

NAMIBIA - Toward An Applied Political Economic Planning and Policy Perspective

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We do not believe in a system that sells people.

- Katatura Strikers

It must be borne in mind that the Namibian people are shedding blood to liberate each and every inch of Namibian soil, thus each and every inch of the Namibian land must and will belong to the Namibian people.

- President Sam Nujoma

To plan is to choose, choose to go forward.

- President Julius Nyerere

Toward an Applied Political Economy of Transition

Political economic analysis is rarely, and political economic processes never, value free, unconstrained or outside a contextual frame. Applied political economy from a policy and planning perspective requires looking from a particular actor's (sub class, corporation, interest group, social formation) set of objectives, strengths and limitations and requires a set of assumptions about the economic parameters and context in which the applied political economy is to operate.

This paper seeks to outline elements toward and issues in a SWAPO directed political economy of transition in Namibia. The basic SWAPO positions used in articulating issues and elements are those contained in the 1976 SWAPO Programme of Action and in To Be Born A Nation. The period covered is basically from today through the first two years of independence. The basic assumptions are:

1. Namibia will become independent (18-60 months).
2. There will be a negotiated - not a purely military - transition.
3. The government of independent Namibia will be formed by SWAPO.
4. There will not be an active war on the Orange River border.
5. South Africa will continue to hold Walvis Bay after independence.
6. The territorial economy will be depressed but functioning.
7. There will be a rapid and significant exodus of Europeans especially among expatriates (as opposed to "Sud Westers"), Afrikaners and public

sector personnel but not a near immediate tidal wave (i.e. more, more rapidly than Zimbabwe but less, less rapidly than Mozambique).

8. The so-called 'external debt' issued by the AG will be repudiated.
9. Relations with South Africa will be poor but with no immediate or total rupture in economic relations.

These assumptions are crucial to formulating a strategy/policy and applied research agenda. To the extent they are wrong, agenda revision will be needed.

Action and Information: Priorities and Sequences

Political economic transition in Namibia will be characterised by a very large number of actions which it is necessary to take - at some time - and even more which it would be desirable to take - at some time. It will be equally characterised by shortages of most resources - not least of data, analyses and analytical capacity and senior decision taker time - but not equal shortages and, indeed, surpluses of some (e.g. unskilled labour power potentially, beef).

Identifying priorities and sequences will be critical as will be determining what scarce, relatively available and surplus resources an action will require. Top priority and urgency actions requiring scarce resources need to come first. Scarce resource intensive actions which are critical but less urgent will need to be deferred. Surplus resource using actions which raise relevant production and/or incomes should be slotted in as early as their scarce resource demand component can be met.

Planning and policy formulation include several interactions and tensions:

- a. strategic (or mega) issues and their elucidation/resolution are a precondition for setting up, articulating and following through on macro and micro ones. e.g one cannot define micro policies to be pursued by Namibia relative to the EEC or sectoral ones in respect of manpower development without facing what production structures and relationships are sought strategically.
- b. But without knowledge of what exists and what is attainable at micro and sectoral level the mega (strategic) level will remain ill defined, full of gaps and non operational.
- c. To attempt to define and act on strategy or policy without knowing where one is and how one came to be there is like setting off for Windhoek without first determining whether one is east of Gobabis or south of Luderitz and whether one has petrol in the tank.
- d. But to concentrate solely on the present and its objective constraints - or on the historic process and the failure of attempts to alter it by pure optimism of the intellect - can lead either to fatalism or to

a view that only very marginal change is ever possible. One necessary short and medium run strategic goal is to loosen constraints to create room for manoeuvre.

The balance of this paper will review: main themes in SWAPO's political economy of liberation; certain objective constraints or parameters limiting transitional political economic action and achievement; notes toward priorities; the political economics of contingency planning with special reference to destabilisation.

SWAPO: Toward a Political Economy of Liberation

The themes which SWAPO has emphasised fall in seven clusters:

1. ownership patterns (mode of production);
2. rural development;
3. distribution (exploitation and equality);
4. national economic integration/self reliance;
5. basic services;
6. participation;
7. external economic relations.

The mode of production goal is socialism: "Bringing all the major means of production and exchange into the ownership of the people"; "planning and development will be covered by the principles of scientific socialism". Transition is seen as phased: land, mineral and fishing rights, public utilities, ex-South African state companies and some key enterprises are the implicit initial public sector. State, cooperative, joint venture and private ownership are envisaged for an extended period. A national planning framework and negotiated agreements (including joint ventures) are seen as the instruments to ensure consistency with the interests of the people and with Namibian economic development. For the crucial mining sector Botswana is cited as a relevant example.

"Comprehensive agrarian reforms aimed at giving the land to the tillers" are seen as a pre-condition for rural development. Colonial land 'rights' are to be extinguished and continued use of part of the land to be subject to negotiation. Peasant cooperatives, worker self management and state farms are cited as possible organisational forms. More knowledge, production inputs and agriculture linked industries (to process outputs and produce inputs) are seen as means to increasing output to achieve self sufficiency in food and acceptable levels of productivity and income.

"The abolition of all forms of exploitation..." is linked both to the transition to socialism and to equality. Urban/rural and regional equality are specifically cited. The abolition of the 'contract' labour system, child labour and "humiliating servant systems" and the establishment of non discriminatory wage and salary scales and of strong independent trade unions are presented as - inter alia - means to equitable wages and to worker participation in management. The degree of equality sought and the pace of reduction of inequality are imprecise: "payment according to ones

contribution" within a transition to socialism and linked to opposition to urban/rural inequality indicates direction but neither speed nor point of arrival.

National economic integration and self reliance are presented as integral to national development. Equality of access to work, reduction of urban/rural inequalities, abolition of 'contract', provision of education and training are viewed as economic instruments as well as broader components of creating "One Namibia, One Nation". This approach has not been perceived by SWAPO as inconsistent with maintaining or increasing overall levels of exports (subject to greater local use of meat, milk, fish, fishmeal and some shift from animal husbandry to crops). It is seen as altering allocation of foreign exchange, public revenue and investible surpluses derived from exports to restructure the domestic economy in a more integrated way.

Basic service provision is presented largely in terms of health and education with some attention to water. Urban services have only begun to be considered - surprisingly given the massive population shifts likely to follow from the ending of contract. The balance of emphasis within health and education is on a broad base (e.g. preventative and primary health care; universal literacy and primary education). Programmes in these two areas are more articulated than elsewhere because SWAPO has substantial operational experience. However, the attempt to avoid elitism and maintain high standards by having both high quality and broad access - e.g. rapid movement to universal form four education, effective primary teaching in both the home (how defined in urban areas?) and the national (English) language - and by having them rapidly may not be viable because of their (personnel and finance) implications.

Participation is presented as a means to and a goal of economic reconstruction. Trade unions and worker self management, the role of women, effective involvement of those affected in government decisions (implicitly by decentralisation - a term not used because of the danger of confusion with the occupation regime's 'fragmentation' system), cooperatives, community and voluntary (basically church) action are cited as modalities for participation. In respect to SWAPO a tension exists. "To unite all Namibian people... into a vanguard Party" on the one hand posits a broad, participatory and on the other an informed elite, leadership Party - a tension which experience in Angola, Mozambique, Tanzania and Zimbabwe suggests is hard to resolve.

External economic relations are seen as subordinate to and consequential on basic goals, but as critical to achieving them. Reduction of linkages with South Africa (diversifying trade, personnel, knowledge and finance sources) and systematic construction of regional interdependent linkages are clear priorities.

Five points stand out:

1. Economic and political relations are seen in terms of struggle with the state as an instrument in that struggle over allocation of power, participation, real income not as a neutral mediator and coordinator;
2. Liberation is seen to require initial radical changes;
3. However, some overlap of interests among sub-classes/interest groups

is seen; therefore negotiated phased change is seen as possible;

4. The magnitude of the allocational and other implications of certain goals - e.g. "ending contract", achieving an end to urban/rural inequality; terminating South African links; solving interim personnel/institutional problems do not seem to be fully comprehended nor priorities and sequences more than sparsely articulated;
5. Overall the Programme is objectively feasible assuming careful management of phasing, limitation of resource allocation to low priority areas, effective economic management and an absence of exogenous catastrophes.

Transition Under Constraint

The political economy of transition in Namibia will take place under severe constraints. They can be consciously loosened over time; to pretend they do not exist is a recipe for tightening them.

First, the fiscal position is a shambles thanks to depression, war, drought, 'bantustan' creation and mismanagement. Creating workable tax, tax collection, budgetary, expenditure management, economic analysis and related institutions is an immediate priority to plan now and implement at independence.

Second, the administrative and public service system is obnoxious and will be obsolete and inefficient. Total restructuring is needed while avoiding a breakdown of health, education, agriculture and shifting resources from a high quality/narrow access to a sustainable quality/broad access focus.

Third, directly productive sectors, already in poor shape, will be further weakened by white departures, plus uncertainty and de facto sabotage before and after independence. This is especially true of ranching and fishing. Avoiding collapse of the former is a top priority for rural income and food supply (and a priority for foreign exchange flow) reasons.

Fourth, transport will be in near chaos. The main port will have been 'lost', access to the basic railroad maintenance facilities is likely to be lost, much of the rail and road fleet will probably have 'expatriated itself'. Articulating and pre-negotiating interim measures for alternative port facilities, railway and lorry maintenance capacity and road/rail equipment replacement are a top priority before independence; implementing them at independence.

Fifth, skilled, professional and managerial personnel losses will be severe. How severe is not calculable with any precision but of 35-40,000 white workers it would be optimistic to expect more than 15,000 to remain six months after independence. Planning and pre-programming of allocation of trained Namibians, identification and design of upgrading courses to allow Namibians to replace middle level Europeans and location of specific external sources for specific groups of key personnel are high on the pre-independence priority list and their implementation is of extreme urgency at independence.

Sixth, institutional and data bases are inadequate. Identification of key

institutional, current data and research based data requirements pre independence for pre (where possible) and post independence action is a priority.

A special problem is the pre-independence constitutional assembly period. An executive and legislative gap would appear to exist. Interim legislative and limited executive appointment/supervision powers for the constitutional assembly would appear a priority.

Seventh, the economy is very open - about 90% of physical goods production is exported and perhaps 75-80% of physical goods used imported. In this context management of external transactions is both critical and difficult, especially in the context of no Namibian based recording or control institutions nor world market or sourcing oriented import/export enterprises.

Eighth, South Africa and the mining companies have created a 30 to 40,000 household (10-20% of all households) black middle class (R3,600-12,000). Generalising these pay scales would be fiscally and economically suicidal. Limiting them to present categories would pose severe fiscal barriers to government service expansion and make a mockery of the SWAPO commitment to equality. Cutting them would have high political costs. Limiting their spread effects without creating vehement discontent among liberation war combatants would also pose problems.

Priorities - A Schematic Note

One cluster of priorities centres on keeping going main mines, water supply, power production and distribution, certain other key enterprises (e.g. main commercial banks, meat packing plants and petroleum distributors) and agricultural support services. Unless that objective is largely attained and foreign earnings (and import capacity) sustained, government revenue (the foundation for public services), investible surplus (ability to expand and to restructure productive capacity) will be lost. In Windhoek power and water failure would literally mean that the lights went out and the cholera came in. Keeping going does not preclude change, e.g. equal to or better than Botswana tax, ownership, valuation, training and local purchases terms for a joint venture Namibian Diamond Mines as successor to Consolidated. In some cases it requires radical change, e.g. rapid upgrading of Namibian personnel and recruitment of replacement expatriates. But the need to avoid breakdown should be a first priority.

A second cluster is reconstruction of revenue collection and budgeting; structure and organisation of public administration; targets, service patterns and fund allocations of education and health; operation of that portion (probably one third to two thirds) of the ranching sector abandoned at or soon after independence; the rump of the fishing industry operating or operable from Luderitz. Until the first two are done the government cannot function effectively in pursuit of any policies. The next two are critical both to providing tangible, early benefits from independence (especially in rural areas) and to development of personpower and productivity. (The 'easy' ranch solution of white expert run state farms would probably be a productive and a political disaster.)

A third priority cluster relates to establishing or developing new or replacement institutions and sectoral strategies. Key items include a port to replace Walvis Bay plus Namibian based railway and lorry maintenance capacity and replacement railway rolling stock/road transport fleet; a central bank; export-import monitoring and enterprise (public, joint venture or private) capacity; personpower and national language (English) development; crop and especially small farm oriented research plus marketing - pricing - support services; participatory channels for workers, women, peasants, citizens generally.

Until the first is done, South Africa can turn the Namibian economy off as fast, as much, as often as it pleases. Pointing out that its presence in Walvis Bay is illegal is not a solution. A central bank is essential to control over finance and external transactions and therefore to serious economic management. Reducing dependence on South Africa requires capacity to identify appropriate alternatives. Without rapid personpower and national language development Namibia will remain heavily dependent on foreign personnel (and limited in ability to communicate with them or itself).

To avoid near depopulation in the rural north (and urban overloading and underemployment) and to reduce urban/rural inequality by raising rural immediate action to raise both incomes and access to services backed by laying the knowledge base to allow medium term increases in productivity are critical. Participation has direct economic efficiency aspects; it is also critical to sustained mobilisation and to defending transition toward the political economic goals posited by SWAPO from the sub-classes and interest groups (domestic and external) who will (often rightly) see them as against their interests. This is not a complete list but some omissions e.g. a university are deliberate. What is ultimately important but not immediately essential should be postponed until adequate attention and resources can be allocated.

Certain priority strategic and policy areas do not fit into any one cluster:

- a. ownership - which assets to acquire, when, how, why, on what terms, with what new operating structures? e.g. post 1966 mines early? with what management to be put in place? Livestock and improvements on ranches at market value to limit "expatriation" and sabotage?
- b. external economic links - building regional links (e.g. the Trans Kalahari to tie in to SADCC markets and sources and greatly increase Botswana's room for manoeuvre); ACP accession to secure a beef quota; timing of withdrawal from Rand Monetary Area and South African Customs Union Arrangements.
- c. population movement patterns both as they relate to urban service and employment demand and to achieving rural reconstruction and productivity increases with policies to influence the patterns and to accommodate to them.
- d. income and employment/self employment policy including wage, salary, fringe benefit, producer price (e.g. to peasants and ranchers) and user price policies and research backed by incentives to increase productivity in labour intensive sectors of the economy and to provide productive employment/self employment for ex-domestic employees and

for women moving off sub-subsistence plots to other sectors and places as households are rebuilt on the ending of 'contract' - and of war.

- e. expatriate/settler policy to retain those whose managerial, professional and artisanal skills are critical (and less costly and more relevant than replacement expatriates) so long as they are needed, to avoid inegalitarian income structures (e.g. the white going rate for all middle and upper level jobs) and to avoid the appearance of perpetuating differential racial remuneration packages.

The Political Economy of Contingency Planning

Planning and policy must recognise that future contexts and results will diverge from projections, especially when an economy is small and open, its data base weak and gappy and significant structural change is attempted as in any SWAPO-led political economy of transition in Namibia. In addition standby plans and policies to deal with major contingencies which, if they happen, radically alter structural parameters and contextual realities. The most critical is a South African strategy of destabilisation to prevent any effective political economic stabilisation and development in Namibia or to enforce a neo-colonial transition. Strategy based on the assumption that South Africa will not destabilise Namibia as an end in itself and will limit policy demands to, e.g., a quiet Orange River frontier are reasonable but require a fallback set of policies.

South Africa has - whether as a pre-independence destabilisation plan of its own or consequential on shorter run objectives - created the infrastructure for intensive, systematic, rapid destabilisation of Namibia. It has created the purported external debt which would be crippling if accepted and might damage external financial relations if repudiated. Second, it has created a budgetary shambles giving the impression to the superficial observer that Namibia is a fiscal "basket case". Third, via the 'Representative Authorities' it has created an administrative monstrosity. Fourth, it has created a 30-40,000 household black middle class with consumption 10-40 times the black average. In respect to its skilled and professional members this creates future income distribution, fiscal and/or bitterness at loss of (not absolutely very high) incomes 'won' under colonialism problems. In its 'RA' political, 'homeguard' and Koevet type fractions it could provide leadership and striking forces for orchestrated insurgency with a stronger starting point than the MNR and - if the economy goes badly and real incomes are rapidly eroded - with a potential broader political appeal. Fifth, by reinforcing its practical position in respect to Walvis Bay it has ensured that it will have a choke point to 'control' Namibian policy or to destabilise a l'outrance until alternative port facilities are operational. Seventh, the sea bastion of its new Orange River Line at Alexander's Bay is within mortar or launch distance of Namibia's premier economic asset - Oranjemund - while the Swakop River 'boundary' of the Walvis Bay enclave is in similar range of the logical alternative harbour - Swakopmund.

The strategic and policy responses should be to dismantle or neutralize that infrastructure. First, the 'debt' should be repudiated now (very little is in fact held outside RSA) marshalling the 1971 International Court opinion and both post-colonial and post-revolutionary precedent. Second, the budgetary reconstruction priority should be seen as underlined as, third, should that

for administrative reform and restructuring. Fourth, the professional and skilled fractions of the black middle class must be socially and politically mobilised and their individual losses of present income levels limited. The other fractions pose a straight security (or conversion) challenge. Fifth, Swakopmund must be reactivated rapidly, Luderitz used as an interim fishing base and road links to Angolan and to Atlantic ports given priority to establish a fallback position. Sixth, the cost to RSA of attacking Oranjemund and Swakopmund needs to be maximized. In large part this is a diplomatic policy problem, but relevant political economic choices do exist - e.g. a De Beers joint venture presence at Oranjemund, a Netherlands or Nordic port management at Swakopmund.

Such action could reduce the effectiveness - and raise the cost - of a South African destabilisation for its own sake strategy. It can be planned and publicised now for implementation at independence.

Prefatory Conclusion

The forgoing analysis is not a total catalogue of strategic and policy priorities. Nor has it - nor any other exercise of its type - been subjected to SWAPO examination to determine how consistent its articulation and sequences are with SWAPO's interpretation of its goals and sequential priorities. It constitutes notes on a systematic articulation and prioretisation of a SWAPO goal informed strategy and policy.

The presentation of constraints and the number and nature of priorities may seem to be - and are - daunting. They mean that waste of resources - including time for reflection, review and research - will be very expensive and could well lead to a transition which made very little immediate progress structurally at a very high cost in output and tightened rather than loosened the limits on subsequent change. That is neither a counsel of despair nor to do as little as possible. The status quo is so deeply corroded that rapid deterioration and collapse will be inevitable in the absence of radical change or a manageable set of restricted initial priorities.

Strategy and policy are matters of choice. It is critical to take first steps away from the political economy of disintegration, to take them in the right direction and to choose steps which make subsequent steps easier not harder.

By no means all of the contextual factors are negative. Namibia has a higher output per capita than any other African country at independence. Numbers of secondary and university graduates per 1,000 people will be second only to Zimbabwe among Eastern and Southern African countries at independence. SWAPO has done more economic thinking and personpower development than any other liberation movement except ZANU(PF) and will have a more systematic pre-planning base. These are not negligible positive factors. Pessimism of the intellect (at least recognition of the extent and intractability of constraints) is justified but so is optimism of the will that a positive start toward a political economy of transition can be made and sustained.

Selected Background Material

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* These titles are presentations of the cases for a cautious, gradual or neo-colonial political economy of transition and the first and third are useful basic data sources. Unlike the others they reject a political economy of liberation.
