



INCLUSIVE SOCIETY INSTITUTE

Op-ed

The effects of corruption ***By Professor Pregala Solosh Pillay***

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Corruption in South Africa has had long-lasting and far-reaching effects. It has deterred investment, created huge economic losses, exacerbated poverty and inequality, engendered public sector dysfunctionality, service delivery protests and unrest, resulted in human rights violations, and fanned public frustrations.

Corruption has led to a continuous erosion of institutional integrity, transparency, and a lack of trust, both towards the political and administrative institutions of the State. Corruption has also eroded South African citizens' confidence in public institutions. It undermines social trust and the legitimacy of State institutions, and ultimately, it has had a corrosive impact on the rule of law and democratic processes.

Policies, however well intended, lack credibility, and fail to secure citizen, business and civil society buy-in, if there is a perception that government is corrupt. In addition, the allocation of public procurement contracts through a corrupt system has led to a lower quality of infrastructure and public services.

Corruption has also tempted government officials to prioritise projects that present opportunities for bribes and kickbacks at the expense of projects that have a positive impact in terms of societal welfare. The effect is that the poor must pay an additional tax in the form of bribes for access to overpriced and inefficient State services.

Moreover, as looting intensifies, service provision and service delivery declines. This means that the poor must pay bribes to get access to resources in an environment characterized by shrinking capacity; and violent service delivery protests inevitably escalate.

The literature shows that corruption robs the poor. The corrupt have taken advantage of existing opportunities, and there is a lack of will on the part of State institutions, including the absence of sufficient deterrents and punishment, the absence of accountability and transparency, as well as a lack of ethical leadership, to achieve their ends. Whilst corruption is a global phenomenon, it has the most destructive effects in developing countries, where it is most prevalent.

In Africa, it is estimated that 25% of States' GDP is lost to corruption annually. The prevalence of corruption in South Africa is a source of grave concern, as shown by several corruption scandals and cases, including those highlighted by the Zondo Commission of inquiry into State capture. Many studies have established that corruption has discouraged investment and that it acts as an additional cost of doing business, thus reducing the profitability of investment projects. And if people are not willing to invest in the country, it is almost impossible to generate new jobs.

During the period of time since the Covid-19 pandemic began – one of the most challenging and distressing periods for the whole of humanity, especially for the poor, the vulnerable and marginalised – unscrupulous people have found opportunities to either abuse or misappropriate the funds set aside for social relief – right down to food parcels. There has also been a plethora of financial and supply chain maladministration, bribery and nepotism, including political and administrative interference.

Our former Minister of Health was implicated in the looting of R150 million of public funds in the Digital Vibes scandal. The South African Revenue Service (SARS) publicly announced that it has been focusing on 52 non-compliant companies that received R1 billion in contracts for the supply of PPEs and other Covid-related services, and that 11 companies have already been convicted. An amount of R170 million in unpaid taxes linked to PPE contracts has already been recovered while a further R500 million in assets, including cash, under preservation orders, has been recovered. SARS has also investigated 33 entities linked to “politically-exposed persons” – this is presumably code for companies that have links to politicians, senior government officials and politically-connected businesspeople.

On 1 November, South Africa saw local government elections. President Ramaphosa called upon all registered voters to use the opportunity to exercise their democratic right and to exercise their civic duty to vote. Take note, however, that public trust in elected representatives is particularly low, and only a quarter of South Africans have expressed trust in either the ruling or the opposition parties.

So, the question posed by the Inclusive Society Institute at its Anti-Corruption dialogue remains: how do we fight this scourge?

Firstly, it is imperative that only the best, most qualified candidates, who are best suited for their roles and responsibilities, should hold office. Those found guilty of unlawful activities and misconduct should not be appointed into public positions. Consequence management should serve as a deterrent. South Africa must put a stop to a culture where we promote people and recycle them into better positions, despite poor performance. There must also be protection, security and financial compensation for whistle-blowers.

In today’s world, the increasing availability and access to information and online tools can also help in anti-corruption efforts across all sectors. For instance, there is the potential for technology-based tools that can be designed to cut out traditional approaches that may more readily be compromised.

These questions also need to be asked: How has South Africa become so morally bankrupt? How does it reinforce ethical cultures in public and private sectors? Instead of just focusing on ethics training, perhaps there should also be a focus on reinforcing the model of Ubuntu and human values, where the emphasis is on returning to the basics – a values-based approach, the development of individuals in a holistic manner, in the home, at school, at university and at societal level.

The media, civil society organisations and communities throughout the country, must continue with and intensify their peaceful campaigns to fight corruption. Chapter 9 Institutions must remain independent because they are the cornerstones to sustain democracy and enhance democratic principles, such as accountability, respect, the rule of law and human rights. More importantly, anti-corruption agencies must not become more powerful; they must become more functional.

It is the collective responsibility of South Africans to curb this scourge. The world will not be destroyed by those who do evil, but by those who watch them without doing anything.

This is Part 4 of a 5-part series of a high-level dialogue on the establishment of a National Anti-Corruption Agency for South Africa. This is an extract from the Inclusive Society Institute report on the dialogue.