**Dissecting corruption**

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Wednesday, Dec 14, 2022

The world recently observed International Anti-Corruption Day (December 9). It is time to contextualize the corruption debate in Pakistan. Corruption is not only a legal crime but also a moral crime, and it needs to be condemned on moral grounds even if it is beyond the reach of the law.

However, the way corruption allegations and the entire edifice against the political elite have been manufactured in Pakistan since the 1990s and particularly from 2011 onwards is unprecedented. Corruption has been instrumentalized to de-legitimize an entire political class, and this needs to be analyzed further.

The political economy literature is pretty clear about the various impacts of rents (corruption) on the capitalist transition. Rents (corruption) are neither good nor bad per se (other than the moral argument), and it is the way they are used that makes them either beneficial or harmful to economic, political, and societal development.

Developing countries have yet to fully transform to a rule-based system of governance. Even in the West, where apparently there is a rule-based system, there are huge anomalies. Someone like Trump with dubious business dealings and tax records became the president of the US and remained in power for four years. The funding by the business elite and corporations to political parties in countries like the US is another manifestation of legalized corruption.

Even in Pakistan, as Dr Waseem highlights in his latest book, terms of trade are used in such a manner by the middle class and its professionals to grant themselves huge financial resources. And it is another form of the legalized/quasi-legal assets accumulation in the country.

If rents are used for value addition in the economy of developing countries, corruption is productivity-enhancing. But if rents are used for theft of resources and assets’ destruction, the impact of corruption will be value-retarding.

High economic growth coexisted with corruption in China and several other countries in Southeast Asia, and they have successfully transitioned to becoming productive economies despite corruption. India and Bangladesh are other examples closer to home, and yet nowhere in the world a whole political elite faces extinction as it did during the recent hybrid regime in Pakistan by instrumentalizing corruption allegations.

Corruption allegations have been used by authoritarian regimes and forces in Pakistan against the political class since the 1950s up till today. It is quite clear that elimination of corruption is not the objective, instead the corruption mantra is used as a tool of coercive political makeover.

It is not only the political class/elite that faces corruption allegations, but the entire system of governance – including the lower and higher bureaucracy, the private sector, and all other elite factions – faces corruption allegations and has been accused of it for decades. Why is it being used as a whiplash against only the political class?

Also, the way ‘flailing’ states work in South Asia, it is not conceivable that they would be entirely corruption free in the foreseeable future no matter whether they exist as democracies or authoritarian regimes; why create the frenzy then? The game is not to end corruption per se but to wrest control from the political class by using corruption allegations as a valid excuse.

The debate in Pakistan needs to evolve on corruption. It is too simplistic right now. First, the country needs to delink corruption from the political class/elite as it is ubiquitous in all realms. Second, it needs to debate how to transform value-retarding rents to productivity-enhancing rents?

Petty corruption in the lower bureaucracy remains within the country and often leads to consumerism. Corruption in the higher echelons of power leaves shores and is often invested abroad or in unproductive real-estate, if, in certain cases, it remains in the country. This trend is more visible from the 1990s onwards. The alleged rent generation associated with the ruling families and their associates during the 1960s and 1980s was often invested in businesses. We need to start valuing the enhancing aspects of rents again within the country.

Lately, it has become fashionable to criticize the dynastic family-based and loyalty-oriented politics, and it is often counterpoised to other contexts where it exists much less. Again, it is a simplistic reading of socio-political issues. Family-oriented dynastic politics will not transform to rule-based forms of associations unless the underlying structural realities are not transformed. More so, this transition will not take place in the milieu marked by constant juggling due to political instability.

If the political elite faces being routed out of politics and public life through overt and covert intrigues, will it be able to trust anyone else other than family members and close associates? Benazir Bhutto trusted former president Farooq Laghari and felt betrayed eventually. A couple of PML-N leaders lost public office and have been taking positions against the party line in public or privately. If the political elite feels threatened and its existence is being undermined, what chances are there that it is going to transition to non-dynastic politics and not prize loyalty of its associates?

As it has been pointed out several times in these pages, the real issue in Pakistan is lack of political stability and elite settlement. It is not corruption. Once the rules of the game are set, abided by and not interrupted through backdoor intrigues, political stability will take root.

Amongst many other positive outcomes, it can also help to transform the fragmented and monopoly clientelism to more decentralized and competitive clientelism that may be more value-enhancing and productive for Pakistan’s economy. Institutional ethos for a rule-based governance framework will only evolve once long-term political stability is ensured, and it will put an end to unhealthy elite factionalism and lead to healthy delivery-based competition to secure votes and win future elections.

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