



Speech by

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On the Worldwide Economic Downturn

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Madam Moderator,
Fellow Legislators,
Ladies and Gentlemen

I am very pleased to join you today in Philadelphia. This Conference takes place at a critical time as policymakers and economists try to come to grips with an unprecedented global economic crisis affecting people everywhere. I therefore welcome this opportunity to share with you some of the salient points emerging from discussions in the Inter-Parliamentary Union. Before doing that, however, I will briefly touch upon the situation on the African continent and in my own country, Namibia.

How is the crisis affecting Africa?

African countries are diverse and the crisis has affected them in different ways. According to an IMF assessment, the downturn in global growth, the decline in most commodity prices and tighter credit has significantly worsened the economic outlook for sub-Saharan Africa. In IMF's view, policymakers must walk a tightrope between not aggravating the shock in aggregate demand on the one side, while protecting hard-won gains in economic fundamentals on the other.

Clearly, some African countries are more integrated in the global economy than others and have therefore been hit first. A couple of them form part of G20. Little by little, no African country is escaping the combined negative effects of falling equity markets, capital flow reversals and pressures on exchange rates. Across Africa, the global slowdown in economic activity has pushed commodity prices down, with negative effects on export earnings and the external current account, fiscal revenues, and household incomes. Many countries are also vulnerable as they depend to a large degree on donors honoring their development aid commitments and other cooperative arrangements.

The impact of the Global Financial Crisis for Namibia

According to the Bank of Namibia 2009 Quarterly Bulletin, the economic indicators showed mixed results during the first quarter of 2009. In the real sector, Namibia's key primary sector exports, diamonds, uranium, zinc and gold continued to be adversely affected by the depressed global economic conditions. The agricultural sector also continued contracting during the period under review. The secondary industry reported sluggish performance, with most indicators registering downward movements. *(The manufacturing output of refined zinc, beer, soft drinks and beef registered declines, while copper smelting was the only subsector that recorded an output increase during the period under review)*. Also the construction and electricity generation registered negative results.

The Bank further reported that in line with global trends, the overall annual inflation remained constant at a quarterly average of 11.5 percent during the last quarter of 2008 and the first quarter of 2009. However, on a monthly basis the consumer prices rose at a single digit of 9.6 percent in May 2009, slightly lower than 9.7 percent in May 2008.

The Situation in Namibia is not unique. We are one of many developing countries which had nothing to do with causing this crisis. Sadly, like others, we are undoubtedly going to suffer its consequences the most. As a noted expert put it, the causes of the financial and economic crisis can be attributed “to reckless financial deregulation. Huge growth on lending took place.” Consequences would be severe and lasting particularly for poor and developing countries.

Inter-Parliamentary Union (IPU)

Two months ago the IPU brought together lawmakers and competent international experts at a global conference held in Geneva to discuss the conclusions we could draw from the financial and economic crisis and workable policies that need to be put in place to deal with the challenge. I will focus on four broad areas.

First, the immediate response to the crisis in many severely affected developing countries involves rapid disbursement of very significant amounts of remedial funding. We need to ensure far greater transparency and accountability in this process and Parliaments can do a lot to achieve that end. A few of them have already set up special mechanisms and procedures to ensure parliamentary oversight and scrutiny of rescue packages. More broadly, I believe that parliaments will acknowledge that they could have done more to avoid the crisis and we will no doubt see many of them further significantly strengthening their oversight capacity and having a say in future policymaking.

Second, the crisis highlights, once again, the need for rich nations to live up to their commitments to provide development assistance to poor regions of the world. Without external support many developing countries cannot meet the Millennium Development Goals, let alone overcome other pressing challenges such as HIV/AIDS, climate change and food security. Parliaments are paying closer attention to these questions and the IPU is placing significantly greater emphasis in its own work on promoting in very concrete and measurable terms the international development and trade cooperation agenda.

Third, we need more and transparent government and overall solidarity. The Governments should assume a more assertive role in the process. The financial system must be subjected to tighter supervision. Parliaments have a major part in ensuring that this happens. There must be much more accountability within the banking system and financial service sectors than hitherto.

But it is more than just the finance and banking system. Employment should be central to the debate. The health of the world economy should not be measured as a function of stock market recovery, but rather in terms of its ability to provide skills development, investment and employment that value the dignity of work and mutually beneficial partnership. We must also recognize that the crisis affects women and men differently. The crisis will at a minimum consolidate entrenched inequalities. This will most likely exacerbate them, pushing women even further into poverty and dependency. Women

are a driving force of our economies, formally and informally, certainly in the developing world. Any solutions to the crisis must, therefore, build on their potential, recognize their contributions and promote gender equality and women's empowerment.

These are all fundamental challenges of public policy. They need to be critically examined and debated, in search of a common purpose, in society and in parliament. This debate has started but it has a long way to go. The IPU will pay particular attention to nurturing this debate and insist on joining the negotiating table for long-term reforms of the present financial architecture for the good of all.

Fourth, with regard to this, parliamentarians wish to contribute to the design of an improved system which is better attuned to the deeper aspirations of humanity. In our view, much closer interaction should be ensured with the international financial, trade and investment institutions. These all embracing structures must necessarily become more responsive to people's real needs and open up to greater Parliamentary scrutiny and partnership.

In conclusion, let me insist on one essential point. This is a story of a crisis foretold. After the East-Asian financial crisis and economic downturn, we heard the warning shot across the bow. We cannot claim to have been ignorant. There have been many other warning signals particularly in some G8 countries. But the development model we pursue ever so blindly and the acute social contradictions in society have been such that statesmen, parliamentarians and the civil society have abdicated all essential decisions to the Wall Street money and the Main Street. But what about the **sweat** shop and the village market? The rich G8 Nations have pledged to fix the problem, but we must verify the facts first.

At its most fundamental level, therefore, the crisis is one that touches on what kind of society we want to live in. It concerns issues of values and human dignity. At a very minimum, the response must be one in which we abandon business as usual and set off to find a better equilibrium between the voice of the society, the role of the State and the dynamics of the market. The IPU is committed to such a new beginning and constructive partnership.

I thank you for your attention, lest we forget that we are all in this together.