

Philippine achievements in fighting corruption

Speech of
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I. CORRUPTION A DEGENERATIVE DISEASE OF GOVERNMENTS

CORRUPTION IS THE MOST COMMON *degenerative* disease of governments. And it is *endemic*—*not just* among the new countries—but all over the world.

Even in the rich countries, corruption is perennially a *potent* election issue.

But, in the Third World, corruption has caused authority to *disintegrate* and states to *collapse*.

In this country—over these last 20 years—corruption has set off two peaceful revolutions.

Thus this effort to adopt a regional action plan against corruption—led by our *distinguished* Senator *Edgardo J. Angara*—is a political and civic effort with which we in the

Philippine House of Representatives are pleased to associate ourselves.

Transition to representative system has made corruption more widespread and more visible

One reason corruption is so hard to check is that it arises from too many causes.

Often enough, the problem is simply that of badly underpaid officials possessing wide *discretionary* powers—*not only* over business *but also* over too many aspects of everyday people's lives.

In most poor countries, corruption has become so commonplace that businesspeople regard bribes as a kind of *transaction cost*.

Then, also, the *transition* from authoritarianism to representative systems has—*by itself*—spread corruption more widely. ('Formal' democracies increased from 30 in 1974 to 120 in 1999.)

In transitional democracies like our own, "money politics" has become the name of the game.

Even efforts to modernize public administration may increase corruption—at least in the short term.

Take 'decentralization' as an example.

As the World Bank warns, “Devolution of large amounts of State resources to a level of government that has had little past experience risks the money being abused.”

II. LIMITING STATE INTERVENTIONISM IN THE ECONOMY CURBS CORRUPTION

BY NOW MOST OF US REALIZE how corruption *saps* the resources available for development; *distorts* access to social services; and *undermines* people’s confidence in government.

How is corruption to be checked?

One obvious way is to *limit* state interventionism—*deregulate* the economy—*spur* competition—and generally *allow* the market more elbowroom.

In the Philippines, we are dismantling the cartels, monopolies, and other forms of *crony capitalism* left over from the period of protectionism and import-substitution.

And we have brought down tariff walls, which had made smuggling so lucrative.

We have also overhauled a tax system which had—at one time—allowed high-income taxpayers to deduct as much as 92 percent of their gross incomes!

In a word, we’re trying to make it possible for every businessman to run his enterprise—while also staying on the *right side* of the law!

***The bigger the public sector,
the greater the scope for graft***

Early on, we also realized that—in a *weak* state—the *bigger* the public sector, the *greater* the scope for corruption.

So that, one after the other, we *privatized* the great public corporations—beginning with the flag-carrier, the state petroleum company, and even Metropolitan Manila’s water system.

The thrust of reform has been to *get* Government *off* the backs of businesspeople—and to *focus* it on the basic things it should be doing: to provide the political stability—the level playing field—the infrastructure—and the rule of law that people need to get on with their lives.

***Reform of electoral system
can curb political corruption***

Thoughtful Filipinos are also beginning to realize our need to *reform* political-campaign financing and to *simplify* the multiple party system.

Most everywhere in the democratic world, we need to encourage the evolution of less-fragmented party systems and to limit the influence of *big money* on national politics.

Hence, Senator Angara and I have filed separate bills that authorize *public subsidies* for our major political parties—in the context of a thorough-going reform of our present-day party system.

Over the longer term, the constitutional shift to a unicameral parliamentary system that we are considering should put an end to our *ridiculously* expensive presidential (and senatorial) elections.

Building state capacity the way to achieve good governance in transitional societies

In the *transitional democracies*, the *central task* in the fight against corruption must be to *build* state capacity—*because* successful development needs an *efficient* state—*transparent* government—*honest* bureaucrats—*stable* policies—and an effective legal order.

In most of the transitional democracies, building the capacity to govern means a *virtual renovation of the State*.

The discretionary power of the administrative bureaucracy must be reduced by greater openness—by greater transparency in policymaking—by greater accountability—and by institutionalized control through the participation of people’s representatives.

Necessarily, this building of political institutions will take time. It will require intelligent direction, money, and—above all—patience, on the part of both political leaders and their constituencies.

III. WHAT WE ARE DOING IN THE ANTI-CORRUPTION EFFORT

LET ME OUTLINE FOR YOU the *administrative* and *legislative* measures we in the Philippines are taking to *enhance* transparency and accountability in the public sector.

In recent years, Congress has raised—sharply—the legal sanctions against corrupt behavior—by enacting a law against ‘*plunder*.’

The law defines ‘plunder’ as the stealing of public funds worth a *minimum* 50 million pesos—which is equivalent to a million US dollars.

Plunder is *non-bailable*; it is also punishable by *lethal* injection.

Plunder is the offense of which deposed President Joseph Estrada and—in a separate case—a two-star general who was comptroller of the Armed Forces, are accused.

We’re also *beefing up* the powers of our *Ombudsman* and of our special anti-corruption courts.

Congress is deliberating the adoption of Hong Kong’s model of an *Independent* Commission Against Corruption. Meanwhile, Government is pushing for ratification of the UN Convention Against Corruption, which criminalizes bribery, and which increases civil society’s participation in the anti-corruption campaign.

An electronic procurement system

Everywhere in the world, government procurements are a prime target of corrupt practices.

We have just made our procurement system *more open* and *more competitive*.

I was chief author of Republic Act 9184 of the Government Procurement Reform Act of 2003, which set up an *electronic* system as the primary source of information on all government purchases.

This Act is being mobilized to root out the causes of corruption--which are the lack of transparency, excessive discretion, wide opportunities for collusion, and unnecessary delays. These are loopholes in the procurement system that this major reform Act has now started to plug.

Not only did we provide a centralized electronic portal for information on all government procurement to enhance accountability, equity, efficiency and economy. We raised as well the standard for transparency to a different level.

A representative each from a recognized and relevant private-sector association, organization or chamber--and even from the religious sector--are now allowed to participate as observers in all the stages of the procurement process.

This Act has dramatically reduced procurement-processing time. It has also included, for the first time, a warranty provision to ensure only quality products and services.

Already, the Asian Development Bank has observed that this Act is a major anti-corruption law. For this new system has enhanced competition among suppliers and lowered the prices of government purchases by an average of 30 percent.

Right now I'm studying the concept of a *Freedom of Information Act* that would increase *public oversight* of government by expanding the information made available to ordinary people about its activities.

Life-style checks of career officials

Among the administrative measures we have taken in recent years, the most noteworthy are the *life-style checks* of career officials in sensitive Cabinet departments that the President has authorized.

Since these life-style checks began—in March 2003—they have resulted in several prosecutions of high-level officials found to be living beyond their means.

The whole of government has also switched to a simplified accounting system that conforms to international standards; generates periodic financial statements; and allows government to *benchmark* its costs against those of the private sector.

Having noted all these *positives*, I must also note that we're still making only slow progress in our efforts at anticorruption.

Under the spur of an *activist* Ombudsman, the conviction rate in corruption cases has recently doubled. But it is still *only 14 percent* of all the cases brought to trial.

We need to strengthen our judicial system as a whole—so that it can more effectively protect property rights and oversee the credible enforcement of contracts.

FOR THE MOMENT, this is how things stand in our struggle against corruption.

Filipinos as a whole seem to have a *high tolerance* for corruption—probably because of its historical ‘*usefulness*’ as a way of greasing the wheels of the bureaucracy.

We need to *raise* people’s awareness of corruption’s larger, *corrosive effects* on the *mechanisms* of the state—and to engage civil society in the effort to eradicate it.

I recall the American historian, Barbara Tuchman, observing that humankind makes a poorer performance of government than of almost any other human activity.

The fight against political corruption is bound to be an *endless*, twilight struggle—not only in the new nations but everywhere in the world.

Obviously there are no easy solutions to the problems of corruption—except *for us* to promote the *civic culture* that encourages ordinary people to take up their share of the civic burden.

And this we can do *only if* we ourselves—as the elected representatives of our peoples—conduct ourselves as exemplary officials, for whom *citizenship* is *not* a part-time job—and *not* a hobby— *but* an *everyday* obligation. #