

Tackling corruption

BY IKRAM SEHGAL

Addressing a conference on "Combating Corruption in the Public and Private Sectors" organized by the Board of Investment (BOI) and National Accountability Bureau (NAB) in collaboration with "Transparency International - Pakistan", the President Gen Pervez Musharraf said that strong institutions, a merit-based system and doing away with discretionary powers were the basic ingredients to check corruption. He added that the measures needed to beat corruption included increasing reliance on "e-governance" and reducing of human contact, improving the quality of law enforcement agencies and having an honest, dedicated and correct leadership. One may add that collection and expenditures thereof of public sector funds need constant monitoring but more important is a system of fair accountability, with the severity of the punishment directly proportional not only to the crime but the seniority of the officials/persons who perpetrate the crime. The bigger they are, the harder they must fall.



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Corruption among the upper hierarchy has declined since Oct 1999, but is corruption per se under control? When prosecuting those alleged to have siphoned public funds off to foreign lands and banks, why does the government turn a blind eye to those bankers who were involved in setting up so-called "private bank" accounts? The President is certainly sincere when he talks about eradicating corruption but he has to ensure that the law is applicable equally to everyone, regardless of their connections at home and abroad, most importantly to any government in power. Selective accountability compromises the entire process. Undermining good governance and the rule of law curtails economic growth, poverty has not only increased there is a dramatic rise in the number of poverty stricken. The middle class has been badly hit, the lower middle class virtually wiped out. Obviously Musharraf finds this unacceptable, any real leader having the best interests of the country at heart would.

A leader's good intentions and/or his will are rarely translated into deeds. In restraining NAB from going after those in the upper social circuit who are not only corrupt but foment corruption (dinner and drinks on the house as a regular feature), the process of accountability has been eroded. Corruption does not involve money-making only, nepotism goes hand-in-glove with it, if businessmen can manipulate day-to-day governance and subvert policy to their own interests that is worse. In the olden days bureaucrats became avid card players, wining huge amounts from businessmen at "bridge" and "flush" every evening, today it is the "open house" where alcohol is freely available. Given that businessmen may be all "bad" at cards, it was too much of a coincidence that the bureaucrats they used to lose money to regularly

were the ones "coincidentally" doling out lucrative contracts. Another time-honoured way for a shake-down is to delay paperwork, that translating into loss of money is another sure way to extract money. That is where the paid lobbyists come in, they smoothen the way through "obstacles" in government. In Pakistan, "lobbyists" are actually front men (there is another name for them) for extracting money and influence for the public officials, in this cycle of patronage some mentors crave power more than money. Another example of blatant corruption: advertisement budgets of financial institutions being used to promote "favoured" patrons and causes in the media. Can a survey be done how much is thus misdirected for personal aggrandizement?

NAB must however be careful in separating the guilty from the innocent, the honest when accused always suffer far more than the guilty. Take the case of Asif Dar, held up by NAB in the EOBI scandal because he happened to be the Director of one of the companies that were involved in the scam that looted billions. The only thing against him is that he took a loan of Rs. 2 million against mortgage of his property, if a man has stolen millions, why should he take a paltry loan of Rs. 2 million? When his associates were arrested and were sending numerous messages (and even threats) to Asif Dar to "disappear", he chose to stay put (for over a year before he was picked up) when he could have easily done the disappearing act, NAB knows this. Confident about Asif Dar's honesty and impeccable financial dealings for over two decades, I volunteered a personal guarantee to NAB for letting him out on bail, on more than one occasion he was denied bail on legal technicalities. The immorality of holding an innocent man in custody knowing him to be innocent cuts no ice with anyone in NAB. If Asif Dar was culpable of anything it was of adhering to what he perceived to be lawful instructions of his superiors, one can negate this "Nuremberg defence" but isn't it necessary to ensure that innocents are not lumped en masse with the guilty? If the premise is of presumption only, otherwise one can mention the laudable charity organization the NAB Chief is the Patron of. True or false, the

Society
Nation
23-8-03

market rumour is that many individuals are contributing heavily to this charity on the same analogy as the businessmen losing at cards to the bureaucrats. However laudable the cause, what is the public perception about the use of his office by the NAB Chief? If Gen Pervez Musharraf would give his "patronage" to any such cause to raise Rs 10 billion for charity, many businessmen (and others) would fall over themselves to over-subscribe. It is important to avoid compromise of one's position, one should not associate the public office with any event, happening, individual, etc that can cast aspersion on the office the person occupies. Like a new second lieutenant in the unit, the NAB Chief must not be seen nor heard, nor heard of (except by the culpable and guilty).

A new type of corruption on the lines of the "yellow cab" scandal may be rearing its head. For more than a decade one has led a campaign to make "housing finance" a major stimulus for the economy. The reason is simple, the ingredients that go towards construction are all available in Pakistan i.e. cement, sand and crush, steel, wiring, wood, plumbing and electrical wiring, etc, and above all, both skilled and unskilled labour, all contribute directly to the economy without external assistance in money or material. The premise for "soft finance" was for new housing but some economists think otherwise, they feel that while such funds may be utilized for new housing, the scheme can be used to free capital from existing housing. Theoretically this may be right, but what happens if the person takes the loan and purchases real estate in Pakistan or US dollars or buys a flat in London? One must give credit to Dr Ishrat Hussain, the Governor of the State Bank of Pakistan, for at least getting the commercial banks started on this (he calls it "the crawling stage"). The housing loans offered by the banks must be strictly monitored or it will be misused for gaining and/or doling out "patronage". Before you know it a large number of public officials will line up to "mortgage" their existing houses as collateral to obtain easy credit. If one goes strictly by banking parameters the salaries and "percs" that even the senior-most bureaucrats and army officers get can hardly pay back the monthly installments and mark-up on any long-term loan above Rs 2.0 million, beyond that one has to have "additional" sources of income. Certainly the funds thus obtained will not be used for "stimulating the economy".

One must acknowledge while Pervez Musharraf has really tried, this country has a long way to go before controlling corruption that is presently endemic in our society. The masses are quite perceptive, they can separate what is essentially lip-service from facts. To really stamp down on corrupt practices, one must shun (if not crackdown on) those in society who excel in making public officials corrupt. Personal example by the highest in the land may be a factor, more important is the public perception that what his close associates do is also above board.

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