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93rd Harold Wolpe Dialogue

23 September 2010

Cape Town

Topic:

CORRUPTION IN OUR SOCIETY

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The aim of these dialogues is to create a space for open and informed dialogue and debate around key local and global political, social and economic issues facing South Africa.

Speech delivered at the Harold Wolpe Trust,
University of Cape Town
Rosebank- Cape Town

Corruption in Society: Impact on South Africa's Developmental Path

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September 23rd, 2010

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It is indeed an honour for me to have the opportunity to participate in **Harold Wolpe Memorial Trust's** social discourses. I thank Dr Lionel Louw, the Director of the Trust, for his kind invitation and I thank you for being here this evening to engage with the critical issue of Corruption in Society. I intend focusing on the impact of corruption on the country's developmental path.

Corruption has emerged as a serious problem across the globe. Over the past decade international organizations such as the United Nations, the World Bank, and OECD have made corruption control a significant focus of their agenda in the hope of entrenching good governance across the globe. A watershed development in this regard was the adoption of the United Nations Convention Against Corruption in December 2003, where countries agreed to an increased level of cooperation in the fight against corruption¹. In South Africa, the ruling party (The ANC alliance), has adopted the fight against crime and corruption as one of its five strategic policy priorities.

The world over, it is now generally recognized that corruption is harmful to economic growth, that it diminishes the effectiveness of socio-economic reforms, it exacerbates unemployment and poverty, and it destroys social capital. In short, the prevalence of corruption is a fundamental obstacle to sustainable and inclusive socio-economic development.

Corruption occurs in both public and private sector organizations. My emphasis in this paper will be primarily on public sector corruption. In the remainder of this paper, I will firstly begin with a brief philosophical *Note on The Essence of Corruption* in Section One. Section Two will then offer an analysis of *Aetiology of Corruption*. Section Three will reflect on *Corruption in South Africa* with its evident consequences in our society. The concluding Section will highlight some of the obvious next steps towards arresting the corrosive spread of corruption and containing its damage to the social fabric of our society.

Section One: A Note on the Essence of Corruption

Corruption as a phenomenon does not have a positive essence! Corruption, *per se*, could not exist. A useful analogy may be darkness- darkness *per se* does not exist! We cannot say: let's bring darkness to an area! Nor can we say: let's transmit darkness from one region to another! Darkness, in reality, is the absence of light. Darkness assumes existence only when all light is removed. Corruption, likewise, does not have essential existence. Corruption therefore owes its prevalence to the absence of certain systemic factors in the society or in an organisation.

This definitional or philosophical discussion of corruption is critical for socio-economic discourse, for the fight against corruption and for the containment of its adverse developmental impact.

Illicit activities, by their very nature, tend to be secretive and hidden from public scrutiny. Many of the issues surrounding the causes and extent of corruption in particular countries remain elusive. Increasingly, however, more systematic studies on corrupt activities have yielded empirical support for policy prescriptions. Various definitions have been formulated in the literature; eg:

- “The abuse of public power for private benefit” (Tanzi, 1998);
- “Corruption is the misuse of office for unofficial ends” (Klitgaard, 1998);
- “The abuse of public power for personal gain or for the benefit of a group to which one owes allegiance” (Dye and Stapenhurst, 1998);
- “The intentional non-compliance with arm’s length relationships aimed at deriving some advantage from this behaviour for oneself or related individuals” (Tanzi, 1998).

Corrupt acts include bribery, extortion, influence peddling, nepotism in hiring and procurement, fraud, “speed money”, embezzlement, ghost workers on payrolls etc. Corruption distorts public decision-making at political and administrative levels about the acquisition and allocation of public resources (personnel, procurement of goods and services) as well as the allocation of public goods and services produced by the government sector. Unfortunately there exists no exhaustive taxonomy of different forms of corruption, after all corruption is defined relative to particular ethical, legal and administrative norms and standards.

In South Africa, public sector expenditure accounts for over 40% of Gross Domestic Product (GDP). The sheer magnitude of public sector participation in most economies means that if corruption depresses public sector productivity and service delivery performance, then there will be an immediate negative impact on the performance of the economy as a whole. Reducing corruption does not mean simply reducing the role of the state – rather the emphasis should be on how the state operates and carries out its functions.

Different forms of corruption will clearly have different effects, in the short and long term. Some economists argue from a public choice perspective that corruption may well be efficiency-enhancing by permitting entrepreneurs to circumvent inflexible bureaucratic procedures – the proverbial “grease in the wheels of bureaucracy”. Alternatively, bribery is seen as a rationing mechanism, rather than waiting in line. Bribes – according to this rationale – “clear the market” since they reflect individuals’ and firms’ willingness to pay. I submit that this analytical paradigm is far too narrow, shallow and deeply flawed.

Section Two: Aetiology of Corruptionⁱⁱ

In my view, the aetiology of corruption may be traced back to two broad factors- one is institutional and the other moral.

The institutional dimension of corruption pertains to a set of interrelated or systemic measures, practices and structures that culminate in the problem of poor public sector performance. Increasingly, the link between reducing corruption and improving service delivery has been made in the literature. Even then the benefit to service delivery is simply regarded as a positive spin-off, or externality, rather than as an independent or even primary objective of the relevant anti-corruption initiative. It is as though the researchers, policy-makers and politicians have become so engrossed in addressing the corruption issue that they have lost sight of the primary purpose of democratic government, namely to act for the public good.

This is not to suggest that anti-corruption initiatives are not in the public good (far from it). Rather the aim is to suggest that we need to reappraise the way we think of corruption and anti-corruption initiatives with a view to formulating a new approach which emphasizes transparent, accountable and effective government action that is in the public interest.

To reappraise the way we think of corruption and anti-corruption initiatives, we need to develop a clear understanding of the current public sector and its relationship to the rest of society. Among other things, this entails looking at:

- The social context within which the public sector operates;
- The evolution of the public sector, particularly the more recent changes;
- The role the public sector plays, and the traditions, institutions, systems etc. that govern its actions;
- The way the public sector interacts with the private sector and civil society, and
- How the public sector is likely to respond to new challenges such as increasing regional integration and globalisation.

Public policy analysis and debate have always been in some way concerned with finding ways of improving public sector performance. More recently, however, the issue of public sector performance has taken centre stage in response to the increasing pressure for the effective use of limited public resources and the growing appreciation of the costs of government failure. In recent times the more successful public sector reforms have been those that have set out to reorient public institutions, systems and incentive structures to focus on performance.

Consequently there is growing consensus among both academics and practitioners that international good practice in the public sector means *focusing on performance* and, more specifically, *on the delivery of results and impact on social conditions*.

This focus on performance encompasses all government institutions - including parliament and the cabinet - and is not restricted to the traditional service delivery departments such as health, education, welfare etc. It is based on a systemic understanding of the state that acknowledges the integrated nature of all institutions and elements of good governance. For instance, to improve performance in the health sector is not simply a function of improving health delivery, but also requires the effective functioning of the budgeting, personnel, procurement and a host of other systems. In fact, good public health delivery may well require proper planning for water supply, urban amenities, and appropriate environmental planning. By the same token efforts to improve the delivery of education are to some extent dependent on the functioning of the health system. The ultimate aim of this performance/ delivery oriented approach is to get all government systems, departments, commissions, regulatory bodies, parastatals etc. performing and delivering.

A reappraisal of anti-corruption initiatives has to take cognisance of this. For instance, an emphasis on performance means that it is not only important to monitor that resources are not being abused or misappropriated, but also that they are being used as effectively as possible. While monitoring for probity and results could be done using separate systems, it makes far more sense to do both jobs on a single system. Not only is this likely to be simpler, but it gives explicit recognition to the fact that both probity and effective delivery are integral to good performance.

The growing focus on public sector performance can be explained and understood in another way. In the private sector a company's performance is measured by its bottom line. Corruption that is internal to a company reduces its profitability and this tends to elicit a rapid response from shareholders. In other words, in the private sector there are built in incentives and mechanisms to monitor for corruption and to address it rapidly and effectively when it surfaces. As a result both the risk and the incidence of internal corruption within companies are fairly limited over the long run. In addition, there are strong mechanisms in the private sector for dealing with inefficiency, namely performance contracts, take-overs and bankruptcy procedures to name but a few. By contrast, there is nothing like a bottom line in the public sector. The result is that corruption within the public sector has ample room to thrive. To complicate the problem further, the mechanisms for dealing with inefficiency in the public sector are generally weak as well. And since both corruption and inefficiency impact negatively on performance, it is often difficult to distinguish between the effects of corruption and inefficiency. Therefore, instead of trying to deal with the problems separately, current best practice focuses on public sector performance and thereby seeks to address both problems simultaneously. Thus in the public sector, measures of performance and sanctions for poor performance substitute for the bottom line in the private sector, while the threat of a change of government could in some respects be compared to a take-over in business.

A reappraisal of corruption as a concept and anti-corruption initiatives also need to take cognisance of the fact that a focus on public sector performance is likely to change perceptions of accountability and probity. To date these notions have tended to be interpreted narrowly, i.e. in terms of procedural correctness and strict legality. Focusing on

performance necessitates broadening this to include notions of transparency, effectiveness, efficiency and accountability for results. This means that certain behaviours and actions that escaped censure in the past, because they were not strictly illegal or dishonest, would be censured under the new approach because they detract from effective and efficient performance. By the same token certain behaviours and actions that were not rewarded in the past would be recognised and rewarded because of their positive contribution to performance.

As noted earlier, the notion of corruption does not lend itself to clear definition. This is partly because corrupt acts are usually defined relative to particular ethical, legal and administrative norms. Having said this, such norms only change at the margin from one country to the next. Thus the bulk of what is likely to be considered corrupt in one country will be considered corrupt in all countries. The real challenge is, therefore, to find ways to define, identify and address what might be called 'marginal corruption', i.e. acts of a dubious nature but that are not obviously corrupt.

Developing a clear definition of corruption is further complicated by the fact that the impacts of corruption are almost indistinguishable from those of inefficiency. Indeed, in most developing countries one would be hard pressed to say whether poor public sector performance is primarily the result of corruption or of inefficiency. The reality is that it is probably six of one and half-a-dozen of the other - and in fact they are mutually reinforcing. For instance, are hospital pharmacies in chaos because the medicines are being stolen or because the inventory systems are inadequate and poorly managed?

The line is particularly fuzzy when it comes to distinguishing between petty inefficiency and 'marginal corruption'. For example, is taking a longer tea break than normal stealing time or just an inefficient use of time? In most cases the distinction does not matter. What matters is the fact that the cumulative effect of thousands of actions of this kind impact negatively on performance.

The linkages between corruption and inefficiency go a lot further. To start with, the way certain public sector systems are set up and operate may induce behaviour that from a procedural perspective is illegal but that is not dishonest. The hospital superintendent that by-passes the normal tendering system to purchase an X-ray machine in order to ensure that it is immediately available and not only in eighteen months time is a case in point. Strictly speaking her action is illegal and an anti-corruption programme with a narrow focus on procedural accountability would censure it. However, the reality is that few would argue that the superintendent behaved dishonestly. Indeed most people are likely to consider her action in a positive light - as evidence that she places the interests of patients first. Clearly the problem is not the individual 'illegal' action, but the inefficient system that induces such behaviour.

Secondly, certain public sector systems may actually permit certain corrupt behaviour. An example here is the court system that allows prosecutors and lawyers to conspire to get criminal cases dismissed by continually asking for postponement. Strictly speaking they

are acting within the law, but the motivation is 'corrupt'. Acting against this kind of corruption without changing the inefficient system which allows such behaviour is likely to be a futile exercise. Again the main problem is not the action itself, but the inefficiency of the system.

Thirdly, public sector systems may be set up and operate in ways that in fact induce corrupt behaviour. This is particularly pertinent when it comes to interactions between the public and the private sectors. In many developing countries excessive amounts of red tape govern what should be relatively simple, routine processes such as registering businesses, the approval of building plans, obtaining zoning rights, importing and exporting goods etc. In order to survive and be competitive businesses resort to acting outside the bounds of the law by seeking to either expedite or bypass bureaucratic processes by paying 'speed money', bribing the enforcement officials etc. Again a narrow view of corruption would tend to focus attention on preventing these various corrupt acts often by generating even more regulation, instead of addressing the root causes of the problems, namely ineffective, inefficient, over-regulated systems.

Also with regard to system induced corruption, the system governing the payment of public officials is crucial. If pay levels are inadequate or salaries are received irregularly, it should come as no surprise that many officials seek to supplement their normal incomes by moonlighting, using work time to trade or do other things, seeking bribes, trading favours, embezzling funds etc. Clearly to focus just on these corrupt activities again addresses only half the problem. The other half involves ensuring levels of pay are adequate and ensuring the payment system operates efficiently. It is also important to address the whole issue of income earning opportunities. In many developing countries income earning opportunities in the private sector are limited compared to rent-seeking opportunities within the public sector. Addressing this issue requires far more than just an anti-corruption programme.

Finally, public sector systems may by their design and operation enhance opportunities for corruption. This is particularly so where systems create monopolies of some kind which civil servants are responsible for administering. Examples include licensing departments, the appointment of staff, procurement, the approval of building regulations, prosecution services, the judiciary, the granting of pensions to name a few. The non-transparent and discretionary nature of many of these systems lays them wide-open to abuse. Again to focus only on identifying and prosecuting instances of corruption and on rooting out corrupt officials is unlikely to solve the problem. In nearly all instances the systems themselves need to be reformed to minimise opportunities for corruption.

A reappraisal of anti-corruption initiatives requires a new look at the relationship between corruption and inefficiency, and how both these relate to the efficacy of public sector systems. It also requires one to question whether corruption really is *the* problem facing developing countries, as some writers suggest, or whether it is merely a symptom of some deeper problems with developing countries' public sectors? If it is the latter then it follows that a narrow anti-corruption focus in fact deflects attention from the more fundamental, underlying problems facing public sectors in developing countries.

The Role of Morality

At the heart of an effective systemic approach lies the indispensability of modern and well-performing government machinery that is capable of developing and executing policies that enhance social welfare. This is particularly so in a rapidly globalizing environment in which the sustainable economic and social development of countries is as much dependent on the comparative productivity of their private sector as is on the relative efficacy of their public sector.

However to suggest that a well-designed governance system is all that is required would be at best a static view of society, and at worst may well be naïve. The reality is that all systems function within an operating environment. More accurately put, within the society every mechanism, such as the public resources governance system, in effect operates within a larger and more complex system. As such it is subject to the continuous dynamic forces of the larger environment.

The sufficient condition for success, therefore, is to ensure that the larger social system provides an enabling environment for the governance system of public resources. To this end, I argue that moral values play a major role in ensuring that the society at large aspires to, and espouses, the ethical standards of honesty, integrity, equity, efficiency and transparency.

Advocating specific morals or values might well be controversial in the current age of humanistic relativism. However, for the sake of systemic sustainability, there is a *congruency requirement*. This means the *corporate ethics* that permeate the systemic governance of public resources should be in consonance with the prevailing moral values under which the society at large operates. Logically this requires a common set of values that the society in some or other manner has arrived at. How exactly these values will be arrived at, and adopted, fall outside the ambit of my presentation today.¹

Operationally, the influence of moral values impacts upon the system of public resource management at two levels. Firstly, any system of public resource use is bound to require a great deal of discretionary judgement as part of its ongoing allocative and management functions. Such subjective decisions are inherently value driven. Moral values consciously or otherwise inform such decisions. This type of influence is internal to the operations of the system itself. For example, the conventional notion of 'public servant' was founded upon the ethical values of integrity, care, and aspiration to serve communal interests. The literature on public choice challenged this view from the perspective of individual utilitarianism. The public servant, this paradigm argues, is first and foremost an individual with self-interest at heart. Contemporary empirical research amply supports this view. Meanwhile, New Public Management reforms, introduced mostly in the OECD countries, place a renewed emphasis on ethical values in public service (World Bank 1997). There is

¹ In principle this process is best located within a multidisciplinary process including theologians, sociologists, political scientists, and moral philosophers. Economists have the critical role of highlighting the need for such a moral framework.

an acknowledgement that administrative and managerial system development cannot operate in a moral vacuum. However, it is at the same time recognised that ethical values alone cannot suffice and they need to operate in conjunction with strong financial management control measures.

In contrast to the internal influence, moral values also impact on systems from the outside. External influences are manifested in the social context within which the system operates. This context may enhance the well functioning of the system or can be unfavourable to its operations. In this regard, a combination of socio-economic, political and historical factors plays a major role in shaping the broader environment. Ultimately, the patterns of economic and political powers determine the reality and the perception of social justice within the society. This in turn tends to affect the sustainability of a given status.

However, the reality and perception of social justice should not mean that the prevailing moral values need to be internalised. Personal integrity, for example, cannot be a derivative of the prevailing or historic political legitimacy of the ruling party within the country. Likewise, honesty should not be compromised on the basis of 'realistic evidences' of the abuse of economic and political powers. Such justifications and their concomitant behavioural consequences are sure means of society's infinite regress. Systemic stability, and subsequent virtuous circles of progression, requires a set of exogenous norms and values.

Interestingly enough for the classical economists this was almost axiomatic. For example, on the socio-economic significance of honesty, Adam Smith in his *Theory of Moral Sentiments* argued that a well functioning society was dependent on compliance with what he termed a "code of honour". (A Smith (1812): *The Theory of Moral Sentiments*, London: Cadell and Davies) The absence of a 'code of honour' ultimately leads to corruption in one or other form.

The literature on the economics of asymmetric information illustrates the social implications of a society imbued with ethics and generally bound by a moral code of conduct. Market efficiency depends largely on information, its accuracy and flow. The quality of information, therefore, directly affects the ability of the market to meet societal collective material needs. Consider the infamous market for second hand cars, dominated by the "used car salesman", a caricature of dishonesty. In order to obtain the highest price possible, the salesman provides inaccurate information about the quality of the car. Information is thus used to extract money that otherwise the buyer would not have willingly agreed to if all information was available to him. Note that if all relevant information were available, an honest and open transaction would lead to a socially optimal outcome. In essence due to information asymmetry, and the absence of honesty, what would have otherwise been mutually beneficial ends up asymmetrically exploitative.

Possibly the most important economic impact of infusing morality into a systemic public resource management is the substantial reduction in transaction costs. Both public and private sector activities are subject to enormous transaction costs. These include the cost of concluding deals, cost of collecting the optimal level of information, expenses of

contracting, and costs associated with policing or enforcing contracts. Lack of morality increases such costs enormously. In many vital cases of social interest such increases in expenditure result in public services being unavailable.

The *congruency requirement*, it is important to highlight, is merely a diagnostic tool. It does not help with the choice of common set of values. To illustrate the point, let us describe two polar situations where congruency requirement is met. One is what we may call virtuous spiral of progression. In this social setting, the prevailing social norms and standards unequivocally promote competence, performance, honesty, and service to community. These values, in turn, inform the electorates' choice in electing and mandating their political representatives. As such the political representatives espouse 'leadership through service', are inclined towards meaningful accountability, and operate within a performance framework in pursuit of public service delivery. The machinery of state, in turn, is governed by a set of fully internalised and generally accepted 'charters of good practice'. These include professionalism, integrity, stewardship of public resources, efficiency and efficacy, transparency and accountability. In such a situation, there is congruency compliance among the three components of the societal structure; namely the electorate, the political, and the state components.

At the other polar extreme, there could be a situation where the machinery of the state is riddled with inefficiency, inefficacy, various forms of public resource misuse (including nepotism, bribery, fraud, and the like), and apathy in performance. At the same time, the broader society operates in a milieu without any generally accepted norms of behaviour as regards communal or personal values. Commonly, the most pressing imperative in such a setting is survival and the individual's corrupt practices are justified on this basis. Hence the ethical and moral values of expediency are internalised by the individual as a pragmatic survival strategy. As such the general polity does not regard the *modus operandi* of the state and its individual members as abnormal at all. More often than not, in such societies the polity faces effective political disempowerment in any case. In this environment, the political levers of power are also in the hands of either self appointed and/or self-serving groups. Once again their actions are not out of sync with the broader societal practices. In such circumstances, once again the *congruency requirement* is met. However, the dominant direction of this configuration is likely to be the vicious spiral of regression.

It is stating the obvious that between the foregoing two polar situations there exist a spectrum of possible scenarios. Their descriptions are not necessarily instructive for developing a plan of action for transformation; and as such unhelpful for, *inter alia*, fighting corruption. What the congruency requirement suggests, however, is that moving towards the virtuous spiral of progression requires developing the common set of values on the one hand and the system of public resource governance on the other. The former is clearly a multi-disciplinary enterprise to which economists and public financiers can at best make their respective contributions. Much more is needed to develop the basic moral framework that can bind the entire fabric of the societal environment together. Unless there is a common appreciation across the private sector and broader civil society of what

constitutes public service ethics at managerial and political level, civil society cannot play an effective oversight role in combating corruption. They may in fact exacerbate the problem.

The introduction and internalization of a value system is much easier in a homogeneous environment than in a setting where diverse cultures, religious beliefs and nationalities are involved. In such environments, there is a serious risk of value inconsistency creeping into managerial and administrative practices. Special care should be taken to avoid a business or public sector operational milieu that admits and promotes 'duality of values'. An environment filled with duality of values is conducive to operational inefficiency and ethical inconsistencies, and all forms of corruption.

Section Three: Corruption in South Africa

It may not be an exaggeration to suggest that the two interrelated phenomena of corruption and crime have been the topmost blights on the face of an otherwise successful, if not miraculous, democratic transition in South Africa. I further hold the view that a considerable portion of our societal crimes originates from the deepening corruption within our society. Increasingly, it is evident that the liberation movement's social democratic revolution is tripped by corruption. There is a growing danger that procrastination to effectively expunge the corrupt practices within the society could lead to the institutionalization of corruption, the rationalization of corrupt practices and the rooting of a culture of greed and self-enrichment at all costs.

In South Africa, as in many other countries, over the past decade, a gradual but tangible rift has emerged between the country's socio-economic 'formal (professed)' as opposed to 'informal (practiced)' ethics. For example, in the business sector business executives and corporations formally subscribe to the 'codes of good corporate governance'. Their annual 'glossy' reports are decorated with "impressive evidences" of their socially responsible citizenship. Yet operationally they do not hesitate to collude and/or abuse their market powers. Evidences of price fixing amongst pharmaceutical companies, bread producers and steel manufacturers have been high profile cases over the past few years in South Africa. Sasol, South Africa's most celebrated petrochemical corporation, has been heavily fined, both locally and internationally in EU, for its extensive anti-competitive practices. The country's banking sector is also accused of malpractices and a report in this regard is yet to be made public by the Competition Commission. The banking sector is alleged to be exerting every pressure to halt its publication. The cellular phone companies are likewise accused of collusion to fleece the consumers in South Africa. The latest allegations are against tyre manufacturers in the country.

The gap between the formal and informal ethics within the government sector is even more pervasive. Frequently, government ministers and departmental executives espouse 'global best practices', and yet operationally in their organizational and managerial behaviour there is little evidence of the values, standards, or practices that conform to their formal statements. Duality of the values is equally prevalent in labour unions, the media sector and other social structures.

Apart from this duality of values, there are other forces that have contributed to the rapid rise of corruption in the country. The political imperative of socio-economic transformation has necessitated policies such as affirmative action, black economic empowerment, and preferential procurement policies. Furthermore, the nature of the political transition and the evolution of the process of change of power have given birth to political deployment strategies by the ruling parties, be they at national or sub-national spheres of government.

Whilst these policies and corrective measures have been created with good intentions, and there is sound rationale for them, yet in practice one of the unintended consequences of such political and regulatory interventions has been the rise in corruption and abuse of power. As far as governance is concerned, their most deleterious effects are manifest at the local government level. With regard to the broader developmental impact, the combined effects of the above mentioned factors are much wider and equally detrimental. The abuse of public sector procurement opportunities has become so widespread that a new phrase, that is 'tenderpreneurs', has been coined specifically for it. In the areas of public housing provision, education and health, among others, corruption has become widespread.

These developments have gradually tarnished the internal and external perceptions of the state operations. Against this backdrop, the country's global competitiveness has suffered considerably. As shown in Appendix One, South Africa's global Corruption Perception Index ranking leaves much to be desired. Furthermore, over the past decade, the country's Corruption Perception Index (CPI), as compiled and published by Transparency International, has generally worsened.

At the same time, over the same period South Africa's Global Competitiveness has declined sharply. The strong correlation between these two indices is more than statistical. For the reasons outlined earlier, corruption ultimately undermines growth and development, both directly and indirectly. The impact of growth on the drivers of growth and development may be small for any given period, and the corrosive influence may take time to manifest itself, but there is no escape from its ultimate harmful impact on the developmental path over the medium to long term.

Whilst the economy and the society at large suffer the consequence of widespread corruption, the poor within the society bear the brunt of its impact. After all, the poor are far more dependent on the performance of the public sector. The rising disparity of income, the growing gap between the rich and the poor over the past decade is in part due to the growing spread of corruption across all sectors and spheres of the economy. Given the historic inequalities inherited from the previous dispensation, it is our society's manifest moral failure ever since the dawn of democracy in 1994 that we have failed to curb the scourge of corruption.

Concluding remarks: Some Possible Next Steps

Corruption in the society acts much like cancer in the human body-if you do not stop it, rest assured it will spread! Whilst initially some acts of corruption may even be politically correct, its ultimate and cumulative effects will be only detrimental to the developmental path of the society.

Based on our analysis in this paper, it is safe to suggest that:

- 1- South Africa needs an effective discourse on a set of moral codes of conduct. In this regard, research institutions, religious establishments, think tanks, and academia ought to play a pivotal leading role.
- 2- All political parties need to adopt and publicize an explicit set of moral values and codes of behavior.
- 3- The spheres of governance require an urgent transformation based on effective systemic reform underpinned by meaningful professionalization of their operations.
- 4- Civil society organizations need to be far more actively involved in the monitoring and engagement with public and private sector organizations in order to deepen the culture of probity and accountability.

In effect, whereas pre-1994, the social democratic revolution in South Africa coalesced around 'liberation from racial discrimination and institutionalized disempowerment', there is now a growing need for a second social democratic revolution focused on freedom from the tyranny of corruption and crime. From a developmental perspective, the oppressive and corrosive impact of corruption may well rival apartheid. We need to act to stop it.

I thank you.

Appendix One:

South Africa's Global Ranking in Corruption Perception Index

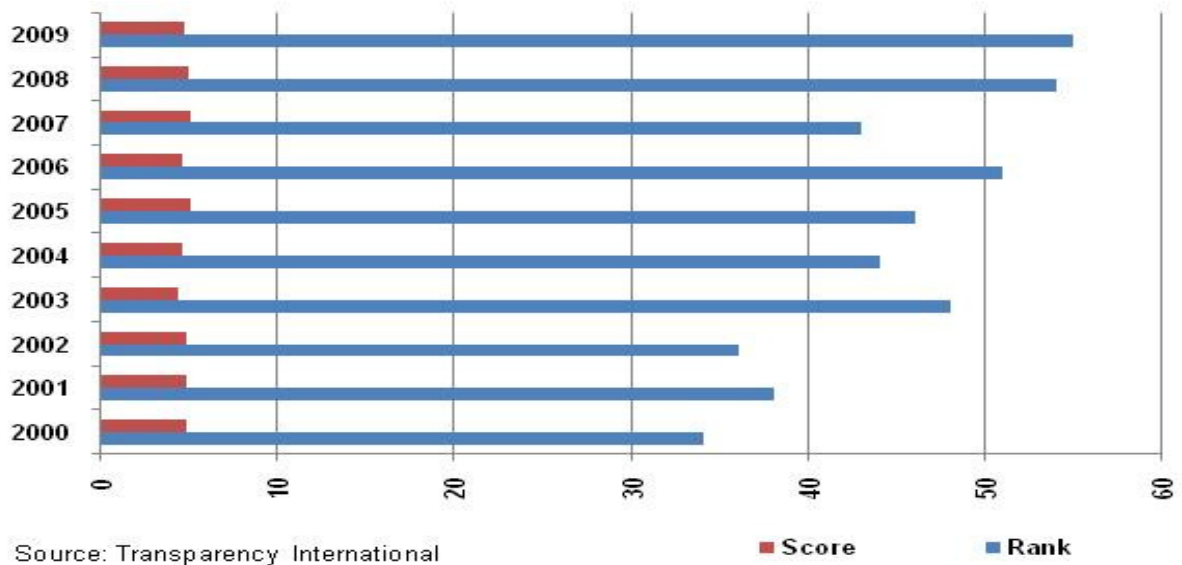
Top 10 Ranked Countries in the World, 2009			Top 10 Ranked Southern African Countries, 2009		
Country	Rank	Score	Country	Rank	Score
New Zealand	1	9.4	Botswana	37	5.6
Denmark	2	9.3	Mauritius	42	5.4
Singapore	3	9.2	Cape Verde	46	5.1
Sweden	3	9.2	Seychelles	54	4.8
Switzerland	5	9	South Africa	55	4.7
Finland	6	8.9	Namibia	56	4.5
Netherlands	6	8.9	Ghana	69	3.9
Australia	8	8.7	Burkina Faso	79	3.6
Canada	8	8.7	Swaziland	79	3.6
Iceland	8	8.7	Lesotho	89	3.3
South Africa	55	4.7	Malawi	89	3.3
			Rwanda	89	3.3

Source: Transparency International

Source: Transparency International

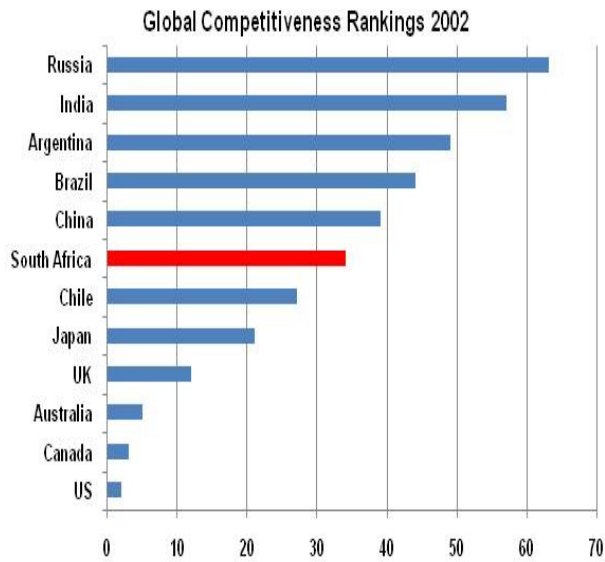
Appendix Two:

South Africa's Corruption Perception Index over 2002-2009

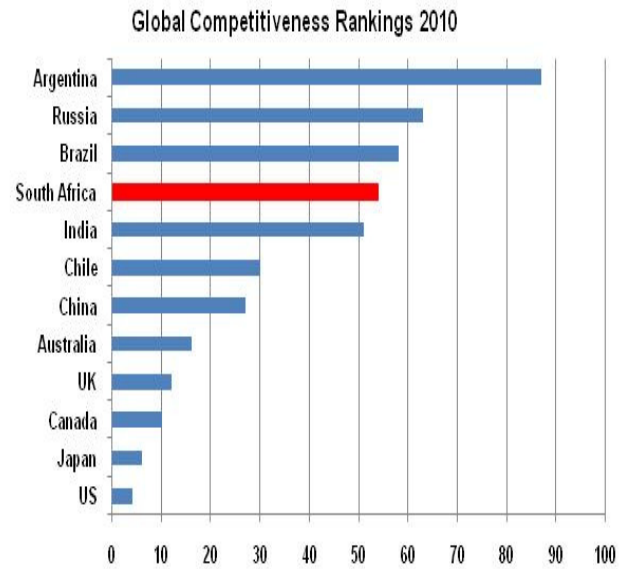


Appendix Three:

South Africa's Ranking in Global Competitiveness



Source: World Economic Forum, 2002



Source: World Economic Forum, 2010

Notes &References:

Note: Section Two of this paper draws heavily on “Fighting corruption: Balancing Morality with Systemic Governance” by Iraj Abedian, Tania Ajam and Conrad Barberton, September 9th, 1999, AFR_eC, UCT.

1. ⁱ Goel, R and Nelson, M (2010) Causes of corruption: History, geography and government. Journal of Policy Modeling (32) pp.433-447
2. ⁱⁱ The word "aetiology" is mainly used in medicine, where it is the science that deals with the causes or origin of disease, the factors which produce or predispose toward a certain disease or disorder.
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