

CORRUPTION AND ITS DEEP IMPACT ON GOOD GOVERNANCE IN PAKISTAN

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Abstract. Good Governance flourish in a necessarily corruption free situation. Pakistan is unfortunately way down on the ladder on this account. Corruption of all magnitudes mega, moderate and petty permeates all tiers of governance and all segments of the society public, private, political, judicial, commercial and even religions. Paradoxically corruption acts as the balancing market mechanism here in a vastly unregulated administrative paradigm. There exists surreal economic rationale for this give and take at the individual level but economic cost to the society is stupendous. Corruption severely impacts the life of the citizens through less returns on resource use and adds manifold to their cost of living. Genesis of corruption in Pakistan can be traced to the mega events of 1940s to 1990s and even the current decade. Serious attempts at accountability originating in mid 1990s and fortified on the turn of the century farcically turned into tools of political patronage or victimization. For the last two years there is a practically a legal vacuum at the national level. A host of measures are needed to eradicate this menace. The awareness in the general public and emergence of a strong civil society, vociferous media and a newly independent judiciary all by themselves stand as a guarantee to the success of any future programme of accountability.

I. INTRODUCTION

Corruption defined as misuse of entrusted power for private benefit is unfortunately endemic in Pakistan. No structure, no tier and no office of public sector is immune from it. Its spread is enormous. It has reached every organ of state — beyond executive it has put its claws on judiciary 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

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comity of nations on the scale of corruption free governance. This ranking is not at all enviable or acceptable.

TABLE 1
Transparency International; Corruption Perception Index
Pakistan Score and Ranking

Year	Pakistan Rank/Score	Pak Most Corrupt Rank	No. of Countries Ranked
2009	139/2.4	42	180
2008	134/2.5	47	180
2007	138/2.4	42	179
2006	142/2.2	20	163
2005	144/2.1	16	159
2004	129/2.1	19	147
2003	92/2.5	42	133
2002	77/2.6	26	102
2001	79/2.3	13	91
2000	N/A	N/A	90
1999	87/2.2	13	99
1998	71/2.7	15	85
1997	48/2.53	5	52
1996	53/1	2	54

Source: <http://www.transparency.org.pk/.../CPI2009/CPI20> 2009 Press Release November 2009.doc.

“Corruption manifests itself in various forms in Pakistan, including widespread financial and political corruption, nepotism, and misuse of power. Both petty and grand corruptions are prevalent in the country” (Chene, 2008). Corruption clouds almost all tiers of government; it is all pervasive and deeply entrenched. “The level of corruption in the society ultimately depends on the values and morals of that society” (Vittal and Mahalingam, 2004:237). Over the period acceptability of corruption has rather increased in the society and there is little evidence that people feel guilty about their own role in corruption. The scale of corruption is highest in development projects and procurement (including defense and public sector corporations) and the bank loan write offs. Whereas mega corruption is mainly in development projects, bank loans and procurements which rocks

the foundation of the economy, the common man is more interested in the petty and middle level corruption that he encounters in the daily dealings in the government offices.

According to one estimate the loss made to the national exchequer is over Rs. 200 billion per annum. This loss is caused collectively by all the government departments but the most prominent amongst them as per the Perception Survey carried out by Transparency International Pakistan are:

1. Power Sector
2. Tax and Customs
3. Police and Law Enforcement
4. Judiciary and Legal Profession
5. Health and Education
6. Land Administration

Source: <http://www.prof-pakistan.com/2009/09/24/transparency-international-pakistan-highlights>.

The main features of the Pakistan National Corruption Perception Survey 2009 and ranking in 2006 and 2002 NCPS are detailed below:

TABLE 2

Pakistan National Corruption Perception Survey (Institutions)

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: <http://www.prof-pakistan.com/2009/09/24/transparency-international-pakistan-highlights>.

In the opinion of 5,200 respondents the ranking of ten government departments are (Rank 1 being the most corrupt and 10 being the least corrupt).

II. GENESIS OF CORRUPTION IN PAKISTAN

The roots of corruption in Pakistan date back to the colonial period when the Britishers rewarded lands and titles to those who were their loyalists leading to nepotism and corruption (Awan, 2004:19). Two major crises played a fundamental role in the genesis of corruption in this part of the world; the spiral in the defense related purchases during and after the World War II and allotment of evacuee property after the partition of Indian subcontinent (UNDP, 2002:11). This was followed by industrial and trade licensing and patronage schemes like bonus voucher and route permits in 1950s and 1960s. The nationalization policy of the 1970s created new opportunities for corruption and gave birth to a new breed of corrupt government officers. The decade of 1980s witnessed the surge of corruption in religious and business circles.

The causes of this malady are to be found in the socio-cultural and political matrix of the Pakistani society which presently is faced with a gradual loss of value system and even identity. It is extremely difficult to ascertain the exact causes and their degree in matters pertaining to human psyche and temperament, yet according to a Perception Survey carried out by Transparency International Pakistan in year 2004, the following causes have been determined as the major contributors towards corruption and their estimated degree in percentage terms has also been indicated in Table 3.

TABLE 3

TI – Survey on Causes of Corruption — Mega and Petty

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: NACS – NAB, Government of Pakistan.

Petty corruption is mainly for getting access to public services or to bypass or twist the laws and the rules. Middle and grand corruption pertain to public contracting and procurement.

In a pre-dominantly capitalist economic order and the increasing adherence to principles of free market, rise in corruption and speed money clearly makes an economic sense. Some of the so-called economic reasons can be enumerated as under:

1. Bribe serves as an incentive for the government servants.
2. It is a kind of price that equates supply and demand in every field and office.
3. Paradoxically in many cases it reduces transaction cost for the petitioners/applicants by saving their time and miscellaneous costs on frequent visits.
4. In case of getting contracts, certain concessions or exemptions and buying shares and parcels of privatized firms the rate of return on every unit of bribe is phenomenal.
5. Similarly net gains through bribing the voters, score off the cost of the venture.
6. Payments for getting favourable decisions in civil suits may be only a fraction of the value of the suit. Similarly securing one's liberty in criminal cases involving huge sums has a lot of intrinsic value.
7. "High inequality can lead to greater incentives for corruption" (Yolles, 2008:88).

This is however only the commercial side of it. In the real economic sense it is a net loss to the society in terms of reduced availability of funds for development, artificial increase in cost per unit of resources use and increased impoverishment of the weaker sections of the society. "Corruption and poor governance limit economic growth and retard the development of a healthy private sector" (UNDP, 1997).

Whatever the causes or the rationale behind this massive trend of corruption whether justified or not the fact remains that it has deeply impacted the economy, the society, and the country. Some important areas affected by it are discussed as under:

1. The world economic forum's Global Competitiveness Report (2007-08) identifies corruption as the 3rd greatest problem for companies doing business in Pakistan after government bureaucracy

and poor infrastructure (Sala-i-Martin and Porter, 2008) It is therefore a direct impediment in the way of the Direct Foreign Investment (DFI) which is so badly needed to generate economic activity, create employment, and support the dwindling foreign exchange reserves.

2. With an effective check on corruption national exchequer can easily gain nearly double of the annual allocations earmarked under Kerry Lugar Bill carrying strikingly harsh conditions for national sovereignty and autonomy.
3. The cycle is really vicious rampant corruption in tax and custom and excise collection and WAPDA dues and costly public sector purchases, and inefficient major public sector entities like PIA, Railway, Steel Mill etc. cause a major deficit for the government every year in term of resource generation and expenditure that makes the government borrow from IMF and other foreign and domestic resources which through increased debt repayments broadens the gap and compels the government to increase the price of the utilities like electricity, gas, CNG and petroleum. That takes a heavy toll from the people of Pakistan. Resultantly corruption which is done at far away and much higher places from the common citizens has a direct and deep impact on their lives. Thus act of corruption, whether direct or indirect, close or remote is not innocuous for common man.
4. The country has lost many years of development effort because of eating up of development funds at a very large scale and because of over charging for almost every item of work.
5. Other than the government offices and public sector, corruption has thoroughly permeated the political arenas. Party tickets are openly bought and sold and so does the transaction flourish for hunting or hounding the voters. This has resulted in the dominance of political scene by the drug barons, black marketers, hoarders and speculators who not only have in many cases snatched away the true representative character from the democratic process in the country but who make good their investment in the election process through massive corruption while in power and add to the miseries and the cost of living of the common man.
6. Still worse is its impact on religious circles who sell fake degrees to the needy politicians with impunity, show fake entries of students to

get more Zakat money and sell religion edicts on need basis. At times it appears that the whole structure has been soiled and has replaced scholarship as it is becoming increasingly difficult to find a genuine religious scholar from any quarters.

7. Rampant trends of corruption have also badly affected the business ethics in the country which is devoid of any egalitarianism. Hood winking the regulators, stock piling, hoarding, and black marketing are the order of the day and individual business man, business firms, business groups and sometimes a whole industry is found pegged in these malpractices.
8. And when corruption affects the institution of the last resort that is the judiciary the country loses its track and direction. Absence of a fair judicial system does not affect the individual litigant alone it affects the whole economy where domestic and foreign investments shy away for fear of usurpation and misappropriation.
9. The worst of all is a break down of law and order because of pervasive corruption in police and lower judiciary. The influential, the wealthy and the mighty have a fair chance of getting away with what ever they do if they pay the right price at the right stage. This had lead to increased incidence of crimes of all nature and at all levels.
10. In short the unbridled corruption has negatively impacted all spheres of activity in the country and the whole society has suffered serious blows to its social fabric and working environment.

III. EFFORTS TO CURB CORRUPTION

Corruption can be curbed or limited through the presence of a monitor or a monitoring process (Khan *et al.*, 2004:3). Although provincial Anti Corruption Establishment were put in place in 1960s, and a Federal Investigation Agency was constituted to fight corruption in public sector, it turned out that anti corruption arm of the police is the most corrupt. Slowly and gradually the tendency for corruption gained momentum and got the better of governmental efforts.

The 1st serious attempt to fight corruption at national level was witnessed during the caretaker period after the dismissal of 2nd Benazir government in November 1996 when President Farooq Leghari established Ehtsab Commission headed by a retired senior judge. The effort was intensified by the next government, *i.e.* the 2nd Nawaz government in 1997

through the aegis of Ehtsab Bureau headed by Mr. Saif ur Rehman. The exercise was however taken as one sided and led to the erosion of moral authority for so pious an exercise.

The army government of 1999 started accountability with a lot of fan fare. It established National Accountability Bureau (NAB) with necessary investigation and judicial structures. It announced National Anti Corruption Strategy (NACS). NACS was a three-pronged strategy, viz.

1. Prevention
2. Awareness
3. Enforcement

The National Accountability Strategy announced in 2002 has been in limbo ever since its inception as it failed to gain the required political patronage/acceptance within the NAB establishment, due to lack of support from the donors, and for poor communication and exposure with the general public.

Some new systems were introduced for improving the public sector procurement and a whole new standard operating procedure (SOP) was laid down in the form of a manual by the newly constituted "Public Procurement Regulatory Authority" (PPRA) which over saw all purchases beyond the value of a Rs. 50 million.

The Auditor General's office introduced a new project titled "Project for Improvement in Reporting and Auditing" (PIFRA) with a view to adopt modern formats and technique for financial reporting and auditing.

On the side of judiciary and police it started a \$ 350 million access to Justice Programme for capacity building and knowledge based and improved working environment.

Access to Justice Programme aimed at the following:

- (a) Improving predictability and consistency between fiscal and human resources and the mandates of reformed judicial and public institutions at the federal, provincial and local level.
- (b) Ensuring greater transparency and accountability in the performance of the judiciary, the police and administration justice institutions.
- (c) Providing a legal basis for judicial, policy and administration reforms.

- (d) Improving the efficiency time lines and effectiveness in judicial and police services.
- (e) Supporting greater equality and accessibility in justice services for the vulnerable poor.

Source: <http://friendsofpakistan.net/?tag=barometer-of-corruption>.

The new Police Order, 2002, re-organized the force through separation of force into various branches, bureaus, sections and divisions. The goal was to improve the efficiency, it is to be seen whether it has achieved its objectives or resulted in increased corruption through a wider spread of functions and lack of coordination.

Similarly it is to be observed carefully whether the changes brought in the land administration at sub-divisional, district and divisional level have improved efficiency, transparency and fairness or it has achieved the reverse results. If public perception is any yardstick it is clearly in the negative direction.

The accountability effort was phenomenal with a thumping response from the public and a loud and clear message for the delinquents. But half of it evaporated due to political exigencies of election 2002 and the remaining half became thin air with the promulgation of National Reconciliation Order (NRO) in October 2007.

NRO was the worst law ever made in human history to formalize and legalize mega corruption. There was a significant back sliding in the accountability effort after the announcement of this ordinance. Accountability efforts which had started at a very promising note and with a telling effect especially with the establishment of NAB received set back close to the general election 2002 when the accountability structure was used for arm twisting of the politicians to rope them in for a new Kings Party. NRO was the last nail in coffin.

There has been a great void over the last over 2 years, *i.e.* between the promulgation of NRO in October 2007 and its annulment by the Supreme Court of Pakistan in December 2009. The whole accountability structure was diluted and was rather close to liquidation in that period.

The present government has preferred to let the accountability system remain suspended in the air and practically in the two years of the present democratically elected government there has not been a single major case registered or instituted by the government on its own.

At the moment there is big void, an immensurable vacuum, with actually no accountability law in force at the national level.

Along the way, however, there has been a significant development in the shape of the emergence of free press and media which is very promising for the fight against corruption.

IV. CONCLUSION AND RECOMMENDATIONS

“Poor governance leads to, and encourages and breeds, corruption in a number of ways, for instance through bribery and extortion, nepotism and fraud and embezzlement, It reduces the efficiency on which an economy depends, and by increasing the cost of investment, lowers the potential return. It also reduces the government’s resources and hence its capacity for investment. Common to other South Asian countries, corruption in Pakistan is unique because it occurs up stream, it has wings which encourage flight of capital rather than wheel which encourage reinvestment and it often rewards rather than punishes as the legal processes to fight corruption are weak in themselves and the lower judiciary is amenable to letting off the accused if the ‘price is right’ (Ismail and Rizvi, 14).

“Corruption is not a problem that can be attacked in isolation. It is not sufficient for the criminal law to search for bad apples and punish them. Of course, the state may need to establish credibility by punishing highly visible corrupt officials, but the goal of such prosecutions is to attract notice and public support, not solve the underlying problem. Anticorruption laws can only provide a background for more important structural reforms” (Rose-Ackerman, 199:226).

For almost all the reforms introduced by the Musharraf government in governmental and administration fields the basic assumption was that the society was sufficiently educated and hence eager and ready to change. The assumption proved wrong and rocked the whole foundation of the reforms agenda as the society proved to be ready for grabbing new opportunities but not to change its work ethics.

If this society is to be saved and the country has to shake off the tag of a failing or failed state, urgent and stringent measures need to be taken. Some of which are recommended as under:

1. Judgment of the Supreme Court against NRO be implanted in letter and spirit.
2. Accountability from the top be started.

3. A national anti-corruption commission be set up as an independent watchdog.
4. End unnecessary or archaic discretionary laws.
5. Ensure time bound actions in offices.
6. Use independent private sector auditors.
7. Involve people in diagnosing corrupt systems.
8. Advocate that all 'illegal' money and property transactions in industrialized countries are treated at par with drug money.
9. The problem of corruption is quite severe at the lower judiciary and a system of alternative dispute resolution needs to be worked out urgently.
10. Require public officials to declare their assets.
11. Community participation especially of students be ensured.
12. Creating awareness particularly about the adverse impact on every one's life be highlighted to mobilize public against corruption. "The evolution of a public opinion, which must follow the spread of education, which rejects corruption either because it is morally wrong or because it is scientifically inefficient, or both" (Wraith and Simpkins, 1963:208).
13. Poverty alleviation and economic reforms (Hussain and Hussain, 1993:161).

The remodeling and over haul of higher judiciary and its clearance from PCO judges through a protracted and participatory process has brought a lot of awakening amongst the public along with the formation of a formidable civil society which has manifold increased the chance of a real purge in the system.

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