

THE MENACE OF CORRUPTION An Accursed Malaise and a Systemic Evil

Jojo M. Fung, SJ[♦]

In a world where corruption has plagued all levels of the local and global society, corruption has become an accursed malaise and a systemic evil as it constitutes an affront to the dignity of humankind and the glory of God's creation. The menace of corruption is a malaise deeply rooted in the human hearts and mindset. At the same time, corruption is a systemic evil due to its virulent effects on global public well-being. Corruption undermines the fair awarding of contracts, erodes the quality of basic public services, limits opportunities to develop a competitive private sector and undermines trust in public institutions. Corruption is covertly and overtly globalized by international institutions, including the multinational companies whose dealings are willy-nilly condoned and supported by their national governments.

A theological reflection on the global menace of corruption is timely. Rather than perceiving it as a mere external issue, corruption has to be viewed from a theological point of view in terms of its immorality or moral implications on the public and private sectors, on societies, cultures, humankind and creation as a whole. Corruption is a moral evil entrenched in structures of sins for its insidious desecration of the sacredness of the human and environmental ecology.

[♦] Jojo M. Fung, SJ (Sabah, Malaysia) is a faculty member and the Assistant to the Director for Research and Networking at EAPI, Manila. He teaches Contextual Theology in Dialogue with indigenous peoples. As a research fellow at the Research and Training Centre for Religio-Cultural Communities (RTRC), he conducts his current research on indigenous shamanism and its relation to the everyday sacredness of indigenous peoples in Northern Thailand. His upcoming book is entitled *A Shamanic Theology of Sacred Sustainability: Asian Church in Dialogue with Shamans for Liberative Struggle*. He is currently the coordinator of a network under the Jesuit Conference of Asia Pacific known as JCIM (Jesuit Companions in Indigenous Ministry). Email: jojodear@gmail.com

Corruption is multilevel and the first section of this article attempts to explain its amorphous nature in relation to the global institutions. A scrutiny of the nexus between corruption and international bribery will be looked at in the second section. At the same time, corruption is both a major cause and a result of poverty around the world which will be dealt with in the third section. The decline in democratic accountability, as section fourth demonstrates, has contributed to public outcry at corruption, impunity and economic instability in the form of mass protests such as the Arab uprising and the nascent US Occupy Movement.

The fifth section will offer a theological perspective on corruption based on the Catholic Social Teachings of the church and in the final section a few strategies will be enumerated by which the church can respond in the midst of a corruption-ridden world.

1. Corruption: its Amorphous Nature

Corruption takes on multiple forms, from petty bribery, state capture, legal corruption, embezzlement, kickbacks, greasing to money laundering, and the practices evolve and become more sophisticated in the process. Each of these malpractices will be illustrated to exemplify its menace.

1.1. Petty or Administrative Bribery

The kind of corruption generally known as petty or administrative bribery is that which the ordinary citizens have to pay as bribe in their dealings with the police, immigration, education system, the judiciary, land related services, medical services, registry and permit services, tax authorities and utilities. According to Transparency International Corruption Barometer 2010, "nearly half of all respondents report that the last bribe was paid 'to avoid a problem with the authorities.' Almost one quarter of respondents cited 'speeding things up' as the reason for the bribe, followed by 'to receive a service they were entitled to.'"¹

1.2. "State Capture" or "Capture"

This is a high-level political corruption in developed countries in the North. An often overlooked aspect of political corruption is what is labeled as "state capture" or just "capture" which enables "powerful companies (or individuals) to bend the regulatory laws, policies and legal institutions of the nation for their private benefit. This is typically done through high-level bribery, lobbying or influence peddling."²

¹ The Transparency International's Corruption Barometer 2010, timenewsfeed.files.wordpress.com/2010/12/ti_global-corruption-barometer-20102.pdf; accessed on 12-01-2012.

² Daniel Kaufmann, "Corruption and the Global Financial Crisis," www.brookings.edu/opinions/2009/0127_corruption_kaufmann.aspx; accessed on 13-01-2012.

1.3. "Legal Corruption"

The subtler forms of capture are the formal "*legal corruption*" which has been *structured into laws and institutions that govern national and international communities*," such as unequal trade agreements, structural adjustment policies, and so-called "free" trade agreements."³ Legal corruption can simply morph and becomes campaign contribution of some of the powerful private interests or multinationals and their contribution in turn influence the nation's regulations, policies and laws in favour of their vested interests. In Nicaragua, Greenstone Resources from Canada which controls over 70 per cent of the mined areas of Nicaragua, donated US\$ 20,000 to President Arnoldo Aleman. The company was alleged to have made further donations to other people in Aleman's Constitutional Liberal Party and bribes to local officials in the area where Greenstone was mining. Aleman bent over to accommodate Greenstone Resources' massive illegal logging around the mining area, even though it has a deplorable record of flouting environmental laws and regulations in Nicaragua.⁴

1.4. Kickbacks

These are bribes paid by the private companies to the local government as a result of the privatization of public utilities that involves "contracting out" of large public sector contracts and concessions to these private companies. It is normally understood as awarding of contracts by the local government or delegated management. Kickbacks are paid by multinational firms to secure contracts from other governments. The infamous example involves Westinghouse Electric Corp, a US company which won a contract in the early 1970s to build the Bataan nuclear plant in the Philippines. To secure the contract, President Ferdinand Marcos was allegedly paid US\$ 80 million in kickbacks. The plant cost US\$ 2.3 billion – three times the price of a comparable plant built by the same company in Korea.⁵

1.5. "Efficient Grease"

It is bribery paid to "grease the wheels of commerce" to secure contracts for public utilities and military hardware or concessions which otherwise would not have been secured. In 1999, in US alone, "bribery was believed to have been a factor in 294 commercial contracts worth US\$ 145 billion" as reported by the US Commerce

³ Anup Shah, "Corruption," www.globalissues.org/article/590/corruption; accessed on 12-01-2012.

⁴ Susan Hawley, "Exporting Corruption: Privatization, Multinationals and Bribery," www.thecornerhouse.org.uk/resource/exporting-corruption-O; accessed on 12-01-2012.

⁵ Susan Hawley, "Exporting Corruption."

Department. The conservative estimate of bribery paid out by Western businesses amounts to US\$ 80 billion per year, an amount needed to eradicate poverty, according to UN estimates.⁶ Instead of direct dealing, many Western companies “pay local agents, who get a 10 per cent or so “success fee” if a contract goes through and who have access to the necessary “slush funds” to ensure that it does and bribery simply morph and becomes “semi-legal fees or “commissions,” and inflated or marked-up prices.”⁷ Insofar as contracts guaranteed by export credit agencies is concerned,⁸ such “commissions” are factored in the costs and thus added to the total contract value covered by the guarantee. Some commentators argue that “companies that pay bribes actually end up spending more time negotiating with bureaucrats” and encourage officials “to haggle over regulations” to the extent that “bribe-takers keep returning to the trough and bribe-givers open themselves up to blackmail.”⁹

1.6. Embezzlement

Embezzlement of funds often happens with corrupt government officials and ministers who amass specular personal wealth through dishonest and illegitimate means. Transparency International estimates that, on average, five per cent of public budgets go astray. In actual facts, such funds are secured from international funding agencies or communities to finance health and social services, and, the development of democratic institutions.¹⁰ A case in point is Nigeria which was recently reported to have moderate estimates of US\$ 4 billion to US\$ 8 billion embezzled by prominent politicians from the state coffers every year.¹¹

⁶ Susan Hawley, “Exporting Corruption.” For further details, S. Fiddler, “Defense contracts ‘pervaded by graft,’” *Financial Times*, 7 July 1999 and related source of information, www.oecd.org/daf/nocorruption/fag.htm; accessed on 12-01-2012.

⁷ Susan Hawley, “Exporting Corruption.” For details, *Control, Risks, Corruption and Integrity: Best Business Practice in an Imperfect World*, Control Risks, London, 199, cited in “Crime-Corruption: The World’s Growth Industry,” *Inside Eye*, October 1998.

⁸ For more details, Corner House Briefing 14, ‘*Export Credit Agencies, Corporate Welfare and Policy Incoherence*, The Corner House Dorset, 1991, cited in Susan Hawley, “Exporting Corruption.”

⁹ Schumpeter, “The Corruption Eruption,” www.economist.com/node/16005114?story_id=16005114&source=features_box_main.corporate_bribery_and_corruption; accessed on 12-01-2012; also see Daniel Kaufmann and Shang-Ji Wei, “Does “grease Money” Speed Up the Wheels of Commerce?”, www.papers.ssrn.com/sol3/papers.cfm?abstract_id=629191; accessed on 11-01-2012.

¹⁰ Susan Hawley, “Exporting Corruption.” Also, Atkinson, M. and Atkinson, D., “The Bung Bang”, *The Guardian*, 13 December 1997, 26.

¹¹ “Dragon-slayers wanted,” *The Economist*, December 3-9, 2011, 56.

1.7. Money laundering

This is believed to be hand in glove with international corruption when political leaders stashed their ill-gotten wealth from international donors and funding agencies in tax-havens with offshore centers (Jersey and the Caribbean Islands). These are private banks located for example in UK Overseas Territories and British Crown Dependencies, largely operated by European, UK and US banks (Citibank, Barclays Bank and Channel Island Firms).¹² Offshore centers operate with little or no taxes, readily assist non-residents to escape taxation in their own country, disallow any exchange information, lack transparency, and attract “shell companies” – enterprises “with no substantial activities.”¹³ In the mid-1980s, “capital flight” from 18 developing countries, in one year alone, according to a Morgan Guaranty Trust study, amounts to a total of US\$198 billion. Each year, an estimated US\$ 40 billion of illegitimate funds from poor and former communist economies finds its way into US or European banks. Moreover, “some \$30 billion of Western aid “used as part of the Cold War game of winning friends” has ended up in Swiss bank accounts alone. Leaders from some African countries have collectively had up to \$20 billion on deposit in Switzerland’s banks. Haiti’s “Baby Doc” Duvalier is known to have kept \$300-900 million in offshore banks, while Philippine President Marcos salted away well over \$2 billion in Western banks.”¹⁴

The connotation of the different aforementioned categories may overlap but the level of sophistication only increases from petty bribes to the other six practices as they involve multinational transactions in the global market.

2. Globalization of Corruption and International Bribery

Corruption is spawned by multinationals supported by Western governments and their international agencies. The donor governments and multilateral agencies such as the World Bank and International Monetary Fund are propagating “good governance” but have failed to effectively tackle corruption in terms of bribe-giving officials and wealthy multinationals and the funding agencies located in the industrialized North.

In the last decade, international bribery has increased exponentially with economic globalization. These bribes are conservatively estimated to run to US\$ 80 billion a year – roughly the amount that

¹² Susan Hawley, “Exporting Corruption.”

¹³ Susan Hawley, “Exporting Corruption.”

¹⁴ Susan Hawley, “Exporting Corruption.”

the UN believes is needed to eradicate global poverty.¹⁵ Three UK companies - GEC, Marconi and VSEL - paid bribes to secure contracts to supply weapons systems to Saudi Arabia with money remitted to a Swiss bank account for Saudi agents. The bribes ranged from three to 10 per cent on orders worth hundreds of millions of pounds.¹⁶ The giant multinationals GEC even agreed on a ~~further~~ similar commission arms transaction with Poland in 1998. Globally an average "1/3 of firms frequently bribe, though the share varies substantially across countries. For example, the share of bribing firms is much smaller in Nordic countries than in Greece or Italy."¹⁷

Foreign bribery has significant adverse effects on public well-being around the world. It distorts the fair awarding of contracts, reduces the quality of basic public services, limits opportunities to develop a competitive private sector and undermines trust in public institutions. Engaging in bribery also creates instability for companies themselves and presents ever-growing reputational and financial risks. This is particularly relevant in light of recent anti-bribery reforms in a number of key countries around the world, such as in China and the United Kingdom.¹⁸

When foreign corruption is exported to the South, multinational corporations undermine smaller domestic businesses, circumvent local democratic processes and legislation, interfere with decision-making that supports development that benefit the few rather than the populace, exacerbate inequality and poverty. Corruption benefits the multinationals rather than the country, damages the environment, and contributes to local conflicts through arms sales.

At a deeper level are the policies that form the backbone to globalization. These policies are often prescribed by international institutions such as the World Bank and IMF. For years, they have received sharp criticism for exacerbating poverty through policies such as Structural Adjustment, rapid deregulation and opening barriers to trade before poorer countries are economic ready to do so. This has also created situations ripe for corruption.¹⁹

Global financial institutions like the World Bank and IMF are faulted for the very policies they advocate, from the lowering of controls on trade, foreign removing of the entry barriers to private industry,

¹⁵ More information see www.oecd.org/daf/nocorruption/faq.htm; accessed on 12-01-2012.

¹⁶ *The Guardian*, 5 March 1999, cited in Susan Hawley, "Exporting Corruption."

¹⁷ Daniel Kaufmann, "Does Bribing 'Pay' for Corporations?," www.brookings.edu/opinions/2010/0510_corporate_bribery_kaufmann.aspx; accessed on 12-01-2012.

¹⁸ The TI Bribe Payers Index evaluates the supply side of corruption - the likelihood of firms from the world's industrialized countries to bribe abroad, www.transparency.org/policy_research/surveys_indices/bpi; accessed on 13-01-2012.

¹⁹ Anup Shah, "Corruption," www.globalissue.org/article/590/corruption; accessed on 12-01-2012.

privatizing state firms, accelerating public sector reform in areas such as customs, tax administration and civil service, because these policies have exacerbated rather than curbed corruption. Such exacerbation is occasioned by an underestimation of costs, "especially the political costs of the process itself and the impediments it has posed to further reforms."²⁰

Under the World Bank and IMF, structural adjustment calls for reform of civil services which primarily means "downsizing" that demoralizes and undervalues civil servants instead of promoting civil services that are efficient, accountable, adequately paid and well-motivated. Rapid economic liberalization and transition to a market economy paves the way for corruption because "this reduces the incentives for probity on the part of officials and politicians, and creates a widespread social alienation from the political process."²¹ Decentralization, without adequate preparation of local bureaucracies for local government and the necessary transfer of financial resources only opens up venues for misgovernance and increased corruption.²²

What becomes evident is that without a workable framework that includes the legislation of state enterprise law, national governments often fail to promote regulatory laws and arrange transparent and open bidding processes or promote regulatory laws. Apprehensive of the future and confident of escaping punishment, managers and employees commonly strip the assets of the enterprises being privatized. Interested parties engage in insider trading and political manipulation of the process for their own profit. Many state enterprises have insufficient time to "become economically viable before being sold off, leading to frequent sales of industries at below market value despite heavy government spending on recapitalization."²³ Even with sufficient time, misgovernance due to lack of transparency and strong regulatory institutions on leads to costly and bad privatizations, thus increasing the scope for corruption.²⁴

Global governance like EU, G20, OCED, UN, international organizations and Western governments have stepped up measures to combat

²⁰ Susan Hawley, "Exporting Corruption."

²¹ For more detail, see Harriss-White, B. and White, G., "Corruption, Liberalization and Democracy", *IDS Bulletin*, Vol. 27, No. 2, 1996, 2.

²² For further detail, see Crampton, T., "Official warns Asia to fight corruption," *International Herald Tribune*, 12-13 February 2000, 13.

²³ Susan Hawley, "Exporting Corruption."

²⁴ For more details, see Malhotra, K., "Public Good vs. Investor Interest in Private Infrastructure Development: Whose Interests Should Regulators Protect and How?," presentation at seminar, "Private Interest vs. Public Good: Governance Dimensions of Regulatory Frameworks for Private Sector Infrastructure Development," organized by the Asian Development Bank and the OECD, Switzerland, 28 April 1998.

corruption, enforcing convention and legislating regulatory laws to rein in bribe givers as much as bribe takers. In 1978, the US promulgated the Foreign Corrupt Practices Act (FCPA) which made bribing a foreign public official a criminal offence.²⁵ In 1997 the OECD enacted an international Convention on Combating Bribery of Foreign Public Officials in International Business Transactions which was finally ratified in 1999.²⁶ The Convention requires each signatory member country to enact national legislation that makes bribing foreign public officials a criminal offence.²⁷ The UN Convention against Corruption requires that member states that cover both preventive measures and the criminalization of a wide range of corrupt acts, including the bribery of foreign officials. The Council of Europe's Criminal Law Convention on Corruption features comprehensive anti-bribery provisions, including a prohibition of private-to-private bribery.

Likewise the World Bank has stepped up anti-corruption campaign since 1999 by helping to design and support national anti-corruption strategies. In addition, the Bank emphasizes on "anti-corruption in the design of economic reforms, and press for strengthened "governance" and public sector management"²⁸ and support for anti-corruption agencies. An annual budget US\$ 3 million is allocated for anti-corruption measures, including support for anti-corruption agencies. Some \$ 5 billion of its \$ 29 billion annual lending goes for "governance" which calls for "civil service reform, budget management, tax administration, legal reform, judicial reform and institution-building."²⁹ In 1997, IMF took "a more proactive approach" in trying to "eliminate opportunity for rent seeking, corruption and fraudulent activity."³⁰ IMF also demands that "borrowing governments draw up anti-corruption action plans and

²⁵ For more information see www.justice.gov/criminal/fraud/fcpa/; accessed on 12-01-2012.

²⁶ See Tether, C.G., "Bribery Debate is for us, too," *Financial Times*, 21 May 1976. The Convention was signed by 29 OECD countries plus Argentina, Brazil, Bulgaria, Chile and Slovakia. The OECD comprises 29 of the world's richest countries, including European countries, the US, Japan, Australia, New Zealand, Finland, Mexico, the Czech Republic, Hungary, Poland and Korea. Based in Paris with an annual budget of \$200 million, the OECD calls itself a "club of like-minded countries" which believe in market economics and pluralistic democracy. It provides a forum for discussion on economic and social policy issues for governments, as well as producing research, policy papers, and international treaties and agreements. See www.oecd.org/about/general/; accessed on 12-01-2012.

²⁷ For details of the text, see www.oecd.org/document/20/0,3343,en_2649_34859_2017813_1_1_1_1,00.html; accessed on 12-01-2012.

²⁸ Susan Hawley, "Exporting Corruption."

²⁹ Susan Hawley, "Exporting Corruption."

³⁰ Susan Hawley, "Exporting Corruption."

strategies" and "Good governance" is to be a feature of the IMF's new Poverty Reduction and Growth Facility (which is to replace the much-criticized Enhanced Structural Adjustment Facility)."³¹

Enhanced enforcement of the Foreign Corrupt Practices Act (FCPA) and the OECD's Convention "would collectively raise the costs of bribery for all multinationals" on the one hand, but on the other hand, when multinationals band together in their anti-corruptions, they will make international bribery history in years to come. Over and above legal initiatives, complementary measures such as "increasing the reputational cost of bribery by investigating and prominently featuring cases of corporate corruption" by the media, as the recent public disclosure of IKEA in Russia has effectively indicated.³² Noteworthy are efforts by multilateral development banks (the MDBs, namely the World Bank, the African, Asian and Inter-American Development Banks, and the EBRD) to cross-debar firms found to have engaged in bribery or corruption on MDB-funded projects.³³

3. Corruption Exacerbates Poverty

The amorphous nature of corruption and the globalization of corruption highlight one deplorable salient feature: corruption exacerbates the plight of the marginalized because corruption hurts the poor first and foremost, whether in the donor countries in the developed North or UK or developing and aid-receiving countries in the South. From the financial scam at Wall Street to the scandal in Britain of Westminster council leader Dame Shirley Porter selling public housing for votes (at a loss of £ 27 million to the council) to the pilfered aid resources in India, the poor get approximately 15 per cent of the total budget of most financial aids.

It is they who get squeezed out of decision-making and pushed to the political margins in situations where money buys influence. It is they who lose out when money that could have been spent on improving services or basic living standards is diverted to big expensive projects with lucrative "commission" potential. It is they who end up themselves having to pay bribes for basic services or who lose out because they can't afford to. As British Member of Parliament Hugh Bayley noted in a speech to the House of Commons:

"The cost of bribes falls primarily on the poor. When a corrupt contractor from this or some other rich country pays a 15 per cent bribe, he adds that to the price of his contract. His power station or irrigation scheme will

³¹ Susan Hawley, "Exporting Corruption."

³² Daniel Kaufmann, "Does Bribing 'Pay' for Corporations?"

³³ Daniel Kaufmann, "Does Bribing 'Pay' for Corporations?"

cost more, and the little people – those who buy the electricity or the water to irrigate their crops – will pay the price of that bribe. Bribery is a direct transfer of money from the poor to the rich.”³⁴

There is no denial that bribes hike up the prices of projects and mega-projects such as dams. When these projects are financed by international funding agencies, a country’s external debt begins to add up and ordinary people “end up paying this back through cuts in spending on health, education and public services. Often they also have to pay by shouldering the long-term burdens of projects that do not benefit them and which they never requested.”³⁵ Such is the case with the construction of the nuclear plant in the Philippines that incur payment of \$ 170,000 per day in interest on the part of the current government having to service the loans. Such money “should have gone to basic services like schools and hospitals for the poor.”³⁶

In the final analysis, corruption affects the poorest of the rich and poor nations the most while conceding that corruption undermines the integral and sustainable development of society, including democracy and the environment. Good governance will ensure that loans negotiated for the development of social services and governance to empower the poor to invest in their futures using cutting-edge technologies, high-yield seeds, better soil management, and proper row planting.³⁷

4. Corruption Spawning a Global Protest Movement

The menace of globalized corruption and secretive governance is not unrelated to the Wall Street-induced global financial crisis. Compounded by other related issues, misgovernance has spawned a global unrest that implode a movement for change, from the mass protests in Tunisia and Cairo’s Tahrir Square, *indignados*’s protest in Spain and the uprising in Libya, Yemen and Syria, to the protests engulfing Wall Street and cities across America. These mass protests sent shockwaves around the world in 2011 because they are public

³⁴ House of Commons, Hansard, Column 374, 25 February 1998, cited in Susan Hawley, “Exporting Corruption.”

³⁵ See Susan Hawley, “Exporting Corruption.”

³⁶ Susan Hawley, “Exporting Corruption.” Philippines Treasurer Leonor Briones recently commented: “It is a terrible burden which never fails to elicit feelings of rage, anger and frustration in me. We’re talking of money that should have gone to basic services like schools and hospitals,” quoted in Easton, A., “Philippines to Scrap Nuclear Albatross,” *The Guardian*, 7 September 1999, 15. See “Westinghouse Electric – Peace in our time between Westinghouse and Manila,” *Power in Asia*, 30 October 1995.

³⁷ See Ban Ki Moon’s address “The Power to End Poverty,” www.projectsyndicate.org/commentary/kimoon20/English; accessed on 12-01-2012.

outcry against corruption, impunity and economic instability, inequality, corporate greed, lack of jobs and equal access to benefits.

The 2011 Corruption Perceptions Index shows that public frustration is well founded. No region or country in the world is immune to the damages of corruption, the vast majority of the 183 countries and territories assessed score below five on a scale of 0 (highly corrupt) to 10 (very clean.) New Zealand, Denmark and Finland top the list, while North Korea and Somalia are at the bottom.³⁸

The protests are not just in the South but also in developed countries where the recent financial crisis has hit. The ordinary citizens of North Atlantic are the worst hit and they took to the streets, inspired by the Arab Spring.³⁹ Though diverse in backgrounds, their message is similar: more transparency and accountability is needed from our leaders because “the “system” has failed, and the conviction that even in a democracy, the electoral process will not set things right - at least not without strong pressure from the street.”⁴⁰

“This year we have seen corruption on protestors’ banners be they rich or poor. Whether in a Europe hit by debt crisis or an Arab world starting a new political era, leaders must heed the demands for better government,” said Huguette Labelle, Chair of Transparency International.

There is a common theme, expressed by the nascent Occupy Movement which evolved and “rebounded in multiple forms, reclaiming foreclosed homes, occupying banks, shutting down ports, interrupting university trustee meetings and political speeches at the Iowa Caucuses, and forcing people on the streets, in Congressional corridors and at city halls to address how the one percent’s wealth and power has created a stranglehold on the 99 percent.”⁴¹

³⁸ The 2011 Corruption Perception Index (CPI) depended on assessments and opinion surveys conducted by independent and reputable institutions. These surveys and assessments included questions related to the bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and the effectiveness of public sector anti-corruption efforts. Perceptions are used because corruption is to a great extent a latent activity hard to measure. Over time, perceptions have proved to be a reliable estimate of corruption. See Transparency International, “Demand for Better Government must be Heeded,” www.cpi.transparency.org/cpi2011/results/; accessed on 12-01-2012.

³⁹ See Anup Shah, “Trade, Economy and Related Issues,” www.globalissues.org/issue/1/trade-economy-related-issues; accessed on 12-01-2012.

⁴⁰ Joseph E. Stiglitz, “The Globalization of Protest,” www.project-syndicate.org/commentary/stiglitz144/English; accessed on 13-01-2012.

⁴¹ Judith Scherr, “A Movement Evolves to Occupy the Future,” www.ipsnews.net/news.asp?idnews=106394orwww.globalissues.org/news/2012/01/09/12388; accessed 13-01-2012.

There is no denial that global protest movement demands that the public sector governance puts the interests of its citizens first since it is a responsibility that transcends borders. Governments must act for the common good and the “citizens need to continue demanding better performance from their leaders.”⁴²

5. Toward a Theological Reflection on Corruption

The “thick description” of corruption serves as the context for a discerning theological reflection in the light of the social teachings of the Church that condemns corruption as a “structure of sin” and calls for accountability, transparency, the common good, a “new humanism”, the building of an inclusive and humane society for future generations.

Corruption is evil that is a multidimensional reality. At the personal level, corruption infects the heart of the greedy with an insatiable need to gratify the egotistic self incrementally. In its interpersonal and communal dimensions, corruption becomes an evil that exercises a seductive and addictive power over the morally weak. It is a structural evil that wrecks the system of governance, undermines the common good as the greedy pilfers the financial allocation for the marginalized and debilitates their human spirit and oftentimes crushes their hope for a more sustainable livelihood with greater dignity. The evil of corruption is so insidiously operative that it tinges and tarnishes every system of corrupt governance. In this sense, corruption is a systemic evil that enshrouds the major institutions and processes of the state in which most people have no alternatives of dealing with the corrupt situation. Such a systemic evil *participates in* and becomes *reinforced by* the mystery of evil. This mystery of evil, independent of the contribution of human choices, “retains its identity as an ontological evil or mystery.”⁴³

Corruption constitutes an affront against the gratuitous God who freely offers all that is created for a good life that promotes human flourishing for all citizens, especially the suffering poor and powerless. This affront involves the greedy making inward decisions – that is, acting with certain knowledge and freedom and wilfully succumb to the addiction of corruption and thus sin against others and God. In this way, the corrupt “miss the mark” (*het’, hatta’t* in Hebrew) in their covenantal fidelity to God (Ex 19:4-5) through the concomitant failure to morally sustain and promote right

⁴² For more information, www.cpi.transparency.org/cpi2011/results/; accessed 12-01-2012.

⁴³ Judith A. Merkle, “Sin,” in *The New Dictionary of Catholic Social Thought*, ed. Judith A. Dwyer and Elizabeth L. Montgomery, Collegeville: The Liturgical Press, 1994, 885.

relationships with others (Isa 58:6-7) in the world and with God.⁴⁴ When the sins of corruption becomes structuralized in the “institutionalized sets of interdependent human relationships that influence social behaviour and regulate the life-chances of people at a given time and place” as noted by John XXIII and Vatican II (*Mater et magistra* 59-67; GS25),⁴⁵ there exists “structures of sins” that provides the greedy further inducements to sins of corruption.⁴⁶

Given the corrosive power of the structures of sins that impacts human existence embedded in a corruption-ridden world, all is not lost because grace abounds in any situation of sin. Though tinted by sin human nature is also graced by God’s indwelling presence. With strenuous efforts assisted by grace (GS22), believers will be able to promote the principle of the common good. However the concrete realization of the principle of the common good requires the correlational promotion of particular virtues. It means that the individual persons in the community will have to “en-flesh” virtues in their dispositions, attitudes and inter- and communal relations the interrelated virtues of governance, transparency, accountability in an effort to imbibe the overarching moral virtue of integrity in a given society and populace.⁴⁷ Only the embodiment of the three “propping” virtues of the one predominant virtue of integrity ensures the realization of the principle of common good in the world at large.

The virtue of *good governance* alerts the elected officials of the related attitudes and dispositions of six principles: (i) participation that encourages free and fair election, including the freedom of association, (ii) effectiveness and efficiency that calls on the officials to utilize the best use of resources, (iii) responsiveness which requires serving the stakeholders in reasonable time frames, (iv) consensus-building of the diverse interests, (v) equity and inclusiveness that ensures inclusion,

⁴⁴Judith A. Merkle, “Sin.”

⁴⁵Judith A. Merkle, “Sin,” 886. Also see M. O’ Keefe, *What Are they Saying About Social Sin?*, New York: Paulist, 1990.

⁴⁶ See no. 193 in *Compendium of Catholic Social Doctrine of the Church*, Strathfield: St. Paul’s Publications, 2004, 99.

⁴⁷ Christopher P. Vogt argues for “a far more balance between the use of principles and virtues as two complementary approaches to Catholic social thought... toward the concrete realization of the vision set forth in Catholic social teaching” in a manner that virtues “would force us to think carefully about what a disposition toward solidarity and the common good would look like in individual persons.” See his article, “Fostering a Catholic Commitment to the Common Good: An Approach Rooted in Virtue Ethics, *Theological Studies*, 69 (2007) 394-417.

particularly of minorities and (vi) mandating the Rule of Law that enforces the legal frameworks of equality and justice for all.⁴⁸

Complementary to good governance is the virtue of accountability that disposes elected officials to be answerable to those affected by decisions, especially in the use of public monies. A case in point is Archbishop Franklin from Luanda who called on the foreign oil companies to make public what they pay Angola's government in fees and taxes: "This would be good for the country, good for the people, because this money doesn't belong to the government or to a particular political party, but to all the people of Angola...the people shouldn't be living in misery when the government is taking in so much money."⁴⁹ Indeed the virtue of accountability informs believers that to be answerable to the citizens does commiserate with a faith that remains faithful to God through the love of the lowly neighbour (1 John 4:20-21).

The virtue of transparency calls for a disposition on the part of elected officials to guarantee the right of the citizens' access to information about the proposed and expended budgets of the governing authorities, including a public disclosure of the acquired assets of the elected officials. Transparency is the virtue that encourages elected officials to exercise an openness that guarantees free and independent media and the judiciary so that these institutions can conduct public scrutiny of the activities of all those in governance. It is in this light that the US Conference of bishops, in their 2011 statement, undergirds the need for transparency as the Conference calls on individuals and corporations involved in the extractive industries to "adopt transparency in operations and financial accountability" to ensure that the legitimate enterprise of extracting resources "does not contribute directly or indirectly to corruption, conflict and repression."⁵⁰

The embodiment of the threefold virtues of good governance, accountability and transparency and the ensuing conscientious practice of such virtues make the principle virtue of integrity credible

⁴⁸See Study Guide Series on Peace and Conflict, "Governance, Corruption, and Conflict" produced by the United States Institute of Peace, www.scribd.com/doc/38920029/Governance-Corruption-Conflict-Study-Guide; accessed on 12-02/2012.

⁴⁹ Archbishop Damião Franklin quoted in "Angolan archbishop calls for increased transparency of government," Catholic News Service/U.S. Conference of Catholic Bishops, 8th June 2002. Also quoted in a Position Paper entitled "Transparency: A Christian Concern: Catholic Social Teaching and the Case of Transparent and Accountable Practices in Extractive Industries" by CIDSE, Pax Christi International and Caritas Europe, September 20, 2003: 12.

⁵⁰ A Call to Solidarity with Africa, U.S. Catholic Bishops Conference, November 14, 2001.

in the sight of all citizens. Integrity is a primary virtue that reflects a right relationship with God and with others, so much so that the interests of others are always prioritized above one's selfish interests. Faith and fidelity in God disposes the elected officials of integrity to live a life vis-à-vis the governed in a manner that people comes first before profit, people's aggregate needs before one's selfish gain, and above all, the *cosmos* and *anthropos* as God's gifts and not any earthly Caesar's possessions.

This theological reflection on the "enfleshment" of the virtues prepares the ground for the gradual flourishing of "a new humanism" envisaged by Pope Benedict that embraces the needs of future generations.⁵¹ This horizon is necessary for translating the social ethics of the Catholic social teachings into "enfleshable" particular virtues. In this way, the ethics of common good becomes a realizable vision which the church shares with the world so that the responsible citizens transform the world into a more corruption-free community.

At the same time, it is important that this process of "theologizing" motivates the church to respond globally with effectiveness to the signs of the times in a world plagued by the malaise of systematic corruption.

6. Proposed Strategic Responses of the Church

Since corruption continues to plague societies everywhere, the Church has to strategically promote the principle of the common good as the primary objective of good governance to ensure ethical management of a country's economic and social resources for integral development of persons and an inclusive society.

6.1. Collaborative Monitoring

Given the command of the worldwide audience by the Church at the global, regional and local levels with the Papal addresses and teachings, the Vatican Radio, websites and blogs, the Catholic Social Teachings, the weekly homilies and the regular leadership formation programs, the Church is in a privileged position to collaborate with other global civil society organizations such as the *International Budget Partnership*, *Transparency International*, *World Governance Index* to monitor three factors that support good governance: (a) the process by which governments are selected, monitored and replaced; (b) the

⁵¹ The Address of Pope Benedict posted January 13, 2012 entitled "Young People Key to Overcoming the Global Crisis," is available on Vatican Radio, www.oecumene.radiovaticana.org/EN1/index.asp and www.catholic.org/international/international_story.php?id=44392&wf=rsscol; accessed on 14-01-2012.

capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them.⁵² At the same time, collaborative monitoring enjoins the Church to support initiatives such as the Open Government Partnership (OGP), a new international initiative that encourages multilateral dialogue between “governments, civil society, and industry to promote transparency, increase civic participation, fight corruption, and harness new technologies to strengthen governance.”⁵³

6.2. Effective Data-supported Diplomacy

In the platform of global diplomacy, the Church’s prophetic role will be effectively enhanced with the empirical data generated by reliable sources such as the Worldwide Governance Indicators (WGI) project,⁵⁴ the Corruption Perception Index (CPI),⁵⁵ the annual Global Corruption Barometer (GCB),⁵⁶ the Bribe Payers Index (BPI)⁵⁷ and International Budget Partnership (IBP).⁵⁸

The WGI reports the aggregate and individual governance indicators for 213 economies over the period 1996–2010, based on six

⁵² For more detail, see the article of Daniel Kaufmann, Brookings Institution, Aart Kraay and Massimo Mastruzzi, World Banks, “The Worldwide Governance Indicators: Methodology and Analytical Issues,” *papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130*; accessed on 13-01-2012.

⁵³ The Open Government Partnership (OGP) was launched on September 20, 2011, in New York by President Barack Obama of the United States and President Dilma Rousseff. *www.internationalbudget.org/what-we-do/major-ibp-initiatives/international-advocacy/open-government-partnership/*; accessed on 13-01-2012.

⁵⁴ The World Governance Indicators (WPI) Project, *www.info.worldbank.org/governance/wgi/index.asp*; accessed on 13-01-2012.

⁵⁵ More information, see *transparency.am/cpi.php*; accessed on 13-01-2012.

⁵⁶ The reliability of GCB 2010 Barometer hinges on the fact that it “captures the experiences and views of more than 91,500 people in 86 countries and territories, making it the only world-wide public opinion survey on corruption.”⁵⁶ CPI is relevant because the empirical data gives a global overview of the perceived levels of public sector corruption in 183 countries/territories around the world while the GCB indicates the level, frequency and motivation for involvement or rejection of bribery at the grassroots.

⁵⁷ The aggregate indicators gather the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. The individual data sources underlying the aggregate indicators are drawn from a diverse variety of survey institutes, think tanks, non-governmental organizations, and international organizations. More information, see *www.transparency.org/policy_research/surveys_indices/gcb/2010*; accessed on 13-01-2012.

⁵⁸ International Budget Partnership is an organization, an initiative of the Centre on Budget and Policy Priorities. More information, see *www.internationalbudget.org/2010/10/2010-open-budget-survey-press-release/*; accessed on 13-01-2012.

dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption.⁵⁹ CPI “ranks countries according to their perceived levels of public-sector corruption.”⁶⁰ GCB gives a global overview of the perceived levels of public sector corruption in 183 countries/territories around the world while and the GCB indicates the level, frequency and motivation for involvement or rejection of bribery at the grassroots. BPI “ranks 28 of the world’s largest economies according to the perceived likelihood of companies from these countries to pay bribes abroad” “represent almost 80 per cent of the total world outflow of goods, services and investments,” including bribery “across business sectors.”⁶¹ The Open Budget Survey for 2010 discloses that 74 of the 94 countries assessed fail to meet basic standards of transparency and accountability with national budgets. This paves the way for abuse and inappropriate and inefficient use of public money. Though dismal, the 2010 survey also indicates that improvement is “possible in a relatively short time period and in some of the most challenging contexts.”⁶²

A case in point is the call of the Church for dialogue in the Arab uprising in the face of violence. In the absence of empirical facts and figures, this call has seemingly fallen on deaf ears in the arena of international diplomacy. The Church has failed to heed the evidence.

The Arab region has grossly underperformed on V & A relative to the rest of the world for many years. The glaring truth is that “almost every country in the region suffered from a sever deficit in accountability. The Arab World ended the decade at even lower levels of V&A with Lebanon and Kuwait above the Tunisia, Egypt 25th percentile or below, Iran, (North) Sudan, Syria, Saudi Arabia and

⁵⁹ Check the WPI of each respective or aggregate of countries on www.info.worldbank.org/governance/wgi/sc_country.asp; accessed on 13-01-2012.

⁶⁰CPI 2001 is reliable since it draws on different assessments and business opinion surveys carried out by independent and reputable institutions. The surveys and assessments used to compile the index include questions relating to the bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and questions that probe the strength. Further details, see www.transparency.am/cpi.php; accessed on 13-01-2012.

⁶¹ For details, see Thomas R. Fox’s article, “Transparency International Bribe Payor Index Report,” www.jdsupra.com/post/documentViewer.aspx?fid=8abd3605-038b-4e05-8705-98408eba9a77; accessed on 13-01-2012.

⁶² The IBP’s Open Budget Initiative conducts or commissions in-depth research in a number of areas, including the causes and consequences of greater or lesser budget transparency, participation, and accountability, using both qualitative and quantitative analyses. See www.internationalbudget.org/; accessed on 13-01-2012.

Libya rank among the very bottom (10th percentile or below).⁶³ Such deficit exacerbates youth disenfranchisement and depreciates their resourcefulness when youth makes up 30 per cent of the Middle East population and unemployment is between 25-30 per cent, compared to less than 20 per cent in the developed countries.⁶⁴

Evidence based on the WGI index (see below), Voice and democratic accountability (V & A) of the Middle East would have prompted the Church call for a multilateral dialogue on public transparency and the implementation effective legal regulatory framework for an open government. It is through such a specific call that the moral authority of the church is added to the chorus of international voices advocating democratic accountability and political reform in the Middle East.

6.4. Collaborative Advocacy on behalf of the Poor

The Data below from Global Corruption Barometer 2010 indicates to the Church that a corruption-ridden system impoverished the poor.

Globally, political parties are judged most affected by corruption: almost 80 per cent of all respondents think they are either corrupt or extremely corrupt. They are trailed by a second grouping, including public servants, parliaments and the police. A third group of institutions is made up of the private sector, religious bodies, the judiciary, media and the education system. Respondents worldwide consider the military and non-governmental organizations least affected by corruption, although 30 per cent still considered them corrupt or extremely corrupt.⁶⁵

It becomes evident that the Church needs to advocate for more effective regulatory framework to rein in the corrupt institutions, especially political parties for their violation of the dignity and rights of equal access of the poor.

Next juxtapose the earlier data with the data of Open Budget Survey 2010:

South Africa, New Zealand, the United Kingdom, France, Norway, Sweden, and the United States score in the top tier of transparency, while the worst performers include China, Saudi Arabia, Equatorial Guinea, Senegal, and newly democratic Iraq, which provide little to no information to their citizens.⁶⁶

⁶³ See Kaufmann Governance Post, "Tunisia, Egypt and Beyond: Fewer Predictions, More Data and Aid Reform Needed", thekaufmannpost.net/tunisia-egypt-and-beyond-fewer-predictions-more-data-and-aid-reform-needed/; accessed on 13-01-2012.

⁶⁴ Kaufmann Governance Post, "Tunisia, Egypt and Beyond."

⁶⁵ Further details on Global Corruption Barometer 2010, www.transparency.ch/de/PDF_files/GCB/TI_Global_Corruption_Barometer_2010.pdf; accessed on 13-01-2012.

⁶⁶ More information on Open Budget Survey 2010, internationalbudget.org/2010/10/2010-open-budget-survey-press-release/; accessed on 13-01-2012.

What becomes evident is that the Church has to concertedly press governments with lower transparency to legislate anti-bribery and anti-corruption standards of suppliers and contractors in public procurement, as well as loans and influencing bodies such as export credit agencies. At the same time, the Church must collaboratively ensure “effective implementation of anti-bribery policies and procedures and reporting publicly on the measures they are taking.”⁶⁷

When a mosaic of empirical data are read, the Church is far better informed to reduce the global menace of corruption through its multileveled strategic actions at the Vatican, Bishops’ Conferences and local Churches.

Conclusion

Public sector and corporate corruption warrants that the Church lends its voice and moral authority to anti-corruption campaigns in the North and South so that countries are obliged to improve their governance, budget transparency, and accountability to the people. Only greater transparency ensures greater democratic accountability, better policy choices and effective service delivery. In this way, the common good of society is consistently promoted so that the poor do not have to bear the brunt of a corruption-ridden world. The wellbeing of the public and private sectors encourages the integral development of the human ecology which in turn ensures harmony with environmental ecology. The Church exerts its moral influence to ensure an increasingly corruption-free world through concerted support for the implementation of effective legal regulatory framework that tackles corruption in the public and private sectors, both the bribe givers and bribe takers in the North and South. The “enfleshment” of particular virtues of good governance, transparency and accountability bolsters the primary virtue of integrity that ensures the gradual human flourishing in a less corrupt world. Engaging in collaborative efforts, the Church will be an effective pastoral agent in shaping the emergence of an open global society governed by open international institutions and national governments.

⁶⁷More information on Bribe Payment Index, see www.kyc360.com/article/show/320; accessed on 13-01-2012.