

What is the real VIP culture?
(Mahbub ul Haq)

The easiest steps have already been taken to abolish the VIP culture: VIP rooms closed, elaborate motorcades abolished, no stoppage of traffic for important officials, travel in economy class. These are commendable gestures. But the more difficult steps remain.

The real essence of the VIP culture is to take from the poor and to give to the rich, to exploit the many for the benefit of the few. Its reversal can be easily stated: take from the rich and give to the poor. This principle is already established in all civilized societies. The days of exacting a ransom from the poor are over. But Pakistan's VIP culture continues to take from the poor for the benefit of the rich. Its abolition will take more than simple gestures. It calls for fundamental reforms.

Take, for instance, the present taxation system. The poor pay most of the indirect taxes. The rich landlords pay no income tax and the powerful urbanites evade most of their tax liability. Abolition of VIP culture means putting a hefty tax (at least Rs.25 billion a year) on the landlords and collecting at least twice as much as currently paid by the affluent urban class. These additional tax revenues can then be used to lighten the burden of indirect taxes (particularly, reduction in the presently high rate of sales tax), to provide more social services (especially education, health, safe drinking water), to make available

subsidised foodgrains to the poor, and to reduce government borrowings and inflationary pressures which are crushing the fixed income groups.

Take the credit system. The banks (particularly, the nationalised banks) take their chance only on the rich and the powerful. They hardly ever lend to the poor. There are Rs.130 billion of stuck-up loans in the nationalised banks and the DFIs. The rich have exploited the system for their own benefit. There is no Grameen Bank, as in Bangladesh, which would lend small amounts to the poor for income-earning activities, without giving any subsidy, and showing a recovery rate of 98 per cent. The popular myth is that the rich are creditworthy, the poor are not. But the reality is that the rich have stolen most of the money from the government-owned banks and we have never banked on the poor. The abolition of VIP culture means recovering all the stuck-up loans from the rich and the politically powerful and to start a Grameen-type Bank for the poor.

Take the allotment of urban plots. It has been the tradition of every government to allot expensive urban plots to the influential classes at far below market rates, thereby transferring substantial windfall gains to a few. Such largesse must run into billions of rupees during the last decade alone. (Some enterprising researcher should make a rough estimate). On the other hand, successive governments have done little to give urban plots to the poor, to build low-cost housing for low-income groups, to upgrade Katchi Abadies and urban slums. The abolition of VIP culture means cancelling the past allotments of urban plots to a small urban elite, to collect from them the prevailing market price of those plots (otherwise the plots should be confiscated and auctioned), and to use the billions of

rupees thus collected to provide low-cost housing and subsidized plots to the poor urban dwellers.

Take even the matter of government expenditure on Haj and Umaras for top officials and influential people. It runs into vast sums every year compared to a paltry Rs.20 million given each year from the budget (authorized since 1985) to finance Haj for low-income government servants through balloting. The abolition of VIP culture means abolishing all Haj and Umaras for the affluent classes at government expense and to use the savings to finance more of such facilities for all lower-income groups.

These examples can be multiplied in every walk of life. Our VIP culture has created an affluent rentier class which pre-empts most of the patronage of the state. If we are really serious about abolishing the VIP culture, the patronage of the state should go to the poor, not the rich, and government allocations should be guided by competition and merit, not by influence and contacts.

The VIP culture concerns not only allocations of government's patronage, it is also about arrogance of feudal power, about disregard of the laws of the land, about totally arbitrary decisions by those in power. Each time the corrupt escape accountability, each time some honest officials are transferred or punished without even a formal charge sheet, each time the government adopts different rules for those in power from those out of power, each time that citizens are denied equal justice, it is a blatant abuse of power. The

VIP culture is not a VIP room: it is feudal mentality, it is exercise of arbitrary power, it is a deeply-ingrained attitude.

The illustrations given above still do not touch more fundamental reforms. For example, over two-thirds of the land ownership is concentrated in the hands of a few feudal families. A non-VIP culture can be created only through sweeping land reforms which return the ownership of land to the actual cultivator. There is an embarrassing divide today between the haves and the have-nots, and the social lava may be about to burst. The VIP culture can be abolished only by improving the present distribution of income and sharing of the benefits of growth. Pakistan's politics is dominated today by the culture of money. Abolition of VIP culture requires abolition of money politics so that a new breed of honest and committed people can emerge on the political scene.

It is the feudal power structure which is at the heart of the current VIP culture in Pakistan. It does not get reformed or abolished by abolishing VIP rooms. If the aim is to abolish the real VIP culture, we have hardly begun.

The writer is President of the Human Development Centre in Islamabad.