



The Gateway to Endless Opportunities

**SPEECH BY DR. JOB S AMUPANDA, MAYOR, ON THE OCCASION OF
THE ORDINARY COUNCIL MEETING OF MARCH 2021**

“A DEVELOPMENTAL CITY FOR A DEVELOPMENTAL STATE”

DATE: THURSDAY, 25TH MARCH 2021

TIME: 17H30

VENUE: COUNCIL CHAMBERS

YW, the Deputy Mayor

Chairperson of Management Committee

Honourable Councillors

Acting CEO

The Executive Team

Officials of the Municipal City Windhoek

Members of the Media

Ladies and Gentlemen

Good evening,

The Neoliberal orthodoxy that held, (particularly in the post-cold war era, that the state should have no role to play in the economy, apart from the creation of the so-called enabling environment, has been discredited by the economic growth path of the economies that are known as the Asian Tigers.

The neoliberal orthodoxy was promoted and forced upon the developing world by the Bretton Woods institutions at the time when their economies were on their knees. It was then held that the state must retreat and make way for the private sector to lead growth. Everything else will be solved by the “invisible hand” – the ghost of the market, in the words of Adam Smith.

At the time when this orthodoxy was being promoted countries such as Hong Kong, Singapore, South Korea and Taiwan – that become known as the Asian Tigers – proved this orthodoxy wrong by registering high economic growth with, and on account of, state intervention in the economy. The state in these economies directed development and intervened in the economy to promote rapid industrialization that led to economic growth and resulted in these economies, joining the ranks of the world's wealthiest nations. For several decades, these countries maintained yearly growth rates of more than 7 percent. Indeed, they became known as developmental states.

A developmental state is characterised by several factors such as:

(1) a State that is actively involved, and intervenes, in the economy directing and promoting economic growth with industrialization as a main focus;

(2) an ideological hegemony by political leadership, is characterised by the commitment and direction of the economy. This ideological hegemony, embraced by the population, leading to national consensus on economic direction and unity of purpose;

(3) a competent bureaucracy which essentially refers to a meritocratic system wherein the best brains, not comrades,

tribesmen or relatives, are the one who get the job in government;
and

(4) what is called corporatism in reference to the state's ability to bring together business, labour and government to agree on the economic direction and conclude a pact to achieve economic growth.

This is the path that these countries followed. It is also the same path that other developmental states such as China (the second largest economy in the world) and Japan (the third largest economy in the world). Although viewed as a hard-core capitalist society, when closely analysed, factors such as cultural imperialism, the weaponization of the US Dollar as international currency, its foreign policy and unipolarity, account for more of its economic returns than free-market capitalism. In other words: upon close inspection and indeed outside the realm of the unsuspecting, it is state interventionism, in the developmental state fashion, that accounts for the US' economic performances.

In Africa, the examples of developmental states are many. Like President Hage Geingob, Nigeria's Muhammadu Buhari came to power in 2015. He followed the developmental state path of an interventionist state championing industrialization and protecting the domestic industries as engines of growth. He also diversified the economy. True to the requirements of a developmental state, Buhari

assembled the best brains to help him achieve his developmental state objectives. The results were clear: in a few years after he assumed power, Nigeria surpassed South Africa as the largest economy, on the African continent.

During the early years of independence, the economic conditions experienced by Mauritius, were not any different from the current economic conditions in Namibia namely: excessive dependency on a mono-culture economy; a rapidly growing population; an incompetent bureaucracy and a high unemployment rate.

Mauritius followed a developmental state path and transformed its economy. Writing in the 2015 edition of the *Journal of Economics and Sustainable Development* volume 6 issue 19, Ethiopian economist Muleta Yirga Shumuye, accounts for the Mauritius developmental state as follows:

“Therefore, committed and visionary leadership, adopting appropriate development ideology, effective and efficient public institutions in providing effective administrative services, managerial, and technical expertise, investment in human development are among others played the critical role for Mauritius’ success story. Mauritian developmental state possessed a cadre of educated officials and planners operating in a secure organisational environment and defined ideological consensus. Furthermore, government policies in education and other social services had resulted in relatively cheap, skilled, and stable labour force that was so crucial for boosting exports of

locally manufactured goods and structural transformation. Based on such conscious developmental planning measures over the past three decades of the 20th century, Mauritius has undergone noticeable structural transformation of its economy. Efforts at economic diversification have been successful, allowing the country to move from a sugar dominated economy to manufacturing (i.e. textile) and a broader service economy (tourism, banking, and ICT). Mauritius' reliance on export-led development has helped the country to achieve respectable levels of export performance and sustain economic growth. Along the way, human development indicators have improved substantially which are a key for transformation and sustained economic growth. As a result, the nation moves from a "low-income" country status to an "upper middle-income" country status".

Botswana is another developmental state on the African continent. It is perhaps one economy that is closer to the Namibian economy not only in geographical terms but, also in scale and content. It is endowed with mineral resources and has a population, similar to that of Namibia. The main difference is that Botswana followed a path of developmental state while Namibia remained stagnant in neoliberal orthodoxy. Botswana's political leadership is very clear and resolutely pursued its industrialization objectives. Consider the case of diamond mining. Botswana's leadership brought De Beers to the table to negotiate a deal to benefit the country. As a result, Botswana not only created an equally owned 50-50 mining company

with De Beers (Debswana) but, also negotiated its own shares in De Beers.

In Namibia, the political elite simply ended the negotiations at the 50-50 ownership with De Beers, that created NamDeb. What this means is that the Botswana government owns part of NamDeb through De Beers. This is a result of a resolute political leadership that is needed for a developmental state. Unlike Namibia, where an entire Cabinet makes one's geography of birth (exile) a requirement for recruitment in the public services regardless of one's qualifications, in Botswana one is required to meet clear and specific competencies. The leaders in Botswana understand that one of the requirements for a developmental state, is a competent bureaucracy.

There is no doubt that Namibia's economic challenges require an interventionist state. The path of the developmental state has proven to be a realistic path that can not only deliver much needed jobs but also position our country on the path towards sustained economic growth.

Pursuant to the newly launched Harambee Prosperity Plan II document by the President's Advisors, it is very clear to my mind, that our country is in crisis. The government, through this document of advisors, has not only retreated to neoliberalism, it has further run

away from its responsibilities. The government does not see itself as a key driver of growth, through interventionist measures but, a mere consultant that seeks to dispose the state assets for quick cash.

Instead of directing development, the state has retreated and reduced itself into a consultant preparing documents or auctioning the shares of MTC to bidders (possibly identified under the table). There is no commitment to create much-needed, new permanent jobs for our growing and increasingly angry army of unemployed – many of whom are armed with degrees. It would seem that the strategy to economic recovery, is job-shedding, restructuring and liquidation of public enterprises.

This state of affairs means that a leadership vacuum exists in the provision of necessary economic growth and employment creation. It is for this reason that as a leadership of Windhoek, we must ascend to the pedestal, to lead our country and provide direction for economic growth and employment creation.

For Windhoek, the Municipal Council must now assume an interventionist character to drive economic development. It is for this reason in line with the obligations imposed on the Mayor by Section 11 (5) of the Local Authority Act that the Windhoek Economic Recovery Initiative (WERI) is slated for submission at the

April 2021 Council meeting. The initiative seeks to ensure that the City takes a Corporatist approach, bringing together business and labour to achieve economic growth not only for the local economy but, also for the entire country. WERI will unleash an opportunity for innovation for economic growth and employment creation. To entrepreneurs and industrialists, foreign and domestic, who have always wanted to present your ideas to the City but were unable to do so due to corruption and bureaucracy, may this initiative serve as fertile ground for thrilling opportunities.

In all cases of a successful developmental state, particularly those mentioned herein, cities always played a pivotal role. With Windhoek accounting for more than 30 percent contribution to the country's GDP and a population clocking a total of 400,000 inhabitants, it is evident that Windhoek, is the cornerstone for economic growth if we are to succeed.

Let us, therefore, march on to our new character as a Developmental City that is necessary for and towards, a developmental state.

Let's do this. We can do this. We got this!!

I thank you.

