural households. Available figures further indicate that the wealthiest 20% of the population accounted for 78,7% of the national income while the poorest fifth of the population lived on a meagre 1.4 percent of the total income. Such levels of inequality are truly staggering and will tear our society further apart if they are not redressed as a matter of urgency.

These inequalities have to be seen in the context of market-oriented economic policies, coupled with moderate social reforms such as new labour laws and the extension of education and social security provisions. However, no systematic programme of redistribution was implemented and thus the country's achievements, in terms of overcoming poverty and inequality, were limited. Instead, a new but small middle class consisting predominantly of professionals and politicians emerged as the group that benefited most directly from the post-

independence changes. On the other hand, the rural population, vulnerable workers and informal economy workers experienced only few material improvements since Independence.

Likewise, the achievement of substantive gender equality is still a long way off. Despite the substantial achievements in terms of legal equality, and despite some progress made in terms of women's representation in politics, patriarchal cultures and attitudes are still widespread. Also, women tend to find themselves in the lowest levels of employment and form the majority of operators in the survivalist informal economy. Real gender equality can only be achieved if it addresses the structural impediments that limit the economic independence of working women.

Namibia's economic policies followed largely the neo-liberal dogma and were driven by the belief that profits for the private sector would somehow "trickle-down" to benefit the Namibian population as a whole. Economic policy was shaped by the desire to accommodate foreign investment, which was (and still is) regarded as the engine of economic growth and job creation. However, despite an array of incentives (especially for companies operating as part of the Export Processing Zones-EPZs), the aim of creating thousands of manufacturing jobs within a few years has not been achieved. As a result, unemployment has reached a record high of 51%, with young people and women being most severely affected.

Experiences in Namibia and elsewhere in Africa point to the urgent need to depart from the neo-liberal, free market approach to social and economic policy. Instead, a systematic and state-supported process of redistribution is needed if the current levels of inequality are to be addressed. A first step in this regard could be the introduction of a universal basic income grant (BIG) as suggested by Namibia's BIG Coalition. In addition, Namibia's economy would require several structural changes to ensure redistribution in favour of the impoverished majority. A serious debate on how this can be achieved is long overdue and we can take encouragement from experiences in countries like Venezuela who have already implemented several elements of an alternative to the global capitalist system. The questions of social justice, redistribution and self-determination are at the heart of the changes in Venezuela. This can provide valuable lessons for Namibia.

In Southern Africa, the most recent, comprehensive proposals for an alternative development strategy are contained in the book on "Alternatives to Neo-Liberalism in Southern Africa" and include a political, social and economic transformation of the current state of affairs. I will deal with Venezuela and the ANSA proposals in future columns as the time seems ripe for Namibia to look at other models of development to overcome inequality and poverty. The market-based development paradigm that we followed since independence seems to offer no hope for the poor.

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