

# Profligacy, corruption and debt

MEETING IN LONDON AT THE WEEKEND, THE finance ministers of the G7 — representing the US, Britain, France, Germany, Italy, Japan and Canada — agreed in principle that the crippling international debts owed by 37 of the world's poorest countries, most of them in Africa, should be written off, one hundred percent, no less. Most of the country-to-country debts owed by the Third World have already been written off, but a substantial amount, up to \$100 billion, is still owed to organisations like the World Bank and the IMF.

Who can take issue with such generosity, but debt is not the only, nor the most debilitating, disease that afflicts most of the poor and not-so-poor nations of the Third World. Here, a significant proportion of the population leads a life of utter wretchedness and misery, the overwhelming majority struggles to make ends meet, while their ruling classes and vast bureaucracies, both political and military, enrich themselves no end, by exploiting their own people and siphoning off foreign aid.

According to *The Telegraph* (London), Morocco's French-language magazine, *Tel Quel*, recently disclosed that King Mohammed VI spends \$6.7 million a month on wages for a personal staff of 100 people, \$180,000 on car repairs and almost 100,000 on animal feed. Details of the lavish spending — the first time that the finances of a royal Arab household have been revealed — show that the king costs Moroccan taxpayers \$268 million a year, 18 times more than Queen Elizabeth. That translates into nearly \$735,000 a day in a country where a fifth of the population has to survive on less than \$1 per day.

In Britain, the Queen's annual budget has been set at \$14.7 million (£7.9 million) for the next three years, while Spain's royal family costs under \$10 million and the Belgian monarchy just over \$7

## THINKING ALOUD



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It is worth mentioning that thousands of Moroccans risk — and some pay with — their lives every year to illegally migrate to these countries by crossing the Strait of Gibraltar in rickety boats to escape unemployment, hopelessness and poverty in their own country.

If compiled meticulously and thoroughly, the tale of profligacy and corruption of the rulers and the ruling elites of the Third World will fill enough pages to reach the skies.

General Sani Abacha, military ruler of Nigeria for five years, accused the West of conspiring against him allegedly because he was striving to clean up Nigeria and make it self-reliant. By the time he died suddenly in 1998, he had plundered some \$5 billion from the state coffers. Similarly, President Mugabe's strident anti-Western rhetoric barely conceals a corrupt and tyrannical regime in Zimbabwe. A Zimbabwean professional recently returning home after four years abroad observed that Zimbabwe now "resembles the tragic, yet arrogant, Titanic on that fateful icy day when the unthinkable happened".

According to Transparency International (TI), former president Suharto of Indonesia tops the all-time corruption league table, with an alleged haul of \$15-35 billion in 31 years of rule. Ferdinand Marcos, president of the Philippines from 1972 to 1986, also did pretty well in fending for himself and his coterie, accumulating \$5-10 billion. Zaire's Mobutu Sese Seko, who allegedly looted \$5 billion, came third. However, the amount embezzled by him amounted to 40 percent of the nearly \$12 billion in aid which Zaire (now called the Democratic Republic of Congo) received during his 32-year rule.

According to Global Witness, several current leaders are plundering their own treasuries. Among them are

Eduardo dos Santos, who it says keeps large sums in bank accounts abroad; Equatorial Guinean President Teodoro Obiang, who calls oil revenues a "state secret"; Kazakhstan's President Nursultan Nazarbayev, whose bungled attempt to smear a rival led to the disclosure that \$1 billion in state funds had been slashed abroad "for the good of the country".

More than \$4 billion of oil revenue (10 percent of Angola's annual income) has disappeared from government accounts in Angola over a five-year period, says the lobby group Human Rights Watch. The report said the money had gone missing between 1997 and 2002 and was equivalent to the amount the government spent on social programmes during that period. This in a country where, according to the United Nations, some 900,000 citizens have been internally displaced and 3.7 million children are malnourished.

The Mwai Kibaki government in Kenya, which ousted President Atrap Moi in an election last year, is investigating embezzlement to the tune of \$1 billion by former officials. Apparently, however, the investigators now need to be investigated. Credible allegations of corruption under the new regime are now surfacing. Not mincing his words, the British High Commissioner to Kenya has revealed that "the new corruption" entered into by this government may be worth around \$188 million.

In light of experience, the donor countries and institutions are now trying to clean up the mess. Unfortunately, according to one observer, "the crooked and the corrupt in poor countries have had a long head start". The World Bank and the International Monetary Fund helped to underwrite decades of deceit by lending billions of dollars to some of the most corrupt regimes in the world.

Bank and the IMF disbursed \$232 billion to Indonesia, \$94 billion to the Philippines, \$28 billion to Nigeria and \$10 billion to Congo/Zaire.

There is no need to recapitulate here the scale and level of corruption in Pakistan. According to published reports, the list of Pakistani billionaires includes politicians, bureaucrats, generals, air marshals and admirals, from the very well known (such as the Sharifs and the Zardaris) to the rather obscure. Admiral Mansur ul Haq (retired) and Asif Ali Zardari went to jail for their corruption because the powers-that-be decided to make "a horrible example" of them, partly owing to the very bad publicity they had attracted but also to deflect attention from a culture of corruption that is deeply entrenched in society.

In an investigative report a few years ago, a highly reliable Pakistani analyst disclosed that kickbacks and commissions of up to \$1 billion were paid to senior civil and military officials by various foreign companies in defence deals and contracts worth about \$10 billion in the preceding two decades. It also highlighted corruption in various army institutions and housing societies.

Hundreds of billions of dollars in direct and indirect, bilateral and multilateral loans and grants have hardly made a dent in Third World poverty, but these have doubtlessly allowed rich and powerful ruling classes of these countries to wallow in wealth. One hopes that the billions of dollars that will accrue to these countries as a result of the writing of their debts by the Western donors will do better than line the pockets and augment the bank accounts of the same classes of people.

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