

Musings on Corruption: Quest for Utopia

by Khurshid Hamid

CORRUPTION, in its all-embracing generic ramifications and amorphousness, litters the story of mankind like craters on the visible surface of the moon — a conclusion I came to many climes ago on my intellectual experiencing and growing up. A scrupulous however rammed my thoughts that it was my dragonfly philosophy that had led to this easy slither into banal cynicism. And I do believe that there exists powerful human impulses for moral thought and action, and that too in critical masses (pun intended) to effect changes for the better.

At the outset the ubiquity of corruption on our planet must be underlined. In Italy and Japan, Belgium and the United Kingdom, Spain and Russia, Mexico and Venezuela, India and Pakistan, and other countries, or for that matter the House of Commons and the European Commission, allegations of corruption play a more central role in politics today than at any time in history. The fact that much corruption in developing countries has important industrial country participation is now a commonplace.

In Venezuela a local dictionary of corruption has been published in two volumes in 1989: *Dictionnaire de la corruption en Venezuela*. France has put together something similar in 1991: *L'Argent facile: dictionnaire de la corruption en France*. In less educated Venezuela, the dictionary has perhaps been a learning experience for the general masses, for within the last eight months they have voted into office a populist President Hugo Chavez—one of his main ideas is the setting up of new and more powerful anti-corruption authorities—and gave his loyalist collection of parties and individuals 121 of the 128 seats in a constituent assembly meant to draft a new constitution for the country. Not a single seat was won by the two old order parties, the Social Democratic and the Christian Democratic, between whom in the 40 years before power had oscillated, and who ran a corrupt and bloated state as a kleptocracy. Probably Bangladesh should also publish a similar dictionary of corruption, hopefully for similar salutary outcome.

Corruption is a term with many meanings. Viewed most broadly, corruption is the misuse of office for unofficial ends. The catalogue of corrupt acts includes, but is not limited to, bribery, extortion, influence peddling, nepotism, fraud, embezzlement, extracting political contributions from big business, mafia and *mastan* mongering, and the use of speed money (money paid to government officials to speed up their consideration of a business

matter falling within their jurisdiction). Power and power mongering, leading to authoritarianism and even fascism, is also a sinister form of corruption. The beginning of wisdom on the issue is to subdivide and analyze the many components of corruption.

Although people tend to think of corruption as a sin of government, it also exists in the private sector—in our country's context in outrageously giant proportions. Indeed, the private sector is involved in most government corruption. For after all did you ever hear the sound of the clap with one hand? Only enlightened practitioners of Zen do.

Different varieties of corruption are not equally harmful. Corruption that undercuts the rules of the game—for example, banking and credit, or the justice system, or examinations for academic degrees and recruitment—devastates economic and political development. Corruption that allows polluters to foul rivers, or others to encroach on lakes and rivers, or *mastans* to extort exorbitant and illegal tolls can be environmentally and socially corrosive. In comparison, providing some speed money in affordable rates to get quicker access to public services may be deemed as a form of semi-privatization and is less damaging. Corruption that allows diplomats to attempt to smuggle stolen antiquities out of the country and when caught red-handed have no punitive measures taken against them is perhaps higher in the scale of damage.

Of course, the extent of corruption also matters. Most systems can stand some corruption, but when corruption becomes the norm, its effects are crippling. Such systematic corruption makes establishing and maintaining internationally acceptable rules of the game impossible, and is one of the principal reasons why the least developed parts of our world stand that way.

Robert Klitgaard, a professor at the RAND Graduate School, propounds a heuristic formula for corruption: $C = M + D - A$. Corruption equals monopoly plus discretion minus accountability. Whether the activity is public, private, or nonprofit, and whether it is carried on in Dhaka or Washington, one will tend to find corruption when an organization or person has the discretion to decide who will receive it and how much that person will get, and is not accountable. He further says that corruption is a crime of calculation, not passion. True, there are both saints who resist all temptations and honest officials who resist most. But when bribes are large, the chances of being caught small, and the penalties if caught meager, many officials

will succumb.

Corrupt rulers and officials on top are monopolists unwilling to sacrifice their rents, and international and local business people are locked in a prisoners' dilemma in which the dominant strategy is to bribe. A corrupt equilibrium is reached, as a result of which rulers and top civil servants and some private companies gain, but society loses. Corruption cheats the larger bulk of the citizenry and delivers the proceeds as spoils to a minuscule privileged group. Corruption is thus but one form of oppression.

Combating corruption, therefore, begins with designing better systems. Monopolies must be reduced or carefully regulated. Official discretion must be clarified. Transparency must be enhanced. The probability of being caught, as well as the penalties for corruption (for both givers and takers, perhaps less for the former), must increase. Each of these introduces a vast topic, and a whole cluster of remedial actions.

For Bangladesh all the theoretical underpinnings of corruption delineated above hold true. Why is our country so corrupt? The root cause, not often

their attention and their inclination to do so. First, in the 1990s alone, governments in Italy, Brazil, Pakistan, India, Zaire, Indonesia, Venezuela, and Nigeria, and the European Commission have fallen primarily because the people they governed would no longer tolerate the corruption of politicians. Earlier we have the example of Imelda Marcos, who plundered not only to obscenely well heeled but also to be perniciously well shod, which enraged the Filipinos so much. In our own emerald country the general citizenry were aghast when the BNP government went into a corruption tailspin by holding the farcical unilateral elections in January 1996, promptly threw them out of office, and the Awami League came to power.

Secondly, international financial institutions such as the World Bank and the IMF are increasingly linking the aid they offer to poor countries to those countries' willingness to provide good governance. They have suddenly woken up to the fact that perhaps 20-30 per cent of their lending to corrupt coun-

tries, which made it a criminal offence for American companies to bribe foreign officials. Now the United States has got all the rich countries to agree to play by roughly the same rules. A bribery convention, signed by 22 members of the OECD and so far ratified by 12, has come into effect from last February. It requires the signatories to make it a crime to bribe any foreign official to win or retain business or for any other improper advantage. The bribing bureaucrats and politicians should take imperative heed that the days of making sweet-heart deals involving grant foreign assisted projects are numbered, give or take a rogue Alcatel or Mig-29 contract or two.

Fourthly, the cold war is over and with it the tolerance of the big powers for a spot of bribery at the top as an acceptable means of keeping a useful woman or man on your side. Also democracy, the belief that every man and woman should have a share in making the law, has pushed ideological authoritarianism into a corner, and communism as a statecraft into the dustbin of history. Today it is well nigh impossible to persuade people that a small group of even-if-elected wise men can claim a special expertise about important things which entitles them to lay down the law for everybody else.

Lastly, I have always felt that every society, including our own, has a certain indexed tensile strength and if abuses of corruption or governance stretch the limits of that tolerance, the social fabric rents asunder. Corruption is now an issue that raises the indignation of ordinary people and brings the crowds out on to the streets. In 1975 while posted in Teheran I had pontificated to my Iranian friends that the King of King's corrupt Iran was a pressure cooker where social discontent was building up in abnormal proportions, and if it burst, it would indeed be a nasty burst; within half a decade the explosion did take place and the Shah became the most celebrated homeless person at the time. In mid-1990 in a discussion with Dr Kamal Hossain on the then scandalous air force radar purchase deal, I had brashly spoken of the limits of greed or rather the lack of it and of the hypothetical tensile strength of a society, and within six months Hussein Ershad had fallen. Witness in 1996 the exit of the BNP regime for holding the rigged elections and outraging the ordinary people. Witness

A free market place where firms have to compete for customers and capital. It takes a long, long time for such institutions to put down roots.

What are the pragmatic and doable steps that can be taken to fight corruption? Professor Klitgaard takes an optimistic view that political leaders of most corrupt countries are really schizophrenic about the issue: they may appreciate and decry the costs of systematic corruption, but they also recognize the personal and party benefits of the existing corrupt system. (Given the predatory corruption of our top politicians, bureaucrats and businessmen, perhaps a question mark here for Bangladesh?) He feels that such leaders can be made to see that it is possible to make systemic improvements without committing political suicide, through sensitive consulting and technical assistance. He says that the political leaders should analyze confidentially the many categories of political benefits and costs, begin anticorruption efforts where the public perceives the problem to be the most acute, remember that an anticorruption campaign to be credible must achieve some tangible successes within six months, and appreciate that international collaboration can provide the much-needed political insulation (the last a fuzzy thought at best).

A capital idea that follows

from the above is that a regional diagnostic study of corruption under the auspices of SAARC can be initiated. The study would be designed to encourage the taking of systematic action by both the private and the public sectors to reduce corruption in South Asia. Each country would invite the private sector to carry out confidential diagnostic surveys of three or four areas prone to corruption, such as government contracting, the courts and the police, and the customs and tax agencies. The business people would identify where the holes, weaknesses, and abuses in the current system might be, and analyze systems rather than identify particular individuals in either the public or the private sector. The goal would be to obtain a quick assessment that can be used to formulate an action plan. Relevant information obtained from a small sample of say 40 business people could well be sufficient to prepare a useful report. When each country's diagnostic study was complete, a SAARC conference would share the results and analyze remedial measures, including possible international cooperation to combat corruption.

Fighting systematic corruption requires administering a shock to disturb a corrupt equilibrium. A successful strategy would be the blitzkrieg one of frying a few big fish. When there is a culture of impunity, the only way to begin breaking it up is for a number of major corrupt figures to be convicted and punished.

In each area chosen, he believes international organizations would help create toolkits containing the following:

• Analytical frameworks for diagnosing and dealing with corruption. These would comprise not only generic frameworks but also specific ones for tax administration, customs administration, police, prosecution, judges, procurement, and contracting.

• Case studies of best practices and successes in reducing corruption at different levels of government and in different sectors and domains.

• Participatory pedagogies—a variety of devices to enable citizens, businesses, non-governmental organizations, the media, and government employees to learn, and teach each other, about corrupt systems and what to do about them.

To conclude, in our beloved country the war on corruption still remains perhaps only a slogan, but even a slogan is a start and a battle cry. All successful wars in history have started with a primeval battle cry. *Inshallah* we shall still discover a Perseus who will clean out off the country's Medusa's head of corruption, and establish in our green and pleasant land a Utopia. Utopia, to old and sage nations may mean a mythical golden period in the past never to be recovered, but to young Bangladesh Utopia is always just beyond the horizon.

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mentioned, is the great societal disruption caused by the long liberation war of Bangladesh, with its multitudinous killings, rapes, and brutal acts. The war rent across the entire social fabric, leading to disillusionment at the thwarting of high economic expectations, a fraying of kinship ties, a rise of gun-toting *mastans* and terrorist acts, demeaning of women, and a growing distrust in public institutions. All in all it led to the radical brutalization of the nation's psyche, and a steep decline in social capital or the set of informal values that enable human beings to co-operate to mutual advantage. We have still to recover from the trauma.

So far, so uncontroversial. But where do we begin and who will bell the cat in Bangladesh? One must necessarily begin with the top political leaders and civil servants. On their desks there must surely be brass plaques reading "corruption stops here", or perhaps there still remain the old ones reading "the buck stops here", with a new twist in its connotations. If they are at all prudent and/or concerned about their survival as individuals or as a species, or perchance have an iota of reformist zeal, they should sweep the old plaques away and replace them with new ones emblazoned "It's the corruption stupid."

A few facts and pointers may be jotted down to focus

tries has gone into the pockets of local political and official top guns and their friends. They have realized that the consequences of corruption have become too glaring for them to ignore, and fighting graft, instead of being somebody else's headache, dovetails neatly with their basic business. Cutting regulation, liberalizing trade and promoting liberal institutions are all ways both to pep up an economy and to shut down avenues of corruption. Recent studies have also shown that corrupt countries with wrong policies do not show much tangible economic benefits on the ground even with massive aid, while less corrupt countries prosper even with little or no aid. All aid-giving countries and institutions and their taxpayers will soon cotton on to this remarkable revelation, and tailor their quantum of aid to countries accordingly. A flurry of other recent studies have shown that countries with a lot of corruption have less of their GDP going into investment, and lower growth rates, and that corruption acts as an incremental tax on foreign direct investment of over a ballpark 20 percentage points, and thereby deters their flow.

Thirdly, western-based multinational companies are being required by western governments to work together to limit the amount of bribery they do. America has a 20-year-old Foreign Corrupt Practices

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plus, maintenance of law and order and restorations of army's former role as a major power of the world. However, how far such high sounding slogans will help the Russians, who are already up to their shoulders in abject poverty, increasing unemployment, lawlessness, and demoralisation, restore their confidence in the administration, remains a big question mark. Today Russian economy is in total disarray, despite mighty efforts by the West and the IMF pumping in billions of dollars, to bolster both the 'sick economy' and the 'ailing President'. But unfortunately both are failing.

Misfortune Never Comes Alone

And as they say, misfortune never comes alone. When the people of Russia are groping in a desperate economic and political situation, seeking to get an outlet, comes the deadly blow from the rebels in Dagestan and the Russian army is perhaps fighting a losing battle there as they did in Chechnya. Moreover, it would be the proverbial 'last straw' on the back of an 'anaemic' Russia to carry the burden of billions of dollars war expenditure when people there are ill fed, ill clothed and ill housed. The Kremlin is really now caught in a 'twister' of its own making Yeltsin is planning a large scale operation in Dagestan against the rebels to win the war, as announced by the C-in-C of the Russian Interior Ministry troops. But when the Russian army was ditched in Chechnya by the freedom fighters and had to pull back will they succeed against the Islamic militants in Dagestan? It would be a Himalayan task for the almost demoralised

army to crush the rebellions. The rebels have already shown their firm determination to free themselves from the Russian rule, and have achieved remarkable success in occupying a huge area in Dagestan, after an attack on the airport and killing a number of Russian soldiers. The earlier Yeltsin and his mentors realise the truth the better for them. But Yeltsin seems to make another history by waging another colonial war in Dagestan.

Speculations about Future

The present deepening crisis in Russia has given rise to speculations about the future of the country. According to analysts so many possibilities are looming large on the dark horizon.

The present 'term' of Yeltsin ends by the middle of the next year when the presidential election will be held. But will he be able to carry on the 'burden' till the end of his 'term' due to his deteriorating health? Will the disgruntled Army Generals just sit and watch the country drifting like a 'radarless boat'?

That there is political chaos, no doubt. And Yeltsin dismisses one prime minister after another just to show that he still controls Russia. Even a Moscow Radio commentator had said some time back that he had now turned into a clown. He has no credibility and trust." Perhaps this is the last tribute paid to Yeltsin.

Looking for a Probable Successor

The West particularly America, must have made up its mind about the probable candidate, picked up from that 'string of probable successors' with whom Albright had held talks earlier. The three most likely candidates seem to be two former Prime Ministers — Chernomyrdin and Primakov and General Alexander Lebed who came third in the 1991 presidential election. Anyway, America and for that matter, the West, will avoid a communist leader and a hardliner Army General.

But whoever replaces 'sick' Yeltsin and whatever shape takes the Russian Lower House (Duma), now dominated by the Communists they will have to give up their colonial policy in Dagestan and accept the ground reality there, showing respect to the Dagestan's independent status.

Not only that, Russia must be prepared for more uprising in the Muslim-dominated areas in the Caucasus mountains.

Some analysts even apprehend a break-up of Russia into several emerging independent states, similar to that happened to former Soviet Union, about a decade back.

In 1996, in a similar shaky position, Yeltsin, in an interview, said, "A new coup d'etat is possible." If same ambitions and frustrated General brings that about, Russia will have to pass through more ordeals, more pains and more tears.

The writer is a retired UN official

Kremlin Caught in a Political Twister

Why This 'Madness' on the Part of a 'Sick' President?

by A M M Shahabuddin

The present 'term' of Yeltsin ends by the middle of the next year when the presidential election will be held. But will he be able to carry on the 'burden' till the end of his 'term' due to his deteriorating health? Will the disgruntled Army Generals just sit and watch the country drifting like a 'radarless boat'?

A Russian soldier fires a gun towards the positions of Islamic insurgents in the Botlikh region of Dagestan 25 August 1999. Reportedly Russian troops stormed the last rebel strongholds Tuesday in an all-out offensive. Islamic militants could still pose a problem in Dagestan by adopting guerrilla tactics, despite being routed by Russian troops, the Russian Defence Minister Igor Srgyev was quoted in Moscow 25 August.

1996 Presidential election. So he changed his 'cloak' of a 'democrat' and a 'reformist' and appeared on the stage with a new 'make-up' of a rank 'nationalist' and also 'colonialist'. No doubt, he won the election for his second term (the last term ending next year, but lost Chechnya for good. Although he knows that he can't fight for a third term under the constitution, he wants to compensate the loss of Chechnya by retaining Dagestan, crushing the rebels. So he has ordered for another 'colonial war' in Dagestan. He can claim to be the largest 'head-hunter' of prime minister in the constitutional history. Perhaps Chernomyrdin served the longest period as prime minister under

him. The others who came and went, occupying the 'musical-chair' for brief periods, were Sergei Kirienko, Chernomyrdin (second appointment after dismissal), Primakov, Sergei Stepashin. (Nobody knows how long Vladimir Putin will continue)

Under the Russian constitution, the President is all powerful and the Prime Minister has practically no 'status', except to carry out the orders in to-to, coming from the President who keeps the PM on call service. It would therefore make little impact on the Russian people when Putin announced that he would follow a two-fold programme: economic emancipation and political stability,



by Jim Davis

