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**Beyond greed and bribes:
Economic rational of corruption in Pakistan**

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Abstract. The paper explains how Pakistani economy has maintained equilibrium despite prevalence of rampant corruption in the society. However it is not to say that this is a Pareto optimal equilibrium considering higher standards of the state of the economy and social empowerment witnessed in regions like European Union or the North America.

Keywords. Rent Seeking, Behavioral Economics.

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1. Introduction: Moving towards uncertainty equilibrium under crude capitalism

National Economy is always moving between equilibriums that are pareto optimal to its recurring economic, political, social, and technical circumstances. If these circumstances improve, economy sets itself for an equilibrium where output is higher, voice and accountability is maintained to the satisfaction of majority voters, justice is served for the empowerment of the public, people participate in resolution of national issues through rational and informed debate and scientific innovation is facilitated through knowledge based economy. To reach even higher equilibrium, equity among losers and gainers of prosperity is worked out through concepts like shared values (Porter, 2011 and Mamoon, 2017). However for a developing country like Pakistan, pareto optimal equilibria is derived with volatile and underdeveloped market structure where political, social and economic empowerment is lacking and only giving credence to tribal culture predominated by weak response to individual's rights protection by institutions of local and national governance. These governance institutions can be national courts, the criminal justice system itself with police serving political elites and laws that are unable to govern towards economic and social harmony within society. The binding constraint for such circumstances that define the equilibrium is uncertainty of economic, social, political and legal outcomes. The public forms perceptions that are based on survival instincts instead of relying on well planned national constructs that promote harmonized and integrated controls of economic and social wellbeing like per capita income, literacy, human rights and environmental protection.

The easy solution to prevalent economic uncertainties has been to reinvigorate the local anthropology and that in Pakistan meant the revival of religious identity of masses in isolation to cultural sensitivities leading to ethnic and class conflict as it was not updated with modern injunctions of social networking theories that has given paramount importance to human rights and multiculturalism to manufacture a common global society. The traditional view of society fails to provide universal solutions above tribal interests and that in Pakistan also meant not so democratic

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Journal of Economic and Social Thought

behavior among social groups in giving value to the efforts of other social or economic classes.

The uncertainty equilibrium has landed Pakistani society into a cauldron within its social and economic identity that in one hand considers corruption a sin as per their religious commandments but also failing to do without it in every day life. This article wants to bring respite to this contradiction in words and actions. Though corruption has a negative impact on the potential of economic activity, it is perfectly rational under a second best solution to an uncertain economic circumstance a developing country like Pakistan finds itself into.

Corruption is a self deriving and crude economic and tribal safety net against economic, social and political discrimination. Yes, to carry out this practice, one needs to be economically well off thus it further deepens discrimination of certain economic and social classes but nevertheless it is an action of survival in a country where money has been devalued every year and government borrows billions of dollars of loans only for debt servicing or to pay off import bills with devastating effects on inflation rates and purchasing power. For example, corruption among working class population is an outcome to maintain a more than benign lifestyle comprising of a basket of such consumption goods that are necessities in a progressive society like quality education and health for dependents, health insurance, decent housing and occasional recreation for family etc. In pure economics, corruption is rationalized as rent seeking behavior and it is the job of the government to create incentives that can curb such behavioral practices in the society. Only some punitive measures to punish the corrupt when a country is witnessing economic uncertainty for longer periods are not going to work.

However, there are two problems with corruption. First is that the rate of corruption is a free float where major chunk of the pie is retained by the rich with utmost flexibility in their share. Secondly, the rich over write the uncertainty principle by exchanging their loot into dollars and stashing it up in off shore investments further draining the country of its resources. However these characteristics are common in other developing countries as well as the developed ones.

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