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Is the Private Sector All it is Cracked Up to Be? Myths, Reality, and Developmental Lessons for Africa

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Over the years, neoclassical dogma has fostered the impression that the private sector, driven as it were by the imperative of self-interest and the calculus of the profit-motive, has an in-built tendency to realize superior economic performance and generate faster growth. Unlike the public sector that is epitomized as generally wallowing in rent-seeking behavior and clientilism and therefore inherently mired in the morass of gross inefficiency, the private sector has been popularized as a model that is almost sacrosanct in its essence and virtually infallible in its operational vivacity. In short, it has been seen as everything that the public sector is not. Be that as it may, the dyed-in-the-wool neoclassical operators, western leaders, and institutions (e.g. IMF and the World Bank) have incessantly exhorted African governments to roll back state frontiers and rely increasingly on the private sector to provide goods and services. So loaded has been the rhetoric and so saturating has been the ideological bombardment that African policymakers have been evengelized to view the private sector and the market model as the only games in town. To the profoundly impressionistic, the market paradigm has assumed the status of Holy Writ, while the private sector has been presented as the guardian angel–an incorrigible force for the good–in the annals of human advancement. Unfortunately, incisive attempts to cut through the pork and dissect the empirical

evidence have been few and far between. And because those at the receiving end have swallowed and regurgitated the conventional wisdom without much reflection, the mythology has tended to persist and acquire a dynamic life of its own. In the process, the serious limitations of the market and the disquieting reality about the opportunistic tendencies of private sector firms (e.g. rent-seeking behaviour, clientilism, under the counter wheeling and dealing, etc.) have rarely been brought into sharp relief.

In this regard, the question that arises is whether the private sector is really what it's cracked up to be, on the one hand, and whether the demonisation of the public sector is not partly a case of the private sector failing to see the mote in its own eye, on the other.

In this paper, an attempt will be made, first, to demonstrate that the holier-than-thou private sector image sculpted by the adherents of the neoclassical orthodoxy is not rooted in reality. The truth is that the sector has, on numerous occasions, been involved in rent-seeking graft and patently sleazy clientilism that have caused serious misallocation of resources.

2.0 The private sector image: rhetoric and reality

Throughout much of Africa, it is often taken for granted that the private sector is an indispensable force for promoting growth, creating employment, and making productive use of resources. Central to this contention has been the attempt to distinguish between private sector and public sector performances, namely, the presumed inherent capacity of the former to cut costs to the bone and induce efficiency in its operations. The ethic that is believed to underpin private-sector activities and to motivate its owners or shareholders is profit maximisation. And in this endeavour, the private sector would be forced by the exigencies and realities of the competitive marketplace to allocate

resources efficiently. This, in short, has been the basic rationale for promoting privatisation and for advocating private sector expansion.

2.1 The myth of the "harmony of interests" doctrine

But what are the conceptual origins of the view that private interests have a tendency to serve the public interest? Although antecedents about this link have been addressed by several thinkers, it would be useful to examine the articulation of this interplay from around the late 17th century to the time of Adam Smith's publication of his seminal work, the *Wealth of Nations*, in 1776. As the 17th century was coming to a close, Shaftesbury, a pupil of John Locke, intimated that the egoistic propensities of individuals would accord correspondingly with their altruistic social impulses. The sources for generating such a state of affairs, observed Shaftesbury, could be traced to the recesses of the individual's moral faculties. Not only would these assets drive them to distinguish between right and wrong, but would also prompt them to pursue the right courses of action. In other words, the spirit of individualism would not betray the sense of collective good; if anything, the moral sensibilities would steer egoistic pursuits in the direction of realizing harmony of interests.

Several decades later, while propounding on the market mechanism, Adam Smith grappled with this notion in the context of societal development. In his exposition, Smith conceptualized the mechanics of an economic system in terms of *identity of interests* where private wants, guided by the "invisible hand", would inexorably promote the public interest even though this end would not have been the express motivation of the individual's themselves. No doubt, Smith regarded the concrete expression of egoistic impulses not a vice but a virtue. Therefore, in the economic

scheme of human intercourse, there was no contradiction between the quest for private gain and the concomitant achievement of public benefits.

Interestingly, Bernard Mandeville, who wrote before Smith promulgated his market model, raised a paradox about this private-public causality. In his controversial treatise, *Fable of the Bees: Private Vices, Public Benefits*, Mandeville condemned self-love and exalted self-denial, and proceeded to treat the pursuit of private gain as a vice. However, he conceded that personal egoism was invariably indispensable in the realization of economic prosperity, clearly intimating that private vices transmogrify into public benefits. As is apparent, Mandeville's premise was different from Smith's but succeeded, nevertheless, to arrive at a similar conclusion, namely, that they prevailed a potential harmony between private and public interests.

The notion of private enterprise is cardinal to the laissez faire system which Smith described, a system of capitalism underpinned by the following institutions and assumptions: private property, self-interest as a primary motive, competition, reliance on the price mechanism, and the limited role of state in an economy. Smith's market model has presupposed the private ownership of the means of production and that decisions on what to produce, how to produce, and for whom would be based on signals conveyed by the price mechanism which coordinates the effective interaction between firms and households. The idea that the state should not play the entrepreneurship role in whatever shape or form came to be challenged by several schools of thought that emerged later in the 19th century, though the ideas that inspired the proponents of intervensionism had taken shape during the early part of that century. The German historical school, for instance, underlined the importance of the social organism (i.e. the state) in development, and how its institutions could be mobilized to promote well-

being. Hildenbrand, a partisan voice of this German tradition, repudiated the Smithian conception of political economy, in particular, the view that an economy is governed by the actions of individual agents motivated by self-interest. He and other thinkers of historical economics were inspired by Hegel's conception of the instrumentality of the state. Hegel placed a high premium on the study of history in a bid to discover the natural laws of economic development. An individual's liberty and moral worth, he notes, only makes sense if he is a member of the state and if he submits himself to the authority of that state. These views led to the synthesis of social ideas and the construction of political programs designed to exert social control and influence the configurations of public policy. In many respects, these ideas went against the very grain of the notions of self-interest and private enterprise that defined the underlying character of a capitalist regime which Smith and other advocates of economic liberalism came to espouse in the 18th century.

In nearly all discourses pertaining to economic development, this line of thinking (harmony of interests) has been advanced with dogmatic religiosity. Many neoliberal practitioners have regarded this as an article of faith, an inviolable truth. Such operators have found it utterly incredulous, if not preposterous, for any normal person to question its premises; to them, the force of its axiomatic rationality speaks for itself. Moreover, its compelling logic has often been taken to automatically confer it an ontological status. In fact, it has become apparent that the age of neoclassical liberalism has elevated the concept of the private sector to the status of the Holy Writ. As such, it is not, surprising that since the re-emergence of the New Right ideology in the late 1970s, the view has been conceptualized in anthropomorphic terms and revered as though radiating waves of spirituality. Little wonder that efforts to critically appraise the private sector model

have generally been greeted, in the citadels of liberalism, with gestures of disbelief and ripostes of derogatory consternation.

2.2 *Neoliberalism and the challenge of public policy*

Notwithstanding or underplaying some of its salient merits, is the private sector really what it is cracked up to be? How robust or defensible is the assertion that the private sector necessarily produces superior performance compared to public sector management?

To neoclassical practitioners, the answers to these questions are pretty obvious though many adherents of the neoliberal creed would, in the first place, regard the questions as frivolous at best or blasphemous at worst. But scientific analysts would not be overawed by such body language or intimidatory intellectual postures. On the contrary, they would prefer to weigh the evidence to see whether the generalisation possesses this universal law-like character.

The classical conception of the linear, private–public causality was embraced by the torch-bearers of the marginalist revolution. This turning point began around 1870 and marked the onset of the neoclassical phase in the history of economic ideas. By and large, the Austrian and Lausanne schools, including Marshallian neoliberalism, regarded the notion of harmony of interests as given, though some leading exponents of the Smithian model e.g. William Jevons and Leon Walras, argued in favour of social reform through state intervention. In part, this was an implicit admission that private interests were not automatically transmogrified into public benefits.

Within the tradition of neoliberalism, there emerged in the 1910s a sub-branch of economics that challenged the private-public perspective to its core. The pioneer of this field was Arthur C. Pigou, a student of Alfred Marshall (the distinguished Cambridge

economist credited with systematizing and broadening the frontiers of marginalism, on the one hand, and for developing and building the foundations of neoclassical economics, on the other), and a teacher to the famous economic luminary of the 20th century, John Maynard Keynes. In 1912, Pigou published a seminal text, *Wealth and Welfare,* an effort that addressed social problems and significant concerns of welfare such as the size of national income, its distribution, and its stability. Republished in 1920 under the title *The Economics of Welfare*, it represented the first systematic attempt by any thinker to demonstrate the divergence between the pursuit of private interest and its translation into non-optimization of society's welfare. With the help of numerous but rich examples, he showed that most private firms would, while pursuing their private objectives, impose costs on society. These burdens would emanate from spillovers i.e. the by-products of production operations such as health-impairing gas emissions and/or effluent discharges. While the *private* owners would generate gains for themselves, the harmful externalities (spillovers) would inflict damage on the environment and therefore have welfare-reducing impacts on society. Thus, Pigou's treatment was able to reveal that the pursuit of private interest does not necessarily redound to public welfare.

Another sub-branch of economics that further exposed the fallacy of the private-public causality was Keynesianism. Many writers of Keynesian persuasion are convinced that the feverish drive for speculation, fuelled at its core by the dynamic of individual self-interest, provoked the financial cataclysm that precipitated the Great Crash of 1929. To keen analysts inspired by a *political economy perspective*, the forces of trauma unleashed by the Depression had their roots in the potentially disruptive divergence between private and public interests. Keynes himself observed that the "fruits of risk,

uncertainty, and ignorance" were the main evils of an ungoverned, laissez-faire economy. Therefore, the state must devise an interventionist agenda to control currency and credit, to incentivize an economy towards achieving a desirable level of savings, and to initiate measures that would canalize investments into productive areas. The articulation of ideas contained in his path-breaking treatise, *The General Theory of Employment, Interest, and Money (1936),* was a culmination of a pragmatic position he held in the mid-1920s when he argued that large programmes of public investment in road building, electricity generation, and the telephone system would not only generate employment directly, but would also spur additional employment in the private sector.

However, despite the instrumental policy value of Keynesian normative programs in catalyzing the economic resurgence of depressed and war-ravaged economies since the mid-1930s, the gurus and exponents of the school of monetarism largely rejected his demand-side paradigmatic framework. The main protagonist in this regard was Milton Friedman and his fellow neoliberal priests. Their ideological allies, the New Right Movement, have repudiated the Keynesian conceptual and theoretical underpinnings advocating, instead, the adoption of supply-side economics. Friedman's model, while placing an overwhelming premium on the private sector, tends to be guided by the classical view of the harmony of interests, namely, that the pursuit of private interests transmogrifies into benefits to society.

Did the emergence of the *New Welfare Economics* in the late 1930s cast doubt on the view that private gains invariably translate into public benefits, or was the conception reinforced by this new disciplinary variant?

In all fairness, this new field dealt a mighty blow to the "invisible hand" phenomenon in that the activities of producers (private firms) were deemed to impact adversely on

consumers (society or a part of it) under conditions of externalities (e.g. pollution). Therefore, a mechanism would need to be devised to ensure that gainers (producers) *compensate the losers* in such a way that all become better off. Thinkers like Kaldor believe that this *compensation test*, being a problem of distribution, can only be operationalized outside the province of the economics discipline since ethical judgements will need to be made regarding the pattern of income distribution compatible with the achievement of maximum social welfare. This is a tacit admission of things: one, that private pursuits do not necessarily transmogrify into public benefits, and two, because of this, state intervention would be necessary to ensure that all gain and nobody loses.

However, in a specific case characterized by a similar dichotomy between production and distribution, some marginalist practitioners have, true to tradition, proceeded to show how private interests translate into public benefits. I am referring here to the Coase theorem which, simply put, states that, in the absence of free riding and transaction costs, a polluter (private firm) and the victim (society members) would arrive at an amicable market solution (through a bargaining process) irrespective of who has the right to pollute or to be polluted.[1] In other words, the model suggests that both will be better off despite the externalities unleashed by the private firm. But what is particularly outrageous about this theorem is that it regards threats and *bribes* issued by the polluter as acceptable currencies of power politics. Is it not the case that bribes bypass the market mechanism and generate both distortions and resource misallocation?

2.3 Opportunistic behaviour by private companies

Neoclassical practitioners regard prices as the most reliable indicators for investors. This is assumed to be especially true in "free market" economies i.e. in economic

systems where forces of demand and supply are believed to allocate resources efficiently.

But, suppose the forces of demand and supply are not allowed to operate in accordance with neoclassical specifications. Suppose vested interests in firms engage in opportunistic behaviour subverting, in the main, neoclassical market processes? Would the prices–as assumed quintessential signals–not suffer distortions so grave as to mislead investors, real and potential? Clearly, would it not be credible to assert that private sector firms, as human creations (remember, human is to err and that humans have both good and evil dispositions), are susceptible to opportunistic tendencies, in effect, deceiving, cheating and misleading investors in the market place?

This is precisely what the corporate landscape in the U.S. revealed in the starkest form since the Enron debacle shook the trusting innocence of the wider public. In June, 2002 the U.S. telecommunications giant, WorldCom, was exposed for committing criminal fraud. Using deceitful accounting irregularities, the company overstated its earnings by US $ 3.8 billion. This dubious exaggeration appeared in every quarter since January, 2001. The grave felony involved its treatment of annual operating expenses as capital investments, a deception that made it possible to have the current losses spread over several years. As such, the yearly accounts reflected tiny operating expenditures, the result of which was an artificial overstatement of earnings.[2]

WorldCom managed this bookkeeping forgery in the most conspiratorial circumstances. Arthur Anderson, the accounting firm that was at the centre of Enron's scam (convicted for obstruction of justice following the shredding of potentially-incriminating evidence), received an annual sum of US$ 4.4 million to audit WorldCom's accounts and, therefore, indicate whether they are a true reflection of the company's business/financial

status. Strangely, the auditors blamed WorldCom for their questionable evaluations; they contented that WorldCom failed to submit the information they asked for. If that was the case, why did they proceed to audit the accounts against, the backdrop of such a glaring omission, namely, data for operating expenses? Why did Arthur Anderson proceed to certify WorldCom's accounts as true reflection of her business status if basic information sought by them was not made available? How could a highly reputable professional organization, as Arthur Andersen was known to be, fail to secure relevant accounting data? Was there a follow-up to their initial request? How often, and for how long? Were they not obliged to notify relevant authorities, say the Securities and Exchange Commission (SEC) for this material breach on the part of a WorldCom? Clearly, Arthur Anderson's responses have not only been unconvincing, but they leave a lot to be desired. It is all too apparent that Arthur Andersen has been economical with the truth.

What is being suggested here is that either Arthur Andersen worked hand in glove with WorldCom in this fraudulent conspiracy, or they also engaged in opportunistic behaviour in their own right. The desire to safeguard their business interest with the telecommunications giant could perhaps be the reason behind this tendency.

Opportunistic behaviour, because of it's market-subverting tendency, leads to price distortions and misallocation of resources. But when such behaviour is said to have once marked the character of both George Bush Jr. and Dick Cheney, now the president and vice president of the U.S respectively, then the holier-than-thou image of the private sector, which free-market foundamentalists have projected, espoused, and defended at every opportunity, begins to show serious cracks. In 1990, Bush, as a director of Harken Energy, disposed stock worth US$ 848,000 just two months before the company

disclosed losses amounting to US$23.2 million. The sale it is suspected, was a sweetheart deal prompted by insider trading. Doubts increased when he failed to record the sale in time as SEC rules demanded. Moreover, Harken deliberately concealed its real losses of US$12.6 million by purchasing its own subsidiary, Aloha Petroleum, a move that depicted a company profit of US $ 7.9 million. This accounting forgery had given the appearance that the company loses equaled US $ 3.3 million. All these irregularities occurred under Bush's very nose.[3]

In his apparently no nonsense remarks about corporate misgovernance in the U.S., Bush left no doubt that the crackdown on culprits would be based on clear cut criteria: a Chief Executive Officer (CEO) would either be guilty or innocent depending on whether proper accounting procedures are flouted or observed respectively. But when Bush was pressed to explain himself on the allegations against him, he observed: "All I can tell you is that in the corporate world, sometimes things aren't exactly black and white when it comes to accounting procedures."[4] Was the head of state intimating that other considerations can come into play? Was this not an indirect confession about the potentiality of engaging in opportunistic behaviour?

While most U.S. corporate giants have kept records of their transactions, it is almost impossible to ascertain the veracity of documented figures. In fact, private sector firms have been known to engage in opportunistic behaviour particularly in relation to actual input prices, volumes purchased, and so on (Muller, 1973). Tax evasions and partisan duty exemptions have been reported in many countries around the world. Several companies have been accused of money laundering on a fantastic scale. A financial analyst with the Brookings Institute in the U.S. has argued that U.S. banks have been the biggest beneficiaries of ill-gotten gains.[5] Citibank had generated over U.S. $1

million from accounts of President Omar Bongo of Gabon who allegedly was bribed by Elf-Aquitaine, the French government's oil company.[6] Citibank also received about US$ 40 million from the husband of the former Pakistan Prime Minister, Benazir Bhutto, of which approximately US $ 10 million were alleged kickbacks made from a gold importing transaction.[7] Such escapades have inevitably distorted the market environment to a grave degree, neoclassically speaking.

TABLE 1 Corporate Malfeasance Involving Major Private Companies in the U.S.

Name of company	**Main lines of activity**	**Nature of corporate scandal**
1. Enron	Energy	Admitted to questionable accounting practices, lied about its profits and concealed its debts, hence the company gave the appearance that it was profitable than it really was.[8]
2.World Com	Telecommunications	Overstated its earnings by US $ 7.6 billion. Able to do so through an irregular accounting procedure that fabricated financial statements, hence making the company look profitable when it was not. A former financial officer asked key staff to treat operating costs as long-term investments.[9]
3. Xerox	Office equipment	Admitted to overstating profits and equipment sales.[10] Its Indian subsidiary owned up to making irregular payments to Indian government officials to clinch business deals.
4.Quest	Telecommunications	Admitted to using improper accounting procedures that disguised and distorted the company’s financial statements. It was misleading and opportunistically accounted for sales of optical and communications equipment.[11]
5. Johnson & Johnson	Pharmaceuticals	Accused of falsifying data in a bid to conceal production outages of its anaemia-treating drug, Eprex.[12] Allegations of record-keeping malpractices being investigated by the U.S Securities and Exchange Commission.
6. AOL Time	Media	Investigated by the U.S Department of Justice

Warner		for using improper accounting procedures, thus giving a false impression of the company's financial position.[13]
7. Martha Stewart	Publisher of Lifestyle magazine and books	Charged for fraud and obstruction of justice. Accused of acting on inside information and disposing her stock of shares in the biotech firm Imclone.[14] Sentenced to six months imprisonment.
8. Arthur Andersen	Auditing and Accounting	Charged for accounting fraud and corporate impropriety. Shredded documents containing auditing and accounting information about the scandal-ridden Enron.[15]
9. Merck	Pharmaceuticals	Investigated for irregular accounting practices where co-payments were recorded as both costs and earnings, thus portraying a false picture of the company's true financial position.[16]
10. General Electric	Industrial and Financial	Investigated for irregular accounting practices and corporate fraud thus making the firm appear more profitable than it really was.[17]
11. Tyco	Fire alarms and medical equipment	Firm and top executive accused of acting improperly. The chief executive was charged for tax evasion, while the firm advanced low interest loans to the boss without informing the shareholders.[18]
12. Halliburton	Oil services and engineering firm	Investigated for irregular accounting practices and overstatement of its financial state, thus misleading investors and other interested parties. The re-labeling of US$ 100 as costs on oil contracts occurred when Bush's vice president, Mr. Dick Cheney, was Halliburton's Chief executive and chairman.[19]
13. Kmart	Supermarket business	Accused of funneling money to one of its executives prior to the company filing for bankruptcy. It also reported misleading figures as losses, and later restated them.[20]
14. Global Crossing	Telecommunications	Accused of using irregular accounting procedures which artificially inflated profits. Aspects of impropriety include hollow capacity swaps that involve no money exchanges but which were reported as revenue. These questionable accounting practices tended to make the company appear more profitable than it really was.[21]
15. Aldelphia	Cable TV Operator	Executives charged with accounting fraud. Under investigation fro accounting

		irregularities. Reports of questionable and dubious transactions between family members and company, including superficial overstatement of earnings and other variables.[22]
16. Imclone Systems	Biotechnology	Ex-boss admitted to fraud charges relating to insider trading. Accused of passing classified and confidential information to family members and the head of Martha Stewart Living Omnimedia Inc., Martha Stewart, who quickly disposed his shares two days before the FDA announced it would not review Imclone's cancer drug.[23]
17. Charter Communications	Cable Company	Accused of misleading accounting practices, book-keeping, omissions that have registered an over-inflated share price, thus making the company appear more profitable than it really was.[24]

It has been widely recognized that private banking services have enabled several personalities involved in bribery and corruption to launder ill-gotten money in many Western banks including Barclays, Citibank, and in Swiss Banks.[25] Some of the most widely known private sector companies have either been engaged in high-level corruption or have been charged with bribing their way to securing lucrative business contracts. The U.S. Securities and Exchange Commission revealed that thausands of staff of the widely known firm, Price Waterhouse Coopers, had shares in companies they audited.[26] Societe Generale de Surveillance (SGS), an independent accounting firm appointed by the World Bank to investigate corruption in Bank-funded projects, was caught red-handed paying bribes.[27]

There has also been evidence to suggest that many multinational companies have perfected the art of *over invoicing* imported inputs and *under invoicing* exports, including the fact that many private sector companies have sought a wide range of concessions and privileges from African governments such as price fixing, absence of competition, tie-in clauses, and a broad range of restrictive business practices, all

contributing significantly to misallocation of resources.[28] Ved Mehta has reminded us of the existence of "parallel economies" where the black economy manages itself through bribes, hidden inventories, unrecorded transactions, etc.[29] At least four British companies, Balfour Beatty, Sir Alexander Gibb and Co., Stirling International Civil Engineering, and Kier International, have been charged for engaging in corruption in Lesotho. All these tendencies of private sector firms have also engendered gross misallocation of resources.[30]

The most dramatic but ignominious case of private sector fraudulence that drew worldwide attention was the one occasioned by Enron, the American multinational energy giant that went bankrupt and collapsed in December 2001. The company created in 1985 following a merger of two natural gas companies, widened its operations in the 1990s include electricity generation, distribution, manufacturing investments wind energy, water, and trade-based activities in the field of energy. Over the years, it has been accused of involvement in corrupt practices in India, Croatia, Indonesia and Ghana. In Ghana, for instance, Enron, through its subsidiary, Azurix, granted a contract for a water project but which died on its tracks after the World Bank withdrew its funding on grounds that Enron clinched the deal irregularly and non-transparently. Such malpractices, because they bypass the market mechanism, tend to engender distortions. Anti-competitive features of this kind cause serious misallocation of resources.

While in existence, Enron created the impression that it was a reliable, solid and stable company that epitomized business integrity, competitive efficiently professionalism, and a model of sound practice. Yet, it transpired that it employed fictitious accounting procedures to conceal balance sheet losses and huge debts. The private accounting and

auditing firm, Arthur Anderson, is believed to have condoned, if not aided and abetted, these irregular manipulations that drove the energy colossus to bankruptcy.

Moreover, Enron's institutionalized custom of employing ex-regulators potentially undermined the effectiveness of regulation in that the incumbents of the government's regulatory establishment were psychologically conditioned to entertain hopeful prospects of filling Enron's high-paying positions on retirement or resignation. Such promising options were bound to engender a working culture underpinned by a *softly-softly approach* towards Enron. This is what "regulatory capture" is all about. Now, from economic theory, since regulation is designed to ensure economic efficiency, the phenomenon of regulatory capture as practiced by Enron tended to subvert, if not sabotage, the realization of this prospect. In this regard, Enron was guilty of resource misallocation.

Also, contributory to market distortions and resource misallocation was Enron's easy access to, and instrumental lobbying influence in, the corridors of governmental power. Its vast political connections with various U.S. administrations in general and President George Bush in particular fuelled speculation that it bought influence to engineer certain outcomes in its favour. Enron's success in clinching the Mozambique gas contract was a case in point.

Rent-seeking tendencies and the raft of distortion-inducing interferences cited above are often associated with public enterprises but not the private sector. Indeed, the Bretton Woods institutions have advanced the cause of the private sector mainly because the neoclassical paradigm which they both embrace regards the sector as inherently disposed to efficient resource allocation. But there is considerable evidence to suggest that the private sector is not as holy as we have been made to believe. For instance, the

Bribe Payer's Index (BPI) constructed by Transparency International (TI) shows that the leading exporting countries in the world have been engaged in venal activities involving the payment of bribes to potential customers abroad.[31] In fact, corruption has been widely seen as a significant factor in the conduct of international trade.[32] Table 2 summarizes the degree of corruption associated with world leading exporters.

Table 2

Bribe Payers Index (BPI) – Ranking 19 Leading Exporters

Rank Country	OECD Score Convention	Rank Country	OECD Score Convention
1 Sweden	8.3 Ratified	11 Singapore	5.7 not signed
2 Australia	8.1 Ratified	12 Spain	5.3 Signed but not ratified
3 Canada	8.1 Ratified	13 France	5.2 Signed but not ratified
4 Austria	7.8 Ratified	14 Japan	5.1 Ratified
5 Switzerland	7.7 Signed but not Ratified	15 Malaysia	3.9 not signed
6 Netherlands	7.4 Signed but not Ratified	16 Italy	3.7 Signed but not Ratified
7 United Kingdom	7.2 Ratified	17 Taiwan	3.5 not signed
8 Belgium	6.8 Ratified	18 South Korea	3.4 Ratified
9 Germany	6.2 Ratified	19 China	3.1 not signed
10 United States	6.2 Ratified		

Source: See ***Transparency International*** (1999) "The Transparency International Bribe Payers Survey", in http://www. Transparency.org/documents/cpi/1999/bps.html, p. 2. Key: A score of 10 represents a perceived level of negligible bribery, while 0 would indicate very high levels of bribery.

Table 3 Governments Associated with Unfair Business Practices

Country		Country	
United States	61%	Taiwan	16%
France	34%	Singapore	13%
Japan	34%	Belgium	9%
China/Hong Kong	32%	Australia	8%
Germany	27%	Canada	8%
Italy	24%	Netherlands	8%
South Korea	23%	Sweden	8%
United King	23%	Austria	7%
Spain	17%	Switzerland	6%
Malaysia	16%	Other	18%

See ***Transparency International*** (1999) "The Transparency International Bribe Payers Survey", in http://www. Transparency.org/documents/cpi/1999/bps.html, p. 7.

Transparency International has also identified the main business sectors where senior public officials are most likely to accept or extort bribes. Again, the lower the score, the higher the perceived degree of corruption. The sectors covered include construction and public works (1.5), arms and defence (2.0), power and energy (3.5), industry and mining (4.2) health care and social work (4.6) telecommunications equipment and services (4.6), civilian aerospace (5.0), banking and insurance (5.3), and agriculture (6.0). These have been the most affected in bribery terms.[33]

TI has also proceeded to delineate the main factors that have contributed to increased corruption. They comprise the following: low public sector salaries (65%), immunity of public officials (63%), secrecy in government (57%), public procurement practices (51%), the privatisation process (37%), increase in foreign investment and trade (30%), restrictions on the media (24%), financial liberalisation (19%), and multi-party elections (18%). These have caused severe distortions in resource allocation.[34]

But what has also been interesting in TI's survey has been the extent to which unfair business practices have been undertaken by powerful governments on behalf of their

companies. The range of practices have consisted of diplomatic or political pressure (53%), commercial pressure (49%), financial pressure (45%), tied aid (36%), favours and gifts (36%), tied arms deals (28%), pressures on legal issues and absence of laws (23%), etc.[35] Table 2 cites the major countries involved in anti-market behaviour.

Clearly, unfair and irregular business practices engender distortions in prices that, in effect, have a significant impact on resource allocation. In our review of TI data, it is credible to infer that major private companies have participated in corruption and have, in the process, caused distortions in the patterns of resource allocation. This is because the practices have subverted market processes as spelt out by the neoclassical paradigm. If this is granted, as it should, then the notion that the private sector is intrinsically disposed to realizing competitive efficiency appears to have more holes than Swiss cheese.

The experience of market-subverting behaviour in the U.S. is especially worth noting. By virtue of having enacted this anti-bribery legislation in 1977, one would have expected the United States to produce the least number of corrupt culprits. The information furnished by Transparency International above tends to indicate that the U.S agencies responsible for enforcing the Foreign Corrupt Practices Act (FCPA) have not been too enthusiastic in pursuing investigations on American suspects. Or, its original concern "to restore public confidence in the integrity of USA business" was not translated into robust deeds even though the scale of corruption was phenomenal. That the recent spates of corporate fiascoes are far from being anomalies can partly be gauged from confessions made by a sizeable number of U.S. companies made in the 1970s.It needs to be appreciated that the 1977 FCPA was designed following evidence to the Securities and Exchange Commission (SEC) that over 400 U.S. companies had

conceded to bribing foreign government bureaucrats and policy makers to secure lucrative business contracts abroad. Indeed, any strict enforcement of the law by the U.S would have disadvantaged American firms competing for overseas projects since no equivalent legal instruments were in place in other countries or at the international level. The need to establish a universal framework of deterrence was thus inspired by the desire to create a uniform, level playing field. This came to fruition in 1999 following the formulation of the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.*

If the U.S. Department of Justice prosecuted only 34 cases by 1999 (compare this with the number of companies–about 400 - that confessed to involvement in corrupt business deals before FCPA came into existence in 1977), and if estimates indicate that U.S. firms are at the present time as likely to issue bribes as multinational companies of other industrialized countries pursuing project contracts in Eastern Europe,[367] then it is plausible to argue that FCPA and the global Convention are not being enforced with the stringency they deserve. With respect to the U.S., this could at least be implied from the carefree manner in which some of her officials have conducted themselves in irregular efforts to clinch business deals for American firms. For instance, in 1995, the then U.S. National Security Advisor, Anthony Lake, threatened to suspend approximately $13.5 million of aid to Mozambique unless the Maputo government approved Enron's plan to develop natural gas fields in this African country.

The advisor also made it clear to President Joaquim Chissano that all *future* aid from the U.S. will depend on Mozambique finalizing the Enron deal.[37] If a top U.S. official could display such brazenness in matters of irregular business influence, then it is not surprising that TI's Bribery Index for U.S. companies has remained high.

3.0 Private sector behaviour and international dimensions: North pays piper, Africa enjoys tune

If departures from the norm of competitive equilibrium spawn distortions, what then are the primary causal factors of market failure? Economic literature has identified several determinants: existence of natural monopolies (increasing returns to scale), existence of externalities, existence of public goods, and existence of imperfect information. But to this list must be added all forms of anti-competitive practices that either subvert market processes or bypass the market mechanism in resource allocation. Such tendencies would include: diplomatic or political pressure, bribery, tied aid, differential treatment (e.g. biases in the application of taxes, subsidies, tariffs and other barriers) rent-seeking clientilism, skewed favours and advantages, privileged access to markets or resources, quoting artificial prices, over-invoicing of imports, under-invoicing of exports, and general opportunistic behaviour (i.e. cheating, lying, deceiving, price fixing through cartels or oligopolistic conspiracy, misleading, distorting, falsifying, misrepresenting, etc.).

Corruption has often been associated with the dishing out of business contracts to private firms.[38] At the international level, bribes are said to play a catalytically decisive role in the clinching of private business deals. Normally, international commercial contracts involve gigantic sums of money in millions or billions of U.S. dollars. The areas that have attracted most multinational attention are those in the public sector--military investments, infrastructural developments (energy, water, transport, telecommunications, construction, etc.), general supplies (security, agricultural inputs, etc.), and consultancy and engineering services. Multinational companies fall upon in each other in their bid to secure a share or corner a sizeable part (if not the entire

portion) of the lucrative global market. And since the gains of striking a deal are phenomenal and financially mind-boggling, an intense behind-the-scenes corporate lobbying becomes almost inevitable. With compulsory contracting-out now a contingent part of the privatization drive, it is not surprising that the greasing of the bribery machinery has expanded in both scope and intensity.

Several influential personalities and private sector firms have been incriminated in corrupt, irregular deals in several industrialized countries.[39] That the practice has its tentacles spread to some of the highest institutions at the national and regional levels is indicative of how widespread in scale the problem has become. Indeed, in one of the most explosive episodes in European institutional history, the European Commission was forced to resign *en masse* in 1999 after months of highly disturbing and damaging public revelations of corruption provoked the collective anger of politicians and the European public. It was almost beyond the bounds of credulity to discover that several departments of this political body were implicated in deeply troubling corruption crimes.

Now, while public institutions and personalities have been singled out for criminal censure and indictment, the private sector players who have benefited from these corruption atrocities have almost always walked scot-free. The following observation perhaps summarizes how proactive the private sector is in the art of bribery:

> “Bribes do not flow of their own accord. Corruption begins in the chief executive's office in the private sector...”[40]

If corruption, through the tool of bribery, has been a normal and routine business practice,[41] then the oft-repeated assertion that private enterprises are efficient suddenly begins to appear as sanctimonious nonsense. Is it not the case that bribery by private enterprises would distort decision-making and, therefore, contribute to sub-optimal resource allocations and macro-economic inefficiency?

It would not take a brain surgeon to figure out that many African leaders have been, and continue to be, all too familiar with the goings-on as far as international business transactions are concerned. Apart from their own experiences, they would generally be quite conversant with what deals their developing country counterparts have struck with multinational companies through the surreptitious intermediation of some western government official or agent. And above all, they would be fairly well-informed about kickbacks and all that appertains to foreign-funded, public sector investments.

Szeftel (2000) is emphatic about the role of international business in sustaining, if not reinforcing, the vicious circle of corruption. He observes that bribes are dished out by multinational companies keen to winning state contracts or bent on circumventing national laws or regulations.[42]

Therefore, for corrupt African leaders, the prospects of easy money (in millions of dollars), and the opportunity of having secret bank accounts (for kick back deposits) opened on their behalf by the bribe-giving companies, become powerful inducements to participate not only in a game of lucrative venality but also join an exclusive field of familiar players (heads of state, established multinational companies, powerful agents, etc.) The knowledge that major western multinational firms, their respective national export credit agencies, and influential government personalities or agents (e.g. a son of a President[43] or a senior government minister) constitute the core fabric of this shady

'fraternity' is sufficiently reassuring to corrupt African leaders to believe that such engagements represent normal business practice. Indeed, the fact that industrialized countries benefit considerably from such a vast network of venal business deals--and add to this the African realization that the western intelligence outfits would not possibly be ignorant of the goings on but have chosen to turn a blind eye--tends to reinforce the leaders' convictions that western governments and institutions regard such clandestine commercial arrangements as routinely normal. In Mitterrand's France, for instance, shady deals were almost a normal practice. When the Roland Dumas case erupted over the oil giant Elf's £ 250 million slush fund in May, 2001, it revealed the extent to which bribery and corruption were entrenched in French politics.[44] A "political-industrial complex" thriving on a web of collusion between multinational firms and the political elite was exposed. In this intricate web, numerous African governments had become interested parties. There have been concerns that a French interior minister was involved in what came to be infamously known as the "Angolagate".

In Britain, a former foreign secretary, Douglas Hurd, joined National Westminster Bank (NatWest) soon after he left the foreign office in October, 1995. Both Hurd and Natwest acted as middlemen in a billion-dollar privatisation deal in Milosevic's Serbia. NatWest received at least £10 million in commissions from the deal. It is believed that the commissions paid were excessive and that bribery was involved.[45]

The widely publicized case of the Lesotho Highlands Development Authority (LHDA) involving bribes allegedly issued by several European and Canadian companies to Mr. Masupha Sole (the chief executive of LHDA), dramatizes once again that corruption is a two-way street. Lesotho's Attorney general, Mr. Fine Maema, argued that those giving

out the money must also be held accountable. Four British companies were named in the scandal—Balfour Beatty, Sir Alexander Gibb and Co., Stirling International Civil Engineering, and Kier International. These formed what came to be known as the Lesotho Highlands Project Consortium (LHPC). They have been accused of bribing the chief executive an amount equivalent to £3 million British pounds to secure an engineering contract to build huge dams (Mohale and Katse) for water and electricity supply to South Africa. Mr. Sole, who was appointed the head in 1986, is believed to have stashed away the ill-gotten gains in at least three Swiss bank accounts. The bribes were released to Mr. Sole's accounts within weeks of the companies "winning" the contracts. Other firms that participated in the wheeling and dealing were Canadian, French, German, Italian, Swiss and South African.

Almost predictably, when the scandal first broke, the World Bank stepped in requesting the Lesothian government to abandon the legal pursuit on the lame pretext that the action would jeorpadize the entire scheme! This outrage has brought pressure to bear on European countries towards enforcing international conventions against bribery. It is observed that Britain has the worst record of combating corruption by its companies doing business overseas.[46] It is no concidence, then, that it is the only country within the OECD that has failed to implement the body's convention against corrupt practices.

So, when industrialized leaders and institutions push for the establishment of anti-corruption agencies in Africa, the dishonest helmsmen of these states find the drive as going against the grain of entrenched, though covert, global business practice. And once the leaders discover that western governments have not, on a consistent basis, pursued their own commercial rats down the venal hole, they begin to rationalize that the whole anti-corruption drive is one big political circus. This, perhaps, is what lies behind their

lack of resolve, earnestness, and commitment to tackle corruption in all its manifestations.

And yet, it is not difficult to see why many African leaders have not been particularly serious in tackling corruption, this despite the numerous Bank instigated national anti-corruption initiatives and programmes it has financed. True, the World Bank has offered support in designing anti-corruption strategies and measures as part of its declared intentions to improve governance. And in recent years, the IMF has insisted that countries seeking finance from its coffers would only be considered if they furnish evidence of not only having prepared anti-corruption action plans but also of putting in place poverty eradication blue prints.

But if these initiatives give the impression that western institutions and governments are dead serious about dealing corruption a fatal blow, then the blatant cases of apparent venal connivance or disregard have reinforced the view among African leaders that the western players are, in some respects, involved in mere posturing. They see these lofty initiatives as a game, that the western governments and institutions are simply running with the hare and hunting with the hounds. They thus pick their cue from this body language of smoke-and-mirrors. Consider, for instance, the diplomatic antics and coercive arm-twisting tactics employed by the governments of United States, Britain, Japan, and Canada when Pakistan was demonstrating a resolve in 1998 to prosecute several western power companies involved in corrupt energy investments. They made it plain to Pakistan that it would stand to lose from its anti-corruption actions since these legal offensives would ward off potential investors. As if this was not enough, the IMF stepped in by dangling a financial carrot before the Asian government --a bribe in its

own right--by willing to offer Pakistan a new loan on condition that it sweeps the anti-corruption offensive against the western companies under the carpet.[47]

In fairness to the World Bank, it ought to be mentioned that it has put in place a mechanism for investigating corruption cases involving companies bidding for the Bank's projects (partial or complete). International companies identified as corrupt are blacklisted under *"The World Bank Listing of Ineligible Firms, Fraud and Corruption."* They are barred from involvement in Bank funded projects. Despite such listings, the governments of the black-listed companies have shown considerable reluctance in convicting the culprits. This has been the tendency even when the respective countries are signatories to the OECD-sponsored (1997) *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.* African leaders would interpret such body language (reluctance to prosecute) as evidence of lip-service by western governments to tackle corruption.[48] Unfortunately, the World Bank has yet to prove it seriousness by shunning culprits once and for all.

The above catalogue of examples suggests beyond any shadow of doubt that, contrary to the projected image and widely pedalled view about the efficiency of private firms, the private sector has participated significantly in corruption and in rent-seeking activities. These practices have produced economic distortions and engendered inefficient allocation of resources. In succinct terms, the private sector has not been whiter than snow as neoliberals have wished us believe. As a matter of fact, this holier than thou image which the neoclassical operator have faithfully projected seems to have more holes than Swiss cheese.

Yet, despite the ubiquitous of anti-competitive behaviour and market-subverting practices in the private sector, the Bretton Woods institutions, neoliberal ideologies, and

squadrons of bare-faced neoclassical operators, have continued to perpetuate the myth, if not the fairy tale of private enterprise comparative excellence. It appears that, after engaging in this tradition of pedaling falsehoods for years on end, the private sector zealots have become so consumed by their evangelical enterprise that even the widespread but contrary evidence under their very noses does not seem to jolt them from their condition of self-delusion.

It also needs to be pointed out that the entire thrust, if not project, to portray the private sector as efficient and as second to none in the optimal allocation of resources begins to sound hollow when the numerous subsidisation programs mounted by western governments are taken into account. Such mechanisms have lowered the capital costs of private firms, which, in the main, have artificially conferred on them competitive advantages. They have, accordingly, engendered economic distortions and promoted inefficient allocation of resources.

Conclusion

The apotheosization of the private sector and the deification of the market mechanism have been articulated in grandiloquent terms and with considerable gusto by neoliberal institutions (i.e. market economies, business firms, and bilateral/multilateral agencies), dyed-in-the-wool neoclassical economists (e.g. academics and technocrats), and allies of capitalist persuasion the world over. Since the emergence the New Right movement in the late 1970s and the collapse of communism in the late 1980s, adherents of the neoclassical dogma have spared no effort in drumming the message that the private sector holds the key to generating economic dynamism and accelerating growth. In their eyes, the sector is second to none in serving as an instrumental driving force in economic change. Neoclassical orthodoxy has maintained that the calculus of self-

interest and the logic of maximisation have flourished best in environments where market forces and the competitive instincts of enterprise have reigned supreme. Moreover, it has regarded as axiomatic that the spirit of rationality finds catalytic expression when the competitive entrepreneurial energies of risk takers are not subject to constraints. This, it has preached, can only be realized under private sector dispensations. The main corollary of the neoclassical paradigm is that the private sectors' potential to liberate the forces of economic rationality would result in an efficient pattern of resource allocation.

Equally, mainstream economics has regarded pro-active state intervention as a recipe for reduction in efficiency and welfare. It argues that the visibly large presence of the state in productive activities would cause price distortions and lead to distorted patterns of resource allocation. The consequent diminution in welfare would further be aggravated by tendencies of state-oriented nepotism, clientilism, and rent-seeking behaviour.

Yet, the subversion of market processes, the smothering of potentially efficient and competitive outcomes, and the resulting misallocation of resources, have left no doubt that the indiscrete lionization of the private sector has little to do with the reality on the ground.

This paper has demonstrated that the private sector is far from being whiter than snow. The truth is that it has engaged in corruption and rent-seeking clientilism causing, in the process, grave distortions and serious misallocation of resources. Clearly, the holier than thou image it has enjoyed is part of a myth sustained by the free market ideologues and driven by the rhetoric of neo-liberal orthodoxy.

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NOTES

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[2] See ***Time*** (2002) "WorldCom," 8thJuly, pp.23-29.

[3] See ***Time*** (2002) "The rap on Bush and Cheney", 22nd July, pp. 28–29.

[4] Ibid, p.29.

[5] See ***Corner House Briefing*** (2000) "Exporting Corruption: Privatisation, Multinationals, and Bribery", No.19, by Sue Hawley, Dorset, U.K., p.9.

[6] Ibid, p.9.

[7] Ibid, p.9.

[8] See "What You Need To Know About Corporate Scandals" (2002) in http://uspolitics.about.com/library/weekly/aa08050za.htm

[9] See "Ex-WorldCom finance boss indicted" (2002) in http://news.bbc.co.uk/1/hi/business/2222137.stm

[10] See "Accounting Panic hits Xerox" (2002) in http://news.bbc.co.uk/1/hi/business/2071689.stm

[11] See "Quest admits improper accounts" (2002) in http://news.bbc.co.uk/1/hi/business/2158135.stm

[12] See "Johnson &Johnson admits probe" (2002) in http://news.bbc.co.uk/1/hi/business/2139089.stm

[13] See "Senior AOL executive resigns" (2002) in http://news.bbc.co.uk/1/hi/business/2137061.stm

[14] See "Martha Stewart broker suspended" in http://news.bbc.co.uk/1/hi/business/2059953.stm

[15] See "What you need to know about corporate scandals" (2002) in http://uspolitics.about.com/library/weekly/aa080502a.htm

[16]See "Merck 'exaggerated' revenue accounts" (2002) in http://news.bbc.co.uk/1/hi/business/2115428.stm

[17]See "Accounting concerns focus on GE"(2002) in http://news.bbc.co.uk/1/hi/business/2076235.stm

[18]See "Problems mount at Tyco" (2002) in http://news.bbc.co.uk/1/hi/business/2030213.stm

[19] See "Accounts probe at Cheney firm" (2002) in http://news.bbc.co.uk/1/hi/business/2014493.stm

[20] See "FBI investigates Kmart" (2002) in http://news.bbc.co.uk/1/hi/business/1992267.stm

[21] See "FBI launches Global Crossing probe" (2002) in http://news.bbc.co.uk/1/hi/business/1809602.stm

[22] See "US cable giant goes bust" (2002) in http://news.bbc.co.uk/1/hi/business/2068095.stm

[23] See " Ex-Imclone boss admits fraud" (2002) in http://news.bbc.co.uk/1/hi/business/2330649.stm

[24] See "Account worries hit US cable firm" (2002) in http://news.co.bbc.uk/1/hi/business/2198052.stm

[25] Ibid, p.8.

[26] Ibid, p.14.

[27] Ibid, p.14.

[28] See, for instance, Langdon, S. (1978) "The Multinational Corporation in the Kenya Political Economy" in ***Readings on the Multinational Corporation in Kenya*** by Raphael Kaplinsky (ed.) Oxford University Press, Nairobi, Kenya.

[29] See Mehta, V. (1971) ***The New India***, Penguin Books, England, p.24.

[30] See ***The Guardian*** "Lesotho tries to end corruption culture", June 19th, 2001, p. 13.

[31] See Transparency International (1999) "The Transparency International Bribe Payers Survey", in http://www. Transparency.org/documents/cpi/1999/bps.html, p.2.

[32] Ibid, p.2.

[33] See ***Transparency International*** (1999) "The Transparency International Bribe Payers Survey", in http://www. Transparency.org/documents/cpi/1999/bps.html, p. 4.

[34] See ***Transparency International*** (1999) "The Transparency International Bribe Payers Survey", in http://www. Transparency.org/documents/cpi/1999/bps.html, p. 5.

[35] See ***Transparency International*** (1999) "The Transparency International Bribe Payers Survey", in http://www. Transparency.org/documents/cpi/1999/bps.html, p. 8.

[36] Ibid, p.4.

[37] See Bayliss, K. and D. hall (2001) ***Enron: A Corporate Contribution to Global Inequality***, PSIRU, University of Greenwich, London, p.18.

[38] Consider, for instance, the suspension by the Uganda government of pre-shipment inspection (PSI) tender in December, 2000, following allegations of unfair evaluation of bids. It was reported that some parliamentary members leaked performance reports of some bidding companies to firms which a presidential aspirant, Colonel Kiiza Besigye, had politically-motivated interests. Claims of fraud from alleged sympathizers of Societe Generalle de Surveillance (SGS) and Intertek Testing Services International (ITS) suggested that the favored companies, Cotecna Inspections SA and Bivac International SA, would contribute campaign funds to Besigye if they won. See ***The East African*** (2000) "Why Uganda's PSI Tender was Stopped", December 25-31, Nairobi, Kenya, pp.1-2.

[39] See ***Corner House Briefing*** "Exporting Corruption: Privatization, Multinationals, and Bribery" by Sue Hawley, June 2000, No. 19, pp. 2-3. Countries mentioned include Britain, France, Sweden, Germany, Austria, Belgium, Spain, Italy, Japan, and the U.S.

[40] Quoted in ibid, ***Corner House Briefing***, No. 19, June 2000, p.4.

[41] Note, for instance, the claim made by the U.S. Commerce Department in 1997 that the U.S. companies lost approximately U.S. $ 15 billion because a law prohibited them from issuing bribes. See ***The Economist*** "A global war on bribery has at last been declared", 16 January, 1999.

[42] See Szeftel, M. (2000) "Clientilism, Corruption and Catastrophe", in ***Review of African Political Economy***, No. 85, Vol. 27, p. 438.

[43] Mr, Jean-Christophe Mitterrand, the son of the late president of France, Francois Mitterrand, was for six years (1986 - 1992) his father's advisor for Africa. During these years, he is said to have engaged in influence peddling in return for multi-million dollar kickbacks deposited in Swiss accounts. Mentioning his father's name in the underworld arena of free-wheeling and dealing was his stock-in-trade, something that earned him the nickname "papa-ma-dit" (Daddy told me). In the year 2000, he was arrested by the French government on suspicion of illegal arms trafficking and other serious offences, confessing to the charge that he had received U.S.$ 1.8 million though denying it involved a U.S. $500 million arms deal (1993) with the Angolan government. See ***Daily Nation*** (2000) "No bail for Mitterrand over Angola's arms sale", 28th December, Nairobi, Kenya, p.10.

[44] See ***The Guardian*** "Dumas jailed in French sleaze scandal", May 31, 2001, p.13.

[45] See ***The Guardian*** "Serbs question Hurd's role in helping regime", July 2, 2001, p.13.

[46] See ***The Guardian***, "Lesotho tries to end corruption culture", June 19, 2001, p.13.

[47] See ibid, ***Corner House Briefing***, No. 19, June 2000, p.6.

[48] Evidently, nationals in such states are paying dearly for gross malpractices committed by corrupt leaders. They have been condemned to a life of economic decline and intensifying poverty by greedy political managers whose gross heavy-handed interference in the operations of potentially sound national assets have denied millions - men, women, children, the aged, the sick, etc. - an opportunity to receive a decent stream of public services. By their acts of thievery and crass mismanagement of public assets, they have brought promising state agencies to their knees.