



I recently attended the Caribbean Public Procurement (Law & Practice) Conference (CPPC 2010) in Port of Spain, Trinidad and Tobago. One does not usually 'wax lyrical' about academic or professional conferences but this one, held between 11-12 October 2010, was very well done. Margaret Rose and her team at CPI must be commended for superlative work.

My presentation was on the need for openness and transparency in public procurement. It carried the introductory line, 'There is no spoon' and began with the following paragraph:

*Some may remember the 1999 movie by the Wachowski brothers, 'The Matrix.' There is a scene where the protagonist, Neo, is brought to meet the Oracle to determine if he is indeed the Chosen One, as some think he is. In the anteroom he meets another candidate, a young boy bending spoons without physical force, who advises him that the trick is not to try to bend the spoon with his mind. He says, '... that is impossible. Instead, only try to realise the truth ... There is no spoon.'*

## **The Matrix**

I conceded immediately that one would only understand the metaphor intended in that story if one knows the Matrix hypothesis. That is, we all live in an artificial world, which is a computerised construct, into which everyone is plugged. Everyone is fed a stream of information that projects artificial pictures of his world and his place in it. Thus, in the Matrix there are no spoons but only computerised images of them. I intended by that story to say that our world of public procurement is something like the Matrix. Things are not like what they seem and that there are circumstances where appearances are far more important than reality.

## **Corrupt countries**

I invited my audience at the conference to consider a country where the ruling political party

encourages political contributions by way of loans, so as to avoid oversight; where those who had made those loans received promises of 'civic' honours and appointments to one of the houses of legislature as an inducement for the political contributions; where the governments, over several administrations traversing several decades, pursued policies which encourage business leaders to bribe public officials overseas; that prosecutions for corruption were under political control and not vested in the hands of an independent agency; that when it was disclosed that one of its strategic enterprises was engaged in such corrupt activities, the government quashed those investigations; that when that decision was appealed to the highest court, that tribunal declared that it is in the power of the anticorruption agency to exercise its independent decision not to investigate; that members of the houses of legislature had developed the practice over many years of making fraudulent claims and received payments from the government for fictitious living expenses; and that the government for several years ignored the complaints of its international trading partners in the region that its approach to corruption was ineffective. Many would have little difficulty declaring such a country to be corrupt. For more difficult would be to guess the identity of the country. After all, in the developing world, and certainly in this region, we have many contestants that would fit that description. However, I am not describing a developing country in Africa or Latin America. I am not speaking of the emerging economies of Eastern Europe, nor am I speaking of a country in Asia. I am, in fact, speaking of the United Kingdom.

In this litany of complaints, it is difficult to find one that is more offensive than the others, but the recent contretemps over allegations of a British company bribing Saudi officials to secure export sales seems to be a good candidate. That the Serious Frauds Office may have been prevented by the UK government from pursuing its investigation into corruption is one thing; that government ministers seemed to have accepted that this was an appropriate way to do business abroad is quite another. There are many who would find very disturbing the equanimity with which former ministers of government accepted bribery as a normal course of British companies doing business abroad.

Although the entire list of corrupt activities I have just identified have been attributed by the press in the UK to the UK government, few think of the UK as a corrupt country. Had the press attributed all, or any of those complaints to any African, Asian, Caribbean or Latin American country, we would have had no difficulty raising the indictment of corruption. We seem to live in a peculiarly distorted world. We place significant emphasis on the perception of corruption in the distribution of public goods, yet we perceive this corruption only in some countries. We cannot see it in others, even when the most compelling evidence suggests otherwise. So this is the world we live in, where the perception of corruption weighs more heavily on poor underdeveloped countries and the burden of addressing corruption is more daunting.

### **Misled by perception**

Those of us engaged in the anticorruption struggle have guilty of creating and promoting this warped state of affairs. We have emphasised the perception of corruption, rather than corruption itself, perhaps because the perception of corruption is easy to model and thus easy to measure while the measurement and management of actual corruption it rather difficult. We have promoted the utilization of Transparency International's Corruption Perception Index even though we know the CPI is based on significantly flawed scientific methodology. We have lauded development agencies when they used that index to award grants in aid, when we know that no country by any of its own activities or polices can change its place on the CPI. We have turned a blind eye as TI promotes the CPI more than the Bribe Payers Index, because we recognise that governments, the objects of the CPI, are soft targets while the objects of the Bribe Payers Index, private corporations, are far more resilient opponents.

### Conclusion

Perhaps it is time for us to get out of this matrix. After all, we know where this rabbit hole ends. We know that corruption is debilitating to the distribution of all public goods, and especially in the field of public procurements. We know that improving capacity, capability and the application of best practices are essential to the public procurement processes, but the best trained and most able procurement officers will be insufficient to the challenges if they still operate in a corrupt environment. Finally, and most importantly, we now know that the corruption perception methodology does not work. That methodology suffices to justify the political statements on which future administrative actions may be based, but it does not prescribe what that administrative framework should be. This paper seeks to address that issue. It offers a hypothesis for building anticorruption regimes in underdeveloped and under-resourced countries. The proposition, based essentially on agency theory, is that poor countries can only address the issue of corruption in public procurement by providing for greater oversight and transparency.

[Your can find the YouTube link the video clip here :](http://www.youtube.com/watch?v=dzm8kTlj_0M)  
[http://www.youtube.com/watch?v=dzm8kTlj\\_0M](http://www.youtube.com/watch?v=dzm8kTlj_0M)

There is an interesting footnote to this. After the presentation, as other faculty members discussed my presentation, one of participants commented that whenever she discussed the UK MPs' expenses fraud case with persons from Africa or the Caribbean they always comment that the amounts are so small. 'Only a duck house?' They would say. So in the minds on our friends in the UK, even the very evidence of indictable fraud of UK MPs becomes proof of corruption, not in their country, but in ours.