

White collar crime and corruption

Society & S.P.
10/9/01
News

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White-collar crime is an illegal activity of people and organisations whose acknowledged purpose is profit through legitimate business enterprise. It involves illegal business practices (embezzlement, price-fixing and bribery) with merchandise that is ordinarily seen as a legitimate business product. In the late 1930s, criminologist Edwin Sutherland first coined the term "white collar crime" to describe the criminal activities of the rich and powerful. He defined it as "a crime committed by a person of respectability and high social status in the course of his occupation." As Sutherland saw it, the rich were engaged in a conspiracy to use their position for personal gain without regard to the law. Today, it is recognised that persons in all social classes can commit white collar crimes, but the notion of getting away with disregard for the law still exists in the justice system's tendency to treat these offences as civil rather than criminal matters. The following types of white-collar crime are recognised today:

Corporate crime: Usually occurs when a strongly competitive business environment fosters corporate irregularities (anti-trust violations, price-fixing, false advertising)

Government crime: Illegal and socially injurious cooperation between governments and corporate institutions (space shuttle disasters)

Occupational crime: Usually occurs when employees come across an opportunity to make extra money by bending or breaking the rules (theft, pilfering)

Professional crime: People or groups of people who systematically set out to look for opportunities to make money illegally (fraud, tax evasion, deceitful claims, phantom operations, false pretences, forgery).

One of the more prominent theories is that offenders possess an "unshareable financial problem", the result of living beyond their means, piling up gambling debts, etc and feel they cannot let anyone know about their situation without ruining their reputation. Other theories stress the "culture at the top" notion, which sets the tone for the ethical climate in the organisation. The whole world of business is kept in line by what is called "economism" - a self-regulating compliance strategy based on the deterrent effects of economic sanctions and civil penalties. This inherently places a lot of trust in the personalities of those who work in business. Regardless of the motivation, the offenders are probably as complex as the laws and

ordinated all other considerations to that of making the war effort a success. By the time of our independence, increase of corruption by public officials became so much noticeable that Quaid-i-Azam mentioned it in one of his speeches in 1947 and the first law promulgated in Pakistan was Prevention of Corruption Act, 1947.

Unfortunately government policies and action can be cited as one of the main causes of widespread corruption in Pakistan. Some of such policies or mechanisms are enumerated to explain this statement:

a. Permit culture. In 40s and up to 60s all import licenses and transport route permits were controlled by government and used for political and economic advantages.

b. Development project planning & expenditure. (i) Since 1985 role of the planning commission was so truncated that all mega infrastructural projects were approved by chief executives of the country without considering the project portfolio. Examples are M2 Motorway, Karachi mass transit project and Lahore airport and runway. (ii) Another unprecedented policy in this regard was the parliamentarians' quota of development funds, which is a high-mark of corruption by the legislators. (iii) Independent power projects sanctioned much more than the needed capacity, at exorbitant price warrant no explanation to prove the corruption at policy/decision making level.

c. Yellow cab and green tractor schemes. Imprudent economic policies formulated purely on political motives like yellow cab and green tractor schemes resulted in financial losses to banks and personal gains to politicians in the shape of kickbacks.

Real estate management and corruption. The transition from colonial rule to independent status accompanied the largest exodus of recent history. Settlement of the millions of homeless through allotment of land or property on fake claims created the first opportunity and pattern for corrupt practices in Pakistan. The manifestation of this pattern of corruption kept on multiplying in the subsequent years in various forms and level because the state failed to evolve scientific methods of managing the state land and property. Rapid increase in population and other factors causing speedy urbanisation resulted in mushrooming of land development authorities under state control. This monopoly was thoroughly exploited by discretionary allotments. Failure of the state to meet the increasing demand of housing sector or facilities and poor regulatory laws/control mechanisms lent to an uncontrolled growth of unscrupulous private land/housing schemes most of which engineered artificial prices of real estate and consequent corruption effected losses to millions of people.

tion, the offenders are probably as complex as the laws and regulations in this area. The required mental estates, for example, range from "negligently" to "recklessly" to "knowingly", depending upon what type of white collar crime you're talking about. Prosecution, or more specifically, deciding who prosecutes, opens up a plethora of agencies, all with joint and/or overlapping responsibilities.

One of the most important things in investigation of white-collar crime is the need for partnership and teamwork. Intelligence work in this area is often disorganised and inefficient, and a team approach can solve this. The treasury department, for example, may have the money laundering analysis expertise, and a local police department may have a proven ability to produce analytical activity charts. The "strike force" model is one of the most common team approaches in law enforcement. This establishes a network of agencies all working on different aspects of the probe. Another thing that should not be overlooked is the corporation itself. Businesses spend millions of dollars a year conducting internal audits. Along these lines, one should not neglect the private security force employed by the corporation. Their employees can be valuable sources of information. In addition, sometimes the employees of the organisation itself can be induced to "snitch" or "whistle blow" on other employees. The main piece of evidence that will be viewed most strongly in court is any evidence of disguise or cover-up. Many agencies have hired college students or recruited interns to temporarily help them with these chores.

There are a number of economic, political and socio-cultural factors that contribute to white-collar crime and crude faces of corruption in Pakistan. Although at the cause/effect relationship, it is difficult to assess which factors contributed most in the corruption, but it is certain that all these variables have mutually reinforced to reach an endemic level of corruption. Transparency International declared Pakistan as the second most corrupt nation out of 58 surveyed countries in 1996. In 1998 it improved to 7th position from bottom. Here it is very important to appreciate the phenomena of corruption in its historical and political framework. Traditionally, the South Asian countries including Pakistan were/are plural societies. The colonial rule abetted in fragmenting the loyalties through all forms of corruption and nepotism. The culture of nepotism was promoted in the colonial system of administration by award of lands, titles and jobs to the groups supporting colonial objectives as part of political bribery.

Till Second World War corruption was prevalent in considerable measure amongst revenue, police, excise and public works department officials particularly of the lower grades, while the higher ranks were comparatively free from this evil. The immense war effort 1939-45, which involved an annual expenditure of hundreds of crores of rupees over war supplies and contracts, created unprecedented opportunities for acquisition of wealth by doubtful means. The then government sub-

Over-stretched public sector and corruption. From a total agrarian-based economy, Pakistan started industrialisation in the late sixties. The process was badly damaged by nationalisation programme in 70s. The extent of the nationalisation process can be gauged from the fact that by 1977 public sector controlled 62 percent share of national economy and all major industries, banks, insurance companies to the extent of flour mills and petty educational institutions were under state control. Nationalisation programme besides being a poor economic option opened the gates of upsizing state institutions and corporations through politically motivated recruitment. Placements of party loyalists on jobs became a new form of nepotism. NAB at present is prosecuting cases in which 4963 illegal appointments were made by the prime ministers and chief ministers in last 10 years. The bureaucracy was inducted into public corporate sector, which resulted in collusive mode of corruption both at individual and organisational levels opening the gates for grand corruption. One example of such syndicated corruption can be found in the Pakistan Steel case where Usman Farooqi during one year as chairman is alleged to have caused almost 6-7 billion rupees loss to this national institution. His personal assets identified included 42 immovable properties, 12 vehicles and 22 accounts. The magnitude of corruption by public officials is reflected from some landmark cases being investigated/prosecuted under NAB:

- (1) A grade 4 *patwari* accumulates assets worth 11 million;
- (2) a grade 18 officer in FIA possesses assets worth 40 million;
- (3) a grade 20 officer is willing to pay Rs20 million for bargain;
- (4) a custom inspector is fined Rs25.5 million for illegal assets

Political consequences of corruption: "Corruption is aids of democracy", Miguel Argel argues. During last 10 years all elected governments have fallen due to perception of massive political corruption. The stories of horse-trading have become a constant feature of the domestic politics. The constant perception of corruption by elected representatives has led to increased cynicism amongst voters and the frustration is visible by low turnouts in the past polls. The role of money in politics has brought in a new class of wealthy businessmen-turned-politicians who have constantly striven for saving their business interests over the national economic advantage. The public at large associates corruption with the democratisation and hence losing faith in the process. Finally the moral and administrative fabric of governance system starts getting eroded. The political umbrella in such a country goes helter-skelter. State institutions crumble. In case of developing societies, armed forces step in. Democratic interregnums follow. Musical chair alternate. Justice is travestied. The rule of law goes to dogs.

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