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The politics of unemployment - by Herbert Jauch

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Summary of a presentation made at the University of Namibia on August 4, 2010.

THE article written by John Ekongo in the New Era of August 6, 2010, entitled "Namibians unemployable, say experts" is misleading and did not capture what I said during my presentation at the University of Namibia (UNAM). I, therefore, wish to highlight some of key issues raised regarding "the politics of unemployment".

The cold facts

Comprehensive unemployment statistics are available since 1997 when the Ministry of Labour conducted the first Labour Force Survey. Further surveys were conducted in 2000, 2004 and 2008. They provide statistics regarding employment trends, unemployment and the composition of the labour force.

According to the definition used any person who worked 1 hour or more in the week before the survey interviews was considered as employed. The total number of employed people in Namibia declined from 401 203 in 1997 to 385 329 in 2004 and further to 331 444 in 2008. During that time, about 20 000 young people entered the labour market every year in search of jobs. Consequently, there was a dramatic increase in unemployment from 2000 to 2008.

In 2000, the overall unemployment rate (according to the broad definition) stood at 33.8 percent and increased to 36.7 percent in 2004 and further to a record 51.2 percent in 2008. The situation for women and young Namibians was far worse with youth unemployment reaching around 75 percent in 2008, as indicated in the table below.

Overall Unemployment, 1997:

34.5% 2000:

33.8% 2004:

36.7% 2008:

51.2%

Unemployment among women, 1997:

40.4% 39% 36.7% 51.2%

Unemployment among youth (15-24 years), 1997:

58% 67% 61% 75%

These figures are made worse by the fact that many Namibian households (close to 50 percent) depend on one main wage earner and thus unemployment has an immediate effect on household survival.

According to the UNDP Human Development Report of 2009, Namibia now has the highest levels of income inequality in the world. Depending on the measures of poverty used, 28-82 percent of Namibians are poor. Against these social realities, the goals contained in Vision 2030 are starting to look like an unattainable "Christmas wish list".

Attempts to create jobs

Over the past years, several attempts were made to create new jobs in Namibia.

These included an expanded civil service and army, a support programme for small and medium size enterprises (SMEs), limited public works programmes (such as road construction in rural areas) to name a few. A main focus of economic policy was to create an investor-friendly environment through measures such as the introduction of Export Processing Zones (EPZs). However, they created far fewer job than expected (a few hundred instead of the anticipated 25 000) and the experiences with Ramatex clearly showed the pitfalls of the EPZ programme. In essence, Namibia pinned its hopes on the "trickle-down effect": increased investments and business profitability would ultimately translate into improved living standards for workers and the poor.

In Namibia, like in almost all African countries, this has clearly not happened! Why?

The global economy

Namibia is not a "special case" in the global economy and experiences similar problems to most other "developing countries". The Canadian economics professor, Michael Chossudovsky, pointed out that the paradox of global capitalism, as a "globalisation of poverty", occurs during a period of rapid technological and scientific advancement. Instead of using this new technology to meet human basic needs, it is privatised and used for cut-throat competition that only benefits the strongest firms. As a result, smaller businesses are forced to close and global unemployment is rising. The new economic

world order feeds on human poverty and high levels of unemployment, now affecting a third of the global workforce.

The ruthlessness associated with a global economy based on “survival of the fittest” led to micro-economic (factory) efficiency through downsizing, cost-cutting etc, but had the opposite effect at macro-economic level, namely increasing poverty and unemployment. Large corporations took over the world economy, while smaller “surplus enterprises” were closed down.

Chossudovsky concluded: “The enterprises with the most advanced technologies or those with command over the lowest wages survive in a world economy marked by overproduction.”

This is the global politics of unemployment which also affects Namibia.

Immediate interventions

Possible short-term interventions that Namibia could undertake immediately include:

- Large-scale public works programme to build social infrastructure (housing, rural roads, hospitals, clinics, toilets etc.). These programmes should not be driven by profit-motives but by social goals.
- A BIG to kick-start local economies, as was demonstrated in Otjivero over the past few years.

Systematic support for and protection of emerging productive activities. This must include protection against free trade agreements such as the Economic Partnership Agreements (EPAs) that the EU wants to impose on Africa and other ACP countries. Cheap and subsidised imports will certainly destroy Namibia’s fledgling industries that are needed to reduce unemployment.

Structural changes

In the medium- to long-term, Namibia needs to make structural changes to overcome constraints on the “enclave economy” that characterises most of Africa. All attention is paid to a shrinking formal sector that is based on extractive activities geared towards exports, while the majority of the population has to make a living in the survivalist informal economy or in the communal farming sector. They hardly receive any support and do not benefit from investments.

Thus a developmental state intervention based on social goals instead of merely profit-driven investments is urgently needed. This entails systematic promotion of labour-intensive and environmentally friendly production and the processing of local resources in the region (creation of value chains instead of exporting raw materials like minerals and medicinal plants).

International experiences have also shown the potential of other ownership structures to expand economic democracy. This takes the forms of co-operatives and workers-run factories etc. They were established very successfully in several countries such as Argentina, Venezuela and Spain and managed to overcome the global economic crisis of 2008-9 far better than most of the privately-owned and run companies. Thus there is enormous potential in exploring workers taking over factories instead of just being retrenched like we experienced with Ramatex.

Conclusion

In conclusion, I wish to emphasise that continuing the current path is unsustainable and should not even be contemplated. Economic growth as measured through the GDP does not translate into more jobs as the available statistics clearly demonstrate.

We urgently need redistributive interventions to tackle poverty and unemployment and can no longer wait for the “trickle-down” effect of market-driven policies.

The current “rules” of the global economy prevent a more endogenous development strategy and thus African countries need to oppose the rules of the World Trade Organisation (WTO) that hinder job-creation and a fair distribution of wealth. The same applies to the conditionalities of International Monetary Fund (IMF) and World Bank loans.

Such a turn-around cannot be left in the hands of local and global elites, as they often tend to serve their own interests only. What is required is a new approach towards development, participatory, grassroots-driven democracy, and a political will for transformative changes.

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