

# Pioneering Procurement

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Public Procurement links the issues of good governance and of economic development. The current preoccupation with eliminating corruption and securing best value for taxpayers' money should not be allowed to obscure the equally important role of public procurement in fostering new industries and development of technological capabilities. Professor Ha-Joon Chang of Cambridge University has written about the role of state interventionism in fostering industrial development in Germany, Sweden, Japan and the East Asian MICS. The use by US Federal Government of public procurement to promote new technologies by the military industrial complex is well-known—for example semiconductors, the Internet and aerospace. These countries were often willing to tolerate a certain amount of inefficiency, and even what is known today as 'crony capitalism', as the price of developing modern industries and of enabling technological learning.

Of course, inefficiency, corruption and cronyism are objectionable and reprehensible; and robust systems need to be set in place to minimise and eliminate them. But there is a trade-off between short-term efficiency and long-term development. My own view is that Public Procurement stakeholders have the exciting challenge of developing procurement systems in the Caribbean that speak to both objectives. To the extent that you do this, there will be valuable lessons to offer to other developing countries.

Developing countries today are under enormous pressure to negotiate Public Procurement (aka Government Procurement) provisions in trade agreements. The aim of the developed countries is to open up the lucrative public procurement markets in emerging economies for their businesses. At the 4<sup>th</sup> Ministerial Conference of the World Trade Organisation held in Cancun in 2003; the developing countries en bloc rejected Government Procurement as a subject for inclusion in world trade negotiations. They recognised that GP is strategic tool of industrial development; and they do not wish to surrender this tool. They were also concerned about the onerous implementation obligations that would be imposed by a WTO agreement on Government Procurement.

What the developed countries failed to get in the WTO, they have been pressing for in bilateral trade agreements, where their bargaining power with smaller developing countries is much greater. The EPA signed between the Cariforum countries and Europe in 2008 includes a chapter on Public Procurement which is one of the most detailed in terms in of its implementation obligations. The Canadians are believed to be pressing for a PP chapter in the Canada-CARICOM FTA now being negotiated. As Professor Chang shows in his book, the rich countries are banning the poor countries

from using the very policies that made them rich! They are “Kicking Away the Ladder”, which is the title of the book.

We are therefore navigating an issue that lies at the intersection of governance, public administration, development and trade negotiations. In this task the main assets we bring to the table are our own knowledge, skills and experience. I come from a school of thought that believes we must think these things through for ourselves. Cultural transplants and policy transplants do not work. Policies, practices and systems must be home-grown; borrowing from the best available and adapting it to our own circumstances and objectives. We have a rare opportunity to do this in the field of Public Procurement through this association, this institute and this series of Conferences. This Conference should be seen as part of that process, and I am confident that in this extraordinary gathering of local, regional and international experts, we have all the ingredients to use it to this end. We are indebted to Miss Margret Rose for her dynamism and professionalism in organising this conference and I feel deeply honoured to have been asked to be your conference chairman.