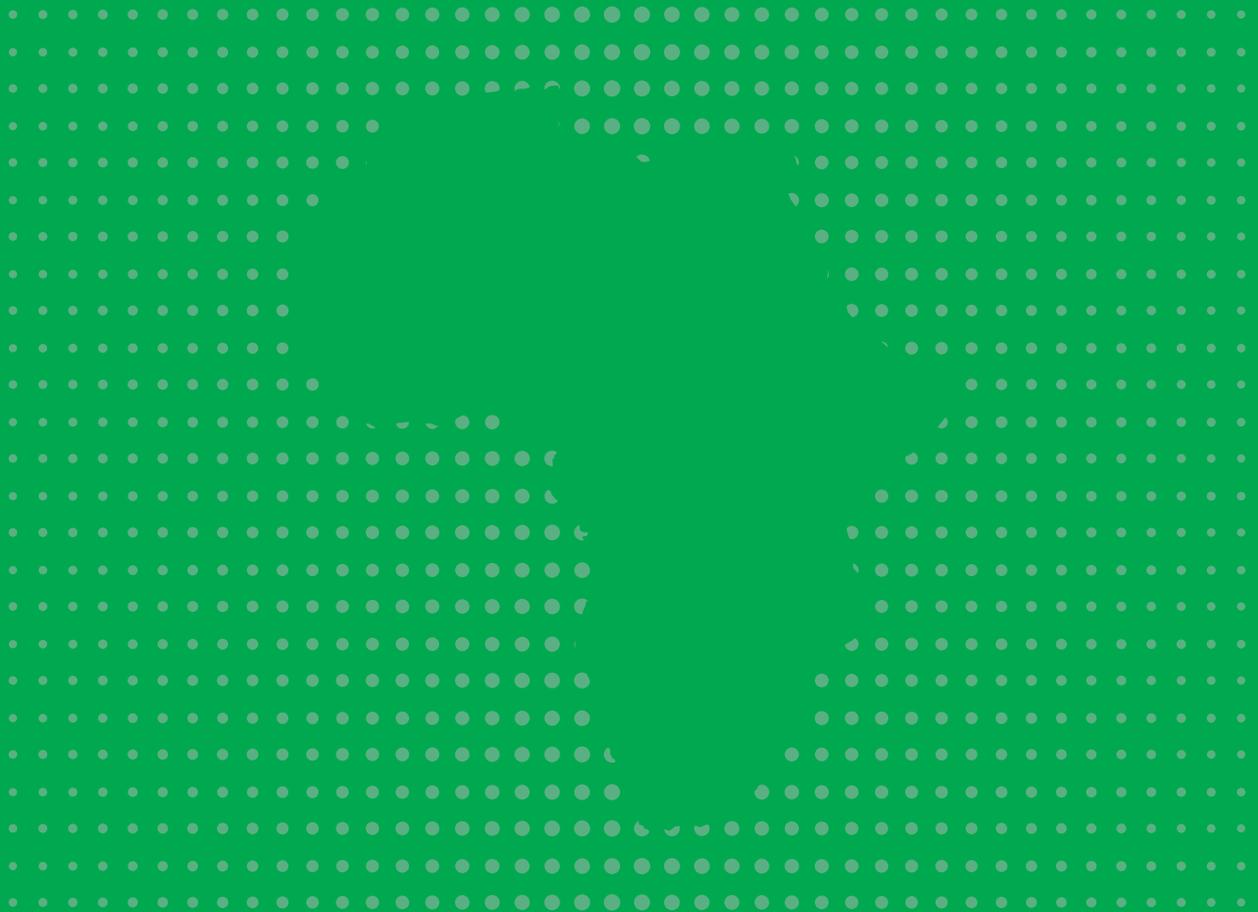


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RECONCILIATION & DEVELOPMENT

OCCASIONAL PAPERS | NUMBER 3

Corruption as an obstacle to reconciliation: Its impact on inequality and the erosion of trust in institutions and people



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Submission on the impact of economic crime and inequality in South Africa to
The People's Tribunal on Economic Crime

About the Reconciliation and Development series

The Reconciliation and Development Series is a multidisciplinary publication focused on the themes of peacebuilding and development. Peacebuilding research includes the study of the causes of armed violence and war, the processes of conflict, the preconditions for peaceful resolution and peacebuilding, and the processes and nature of social cohesion and reconciliation. Development research, in turn, is concerned with poverty, structural inequalities, the reasons for underdevelopment, issues of socio-economic justice, and the nature of inclusive development. This publication serves to build up a knowledge base of research topics in the fields of peacebuilding and development, and the nexus between them, by studying the relationship between conflict and poverty, and exclusion and inequality, as well as between peace and development, in positive terms.

Research in the publication follows a problem-driven methodology in which the scientific research problem decides the methodological approach. Geographically, the publication has a particular focus on post-conflict societies on the African continent.

About this paper

This presentation was delivered by Stanley Henkeman, Executive Director of the Institute for Justice and Reconciliation, as the IJR's submission on the impact of economic crime and inequality in South Africa to The People's Tribunal on Economic Crime, which took place in February 2018.

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List of abbreviations and acronyms

IJR	Institute for Justice and Reconciliation
PII	Poverty and Inequality Institute, University of Cape Town
SALDRU	Southern African Labour and Development Research Unit
SARB	South African Reconciliation Barometer
SIDA	Swedish International Development Cooperation Agency
TRC	Truth and Reconciliation Commission
UCT	University of Cape Town
UNDP	United Nations Development Programme

Introduction

Good morning adjudicators, colleagues and all those present here today.

Thank you for the opportunity for the Institute for Justice and Reconciliation (IJR) to contribute to your investigation in this manner. The IJR was launched in the year 2000, in the wake of South Africa's Truth and Reconciliation Commission (TRC). The aim was to ensure that lessons learnt from South Africa's transition from apartheid to democracy were taken into account as the nation moved ahead. Today, the Institute helps to build fair, inclusive and democratic societies in Africa through carefully selected engagements and interventions.

For our contribution, I draw on research from my colleagues in our Research and Policy team – in particular from our two survey projects hosted at the IJR, namely Afrobarometer and the South African Reconciliation Barometer (or SARB) – as well as the experiences and insights from our Sustained Dialogues team which does work in communities with an emphasis on youth, gender justice and building inclusive societies.

Although the relationship between corruption and reconciliation remains largely unexplored, the IJR's contribution will explore the current state of reconciliation, followed by factors hampering progress in this regard – with an emphasis on inequality, and trust in institutions and people. These findings will then be tied to how corruption – through these two factors – impacts on reconciliation.

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1. The state of reconciliation

Evidence from the SARB suggests that most South Africans across all groups, are willing to engage in and support further reconciliation efforts ... [however], there are several obstacles to the goal of reconciliation.

Evidence from the SARB suggests that most South Africans, across all groups, are willing to engage in and support further reconciliation efforts. In 2017, over 75% of South Africans believed unity is a desirable objective, and 68% believed unity is possible.¹ Since the SARB's inception in 2003, most South Africans have indicated their preference for a united South Africa. In addition, in 2017, more than seven in every ten South Africans believed the country still needs reconciliation. Only 56% of South Africans, however, believed that South Africa has made progress in reconciliation, while less than half of South Africans reported having experienced reconciliation by 2017.

What explains the disparity between South Africans desiring reconciliation, yet not experiencing it? What factors inhibit the goal of reconciliation? As South Africa's post-apartheid reconciliation effort extends into its third decade, there are several obstacles to the goal of reconciliation.

2. Inequality and reconciliation

When South Africans are asked to identify the primary source of division in society, inequality is consistently perceived as the main source of division. In addition, only 23% of South Africans believe levels of inequality have improved since 1994, while 46% of South Africans believe inequality has worsened since 1994. Inequality is furthermore the aspect of society that the least amount of South Africans perceive to have improved.²

What does this mean in terms of reconciliation? In its conceptualisation of reconciliation, the SARB posits that unjust or unequal power relations between different social groups hinder progress towards reconciliation. More just and equitable power relations would create a more fertile environment for reconciliation. In addition, our research with the Poverty and Inequality Initiative (PII) at the University of Cape Town (UCT) shows that high levels of inequality and the perception that inequality has not improved in the post-apartheid period are the key impediments to social cohesion in South Africa.³

Considering the history of South Africa and the strict hierarchical structures enforced under apartheid and colonialism, the fact that inequality between South Africans serves as a form of division, and is experienced as such, is perhaps not surprising. However, over two decades since the beginning of the democratic and constitutional era, what explains the continued presence of inequality as a divisive force in society? One possible explanation for the persistence of inequality in South Africa is the persistence of corruption.

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3. Corruption and inequality

Detailed research reveals that corruption – whether at the level of state institutions, in the private sector, or in local-level service provision – reinforces inequality. Moreover, the relationship between corruption and inequality is cyclical: when people engage in corruption, it is to the illegal benefit of a few individuals at the expense of others.

Given the relationship between corruption and eradication of inequality, perhaps it is time for all of us to combat inequality, as a barrier to reconciliation, by combatting corruption.

Detailed research reveals that corruption – whether at the level of state institutions, in the private sector, or in local-level service provision – reinforces inequality. Moreover, the relationship between corruption and inequality is cyclical: when people engage in corruption, it is to the illegal benefit of a few individuals at the expense of others.⁴ Corruption therefore perpetuates inequality, the primary obstacle to reconciliation in South Africa.

The effects of corruption on inequality are both direct and indirect. In a direct sense, citizens are sometimes forced to provide bribes for basic services, such as receiving documentation or eliciting help from police or health services. Here, inequality is perpetuated, as citizens in better-served areas are less likely to be forced to submit themselves to bribery and corrupt practices.⁵

In an indirect sense, widespread corruption in both the public and private sector has a demonstratively negative effect on economic growth, income inequality and poverty. Corruption inhibits the effective functioning of government and business, the central components in the national economy. Studies have shown that ‘a worsening in the corruption index of a country ... increases the Gini coefficient’, the standard measure of inequality in societies.⁶ While there is some debate around the direction of the relationship between corruption and inequality, that is, whether inequality causes corruption or corruption causes inequality, there is major consensus on the interrelated relationship between the two.⁷ In other words, a decreasing level of corruption is likely to result in a decreasing level of inequality. Given the relationship between corruption and eradication of inequality, perhaps it is time for all of us to combat inequality, as a barrier to reconciliation, by combatting corruption.

4. Gender and corruption

Inasmuch as corruption plays a role in maintaining economic inequalities, it also carries a particular gender discrimination. While all citizens are affected by corruption, women and other marginal gender identities bear the brunt of corrupt practices. In short, 'women are in many settings more exposed to corruption and its consequences'.⁸

The United Nations Development Programme (UNDP) and other international organisations identify four broad areas in which women are subjected to corruption: (1) when accessing basic services, markets, and credit; (2) while engaging in politics; (3) in situations where women's rights are violated (e.g. trafficking and sexual extortion); and (4) negligence and/or mismanagement.⁹

Women and other gender-marginalised persons are more dependent on public services, such as reproductive health or social grants provision. Corruption through its insidious effects on service delivery makes a cruel situation more horrific. Women and LGBTQIA+ people often face corrupt officials demanding bribes, which carries the risk of physical or sexual extortion. Patriarchal systems and societies make women and other marginalised gender identities vulnerable to corruption.

Increasing or consistent levels of corruption increase or maintain levels of inequality. More systematically, corruption is harmful to both economic growth and income inequality, which has long-term implications for the future of inequality as a source of divisions and thus reconciliation in South Africa. This affects all South Africans, but in particular women and other gender-marginalised persons.

Inasmuch as corruption plays a role in maintaining economic inequalities, it also carries a particular gender discrimination. While all citizens are affected by corruption, women and other marginal gender identities bear the brunt of corrupt practices.

5. Corruption and trust in institutions

Inequality, however, is not the only link we find between corruption and reconciliation. Reconciliation is more likely to thrive in a society where there is a growing democratic political culture. This is evident when citizens feel part of an inclusive nation, participate in the political process, feel the government is legitimately elected, and respect the rule of law.

Citizens' perception of corruption is closely related to their trust in institutions. Again, the relationship is cyclical: citizens' experience of corruption lowers their trust in institutions, which is likely to increase the perception of corruption. Afrobarometer studies indicate that 'the perceived level of corruption has a strong adverse effect on citizens' trust in political institutions'.¹⁰ In short, higher levels of corruption cause citizens to lose trust in the state, service providers and institutions.

The most recent data from Afrobarometer's Round 6 survey in 2015 illustrates waning confidence in institutional integrity. When asked whether 'the level of corruption in this country increased, decreased, or stayed the same', 64% of respondents claimed that corruption had 'increased a lot' in the last year, with a further 20% stating that corruption had 'increased somewhat'. Respondents were equally unhappy with the response to corruption, with 56% saying the government was dealing with corruption 'very badly' and a further 23% saying the response was 'fairly bad'.

Aside from its relationship with inequality, corruption represents an obstacle to reconciliation, as it minimises trust in institutions and other people.

Aside from its relationship with inequality, corruption represents an obstacle to reconciliation, as it minimises trust in institutions and other people. Longer-term evidence from Afrobarometer demonstrates this relationship between institutional trust and corruption. The example of citizens' trust in the police – an institution we all rely on for our security – is instructive.

Asked whether the police are involved in corruption in the Round 2 survey in 2002, 38% of respondents said or police officers were corrupt. In Round 6, conducted in 2015, this figure had increased to 48%. As a parallel, in Round 2, 21% of respondents claimed they did not trust the police and, in Round 6, this figure increased to 27%. In short, between 2002 and 2015, South Africans' perception of police corruption and distrust in the police had increased by 10% and 6%, respectively.

Trust in the South African state has also diminished.¹¹ Irregular expenditure by government departments has increased the perception of widespread corruption within the state on a national level. This perception has been exacerbated by mismanagement of state-owned enterprises, which have become a hotbed for cronyism and corruption. In the private sector, multinational corporations' fraudulent business practices have cost the Public Investment Corporation billions.¹² Thus corruption is not only a phenomenon at the state institution level, but also in the private sector – and may even manifest in the relationships between various institutions and sectors.

To move on to an ongoing institutional crisis, as an organisation based in Cape Town, it would be remiss not to mention the city's water crisis in relation to corruption and mismanagement. We know that 'water crises are rarely a matter of rainfall'.¹³ Cape Town is preparing to become the first major city to run out of water because our institutions have failed their constituents: the national Department of Water and Sanitation has been reluctant to release emergency funding as a result of its own mismanagement of funds; meanwhile, the local government has been embroiled in party-politicking, infighting, and corruption scandals for several months. This failure of leadership will soon have disastrous effects on basic service provision for everyone in South Africa's second-largest city, and is likely to damage what little trust remains between citizens and their institutions.

6. The individual impact of corruption

Corruption does not only have an impact on the national, provincial or even local governance level, but also on individual and community levels.

Corruption does not only have an impact on the national, provincial or even local governance level, but also on individual and community levels. One of our senior facilitators encountered the following situation, which captures the impact of everyday corruption in the lives of South Africans.

In Oudtshoorn, a small town in the Klein Karoo, an experienced community leader and volunteer in helping abused women, Clara (not her real name) – for many years a participant in one of our projects – could not re-establish a shelter for abused women. The Department allegedly refused to give funding to the new board of trustees of the shelter, as the previous board had misused funds and failed to meet auditing requirements.

For years after the Department refused to help, Clara – a pensioner – funded the shelter out of her own pocket. She knew she could not disappoint the dozens of women who sought her support and a safe space after traumatic experiences of abuse. The financial burden of supporting the shelter took a toll on her own family, but she continued to provide this essential service without state intervention.

7. Concluding remarks

We have explored the relationship between inequality and reconciliation, corruption and inequality, and corruption and institutional trust. We have seen how corruption and mismanagement, at a local and national level, has affected access to basic services. We are only too well aware of the effects that state capture and private-sector negligence have on public resources.

In conclusion, I would like to end with a plea. We need to reconcile with our economic as well as our political history. Relationships of inequality and corruption are part of the very fabric of this country's history. Despite the progression from apartheid to democracy, the dynamics of inequality – especially with regard to access to services – remain largely unchanged.

We should not be so blind as to think that, 'if only one or two people were removed from their positions', corruption will become a thing of the past. We cannot pretend that corruption is a recent phenomenon, peculiar to the current national administration. Corruption is a pervasive system of relations built on inequality; a system which manifests in the public and private sectors, in local and national government, in courtrooms and offices.

We must reassert the moral and ethical duty of public and professional service. That is how we restore democratic norms and allow them to take root. That is how we allow the ethos of anti-corruption to be built into the fabric of our society.

If we are to create a just, equitable and reconciled South Africa, we need to rid ourselves of the culture of corruption. Corruption should be seen as a major obstacle to reconciliation and the goal of an equal society. To further South Africa's reconciliation agenda, corruption needs to be stamped out, at a national and local level, in the public and the private sector. Moreover, the implementation of measures to curb and reduce corruption should reduce income inequality and divisions in South Africa.

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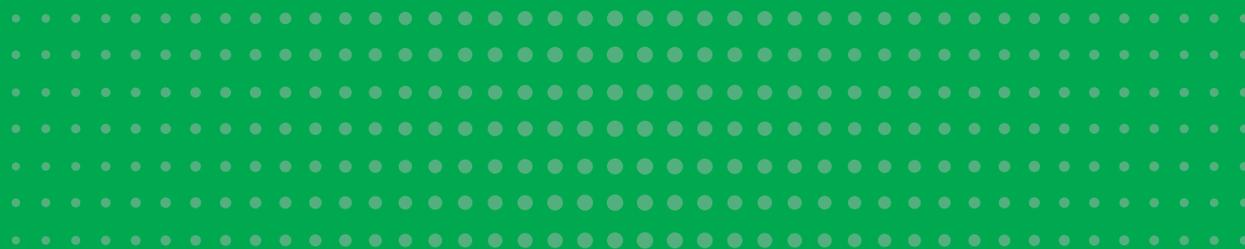
By reducing corruption, citizens are more likely to trust in government, public representatives and business. Interpersonal trust and trust in one's public service are an essential basis for reconciliation. Similarly, by combatting corruption to reduce entrenched inequality, it is possible to minimise divisions and create the basis for a just society in South Africa.

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ABOUT THE INSTITUTE FOR JUSTICE AND RECONCILIATION

The Institute for Justice and Reconciliation (IJR) was launched in 2000 by officials who worked in the South African Truth and Reconciliation Commission, with the aim of ensuring that lessons learnt from South Africa's transition from apartheid to democracy are taken into account and utilised in advancing the interests of national reconciliation across Africa. The IJR works with partner organisations across Africa to promote reconciliation and socio-economic justice in countries emerging from conflict or undergoing democratic transition. The IJR is based in Cape Town, South Africa. For more information, visit <http://www.ijr.org.za>, and for comments or enquiries contact info@ijr.org.za.



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