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# Wasteful spending cultures: State inefficiency and policy narratives

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The article introduces the concept of "wasteful public spending cultures" in the framework of state efficiency studies. The concept refers to learned behavioral patterns in the inertial work of government agencies. A case study from Colombia is presented. The study reports practices that lead to the wasteful procurement of armored cars to be used by the government. The role of policy narratives is crucial to understanding these "cultures," as they contribute to replacing and downgrading technical discussions about inefficiency, favoring institutional traditions that include incrementalism. The work contributes to the interdisciplinary body of literature on government inefficiency, as it incorporates the role of storytelling, narratives, and cost-effectiveness calculations. The case study highlights the need to understand the complexity around spending practices in order to improve them.

**Keywords:** State efficiency; policy narratives; armored government cars; wasteful spending; culture.

## Culturas del malgasto público: ineficiencia estatal y narrativas de políticas públicas

El artículo introduce el concepto de las culturas del malgasto público en el marco del estudio de la ineficiencia estatal. Estas culturas engloban comportamientos aprendidos en el trabajo inercial de la administración pública. Utilizando un estudio de caso sobre el malgasto en camionetas blindadas para el Estado, en Colombia, se ilustran las culturas del malgasto. El rol de las narrativas de políticas públicas es crucial para comprender dichas culturas, al sustituir y relegar discusiones técnicas sobre la ineficiencia a un segundo plano, favoreciendo tradiciones institucionales que incluyen el incrementalismo. El artículo contribuye a la literatura interdisciplinaria sobre la ineficiencia estatal, incorporando el rol del *storytelling*, las narrativas, y los cálculos de costo-efectividad. Resalta, desde el estudio de caso, la necesidad de que la política pública comprenda las complejidades que rodean a las prácticas del gasto público para así mejorarlo.

**Palabras clave:** eficiencia estatal; narrativas de políticas públicas; vehículos blindados; malgasto público; cultura.

## Culturas do mal gasto público: ineficiência do Estado e narrativas de políticas públicas

O artigo introduz o conceito de culturas do mal gasto público no âmbito do estudo da ineficiência do Estado. Essas culturas abrangem comportamentos aprendidos no trabalho inercial da administração pública. As culturas do mal gasto são ilustradas através de um estudo de caso sobre o mal gasto em compras públicas de carros blindados para o Estado na Colômbia. O papel das narrativas de políticas públicas é crucial para a compreensão dessas culturas, substituindo e relegando as discussões técnicas sobre ineficiência para o segundo plano, favorecendo assim tradições institucionais que incluem o incrementalismo. O artigo contribui para a literatura interdisciplinar sobre a ineficiência do Estado, incorporando o papel do *storytelling*, das narrativas e dos cálculos de custo-efetividade. Destaca, a partir do estudo de caso, a necessidade de políticas públicas para entender melhor as complexidades que envolvem as práticas de gasto público, a fim de melhorá-o.

**Palavras-chave:** eficiência do Estado; narrativas de políticas públicas; veículos blindados; gastos públicos; cultura.

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## 1. INTRODUCTION

During the COVID-19 pandemic in 2020, the Office of the Prosecutor General of Colombia (Fiscalía General de la Nación, 2020) announced massive investigations related to wasteful public spending. Shortly after, the press reported that the same Office of the Prosecutor General and other watchdog agencies had incurred similar spending practices (González Gaitán, 2020).

The complexity of both the concept and reality of wasteful public spending can be explored using specific case studies, which may shed light on cultures, narratives and tendencies present in the public sector of developing countries. Understanding these matters offers a point of departure in order to identify latent problems and possible solutions.

In Xenophon's (1997/n.d) *Memorabilia,* Socrates questions Glaucon, who aspires to soon hold office in Athens. *"At least tell us about expenditures in the city. For it is clear that you wish to remove those excessive expenditures. But, for Zeus's sake, answered [Glaucon], I have not had time for that yet"*. Socrates's concern evokes the importance of efficiency in public spending. This implies doing "more with less", albeit from the perspective of input minimization or that of output maximization (Rueda López, 2011), considering that "more" also suggests better quality of public expenditures (Izquierdo, Pessino & Vuletin, 2018).

Wasteful spending in Latin America is a structural problem that relates to issues such as public finance sustainability, the standard of living and inequality (Izquierdo et al., 2018). Wasteful spending has also been linked to corruption (Dal Bó & Rossi, 2007; Rocha Menocal & Taxell, 2015; Rose-Ackerman, 1997). The inefficiencies of public spending in Latin America can cost ca. 4.4% of the region's GDP (Inter-American Development Bank -IDB, 2018). However, what happens when a share of wasteful spending is possibly not considered in these figures, given that it may derive from administrative habits that are hardly identifiable?

This paper has several objectives. First, it offers a conceptual framework to approach the problem of wasteful spending, departing from what I will call the "cultures of wasteful spending". These are protected by narratives, e.g. "security" and seem to be anchored in learned traditions. Second, it aims at illustrating and characterizing the complexity of identifying the customs of wasteful spending, using a case study about public procurement of armored cars. Third, it seeks to contribute to the growing body of literature on narratives and public policy (cf. Section 3) while enriching interdisciplinary discussions about public finance efficiency in Latin America. This is done by integrating the role of narratives and learned behaviors via case studies. In spite of the focus made on Colombia, the same reality can be studied in other countries of the developing world, which may hold similarities in terms of institutional development, cultural dimensions and general challenges such as corruption, lack of transparency and low productivity. For example, based on the case study presented in this paper about armored cars, it seems normal for the State to procure high-end armored cars in countries such as Brazil and Mexico (cf. Cantera, 2018; Montoia, 2019), without concrete and structural studies about qualitative improvements that go beyond the general reduction of budgets (cf. the case of Mexico in 2018, when its President announced a general austerity policy).

This paper is structured as follows. Section 2 provides some methodological considerations about the use of case studies. Section 3 introduces the concept of "wasteful spending cultures" and its practical edge in public finance analysis, offering a conceptual framework that involves the role of narratives. In Section 4, I introduce a case study regarding public procurement of high-end armored cars from a cost and relative purchasing power analysis standpoint.

## 2. METHODOLOGICAL CONSIDERATIONS

Case studies offer a methodological advantage related to the narration of a problem, allowing access to complexities that are hardly reachable with aggregate data that is used to build indicators. The latter can be problematic, as their calculation implies underlying and accepted definitions of what is and is not quality spending. However, the least visible part of reality escapes, because it is hardly quantifiable and cannot be classified as inefficient spending. This suggests that there can be a casuistic nature to wasteful spending, whereby general rules (e.g. austerity measured as percent changes of budget items) are not able to capture reality.

To illustrate the problem, we can take the case study presented in this paper. If procuring a high-end car is not even understood as a problem for government, how should the price differential against lower-end-yet-viable cars be quantified and aggregated in wasteful spending figures? This difficulty increases with the presence of narratives that may hinder any questioning of specific budget items. In the name of security, cars can be bought or leased, but inquiring into the specifics of public procurement becomes difficult in the light of robust narratives. Case studies are able to capture the complexity of a situation in the framework of "important circumstances" (Stake, 1995, p. xi); they can reveal different practices and cultures of public service, enriching the possibilities of generating recommendations and strengthening qualitative analyses of public spending (cf. Hauptmeier, Heinpertz & Schuknecht, 2006; PwC, 2012; Shenggen, 2007). However, in the case of Latin America, beyond circumstantial press reports, the use of case studies in public finance is relatively scant (cf. Doimeadiós Reyes & Rodríguez Llorian, 2015).

## 3. WASTEFUL SPENDING CULTURES: CONTEXT AND NARRATIVES

Addressing the complex concept of culture (cf. Moosmüller, 2000) usually involves bringing together beliefs, meaning, rituals, behaviors, traditions and other elements that may be found at a national (Licht, Goldschmidt & Schwartz, 2005) and organizational level (Mastroianni, 2006; Ouchi, 1980; Schein, 1990), among other levels. The concept of culture implies interacting and learning among human beings (Hannerz, 2010). In this paper, culture is not understood following the German term *Kultur*, which is akin to that of civilization, but rather following the idea of context and structures of meaning (Geertz, 1973).

The concept of *culture* has already been linked to wasteful spending in the literature. Payne (1991) refers to a culture of spending in the United States Congress, which seeks to spend beyond its means, thinking that the government will be efficient when it comes to solving problems. Showing how from Congress the constitutional mandate of balanced budgets is ignored, Payne argues that legalisms do not necessarily solve the problem of spending. While his perspective follows an idea of excess over capacities, this article seeks to understand the complexities around *how* and *why* the government spends inefficiently.

This work purports to address public spending *cultures,* especially when one considers the diversity of conditions and situations surrounding public officials. The cultures respond to, i.a., policy narratives that guide the formulation of development plans, legislative initiatives and other public instruments through "systems of stories" (Cormann, 2013). Within these systems it is possible to find *technical*

*narratives*, which act as sequences of actions and events that are linked to what Schank and Abelson (1977) called "manuals". The technical details used in administrative procedures may respond to narratives that are paradoxically complicated to identify at bare sight.

The use of storytelling, which dates back to antiquity, illustrates how realities are reshaped through narration. Going back to the oral tradition of Herodotus in ancient Greece, or to the written accounts of the Qin dynasty in imperial China in the 3rd century A.D. serves to depict the concept of *homo-narrans* (Jones, McBeth & Shanahan, 2014). The study of policy narratives, however, is recent and rather different (cf. Jones & McBeth, 2010; Lowndes, 2016; Polletta, 2008; Stone, 1988). To speak of wasteful spending cultures requires understanding the interrelationship between learned behaviors and narratives. Policymakers do not necessarily carry out rational cost-benefit analysis to make decisions, using cognitive rules of thumb or heuristics, which reflect narratives, or that which Mishler (1995) calls "culturally shared stories", which are in turn derived from power relationships (Lowndes, 2016).

The context or *setting* in which public management is rolled out can foster behaviors that become traditions, from which there may or may not be any awareness at the individual level of action. In this line, it is convenient to refer to the recent development of the *Narrative Policy Framework*, which aims at understanding settings and not only isolated elements of policy narratives, such as characters and beliefs (French, Shanahan, Raile & McEvoy, 2017). Understanding the setting, which in turn can influence a public official's behavior, can help discern the way in which learned behavioral patterns materialize (Hiebert, 1997). The latter weave administrative cultures that become norms and complement rigid bureaucratic mechanisms that underlie the reality of public administration (Ouchi, 1980).

Departing from behaviors of the past and institutional traditions can shed light on administrative inertia that undermines government innovation. In the study of policy narratives, Polleta has (2008, p. 28) documented how the comprehension of a new story is anchored in "old familiar stories". This can hinder the establishment of new and innovative ways of operating that can contribute to "smart spending" (Izquierdo et al., 2018, p. 54). There is, for example, the practice of incrementalism, which occurs when "budget decisions are anchored in the past and normally only vary in small increments from one year to the other" (Izquierdo et al., 2018, p. 320). This budget custom becomes a refuge and a tradition, protected by the legal system, political pressure, technical narratives and lack of expertise of procurement officials, hampering long-term orientated projects that can also involve taking risks.

### 3.1. The Concept of Wasteful Spending Cultures

Wasteful spending has been frequently addressed in press accounts (El Mostrador, 2008; Revista Semana, 2020a; Rodríguez, 2019), in academic contributions (Bandiera, Prat & Valleti, 2009; Holdsworth, 2019; Liebman & Mahoney, 2018) and even in civil initiatives (e.g. Citizens Against Government Waste, 2015). Any conceptual approach involving learned behaviors of wasteful spending will necessarily depart from a relative reality, itself associated to the setting, the skills of the procurement officials involved, the moment in time (e.g. a pandemic, elections, etc.). Therefore, I propose to view a concept of wasteful spending from the *plural,* considering that there are not one but many overlapped cultures, at different levels of government, housing learned behavioral patterns of wasteful spending.

Wasteful spending is linked to government cost-inefficiency, which can be technical, i.e. not doing things correctly with the available resources, or allocative, i.e. doing the wrong things correctly (Izquierdo et al., 2018). The challenges brought by political cycles, short-termism inertia, lack of expertise and unquestioned anchored practices signal that there is still a long way ahead in the study of government inefficiency. While active wasteful spending can be associated, i.a. with corruption, as it improves the individual payoff of an official, passive wasteful spending implies not attaining policy objectives, while not necessarily improving an official's individual situation or payoff (cf. Bandiera et al., 2009).

In order to identify what is necessary to have a good value for money in public spending, McKevitt (2015 as quoted in Izquierdo et al., 2018, p. 315) suggests three principles: *economy* (when adequate quantities of goods and services of good quality are procured), *efficiency* (when the minimal cost for an equivalent service is paid), and *effectiveness* (attaining the desired results). Wasteful spending cultures materialize through the violation of one or more of these principles, stemming from behavior that is anchored in traditions (e.g. corrupt behavior, budget incrementalism, low innovation in procedures and projects, etc.). In other words, *the cultures of wasteful spending are possible learned settings, practices, traditions and behaviors that undermine the value for money in the results of public management.*

Wasteful spending appears as an inconvenient practice regarding the attainment of socially legitimized goals, e.g. efficiency in order to improve a community's life standard. Conceptually, wasteful spending and those cultures that influence it can be understood as a *social opportunity cost* (cf. Behar-Villegas & Amado, 2021), itself amplified or influenced by narratives and contexts that are reflected in stories and learned traditions. If a dubious public management practice is incurred, albeit backed by a superior objective (e.g. transparency), it is possible that this practice is linked to higher spending that could have been destined to other budget items in government (e.g. a hospital). The problem grows when wasteful spending is not even perceived as such, as it can be automatically justified under a narrative that also stems from a major social objective (e.g. peace). However, in the name of a narrative, governments can still incur social opportunity costs.

One risk that public management faces is the politicization of the procedures to identify those opportunity costs, as politicization can imply the inclusion of another narrative, which in the end operates as a veil that thwarts a balanced and transparent analysis of spending. In quantitative terms, once wasteful spending is identified as a practice, measurable variables can be introduced in order to understand the scope of social opportunity costs. However, the difficulty of underpinning a method that helps identify social opportunity costs appears in the casuistic nature of procurement, because in any given scenario that is studied, it is essential to understand where those opportunity costs may be concealed (e.g. a specific budget item, a budget item differential, short term vs. long term expenditures, etc.).

As an example of those practices, one can mention the surge of spending at the end of a year in less relevant projects (Liebmann & Mahoney, 2018), the payment of indirect personal advertising for officials via government branding (Behar-Villegas, 2018), or the sacrifice of long-term projects that imply uncertainty, for the sake of short-term projects that are capitalized in political and not in socioeconomic terms.

## 4. CASE STUDY: ARE HIGH-END ARMORED CARS NECESSARY FOR THE COLOMBIAN STATE?

### 4.1. Introduction

The availability of public procurement data in Colombia has seen some improvements in the last decade. The existence of e-procurement via the Electronic Service of Public Contracts (SECOP) grants access to contractual data at different levels of government, yielding potential alerts and forecasts (cf. Gallego, Rivero & Martínez, 2020). With the creation of the demand aggregation and public procurement agency, *Colombia Compra Eficiente* (CCE) in 2011 and the introduction of Framework Agreements (*Acuerdos Marco de Precios* - AMP), an advance towards more transparency and efficiency has been attempted in order to counter the information asymmetry that underlies public procurement.

In this case study, public spending is approached from a zero-based budgeting principle, meaning that at the beginning of each year, one asks whether there is an adequate justification for every budget item that is planned. The difficulty of judging spending items as adequate or wasteful is reflected in the diffuse definition of "adequate". However, in this article, I use McKevitt's (2015) three principles (economy, efficiency and effectiveness) as benchmark for a convenient value for money approach in public procurement.

### 4.2. Armored cars and learned tradition

It is common to see motorcades of high-end armored SUVs in Colombian streets, some operating for the public sector and some for private individuals and corporations. This case-study is based on the initial results of an interdisciplinary project on government effectiveness and efficiency regarding armored cars in Colombia (Behar-Villegas & Amado, 2021). The said project departs from the following question: Is it *necessary* to have high-end armored cars operating for the State?

Speaking of the *necessary* is relative, as cost-benefit studies of government presume that a specific objective in a particular situation will be reached, e.g. the protection of a person. If the difference between procuring a high-end car against a mid-range car is analyzed under the superior goal of guaranteeing the security of a person, potential savings can be addressed. However, the obstacle that efficiency-driven practices encounter is found in the underlying security narrative, which overshadows detailed questions about the procurement result. The use of the security narrative can substitute the technical discussion on details and even render it irrelevant.

In Latin America and the Caribbean, around 30% of public spending corresponds to public procurement, which has become a potential hub of corruption and inefficiency, leading to losses of at least a third of public spending through wasteful practices (Izquierdo et al., 2018). The case of high-end cars may need to be *added* to these figures, given that technicalities that yield the procurement of these cars eclipse cost-benefit analysis in the official technical studies that precede the contractual process. It is thus difficult to speak of overpriced assets, if the category itself of the car is not even questioned. What happens, however, when the same objective can be attained with less expensive cars? If inefficiencies are found, how can they be documented and considered in the calculations of wasteful spending?

In this section, I address the question on whether the cars that are usually procured correspond to the optimal cost-effectiveness level that procurement officials could reach, meaning that the mission and function of the car can still be fulfilled with good quality, while unnecessary costs are eliminated. In order to depict the complexity of the problem, the following question can be illustrative: Is it adequate to transport public officials in a developing country in high-end vehicles that surpass 70.000 USD?

### *4.2.1. Introduction to the case: automotive market figures in Colombia*

For 2019, a study of the renowned local portal *Tucarro.com* estimated the average purchasing price of a car in Colombia at 11.000 USD. In the same study, vehicles were classified in three categories: low-end, mid-range and high-end (*gama baja, media, alta*). Figure 1 provides examples of models by category with their corresponding price ranges, including used and new cars, according to standard sources such as the magazine *Revista Motor*, which documents used and new car prices on a monthly basis. If the usual SUV models that operate for high-ranking officials of the State are screened, it is clear that they belong to the high-end category. Paradoxically, when directly asking different public bodies of the Colombian government about their use of high-end cars via formal petitions, the common answer was denying the use of high-end cars.

**FIGURE 1 PRICE RANGES OF CARS IN COLOMBIA**

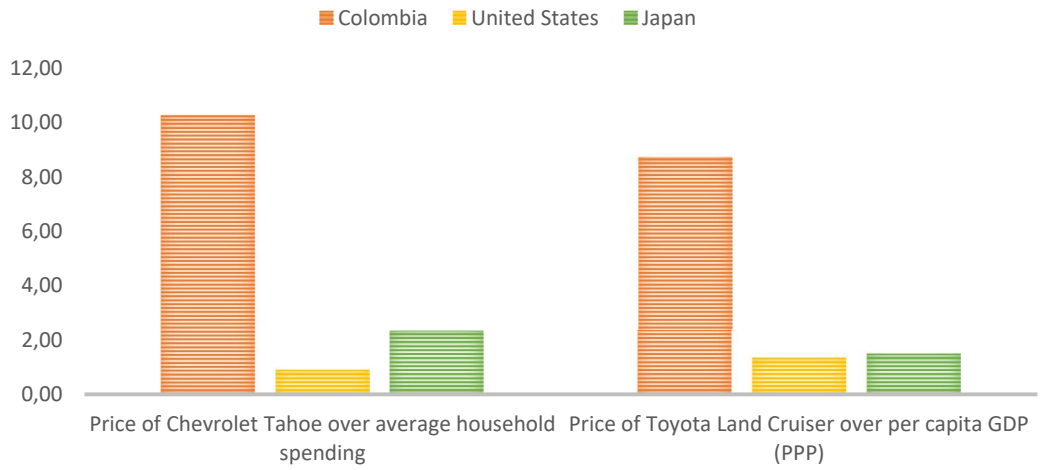
| Category *Tucarro.com* Portal | Car model example | Most frequently searched cars within category | Price Ranges New (2019) prices in USD | Price Ranges Used (2019) prices in USD |
|---|---|---|---|---|
| Low End | Ford Fiesta, KIA Picanto, Renault Logan, Peugeot 208 | Chevrolet Spark, Spark GT, R. Twingo | 10.350 – 18.500 | 3.350 – 5.485 |
| Mid Range | Chevrolet Tracker, Nissan X-Trail, Mazda 3, Ford Escape, Suzuki Vitara | Mazda 3, KIA New Sportage, Chevrolet LUV | 20.500 – 36.500 | 12.200 – 16,765 |
| High End | Toyota Fortuner, Audi A5, Mercedes Class E,C, Porsche Cayenne. Audi Q7, BMW X3 | Toyota Prado, Hilux, Fortuner | 53.400 – 62.500 & higher | 25,900 - 40,550 & higher |

**Source:** Elaborated by the author based on Tucarro.com, Revista Motor, Autocosmos.com, Average TRM: Banco de la República, Own calculations.

### *4.2.2. Purchasing power and spending inefficiencies*

If Colombia's purchasing power average is compared with that of Japan and the United States, the countries of origin of the companies that manufacture the traditionally preferred cars that are then armored in Colombia for the State, a typical gap between middle-income and high-income countries arises. When taking the equivalent local prices of the same cars in their original markets, if applicable, in order to contrast them with the corresponding average purchasing power of the three countries, one can address the following questions: how many times does the payment capacity of a household have to be multiplied in order to purchase a particular car in each of the countries? Figure 2 portrays the case of two car models, the *Chevrolet Tahoe* and the *Toyota Land Cruiser Imperial* in Colombia, the United States and Japan.

**FIGURE 2 PURCHASING POWER COMPARISON OF HOUSEHOLDS US/JAPAN/COLOMBIA USING CAR MODELS**

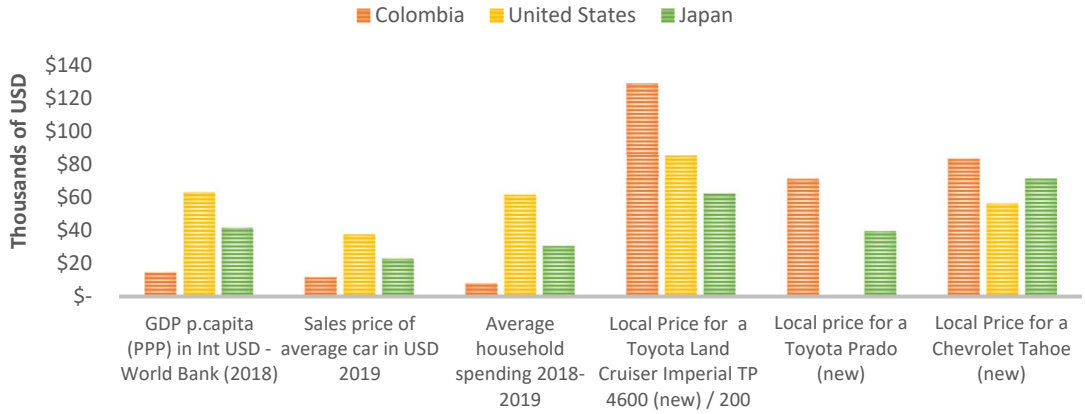



**Note:** the group of bars to the left shows the quotient of the nominal local car price of a Chevrolet Tahoe in each country and the average annual household spending of the respective country. The group of bars to the right shows the quotient of a similar Toyota Land Cruiser and the GDP per capita.
**Source:** Elaborated by the author. Calculations based on data from DANE, the World Bank, Kelly Blue Book, Kakaku Japan, Tucarro.com, and several car dealership websites in Japan.

While a Colombian household needs around 10 times its average annual spending in order to purchase a Chevrolet Tahoe, in the United States and Japan, the equivalent figure amounts to two and three times the average annual household spending respectively. In other words, an average household can purchase this car (without armoring it) if it saves the equivalent of ten times its total annual spending. If the exercise is repeated using another model, e.g. one of the Toyota Prado that is referenced on the AMP of 2019, and now instead of average spending we use per capita GDP, we can conclude that the average individual in Colombia would have to allocate almost nine times his or her annual income in order to purchase such a car. Meanwhile, in the United States and Japan, the figure is below 2.

Next, Figure 3 incorporates a macroeconomic comparison between the three countries, including average household spending, per capita GDP, and the local prices of some of the (new) cars that can be found in the AMP of 2019.

**FIGURE 3 MACROECONOMIC COMPARISON & PRICE OF NEW CARS BY COUNTRY (IN USD)**




**Note:** The first group of bars to the left shows the gap between Colombia's p.c. GDP and those of the United States and Japan. The next group of bars shows the sales price of the average car in each country for 2019. Then, the next group shows the average household spending of each country for 2018 and 2019. The three remaining groups of bars show a comparison of local prices (converted to USD) of selected cars from the AMP list, following the most accurate reference that could be compared, as models are not always identical. While macroeconomic variables hint to a lower payment capacity on the side of the Colombian economy, the right side evinces higher costs when it comes to purchasing the cars in Colombia, compared to the US and Japan.
**Source:** Elaborated by the author. Calculations are based on data from DANE, the World Bank Kelly Blue Book, Kakaku Japan, Tucarro.com, and several car dealership websites in Japan. The Toyota Prado was not available in the US market for the exact same model that was compared, hence it is not applicable.

Figure 3 reflects the need to ask not only about nominal prices of procured assets, but also about the average capacity that a household has in the country of origin and that of the final destination of the car. The graph shows that the Colombian economy must make a considerably higher effort than that of a high-income country in order to finance similar cars. To this situation one can add the risk that the depreciation of the currency may bring, which materializes the loss of purchasing power for households and the government itself. It is therefore worth asking whether there is a perfectly elastic demand for car procurement in Colombia, as the State does not stop purchasing or leasing these cars, possibly anchored in the cultures of wasteful spending.

Is it adequate to publicly fund high-end cars for the State when the country's economy does not have the same purchasing capacities of countries that manufacture these cars? When this question was asked during the project, one of the usual answers pertained to the need to guarantee the security of a protected person as a superior objective, in spite of the price. However, this argument would not be valid if the same mission can be accomplished with more economic cars that are armored following the exact same requirements of the *National Institute of Justice* (NIJ), i.e. the standard that the Colombian State follows in car armoring.

### *4.2.3. Armor Standards and the Obstacle of Technical Narratives*

From one of the referenced list of cars that was considered in the project, 174 registered car models that were officially bid were taken initially as a base from the AMP of 2019, following CCE's information. The list provides details about the bidders, the technical details of the cars and the respective prices. In contrast, finding the exact car model on the SECOP platform, for each contract, brings serious difficulties. This is why the AMP helps as a price-checking benchmark that yields market prices and

real bids. However, the AMP price differentials with prices from real contracts also offer another possible layer of analysis regarding overpriced assets, which goes beyond the purpose of this paper (cf. Behar-Villegas & Amado, 2021). In the group of the 174 referenced cars that were actually bid to the State, only three car models appear with a pre-armor price below 30.000 USD (e.g. a *Renault Duster Dynamique MT 2000CC 4X4* for 21.430 USD).

The AMP list shows the exact armor reference of each car, following NIJ standard 0108.01. The armor level ranges between categories II and IV, specifying whether light or heavy materials are used. Level IIIA, for example, must resist 500-1000 joules, which is, i.a., equivalent to a 9 mm cal. projectile, while level III must have a ballistic resistance from projectiles fired from weapons of superior firepower and ammunition, e.g. 7.62 mm cal., which corresponds to ca. 3400 joules. A key criterion for armoring vehicles is the payload of the car, apart from other criteria such as the quality of the brakes, manufacturer warranties, power-to-weight rations, expected lifetime, i.a. On the AMP it is possible to find actually bid cars that are more economical than high-end cars and still fulfill the same requirements to be bid under a certain armoring level, which means that they are available on the market. Against this argument, one could consider that the lifetime of a smaller armored vehicle would be insufficient compared to a high end car, such as a Toyota Land Cruiser. However, following a contractual revision on SECOP, there is a trend that indicates that cars are leased for a standard period of three years, instead of being purchased. The lifetime argument is thus practically irrelevant if the government leases cars for only three years, as all models in the AMP surpass an expected lifetime of three years.

This project concentrated on armoring levels IIIA and III, including light and heavy materials, initially leaving the highest categories (> IV) aside, as they imply other extreme risks of attacks with explosives and other weapons, which could pose threats to highly endangered persons, such as the President, the Chiefs of Staff, extremely endangered civilians, among others. But precisely here is where one of the major problems I address appears, which is anchored in the subjectivity of public officials who write the necessary technical studies for the contractual process. On the one hand, they are tied to past contracts in practice, using criteria that are hard to modify. On the other hand, the level of risk is evaluated by the same institution that traditionally procures the cars, i.e. the National Protection Unit (UNP), which then makes the cars available to other State agencies of all three branches. The level of risk can be increased given a level of subjectivity or simply due to political relationships. This is underpinned by the security narrative, which in turn distorts the technical and security-related reality of agents that are protected by the State. If the UNP is in charge of assessing risk and at the same time fixes the technical requirements of the procurement operation, an "endogamic" effect can affect the quality of public spending.

A cost-effectiveness analysis was carried out as an input to study spending efficiency, allowing for a clearer visualization of the gap between optimal spending (e.g. market prices of more economic yet technically viable cars subject to the same NIJ standard) and the prices of the exact model that is documented in the AMP. I therefore compare $P_{proc,i}$ as the procurement of agency i and $P_{m,cat-1,i-z}$ as the price of the lower-viable category car. I follow Cellini & Kee (2010) in order to calculate a cost-effectiveness ratio (CER), using *s* as the effectiveness unit, which in this case corresponds to one life saved, thus

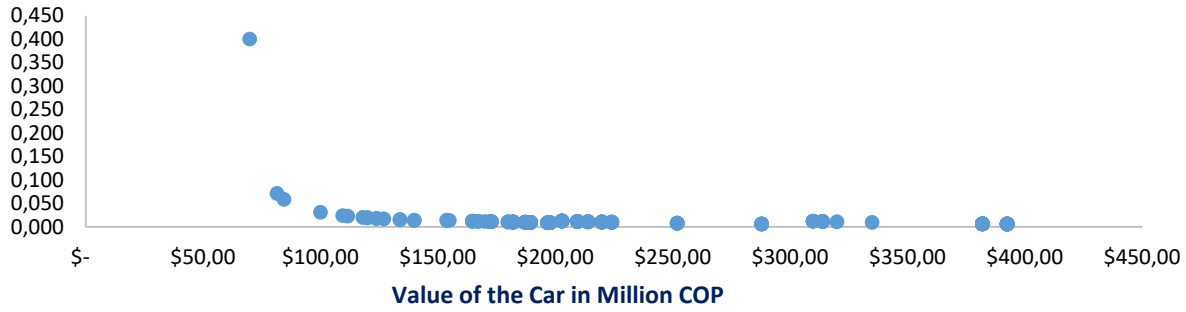
$$CER = \frac{s}{(P_{proc,i} - P_{m,i-z})}, \quad if \ P_{proc,i} - P_{m,i-z} \geq 0 \tag{1}$$

whereby CER, the effectiveness index, represents the number of lives saved per cost differential, acting as a parameter of efficiency. If the cost delta is high and *s* is one, a life is still saved, yet at a cost higher than the one technically necessary, itself given by market prices. If the cost delta converges to ∞, CER converges to 0 (minimal *cost*-effectiveness in spite of the fulfillment of the mission). If the cost delta converges to 0, the CER value will converge to ∞. This would imply that the public body procures (purchases or leases) the optimal vehicle, under the premise that a life is always saved given the technical requirements of the armor category. If we aggregate the result for a sample of *n* vehicles, we can write the aggregate value (CEA) as follows,

$$CEA_n = \frac{s \cdot n}{\sum_{i=1}^{n}(P_{proc,i} - P_{m,i-z})} \quad , \qquad if \;\; P_{proc,i} - P_{m,i-z} \geq 0 \tag{2}$$

The result, departing from nominal prices in COP (Colombian Peso) for the AMP list of 2019, is shown in Figure 4. The more the dots tend to appear near the x-axis, the less cost-effectiveness will a typical procurement operation have, as the cost differentials between the chosen car and that of a lower-end yet viable car will be > 0. Note that the lower-end category still fulfills the exact same armoring requirement of the chosen car. In case one observes a convergence between the two costs, i.e. the chosen or bid car was optimal, the indicator will be > 1.

**FIGURE 4 COST EFFECTIVENESS INDEX IN CAR REFERENCES, N=174**




**Note:** The index depicts the gap between procurement prices (costs) and technically-viable prices (costs). The lower the result, the lower the cost-effectiveness. The higher the results, the more convergence there will be among prices (costs), meaning that the chosen or bid vehicle is close to an optimal car category, while still fulfilling the technical armoring requirements.
**Source:** Elaborated by the author. Calculations based on AMP data from 2019.

For this reference group of cars, an average potential savings value of 29.000 USD could be reached if the government were to procure cars (also SUVs) of lower end yet technically viable categories. Three different methods were assessed in order to identify possible viable categories that serve a framework of analysis. First, an inferior category was chosen if there is a real bid of a price-inferior car that fulfills the technical armoring requirements of a given NIJ category. In other words, is there is an *actual* market bid for a smaller car, e.g. a *Renault Duster,* following NIJ IIIA with heavy materials, we can assume that,

given that it is available on the market, it is not necessary to procure a *Toyota Prado* that is tendered with the same NIJ IIIA specification. In the second method, I control for payload capacity of the car model. For the sake of a complete assessment of the sample, including the presence of vehicles that are not immediately relevant for the project, I do not take the most economical car for the top category IV, but the next-best price only. Finally, in the third method, I equally control for the payload capacity of the car without taking the next-best price, assuming that the top category is for extreme situations such as those already mentioned. This way, the study concentrates on those high-ranks of government that can be seen as more atomized (City council members, Regional Assembly Members, Members of Congress, Ministers, Vice-Ministers, etc.). The result of all three methods for the reference sample of 174 cars, in terms of potential savings, ranges from 43% to 49% of the total value of all cars on the list. This means that accomplishing the same mission is possible when procuring cars of inferior yet technically viable characteristics, generating savings that amount to almost half of the aggregate value. If one considers that this reference table does not stem from a real contract, but from a Framework Agreement, there may be even more possibilities to save in every car that the government procures, as AMP prices are the suggested standard of the demand aggregating agency CCE.

#### *4.2.4. Wasteful Spending Cultures and Latent Narratives*

Why does the government finance high-end cars that can lead to wasteful spending? Part of the answer lies in the cultures of wasteful spending, which are linked to phenomena such as incrementalism, aesthetic expectations, the present bias, the security narrative and other factors that build a wasteful spending inertia that does not necessarily spawn awareness.

On the one hand, budgeting is anchored in the past and in expectations tied to the security narrative, which maximizes the type of car yet not the spending efficiency that could be attained by incorporating measures of cost-effectiveness. On the other, aesthetic expectations about artefacts that high-ranked positions of government bring along can create a power aesthetic that matches the public sector's reality to attributes seen in the private sector, in products of the entertainment industry (e.g. armored car motorcades in movies, etc), and even in narcoaesthetics (Corcione, 2018).

Narcoaesthetics relates the use of status symbols, wealth, power and prestige, which goes back to the heyday of drug cartels in Colombia around the mid-80s. At the same time, the use of armored SUVs by the State can be traced back to the 80s and 90s with the emergence of new models of the *Toyota Land Cruiser* (e.g. FJ62LG), initially manufactured with a silhouette exhibiting crisp contours, later manufactured with round contours and known as bubbles (*burbujas*) around 1993 (e.g. the Autana model). With these and other vehicles, a narrative of power surfaced, paradoxically at the heart of the tension between the State and the drug cartels that defied it. The car thus becomes an artefact of protection and exclusion; it operates as a hideout behind tinted windows, which concoct customs that build expectations of spending. It is politically difficult to imagine the use of smaller cars at higher ranks of power within government, as it would distort the inertial aesthetics of expectation and the individual desire to have an attractive car in the short term, clashing with the latent collective need to improve the quality of public spending.

It is also worth addressing the problem of leasing the cars. In the contracts revised in the framework of the project (Behar-Villegas & Amado, 2021), especially those of the UNP, there is evidence that

the government pays between 2500 and 4500 USD monthly per leased SUV, for a period of three years, i.e. between 9 and 17 times the minimum wage in Colombia. The leasing operation is usually defended with the argument of maintenance costs, but, just as the press documented an exceptional case for the Judicial branch of Colombia, which purchased the cars instead of leasing them, "the cars are being purchased to save costs, given that the lease has an approximate value of 15 million COP [ca. 4500 USD] and it is more economical to acquire the SUVs for a use period of 10 years" (Revista Semana, 2020b). This indicates that there is a certain degree of awareness about the difference that purchasing and leasing cars can signify. Leasing a car for three years implies that public officials can make use of new cars frequently. In contrast, the national average to renovate a car in Colombia amounts to 16 years (La República, 2018).

The paradox conveyed here emerges together with the idea of latent narratives with explicit artefacts. The cars tell the story of the need to have protection, which is evident in the violent past that Colombia has faced. These cars appear as paradoxical artifacts of storytelling, because the public finance reality, behind the stage, is not known given its technical nature and its diffuse legal dimension. The security narrative becomes the automatic answer to potential questions that arise in studies of technical efficiency, creating incrementalist cultures that materialize in technical studies that do not hone a holistic view of the problem of potential wasteful spending. The narrative is thus latent, because it builds cultures or learned behaviors that do not spark awareness. If one adds the problem of revolving doors in public bodies, generated by electoral cycles that lead to short term employment of officials with lack of expertise, it is difficult to assume that budgeting traditions, which even absorb currency depreciation shocks, will change.

By telling the story of status and reflecting the structures of power that high ranks embody, the cars distance the protected person from the villain (insecurity), permanently shown through the media given the reality of violence. However, in this process of *storytelling,* there does not seem to be a place for a counternarrative that could transform these artefacts into smaller ones, as it threatens the status quo of the security narrative and its related technical narratives. Paradoxically, the need to reduce spending is announced frequently, but that story is not absorbed technically in the corresponding settings where it could materialize. These settings are imbued with cultures of wasteful spending.

## 5. CONCLUSION

Wasteful spending cultures encompass learned behaviors in the practice of public administration, violating the principles of efficiency, effectiveness and economy. Documenting these cultures contributes to portraying the role and the consequences of narratives that operate in the public sector, which in turn fuel behaviors and traditions that are politically and methodologically hard to question. This work is an attempt to characterize these cultures in the practice of procuring high-end cars for the government. The inertia of public procurement may be protected by narratives that are difficult to identify in the daily business of the public sector. The case presented in this paper signals a disconnect between principles of government (e.g. efficiency) and reality, which is clad in cultures of wasteful spending. Throughout this paper, I have suggested that narratives sustain these cultures, rendering daily practice hermetic and inertial. This is worsened by lack of transparency in available information for the public, let alone by technical details that end up contributing to government inefficiency.

This work is an initial contribution to a subject that requires much more interdisciplinary effort in order to characterize and document wasteful spending cultures. I use an initial car-model reference sample that has the natural limitation or not incorporating information of all actual contracts of purchases and leases of armored cars. However, the principle of recognizing possible settings for the cultures of wasteful spending can be extrapolated towards a case by case approach of public procurement, generating frameworks of replicability. In this matter, watchdog agencies (e.g. Government Accountability Offices, *Contralorías,* etc.) have a major responsibility and a crucial advantage given their mandate. Paradoxically, if they are politicized, the loss of expertise and capacities to detect these details undermines the endeavor of transparent procurement. It seems necessary that watchdog agencies operate with technical analysis frameworks and highly qualified professionals, for this example, in fields such as mechanical engineering and cost-benefit analysis. However, it is also important that analysts have a holistic approach to problems, avoiding potential decisions that can lead to more incrementalism and also disincentivize expert procurement officers to look for value for money.

A further difficulty in the revision of these procurement processes relates to the possible role played by market agents, i.e. car brands and consortia that formulate bids, as they can prefer bidding high-end cars that cost the government more. However, the development of the project that gave rise to this paper suggests that these actors do not necessarily have an incentive to offer bigger or luxurious cars, as they still offer their armoring services for any car model, even if the sales price is lower. This point, however, requires further research.

On the other hand, it seems difficult to discard that a preference for high-end off-road vehicles can be related to the complexity of the terrain in Colombia. Part of the armored vehicles operate in rural areas, where the dangers of the armed conflict render ballistic resistance levels higher than NIJ IV necessary, as the case of threats against agents of the State and social leaders has shown.

A case study approach also faces further limitations, such as not being able to integrate all narratives that may be shaping the cultures of wasteful spending, conveying thus only one of the possible perspectives of the problem, which requires further research. It is important to identify further narratives (e..g security, progress, fiscal control, etc.), which can also hinder interdisciplinary perspectives regarding the allocation of expenditures in other sectors. For example, after saying that an armored car is necessary to protect the integrity of a public official, the cultures of wasteful spending, anchored in budget incrementalism, will hardly allow questioning whether one car is really *necessary* to accomplish a mission.

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