

The Other Side: Privatization, Corruption and the Elected Official

By: Austin Harris

For those of you who thought I leaned too heavily in support of the Government in my last Editorial, this post should make you happy as it will likely draw criticism from that very same Government. For those of you who prefer pictures with your stories, let me recommend the 2010 First Quarter issue of the Cayman Financial Review, which dedicates a full issue on the subject of Corruption or rather, Anti-Corruption.

The following are excerpts of remarks made by Richard Boucher, OECD Deputy Secretary-General on **The Fight against Foreign Bribery: The OECD Anti-Bribery Convention and the International Community** at Chatham House, London, United Kingdom on January 19, 2010.

"I am pleased to be here with you today at Chatham House to address the very real problem of the bribery of foreign public officials. It is an honor to share this platform with Jack Straw. I congratulate him for the programme he has announced to invigorate the UK's fight against corruption, in particular, foreign bribery.

The "bribery of foreign officials" may seem remote or abstract, but it is one of the most insidious forms of corruption, that often involves huge sums of money, and sometimes development aid. Action against foreign bribery by OECD countries and other major trading and investing countries is important for two reasons: one, because of the serious harm caused by this activity; and two, because major economies have a clear responsibility to act and make a difference.

So what are we talking about? Maybe a real-life example would help. Let's say that a Ministry of Health in a developing country wants to build a hospital or import medicines. It even puts out a call for tender. But in order to win the contract, executives from a foreign company or their local agent offer a bribe to the minister and key officials who will take the decisions. It may even be the case that the officials asked for the bribe. Because this foreign company gets the contract on the basis of a bribe rather than merit, it's proposal might not be the most cost-effective. The company might even bribe officials to overlook costly health and safety standards, or provide the company with preferential tax treatment.

Who pays the price? The victims are numerous. They include the general public who will not have proper access to effective health care because the new hospital is sub-standard or the new medicines never arrive and whose tax dollars will have been wasted on a substandard public good.

The companies that were more qualified for the job pay the price when they go out of business because of unfair competition. Outside the hospital's walls, people lose trust in their government and they are frustrated by the clear lack of accountability. In the worst case scenario, widespread corruption can lead to unrest or violence and even instability in a whole region.

A former anti-corruption official from Nigeria who participated in the OECD International Anti-Corruption Day event on 9 December said simply, "Bribery means stealing from the poorest". We have a responsibility to protect these victims from the effects of foreign bribery. We cannot allow our companies to be part of it. And we cannot ask or expect developing countries to act against corruption unless we address the supply of bribes."

**(For the full content of his speech, log on to www.rooster101.ky)*

So, why is this important in Cayman? Well for starters, our Premier has said he will meet the challenge of the recession and declining government revenues by divesting certain currently held government assets and transferring them to the Private Sector. He has further stated that he will relax certain Immigration policies in order to cater to more direct foreign investment.

What questions should we therefore begin to ask ourselves?

Again, for starters; who are these Private Investors? What were the criteria on which they were chosen? What is their ability to deliver on the work that is tendered, at a Price that is agreed? How affordable and reliable will the service be in Private hands?

From a Political standpoint – it begs the need to ensure the Register of Interests is properly & truthfully completed & updated regularly by all Elected & Appointed Representatives & this Register also be readily available for Public Scrutiny. This Register should also be required of any Board members who serve on Oversight bodies.

From an Oversight point of view - it points for the need of clearly defined selection and due diligence criteria, which is both Transparent and Accountable. The selection of the Board members, who will oversee such transactions, must consist of individuals with the strongest moral & professional character, and their meetings should not, whenever possible, be held behind closed doors, but instead open to public scrutiny.

Anything less and we provide an opportunity for Bribery & Corruption to flourish. In a perfect world, the above would be common place; we do not live in a perfect world, but we aspire to. Do we therefore have the will to ensure our strategy towards future growth and prosperity is free of the weeds of Corruption, both in word as well as action? Will the Government, our new Governor, even our new Commissioner of Police have the strength and courage to do what is right and necessary by putting in place, post haste, the Anti Corruption Commission? Only time will tell.

I think these are the questions we should be asking, if not demanding of our Leaders, both those in the present and certainly those who will come in the future.