



## **CORRUPTION AND PUBLIC SERVICES**

### **The political approach for a campaign against corruption by PSI and its affiliates**

The public often perceives corruption in public services above all as a phenomenon of individual public service employees taking bribes for delivering services or favours to individual citizens. Many citizens of the wealthy and more developed nations believe that corruption is particularly a problem of politicians in poor or developing countries. However, these are only some aspects of corruption, and focussing on them alone obscures the fundamental problem of corruption as a challenge for societies all around the world.

Fundament, purpose and objective of corruption are power and money. Corruption is always related to social inequality and it typically reproduces and exacerbates it. Corruption is a fundamental attack on democracy; it prevents citizens from having equal access to public services and goods; it poisons the faith in public institutions, governments, and democracy itself. Corruption heavily damages any decent economic development as it channels illegally gained profits into private pockets and provides economic advantages to those who pay bribes or benefit from political influence.

The lack of democratic standards, of public control and transparency makes for a perfect breeding ground for corruption – at the same time global economic players exercise widely spread corruption in capitalist democracies. Corruption has many faces, including the one of exerting political influence without direct payment of bribes.

Private companies, business people and politicians hide trillions of US Dollars, often gained through corruption, illegal practices, tax fraud and evasion, in tax havens. This money belongs to the people and we need it back to finance social protection, infrastructure or quality services to the public.

Corruption is in many ways tied to public services, either by them being used for private, political or business interests, or by privatising or abolishing them. Public service workers and their unions have every interest in delivering high quality services to citizens, free of any form of corruption; services that at the same time are designed in such way that the legitimate rights of workers are respected and an appropriate salary is received.

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The way to tackle ‘petty corruption’ by individual public service workers is twofold: Firstly, public employees need decent salaries that allow them to support their families and that are comparable to those in other sectors for work requiring similar skills - this should remove one of the possible causes, however unjustifiable, for taking bribes. Secondly, in many countries people have bad experiences with governments and authorities when it comes to securing their and their families’ basic needs. Under these circumstances, citizens are often forced to find their own solutions. Without good governance and transparent and equally accessible quality public services, bribes and

‘good contacts’ are often the only way for people to obtain health care, building permits, court decisions or any other service. This is why PSI’s efforts to achieve and defend quality public services are also an important contribution to the fight against corruption.

However, ‘petty corruption’ is, in our view, the smaller part of the problem. What we call ‘grand corruption’ has a much bigger impact on the well-being of societies and their economies. All over the world big multinational companies are involved in large scale fraud. They pay bribes to politicians and make “legal” donations to political parties with the aim of getting access to or control over national resources; privatising or outsourcing public services; gaining concessions, favourable business conditions or advantageous legal regulations. Strict and transparent regulations must be imposed at national and international level with regard to public procurements that are often a source of corruption.

‘state capture’, as it was called by World Bank researchers, includes networks that companies deliberately set up to influence government officials and politicians. These aim to change laws and regulations in their favour, and it’s not uncommon for corrupt payments to be a part of this. Independent journalists have uncovered cases in countries of the European Union where huge private companies have sent paid experts into ministries to draft national laws regulating their area of business. High investment by companies in lobbying of politicians, to which ordinary citizens and trade unions usually don’t have access, has a high potential of corruption – yet this is a legal practice everywhere. The big players and profiteers are those who benefit most from all forms of ‘grand corruption’. Mostly situated in rich democratic countries they exercise corrupt practices in their home countries as well as in poor or developing countries.

PSI and its affiliates are seeking cooperation with NGOs and other civil society organisations to raise public awareness about the problem of ‘grand corruption’ and ‘state capture’. Our aim is the establishment of international standards and national laws that allow the confiscation of profits and gains attained through corruption. We demand that multinational companies and their subsidiaries found guilty of corrupt activities be banned from tendering. National courts, both in countries where the companies operate and in their countries of origin, must have the right to apply powerful legal sanctions – including imprisonment of managers and politicians. These judgements must be made public.

There is extensive evidence that in most cases privatisation of public services leads to deteriorated but more expensive services for the citizens and loss of jobs and lower salaries for the employees. Privatisation is also an open door to corruption as private companies strive to get these services into their hands. PSI and its affiliates will continue their fight to stop privatisation and the underfunding and minimising of services in public hands, which serves as the pretext to present privatisation as necessary and without alternatives.

The PSI Research Unit produced a comprehensive report on corruption and public services which shed light on the different forms of financial and political corruption in all parts of the world. The analysis is supported by many concrete examples and recommends measures for fighting corruption. This research is an important tool for our campaign and will be used to influence international organisations, such as the International Monetary Fund, the World Bank, the OECD and others. These institutions take little or no effective action against corruption and even open the door to corruption through pressure on governments to privatise public services or minimise public sector funding and cut salaries and social programmes that harm workers and the poor.

Some of the measures to fight corruption can be taken by public service unions directly. But there are also actions needed to eliminate policies supportive of corruption for which our affiliates need broad cooperation with NGOs and civil society organisations. This includes: strong laws that protect whistleblowers and independent journalists and establish freedom of information; Tax justice that stops the widening of the gap between the rich and the poor and provides the national resources necessary to finance quality public services to all.

We need public audit and control bodies that are fully independent. The public employees in these organs must be legally protected and results of their investigations have to be published. The fight for democratic financial decision making, transparency and accountability is a value in itself and an important tool to eliminating corruption.

PSI will play its role at the international level to lobby for the policies outlined above, to which belongs advocacy for global tax justice and for the closure of tax havens wherever they are.

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