

Column Corruption - A social disease • Part 174

Namibia at the cross roads

Public perceptions about how well government is handling job creation has xxxxx since 1999 as is evident in data reported by the Afrobarometer in 2019.

An expected increase in unemployment and an increase in private debt, which is one of the most prominent indicators of severe economic depression, do not leave much optimism for employment and entrepreneurship.

Unemployment has reached levels almost beyond the means of the government to assist the unemployed.

Government has introduced several job-creation projects, but most have been unsustainable due to a lack of efficient management (e.g. the Green schemes), financial prudence, and inadequate competitiveness of the products and services these projects were intended to provide.

An increase in unemployment, especially youth unemployment, and to be more specific among qualified people, indicates that it is highly probable that Namibia's education system is not preparing the youth for the labour market.

With a small population relative to Namibia's neighbours and 60% youth unemployment, is Namibia's entrepreneurial opportunities adequate for people to earn a decent living? Does Namibia need more state intervention to control the labour market?

STATE CONTROL

The overarching trend of state control and state intervention is probably one of the most critical enablers/drivers that has brought Namibia to the cross-roads of much-needed policy turnarounds - in investment, public service delivery, and unemployment.

This trend is contrary to global trends in public and project governance. For example, value added governance, e-governance and network governance minimise the role of government.

With increased fusion of the role of public and private sector as manifested in Public Private Enterprises (PPEs), control by central governments is outdated. Governments are increasingly becoming only facilitators of social dialogue about policy, not the main drivers of policy.

The new interest in local government politics and service delivery prior to the 2020 elections,



is demonstrative of the trend of self-governance and the benefits thereof. Potholes in Eros being repaired by community volunteers is an example of this.

Plotting the performance of some African economies over the past three decades, shows that excessive state control and intervention is counterproductive (see GDP per capita for 1990-2019).

The continent's success stories have liberalised, embraced the free market and private sector, and implemented structural changes. Zimbabwe and South Africa have taken the opposite path and are lagging behind in the region.

Mauritius, Botswana, Rwanda and Ethiopia are success stories. And while Namibia has been a mid-range performer, the country now seems increasingly inclined to excessive state-controlled policies with many similarities to Zimbabwe and South Africa, rather than copying the success stories.

When it comes to government/public spending, Namibia has the third best-resourced government in the world relative to the size of our economy (third highest tax-to-GDP ratio in the world). However, despite enormous resources, our government still spends between N\$8 and N\$10 billion a year more than the revenue collected, an ever-increasing unsustainable situation. Government is unlikely to stimulate growth through more spending during the next three to five years. In addition, NEEEB will most probably negatively affect employment creation, growth in business, profits and public revenue (Bartsch, Coetzee, Smith & De Klerk).

A contributor to public spending, by all governments, is the fact that

public debt is rolled over from year to year because of quantitative easing by central banks. Maturities are extended and public debt is artificially (mis)managed by quantitative easing.

Like with corruption and public service delivery, one of the sub-trends that should be read together with state control and intervention is the increase in executive power and discretion, with limited checks and balances.

For example, amendments to the Marine Resources Act enabled giving the largest quotas to Fishcor, which disadvantaged other fishing companies. This legislation was central in facilitating Fishrot.

It is a symptom of a state penetrated by corruption and permeated by systemic corruption when laws are amended to legalise, enforce and facilitate corruption.

It has been reported by *Namibian Sun* that a plan is afoot to bar the media and the public from access to certain court proceedings and documents. This is perceived by some as an attempt to protect powerful individuals from scrutiny. Any such plan contradicts the principles enshrined in the Access to Information Bill.

Is this move purely accidental after the Fishrot case and the Kora music awards fiasco? Is this illustrative of deliberate, undue political influence over the judiciary to pave the way for concealing corruption?

SYNTHESIS

Trends in lagging investment; corruption and public service delivery; unemployment, and state control and state intervention do not only overlap, but are interrelated, interconnected and interdependent.

If state control and intervention increase, it can increasingly conceal unchecked corruption and money laundering, and increase uncontained executive power. An increase in state control can also manifest in increasing regulatory control over money entering and leaving Namibia, reducing investment and hindering employment creation.

These trends should be viewed in conjunction and require constant monitoring.

Fixed capital formation decreased from 32.5% to 26.5%, net direct investment decreased from 7.2% to 2%, and further decreased to minus 1% in 2013. Corruption perception ratings by Transparency