

14/20

Khalid Omar – Ethics Final Project

Corruption and Ethics in a Pakistani context

Recent research across a number of different disciplines – anthropology, sociology, game theory, economics¹, psychology etc. can be summarized in this single statement: “Human beings respond to incentives”. (Thaler, Richard 2008)

This can be debated – all the major religions disagree for a start – but then they go about setting up the grandest incentive scheme of all - the concept of heaven and hell for starters, the Hindu incentive scheme of getting reborn as a higher life form as an incentive to do ‘good’ and then a whole lot more at the micro level, like giving money to the goddess Lakshmi to gain immediate wealth², or the Muslim concept of getting rewarded for each prayer they say³.

In Pakistan, 97% of the country follows mainstream Sunni or Shia Islam – and while both versions say on one hand that good and evil ~~is~~ ^{are} more than just incentives, Islam goes ahead and designs a very clear incentive structure for just about everything a 7th century person could think of. Christianity and other religions, now lost back in the mists of time, agree – the Old and New Testaments lay out somewhat clear incentive schemes to shape their followers’ behaviour.

Moving onwards to more recent human thought, the field of economics sets up rational behaviour⁴ of human beings as a basic tenant – and it’s faced a lot of criticism. Economics has been often wrong – it’s an imperfect science at best, but that doesn’t mean it got everything wrong. A lot of further research into human behaviour indicates that the basic ~~tenant~~ ^{tenet} is right – human beings do respond to incentives. Economists weighted the meaning of incentives too much towards pure monetary measures without integrating the richness of human responses.

¹ Tim Harford “How an inconvenient economist upset the cool crowd”
[<http://www.ft.com/cms/s/2/3138a3fc-b3a8-11de-ae8d-00144feab49a.html>]

² The stats don’t bear this out, but that’s more of a testament to man being unable to comprehend statistics and causation.

³ Devout muslims pray 5 times a day because they’re incentivized to 1, and for 5 you get a lot more than 5x the benefit of 1. ^{why?}

⁴ Economics says human beings rationally respond to incentives – but the point is that they DO respond to incentives, whether rationally or irrationally. ✓

My thesis is this – if there were other forces at work besides incentives, like ethics, than we would see their influences on human behavior⁵. What use talking about ethics if they don't have a significant impact on human behaviour?' Jared Diamond's work on how societies developed over the last 13,000 years suggests that ethics or morality didn't play a large role in human development.

of course - Diamond needed evidence

I look at the influence of ethics on behaviour in a corrupt society, specifically Pakistan. In 1996, Transparency International ranked Pakistan the second most corrupt country in the world. In 2009, it's moved all the way up to 42nd most corrupt country in the same rankings – though the on-the-ground evidence points to the fact that the last military government (1999-2008) was very effective at fooling the rest of the world⁶ – so this ranking is questionable. Regardless of the ranking, the government remains highly corrupt, and how does ethics come into the picture?

Even in corrupt societies, children grow up hearing and believing that the 'clean' life is the good life – after all, what parent steals from his children? We indoctrinate our young on one hand to value fairness, yet set them out in a world where we clearly value other things, as measured by actions rather than talk.

7 citations?

This creates an innate conflict – and on average the incentive structure wins out over personal values. In Pakistan, a number of studies have shown that in all large government organizations well over half the employees are susceptible to corruption. Many amongst aren't just willing to give into temptation – they've developed formal structures with rules and guidelines on how much to take for what task, and how to share it amongst themselves – ironically using concepts like fairness to split the spoils of corruption.

The more corrupt a society is, the more it seems to search for redemption – and it's in corrupt countries like Pakistan and Saudi Arabia where people spend a lot

⁵ Human behaviour in a business or government context.

⁶ The Pakistan govt. under Musharraf supported various terrorist groups while taking approx 20 billion USD to eliminate them from the period 2001-2008.

of money on structures which build up their "holier than thou" status in society. This shows up in the numbers – the per-capita amount of donations given to Islamic charities, which promise salvation for the soul, is extremely high – by some measures over 90% of all donations in Pakistan. *reference?*

This isn't just because Pakistan has only Islamic charities – the numbers of non-Islamic charities outnumber the Islamic ones – but because the Islamic charities promise salvation for your soul, while plain old healthcare and education and all the rest provide only short-term benefits limited to this life. People do seem to value ethics highly – a deviation from them seems to cause an attempt at righting that deviation by doing something to offset it – and in a religious society that offset flows through religion. ✓

Efforts made to combat corruption in Pakistan can be separated into two different categories - those directed at raising ethical awareness and others using incentives to combat corruption. *OK.*

The non-incentive-based interventions seem to have little influence at all on people's behavior, even though studies have shown that teaching ethics to youth actually builds up their ethical values (Transparency International Pakistan).

There seems to be something else at work, which overrules this ethical behaviour – and besides the devil, the only earthly explanation seems to be incentives.

Transparency International's numerous studies clearly indicate that raising ethical awareness has little to no effect in decreasing government level corruption – but incentive's do. *according to TI? or to you?*


The Lahore traffic police ^{were} highly corrupt – there is little hard data on the corruption rate, but surveys indicated close to a 100%, or full corruption. A redesign of how the traffic police were structured, along with a large increase in their salaries, drastically reduced corruption rates – as measured by surveys taken over time in Lahore. In contrast, 3 decades of mayors and many others trying to fix the issues using non-incentive-based interventions consistently failed. *define this?*
citation?

What happens to ethics vs incentives when they are applied to a collective, rather than individuals? The Lahore traffic police experiment indicates that incentives are defined by the structures people are in – and just targeting the individual caught in that structure isn't enough – the structure has to be changed. ✓

(Zimbabwe would agree)
The evidence all points to the Pakistani government being corrupt. What is government if not a collection of people, complete with moral codes and ethical values? ?

Once again, the evidence points to people responding to incentives. Over time, the Pakistan government has evolved into a highly effective money-making machine – for govt. employees, not the people they work for.

The govt. is still using pay scales from the 19th century – a typical salary is 140-160 AUD per month for a govt employee, which is way too low – so organically over time those employees developed alternates to make more money. At the same time, these people emphasize their ethical values as defined by Islam – the Pakistan govt. uses “Islamic-ness” in their hiring, and one of the basic tenets of Islam is ethics. Those ethical values aren't present in the daily workings of these people as a whole.

Whither ethics then? ^e 

In a sense, all the talk of ethics and morality holds us back from actually doing something about it. If ethics is seen as something inherently good which should come from within, ^e then from the looks of it we'll be waiting a very long time indeed.

Steven Pinker argues “Our habit of moralizing problems, merging them with intuitions of purity and contamination, and resting content when we feel the right feelings, can get in the way of doing the right thing.”

An over-emphasize ³ on ethics versus incentives has already lead ¹ to a systematic collapse in the governmental structure of Pakistan – it's on life support dependant on billions pumped in yearly externally.

Data Deficits

A lot of work has taken place in Pakistan on different anti-corruption measures. Like many other old-fashioned NGO work, or large aid projects, it has gone unmeasured in its actual impact.

The measurements I am using to measure its effectiveness is various reports by Transparency International and my own informal surveys in the amount of bribes paid for different government undertakings.

Hard data isn't present still despite the recent efforts to measure the impact aid money has. For government projects, this is doubly so – in general they don't even have data on the implementation stage available, let alone the follow up data required to do impact assessments.

A recent development has been the US government tying a 7.5 billion dollar aid package to data – and it looks like the Pakistan government will actually veto it – not due to a loss of sovereignty, as they claim, but rather because it makes it harder to steal money which is being accounted for how it's spent. ✓

So what am I actually saying above? I realize there is a severe lack of data based analysis, but there isn't much besides Transparency International's work. OK.

Notes, or stuff not really relevant to this assignment

Religion – it'd be interesting to analyze the major religions in terms of their ethics vs incentives. One interesting thing I found is that each newer religion places more and more emphasis on incentives. Out of the major monotheistic ones, Judaism is a somewhat structured, Christianity revamps the incentive structure, while Islam is practically "German" on how structured and defined it's incentive scheme is. Jawohl!

Getting to the really new religions, like the Church of Scientology, Bhaïs, Ahmedis and others place a lot of emphasis on incentives. Of course, this could all just be increased education – as people get smarter, they could come up with more rules.

There is a lot more to be said about all this – I plan to shift my NGO volunteer time to NGO's looking at more meta level issues to try to get some real answers.

Some References

Thaler, Richard 2008 "Nudge" Yale University Press

Miller, Geoffrey 2009 "Spent: Sex, Evolution, and Consumer Behavior" Viking Adult

Jacobs, Jane 1961 "The Death and Life of Great American Cities" Random House⁷

Colliers, Paul "The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It" Oxford University Press

Diamond, Jared 2005 "Collapse: How Societies Choose to Fail or Succeed" Penguin

Diamond, Jared 1999 "Guns, Germs, and Steel: The Fates of Human Societies" Norton

Mai, Mukhtar 2006 "In the Name of Honor: A Memoir" Atria

OK - this is interesting, but ultimately incomplete - there might be additional ways of changing behaviour apart from ethics and incentives - indeed, "incentives" covers many possibilities.

⁷ Jane Jacobs points out how the design of cities influences human behaviour.

1. night v.s night vs night vs morning
- frequently mistaken

2. Sunday or 1

3. Ethical map