Chapter Six

NATIONAL AND INTERNATIONAL MEASURES AGAINST CORRUPTION
CHAPTER 6

NATIONAL AND INTERNATIONAL MEASURES AGAINST CORRUPTION

SECTION 1: GLOBAL TRENDS ON CORRUPTION- EXPERIENCES OF SELECT NATIONS

6-1-1. GLOBAL TRENDS

Corruption is a global phenomenon. Both first and third world countries have experienced blatant corruption. Transparency International’s ranking shows large variations in the perception of corruption among groups of countries at similar stages of development. Contrary to conventional wisdom, pervasive political corruption can be a deep-rooted element of highly industrialised, democratic societies. It is not merely a by-product of underdevelopment or authoritarianism. "Italy’s Mani Pulite (clean hands) prosecutions against top politicians and business persons, which began in February 1992, led to the investigation of more than 4000 people, the indictment of 1063 and the conviction of 460, including a former prime minister (Bettino Craxi) who held office for two times”\(^1\).

International community of U.N. has realised that continuance of corruption in a country leads to A) economic depression and squandering of public resources, B) lowers governmental performance, C) adversely affects general morale in the public service, D) jeopardizes administrative reform efforts and accountability measures, and E) perpetuates social

\(^1\) - http://www.iss.co.za/pubs/Monograph/No40/
and economic inequalities. Therefore, the issues of corruption have come to the fore on the international agenda in the recent years.

International financial and development institutions have also woken up to the negative developmental impact of corruption. The World Bank, long criticised for financing economically dubious and environmentally risky projects in developing countries, has focused afresh on anti-corruption strategies and measures since the arrival of Mr James Wolfenson as its President in June 1995. Now the World Bank and the International Monetary Fund are conducting spot audits of all their work to catch flagrant misuses of funds. The IMF cut off a US $120 million loan to Cambodia when revenue from logging concessions mysteriously failed to appear. Operations were suspended in Nigeria, Sudan, Afghanistan and other countries on grounds that the aid was unlikely to reach the people it was intended for. The World Bank is also offering clean-up strategies to governments seeking help (e.g. Venezuela, for its judicial system, as well as Latvia).

The United Nations has also launched a Global Programme on Corruption. Many development agencies now support special governance and anti-corruption programmes in developing countries. For example, corruption-related issues in South Africa have featured prominently in support programmes of the A) European Union, B) the British Department for International Development (DFID), C) the US Agency for International Development (USAID) and D) the United Nations Development Programme (UNDP).
The Organisation for Economic Cooperation and Development (OECD) Council of Ministers recommended that bribery (of public servants and holders of public office) should be criminalized in an effective and co-ordinated manner. In December 1997, the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions was signed.

This is being followed by a war on bribe payers in companies. Interpol now has a special working group on corruption. Ethics courses are becoming compulsory in the curricula of Western business schools. Companies are learning how damaging the backfire can be. Siemens’ Telecommunications Wing, for instance, was banned from doing business in Singapore after a utilities official was allegedly bribed. The Royal Dutch/Shell Group is doing its clean-up internally: in 1997, it fired 23 workers who had been involved in bribery, and terminated contracts with 95 firms on ethical grounds. Employees are being assured that they will not be penalised for losing business by refusing to pay bribes.

The recent years have also seen the emergence of several cross-country indexes of corruption, such as those provided by Business International and Transparency International. There have been concerns that these indexes underplay the role of first world corruption and that their assumptions are biased against emerging economies. However, they have developed a certain standing in international government and private sector

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2 Chris Heymans and Barbara Lipietz, “Monograph No 40” September 1999. Available at: http://www.iss.co.za/Pubs/Monographs/No40/CorruptionDevelopment.html
circles and have helped bring the issue of corruption to the forefront.

Hence, these are significant changes in attitude towards corruption. It is no longer fully accepted for businesses to preach probity at home and act dishonestly abroad. Development institutions and other foreign donors are becoming increasingly reluctant to sponsor public projects or development organisations and initiatives where mismanagement of funds has occurred.

Another international institution that is active for combating corruption is 'International Anti-Corruption Conference'. This conference was held in Washington in 1983 for the first time and has been held every 2 years continuously since 1983 in different countries. Table 6-1 shows the year and venues of holding conferences since establishing in 1983:

Table 6-1: Year and venues of holding conferences since establishing in 1983³

<table>
<thead>
<tr>
<th>Conference</th>
<th>Place of holding</th>
<th>Year of holding</th>
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<tbody>
<tr>
<td>1st Conference</td>
<td>Washington (USA)</td>
<td>1983</td>
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<tr>
<td>2nd Conference</td>
<td>New York (USA)</td>
<td>1985</td>
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<tr>
<td>3rd Conference</td>
<td>Hong Kong</td>
<td>1987</td>
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<td>4th Conference</td>
<td>Sydney (Australia)</td>
<td>1989</td>
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<tr>
<td>5th Conference</td>
<td>Amsterdam (Nederland)</td>
<td>1992</td>
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<tr>
<td>6th Conference</td>
<td>Cancun (Mexico)</td>
<td>1993</td>
</tr>
<tr>
<td>7th Conference</td>
<td>Beijing (China)</td>
<td>1995</td>
</tr>
<tr>
<td>8th Conference</td>
<td>Lima (Peru)</td>
<td>1997</td>
</tr>
<tr>
<td>9th Conference</td>
<td>Durban (South Africa)</td>
<td>1999</td>
</tr>
<tr>
<td>10th Conference</td>
<td>Prague (Czech Republic)</td>
<td>2001</td>
</tr>
<tr>
<td>11th Conference</td>
<td>Seoul (South Korea)</td>
<td>2003</td>
</tr>
<tr>
<td>12th Conference</td>
<td>Guatemala City (Guatemala)</td>
<td>2006</td>
</tr>
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</table>

³. Source: IACC Council and Transparency International Organization
The ‘International Anti-Corruption Conference’ is currently working under the Council of International Anti-Corruption Conference and the Transparency International Organisation which is the major international organisation to fight corruption in the world.


**The United Nations Convention Against Corruption:** The United Nations Convention Against Corruption, finalised on 30 September 2003 and adopted by the General Assembly in its
resolution 58/4 of 31 October 2003, represents a major step forward in the global fight against corruption, and in particular in the efforts of UN Member States to develop a common approach to both domestic efforts and international cooperation. The treaty can be seen as the product of a series of both procedural and substantive developments.

**Convention highlights:**

**Statement of purpose:** The purposes of this Convention are:

(a) To promote and strengthen measures to prevent and combat corruption more efficiently and effectively;

(b) To promote, facilitate and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery;

(c) To promote integrity, accountability and proper management of public affairs and public property.

**Prevention:** Corruption can be prosecuted after the fact, but first and foremost, it requires prevention. An entire chapter of the Convention is dedicated to prevention, with measures directed at both the public and private sectors. These include model preventive policies, such as the establishment of anticorruption bodies and enhanced transparency in the financing of election campaigns and political parties. States must endeavour to ensure that their public services are subject to safeguards that promote efficiency, transparency and

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recruitment based on merit. Once recruited, public servants should be subject to codes of conduct, requirements for financial and other disclosures, and appropriate disciplinary measures. Transparency and accountability in matters of public finance must also be promoted, and specific requirements are established for the prevention of corruption, in the particularly critical areas of the public sector, such as the judiciary and public procurement. Those who use public services must expect a high standard of conduct from their public servants. Preventing public corruption also requires an effort from all members of society at large. For these reasons, the Convention calls on countries to promote actively the involvement of non-governmental and community-based organizations, as well as other elements of civil society, and to raise public awareness of corruption and what can be done about it. Article 5 of the Convention enjoins each State Party to establish and promote effective practices aimed at the prevention of corruption.

Criminalization: The Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, if these are not already crimes under domestic law. In some cases, States are legally obliged to establish offences; in other cases, in order to take into account differences in domestic law, they are required to consider doing so. The Convention goes beyond previous instruments of this kind, criminalizing not only basic forms of corruption such as bribery and the embezzlement of public funds, but also trading in influence and the concealment and laundering of the proceeds of corruption. Offences committed in support of corruption, including money-laundering and obstructing justice, are also
dealt with. Convention offences also deal with the problematic areas of private-sector corruption.

**International cooperation:** Countries agreed to cooperate with one another in every aspect of the fight against corruption, including prevention, investigation, and the prosecution of offenders. Countries are bound by the Convention to render specific forms of mutual legal assistance in gathering and transferring evidence for use in court, to extradite offenders. Countries are also required to undertake measures which will support the tracing, freezing, seizure and confiscation of the proceeds of corruption.

**Asset recovery:** Seeking the illicit assets had to be reconciled with the legal and procedural safeguards of the countries whose assistance is sought. In a major breakthrough, countries agreed on asset-recovery, which is stated explicitly as a fundamental principle of the Convention. This is a particularly important issue for many developing countries where high-level corruption has plundered the national wealth, and where resources are badly needed for reconstruction and the rehabilitation of societies under new governments. Reaching agreement on this chapter has involved intensive negotiations, as the needs of countries

Several provisions specify how cooperation and assistance will be rendered. In particular, in the case of embezzlement of public funds, the confiscated property would be returned to the state requesting it; in the case of proceeds of any other offence covered by the Convention, the property would be returned providing the proof of ownership or recognition of the damage
caused to a requesting state; in all other cases, priority consideration would be given to the return of confiscated property to the requesting state, to the return of such property to the prior legitimate owners or to compensation of the victims.

6-1-2. SELECT NATIONAL EXPERIENCES

Each country or region is a unique blend of its own history and culture, each has its own political system and beliefs, and each is at its own stage of its economic and social development. What works against corruption in one place may not be valid in another. But sometimes the experience of other countries can be helpful to accomplish a successful anti corruption campaign.

a) China

The People’s Republic of China (PRC) is a socialist market economy. The PRC constantly pays attention to the task of combating corruption using a variety of tools. To combat corruption more effectively, the Procuratorial organs, have adopted the following main measures:

i) Reporting crimes: Procuratorial Organs nationwide have set up systems to accept reports, to protect and reward those reporting crimes, and to provide feedback to informers.

ii) Setting up a bureau for combating corruption and bribery. This is the functional department that investigates and handles corruption and bribery. The people’s

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procuratorates have been established at four levels. The Supreme People’s Procuratorate has set up the General Bureau of Anti-Corruption and Bribery. Its subordinate units, namely, procuratorates and military procuratorates of 31 provinces, autonomous regions, and municipalities directly under the central government, as well as procuratorates of prefectures, autonomous prefectures, cities, and counties, have all set up organs to combat corruption. Setting up bureaus to combat corruption and bribery has greatly facilitated the work involved in investigating and solving cases.

iii) Allocating responsibilities depending on the seniority of suspected individuals. The people’s procuratorates at the levels of prefecture, autonomous prefecture, and city are responsible for investigating and handling crimes by cadres at the levels of department and provincial bureau. The Supreme People’s Procuratorate is responsible for investigating and handling crimes by cadres at the level of heads of departments and bureaus and above in the central state organizations, and by vice governors and above in provinces. This allocation of responsibilities makes clear who does what.

iv) Strengthening the lead of the higher-level procuratorates. This has helped combat corruption and enhanced the supervision by procuratorates at the higher levels to the procuratorates at the lower levels. The Supreme People’s Procuratorate and procuratorates at the provincial level have set up investigation and command centres for major cases. Their main tasks are to organize and lead the investigation of major cases that have
transprovincial ramifications and other important cases, especially those that have resulted in strong reactions from the public and that local procuratorial organs may find it difficult to investigate; to organize large-scale special investigating activities; and to coordinate and manage cooperation among different procuratorial organs.

v) Practicing an internal restriction system to prevent and correct behaviour that would violate laws and breach discipline. People’s procuratorates perform authority to accept and hear, investigate and to prosecute the cases of crimes of corruption and bribery etc. Directly, these duties are borne by different departments respectively, for example, the reporting centre is responsible for work to accept and hear, to manage reporting clues; the departments combating corruption and bribery as well as supervisory departments of malfeasance and tort are responsible for investigating work on cases; the department to examine arrest and the department to examine prosecution are responsible for deciding whether to arrest suspects as well as for the examination and prosecution of cases; the appealing departments are responsible for appeals and reexamination of cases, etc.

Having persisted in the principle of treating the disease by investigating its root causes as well as its symptoms, the PRC has made great efforts to prevent corruption by taking action against its source.
b) South Korea

Following the 1997 financial crisis, Asian countries recognized corruption as a serious problem that hinders the development of democracy and market economies. Increasingly governments in the Asia-Pacific region began to share this view with the 'OECD'^7, the 'ADB'^8, the World Bank, and other international organizations, and embarked on efforts to uproot corruption.

In Korea, corruption has been one of the primary obstacles to economic development. In response to Koreans' desire for a corruption-free society, in August 1999 the government set up a number of comprehensive anticorruption measures. These measures are based on three basic principles: the emphasis should be on prevention rather than on punishment, the approach should be comprehensive and systematic, and the feasibility and effectiveness of programs should be given priority. Under these principles, the government has adopted the following three strategies to maximize the programs' effectiveness:

i) Establishing an anti-corruption infrastructure that will enable South Korea to fight corruption systematically and consistently;

ii) Promoting administrative reforms in corruption-prone areas such as law enforcement, the construction industry,

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^7 The Organisation for Economic Cooperation and Development

^8 Asian Development Bank
tax administration, housing, environmental management, and the food and entertainment industry

iii) Building local and international partnerships among governments, enterprises, and civil society.

The Presidential Commission on Anti-Corruption was established in October 1999 to oversee the implementation of the anti-corruption programs. It has been engaged in setting up educational programs and publicity campaigns. The Basic Law on Anti-Corruption, currently under review by the National Assembly, is expected to be enacted in 2001. The law protects whistle-blowers, provides a code of conduct for civil servants, and promotes public information campaigns to strengthen public awareness of the need to fight corruption.

Finally, the government raised the salaries of government officials to discourage them from taking bribes. One of the most effective initiatives for securing transparency is Seoul’s Online Procedures Enhancement for Civil Applications, which will be adopted nationwide. This system makes administrative practices vulnerable to corruption open and transparent. In March 2001 the government planned to announce anti-corruption measures in seven additional areas: education, budgeting, administration of public subsidies, government procurement, and various aspects of local government. The government is also developing a corruption statistics infrastructure to indicate whether it is making progress against corruption.

Civil and business societies have begun to participate actively in the government’s anti-corruption efforts. In addition, Transparency International has now established a chapter in
Seoul. Korea is also strengthening its role in international cooperation against corruption. The National Assembly ratified the OECD’s Anti-Corruption Convention and enacted relevant national law for implementation in February 1999, a bill to prevent money laundering is currently under review at the National Assembly, and the authorities are working with the World Trade Organization to increase transparency in government procurement activities. The results of these efforts have been encouraging. For instance, in a recent survey 78 percent of respondents believed that corruption had been substantially reduced since 1999. The National Tax Service and the National Police Agency have seen a sharp drop in corruption charges.

c) India

Phenomenon of corruption in India has an old history and fighting against this evil too. Combating corruption has emerged as a key development issue in recent years. More and more policymakers, businesses, and civil society organisations, have begun to confront the corruption openly.

At the same time the general level of understanding about corruption has risen markedly. According to the literature, until recently, it was not uncommon to hear someone discuss anti-corruption strictly in law enforcement terms. By contrast, most people working in the field today acknowledge that public education and prevention are equally important.

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According to Ramakrishna (1998)\textsuperscript{10}, looking at the number of agencies created to tackle corruption reveals that the government has been keen to eradicate this malady. Even before Independence, the colonial rulers had established the Delhi Special Police Establishment (DSPE) to control corruption which surged during the Second World War.

The Prevention of Corruption Act was passed in 1947, and an Administrative Vigilance Division (AVD) created in the home ministry in 1955. Vigilance officers were appointed in each ministry to enquire into charges of corruption against employees in these organisations. Then, owing to mounting public criticism, a Committee on Prevention of Corruption was appointed in 1962 under K. Santhanam to examine this issue in depth and recommend remedial measures. As a result of its recommendations, the Central Vigilance Commission (CVC), independent of ministerial control was set up in 1964.

Another important measure during the early decades was the creation of the Central Bureau of Investigation (CBI) in 1963, which incorporated Delhi Special Police Establishment (DSPE) as the Investigation and Anti-Corruption Division. Passing of a Prevention of Corruption Act and provision in other legislation such as the Penal Code, the Income Tax Act, and right to information legislation; and Civil Society efforts are other measures to fight corruption in India\textsuperscript{11}.

\textsuperscript{11} Site of Chief Vigilance officer, India (http://www.cvc.nic.in/)
i) Central Vigilance Commission (CVC)\textsuperscript{12}

CVC is conceived to be the apex vigilance institution, free of control from any executive authority, monitoring all vigilance activity under the Central Government and advising various authorities in Central Government organizations in planning, executing, reviewing and reforming their vigilance work. The CVC has been made a multimember Commission with «statutory status» with effect from August 1998 consisting of a Chairperson and not more than four Vigilance Commissioners.

The Central Vigilance Commission acts for exercising general superintendence and control over vigilance matters in administration and probity in public life. The Commission consists of a Central Vigilance Commissioner and two Vigilance Commissioners. The Commission can undertake an inquiry into any transaction in which a public servant is suspected or alleged to have acted for an improper or corrupt purpose; or cause such an inquiry or investigation to be made into any complaint of corruption, gross negligence, misconduct, recklessness, lack of integrity or other kinds of mal-practices or misdemeanours on the part of a public servant.

The Commission tenders appropriate advice to the concerned disciplinary authorities in all such matters. It also exercises superintendence over the vigilance administration over various Ministries and corporations of the Central government. Proceedings before the Commission are deemed to be judicial proceedings.

\textsuperscript{12} Deepa Mehta, "TACKLING CORRUPTION: AN INDIAN PERSPECTIVE", 126\textsuperscript{th} INTERNATIONAL SENIOR SEMINAR VISITING EXPERTS' PAPERS, RESOURCE MATERIAL SERIES NO 66, 2004, pp: 85-90.
The Central Vigilance Commission has two Chief Technical Examiners to advise the Commission in all technical and contractual matters. The Chief Technical Examiners conduct intensive examination of all types of works and contracts under their purview. The role of the Chief Technical Examiners is not limited to detection of malpractice. They may also suggest preventive measures in certain areas as a safeguard against malpractice or corrupt practices in order to plug loopholes in procedure/rules, regulations and to improve the systems in organisations so as to prevent a recurrence of such lapses. In cases where serious irregularities or negligence are observed, they are referred to the Chief Vigilance Officer for detailed investigation. The Chief Vigilance Officers in Central government Ministries and corporations decide upon the existence of a vigilance angle in a particular case, at the time of registration of the complaint.

ii) Central Bureau of Investigation (CBI)

Central Bureau of Investigation (CBI) was established through a Home Ministry resolution dated 1.4.1963. Initially the offences that were notified by the central government related only to corruption by central government servants. In due course, with the setting up of a large number of public sector undertakings, the employees of these undertakings were also brought under CBI purview. Similarly, with the nationalization of the banks in 1969, the public sector banks and their employees also came within the ambit of the CBI. The ambitious mission of the CBI is to uphold the Constitution of India and law of the land through in-depth investigation and successful prosecution of offences; to provide leadership and direction to police forces;
and to act as the nodal agency for enhancing inter-state and international cooperation in law enforcement. The CBI is under the Prime Minister’s Office.

iii) Prevention of Corruption Act 1988

The Prevention of Corruption Act was passed in September 1988, replacing the Prevention of Corruption Act, 1947, to consolidate and amend the law relating to the prevention of corruption and for related matters. The act applies to the whole of India and to all Indians living outside of India. However, the impact will not be fully felt until trials under the Prevention of Corruption Act are concluded expeditiously without endless postponements of cases.


‘The Freedom of Information Bill passed in 2002 also helps combat corruption by empowering the media to report on corruption cases and ensuring the free flow of information’.

‘The concept of Citizen Charters has been introduced to improve the quality of public services. Organizations and departments of the Government of India have published citizens’ charters, which explain what services these departments are going to provide for the citizens. This ensures accountability, transparency and quality of services provided by various government organisations. It enables citizens to avail of...
services with minimum hassle, in reasonable time, and at a minimum cost'.

'Effective implementation of Citizens Charters will go a long way in controlling corruption. The Government of India has launched an ambitious programme for formulation and implementation of Citizens Charters in all government departments'.

The experiences from the countries discussed show the need to design an inclusive and comprehensive anti-corruption strategy that focuses on prevention as well as investigation and prosecution.

6-1-3. ANTI-CORRUPTION STRATEGIES

Riley (1998) believes that historical evidence shows that attempts to curb corruption are about as old as corruption itself. In recent years, anti-corruption strategies have been on the rise among governments in both the North and the South. Therefore, anti-corruption strategies can be typologised in the following ways:

(i) By the type of policy instruments suggested, for example whether it is monitoring and controlled focused or focused on the motivation of the corrupt agents.

(ii) By the motivation of the campaign, for example whether its major aim is to improve the efficiency of government, or rectify injustice, or to get rid of political opponents.

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14 Ibid
(iii) By the position of the agents targeted, for example whether they are clustered in a few sectors or are in high or lower level positions and so on.

(iv) By the likely effect of the policy.

(v) By the type of organisation initiating the anti-corruption strategy.

Currently, referring to type (v), four broad levels or types of anti-corruption strategies can be identified in operation in developing countries: International; National; Local or 'citizen' level; and Populist. These strategies are outlined in Table 6-2.
Table 6-2: Anti-corruption strategies\(^\text{16}\)

<table>
<thead>
<tr>
<th>1. INTERNATIONAL</th>
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<tr>
<td>World Bank and IMF policies</td>
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<td>OECD efforts to criminalize transnational bribery</td>
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<td>UNDP and UN policies</td>
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<td>Transparency International's interventions</td>
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<thead>
<tr>
<th>2. TRANSNATIONAL</th>
<th>USA's 'Foreign Corrupt Practices Act' (FCPA)</th>
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<tr>
<th>3. NATIONAL</th>
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<tr>
<td>Procedures and training within state or public sector institutions</td>
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<td>'Service culture' approaches</td>
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<td>'Islands of integrity'</td>
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<td>Capacity-building to 'design out' corruption</td>
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<td>Legal approaches, including state funding of parties and patronage appointments</td>
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<td>Anti-corruption agencies</td>
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<td>Auditor Generals and Parliamentary oversight</td>
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<td>The police and 'Inter-agency' co-operation</td>
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<tr>
<th>3. LOCAL or 'CITIZEN' LEVEL</th>
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<tr>
<td>Minimising petty-corruption by protection against the extractive and arbitrary nature of the state</td>
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<td>Structural reform, e.g., decentralisation and deregulation</td>
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<td>New administrative procedures (e.g., overlapping jurisdictions, customerisation of public services and service delivery surveys)</td>
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<td>Complaints and redress</td>
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<td>Community oversight</td>
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<td>The media</td>
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<th>4. POPULIST</th>
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<tr>
<td>Purges (e.g., of civil servants)</td>
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<td>Making examples (public humiliations and executions, quasi-official tribunals)</td>
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<td>Moral rearmament campaigns and 'the new citizen'</td>
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SECTION 2. PREVENTIVE POLICIES AGAINST CORRUPTION IN IRAN

6-2-1. BACKGROUND OF MEASURES

No one seems to doubt that reducing corruption will be beneficial. Therefore, eradication of corruption should be the nation’s number-one priority in view of the ever-increasing horizon of corruption and its destructive varied effects on the society-at-large. It needs to be understood by all that eradication of corruption is only possible if strong political commitment exists. Without strong political commitment, bureaucratic reorientation and a vibrant and effective civil society, checking corruption turns into a very difficult almost impossible task.

a) Pre-Revolution

Background of measures against corruption reveals that there has not been a strong political will and commitment to eradicate corruption in the past decades. After the World War II, corruption was so pervasive and contagious in Iran that the regime announced some plans for eradicating corruption in the country, but studies show that this programmes were only for softening the people’s anger during those years in Iran. Three of the well-known corruption eradicating plans in the Shah’s regime in Iran are as following:

1. Prime Minister Razm Ara era (1949-1950): The first priority in this era was to purify the administrative systems from wrongdoers and corrupt staff. In this line, the staffs were classified and those who were put in “C” class were dismissed
and were not allowed to get governmental jobs. The main feature of this era was the great amount of import. Therefore the foreign exchange, which had been blocked during the world war, was spent for the cost of foreign armies in Iran. Thus the government announced bankruptcy.

2. Prime Minister Amini era (1960-1961): Similar to the previous cabinet its priority was to purify the organizations from corruption. A plan was announced for cleaning the administrative system from corrupt staff and replacing them with the educated persons. Although he reconstructed the administrative system with entering the educated people in this period, but the tribal system which had been dominated over the administrative system was the main barrier to prevent the corruption and this plan also was abandoned.

3. Prime Minister Hovida era (1973-1977): His main objective was uprooting corruption. He jailed some officials also. During the mentioned period, the abusing of public budget disclosed for the first time and two managers of trading ministry were prevented to leave the country. They were the first group who were introduced as corrupt officials in the media. Later investigations revealed that they took bribery from sugar contract, food, wheat, and fruits contracts. At this time, the peak of corrupt practices was in purchasing the foreign military facilities.

The mentioned periods have some common specifications which show fighting corruption in Iran has been only a responding to the people's social dissatisfaction and softening their anger about corruption in the country. According to
Farajpour (2004)\textsuperscript{17}, the first period of fighting corruption was after the Second World War when officials opened the doors of the country for import for spending the blocked dollars of Iran by the Allies in the war. The second period was after the contracting with the Oil Consortium and coming the oil dollars to the country. The third period of fighting corruption was also after an increasing in the oil prices.

In this connection, Hosein Fardoost, the head of the Special Inspection Office of Shah, in his book published after the Islamic revolution reveals that the Shah’s fighting corruption programmes were only a show and in the time of Hovaida corruption was in the highest level in Iran\textsuperscript{18}.

Norman Jaycobs (1962)\textsuperscript{19} also believed that the Shah’s combating corruption programmes because of the following reasons were ineffective in Iran. He reports:

1- Identifying the depth of corruption is the first priority in fighting it, but Shah doesn’t want to know the depth of corruption, because it has happened in his own period.

2- Fighting corruption needs to identify the corrupt persons. But Shah doesn’t want to identify them, because the most corrupt persons are his relatives.

3- Corruption is an important instrument for Shah for governing and controlling nation. Hence, corrupt society is built up under him.


4- Corruption is like 'grease' in administrative system. Therefore, without corruption efficiency of administrative system will reduce.

However, the mentioned review shows that corruption has been pervasive in Iran before the Islamic revolution in 1979, and there were some measures also for preventing it. But lack of political will made measures inefficient.

b) Post-Revolution

During the first decade of revolution of 1979 in Iran, the phenomenon of corruption disappeared for several years. After the war between Iraq and Iran in 1988 and during the reconstruction programmes, corruption reappeared and expanded. People's displeasure of corrupt practices resulted to some remedial measures for prevention. Lack of response and seriousness in fighting corruption in spite of willingness of the supreme leader to rout out corruption, measures did not succeed.

One of the well-known measures to fight corruption was the programme of 'fighting against easily earned income' in 1994 and 1996 which had no any results.

During the recent years, so many programmes were announced by officials in newspapers in order to rout out corruption which had no fruits. Some of them are as follows:

- "President emphasised to fight the administrative corruption seriously"\(^{20}\).

\(^{20}\) - Kayhan Newspaper, (02/10/89) (Solar: 22/07/68), p.3.
• “The combating programme against corruption will be executed soon in the country”\textsuperscript{21}.
• “The General Inspection Organisation will fight against corrupt persons in organisations”\textsuperscript{22}.
• “The state companies which have been assigned with collusion to private sector will be given back to the government”\textsuperscript{23}, etc.

Increasing level of corruption in the country caused Iran’s supreme leader ‘Ayat-Allah Ali Khamenei’ warned the problem of corruption and issued a ‘Decree’ in ‘eight articles’ in 2001. He asked officials to be more serious in combating and preventing it. In spite of all these, corruption still preoccupies the daily life of the people in Iran. However, although several measures for eradicating corrupt practices were announced and performed during the past years, but lack of continuation, incomprehensiveness of the programmes, etc, face failed.

However, since the victory of the Islamic Revolution in 1979, government of Iran has enacted a number of laws and decrees were designated to fight and prevent corruption in the country. 1) The law on punishment of perpetrators of bribery, embezzlement, and fraud which approved in 1985 in parliament 2) The law on punishment of perpetrators of disrupting in the economic system of the country that approved in 1990 in parliament 3) The law of prohibition on receiving commission fee that approved by parliament in 1993 4) The law of prohibition of ministers, MPs and public servants to interfere in governmental dealings, approval of 1999 in parliament 5) The

\textsuperscript{21} Ibid. (06/01/93)-(Solar: 26/10/71), p.18.
\textsuperscript{22} Ibid. (14/01/96)-(Solar: 02/10/75), p.1.
\textsuperscript{23} Ibid, (29/05/90)-(Solar: 17/02/79), p.2.

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Islamic Punishment Law, articles 590 to 594 and articles 598 to 606. These are in addition to the ‘Eight Articles Decree’ of supreme leader and so many other rules and regulations that have been issued by government (executive) and other anti-corruption organisations in Iran.

Although these measures show that the government has been keen to eradicate corruption, it is difficult to expect a very high anti-corruption activity from the government unless there also exist a real demand for fighting corruption on the part of its citizens. However, existence of corruption implies that there are corrupt people, there are also corrupt practices, and there is a corrupt system. Consequently, all the three have to be fought simultaneously to eliminate the vice of corruption. The present system in Iran provides for taking on the corrupt persons through a mechanism, which has not been found to be very effective. Many corrupt practices fall outside the purview of existing laws and need to be tackled by people themselves. The responsibility for dealing with corrupt people, corrupt practices and corrupt systems devolves equally on individuals, civil society institutions, legislature, executive, and the judiciary.

Therefore, the development and implementation of programs should be based on a proper understanding of the nature of corruption, exploration and analysis of the causes of failure in the fight against corruption, an assessment of the prerequisites and restrictions. The fight against corruption does not, however, imply either one-time action or a series of actions. Rather, it demands a continuous chain of events, which can look upon the struggle as an urgent issue on the policy
agenda and a priority among the functions performed by the state.

6-2-2. PREVENTIVE MEASURES

a) Effective Civil Society

Governments cannot fight corruption alone. The private sector and civil society are critical players in the fight against corruption. But, in spite of the attempts that have been made by president Khatami during 1997-2004 for establishing a strong civil society in Iran, the civil society is still very weak and pre-mature.

The civil society can participate in the anti-corruption struggle primarily by means of advocacy against corruption, which is related to the role of the mass media in delivering impartial and fair information to the public concerning corruption cases. On this background, it is important to adopt a new Law on the Mass Media and a Code of Conduct for Journalists, which would clarify the rights and responsibilities of journalists, as well as the consequences of reporting unverified and inaccurate information.

The success of the Anti-Corruption Strategy will depend on the ability of the civil society (parties, NGOs, trade unions, mass media) to monitor its implementation. Several prerequisites have to be in place for the Anti-Corruption Strategy to be monitored. These include:

(i) Capacity to create a corruption monitoring group made up of civil society representatives (for instance,
by means of a Supreme Leader Decree, or in other ways);

(ii) Professionalism, competence, personal integrity, and psychological traits of those conducting the monitoring;

(iii) A developed set of indicators necessary for accurate evaluation; and

(iv) Special training programs planned and conducted for the members of the monitoring group.

Accordingly, the civil society should certainly be involved in the measures undertaken by the Government to overcome corruption. Public awareness is a pivotal element of the fight against corruption. In order to implement an effective anticorruption strategy, it is essential for the public to contribute to overcoming corruption. They will become aware, and there will be a change in both the attitude of the public towards the state and the ways in which access to public services is enjoyed.

It is mentionable that, there are some constraints on civil-society's capacity to curb corruption in the societies. Klitgaard (1997)\(^{24}\) has set forth several factors which account for civil society's poor track record at organising to fight corruption: It is difficult to form a political constituency for an anticorruption effort. Unlike lobbies for, say, Soya production or education, no well-organized citizens' group has a clear stake in fighting corruption. Moreover, civil servants often find anticorruption

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campaigns threatening. Honest officials may fear being tarred with a reckless accusation; dishonest ones will raise obstacles against efforts to expose and punish their illicit activities. It is possible to launch an anticorruption campaign during a wave of public resentment, but institutionalising public concern is difficult.

Accordingly, a strong civil society can be an effective partner with government in monitoring and also fighting corruption. Civil society is considered as the realm of association between the household and the state. Typically this includes professional organisations as well as other formal and informal non-profit associations. Such associations fulfil certain functions essential for aggregating and expressing societal interests, including social integration, social participation in state governance, and promoting the democratic values. Through its many functions, civil society can create pressure for policy reform and improved governance, as well as to explicitly monitor the state’s actions for fighting corruption and abuse. In other words, the civil society addresses the will of the state to operate in an accountable, transparent and responsive manner.

b) Competitive Economy Sector

In the combating against corruption through economic sector, it is crucial for the state to play the role of a regulator in the economy. The development of a productive economic system is a key aspect of the fight against corruption. A basic guarantee for the development of a productive economic system is the protection of owners. The state should be able to guarantee the free development of and equal legal protection
for all forms of ownership, the freedom of economic activity, and free economic competition.

In the light of the fight against corruption, economic reforms should be aimed at creating an equitable competitive environment for businesses and exploring and downsizing the "grey" sector of the economy. The "grey" part enfeebles the economic potential of the state. In the frameworks of the existing system, in order to overcome corruption and to downsize the "grey" sector, it is necessary to streamline and fortify arrangements for fighting the acquisition of assets and income by means of unlawful transactions, and to curb the volume of cash transactions, which implies the adoption of a Law on Settlement Systems.

However, the following are some of the major economic policy changes that will unambiguously make competitiveness and reduce opportunities for corruption:

i) lowering tariffs and other barriers to international trade;
ii) unifying market-determined exchange rates and interest rates; eliminating enterprise subsidies;
iii) minimizing regulations, licensing requirements, and other barriers to entry for new firms and investors;
iv) demonopolizing and privatising government assets; and,
v) transparently enforcing prudential banking regulations and auditing and accounting standards.
c) Effective Public Policy

In the fight against corruption, the development of the public policy requires to enhance the publicity, transparency, and accountability of public agencies, and to engage the civil society and to ensure its participation in the delivery of public services and the decision-making process. The proliferation of corruption is, among other things, usually due to the lack of a civil service system in public organizations and the pursuit of an inappropriate human resource policy. The adoption of a Civil Service Law and implementation it will enable some first steps in this area to overcome corruption, which, however, should be monitored to detect shortcomings that need to be overcome in order to improve the whole civil service system. The essential priorities of the reform include the optimisation of public institutional structures, the harmonization of the public functions with the potential of the state, and the development of transparency, publicity, professionalism in governance decision-making, competent services, and streamlined audit systems.

Structural, administrative, and functional redistribution over the course of public policy reforms, the optimisation of the governance system, the unification of ministry governance structures, the enforcement and honouring of a code of ethics regulating the behaviour of civil servants, the public monitoring of civil servant attestation procedures, the transparency and public monitoring of competitive selection procedures, the separation of the functions of audit entities and the elimination of overlaps, the implementation of a reporting system, restrictions on senior public officials either being elected to managerial positions or becoming large shareholders in private
organizations of their relevant sector, and requiring that they submit annual reports will reduce corruption and red-tape. The decentralization of public services will enable increased access to services, clarify the role of specific public agencies, provide supervision arrangements, and specify who is accountable. Figure 6-1 shows the major strategies for an effective public administration and good governance in Iran:

Figure 6-1: The major strategies for an effective public policy and good governance in Iran

- Political Accountability and Transparency:
  - Electoral system
  - Decision making
  - Transparency in party financing
  - Asset Declaration

- Judiciary System:
  - Independent and effective judiciary
  - Decentralization
  - Witness protection
  - Independence of advocates

- Civil Society:
  - Freedom of information
  - Parties
  - Monitoring by media/NGO’s
  - Trade unions

- Institutionalised Reforms:
  - Customs
  - Tax System
  - Privatisation

- Economic Policies:
  - Demonopolizing
  - Creating equitable competitive environment

- Public Sector:
  - Downsizing
  - Decentralising
  - Transparent, magnetised, adequate remuneration
  - Good civil service
  - Accountability in expenditures (Treasury, Audit, Procurement)
  - Regulatory simplification

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d) Effective Judiciary Systems

In the fight against corruption, an independent judiciary system is a key instrument in the country. It is necessary to carry on with the reforms in the judiciary, so as to standardise its conditions with the international standards. Training of judges and improvement of their social status are important factors in the fight against corruption.

Strengthening witness protection is also important in terms of fighting corruption. The international experience confirms that it can serve as an effective tool in detecting and preventing crime. Another important aspect of fighting corruption in the judiciary has to do with developing the independence of advocates. The adoption of a new Law on Advocate Activities would clarify and enhance disciplinary responsibility of practicing lawyers and endorse a code of conduct for them.

e) Transparent Political Will

Existing a strong political commitment for eradicating corruption is necessary. Without strong political commitment, bureaucratic reorientation and a vibrant and effective civil society, checking corruption turns into a very difficult almost impossible task. It is also important to raise the level of responsibility, accountability, and transparency of the government in the political scene. Fighting against corruption and prevent it in the political system is also a cornerstone of the struggle against corruption. Improvement of the electoral system is essential in overcoming political corruption. Drafting a
code of conduct on elections, observers, and organisers is helpful in this connection.

To sum up, to reduce the level of political corruption, the following measures of constraint should be applied:

i) Establishing clear-cut criteria for the decisions made by politicians in relation to the use, management and disposal of state property;
ii) Prohibition for legal entities to fund political parties;
iii) Definition of major instances of political corruption, providing for appropriate legal sanctions;
iv) Establishing the procedure for accounting of receiving, managing and using party funds, with a view to ensuring personal accountability of a party treasurer or its leader for committing financial offences;
v) Improving the lawmaking process, with a view of avoiding corrupt influence on the drafting and adoption of legal acts;
v) Drafting a code of ethics for lobbying activities, improving the law on lobbying; and,
vii) Providing for the obligation to identify and publicise owners of the mass media.

f) Education and Public Awareness

Effective prevention strategies play a key role in combating corruption. Educational institutions can help prevent corruption and create an anti-corruption culture that can become ingrained in society. If education and awareness raising campaigns begin at the school level and accompany citizens
throughout their professional activities, young people will develop positive values such as honesty and integrity.

g) Leadership and Partnership

Fighting corruption requires both leadership and partnership. It requires many leaders in national and local governments, in the judiciary and security forces, in the tax administration, in corporations, and among citizens in every community. It also requires partnership. When we look at today’s most successful societies we find densely integrated networks of public and private activity. Such partnerships draw on the shared interests of citizens, businesses, elected officials, and civil servants. They all aim at breaking up the monopolies, the unchecked discretion, and the lack of accountability that lie at the heart of corruption.

6-2-3. NECESSARY REMEDIAL MEASURES

Study the causes of corruption in Iran revealed that reforms in which sector of the state gets first priority. In the other words, once the causes of corruption have been identified in a particular society, they can be matched with appropriate control strategies to address the problem. However, with reference to the causes and consequences of corruption mentioned in the fourth chapter of the research, the following reforms in the different sectors of Iran are helpful to curb corruption:

1) Downsizing the government, reduction staff in public sector and decentralisation of the government.
2) Optimization and rationalization of the decision-making process and governance structures.

3) Eliminating the conflict of interest by adopting and enforcing on Ethical Code for public officials, which include rules on conflict of interest and requirement for the regular disclosure of financial interest, assets, liabilities, gifts and other transactions. The code needs to specify the various types of public servants and it would be more efficient if public servants sign the code of ethic at the time of signing their employment contract.

4) Clarifying public service delivery arrangements, developing structural models of administration, and introducing legislative grounds.

5) Enhancing the quality of delivery of, and access to, public services.

6) Streamlining arrangements both for the budgetary financing of agencies, inspectorates, and public noncommercial organizations under respective ministries, and for the collection of service duties and fees to the budget, in line with the types of public services rendered.

7) Developing fair remuneration and social security schemes in line with the types and peculiarities of public services.

8) Citizen charters: Introducing an obligatory practice of displaying all necessary information on the services provided by every state department and office. Citizen charters explain the services which departments are going to provide for the citizens. The citizen charters ensure accountability, transparency and quality of services provided by various government organisations. It enables citizens to avail of services with minimum hassle, in reasonable time, and at a minimum cost.
Effective implementation of Citizens Charters will go a long way in controlling corruption.

9) Elaboration of special subject on the causes and consequences of corruption and remedial measures to prevent it for the students in the higher education system.

10) Reduction and simplification of regulations of the bureaucracy in the organisations.

11) Reformation in the administrative structure of the organisations.

12) Decentralization of public services will enable increased access to services, clarify the role of specific public agencies, provide supervision arrangements, and specify who is accountable.

13) Utilizing the information technology in the administrative system.

14) Economic liberalisation and removing the unnecessary limitations over the economic sector.

15) Eliminating the governmental monopoly over the market and enhancing the private sector.

16) Eliminating the basis of rent-seeking including economic, information and political rents.

17) Managing the subsidies towards poor in order to eradicate poverty, discrimination, and reduce the gap between the poor and the rich.

18) Equalisation of income and expenditure of the public servants. Salary and benefits of civil servants need to be at par with their counterparts in the private sector.

19) Establishing an efficient social security system in the country.
20) It is especially important to improve the professionalism, competence, accountability, and social security of tax servants, and to require that they abide by a code of ethics. It is also necessary to implement a social security card system to widen the scope of application of the financial disclosure scheme, to cover citizens, which can serve as a guarantee for the payment of tax obligations.

21) The customs system is an important source of fiscal revenue. It plays a significant role in the protection of the domestic market and the regulation of trade. Administrative intervention in the declaration of customs value still remains significant. It is especially important to improve the professionalism, competence, accountability, and social security of customs servants, to require that they abide by a code of ethics, and to put in place effective procedures for both raising citizen awareness and making complaints. The Customs Code should be amended to rule out any possibility of either ambiguous construal thereof in abuse of the law or flawed provisions. A disciplinary code for the customs service should be adopted. Customs formalities for import of goods by natural persons should be simplified and streamlined. The hardware and software capacity for efficient customs control should be improved.

22) Establishing a high-powered task force consisting of public officials, parliamentarians and leading citizens to review all relevant issues pertaining to corruption and to suggest a comprehensive eradication programme.

23) Financing the political parties by government and enactment of a law to regulate the functioning of political parties
is needed. This law would require political parties to report their income and expenditure to the people and government.

24) Implementing the articles 142 and 49 of constitution for declaration the assets of all public servants specially top officials including Leader, President, MPs, Ministers, judges, head of judiciary system, Manager of public companies, etc, and also their families.

25) Enabling the free press so that they could be to investigate and expose corrupt practices.

26) Promote strong coordination among governments, the private sector and civil society to increase efficiency and sustainability in anti-corruption and good governance efforts.

However, studies show that corruption is a complex phenomenon that is almost never explained by a single cause. If it were caused by a single factor, the solution would be simple. Of the many factors that influence it, some can be changed more easily than others. Because of the complexity of the phenomenon, the fight against corruption must be pursued on many fronts. It is a fight that cannot be won in months or even in a few years. The greatest mistake that can be made is to rely on a strategy that depends excessively on actions in a single area such as increasing the salaries of the public sector employees, or increasing penalties and so on, and expect results quickly.

6-3. SUMMARY

In this chapter a number of preventive and remedial measures for tackling corruption have been mentioned. They include reforms in administrative system, economic sector and
judiciary system. This chapter has also reviewed the specific global trends. It recommended intensive and necessary reforms in different sectors of Iran. However, a successful anti-corruption campaign can be accomplished only with a great deal of technical work, which is aimed at improving the system and thereby making corruption less likely to happen.