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**ECONOMIC AND POLITICAL EFFECTS OF CORRUPTION: A
CASE STUDY OF PAKISTAN**

Bachelor's Thesis

Programme INTERNATIONAL RELATIONS

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I hereby declare that I have compiled the paper independently and all works, important standpoints and data by other authors has been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

Corruption is a widespread phenomenon in Pakistan. It is an act that includes the misuse of one's power for personal gain and can be practised in the private and public sectors. The introduction of this paper gives a brief description of corruption, its background in Pakistan, forms of corruption, and the objectives of the study. The body of the paper includes the theoretical background of the research that links the work of different authors, compares their opinions and synthesises their work. It further adds a detailed literature review of the topic under discussion, concepts developed by other researchers and the developments made by Pakistan in the fight against corruption. The methodology discussed the research design, target audience, data collection, and analysis to establish if the objectives of the paper were met. Discussion, recommendations, and conclusion on what Pakistan should do to address corruption were also given.

Keywords: corruption, conceptualisation, defining corruption, strategies for addressing corruption

INTRODUCTION

Corruption is a widespread issue that is facing Pakistan and the world at large. It is an act that involves the abuse of one's power for personal gain and can be practised in the public and private sectors. It is a behaviour that exceeds the authorised legal acts, behavioural standards or the rules of a company or an individual employed in the civil service or private sector. A person who engages in corruption does so in pursuit of personal or private benefits causing harm to the government or private entity (Khan 2016, 195). Corruption negatively affects the image of a country and its ability to implement projects. Similarly, it has long term effects on the growth and development of the country and its ability to offer critical services and meet development goals (Jackson et al. 2014, 1068). The changing nature of the vice, therefore, calls for the development of appropriate strategies that can be utilised to control the practice. The effects of corruption on the society and the country at large led to the desire to understand corruption in Pakistan and its impact. It is for this reason that this paper tries to develop a theoretical background that can also be utilised to understand corruption in Pakistan and to develop countermeasures that can be used to deal with the vice. This paper will examine the cultural, institutional, and political factors in the nation and their impact on corruption.

Corruption is a serious issue not only in Pakistan but in different countries worldwide (Khan 2016, 195). It is an issue that continues gaining widespread attention as governments, international organisations and businesses try to understand the concept with the aim of devising appropriate strategies that can be used to address the issue. The adverse long-term effects of corruption, therefore, raise the need to understand the concept so that measures can be instituted to counter the negative impact. Corruption negatively affects the image of the country and its ability to deliver services. Consequently, it is critical for different stakeholders to understand corruption and address the issue in the future. As a result, the researcher will use the case study of Pakistan to reveal how corruption is a serious problem in many countries in the world and also suggest methods of eliminating the vice. This paper will examine the issue of increased levels of corruption in Pakistan and show how the vice has widely spread in the nation. In examining this problem, the causal factors that promote corruption in the county or make it possible will also be identified. The paper will focus on analysing government organisations and public efforts in order to determine which

of these departments are more vulnerable to corruption. It will then go further to analyse the effectiveness of various control mechanism placed in Pakistan to help reduce the problem, more specifically, it will focus on the anti-corruption agencies and then recommend the best methods to combat corruption in Pakistan.

The main research questions of this paper are as follows: 1) how has corruption in Pakistan evolved over the years and which areas in the Pakistan government have been vulnerable to vice? 2) What are the causal factors that have promoted corruption in Pakistan and how does it promote other crimes? 3) How does corruption affect Pakistan society and what measures have been placed over the years to reduce corruption in Pakistan government? The first research question will be answered by examining the history and rise of corruption in the colonial era to the present years, which will also help identify sectors that have been affected most. The second question will be answered by analysing various theories that have been proposed by scholars on causes of corruption and then discussed in the perspective of Pakistan. The final research question will be answered by analysing numerous resources that discuss the corruption mitigation strategies used to reduce the issue in Pakistan and then suggest more applicable technique.

The research paper will utilise qualitative research methods to analyse the historical background of corruption in Pakistan. The study utilised a descriptive case study approach, which intensively analyses the issue of corruption in Pakistan through an in-depth analysis of existing studies, government and international organisation report. A case study was the most appropriate tool as it allows the examination and understanding of the complex issue which in this case is corruption. This study requires an in-depth holistic investigation of corruption hence necessitating for use of this approach. According to Hardwick (2016) case studies are used to answer the questions of how or why. In this case, it will help to answer the question of how and why corruption occurs and how it influences the economic and political development in Pakistan. Hardwick (2016) further notes that the tool has become a widely recognised tool and is used in sociology and political studies. Studies using this method include studies include such as Houston, (2007), Wyatt et al. (2018), and Phuong (2017). Through a case study, an individual is able to go beyond the scope of the quantitative statistical data and results and understand the causal factors as well as the behavioural

a condition that promotes the vice. Overall, it explains both the process and its outcomes through a thorough investigation of the case (Hardwick 2016, 3).

The research method used for the completion of this research study included a theoretical analysis and a comparative analysis of various sources discussing the issue of corruption Pakistan. The method will also include an extensive examination of international experiences through various suggested materials including peer-reviewed journals, book chapters, and government documents. This was the most suitable method for study as there is a wide range of literature available on this subject and it is easy to access it from the Internet and library. In addition, through an in-depth review of the existing scholarly studies to the researcher will be able to understand the concept of corruption and to determine the most appropriate ways that can be used to address corruption. The review of literature will also focus on the different types of corruption. The paper will identify theories of corruption and the factors that motivate individuals to engage in corrupt activities as outlined by different scholars. It will also evaluate the effect of institutional factors, cultural, political and country-specific factors that promote or support in the fight against corruption.

The paper will include the historical background of the study, which will discuss the history and roots of corruption as well as outline various types of corruptions experienced in the country. It will then discuss the causes of corruption and provide various theories that explain the causes of corruption. It will also include a detailed examination of corruption and its effects, a conclusion and recommendations on what Pakistan should do to address corruption. The conclusion will restate the aim of the paper, the findings from the literature review, and points of the proposition.

Pakistan was selected for this study due to the fact that according to Transparency International (2018), it is ranked as the 58th most corrupt country in the world, and the rate of the issue has been increasing fast over the years. Hence, discussing these issues with respect to Pakistan will provide a broader view of corruption in the world. The country also provides a better example of the effects of corruption on a country, which helps understand its effects on other nations.

1. ROOT OF CORRUPTION IN PAKISTAN

In an effort to analyse the effects and factors that promote corruption in Pakistan, it is important for one to undertake analysis of the historical roots of the nation, including social and political systems so that they comprehend how it affected and shaped the current problem. The chapter below presented and analysed the history of Pakistan mainly focusing on the political shifts in the country. The chapter will then review the theoretical approaches to the causes of corruption. By understanding this theory, the researcher was able to create a model that reveals the causes of corruption in Pakistan.

1.1. Background

According to Ismail and Rashid (2014), the levels of corruption in Pakistan are still high despite the law enforcement, judiciary civil servants, the business sector and other office bearers engaging themselves in corrupt activities. According to Transparency International (2017), corruption is rampant in Pakistan despite the presence of a legal framework established in 2002 to curb the vice. Transparency International further notes that government employees and people in the procurement and law enforcement engage in small scale corrupt activities that are difficult to counter. The literature identifies a strong link between corruption and the history of the country, with some authors tracing corruption to the time when the country was established. Widespread corruption, therefore, continues existing despite governmental efforts to address it (Javaid 2010).

Pakistan has for long dominated the list of the most corrupt countries around the world. The country, however, has seen significant improvements in the ranking for the past eight years. Nevertheless, the fight against corruption has been slowed by political instability in the country, which has weakened institutions charged with the responsibility of fighting corruption (Shahzad, Mithani, Al-Swidi and Fadzil 2012). Corrupt activities by the law enforcement officers, government officials, and other key players continue to taint the image of the country. The following figure shows the corruption perception index of Pakistan by Transparency International. The data reveals that Pakistan is ranked number 117 as the least corrupt country out of a total of 175 countries, conferring to the CPI (Corruption Perceptions Index) conducted by the by (TI) (Transparency International 2018). The

figure further shows that the corruption rank in the country was averaged at 109.04 from 1995 to 2018, but reached the highest level of 144 in 2005, and recorded the lowest of 39 in 1995.

Corruption perception index of Pakistan

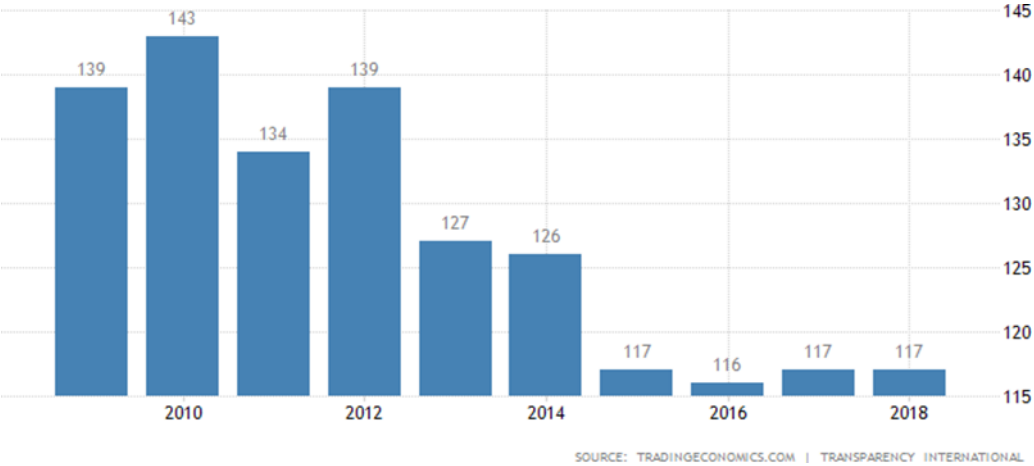


Figure 1.

Source: Transparency International 2018

Pakistan has been through a tough road to democracy since 1947. Ever since the country has been through a series of regime change with the military taking over from democratically elected governments like in 1999 (Ali 2018). The democratic government then took over in 2008 with the election of Asif Ali Zardari. The government then engaged in a series of constitutional changes. The 18th amendment, for example, bestowed more power on parliament and reduced the powers of the president (Ali 2018). The 2013 general election ushered in the Muslim League Party and Nawaz Sharif a former minister was elected. The new government’s priority was to fight corruption. However, despite the pledge by the government to fight the vice, corruption is still viewed to be extensive. The country has featured in the corruption perception index by Transparency International since 1995 and continuously ranks high in relations of corruption.

1.2. Forms of corruption in Pakistan

Analysis of empirical evidence on corruption reveals that they are different forms of corruption and that it is a multifaceted issue with several causes and effects. The act ranges from single illegal payments to the breakdown of the economic and political system or individual or cultural and moral problem. The practice in Pakistan varies from minor to grand and also includes widespread political and financial corruption misuse of power and nepotism. Corruption is widespread from an individual to a countrywide scale. According to Transparency International (2017) recent governmental commitment to fight corruption in Pakistan has not contributed to significant improvements, since the country continues to perform poorly in the international front. The country has been featured in the corruption perception index from 1995 and has remained in the list of nations that are alleged to be most corrupt. Corruption in Pakistan, therefore, takes different forms from petty and bureaucratic to large scale, political corruption. The sectors that are most vulnerable are the police, public officials and the Judiciary.

1.3. Areas in Pakistan vulnerable to corruption

Analysis of two key studies Chene (2008) and Javaid (2010) reveals that there exist different forms of corruption in Pakistan including petty and bureaucratic corruption which involves the payment of bribes to circumvent the delays caused by the bureaucratic system (Chêne 2008). Similarly, public officials solicit bribes and promise to speed up some of the current practices (Chêne 2008). Pakistan has an elaborate structure that covers the administrative duties, but the implementation is a critical issue. Political corruption has also significantly increased following the democratisation of the country, and several high-profile officials participate in corrupt deals.

The amount of loss to the national exchequer due to corruption in Pakistan is approximately Rs. 200 billion annually (Javaid 2010). Javaid (2010) further notes that losses are triggered jointly by all government institutions and departments. Nonetheless, the most noticeable amongst all the groups as

per the survey by the Transparency International Pakistan (TIP), are the Police and Law Enforcement agencies, Tax and Customs, Power Sector, Judiciary as well as Legal Profession. Others include Health and Education and Land Administration. The table below shows the ranking of the departments with respect to corruption level as shown in the survey.

Table 1. Pakistan National Corruption Perception Survey

S. No.	Years		
	2009	2006	2002
1	Police	Police	Police
2	Power	Power	Power
3	Health	Judiciary	Taxation
4	Land	Land	Judiciary
5	Education	Taxation	Custom
6	Taxation	Custom	Health
7	Judiciary	Health	Land
8	Local Govt.	Education	Education
9	Custom	Railway	Railway
10	Tendering	Bank	Bank

Source: Javaid (2010, 125)

According to Fasihuddin. (2010), there have been increased levels of corruption in the police departments, which has even been ranked the first in the corruption classifications in the country. The author further notes that in a survey carried out by Global Integrity shows that police appointment is frequently based on political connections. As a consequence of being awarded jobs, most police officers have a conflict of interest because they are required to show loyalty to the individuals who appointed them and also their families. Fasihuddin. (2010) further argues that it is true that police appointments in the country are greatly determined by powerful landlords in various regions.

The judiciary is also considered amongst the most corrupt departments in Pakistan. Chêne (2008) notes that a study carried out by TI Pakistan 2006, revealed that approximately 96% of individuals who sought services from this sector experienced corruption while 44% of them claimed that they were forced to provide bribes in order to receive the services they needed. Judiciary is also denied its

freedom from the executive which greatly contributes to the culture of impunity within the institution. Furthermore, the process of judge selection similar to that of the police is controlled by politicians within the country who only aim to pursue their personal interests. Even though there are so many issues within the judiciary, the institution has been shielded from an investigation from Pakistan's national anticorruption agency, and the National Accountability Bureau. In addition, Pakistan's public finance and tax sector have also been accused of rampant cases of dishonesty. According to a study conducted by the World Bank's 2004, the Public Expenditure Management report, in Pakistan revealed that increased level of a conspiracy between tax officers and taxpayers in an effort to evade tax payment (Chêne 2008). Furthermore, in a financial accountability assessment compiled by the World Bank in 2003 revealed that, even though positive development had been made in the public sector's accountability, there still existed major gaps as well as weaknesses in the country's financial accountability chain. "These have arisen mainly from low institutional and staff capacity and uneven implementation of reform measures" (Chêne 2008, 5).

1.4. Theories of corruption

The focus of this section is to critically reflect on the theories that explain the causes and conditions that promote corruption. Understanding and explaining these theories is critical for this study of corruption in Pakistan. First, it clearly reveals the reasons for the existence of this malfeasance in Pakistan society and also provides significant insight for developing strategies to combat the issue by removing the causal factors (Noor 2009, 78). By comprehending the causes, one is able to identify how and where specifically to intervene in an effort to optimise and reduce the vice. Noor (2009) further argues that just as there are verities of corruption, there also exist multitudinous causal factors of corruption. As a result, many explanations are provided, and hence it is problematic to categorise them in a systemic approach.

1.4.1. Public choice theory

According to Schinkel (2004), the independent variable looks at the individual who makes a rational decision leading to a predetermined outcome. A corrupt individual tries to maximise his utility. Such a person is portrayed as rationally calculative and decides to be corrupt when the benefits far outweigh the outcomes of being caught. An individual will, therefore, choose to be corrupt if the benefits accrue from fraudulent activities exceed the penalties. The actions of dishonest individuals are influenced by a conscious weighing process of an individual who makes rational calculations based on the means and the end (Schinkel 2004, 5). The public choice theory is close focused; thus, it focuses on the corrupt individual who determines the pros and cons. In the case of Pakistan, an office bearer, for instance, can decide to engage in corrupt deals as long as the benefits outweigh the cost. This theory, however, has some shortcomings; for instance, it starts from the moment that an individual questions whether they would like to be corrupt or not (Schinkel 2004, 10). If an individual makes such calculations and does not engage in the act, then it is prudent to determine whether such an individual is masking the wrong prediction.

1.4.2. Bad apple theory

This theory deals with the corrupt individual to decide the causal factor for corruption. The approach examines the origins of corruption in people with moral issues or bad apples (Graaf 2003). There is a strong relationship between evil characters and corrupt acts. The defective character, in this case, causes corruption. Such causes are rooted in the weaknesses of an individual. The theory focuses on the faults like the greed of an individual which is assumed to affect the behaviour of such a character. The defective nature of an individual determines the response. People in this case act on moral values and the wrong values lead to corruption (Graaf 2003). The main concern is whether moral values assess behaviour. In the case of Pakistan, individuals with moral issues are likely to engage in corrupt activities since the weakness in their morality drives them.

This theory, however, is currently less popular with past researchers assuming that corruption can quickly be addressed by eliminating the corrupt individual. Current literature has shifted the

perception and taking corruption as a universal phenomenon or one that establishes a long-term concern. The bad apple theory is usually applied in literature, but researchers mostly theorise its assumptions. A corrupt individual could be interested in higher social standing, work pleasure, excitement or a cure to the frustration faced in the workplace as opposed to material gains only. An agent, for example, can legitimise or rationalise corrupt behaviour which according to them is not the case.

1.4.3. Organisational cultural theory

Some authors are less interested in the motive or background of a corrupt individual. Such writers, however, focus on the structure and culture of an organisation. This theory looks at the macro level and not at the micro level of a corrupt person. According to this theory, there is a causal path from the culture of an organisation or a group culture that affects the mental state of an agent. The failure of established structures and not the character of an agent encourage corrupt individuals to engage in such acts. Corruption according to this theory is deeply rooted in the group and organisational culture (Graaf 2007, 51). This theory allows for a clear understanding of the group dynamics from minor to deviance. It provides for the transition from a group culture to a mental state leading to corruption (Graaf 2007, 51). However, there are shortcomings in theory since not all members of an organisation are corrupt. The argument, therefore, identifies the conditions that enhance corruption. It identifies the facilitating factors that strengthen a causal relationship and does not focus on the corrupt individual (Graaf 2007, 51). It does not explicitly define the causes of corruption but clearly states that perpetrators act on the dynamics of the organisation. The way of doing, thinking and feeling in an organisation affect the behaviour and decisions of an individual.

1.4.4. Clashing moral values theories

It is critical to distinguish between the role of the public and private sector in corruption. This theory examines corruption from a macro level specifically from the viewpoint of the society. It appreciates the fact that society at large influences the culture of an organisation. According to Syaer (2000), clashing moral values and organisational culture theories have some overlaps. Norms and values in

the social influence those of an individual affecting the behaviour of an official; thus, they end up being corrupt. He further notes that there are no significant differences between an individual public and private role in society. Morality, therefore, can cause behaviour change leading to corruption. Values can determine an individual's; hence theories of corruption consider the influence of values in one's behaviour. An official can be corrupt out of obligation to family or friends or to fulfil personal duties.

1.4.5. The ethos of public administration theories

Closely related to the organisational culture, this theory concentrates on the culture in public management as well as society. It considers corruption from the perspective of society. It focuses on the levels of an organisation rather than at the individual level (Graaf 2007, 56). The theories consider the economic and political structure with the performance of an official having a causal relationship from pressure exerted by society to the different levels of an organisation. Lack of attention to integrity coupled with the pressure from the society leads to corruption.

1.4.6. Correlation theories

This theory is more concerned with the research on the characteristics of corruption rather than the causes. Such arguments concentrate on specific factors linked to political, individual and organisational. The study considers different variables at all levels (Schinkel 2004, 8). Such factors are the causes of corruption in the country and can be examined further to determine their relevance to the current study.

From the researcher perspective, the correlation theory best fits for this study as it leans more towards understanding the characteristics of corruption rather than the individuals involved in it and the causes. By understanding the nature of corruption in a given country, one can easily understand where it originates and the reasons it occurs.

2. CONCEPTUALIZING CORRUPTION

Further analysis of available empirical evidence suggests that corruption is promoted by a wider range of factors. According to Huberts (2010), the concept of corruption is seen among the most multifaceted and problematic to understand because there exist different understandings and ideas on what constitutes corruption. Nonetheless, without a clear and deep analysis of the concept, it is not possible for one to develop effective measures to counter corruption. Furthermore, taking note of the varying facets of corruption, which include social, moral, political, and economic, numerous different interpretations have been presented by researchers. Huberts (2010) notes that in order to comprehend the causal factors it is critical to understand how anticorruption agencies operate, as well as their success and failure over the years in a given nation. This chapter reviewed the relevant literature in corruption and its controls by clarifying this concept as utilised in the study. It will then go further to discuss the types of corruption and their causal factors.

2.1. Definition of corruption

There is a limited empirical debate on corruption. A considerable literature has concentrated on the concept with little having been done on its practical definition. However, Philp (2016, 67), notes that the definition of corruption as the misuse of public office for personal gain has been accepted by many scholars. Nevertheless, analysts rarely allocate any discussion to justify this conceptualisation. According to Bussell (2015), there should be significant discussion or debate on the idea of corruption. Nonetheless, Gardiner (2017) postulates that the definition of the term in respect to the abuse of public office does not give adequate comprehension of how different forms should be distinguished and as a result comprehensive consideration of the variation should, therefore, be performed to understand the concept.

Corruption can involve the exchange of benefits and rewards through agreement. Furthermore, it may involve personal violating existing norms and values (Huberts and Graaf

2014). Individuals engaging in corrupt acts develop an intimate, hidden and close community that secretly helps them to agree on the shady deals and benefit from the exchange relationship. The international monetary fund and the World Bank define corruption as an act of abusing a public office for personal gain. Transparency International (2017) defines corruption as an act of harming one's entrusted power for personal gain. The various definitions bring out the same idea with some descriptions incorporating the private sector

However, Philp (2017) provides a clear definition of a bribe by examining the different types of bribes which are given by people to receive what they are entitled to and bribes given for big development contracts by the government. The same perspective is held by different researchers who differentiate between extortive and transitive corruption. Ogoloma (2012) notes that understanding the differences between the two provide a clear distinction of the givers of such bribes who have a right to the service they receive upon giving a bribe and those who are unlikely to win the service or contract even after offering the bribe. The legal and underlying incentive of the giver of such bribes differs for the two forms of inducement (Ogoloma 2012). Corruption can also be grand or minor with the former being paid by politicians or multinationals for policy issues and as payoffs. Petty corruption involves the types of bribes paid to officials to speed service delivery or to bend the rules (Bussell 2015). Corruption can also be wholesale or retail which is concerned with macro scale and many small bribes.

2.2. Typology of corruption

Corruption takes different forms implying that no single approach can be used to describe the act. Researchers and scholars are also finding it hard to determine the behaviours that should be included from corruption to obtain a clear understanding of the concept. Different researchers have classified corruption in various ways ranging from subjective intentions like gaining power, economic gain, social motives, opportunism, and self-enrichment. The act can be passive or active and is determined by the decision maker. Khan, Saeed, and Arif (2018) categorised corruption from a political, economic and public administration perspective. According to the authors, corruption can take different forms ranging from bribery, fraud, extortion, embezzlement, trafficking, kickbacks, nepotism, cronyism,

favouritism, speed-money and pilferage. The authors further categorised corruption as the misuse of time, theft of material, bribery, conflict of interest and abuse of the office. According to Philp (2017), corruption can be classified into a number of ways including bribery, embezzlement of public funds, conspiracy, fraud, theft, abuse of discretion, nepotism, clientelism, and patronage. The list is endless and for purposes of this study, the researcher will not only concentrate on the severe corruption-related issues but also other less pressing issues like the misuse of resources and authority.

There are several ways that different types of corruption can be differentiated with each approach being used for unique purposes. It is vital to note that there is none that can be applied for all purposes. The discussion of the concept of corruption is diverse, and therefore, clarity is required in the study of the diverse forms of corruptions under study. It is possible to deal with a single typological tradition for example by distinguishing between grand and petty corruption (Bussell 2015). According to the author, literature has not identified the diversity in the issue under discussion. Diverse typologies of corruption can, therefore, provide more insight for analytical work.

Despite the presence of different typologies of corruption, there is no consensus on when or whether they should be used. Lack of agreement on this issue causes severe problems since the understanding of corruption both empirically and theoretically, needs a consensus on the operationalisation of the concept. Thorough knowledge of the different typologies of corruption is critical since there are limitations in the usage of typologies in the current literature. Such restrictions apply to specific and general analytical tasks. Available literature ignores variations in corruption and only analyses a single form of corruption as opposed to categorising to different types.

2.3. Causes of corruption in Pakistan

The typologies of corruption discussed earlier have different causes that can be challenging to classify systematically. The complexity of the concept makes it difficult to present a comprehensive account of the causes. Sources of corruption can be psychological, economic, political, ideological, external,

technological and social-cultural. Corruption significantly varies among individuals, organisational culture, public agencies, and geographical regions. A combination of social, political, economic, individual and corporate factors is critical in the understanding of public corruption. Graaf (2007) identified six causes of corruption. The author differentiates between corruption in low-income countries and the higher income countries. Examples in low-income countries include low salaries and poor working conditions.

The main cause of corruption in Pakistan can be mapped out from the political and socio-cultural matrix of the Pakistani society which is currently being faced with a continuous loss of identity as well as the value system (Javaid 2010). Furthermore, given the wide view of corruption by various scholars as observed above it becomes difficult for one to determine the particular causes of corruption in a given country. Nonetheless, Javaid (2010) notes that in a Perception Survey conducted by the Transparency International Pakistan in 2004, revealed that there are several major causes that have contributed to the rise of corruption in Pakistan. This causes will be summarised in the table below.

Table 2. Causes of Corruption: Survey Summary

Lack of Accountability	31.68%
Low Salaries	16.54%
Monopoly of Power	16.43%
Discretionary Power	12.61%
Lack of Transparency	9.97%
Power of influential people	4.59%
Red Tapism	4.28%
Others	4.9%

Source: Javaid (2010, 126)

Corruption in Pakistan acts as an incentive for public servants and other lowly paid employees. Through corruption, one can reduce the transaction cost and save the time spent by the applicant. According to the national corruption perception survey conducted by Transparency International in 2009, the main reasons that contribute include lack of transparency, lack of accountability, monopoly power, discretionary power, strong demand and supply, low salaries, red tape and power of influential

people (Sayeed 2010, 12). According to Iyanda (2012), the causes of corruption include abuse of power, the incompetence of political leaders, wages and salaries, lack of transparency, inadequate internal and external control, poor legislative accountability, and weaknesses in the judicial system, culture, influential people and inadequate programs to address corruption.

In addition, politicians and other high-ranking officials often create policies which favour them at the expense of the other citizens. These policies may also favour their business or those of their families which eventually creates monopolies and oligopolies that may prevent healthy competition and overall cost the government a lot of tax revenue which would have been collected under fair environments (Sherazi et al. 2013). It is because of the too much power and wealth accumulated by a few cartels and political leaders that they are able to control most of the government operations as well as policy-making processes which further provides a conducive environment for the vice to grow further.

3. EFFECTS OF CORRUPTION IN PAKISTANI ECONOMIC AND POLITICAL DEVELOPMENT

The main purpose of this section is to show the economic and political impacts of corruption in Pakistan. Nonetheless, before starting the discussion, it is critical to comprehend the meaning of the term development. Development is defined as the process which establishes positive change, growth, progress or causes the addition of social, economic, physical, environmental, or demographic components (Dimant and Tosato 2017). In the case of economic development, there exists various scales and units which can be used to measure positive change. Whereas in political development it is difficult to define the units used to describe growth. Nonetheless, many scholars have noted that are many definitions of political development. According to Hubert (2010), political development can be classified in terms of democratic, legal, and administrative development. In other terms, it describes the growth in the capacity of a given social government structure as well as processes to maintain the wellbeing of its citizens. This section will be divided into two key categories: effects of corruption economic and political develops.

3.1. Effects of corruption for economic development

Corruption often serves to benefit a few people in society financially but in the real economic perspective it causes a net loss to the Pakistani society in regards to the reduction of funds available for development, increase in the cost per unit of resource source, and also increase in the suffering of the weak section in the society (Farooq et al. 2013; Chêne 2008).

According to Farooq et al. (2013), the increase in corruption levels in Pakistan in respect investment budget has caused a reduction in the rate of return to new investment within the country and also affected the rate of return from already existing infrastructures. As noted earlier in chapter one, many of the government institutions have been faced with rampant corruption including land and banking, and as a result, most of their investments are distorted by vice. In most cases, it will be observed that

projects will cost more than they are required to and as a result, there will be a reduction in the resources available to steer other

developments in the country (Otusanya 2011). More frequently, new projects are introduced even before the existing ones are completed, and as a result of most of the old ones are left to deteriorate. In other situations, the corrupt individuals may even propose the new systems should be rebuilt allowing them to introduce additional commissions which end up in the pockets of a few people. Overall, corruption greatly influences the economic development of Pakistan by significantly reducing the efficiency of public investments by directing funds in unneeded projects and also affecting the existing infrastructures which are critical in the economic development of the country.

Apart from affecting budget investments, corruption also significantly affects budget revenue, which is significant for the future development of the country. Tax evasion and poor accountability in tax management are one of the main issues facing Pakistan today. In most cases, the tax collected is lower than the estimated tax returns from specific regions. Chêne (2008) notes that most of the business individuals in the country opt to evade tax and as a result, they collude with tax officers for their taxes to be reduced. The tax or customs officials are given bribes, and in return, they provide the businessperson with formal certificates that exempt them from tax duty. In other cases, citizens also pay low-level officers in the tax offices in order to be provided with the same treatment. This eventually leads to large deficits in the budgets.

Farooq et al. (2013) note that the large deficits in the budget have serious long terms consequence to the development of the nation. Due to the high deficits, it becomes hard for the government to reduce the cost of living as they are forced to raise taxes to cover for the deficit. Furthermore, the deficits will also affect the long-term economic growth of the country as most of the federal savings will be used to pay for the deficits. According to the Global Competitiveness Report (2015), the Gross Domestic Product of Pakistan has not grown due to high corruption levels as sin in the graph below. In addition, large deficits can result in higher interest payment in the near future (Farooq et al. 2013). As a result of the debts already accumulating due to the high deficits, the next government is always left with the problem and, hence, they are required to place large amounts of government resources to accommodate this deficit while ignoring to provide services to its citizens.

Furthermore, the widespread corruption in Pakistan also influences the economic environment by establishing a significantly high risk and uncertainty when it comes to business transactions. In search of a case, it becomes difficult for businesses to flourish (Sherazi et al. 2013). Business becomes hard due to the fact that business has to deal with eroded institutions within the government as well as corrupt politicians who formulate business policies in the country. It becomes harder for a business to operate and succeed in an uncertain environment. This insecurity in relation to the country’s local politics greatly reduces the incentives for direct investment. Furthermore, the rampant trends in corruption in Pakistan have also affected business ethics in the country (Haider, ad Din and Ghani 2011, 778). In the nation, stockpiling, black marketing, hoarding, and hoodwinking the regulators have become common trends. These issues are related to the corruption cases in the country which has forced businesses to also adapt in order to survive in such a harsh environment.

GDP per Capita in Pakistan since 1990 and 2012

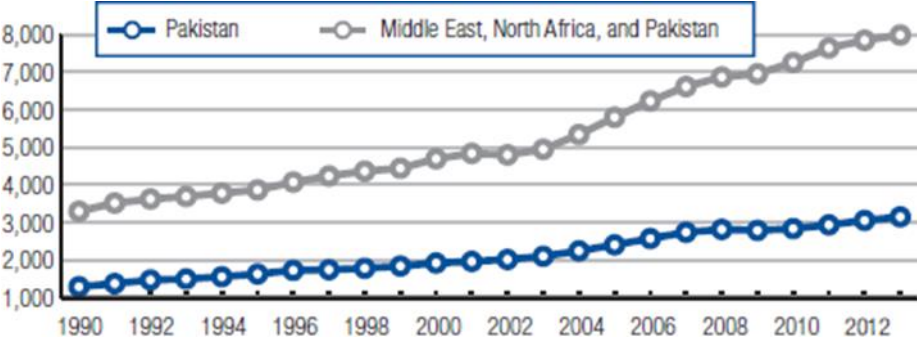


Figure 2.

Source: Global Competitiveness Report (2015)

3.2. Effects on Political Development

Corruption dissipates one of the most critical assets of political legitimacy in Pakistan, which most governments in the world try to maintain and also build on. According to Jackson et al. (2014), one of the major tasks of any government, the regime is to build its own legitimacy which allows them to gain the support of the citizens when it comes to top development matters. The Pakistan government has failed to regulate corruption, and hence it has failed in protecting the legitimacy of its political structure which has resulted in national disintegration and instability (Ismail, Rashid 2014). Citizens do not trust the government as well as all the structures available which cause serious issues.

Corruption also threatens Pakistani democratic development. As a result of corruption, people exist in very poor social-economic conditions which greatly influences the process of democratisation (Jackson et al. 2014). As noted above corruption affects tax and customs administration, social spending, and greatly destroys the legitimacy of the current political system which affects economic and political development. Furthermore, due to high levels of corruption, the ordinary citizen may have no say within a government as the politicians they elected to represent only the needs of a few powerful individuals. In addition, party tickets today are also being bought and sold openly and this issue continues haunting the voters. As a result of this practice there exist dominance of the political arena by criminals such as drug barons, hoarders, and black marketers who have been allowed to operate freely because of their political connections (Jackson et al. 2014). These individuals in many cases snatch away the true representation character of an elected leader through the democratic process.

Furthermore, because the political scene in Pakistan is filled with corrupt people, who have huge connections with the government, there is a breakdown of law and order as police and judiciary are unable to do their work properly because of the pervasive nature of corruption. Therefore, the criminal masterminds are able to get away with any crimes as there are no effective laws and systems to regulate them and they can easily bribe the police. This issue further led to the increasing crime incidences including drug dealing, murder, stealing, and black markets among many others in all levels which further causes misery and suffering to the common people.

4. STRATEGIES TO REDUCE CORRUPTION IN PAKISTAN

This chapter will discuss the policies that have been implemented to help eradicate corruption in Pakistan by analysing available literature on the same. Furthermore, based on the understandings of the different causes of corruption in the country, suggestions will be provided on the best solution to help curb the issue.

4.1. Corruption control measures in Pakistan

A number of studies have also analysed various methods that have been implemented in Pakistan to help curb the practice. One of the major studies was by Javaid (2010), who claims corruption in any country or organisation can be curbed through the presence of the control and monitoring process. Javaid (2010) notes that provincial Anti-Corruption Establishment in the 1960s and the Federal Investigation Agency was created to help in the fight against corruption in the public sector. Nonetheless, Khan (2016) argues that it was discovered that the anti-corruption sector of the police was the most corrupt in the country. As a result, corruption grew rampantly, and the government was no longer able to control it. Javaid (2010), however, summarises that the most serious attempt to fight against the vice at the state level was observed in 1996 under the 2nd Benazir where the servicing President Farooq Leghari created the Ehtsab Commission. His effort was further supported by the next government but failed due to moral issues relating to the exercise. Khan (2016) also notes that several important bodies have been established over the years to help curb these National Accountability Bureau (NAB) in 1999, and the Public Procurement Regulatory Authority" (PPRA). Nonetheless, all these bodies failed because of the high levels of corruption had penetrated the government.

The National Accountability Bureau is the Apex institution responsible for fighting corruption (Khan 2016, 196). It took over all the powers of anti-corruption agencies that operated in the country since independence. The agency has the authority to conduct investigations even if a different body was

doing the same. The agency is autonomous thus not under any ministry. It is responsible for verifying complaints, inquiring and then investigating the issue. NAB faces significant challenges in dealing with corruption. Some of the common issues include lack of political will, adequate personnel, and financing issues.

The anti-corruption institutions are authorised with the duty of investigating cases relating to corruption (Ali 2018). ACEs deals with corrupt public officials in different provinces. ACEs complement NAB and focus on public service corruption. The Federal Ombudsman addresses complaints from individuals as opposed to systematically dealing with corruption. It tries to deal with the injustices from a provincial agency, government official or maladministration (Ali 2018). The auditor general is responsible for investigating official accounts. Anti-corruption laws in Pakistan are the Prevention of Corruption Act, in 1947 as well as the National Accountability Bureau Ordinance, in 1999. The two legislations, therefore, address corruption cases.

4.2. Recommended strategies

No single model can be used to address corruption in Pakistan as it has a multifaceted character and the laws available do not help in reducing the vice (Sayeed 2010). However, there are different models from historical experience and contemporary practice that can be utilised in the control of corruption. According to Rose-Ackerman and Palifka (2016), there exists a wider variety of tools and models which can be utilised in fighting corruption, but they vary and hence, cannot be applied in general or worldwide. The fight against corruption can, therefore, be understood better by focusing on the approaches used by researchers or institutions to fight corruption or learning from the experiences of others. The second approach tries to establish how such countries dealt with corruption becoming models that can be used in the fight against corruption.

According to Ahmed and Basit (2012), there are various approaches that can be used to address corruption include reducing transactions performed by public officials, reducing the gains from such transactions; increasing penalties for corruption-related acts. Ahmed and Basit (2012) note that

corruption can also be handled by paying the civil servants' adequate amounts of salaries, which can help to significantly change the attitude of the citizens.

Furthermore, Ahmed and Basit (2012) further suggest that people in power often have too much control which enables them to get away with corruption. It is, therefore, critical that various laws that restrict the power of these political leaders should be introduced and implemented. There is also a need for enhancing political transparency and separation of power in the different arms of government. The judiciary should establish repressive procedures that promote harsher penalties and also the establishment of the anti-corruption agencies.

Transparency International (2017) proposed pillars of National Integrity System a multi-layered and holistic approach for combating corruption. NIS proposes that issues of contemporary concern on governance should be dealt with holistically. The NIS approach deals with the legislature, the executive, an independent judiciary, the attorney general, the ombudsman, anti-corruption agencies, the public service, the local government and the media in addressing corruption (Transparency International 2017). Other key stakeholders include the civil society, international actors and the private sector.

Some countries have adopted best practices that can be used in the fight against corruption. According to Quah (2015), China, Singapore, Hong Kong, and Korea, for example, have best practices that have led to their high ranking in Asia in the fight against corruption. Quah (2015) notes that some of the approaches used by the countries include not relying on the police department to control corruption but establishing an agency that is dedicated solely to fighting corruption. It is critical that Pakistan should also have inclusive anti-corruption laws that specify the powers of the officials and such legislation should be reviewed occasionally. The anti-corruption agencies should have adequate funding and staff to ensure that it can investigate, educate, and prevent corruption. It is also critical that re-tapes should be cut to reduce the opportunity for corruption. Public agencies should also be reviewed periodically to address corruption. The vice should be made a high-risk, low reward activity by punishing the culprits.

CONCLUSION

The paper argues that corruption in Pakistan is a serious issue that can have continued to affect service delivery by government agencies and other public officials. As noted above, different forms of corruption exist in Pakistan including petty and bureaucratic corruption which involves the payment of bribes to circumvent the delays caused by the bureaucratic system. Similarly, public officials solicit bribes and promise to speed up some of the current practices. Pakistan has an elaborate structure that covers the administrative duties, but the implementation is a critical issue. Political corruption has also significantly increased following the democratisation of the country, and several high-profile officials engage in corrupt deals.

Similarly, the private sector is not spared of the vice as individuals engage in underhand dealings to speed up processes that are intentionally delayed promoting the vice. The country has consistently underperformed in the general indicators that measure corruption. Government efforts to deal with the issue have not born significant results, and the country continues to perform marginally in the global front.

It was claimed that corruption in the country is mainly caused by the political and socio-cultural matrix of the Pakistani society which is currently being faced with a continuous loss of identity as well as the value system. In that, the Pakistan society is losing its values and people have now turned corruption into a normal practise. Various civil servants who receive low pay are forced to take part in this vice in an effort to gain incentives. It becomes hard for one to manage the vice as it has grown to be part of society. Political leaders as well are being controlled by the rich and powerful cartels in the country and being forced to work to fulfil the desires of the people who helped them get or win their political seats. Furthermore, corruption has established itself even in the anti-corruption agencies and these institutions are run and controlled by the same corrupt leaders and cartels which makes it even harder to control the vice. Furthermore, the corrupt cartels, as well as political leaders, have taken hold of the all the government operations as well as policy-making systems where they make laws that help them evade prosecutions and also policies that favour their business. This polices allow them to control markets and hence accumulating more wealth and power.

The effects of corruption in Pakistan are measured using political and economic aspects in effort to understand how corruption affects society. Corruption leads to governmental inefficiencies since corrupt individuals have no -motivation to change the current system. As a result of too much power and wealth accumulated by these corrupt individuals in the country, it becomes hard to formulate laws and policies to help prosecute these people. As a result, the government loses billions of dollars every year causing a deficit in the budget and also increase in the cost of living and the government attempts to fill the budget. Similarly, it affects businesses and the investment climate. Corruption can have a significant effect on economic growth while reducing foreign direct investment. It can also lead to income inequality or poverty while affecting international trade. It also undermines civil and political rights. It affects political legitimacy while creating a shadow economy. Current studies have also identified additional effects ranging from brain drain, fiscal deficit, and human capital.

It was noted that several efforts have been put in place to curb the problem including the formation of anti-corruption agencies and policies. Nonetheless, these strategies have not been effective and met stiff opposition. It is recommended that future policies should aim at reducing transactions performed by public officials; reducing the gains from such transactions; increasing penalties for corruption-related acts. Furthermore, the anti-corruption agencies should be provided with adequate funding and staff to ensure that it can investigate, educate, and prevent corruption.

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