

"Measuring corruption when punishments are asymmetric in practice" with Aamer Shahid
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We provide a proof of concept for measuring corruption from the inside when de jure punishments are symmetric but enforcement is asymmetric in practice. We approached 48 water supply project contractors for the Public Health Engineering Department (PHED) of the provincial government of Punjab in Pakistan. 28 contractors agreed to be interviewed and give us access to 237 project-level internal records on the condition of anonymity. Both quantitative and qualitative evidence suggest that the level of bribes depends heavily on whether the contract was awarded competitively or through collusion between the contractors and the engineer in charge of the project. Only about one-third of contracts in the sample were awarded competitively. Under collusion, PHED contractors on average pay about 15% of the project budget in bribes. About 12% is paid to the engineering department and about 3% is paid to the politicians who sponsored the project. When there is competition for the contract, the average total bribe percentage is about 10%, with 8.5% going to the department and 1.5% going to politicians on average. Contractors' profit margins are about 13% on average, irrespective of competition. These numbers provide a lower bound on bribery in this setting if those who pay higher bribes refused to participate in the study.