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Corruption Frustrating Social and Economic Agendas

The magnitude of corruption in Pakistan exceeds Rs.100 billion a year, according to conservative estimates. Perhaps five times as much money leaves the country each year as the *net* foreign assistance Pakistan receives. If corruption is eliminated, enough resources will be released to finance the entire social agenda within a decade --- namely, we can extend basic education to all, primary health care for the entire population, safe drinking water for every one, adequate nutrition for all our children, family planning services for all willing couples, and decent transport and housing facilities for the poor. Elimination of corruption will also enable the government to balance the budget, unleash domestic private investment and attract more foreign investment. Obviously, widespread corruption in Pakistan is frustrating its social and economic agendas.

The attack on corruption must proceed on several fronts:

- removal of all discretionary powers and controls in the hands of the government;
- privatisation of most public assets in an open and transparent fashion, particularly banks and DFIs;
- documentation of the economy so that taxation system is based on facts, not arbitrary decisions;
- more transparency in procurement, particularly in arms purchases;
- citizens committees to prosecute the corrupt through the judicial process.

There is also a global dimension to corruption. Many western nations (with the major exception of the United States) are treating bribes and commissions given by their multinational firms as "legitimate expenses of business" which are tax deductible. In other words, they give a tax subsidy for corruption. They must regard offering of bribes as a crime, punishable under law, as the US does. All nations should also treat sheltering of corruption money by their banks on par with laundering of drug money, so that corruption money can find no safe havens all over the world.