

First published in *Al Khalij*, then in *Gulf News*, July 2001

## Issues in corruption

Never in the past has the attack on corruption been so severe. The underlying reasons are many nevertheless only a few stand prominent. First, the cold war is over. The Superpowers that wielded influence through corrupt régimes no longer need these régimes. In fact, associating with these unscrupulous régimes is becoming embarrassing. Instead of assuming assets, such associations are now becoming political and economic liabilities.

The information age is having its toll on corrupt governments as well. Satellite footprints now cover the furthest corners of the globe and deliver live images of events, and up-to-date news. Broadcasters, newsmen, and anchormen from independent countries use these celestial bodies to transmit their stories and expose corrupt régimes. Even the most secretive of the powerful and venal régime is unable to escape their wrath. Unscrupulous régimes in Nicaragua, Panama, Indonesia, Pakistan, Philippines, Japan and so on, bear witness to this.

The Internet too has become an effective and reliable tool for disseminating information on corruption. It has helped educate the public, and increase their awareness. The more the public become aware of their governments corrupt activities the less tolerant they become of those governments.

Information technology too is scraping on corruption. Computers now automate many decisions where discretion was exercised. Not only have software applications become better decision-makers and accountants; they have also become better analysts and detectives. Their introduction has helped to better track, monitor, and compare data in order to detect inconsistencies and abnormalities, whether such discrepancies originate from within or from out-side the organization.

Globalization and pressures of international competition too is weighing heavily on corrupt régimes. Investors are shying away from unprincipled régimes because the transaction cost in such economies tends to be relatively higher. Investors know that exaggerated product and service prices under such régimes reduces their competitiveness. To attract investment, therefore, a prerequisite has been to clean up the vice.

Perhaps, in the past, the international communities were more tolerant of corrupt régimes. Nevertheless, it is definitely abhorred now. This is the reason the World Bank, the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), Amnesty International (AI), Transparency International (TI), and other such bodies want to weed-out and dispel corruption. The international community understands very well that corruption leads to long-term economic, social, and political decadence and eventually invites tyrants to hijack the country. No country today wants to do business, or be associated with tyrants. In fact, no country even wants to be their neighbor.

It is believed; therefore, that the United Arab Emirate's inquisition into the subject is a priori reflecting the above changes. How severe is corruption in the UAE? Is it hurting economic development? Why should the UAE be concerned? How best to tackle the problem?

Perhaps it is answers to questions like these that lead to the recent culling of a few low-hanging fruits. The resulting splash definitely brought the issue into the public domain. What use to be whispers behind closed doors, is now the talk-of-the-town. Was it a big fish or a small fry that was netted? Is the platter going to be deeply fried or will the serving be lightly fried tempura? Will the hunt continuing for other perpetrators?

The nabbing of a few officials has enunciated the existence of a social disease; nevertheless, is the strategy to cure, eradicate, or only prevent the disease from spreading? Although it is doubtful that the disease could be eradicated, curing or preventing it from spreading is a possibility. Whatever the strategy, the first step should be to thoroughly diagnose where the system is malfunctioning and why. Only after spotting where and how these cancerous substances are breeding would it be

possible to select and apply preventive or curative treatments. Without diagnosing the problem, the spread or the seriousness of the disease will remain unknown. Without such knowledge, the prescribed treatment may do more harm than benefit.

In the UAE, the netting of a few fish was followed by the announcement that a war is being waged against corruption. Some, however, like the Minister of Justice and Islamic Affairs said that incidents of corruption in the UAE were a rarity. Others, like the State Audit stated that corruption was rampant. Of course, all these conflicting statements are confusing. Who is right? Whom to believe? How widespread is corruption? How serious is the disease? How severe is the damage? Has it been diagnosed? If there is a war on corruption then does the UAE have a strategy to fight it?

Let us look at the problem from the point of view of the above two persons. As the Minister of Justice, he would remain oblivious to any corruption cases unless they are brought to his courts. Therefore, if he thinks that such incidents are rare it is because his department rarely receives requests for prosecuting corrupt individuals.

On the other hand, it is the State Audit's job to investigate, spot, and disclose procedural or behavioral inconsistencies in government systems. Given his duties, he has probably stumbled across many procedural violations, loopholes, circumventions and mismanagement that stinks corruption. Therefore, he may rightfully conclude that corruption in country is rampant.

Which one of them is right? From their perspective both are right. Nevertheless, from our perspective only one of them could be right. If the Minister of Justice does not receive corruption cases, but reads State Auditor's reports and public announcements that corruption is prevalent, shouldn't the Minister be investigating these allegations? On the other hand, if the Minister decides to ignore such reports, undertakes no investigation to validate or invalidate such allegations, then since the state audit is making a serious allegation, would that imply that the Minister is corrupt because he/she is not doing his/her job?

Generally, it is difficult to determine the extent of corruption in a country. The reason is that corrupt activities are almost always concealed. By nature, corruption takes place covertly and in secrecy. The problem is further exacerbated as a common definition of corruption, in a country, may be missing.

Many cultural differences blur the distinction between a corrupt and a non-corrupt activity. For example, in one country, public officials may be deemed corrupt if they own or sponsor private companies while in office. In another country, such practices may be deemed quite normal and acceptable. Yet in a third country such practices may be acceptable but within limits and with certain reservations. Therefore, defining what constitutes a corrupt activity is very important as the definition of corruption differs from one society to another society.

Since corruption has many facets, it also has many definitions. It is therefore not easy to establish a benchmark. The best that can be done is to define corruption by examples of what constitutes corrupt activities.

Most generally, corruption is the use, misuse, or abuse of one's public office or position; whether in government, private, non-profit, or non-governmental organization (NGO), for un-official ends, illicit enrichment, and illegitimate private gain. Corruption occurs when the officials transgress the formal rules to generate private benefits.

The malfeasance occurs through embezzlement, nepotism, bribery, collusion, extortion, influence peddling, fraud, political trafficking, speed money, conflict of interest, insider deals, sexual favors, in-kind transfers, kickbacks, bid rigging, patronage, protection money, and more. Corruption can be petty or grand. It may be organized or unorganized. It could be official acts that facilitate or frustrate. These acts could be performed either for pecuniary or non-pecuniary rewards. The methods used could be either legal or illegal. And the parties involved could be individuals or cabals.

Those participating in corrupt activities carefully evaluate and calculate the costs (risks) and the benefits (rewards) before committing the crime. The bigger are the

rewards, the less the chance of getting caught, and the more lenient the penalties if caught, the greater is the temptation to engage. Sometimes the temptations may be so strong that even people with high moral values succumb to it, regardless of whether they are destitute or from the highest echelons of the society.

Technically, corruption can be either freelance or systematic. Freelance corruption may take place sporadically or it could be routine. It occurs when individuals or coterie look for loopholes in a system and use them to make personal gains. The opportunities for such corrupt activities could arise regularly or intermittently.

Systematic corruption takes place when a group of players in an organization integrate vertically, or when two or more groups in two or more organizations integrate horizontally. Vertical integration occurs when officials at different levels of the organization get involved in collecting and sharing among themselves the corrupt proceeds. Horizontal integration occurs when officials in different organizations coordinate and cooperate with each other to collect and share the corrupt proceeds. Note that syndicated corruption is one type of systematic corruption that could be either vertically or horizontally integrated. What constitutes syndicated corruption and its dangers to the society is dealt with later.

Corruption can take place anywhere. It could take place in public organization's management, in service delivery, in procurement, or even in the boards and management of public shareholding companies. Corruption in an organization's management, can take the form of theft, embezzlement, fraud, nepotism, conflict of interest, insider trading, falsifying attendance, performing personal work from the office, and so on. In the UAE, however, anti-corruption efforts seem mostly to concentrate on weeding-out the thieves, the embezzlers and the frauds. The other types of corrupt activities, even though damaging to the country's interests, remain mostly ignored.

For example, the problem of nepotism does not seem to get much attention even though it is known that when nepotism comes into play it introduces perverse incentives for redistributing power and wealth. Nepotism changes the playing field to defeat meritocracy. This is because nepotism develops a culture that encourages individual loyalty at the cost of objective rule. Further, nepotism establishes bonds that facilitate other corrupt activities. In the public sector, nepotism could mean reserving high paying jobs for friends, relatives, or individuals from specific communities. It may also mean appointing cringers in high positions. Whatever the motive, organizational efficiency and effectiveness deteriorates and the society as a whole suffers.

Falsifying attendance or conducting personal business from the office is also a corrupt activity that seems to be tolerated in the UAE (Note: Dubai has taken some steps to check this). It should be noted that such activities reduce organizational efficiency and negatively affect service delivery. As such, it opens up opportunities for collecting speed-money and other types of corruption.

This takes us to the next area, which is, service delivery. The kinds of services that are normally delivered are: issuing trade licenses, driving permits, work permits, building permits, land grants, government land leases, visit or transit visas, police service, civil defense, judiciary, health care, education, municipal services, and so on. Here, corruption takes several forms depending on the service.

In cases where the institutions create monopoly or pockets of monopolies to deliver a service, individuals or cabals seek rent, whether it is for granting scholarship, issuing a driving permit, releasing a building permit, or flying a patient to a foreign country for treatment. In cases where excessive bureaucracy and red tape come into play, speed-money is collected to facilitate customers jump the queue. Depending on the institution, or the situation at hand, speed-money could be collected either directly or indirectly through agents who peddle influence in the marketplace. Wherever the officials are given discretion vis-à-vis the service under consideration, opportunities open up for extortion. Whenever inept officials are in charge, operations are disorganized and mismanaged, and this opens up opportunities for other corrupt activities. When accountability is missing, nepotism, conflict of interest, insider deals, sexual favors, in-kind transfers, kickbacks, patronage, etc., take place.

It is possible that after a public outcry, initiatives might be taken to clean up the mess. Unfortunately, the same corrupt individual, or cabal, might be assigned the cleaning job. Instead of rectifying the problem, therefore, these unscrupulous officials create yet another layer of bureaucracy and monopoly. They further centralize decisions and consolidate their positions. In the process, they acquire greater discretionary powers that they use to more effectively milk the public.

Centralized decision-making plays an important role in the third area where corruption takes place, namely, procurement. The more centralized the decision-making in procurement the greater are the incentives for corruption. The greater is the incentive for corruption the larger becomes the project size and perhaps the longer gets the duration for its completion. It is by using such tactics that corrupt officials' juice projects.

Depending on the level of involvement, corruption in procurement can take place in the form of influence peddling, collusion with the vendors, brand name restrictions, narrow technical specifications, bid-rigging, extortion, conflict of interest, bribery, and so on. Also, nepotism and favoritism may play a role in vendor, or contractor selection.

Thus far, the concentration has been on corruption in the public sector. Pestilent corruption also pervades the private sector. In this regard corruption in publicly held shareholding companies and in non-government organizations (NGO's) should be of major concern, especially if the government (or government officials) has stakes in these shareholding companies or NGO's. Here, corruption can take place in the form of insider trading, undeclared conflict of interest, mismanagement of public funds, fraud, nepotism, corporate misconduct, conspiracy against small shareholders, favoritism, and so on. The victims are mostly the small shareholders and the general public because they are unable to influence the vagaries of the management or the Board. Sometimes the appointed Board Members may even have conflicting interests and objectives that are detrimental to the company's interest. In such cases, decisions that are taken may not necessarily be in the best interest of the public shareholding company.

One should note here that if the existing laws do not protect investors by severely punishing insider traders small investors lose confidence in the stock market. Investor confidence may also be lost when the government owns majority share holding in a company and appoints incompetent managers and board members to run and direct its activities. The loss to the economy as a result of this deterioration in investor confidence is not only reflected in the lower share prices of the listed companies, but also in the incapability of the market to raise sufficient funds to set up optimal size firms that could more effectively compete in the local, regional, or international markets.

Although it is not possible to measure the prevalence of corruption in the UAE for a simple reason that data is not available on the subject, it is most probable that opportunities of the kind mentioned above do prevail. It should be known that as long as the system creates monopolies and official discretions are allowed, and accountability is missing, corrupt windows will be wide open.

One factor that promotes or hinders corruption, however, is societal attitude. The more tolerant a society is towards corruption, the more pervasive and prevalent gets corruption in that society. Clement societies try to justify corruption because they believe that nothing can be done about it as the disease is ingrained into its fabric like die in yarn. Therefore, the status quo is upheld because fighting corruption is considered useless. This, however, is a fallacious argument as many societies have managed to rid themselves of the most chronic corruption.

Some may hold the attitude that not all corruption is bad. In fact, certain types of corruption may be good or desirable. For example, it is said that corruption lubricates the system and makes it operate more efficiently. The argument is that the system has collected grit and therefore requires lubrication for it to function more smoothly. In other words, lubricating the system through kickbacks, speed money, etc., would help improve individual productivity. Therefore, anything that helps improve individual productivity also increases the society's welfare. The problem is that this argument, as good as it may sound, is faulty. If grit occupies a system, then pouring

oil on it would only turn it into sludge or mud. Therefore, the system would choke or jam, not become more efficient.

Sometimes, it is said that a particular national project of great value to the country may not have come about had a particular corrupt official not invested public money into it. In other words, it is because of the incentives this official received through kickbacks, or as a result of some conflict of interest, that motivated this official to invest public funds in such a project, which eventually benefited the society. Supporters of corruption point out to such cases to demonstrate that corruption can play a positive role in a society's welfare. Such supporters of corruption hold the attitude; "so what if he made some money, isn't the country better off?" The question is, what if the project turned out to be a white elephant, in other words, disastrous. In such cases where the precious public funds are plundered because the guiding light for undertaking such a project was the selfish self-interest of the corrupt official, would not the official's dishonesty hurt rather than benefit the society? Anyway, if it is the official's job to increase the public's welfare why should it be justified for the official to receive kickbacks etc., isn't the official already being compensated for the time, effort and expertise in form of his/her wage and benefits?

In the UAE, as in many other countries, the public may also look favorably upon a person who is corrupt but delivers, as against one who has high moral standard but fails to deliver. Such attitudes may prevail in the private sector as well. Owners of private businesses may give a blind eye to those employees who are generating profit for the company but at the same time illicitly filling up their coffers. What such attitudes ignore is that it is the employee's job to deliver as per the terms of the employment. Encouraging employees to illicitly profit only fosters perverse incentives that eventually destroy the organization.

Some argue that if employees are not paid well for their labor then corruption should be tolerated. After all, they say, isn't the employer treating the employee unfairly? Such people may question; "how do you expect the employee to make ends meet when so many mouths are to be fed and the available food is not enough?" Of course, this is like saying that your employees have full right over your properties if their lifestyle is beyond their earning capabilities. This is also like saying, if your employees have many mouths to feed than they have the right to steal from you. I am sure that when put in this way, no one would support such an argument.

The above attitudes try to justify corruption; nevertheless, the arguments do not hold. The only time a society should tolerate corruption is when the cost of ridding it exceeds the resulting welfare benefits. For example, let us say that in a particular institution certain type of speed money is being collected to deliver a particular service. Also, let us say that annually, the users of those services pay an additional AED 500,000 over and above the amount they should be paying. Now, let us say that to restrain this corruption, the institution would require new administrative, communication and audit systems. This may, however, cost AED 1,000,000 per year. The choice is now either to adopt the new system or allow corruption. Of course, the welfare cost to the society is higher with the new system; therefore, it might be better to continue living with a corrupt system because the cost of stemming the corruption is much higher than the losses to the society that is resulting from the corrupt activity.

There are, however, two types of corrupt activities that should never be tolerated. The first type is the syndicated corruption that puts fear into the public mind. The public learns to distrust the very people who are supposed to protect their life, dignity and property. Here, the very institutions that must fight crime and corruption organizes itself and becomes actively involved in criminal activities such as drug trafficking, blackmailing, prostitution, extortion, money laundering, human trafficking, and so on.

The second type of corruption that should not be tolerated is the type that endangers people's lives. This happens when corrupt officials allow illegal disposing of toxic waste into the environment, accept expired medication, and permit construction of unstable building structures, etc., all for some petty or grand reward.

As there are certain types of corruption that should never be tolerated, there is also at least one type that perhaps may, in fact, be promoted. This is when the state corrupts informants to gather information about a crime.

Without prejudice, corruption therefore can be tonic or toxic for an economy. A lot depends on the system that is in place. If the system is bad, then some corruption might be good because it would improve efficiency by cutting through system deficiencies and red tape. However, for a good system, corruption is deleterious and devastating. Here, administrative performance deteriorates as officials create obstacles to demand bribes to perform their normal duties. As such, the transaction costs increase. Not only do businesses pay more, they also risk more because greedy bureaucrats distort the playing field. Further, the country's reputation is smeared and this hurts both trade and investment, which eventually undermines economic development.

Institutional erosion resulting from systematic corruption also reduces the government's capacity to service the economy. Public services deteriorate and funds divert away from education and healthcare services. Instead, scarce resources and funds flow into useless capital projects where the bribes and kickbacks are more plentiful. These bribes and kickbacks generate short-term personal gains, but in the long-term, they convert into high social costs. Here, the result of poor education may leave the country with a cadre of workers that do not possess the basic qualification or skill for managing the economy. Also, corruptions in the healthcare system leave behind unhealthy workers who produce less.

Corrupt officials hurt the economy in other ways as well. While pursuing their personal benefits officials hamper efforts for greater accountability for delivering service. For example, the use of information technology and computers may be postponed; tracking and tracing systems may be left undeveloped; appropriate resources may not be allocated for internal controls; activities statistics may be collected only haphazardly (or not collected at all); only obsolete information may be published and that too on expensive glossy papers; the budgets prepared may be extremely general and over exaggerated; and so on. In a way, all these activities are designed to evade transparency. Nevertheless, the results end up in relatively higher costs that individuals and businesses incur due to delays, inaccurate or obsolete information, and so on.

In economic terms, corrupt payments are like rent, or a tax. It is, for all purposes, a transfer payment. The transaction has no value added and therefore it makes no contribution to the Gross Domestic Product (GDP). In fact, since this payment is not made to government (in the form of fees or taxes) but rather to individuals as corrupt proceeds, the ill-gotten wealth is usually used for unproductive purposes. Furthermore, in their pursuit to evade confiscation corrupt officials may indulge in conspicuous consumption. As a consequence, the market prices of goods and services may inflate making such goods and services unaffordable to the general public whose incomes may not be supplemented by corrupt proceeds. It is also not unusual for the corruptly acquired wealth to slip out of the country and settle in some far away land. The consequence of this is the depletion of the country's valuable foreign exchange reserves.

To summarize, corruption may ruin a country's economy by causing inflation and draining the foreign exchange reserves. The perverse incentives resulting from corruption emit false signals that favor the inefficient and create allocative inefficiencies as resources (whether it be human, capital, or land) are not applied to their most efficient use and meritocracy suffers. Administrative mismanagement becomes the norm and both wealth and power get distributed unfairly and inequitably. At the end, the society pays a much higher price for something that could have been gotten at a relatively lower price.

On the entrepreneurial front, corruption rewards the inefficient (either through patronage, conflict of interest, and so on); the more efficient firms, therefore, lose orders to the corrupt inefficient ones. In the short run, this forces the efficient firms to lose money and close their shops. In the long run, the remaining corrupt businesses are not able to compete well in the global market, thus they too are forced to close their shops. Therefore, not only does corruption undermine an economy's ability to compete, it in fact, negatively affects its growth and development.

As long as the negative impact of corruption on the economy supersedes the positive impact, it would be worth fighting corruption. It should be noted that even though corruption is not desired because it imposes a cost on the economy, fighting it too is costly and therefore the two costs have to be equated. As long as the cost of fighting

corruption is less than the benefits that could be achieved from the fight, it is worthwhile fighting it.

Given that the public has to fight corruption to rid it, and given that there are issues of costs and benefits, formulating a strategy to most effectively fight corruption (at the lowest price) becomes a necessity. In this regard, even though Dubai seems to be following a strategy to fight corruption, no such strategies are obvious with respect to the Federal Government or the other emirates.

The anti-corruption effort in Dubai started several years ago. General Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and the UAE Minister of Defense, led this effort in response to the public outcry over the mismanagement and delays in delivering government services such as issuing or renewing trade licenses, issuing or renewing residence visa, issuing or renewing driving licenses and so on. His Highness started by personally making random checks on local government departments. He dismissed those leaders who were absent from work while their records showed that they were on duty. Further, he warned, or dismissed those who were mismanaging their departments.

Next, the audit department's budget was augmented and wider ranging powers were given to it. The audit department employed more resources and hired technically more qualified staffs in order to thoroughly review and investigate the emirate's administrative and finance systems. Wherever the audit department discovered fraud, administrative, or financial mismanagement, swift action was taken against the perpetrators. Many heads rolled and the news made a splash. Certain officials who lost their jobs were also subjected to further investigations that eventually lead to the confiscation of their ill-gotten wealth.

More recently it was also announced that a special anti-corruption squad is operating in the emirate. The public was informed that the task force operates covertly with a mandate to weed out corruption from government institutions. In fact, the catch in which some Customs Officers were involved has been credited to this anti-corruption task force.

The severity with which Dubai is dealing with corrupt elements has definitely changed over time. Earlier, corrupt officials risked losing their jobs only. Then, the government also started to confiscate the ill-gotten wealth. Now, however, the message is that corrupt officials may even face severe jail sentences. The recent frying (even though over easy) of a few personalities has definitely dampened the public's cynicism on the subject.

It is worth noting that the efforts to reduce corruption in the emirate are not directed only at apprehending and dismissing officials. Recently the traffic department introduced an ingenious scheme for collecting corruption tax. The scheme called for auctioning premier vehicle license numbers. Technically, the auction deprives unprincipled officials from enriching themselves by covertly selling these numbers and pocketing the proceeds. The proceeds from the auctions have reached tens of millions of Dirhams. Given the amount at stake, one can only imagine the magnitude of dirty money that was changing hands prior to this scheme.

Another area in which the government of Dubai also dampened corruption is in the business of sponsoring foreign businesses and guest workers. The establishment of the free zones has enabled the government, rather than corrupt officials, to extract rent from foreign companies wanting to operate in Dubai rather than allowing this rent to be collected by illegal sponsors. The UAE law does not allow more than 49% foreign ownership. This has opened up opportunity windows for corrupt officials and individuals to make side arrangements with foreign investors to facilitate the establishment of illegal firms. The illegality of these firms has further exposed their owners to extortion, especially when the firms make good profits. In some cases greedy sponsors may also extort money out of the investors when the trade licenses are due for renewal, or when the firm requires more guest workers. Given that the free zones make it possible for foreign investors to legally own their business 100% and operate from the UAE, it has introduced an element of competition for capturing the rent that foreign investors are willing to pay to operate in the UAE. This competition has to some extent deprived corrupt officials from capitalizing on this market.

To further clean up the system, high priority is also given to computerize all the local government departments in Dubai. In fact, the goal is to introduce e-government. This would eventually eliminate personal contact in transactions for delivering services. As indicated earlier, the greater the level of automation, the will appear opportunities for corruption.

The fight against corruption must be continuous in order to prevent it from re-emerging. This requires a mechanism for measuring the degree of corruption prevailing in the country. Such measures are normally made through opinion polls that measure public satisfaction with government. Recently, Dubai launched a survey to gage the public's satisfaction with government. This survey was the first of its kind, and if conducted on a regular basis, it could serve as an index for measuring growth in corruption over time. A rise in the index would mean that the public is more satisfied, in other words, corruption may be declining. Alternatively, if the index falls, it would imply that corruption is probably on the rise.

The above actions taken by Dubai cannot be attributed to chance only. It is obvious that the steps taken are systematic. It is also apparent that a gradual (evolutionary) change, rather than an abrupt (revolutionary) change is being desired. The strategy to pick up low hanging fruits such as firing those officials who were not properly doing their duties and mismanaging their departments is to deter others from such corrupt behavior. Catching a fish and make a splash by announcing the catch in the media is a strategy to warn those who might be invincible and can get away with their plunder. Frying the fish of course is a strategy to warn others of the dire consequences that would result from corrupt actions. Meanwhile, applying corruption tax is a strategy to skim the rent away from corrupt officials. Finally, introducing e-government and computerization in the system is a strategy to reduce official discretion.

Given that the goal is to contain and reduce corruption it is also important that an overall strategy should also contain those legal elements that specifically outlaws various types of corruption or do away with certain laws and regulations that are unenforceable. In addition to being legalistic, a more balanced strategy would also contain certain moralistic element that introduces scruples within people. Nevertheless, the most effective strategy would be one that changes the public's attitude towards corruption and develops a system of government that is more accountable, supports meritocracy, and is transparent.

In this regard, therefore, it becomes necessary to review and redesign the existing public accounting system, auditing system, information system, service delivery system, procurement system, recruitment and staffing system, work evaluation system, promotion system, salary system, social security system, pension system, and so forth. To mobilize citizens to battle corruption the government must educate them on the high cost of corruption to the society and how this is affecting their welfare. Whistle blowers should be protected against ostracism, discrimination, or animosity that may force them to lose their jobs. Businesses too, should be protected against ostracism for blowing the whistle. In fact, businesses should be encouraged to disclose corrupt dealings whenever they encounter one.

The issue of corruption should be looked upon from different angles. As there are many angles, the anti-corruption strategy should also deal with the situation from as many positions. In some cases, the anti-corruption strategy may want to consider introducing new laws to enforce ethics, dissolve monopolies, and increase competition and transparency in the system. In other cases the entire incentive system that is responsible for allocating resources may require a revision. In all cases, however, the strategy must clearly define its short, medium and long-term objectives and make those objectives known to the public.

In conclusion, the UAE may still need to go some way to stem corruption. The recent anti-corruption efforts in Dubai are positive steps in the right direction. Nevertheless, it is important that the scope of this effort is widened to incorporate those areas that are presently not covered. Also, the scale of the anti-corruption effort has to increase. In this regard, it would help if other emirates and the Federal Government join in with Dubai to weed out corruption. The resulting synergy would definitely be positive.

This Article was translated into Arabic and published in Al Khalij (Arabic newspaper based in Sharjah UAE) in two parts. Part one was published on July 14 2001 and part two was published on July 15 2001.

This Article was also published in Gulf News (English newspaper based in Dubai UAE) in two parts. Part one was titled "UAE takes safeguards to nip the menace in the bud" and was published on July 16 2001. Part two was titled "Dubai's tough measures a step in the right direction" and was published on July 17 2001.