

A Study of Pakistan's Political Parties' Control Over State Resources and Redistribution in the Light of Panama Papers

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Abstract

The aim of the paper is to analyze and summarize the existing theoretical and secondary work on corruption in Pakistan. Two of the major political parties' (PMLN and PPP) tenures will be discussed as they have ruled the country for about 30 years. Additionally, their control over the resources will be highlighted and how they have paved ways for corruption in every institution. The paper begins with a brief over-view of conceptualization of Corruption. This is followed by the major corruption leaks known as 'Panama Papers' which caused a bustle in Pakistani politics as one of the prominent political parties' (PMLN) head and his family was named in those leaks that how they have been over the years money laundering to buy hidden off shore companies.

The paper also addresses the important aspect of corruption and improper allocation of country's resources with regards to the most powerful political parties of Pakistan PPP and PMLN. It discusses the most important factors of corruption with regards to the parties' exercise within the parliament, election campaign, and overall control of the party over the resources of the country and its redistribution.

Keywords:

Corruption, Panama leaks, Pakistan, Pakistan Muslim League Nawaz Party, Pakistan people's party, State

Introduction

The topic of my paper is “Pakistan Political Parties’ Control over State Resources and Redistribution in the Light of Panama Papers”. This paper analyzes the different reasons and causes of corruption and how these sources of corruption pave way for the political authorities to have unjustified control over state resources leading to unfair distribution in Pakistan.

The nature of this topic is very contemporary but it also goes back all the way to British Colonial Era focusing on the root causes and finally addresses the mishandling done by the political elite later on revealed in the international revelations of Panama Papers. Various examples and observations have been added in the thesis regarding corruption affairs that happened in the past and present. A comprehensive analysis is performed on those affairs in order to draw conclusions.

Conceptualization of Corruption

The study of corruption is significant as it causes serious damages including wasting state resources and wealth, promoting discrimination and injustice for benefiting some at the expense of others. And most importantly reputational harm of the countries worldwide as it may become very complicated to attract business venture. The samples of corruption differ from society to society and eventually. Abed and Hamid (2000) define corruption as an act which deviates from the formal rules of conduct governing the actions of somebody in a position of public authority because of private motives such as wealth, power and status. The term was derived from the Latin word “Corruptus” that means “to break”. It signifies a collapse of ethical and moral values of systems and institutions of governance, societal traditions and personal behaviors. Corruption impacts the most vulnerable people of society who are also the tax payers and are poisoned by the phenomenon of corruption which is a great hurdle in the progressive development.

Parties’ Control over State Resources and Redistribution in Pakistan

A political party is an associating span between people in general and the administration display and taking its roots from the general masses. With regards to the rising situation Pakistani individuals feel emphatically about uprising, unemployment, religious radicalism and, the consuming and blasting issue of psychological warfare. At that point, outside relations with the world around likewise require a discussion to handle such matters. Hence political parties are established to judge

the political temperature of states or countries. Political parties are fundamental key for people with great influence regardless of whether majority rule is something else (Acemoglu et al, 2007).

Pakistan People's Party

The prominent political parties of Pakistan are the PMLN, PPP, PTI, and MQM over the past two decades. The feudal structure contradicts the notion of democracy in the similar way as military rule does. Pakistan People's Party is possibly the biggest party in Pakistan having roots its root in general public. The founder of PPP was Zulfikar Ali Bhutto, a vibrant persona, with a vision, who ruled the state until his horrendous mistrial and judicial murder. Regardless of his several abilities, he possibly could not put up with criticism inside the party and country. Pakistan People's Party appear as a left to the center political party with socialist leanings on economy. In spite of an elongated fight for reinstatement of democracy in Pakistan, Pakistan People's Party could not implement democracy within the party organization and its chairperson-ship has never been given to a non-Bhutto candidate (Dutt, 2000).

Pakistan Muslim League Nawaz

Another major political party which has ruled several times is PMLN which is Nawaz Sharif's team, and all the signs are that most probably his daughter Maryam Nawaz, who can be seen alongside Nawaz Sharif where ever he goes and his nephews are being groomed as the next generation of leaders. Like Pakistan People's Party, Pakistan Muslim League Nawaz from the very start of its rule has been a party of Sharif Family as never an outsider getting a good position has ever been witnessed. The presence of his brother Shahbaz Sharif and now his sons Hassan Nawaz and Hamza Shahbaz and daughter Maryam Nawaz and son-in-law Capt. (R) Safder in the leadership position validates that the PMLN too is a dynastic party (Ahmad, 1988).

Political parties are engaged in a struggle for power and access to state resources. They tend to focus on personal interests instead of ideologies and public issues. Thus, these political parties would actually invest in those matters from which huge profits in terms of public support and personal interests are vested. Ample literature suggests that political parties differ in the tactics they employ to politicize resource distribution depending on how they perceive the risks associated with the use of political redistribution (Andvig, 1991).

The Panama Papers

The International Consortium of Investigative Journalists (ICIJ) is a worldwide group of more than 200 investigative journalists in 70 countries who work jointly on deeply investigative stories. Founded in 1997 by the respected American journalist Chuck Lewis, International Consortium of Investigative Journalists was started as a venture of the Center for Public Integrity, paying concentration on matters that do not end at national frontiers: cross-border felony, corruption, and the liability of authority (Javor, 2016).

The Panama Papers are 11.5 million leaked reports that feature budgetary and lawyer–client information for more than 214,488 offshore characters. The information, which had a place with the Panamanian law office and corporate expert co-op Mossack Fonseca, were leaked in 2015 by an unidentified source, a few going back to the 1970s. The leaked information includes individual financial figures and numbers regarding well-off citizens and open authorities that had previously been reserved confidential. Despite the fact that offshore dealing elements are lawful, journalists found that a piece of the Mossack Fonseca shell companies were used for illegal reasons, together with falsification, tax evasion, and escaping universal agreements (Murray, 2015).

Case of Panama Leaks in Pakistan

The Panama Papers case (authoritatively titled *Imran Ahmed Khan Niazi v. Mian Muhammad Nawaz Sharif*) or the Panama gate case is a continuous case under the watchful eye of the Supreme Court of Pakistan. The case was conveyed to court by Pakistan Tehreek-e-Insaf pioneer Imran Khan charging tax evasion, corruption, and conflicting explanations by Nawaz Sharif, the occupant Prime Minister of Pakistan, after the Panama Papers release revealed interfaces between Sharif's family and eight seaward organizations (Taj and Zia, 2015).

The Court saved its judgment on 23 February 2017. The case has been portrayed as the most plugged in Pakistan's history, and a "pivotal turning point" for the nation. The Court declared on 20 April 2017 that a Joint Investigation Team must be framed to test the Sharif family's association in debasement as expressed in the Panama spills. The records, sourced from Panamanian law office Mossack Fonseca, included subtle elements of eight offshore companies with associations to Nawaz Sharif, the elected official Prime Minister of Pakistan, and his brother Shahbaz Sharif, the Chief Minister of province Punjab. As indicated by the ICIJ. Sharif's youngsters Maryam, Hassan and Hussain "were owners or had the freedom to endorse exchanges for a few organizations". Mossack

Fonseca reports attached the children to four offshore companies, Nescoll Limited, Nielson Holdings Limited, Coomber Group Inc., and Hang on Property Holdings Limited. The companies achieved excessiveness land in London from the period of 2006-2007. The land was assurance for credits of up to \$13.8 million as highlighted by the Panama papers (Malik, 2016).

The Panama Papers listed Mariam as the owner of Nielson Enterprises Limited and Nescoll Limited, firms located in the British Virgin Islands and established in 1994 and 1993 respectively. Mariam was also described as the “beneficial owner” of a Nielson Enterprises located in Jeddah, Saudi Arabia. The Papers also state that Mariam and Hussain’s signatures are present on a document outlining a loan of 13.8 million USD to Nescoll, Nielsen and one more company. The London properties of the family were set as collateral. These companies were transferred to another agent in 2014. The Papers described Hasan as the sole director of a business worth millions of dollars in the British Virgin Islands as well (Dsouza, 2017).

Thus, began the saga of Panama Leaks in Pakistan, and its domination of Pakistan’s domestic politics lingers. Nawaz Sharif, current Prime Minister of Pakistan, along with his immediate family, was accused of money laundering abroad. The case was taken to the highest court of the country – the Supreme Court – after a year’s worth of opposition parties and protest movements within and outside the parliament. The verdict was finally announced by the Supreme Court’s five-member bench, based on the specifically appointed Joint Investigation Team’s investigation reports (Jallow, 2016).

It is therefore evident that Nawaz Sharif and the political party he leads (PMLN) have been heartlessly looting the national exchequer and have misappropriated national wealth for privatemonetary gains. The notorious money laundering worth billions of dollars through illegitimate resources, also included presenting the motorway contract to an internationally black listed company, gigantic commissions in the denationalization of the Muslim Commercial Bank (MCB), surreptitious dealings in the UK and receiving hefty loans notwithstanding that he was defaulter, owning sugar mills in Kenya and four flats in the most lavish and exorbitant parts of London (Shah, 2013).

Evidence on corruption in Pakistan in the light of the approaches by Susan-Rose Ackerman

I will analyze the evidence on corruption in Pakistan in the light of the approaches by Susan-Rose Ackerman. As, I was unable to relate any of the data regarding the 4th approach stated by Susan-Rose Ackerman so it has not been used to analyze corruption in Pakistan.

First Approach

As the first approach by Susan-Rose Ackerman demonstrates how incentives for corruption are created with in public programs and how corruption causes these public service organizations to eventually become ineffective and unjust. Khan listed various PMLN projects which had been mishandled and misappropriated for private gains, including the mismanagement of circular debt, Lahore Development Authority (LDA) plot distribution and the alleged “failures” of the Motorway project and the Sasti Roti scheme. These projects cost the nation huge sums, while the PMLN government essentially failed the country by wasting millions of dollars owing to their incompetent leadership and exceedingly corrupt practices during the completion of such mega projects. Nawaz Sharif has had numerous allegations of corruption filed against him during all his regimes since the beginning of his political career in Pakistan. Nawaz Sharif is notorious of expanding his personal business empire and wealth by misappropriating his authority as Chief Minister Punjab and Prime Minister of Pakistan. For the purposes of gaining maximum financial benefits through plunder and embezzlement, he has even manipulated laws and altered policies (Mohammad, 2009).

Since their foundations, the Pakistan Muslim League-Nawaz (PMLN) along with the Pakistan People’s Party (PPP), have dominated Pakistan as the two-party political system. PMLN is a center-right conservative party and presents the ruling party in the Pakistani government. PMLN was fragmented out of the original Pakistan Muslim League following internal differences and named after party leader Mian Nawaz Sharif. International Republic Institute surveys conducted from 2012-2014 confirmed that PMLN is Pakistan’s most popular political party. As a conservative party, PMLN claims to support free market capitalism, strengthening the national defence, and contradicting trade and labor unions (Veena, 2015).

Although a shadow was cast over PML-N following the coup of 1999 by its own splinter faction, it gained popularity once again in the general elections of 2008, when PML-N was elected as the

principal opposition party to PPP. PML-N returned to power with full force in the elections of 2013, and party leader Nawaz Sharif was preposterously elected as the Prime Minister of Pakistan for an unprecedented third term. The stronghold of PML-N is the province of Punjab, where PMLN has dominated the provincial government a magnitude of times, often with Shahbaz Sharif, brother of Nawaz Sharif, as Chief Minister. PPP, on the other hand, is a socialist progressive left-wing political party. The party was founded in 1967, much later to the 1993 conception of the N sector of PML. The political philosophy of PPP is to inculcate an environment within Pakistan that is supportive of egalitarianism, supporting public ownership, and strengthening the national defence. PPP, alongside PMLN, is one of the two most influential political parties of the country with overriding dominance over Sindh province, its stronghold. Apart from this, PPP has also been voted into national power and been the ruling party of Pakistan on five separate occasions, the last one being in 2008 when party leader Asif Ali Zardari was pronounced the President of Pakistan. Currently, in the National Assembly, PPP is the largest opposition party (Ziring, 1997).

Second Approach

In the light of 2nd approach corruption has different meanings in different societies. One person's bribe is another person's gift. A political leader or public official who aids friends, family members and supporters may seem praiseworthy in some societies and corrupt in others. The origin of Pakistan's political corruption may be traced right back to the monumental events which took place between the 1940s to the 1990s. The current decade in itself is rife with examples of the government displaying its corrupt nature before the eyes of citizens. In a further ironic twist of events, stern attempts were made to make these political parties answerable in the mid-1990s. While these attempts were reinvigorated at the turn of the new millennium, they were then preposterously translated into tools of party-political benefaction or victimisation (Mathur, 2013).

Analyzing Pakistan's situation regarding the perception, it can be said that it has changed over the years and people have risen up to ask for their rights and their tax money. They want their rulers to be accountable and come up clean for the corruption charges. Recent Panama Leaks taken into the court is a temporary example that how people's perception regarding the accountability has changed over a period of time.

Ongoing and gradually weakening political, security and economic structures of Pakistan have caused the nation to be gripped in tension regarding the imminent future. It seems as if the two dominant political parties are perpetually on the battlefield in order to emerge as the victor and win

the reigns of the National Assembly. However, in recent years, the two mainstream political parties PMLN and PPP have been faced with an existential threat in the form of Imran Khan's political party Tehreek-E-Insaf. This rapidly climbing party quickly established itself among the forerunning political groups of the country, while simultaneously calling for justice from the civilians as well as the judiciary system, to recognize the corruption that is continually propagated by PMLN and PPP. Although PTI, a relatively newer party, has yet to come into power and the majority of the national support still remains with either PMLN or PPP, it has still amassed a cult following of its own (Yousaf, 2016).

The final four years of PPP's regime (from 2008 to 2012), were recognized largely by the country as being rife with political chaos. In fact, some analysts regarded these four years as the worst term served by any elected democratic government in the archives of Pakistani history. Several civilians of Pakistan regard the nation as being on the precipice of political and economic collapse due to term after term of political unrest and a mismanaged corrupt government.

Although billions are allocated to the budgets of each government sector (i.e. education, health, power, agriculture, food, development etc.), the conditions of the country are endlessly faltering. The 'load shedding' i.e. the mass power failures across cities with days without electricity, gas shortages, spikes in prices of fruit, sugar, wheat, and other food items, as well as astronomical fuel prices indicate that Pakistani people's quality of life is suffering. It is an indication of the lack of proper use of resources that although taxes are raised each year, there are no solid signs of development or redistribution of said resources. The country appears to be in a standstill rut in terms of development and progress and is still amassing its national debts. This begs the question; where do these resources go. As they are not manifested in any visible or tangible form of change or improvement in the country regardless of, which dominant political party is currently at the helm (Myerson, 2014).

Third Approach

In the light of 3rd approach i.e., Government produces too many of the wrong kind of projects and overspends even on projects that are fundamentally sound. In spite of the government's affirmation of "fiscal discipline", Finance Minister of Pakistan Ishaq Dar has wanted parliament's post-facto consent for a Rs. 261 billion 'additional budget' to cover up immense governmental expense's overruns in the departing financial year, approximately 28% elevated as compared to the figure agreed last year. For instance, about Rs. 15 million was used up on the acquisition of vehicles by the

Prime Minister's Office. In the same way, Rs. 822m was spent by the Foreign Office on the purchase of 35 'high security vehicles' and Rs. 107m was given to the Capital Development Authority for the construction of Kazakhstan's embassy in Islamabad. An additional Rs109m was spent by the department of Foreign Affairs to buy an unnamed number of vehicles, regardless of a ban on the purchase of new vehicles (Hull, 2012).

Recently, a PTI leader Ejaz Chaudhary commented on a report submitted to the Supreme Court by the National Accountability Bureau (NAB), which highlighted 150 significant cases of extreme corruption, which clearly exposed the true nature of the ruling elite of Pakistan. From the Prime Minister all the way down to the lowest level of government, officials do not leave any opportunity to abuse their position of power. At the same time, however, there seems to be a complete immunity offered to them, as there is no accountability in the form of arrests or recoveries. At the most, probes and year-long cases remain pending with the NAB and are then swept over and forgotten (Hull, 2012).

It was estimated in 2012 by Transparency International (TI) that Pakistan suffered more than the US \$94 billion in losses as a result of rampant corruption, poor governance and tax evasion thanks to the government being led by the PPP. For this reason, the PPP-led coalition government has been accused of being the most corrupt government in Pakistan's history. Several cases of corruption carried out by members of the PPP government were exposed by the media in Pakistan, which involved cases of large-scale corruption and bribery occurring in projects such as the Pakistan Railways and Pakistan International Airlines (Olken and Pande, 2012).

In 2012, a court petition was filed against the then Prime Minister Yousuf Raza Gillani by a man named Tariq Ahmed. The man claimed that Gillani's wife had obtained millions of rupees in a "loan" from the Agriculture Development Bank Ltd (ADB) as well as the National Bank of Pakistan (NBP) to fund two mega-corporations which were both under the Gillani family name. Yousuf Raza Gillani thus became the first Prime Minister of Pakistan to be convicted during his tenure, due to which he was later removed from the office. Gillani's era is highly criticized for being endemic with corruption and mismanaged governance (Fair, 2013).

The leaders of PPP and PML-N have been regarded as the richest politicians from South Asia. The acquisition of their extreme wealth serves as the greatest indication of corruption in the political ranks as all their wealth has illegally been acquired through their rule over Pakistan in the last 37 years. It was also pointed out at the time of this report that the NAB Chairman also happened to be a

political appointee. This is clearly a big conflict of interest and prevents objective decision-making, thus once again protecting the political elite from any persecution (Myerson, 2014).

There is a possibility of the stolen money to be returned to the country only if Supreme Court objectively pursues the case and issues just sentence to those who have been recently accused in the Panama Papers Leaks. It is indeed a dismal state of affairs when political parties that have been conducting money laundering continually represent 188.9 million Pakistanis and abusing their positions of power since the time of their conceptions, yet the population keeps on voting them back into power (Hull, 2012).

The current possibility of legal actions being finally taken against one of these political leaders is an excellent opportunity for the people of the nation to recognize the true faces of this regime of political corruption.

Conclusion

The recent Panama case decision by the judiciary is again a promising act for the people of Pakistan that people involve in corruption and unlawful activities like money laundering will be held responsible in the eyes of law and will be punished for their wrong doings. The decision also acts as a warning for the future ruling parties and governments to be careful not being involved in corruption and unlawful activities as they will be held responsible for their deeds in the court and law.

The only way change can come in the country is by empowering the people and the citizens are the only force that could bring in that change in the country. It is because here in Pakistan we have democratic government, where the leader of the country is chosen by the people of the country. Only when they cast their vote to the right person, then the country could have a leader who is not involved in the matters of corruption. The only way Pakistan can prosper economically, socially and politically is by choosing and costing for the right leader rather than voting for the same corrupt leaders again and again.

The system of bribery and unlawful rewarding needs to be given thorough consideration as this is the largest factor that hinders in the righteous allocation of resources in the country. The people who have power and money get to have all the benefits and luxuries while the poor suffer from all the aspects. The judiciary here needs to play their part efficiently in making sure that the resources are allocated justly among all the citizens of the country.

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