

Straight Talk (17), 27 February – 4 March 2012:

## **Business and Politics**

*Prepared by Herbert Jauch for The Villager newspaper*

Recently, a story about a prominent politician carrying out highly paid consultancy work for a French Uranium company made the headlines in some of our local newspapers. The timing of this story raised questions about the motives as this particular politician is said to be amongst those in the running to become the country's next president. The essence of the story seems to be that the Uranium company paid consultancy fees of over N\$ 2 million to the politician for assistance in taking over a mine in Namibia, and later on was awarded Export Processing Zone (EPZ) status for envisaged processing activities. This essentially means that the company does not pay corporate taxes in Namibia.

Those defending the “consultancy deal” point out that it was declared to the President, that taxes on the consultancy fees were paid and thus that there was nothing illegal about a parliamentarian doing work for a company. In this column, I will not go into the details about this particular case or pass judgement on it. Instead, I want to raise some general but fundamental issues that come into play when business and politics mix.

The link between business and politics is not particular to Namibia as human history is littered with (often shady) deals between local politicians and global companies, known as multinational or transnational corporations. These huge companies control most of the global economy today, including most of Africa's natural resources such as minerals, oil and fish as well as large tracts of farmland. Global corporations have a long history of striking deals with politicians for their own advantage, a practice sometime referred to neo-colonialism. Instead of the violent conquest and dispossession of the colonial area, these companies now try to gain access to and control over resources via the local political elite. This is the common strategy pursued, no matter if the companies originate from the USA, Europe, or Asia.

Elected politicians on the other hand are supposed to serve the interests of their constituencies who voted them into power. Whatever the elected political leaders do is supposed to happen in the interest of “the people”. However, this textbook definition of democracy looks very different in practice. Politicians often place personal interests above those of their voters or the country and examples of corrupt deals can be found in almost every country of the world. “Favours” extended from companies to politicians range from paid holidays, to gifts of luxury cars, to substantial payments into offshore accounts etc. Such “favours” play a crucial role in companies achieving deals favourable to them. John Perkins in his revealing book “Confessions of an economic hitman”, has outlined the operations of a network of highly paid professionals who are employed to orchestrate deals that bring in billions of dollars for corporations at the expense of the countries whose resources are plundered.

These shady deals are often kept secret but several cases became known over time. The intricate link between business and politics was exposed, for example, during the time of the illegal invasion of Iraq, when the US government decided to bomb the country (under the pretext of looking for “weapons of mass destruction”) and then awarded the contract for the reconstruction of Iraq to the company in which the former US Vice president had an interest. Perkins’ book provides many more well documented examples of a global imperialism that takes the form of “economic diplomacy”, military intervention and murder.

This may sound very dramatic but it would be naive to believe that this does not happen in Namibia. The country’s resources are a major attraction for global corporations and they are firmly in control of our fishing and mining industries. Many deals seem to be struck around Namibia’s “oil blocks” already but very little is publicly known. This must be a cause of great concern because for social progress to be made, a country’s resources must be used to benefit the population – not the select few. Venezuela, for example, has shown during the last decade how a resource (oil) can be used to improve livelihoods of the majority and to fight poverty. Angola and Nigeria on the other hand are examples of how the same resource benefits a small elite while the majority continues to suffer.

The key issue therefore is: how do we deal with global corporations? How do we ensure that the benefits of the country’s resources benefit the poor? How do we avoid the secret deals that benefit individuals and corporate greed? The lack of transparency around the mining, fishing and oil deals is a very worrying sign and Namibia’s regulatory framework seems currently insufficient to avoid the pitfalls experienced by so many other countries before. Ultimately it is also a question of political will: is our political leadership willing to confront global corporations and to effect redistribution in favour of the poor?

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