

MEDIUM : THE STAR  
DATE : AUGUST 16, 2015  
PAGE NO : 3 – NATION

STAR2, SUNDAY 16 AUGUST 2015

26

contradictory Dzof Azmi



## Is corruption nurture or nature?

star2@thestar.com.my

~ Culture and environment are two sides of the same coin.

AS a country whose failures have been exposed in the international media and gawked at by the world, as a nation whose economy is predicted to shrink both this year and next, many are advocating that country's institutions need to change, but are at the same time sceptical that anything will happen.

At least by this weekend, you should know if the Greek Government has successfully passed the 40 new laws needed as part of the most recent bailout attempt. But whether or not they will work is yet to be seen.

When the Greek economy hit rock-bottom a few years ago, they were injected with hundreds of billions of Euros of bailout loans. Laws were liberalised and government agencies privatised or their work put out on open tender. The hope was that the free market economy would encourage growth and eliminate government largess and corruption. But it hasn't quite worked.

A report written by Thanassis Cambanis in the *Boston Globe* late last year said that the Greek in the street sees tax evasion as a duty and bribing as a way of life – and it isn't likely to change.

How bad is the problem? A recent economic paper concluded that some professional classes, like accountants and doctors, have

monthly loan repayments that are higher than their reported income. The assumption is that Greek banks know that these individuals are vastly under-reporting their income and give them higher loans than they can bear – instead of reporting their suspicions to the taxman!

How does this happen? Tax collectors are accused of taking bribes and help keep the "system" going.

This is not surprising news. Transparency International gave Greece a Corruption Perception Index (CPI) of 48 (ranked 69 in the world). In comparison, Malaysia is slightly better with a score of 52.

Given that it represents perception, it is very likely this score will be lower if calculated now given the recent spate of bad press Malaysia has had recently.

Another indicator is the KPMG Malaysia Fraud, Bribery and Corruption Survey of 2013 which may be a few years out of date, but the results are still eye-opening.

The majority of respondents said they believe that "fraud (83%), specifically bribery and corruption (90%) is a major problem for businesses in Malaysia".

The report continues to say that "a whopping 71% of respondents also believed that bribery and corruption is an inevitable cost of doing business whilst 64% believed that business can't be done in Malaysia without paying bribes".

What is it about the cultures of the two countries that encourage such malfeasance?

In Greece, the theory posited is that those in positions of power are seen by the public to be corrupt. What little tax they do pay doesn't seem to be returned in the form of better public services.

As a result, members of the public believe that by not cheating the system themselves, they are being taken for fools. As a result, corruption in Greece has become a culture and a way of life.

On the other hand, we may be

envious of a country like Singapore, whose citizens are law-abiding. Except, it seems, when they are in Malaysia. Earlier this year, it was reported that Singapore vehicles account for 518,510 unsettled traffic summonses in Malaysia (an estimated RM75mil). So Singaporeans aren't so special after all.

In fact, many forget that corruption was a large problem in Singapore in the 1970s. It took the diligent and hard work of the Corrupt Practices Investigation Bureau (CPIB) to finally bring it under control.

The Singapore Government ascribed its success to a holistic "4A" framework of effective Acts, Agencies, Adjudication and Administration. However, this would not have worked without the strong political will that allowed the CPIB to impose its authority. The motto at the time was "Keep it Simple, Do it Well".

One upshot was that government processes were simplified, and the resulting improved processes gave two benefits: there was little advantage in trying to circumvent a now-efficient system; and the public began to see it as a good return for their tax dollars.

We know this can work in Malaysia because it has happened before. For example, renewing passports used to take days, but

Pemudah (the Special Taskforce to Facilitate Business) revamped the system in 2008, and now it only takes hours to get a new passport.

Although Pemudah was tasked to improve efficiency, a key resulting side-effect was to reduce corruption.

"Corruption is the creation of time and discretion," said Tan Sri Mohd Sidek Hassan, the co-chairman of Pemudah at the time. "You limit the time and take away the discretion, you eradicate corruption."

So a change in environment can affect culture. And if a country is seen overhauling broken-down institutions and systems, it will also raise public confidence.

Yet that may not be enough for countries like Greece. The report I read suggested that despite the recent crises, things did not affect the average citizen badly enough for them to really support change for the better.

The terrible truth is this: despite how badly things may seem at the moment, it may have to get worse before we see true change for the better.

Logic is the antithesis of emotion but mathematician-turned-script-writer Dzof Azmi's theory is that people need both to make sense of life's vagaries and contradictions.

**A change in environment can affect culture. And if a country is seen overhauling broken-down institutions and systems, it will also raise public confidence.**