



Issue of Corruption in South Africa: An overview

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Introduction

Corruption in South Africa dates back to colonisation in 1652. Jan van Riebeeck, the Dutch East India company employee who was sent to colonise the Cape, got the job because he was given a second chance after he was fired for ignoring the company ban on using his office to pursue personal financial interests.

“The period of Dutch rule he began, which lasted until 1795, was marked by tax evasion and corruption by public officials. Under British rule, which followed that of the Dutch, public spending was directed to serve private interests. The most prominent colonialist of the time, Cecil John Rhodes, was forced to resign after he gave a friend an 18-year monopoly catering contract for the government-run railways” (JL McCracken, 1967:115).

Paul Kruger’s Transvaal Republic, the Afrikaner-governed state against which the British fought at the turn of the century, was riddled with nepotism and economic favours for the connected. The British administration which replaced it served the interests of mine owners on whom it bestowed special privileges. What today is called “state capture”, the use of the state to serve private interests, was common to Afrikaner and British rule.

Given this history, it is not surprising that corruption was a constant feature of the apartheid period. Black people were its chief victims, since they had no rights and so no way of protecting themselves against abuse. But they were not the only ones, as politicians and officials used government power for personal gain.

The most corrupt period in the country’s history was the last few years of apartheid, when the attempt to combat the successful international sanctions campaign made corruption, protected by government secrecy, the core government strategy. This was often done with the collusion of private businesses.

By the time majority rule was achieved in 1994, corruption had become deeply embedded in the way the government operated and in how business related to the government. This directly affected the way South Africa was governed after 1994, despite the efforts of Nelson Mandela and his deputy, Thabo Mbeki.

The seeds of post-1994 corruption was, therefore, deeply planted in the country’s past. But corruption since then is also a symptom of another way in which the past was carried over into what was meant to be a new society. Before 1994, the groups which controlled the state used it to ensure that they controlled the economy too.

British rule gave English-speaking mine-owners special favours which allowed them to run the economy. After 1948, white Afrikaner rule was used to build the power and wealth of Afrikaans-owned business. But the post-1994 democracy has offered black business at best a role as junior partners of their white counterparts. Corruption has, therefore, become the means which some black people who want to rise to the top use to seek to achieve the dominant role enjoyed by previous business classes whose group controlled the state.





Corruption is also a symptom of the fact that the settlement which brought democracy left intact an economy which is highly concentrated so that new entrants find it hard to make their way in. Some turn to politics to achieve the middle- or upper-middle class life they are denied by an economy they cannot penetrate, no matter how hard-working and enterprising they are. It therefore answers a widespread need, which may explain why the corrupt networks are deep-rooted, particularly at the local and provincial level.

So, corruption is far more deeply rooted than current accounts would have us believe. Reformers such as President Cyril Ramaphosa confront a widespread reality which, because it reflects patterns which go back many years and springs from the exclusion of many from the benefits which democracy was meant to bring, is tenacious and can survive shocks.

Status of Public Sector Corruption in South Africa

Incidents of public sector corruption dominate news media and public discourse in South Africa. According to Mathekga, citing Business Tech/SAPA (2015), South Africa has lost R700 billion to corruption since 1995 and in 2013 it reported to have been losing R25 billion annually to corrupt government procurement practices (**Mathekga,2017:222**). Leoka cites Ebrahim Patel, Minister of Economic Development, saying that “public sector corruption costs at least R27 billion annually. State-owned enterprises such as South African Airways, the Passenger Rail Association of South Africa (PRASA) and Eskom have been in the news for mismanagement scandals. An analysis of South Africa’s ten-year performance on Transparency International’s Corruption Perceptions Index (TI CPI) indicates a consistent downward spiral in public sector accountability and transparency since 2008. The country consistently scored less than 50 out of 100 points on TI CPI, where 0 signifies highly corrupt and 100 very clean” (**Leoka,2017:4**).

1. Major Political Corruption Scandals in South Africa

Major corruption scandals have been reported in South Africa since 1994 by the political leaders by the ruling party as well as in some cases opposition leaders also involved with the help of the bureaucracy. The following are the cases:

1. The Arms Deal

The Arms Deal scandal (1999), which originated from the US\$90 billion Strategic Defence Procurement Packages, is described as the single largest and one of the most controversial public procurement deals in post-apartheid South Africa. It originated from a decision by the Thabo Mbeki administration to modernise South Africa’s military defence arsenal by purchasing corvettes, submarines, light utility helicopters, lead-in fighter trainers and advanced light fighter aircraft estimated at R30 billion. Irregularities in the tendering process were raised, leading to a Joint Investigation Report by the Scorpions, Public Protector and Auditor-General, which found widespread irregularities, but no impropriety procurement irregularities in the Arms Deal selection process, armsdealfacts.com/procurement-irregularities. The Auditor General’s report underwent an inexplicable last-minute revision before finalisation. Eventually, “the Seriti Commission of Inquiry (2011) was established, but it was burdened by a perceived lack of credibility and compromised processes, including allegations of lack of transparency and refusal of the Chairperson to admit into evidence certain crucial evidence. Consequently, the Commission’s report was condemned as a whitewash. Only one member of the National Assembly and a low-key businessperson were prosecuted and convicted, one sentenced to four years, but served less than a year and the other to 15 years but served four and was released on medical parole.

This scandal, exposed in July 2004 and dubbed the biggest corruption scandal in the country’s post-apartheid history at the time, revolved around 27 then members of the national assembly and 13 former members. Working with five travel agencies and their bosses, they fraudulently used





parliamentary travel vouchers valued at 1.5 million pounds sterling intended for constituency visits to pay for lavish holidays for themselves and their families, which had nothing to do with their work. Interestingly, both the current president of the African National Congress (ANC) Women's League, notorious for saying that everyone in the National Executive Committee of the ANC has smallanyana skeletons (small hidden skeletons) that will 'break all hell loose', if revealed) and the current Speaker of the National Assembly, were implicated. Ultimately, however, Parliament's Chief Finance officer was dismissed for entering into unauthorised agreements with suppliers (**theguardian:24 Jan2005**).

2. Nkandla Scandal

The Nkandla scandal relates to the diversion of huge amounts of public funds to upgrade and improve former President Jacob Zuma's private residence at Nkandla. The scandal erupted following a complaint launched by an individual, followed by others later, after the Mail and Guardian published a headline, "Bunker, bunker time: Zuma's lavish Nkandla upgrade" on 11 November 2011 alleging that about R65 million had been used to improve and upgrade the then president's private residence, including "a network of air conditioned living.

State Capture

On 16 March 2016, South Africa's costliest and most damaging corruption related scandal unravelled live on national television. Former Deputy Minister of Finance publicly announced on television that he had offered the position of Minister of Finance by a member of the Gupta family, business friends of former President Zuma and his son's business partners, for a consideration of R600 million which he rejected outright shortly before the former Minister of Finance was dismissed. Following an incomplete investigation by former Public Protector, Thuli Madonsela, sustained pressure from opposition parties and the public compelled the former President to set up a judicial commission of inquiry into allegations of state capture, corruption and quarters, a clinic, gymnasium, numerous houses for security guards, underground parking, a helicopter pad, a playground and a Visitors' Centre" (**Public Protector Report on Nkandla,2014:5**). A task team appointed by the Department of Public Works found that the projected cost of outstanding work and money already spent amounted to R246 million.

fraud in the public sector including organs of state, in January 2018. The State Capture Commission, headed by the Deputy Chief Justice Raymond Zondo, started sitting in August 2018 with the following terms of reference: To inquire into, make findings, report on and make recommendations concerning the following, guided by the Public Protector's state of capture report, the Constitution, relevant legislation, policies, and guidelines, as well as the order of the North Gauteng High Court of 14 December 2017 under case number 91139/2016.

1. Jacob Zuma and corruption

Zuma's time in office was marked by controversy and accusations of corruption. His resignation on February 14, 2018 came after months of pressure from the ANC. "In April 2018 it was announced that Zuma would be prosecuted on 12 counts of fraud, one of racketeering, two of corruption and one of money laundering. Zuma faced corruption charges involving the US\$2.5 billion South African Arms Deal. On 11 October 2019, a South African high court denied Zuma a motion to withdraw the recent criminal charges against him" (**The Guardian, 23 December 2020**). Zuma was imprisoned for refusing to give evidence to the Zondo Commission resulting in the July 2021 unrest.

Zuma's close relationship with the Gupta family has been highlighted in the former South African Public Protector's report on State Capture. In 2016, the Public Protector, Thuli Madonsela, investigated the Gupta Family Scandal after receiving a formal complaint from a Catholic priest, called Father Stanslaus Muyebe. The State of Capture report released by the Public Protector in 2016 reported on the dangers of state capture in South Africa. The 355-page document reports Mr. Zuma's preferential





treatment of the Gupta family and the involvement of Jacob Zuma's son and the Gupta family. “The allegations reported include the Gupta Family's involvement in the appointments and removals of members of the South African cabinet, the unlawful awarding of state contracts to Gupta-linked companies or persons, the banks’ preferential treatment of Gupta-owned companies and, Zuma's conflict of interest concerning his position and business dealings” (*Corruption Watch. 2021. Retrieved 1 May 2022*). The Gupta brothers, who have been major players in South African business for over a decade began growing their relationship with former President Jacob Zuma in 2003 when he occupied the Office of Deputy President.

One of the major criticisms of Jacob Zuma was his unwillingness to address unemployment in South Africa. In 2017, towards the end of Zuma’s presidential term, the unemployment rate in South Africa was 27.7%, an increase from 24.9% since the start of his term. Debt was at an all-time high and businesses were failing. Zuma was unable to lift his country out of the recession that the global financial crash of 2008 spurred. The unemployment rates during his presidency show the push into poverty that many South Africans suffered under his governance. They also exemplify the stark inequalities between the South African public and those in power. Those in power ultimately grew wealthy through investing the country’s money into their own business ventures and lifestyles.

In terms of Zuma’s imprisonment, some South Africans have gone so far as to say that the nine years Zuma was president were wasted years. Even more startling is the fact that “Poverty is increasingly visible on every street-corner, in declining car and retail sales, in empty rugby and soccer stadiums, in dwindling golf and bowling memberships.

Jacob Zuma’s imprisonment represents a victory for South Africans who believe in democracy and obeying their country’s rule of law. Cyril Ramaphosa, Zuma’s successor, has vowed to clean up the ANC and the government while he is in office. His next steps will include building the South African economy back up to where it was before Zuma’s presidency. This is especially important after the COVID-19 further weakened the country’s economy. He will also be working to hold Zuma accountable for bribery and corruption, as well as upholding the notion that South Africa thrives thanks to the rule of law, not because of power and wealth-hungry presidents.

Since 2003, both parties benefited from an understanding wherein the Gupta family financed the Zuma family while President Zuma appointed friendly officials and awarded lucrative state contracts to the Gupta empire. South African authorities are seeking to recover up to US\$4.07 billion lost to these Gupta deals. Jacob Zuma's son, Duduzane and Gloria Ngeme Zuma, one of Mr. Zuma's wives, received large transfers and monthly salaries for positions held at one of the Gupta firms.

The Gupta family has engaged in a numerous suspicious transactions involving a series of shell companies and state-owned enterprises. “The OCCRP has reported on Transnet's contract with South China Rail and subcontracts with Gupta-run organizations. State controlled companies like Eskom and Transnet are in the centre of illicit deals with Gupta companies. An arrest warrant for Ajay Gupta was issued in February 2018” (*BNN Bloomberg. 11 June 2021. Retrieved 11 June 2021*). Some of the members of the Gupta family – those accused in the corruption case – were reported “as residing in the emirate of Dubai as of 11 June 2021. The Bank of Baroda played an important role in facilitating irregular financial transactions for the Guptas” (*Corruption Watch. 2021. Retrieved 1 May 2022*).

The alleged conspiracy between the Zumas and the Guptas was eventually stopped by a combination of factors, including pressure from global financial markets that were alarmed by the hiring and firing of ministers in charge of the economy. It is important to note that the ANC’s captured state is approximately 20 years old and was created during the 1997 Mafikeng Conference with the establishment of cadre deployment. The party captured the state by deploying its most loyal cadres in





key positions. This might have been acceptable if they had been placed in elected positions only rather than in organs of state such as the media, armed forces, judiciary, institutions and the electoral commission. Until recently, very little attention has been paid to this, but now that the state is challenged with reversing the effects of state capture, lighter needs to be shed on this. In fact, this practice should come to an end as it often leads to the appointment of less-than-capable people. While it seemed logical to remove Jacob Zuma as the president, it should be noted that this would not resolve state capture as the system of patronage and illegality has such a firm foundation. The state needs to find alternative solutions. South Africa needs to create a detailed public procurement policy. This will ensure that there is adequate monitoring and appealing mechanisms in place. It will allow the state to outline all conflicts of interest and give it a single authority that holds legal records and banking systems to corroborate the accuracy of candidates' statements and background information. This will ensure that tenders are granted based on merit rather than association. South Africa needs to prioritise its political parties. It needs to ensure that political parties conduct a thorough background check on all candidates who want to run for higher positions in the country. This will ensure that people with ethical backgrounds move higher up the ranks and that those with criminal backgrounds stagnate. One of the most effective ways in which to stop money laundering would be to seize all assets obtained through such action. This should be applicable to all citizens, and authorities should be able to launch investigations without prior complaints. These authorities should have access to relevant banking information without restrictions. They should have tactical, technical and operational co-ordination. The state also needs to create general protection mechanisms to protect whistle-blowers and state officials who report corruption and organised crime. Lastly, the state needs to ensure that the different branches function independently so that they will be able to carry out their tasks effectively. It should ensure that regulatory agencies are adequately co-ordinated by allowing them to have mechanisms and competencies that punish offenders.

Conclusion

Corruption has been identified as one of the primary challenges to be faced by contemporary states. As a result of this process, there has been a gradual increase in societal distrust towards the State and a dissemination of the idea that it is a pervasive phenomenon, contaminating the public sector and the political class, and being inadequately addressed and penalized.

This distrust is a hallmark of contemporary democracies and stems from an inherent dysfunction of the representative system, caused by citizens' fear that state agents do not fulfill the commitment to promote the common good. Furthermore, corruption, through the utilization of state powers for private interests, is undoubtedly one of the main factors amplifying this sentiment even further.

So, corruption is far more deeply rooted than current accounts would have us believe. Reformers such as President Cyril Ramaphosa confront a widespread reality which, because it reflects patterns which go back many years and springs from the exclusion of many from the benefits which democracy was meant to bring, is tenacious and can survive shocks.

Removing a few high-profile people will not change much because the networks will survive, as they have done since the departure of former president Jacob Zuma and the Gupta family, who were meant to be the cause of all the problems. None of this means that sharply reducing corruption in South Africa is impossible. But a successful attempt to do this will need more than the instant cures favoured by the national debate – some high-profile convictions and barring people accused of corruption from public office.

Deep-rooted problems created over centuries demand thorough-going solutions which will take time to work. While this requires more patience and understanding than the national debate seems





willing to offer, the alternative is many more years of public railing at corruption while the problem remains because its causes have been ignored. Corruption and international perceptions of corruption in South Africa has been damaging to the country's reputation and has created obstacles to local and foreign direct investment, flows to the stock market, global competitiveness, economic growth and has ultimately distorted the development and upliftment of our people.

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