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Abstract

Corruption is an abomination of society that exists in every system in the globe, including the governance systems. Pakistan, being a part of global society, is also affected by it. Our legal system has a colonial feel to it and is rooted in the United Kingdom era. The governments of several eras established commissions, issued laws to combat this social ill, and vigorously prosecuted them in order to give the populace of the nation access to free and open justice. The goal of the current study, "Dimensions of the Corruption in Pakistan," is to categorize the various ways that corruption has affected Pakistan's government structure. It was also discovered that efforts have been made by both the current and previous Pakistani administrations to lessen corruption by means of the country's legal system. In this context, the 2009 judicial policy has been particularly beneficial.

Keywords: Corruption, Governance, Society, Pakistan

1. Introduction

The term Corruption has been defined "as misuse of entrusted power for private benefit" which is unfortunately endemic in Pakistan. No structure, no tier and no office of public sector are immune from it. Its spread is enormous. It has reached every organ of state beyond executive; it has put its claws on every institution and legislature even. It would be no exaggeration to say that the whole body of the state of Pakistan is suffering from this malaise and wailing under its dead weight. So enormous is its incidence that Pakistan is ranked 139th in the 124th Pakistan Economic and Social Review Committee of Nations¹ on the scale of corruption free governance. This ranking is not at all enviable or acceptable.

As corruption is a complex and multi-faceted phenomenon, the term is defined in many ways. According to Canadian Oxford Dictionary 1998 the word corruption means: "use of corrupt practices, especially bribery or fraud" (p.317). The most straightforward and conventional definition is: "the abuse of public office for private gain" (Kaufmann & Vicente, 2011). Apart from defining corruption in terms of practices or abuse, another approach is to define it in terms of behaviors. In this regard, corruption is defined as: "behavior that deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains". Normative component of corruption includes unethical and illegal behavior of public officials; while the consequential component includes deviation from rules framed for safeguarding public interest (Khan, 2004).

A significant number of countries have also ratified his convention. One of the main objectives of this convention is to enable the nations of the world to fight corruption through mutual and regional cooperation, coordination and direct interaction of the agencies dealing with corruption.

This convention provides important guidelines in the pursuit of its objectives. These objectives are as follows: -

- (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 prevention and fight against corruption including assets recovery.
- (c) To promote integrity, accountability and proper management of public affairs and public property. The jurisdiction of a State may not transcend its own territories yet extra-territorial operations at times are inevitable. This necessitates extra territorial legislation. Such legislation must not impinge upon the sovereignty of other States.

Corruption is a disease that is prevalent in all parts of the world with varying degrees. Transparency International (TI) considers corruption to be one of the most pressing issues of the modern world. Although corruption is a global phenomenon that is affecting all the countries across the globe, this problem has particularly adverse implications for poor countries (Ades et al, 1995). The cost of corruption can be understood in four areas: political cost in terms of affecting democracy and rule of law, economic cost by depleting of national wealth, social cost by undermining people's trust in political system and its leadership and environmental costs in the form of environmental degradation (Ahmad, 2001; Chene, 2008).

"A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party" (The International Financial Institutions Task Force, 2006).

Therefore, keeping in view the above-mentioned resolve of the researchers it could be hoped that this research study will also contribute little bit to the resolution of the problem of corruption in Pakistan and especially in the institutions of country. The objectives of this study were to, know the different manners of corruption in the governance system of Pakistan and to, identify the causes and consequences of the corruption in the governance system of Pakistan.

2. Factors that Enable Corruption

A 2017 survey study shows that the following factors enable corruption:

- State has weak legitimacy and leaders at national level are not wholeheartedly involved in promoting public interest.
- Rules and regulations related to functioning of public sector are either non-existent, weak or poorly implemented. In past NAB is used by the politicians in power to hunt their opponents. Without independent NAB and independent Judiciary it is impossible to eradicate the menace of corruption from Pakistan.

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- Public sector employments are political and in violation of merit criteria, wages are low, and there exist major ethnic divisions and in-group favoritism.
- Mechanisms for government accountability remain ineffective as whistle-blowers are targeted.
- A cult of corrupt practices and perceived workplace unfairness
- Especially regarding violation of rules by the well-connected individuals
- NGOs (non-government organizations), media, civil society and private sector, lacking the capacity and will to raise a voice demanding transparency and accountability of government (Ibrahim, 2016).

3. Forms of Corruption

Corrupt behavior in Public Administration can be seen to fall in two broad categories namely: grand and petty corruption. Both are basically wrongful actions but different from each other in terms of the amount of money misappropriated, the level of the public official committing the corruption being high or low; political or bureaucratic as well as the severity of damage as an outcome of the corrupt act. Both grand and petty corruption are also be categorized as administrative or political, incidental or systemic, haphazard or organized, general or state capture. (Karim, 2015). United Nations (2004) considers various forms of corruption inclusive of bribery, fraud, manipulating electoral system to secure votes, illegitimate political fund raising, misuse of official authority and violation of public trust, embezzlement of public funds and conflict of interest.

Bribery is the recompense, may it be monetary or in kind, that is offered or received in exchange for altering the actions of the recipient to benefit and protect the interest of the giver of the payment . Giving and receiving bribes is universally considered as the core of corruption.

Embezzlement is stealing of resources by employees who are trusted to manage these resources in a pre-planned manner. Embezzlement often involves tampering of official records in order to avoid detection. While, embezzlement from a strictly legal view is not part of corruption, but it is a related so within a broader understanding it fits well. Particularly when such serious offences are perpetrated by public officials within their institutions then it is at the cost of public welfare.

Straddling is a process whereby the power brokers strategically use their political influence or position to establish, protect and enlarge their private businesses. For example, rent-seeking political elites manipulate foreign investment and properties as well as monopoly market rights to favor the members of the ruling families.

Fraud is a criminal activity of an economic nature involving some form of deception and trickery. Fraud includes rigging or distortion of facts and expert opinion, by public servants, politicians and general public, in an attempt to extract a large undue profit. Fraud is perpetrated when an official being responsible for implementing orders or tasks as assigned by higher authorities, creates misleading information to advance his or her private interest.

Extortion is by the use of threats, coercion or violence to force an individual into submitting anything of value towards the perpetrator so as to stop future violence. Blackmailing and extortion are considered as corrupt actions because valuables are violently extracted by a powerful mafia many times calling this demand as protection payment from other threatening parties.

Favoritism is associated with abuse of authority leading to discretionary and biased distribution of state resources towards the favored parties. Favoritism is the awarding of advantages to benefit friends, family and trusted individuals. Favoritism is a dimension of corruption insofar as it includes a corrupted, unfair and “privatized” distribution of resources. Outcomes included the appointment of "cronies" to high government posts irrespective of their merit and qualifications.

4. Political Versus Bureaucratic Corruption

Political corruption also called grand corruption is perpetrated when heads of government, state ministers and top emissaries being responsible for formulating, establishing and implementing the laws and policies in the name of the public, abuse their political power only to maintain their power, status and wealth. Political corruption leads to policy formulation and legislation which is specifically tailored in a way so as to provide advantages for politicians and legislators. (Karim, 2015). On the other hand, Bureaucratic Corruption is perpetrated at the implementation end of policies. This “small scale” or street level” corruption is experienced by ordinary people in their daily lives when encountering public officials or accessing public services like health, education, licensing authorities, police, customs, tax authorities etc. The financial resources involved are often minuscule as compared to grand corruption, therefore bureaucratic corruption is often termed as "routine" or "petty". Nevertheless, the misappropriation of funds may be substantial in particular cases and when seen collectively.

5. Implications of Corruption

Many empirical studies have provided powerful evidence on the economic, social, political and environmental costs of corruption (Bliss, 1997). It is proven that corruption debilitates domestic and foreign investment, lowers GDP growth rates, hampers trade, causes distortions in the composition and magnitude of government expenditure, deteriorates the banking and financial systems, and gives strength to clandestine exchanges within the underground economy. Furthermore, a strong correlation has been established between corruption and higher levels of income inequality as well as poverty. On a larger scale, when a few firms and entities such as the military establishment, shape the rules of the game through massive non-transparent and illicit processes, this situation is referred to as State Capture inflicting the greatest damage to a nation’s economic development prospects. State Capture and administrative misconduct happen to be symbiotic factors within the complete nexus of corruption.

6. Discussion and Future Directions

6.1. Effects on Investment and Growth

There is a direct relationship between cost of doing business and corruption. Wherever state capture prevails, few firms which pay bribes to manipulate the content of rules and laws make significant gains at the expense of distorting the overall business environment.

So in the larger context, corruption leads to output decline. Scarce resources are wasted on unproductive expenditure and misallocation to powerful entities. Such diversions of money and public official effort from the public interest to self-dealing, hampers economic growth by creating the impression that a country is devoid of recourses, whereas in reality plentiful resources are simply being usurped by the ruling elite. In Pakistan, this situation is confirmed by the Global Competitiveness Report (WEF,2017), showing corruption as the greatest challenge for companies for doing business in the country.

6.2. Poverty

In underdeveloped countries the more there is diversion of government spending away from public goods such as education and health, the more insidious becomes the problem of poverty. Of course, deficiencies in economic growth and institutional capacity can “run in both directions” and paucity of resources could be a cause or a consequence of corruption. Nevertheless, control of corruption is intrinsically linked to achievement of Sustainable Development Goals. Corruption weakens the provision of basic public services to the marginalized, excluded and vulnerable members of the society who cannot lift themselves out of their subhuman living conditions without such support. Corruption weakens the social safety net and restricts the people living in abject poverty from seeking their basic rights and entitlements, being socialized to accept their living conditions as fate and destiny.

6.3. Inequality

Corruption and State Capture allows concentration of gains within a narrow group of beneficiaries on the basis of having legislative and regulatory control over resources, to the exclusion of entities that are not part of this group. Thus, inequality is one of the factors which feed corruption. For example, during the privatization process in most transitional countries few companies having political patronage used illegitimate means to influence to acquire productive assets. This caused unequal redistribution of the once so called “social” assets. The most pernicious signs of corruption induced inequality are as follows:

Poorly constructed and ill-conceived infrastructure projects like roads, water projects, bridges, government buildings etc. existing alongside highly luxurious residential colonies having state-of-the-art living facilities. Antiquated and inadequate market infrastructure particularly for exchange of agricultural commodities in rural areas. While urban centers continue to boast of ever increasing number of Malls and Plazas offering high end brands and imported consumer goods.

Poor education standards at public schools, plagued with absence of teaching staff, dilapidated buildings, lack of laboratory facilities and library books. In contrast, private chain of schools offering international quality education at a cost affordable only by the affluent sections of the society. Government hospitals having inadequate number of beds, insufficient medicines, very few vehicles to transport patients in case of emergency and demoralized staff due to long working hours and low pay. On the other hand, private hospitals are more like luxury hotels for treating the rich and famous.

Eventually, the budget planners and donor countries lose confidence in the ability of an organization to deliver improved infrastructure and become reluctant to provide further funding. As people of rural areas are poor and cannot pay for any services, they will not have access to educational or health institutions. Alternatively, donor agencies force privatization of infrastructure building and delivery of services giving contracts to companies that specialize in urban areas. Such private companies often do not trust or have confidence in the local labor and tend to bring labor from other provinces or focus only on projects in urban areas resulting in the continued suffering of people living in rural communities.

6.4. Fiscal Implication

According to Geol and Daniel (1989), impact of bureaucratic corruption on fiscal policy can take three forms: first, it reduces the tax revenue collected from individuals; secondly, it drives up the sum of non-development government spending; and lastly it impairs the productivity of development expenditure. As far as public finances are concerned, corruption has an independent impact both on the expenditure and revenue sides of the budget, considering that it shifts expenditures towards items with opportunity of inflated spending and revenues towards items with greater possibility of “commissions”.

Given that a large part of administrative corruption is related to tax and customs officials receiving unofficial payments from companies in exchange for imposing lower tax, corruption represents a substantial leakage from the national income as indirect payments to public officials. Other ways that corruption hampers fiscal discipline is in the assignment of subsidies to unjustified areas. For instance, corruption in procurement exacerbates wastage of public resources by purchasing low quality products and services, and deterring honest agents from working for the public enterprises. On the whole, the fiscal defects brought about by administrative corruption and state capture explains weak macroeconomic performance in developing countries. In Pakistan, undertaking so called economic projects like “Green Tractor Scheme”, “Yellow Cab Scheme”, “Karachi Mass Transit Project”, “IPPs”, “Ghazi Barotha Hydropower Project” and even the “Motorway Project” have created a perception of rampant corruption. Lack of transparency and exorbitantly high valuation associated with these projects disturbs the balance required for a genuinely developmental budget.

6.5. Credibility of the State

Corruption causes public distrust in the institutions of state, leading in turn to weakening of the state’s capacity to deal with corruption. Questionable integrity of the political leadership is the core issue behind dysfunctional political systems giving rise to administrative corruption and state capture. A precarious outcome of this trust deficit is increasing criminal activity. Organized crime as well as street crime increase with greater perception of political and administrative corruption. There is a nexus between state capture and public trust erosion with deepens and entrenches the social and economic problems in developing countries.

International donor agencies like Organization for Economic Cooperation and Development (OECD) and World Bank have noted the lack of transparency in recruitment, ambiguity in site selection, absenteeism and bribery in many development projects of Pakistan. In some cases, such as the Baluchistan Primary Education Project, the lack of credibility has caused cancellation or deferral of projects. International financial withheld loan disbursements after irregularities were uncovered which added insult to injury. In many countries facing state capture, political reformers with a mission to fight corruption, face stiff resistance from the establishment forces and a cynical population. Only when these reformers are able overcome the deep chasm of public distrust can anticorruption programs become effective.

6.6. Institutionalization of Corruption

Ideally, in a democratic system the institutions of legislative, executive and judiciary impose checks and balances on each other, thereby reducing chances of corruption. Institutional tussle is one of the main causes of corruption in countries like Pakistan where the struggle is to dominate over other institutions even at the cost of overstepping the legal mandate. The Military and other undemocratic forces such as the international hegemonic powers use this situation to control institutions according to their own agendas. While such control is not always negative (for example the Military under leadership of General Raheel Sharif established law and order in the country without being completely subservient to the elected government), still internal strengthening of institutions is the long term solution of corruption. When corruption is left unaddressed it becomes the institutional norm. The result is pernicious for public administration as competent and honest employees are deterred from working for government, further reducing institutional capacity and effectiveness. Inadequate salaries of civil servants, curtailing their authority and political victimization are all institutional drivers of corruption. On an individual level, "Demonstration Effect" has a significant impact on the behavior of public officials when they observe how others employed in corporate sector or working in foreign countries are able to maintain a very high standard of living, they too desire similar benefits, sometimes resorting to corrupt practices in the process. Another reason leading public servants to disregard ethical conduct is that the corrupt officials receive a sort of covert institutional praise in terms of knowing how to "get things done", and being "smart enough" to assume an independent role outside formal boundaries of authority. To control corruption, institutions need to create motivational incentives for honest and dedicated employees so they do not contemplate adopting unethical behavior.

Collusion within institutions deepens the menace of corruption. An example of collusive bribery and abuse of power could be of a police officer taking money for dropping charges against an offender or accepting bribe in return for arresting some other person at the behest of a political party leader. While the party leader was ordering this police officer to arrest a political opponent unless this person ceased to oppose him. In countries like Pakistan, appointments particularly in the police force are often on the basis of political considerations. There are numerous instances where there are conflicts of interest for a public official due to personal loyalties and family connections but these are considered as normal. As a result influential groups and individuals with police connivance, continue to exploit poor people through extortion, bogus fines and other corrupt practices.

6.7. Proposed Remedial Measures to Prevent Corruption

Prevention of corruption is a process of designing interventions so as to nip the evil of corrupt conduct in the bud. Regarding which specific actions should be taken, depends on the context as well as evidence of corruption and the goal of prevention. One of the goals of corruption prevention is to create an ethical environment so as to nurture innovation and entrepreneurship in the business community. Another goal is to improve quality of public services for the poor and marginalized segments of society. Both are equally meaningful goals for a developing country like Pakistan. In fact, Anti Corruption Establishment in the country dates back to 1960s when a Federal Investigation Agency (FIA) was mandated to deal with the matter. Unfortunately, in subsequent years, corruption permeated FIA (Javaid, 2010). The military government in 1999 focused on accountability, establishing National Accountability Bureau (NAB). NAB is authorized to investigate corruption even if such investigation is being carried out by other agencies. The National Anti Corruption Strategy (NACS) is devised for prevention capacity building, improving enforcement by skill enhancement of investigators and prosecutors and improving awareness of different forms of corruption including financial and cyber crimes. In the Pakistani context, corruption prevention is necessary for securing the future of this country. The direst issue in the country is that of poverty and poverty alleviation in rural areas depends on successful completion of development projects which face threat of closure due to the evil of corruption. Terrorism, deteriorating economic conditions, electricity and gas crisis are difficult realities of this country and their solution lies to a great deal in addressing the menace of corruption. Therefore, it is necessary that all stakeholders including political parties, government officials, civil society organizations, private companies, donor agencies and common people should form a coalition and recognize their individual responsibility to prevent corruption. Considering that corruption in Pakistan is a complex issue with multiple forms and many faces, means that prevention mechanisms need to combine different approaches for the purpose of reducing incentives and opportunities for corruption and inducing government officials towards ethical behavior. Yet, it is also imperative that in Pakistan prevention efforts are not only inclusive of encouraging ethically sound individuals but also at detecting and punishing those involved in any form of corruption. Following are some of the strategies and policy levers at grass root and government levels which have proven to be useful in curbing corruption in other Asian countries, and which need to be adopted in Pakistan:

To reduce economic stimuli for administrative corruption in Pakistan, ensure that salaries of civil servants and government employees are not less than the remuneration they would receive in private sector employment.

Strengthening and expediting judicial process is crucial in the fight against corruption in Pakistan. Currently, the legal processes reward rather than punish perpetrators of corruption because the lower judiciary is amenable to letting off the accused if the „price is right“ (Ismail and Rizvi, 2010).

Ascertain the independence of anti-corruption agencies like NAB and FIA in Pakistan such that officials have the capacity to deter or punish offenders. Further, these agencies should be encouraged to act on case to case basis rather than following standard interventions (Ali, Khan & Khalid, 2016).

The media should be allowed to launch anti-corruption programs and encouraged to demand ethical code of conduct in government organizations. Investigative reports exposing scandals of corruption, provided these are supported by facts, ensure greater transparency which is need of the hour in Pakistan.

Mechanisms for addressing corruption in public sector procurement such as "Public Procurement Regulatory Authority" (PPRA) and "Project for Improvement in Reporting and Auditing" (PIFRA) in Pakistan must be focused on improving efficiency and fairness. Moreover, whistle-blowing should be encouraged through monetary incentives.

Maintain black-lists of officials and agencies that are perceived to engage in corrupt practices and taking action against them as soon as evidence surfaces. Engaging only the honest and competent officers for assignments that involve public projects and services. To

deal with grand corruption in Pakistan, there needs to be prosecution of senior civilian and military officials as well as political leaders such that an example is made of the corrupt elite. Even the “investigative agencies” in Pakistan should be brought to the book. Even if the agency claims to be serving in the best interest of Pakistan, still no single individual should be considered above law.

Only a wide spread purge of corrupt elements within political parties can strengthen democracy in Pakistan. Political parties should adopt integrity systems approach and require members to temporarily resign if credible allegations of corruption surface against them. Membership should be restored if after a fair investigation they are absolved of any corruption. Information communications technology (ICT) and Social Media is currently considered as the panacea to address deficiencies in transparency and accountability of government. In Pakistan, a vibrant social media community instantaneously shares information and views regarding all government activities. Smart phone applications can improve access to public services, thereby enhancing equality and reducing corruption.

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