The Political and Socio-Economic Causes and Consequences of Corruption Case Study of Iran

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Abstract: According to the research, the obtained data from primary and secondary sources was analysed and was observed that overwhelming evidences indicate the negative political and socio-economic consequences of corruption on society. Accordingly, some socio-economic and political issues like economic growth, investment, privatisation, poverty, government expenditure, resource allocation, political stability, legitimacy of government and political competition were examined and concluded that corruption affects them negatively. However, the researcher found out through investigation that the cost of corruption to a nation is very high. It lowers investment, hinders economic growth and undermines political stability and human development. The research also revealed that the effects of corruption on economic sector are more harmful than other sectors. On the other hand, the negative effects of corruption on citizens' trust of the government, the legitimacy of the state and other factors mentioned above are noticeable.

Key words: Political, socio-economic, causes, consequences, corruption

INTRODUCTION

Corruption has been an omnipresent and universal phenomenon which has co-existed with human society for a long time. Studies show that it is an ancient practice that has been traced back to pre-biblical times and made itself known in the ancient civilizations of China, Greece, India and Rome. In this regard, Thakur (1979) opined, "a review of penal codes utilized in various ancient civilizations clearly demonstrate that bribery was a serious problem among the Jews, the Chinese, the Japanese, the Greeks, the Romans as well as in the new World". But over the recent decades, the issue of corruption, the abuse of public office for private gain has attracted interest among academician and policymakers.

In countries developed and developing because of accusations of corruption, governments were unseated, prominent political leaders have lost their official positions and in some cases, political classes have been replaced. Scott (2003) in this regard believes that "corruption which previously had been mentioned only with caution now seemed to acquire the formidable power to bring down regimes, cripple administration and sabotage economic growth". Recent researches (by the World Bank and others) have also demonstrated clearly that corruption slows down the economic development of countries, disables social services, retards the establishment of civil society and disables business competitiveness.

Therefore as evidence shows the cost of corruption to a nation is very high. It lowers investment, hinders economic growth and undermines political stability and human development by limiting access to basic social services as well as increasing the cost of their delivery. Kimberley (1997) believes "when corruption is pervasive and uncontrolled, thwarts economic development and undermines political legitimacy. Less pervasive variants result in wasted resources, increased inequity in resource distribution, less political competition and greater distrust of government". He also adds, "creating and exploiting opportunities for bribery at high levels of government also increases the cost of government, distorts the allocation of government spending and may dangerously lower the quality of infrastructure. Even relative petty or routine corruption can rob government of revenues, distort economic decision-making and impose negative externalities on society such as dirtier air and water or unsafe buildings".

It is also believed that in developing countries corruption might initially have some positive effects. Foreigners may be enticed to invest resources in a country if corrupt politicians give them special consideration or if laws pertaining to the regulation of commerce are overlooked. But studies offer that the negative effects of such corrupt activities quickly out-weight such short-term positive effects, particularly if the corruption becomes entrenched and eventually institutionalised.

Studies show that corruption is an ancient practice that has been traced back to pre-biblical times and made itself known in the ancient civilizations of China, Greece, India and Rome. But over the recent decades, the issue of corruption, the abuse of public office for private gain has attracted interest amongst academicians and policymakers. Accordingly, corruption has become a highly topical international and development policy issue. It has also become a meeting place for research works pursued by different academic disciplines. The amount of research work which examines corruption from different dimensions has also been expanding rapidly.

Iran, the area of the research is a developing country and the issues of corruption in developing countries are both real and perceived. They always feature prominently in the lower part of international corruption indexes.

Statement of the problem under the study: Corruption is a topic of interest and concern in academic circles in the media, among people of different professions, among members of parliament, politicians, government officials, members of the business and financial communities, students and non-governmental organizations. Corruption takes place as an outcome of deficiencies in the existing public administration systems as well as cultural, economic, political and social factors. It hinders economic development, reduces social services and diverts investments in infrastructure, institutions and social services.

Recent researches (by the World Bank and others) have also demonstrated clearly that corruption slows down the economic development of countries, disables social services, retards the establishment of civil society and disables business competitiveness. Therefore, the research is to study the socio-economic and political impact of corruption as a factor which impedes the socio-economic and political development of the society.

Question of the research: The main question of the research is as follow: What are the political and socio-economic causes and consequences of corruption in Iran? According to the objectives of the research, the present research is also probing to find the answer of the following questions:

- What is the elite opinion about the main factors behind corruption in Iran?
- What is the elite opinion about the major political and socio-economic consequences of corruption in Iran?

Literature review
Definitions of corruption: The Oxford English Dictionary says, the word 'corrupt' means "influenced by bribery,

especially at the time of election". Encyclopaedia Britannica also says a corrupt practice "includes bribery; but has reference to the electoral system".

Tanzi stated that the term corruption comes from the Latin verb rumpere-to break. What is 'broken' might be a moral, a social norm or an administrative rule.

Klitgaard also defines corruption as "A corrupt official) deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains or violates rules against the exercise of certain private-regarding behaviour."

In this connection, Heidenheimer (1996) defines corruption by three approaches: public office-centred, market-centred and public interest-centred. He has illustrated these three approaches with the help of researchers of corruption-literature.

Public office-centred corruption: Corruption is 'behaviour which deviates from the formal duties of a public role because of private-regarding (close family, personal, private clique) pecuniary or status gains or violates rules against the exercise of certain types of private-regarding influence'.

Market-centred corruption: 'A corrupt civil servant regards his (public) office as a (separate) business, the income of which he will seek to maximize. The office then becomes a maximizing unit. The size of his income depends upon the market situation and his talents for finding the point maximal gain on the public's (or clients') demand curve'.

Public interest-centred corruption: "The pattern of corruption can be said to exist whenever a powerholder who is charged with doing certain things, i.e., who is responsible functionary or officeholder is by monetary or other rewards not legally provided for induced to take actions which favour whoever provides the rewards and thereby does damage to the public and its interests".

Causes of corruption
Scio-economic causes: Corruption is widespread in developing countries like Iran because conditions are congenial for it. The motivation to earn income is extremely high which is being increased by poverty and low salaries. Furthermore, risks of all kinds of illness, accidents and unemployment are also high and people generally lack the many risk-spreading mechanisms like insurance, etc. which is available in wealthier countries. Therefore, the phenomenon of corruption is very often the result of prevailing socio-economic and governance conditions in a country. Factors such as poverty, hunger,

lack of access to basic services, lack of information, overly bureaucratic institutions and low incentives for civil servants give rise to corruption. Resultantly, the socio-economic causes of corruption in Iran may be listed and explained as follows:

Government involvement in economy and private markets: Government involvement in economy and private markets in Iran dates back to centuries gone by and is commonly seen as a source of corruption. It has been suggested that the overall size of the government budget relative to GDP may therefore be positively correlated with levels of corruption. In this connection, Farajpour and Hamdami, suggest that the government involvement in economy and private markets has always been the main economic cause of corruption in the country.

The role of government involvement in economy and private markets as the cause of corruption is also shown by LaPalombara who used a sample of countries in which Scandinavian countries were regarded as the exceptions. A better measure for a government's interference into private markets may be depicted by its total redistributive activity. This may be better captured by the total government transfers and subsidies. La Porta *et al.* (1999) show a positive correlation of this variable with corruption. But Rose-Ackerman (1999) argues that such simple correlations may be misleading. It therefore does not come by surprise that the opposite correlation is presented by Kimberley (1997) for a sample of 83 countries in which she reports that the size of the government budget relative to GDP decreases with levels of corruption. She concludes that types of activities may be more important than a government's size in causing corruption.

However, simple conclusions with respect to government involvement and corruption are hard to find. While some studies hint at decentralization as a means to reduce corruption, the overall government budget cannot convincingly be related to the level of corruption. But even the significant result that decentralization lowers corruption does not clearly suggest policy reform, one cannot exclude that certain cultural determinants drive both variables. Countries characterized by civic cooperation and trust among people as well as those with well-developed subnational units may be in a position to decentralize and lower structure corruption at the same time.

Rent-seeking structure of economy in Iran: Rent-seeking in international trade contexts refers to the economically unproductive practice of individuals, firms and industries

investing significant resources in lobbying activities to obtain protection from foreign competition. Rent-seeking and corruption amongst the public officials and powerful individuals has been a serious problem in the country during the last two decades. Sources of rent-seeking in Iran are numerous which make a large part of income and payments of the government in the economy.

Political causes: As already mentioned, political corruption is the abuse of entrusted power by political leaders for private gain with the objective of increasing power or wealth. Political corruption need not involve money changing hands; it may take the form of 'trading in influence' or granting favours that poison politics and threaten democracy. Political corruption involves a wide range of crimes and illicit acts committed by political leaders before, during and after leaving office. It is distinct from petty or bureaucratic corruption in so far as it is perpetrated by political leaders or elected officials who have been vested with public authority and who bear the responsibility of representing the public interest. Therefore, the political causes of corruption are also varied and complex and may be listed as follows:

Immature democracy: The corruption perception indexes consistently show that the countries which appear to be the least corrupt are all long established democracies. Young and immature democracy in Iran not only is not able to prevent corruption but also is a cause of corruption. In a democracy, opposition groups and parties will monitor the conduct of office-holders, expose corruption in government and generally hold the government accountable for its performance. But the prospects of having orderly, structured and open political competition in an environment where corruption is deeply entrenched and pervasive are poor. In such circumstances, the office holders seek to buy off opponents, bribe voters and electoral officials and generally corrupt the democratic process. However, the persistence of differing degrees of corruption in established democracies shows that no particular set of political arrangements is a panacea for eliminating corruption. But established democracies usually have an underlying consensus on the values, rules and processes of political change.

Political parties and groups: The legal but irregular political parties and groups which appear only the time of elections are one of the sources of corruption in the country. Such parties and groups are not active regularly and have no control over the activities of the government. If their candidate comes to power they will be the

governmental political parties and abuse the power for own benefit and in the eve of a new election will change the name and will be active again.

Lack of a strong civil society in Iran: Johnston (1998) argues that social empowerment is an essential element to preventing corruption. Social empowerment includes the strengthening of "groups and interests which make up civil society-that is organizations, enterprises and informal social networks active in the realm between individuals and government". Where civil society is weak, citizens become vulnerable to exploitation and are unable to construct the coordination mechanisms necessary to police and where civil society is strong, citizens are able to build coordination mechanisms. Therefore, the strength of mass political participation, specifically the strength of a state's civil society is the key mechanism for preventing corruption.

The role of culture as a cause of corruption: Huntington (1968) highlights culture as a cause of political corruption when he states that corruption is higher in states where "the interests of the individual, the family, the clique or the clan predominate". Similarly, other corruption scholars like Scott (2003) and Johnston (1983) look at culture in relation to kinship, traditional societies, senses of community, etc. and offer that it is a significant variable in explaining corruption. Iran has also a traditional society and culture where clan, kinship and senses of community are predominated in it and can be listed as a cause of corruption.

Lack of free press: The press is owned or controlled by the state in Iran and will report only information which is acceptable to the state. The press is handicapped, because there is no freedom of information law that can secure access to government decision-making processes. Lack of the free press opens multiple opportunities for corruption by officials, politicians and bureaucrats. Therefore, curbing press freedom is an important means of ensuring that corrupt officials are not held accountable.

Lack of transparency in financing and activities of the political parties and groups: There is no obligation for the political parties and groups to declare their financial circles and informing the public opinion about their activities in the community.

Expediency in the political system: Expediency in investigating the corrupt practices of politicians and top officials.

Giving discretionary power to the political and administrative officials and lack of their accountability to the community. Bad legislation in the field of fighting and preventing corruption.

Administrative causes: The administrative causes of corruption in Iran are varied and complex and rooted in the country's bureaucratic traditions and social history. Corruption tends to flourish when standards are lax or poorly defined, regulatory institutions and enforcement practices weak and government policies generate economic rents. The opportunity for corruption is a function of the size of the rents under the control of a public official, the discretion that official has in allocating those rents and the practical accountability that official faces for his or her decisions. Generally, the administrative causes of corruption in Iran may be listed as follows.

- The weakness and inefficiency of administrative structure: parallel organisations and lack of logical relations between them to present the services to the citizens
- The wide and complicated bureaucracy which encourages the illegal ways of doing work in the administrative system
- Vague, interpretability, complex, deficient and consecutively changing rules and regulations cause the corruption in the administrative system
- Lack of effective and sufficient control over the bureaucracy
- Appointing the unskilled and unspecialised people to significant jobs through nepotism in the organisations
- Existence of unofficial groups and networks in organisations because of poor management
- Lack of transparency and responsibility of the top officials against community, citizens and public opinion
- Lack of job security and possessing >1 job by managers and employees and resultantly lowering the useful working times in organisations
- Lack of participatory management system and domination of the unscientific management methods in organisations
- Lack of effective and continuous assessing of the organisations' performances in the country
- Lack of effective and well developed system of punishment and encouragement in the organisations which discourages the entrepreneurship and encourages the corruption
- The public goals and functions are not well defined
- Instability and weakness in policy making

- Increase in employees
- Lack of effective social security system
- Citizens' unawareness towards their own legal rights and the services which organisations have to present
- Weakness and inefficiency of inspective units in organisations
- Lack of an independent organization to fight corruption
- Inefficiency and weakness of judiciary system
- Inadequacy of current rules for preventing corruption and also supporting the corrupt officials by political parties
- Discretionary power of public managers: monopoly power of officials over goods and services, discretionary power in deciding who gets the goods or services or how much they get and lack of accountability
- Lack of mechanised systems and information technology in organisations
- Weak and inefficient salary system in the country so that the deference between salaries in public and private sector are very high
- Inadequacy of the law-enforcement system and judiciary in detecting corruption crimes and punishing corrupt entities as well as breaches of the principle of inevitability of punishment
- Inadequacy of mechanisms to protect human and citizen rights, the legislation and social justice
- Poor oversight and scrutiny over the performance of public administration

Review on literature shows that the issue of corruption has re-entered the current political science debate from the new interest in the role of the state in the developing world and from the assumption that the state is an indispensable instrument for economic development, redistribution and welfare. In contrast to the largely rejected "state-dominated" and "state-less" development models there is now much consensus on the need for an efficient medium-sized state apparatus with a political will and adequate economic policies to ensure economic development. More specifically, any assessment of corruption must take a country's political dimensions into account.

MATERIALS AND METHODS

Corruption is perhaps one of the most sensitive areas of research which faces a considerable methodological problem in terms of evidences and subsequent analysis. However, one of the key issues to any research work is its

methodology and steps which are applied to collect the relevant data and analysing them for reaching to a proper conclusion.

Therefore, data for this research was obtained from both secondary and primary sources. Primary sources were derived from questionnaire and related governmental reports and surveys. Secondary sources included published and unpublished academic and non-academic materials. Newspapers, journals, books, magazines and the like data have also been utilized.

Population for opinion survey of the research was Iranian post-graduate and PhD. students in India among whom the sample has been selected through non-probability sampling technique. Descriptive-analytical method has been used for analysing the data. The most emphasis of this study is on non-probability technique which includes convenience sampling and purposive sampling which have been utilized in the study.

RESULTS AND DISCUSSION

Data analyzing: The aim of analysing the data is to answer the questions of the research for arriving at a proper conclusion. In this stage, the collected data should be processed and analysed. The processing stage includes the editing, coding, classification and tabulation of the collected data ready to analysis. The analysing stage includes interpretation of the findings through statistical methods. For this study, the descriptive and analytical methods have been applied.

Student status of respondents
Student status of respondents: In the total number of respondents, 39.2% are PhD. students and 60.8% are studying in post-graduate leve (Table 1).

Factors behind corruption in Iran: The important factors behind corruption in point of view of respondents that evaluate the possible causes of corruption in Iran on a scale of 1-5 where 1 corresponds to "least important" and 5 corresponds to "very important".

According to opinion poll, the main cause of corruption is lack of independent and efficient media with an average mark of 4.83. Lack of people's trust in officials has got an average of 3.21 mark as the least important factor. Table 2 shows the results in details.

Table 1: Student status of respondents

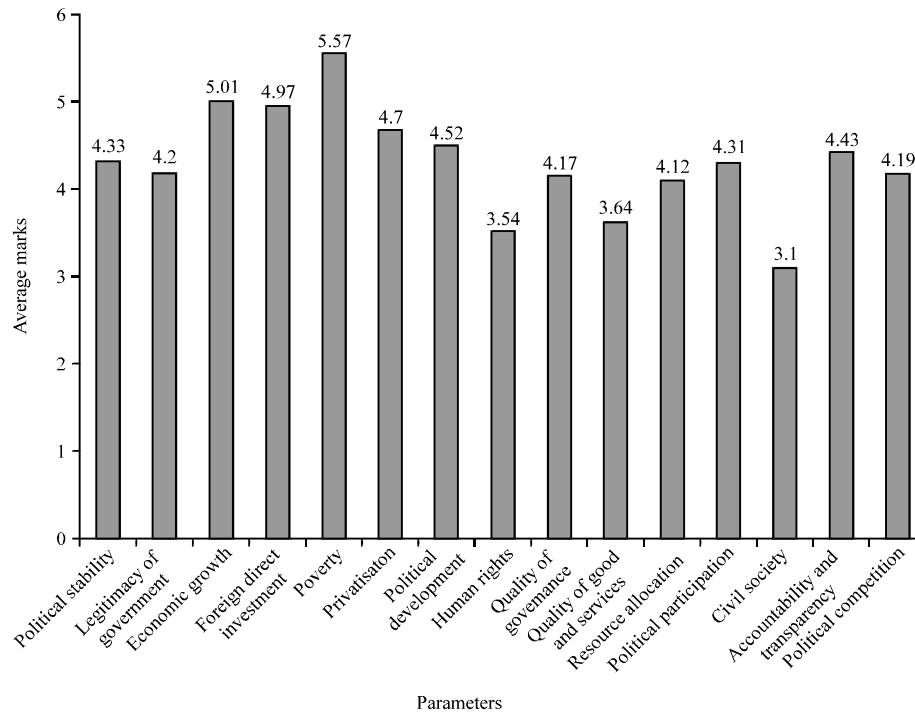| Student status	Frequency	Percent
PhD	62	39.2
Master	96	60.8
Total	158	100.0

Fig. 1: The important negative consequences of corruption of interviewees respondents conder

Table 2: Factors behind corruption in Iran

Factors behind corruption	Average mark
General cultural traditions	3.52
Lack of culture and traditions of accountable civil services	4.25
Lack of political will and public will to oppose corruption	4.68
Low salary of public officials	4.32
Lack of trust among people and officials	3.21
Lack of transparent procedures	4.08
Lack of independent and effective Judiciary	4.30
Lack of independent and efficient media	4.83
Public officials are too greedy	3.41
Crisis in ethics values	3.91
Discretionary power of public officials	4.15
Lack of administrative control	4.56
The penalties are mild and rewards great	4.72
Risks of corruption are low	4.69
Weakness of laws and regulations to fight corruption	4.25

Effects of corruption: The important negative consequences of corruption in point of view of interviewees that shows respondents consider poverty with an average mark of 5.57 which is more being affected by corruption and civil society with 3.1 which is less being affected by corruption. Figure 1 shows the other details.

CONCLUSION

Corruption is clearly a double-edged sword. If corruption is reduced, the process of the political and socio-economic development in the society will increase.

A useful conclusion that has emerged from the current discussion and ongoing debate on the corruption issue is that corruption is a symptom of deep-seated and fundamental economic, political and institutional weaknesses and shortcomings in a country. To be effective, measures against corruption must therefore address these underlying causes and not the symptoms. Emphasis must thus be placed on preventing corruption by tackling the root causes that give rise to it through undertaking economic, political and institutional reforms. Corruption is reduced by greater competition between separate political jurisdictions and stronger competition for political leadership. This implies that corruption is lower in decentralized political systems compared to centralized systems. Various studies do indicate that democracies generally appear to have less corruption than totalitarian systems. Corruption is reduced when information is more easily disseminated to the public. That is why a free press is such an important protector against greater corruption. The press is more effective in better educated societies and various studies have shown that corruption is lower when education is greater. Education also helps cut corruption by improving political institutions.

Combating corruption should focus on the reform of systems. It requires an economic approach, coupled with great political sensitivity. Therefore, anti-corruption

enforcement measures such as oversight bodies; a strengthened police force and more efficient law courts will not be effective in the absence of a serious effort to address the fundamental causes. Another observation that may be useful to bear in mind is that corruption is most prevalent where there are other forms of institutional weaknesses such as political instability, bureaucratic red tape and weak legislative and judicial systems. The important point is that corruption and such institutional weaknesses are linked together and that they feed upon each other. So, getting rid of corruption helps a country to overcome other institutional weaknesses.

The main conclusion to be drawn is that undertaking reforms (both economic and political) by reducing institutional weaknesses offers the best hope to overcome corruption. Corruption will not disappear because of reforms. But reforms will bring it under control and minimize its adverse consequences so that the country can proceed with its efforts to become a prosperous, modernized and developed. However, the efforts to fight against corruption is recommended at several levels:

- At the personal level, it requires complete rejection and zero tolerance of corruption
- At the social level, the fight is rooted in an attitude that values ethical conduct and is steeped in the culture and customs of citizens, government and civil institutions
- At a pragmatic level, fighting corruption requires a strategic approach and perfect tools in the various spheres of social, economic and government activities that combine a good measure of prevention and surveillance with detection and repression
- At the institutional level, there is a requirement for unfailing vigilance at all times and on all fronts
- At the political level, there must be leadership as well as willingness to adapt and to confront new challenges with determination

Ultimately, occasional fighting against corruption in Iran that people have been experiencing for a long time has been ineffective and inefficient. Thus, establishing an 'Independent Organisation Against Corruption' as an important measure can be both effective and efficient to prevent corruption. This independent organisation can professionally fight against corruption. The existence of such an organisation will increase the experiences and skills to combat corruption. Therefore, this independent organisation should be able to identify, inspect, control and prosecute the cases of corruption in the country.

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