

NUMBER 44



# UMRABULO



December 2018

LET'S TALK POLITICS

## ETHICAL LEADERSHIP, STATE CAPTURE AND CORRUPTION



**100**  
YEARS OF  
NELSON  
MANDELA

**100**  
YEARS OF  
ALBERTINA  
SISULU



**UMRABULO** was a word used to inspire political discussion and debate on Robben Island. This concept was revived in 1996 when the ANC published the first edition of Umrabulo. The journal's mission is to encourage debate and rigorous discussions at all levels of the movement.

## CALL FOR CONTRIBUTIONS

Umrabulo welcomes contributions from readers. Contributions may be in response to previous articles or may raise new issues. Contributions must be sent to the address below.

## SUBSCRIPTIONS

This service has been suspended for the time being. Subscribers will be notified when it will resume.

## EDITORIAL TEAM

Editor-In-Chief: Nathi Mthethwa

Deputy Editor-in-Chief: David Masekela

Editor: JP Louw

## Editorial Collective

Lindiwe Sisulu, Naledi Pandor, Obed Bapela, Joel Netshitenzhe, Tito Mboweni, Barbara Creecy and Nkhensani Kubayi.

**Peer-review team:** Tebogo Phadu, Febe Potgieter, Msingathi Sipuka, Tsioane Matlanyane, Mandla Nkomfe, Dipuo Mvelase, Phindile Kunene, Ashley Mabasa and Andries Nel. The team supports the work of the Editorial Collective through critically proof-reading and sub-editing submitted articles.

**Production and Publishing:** Donovan Cloete  
ANC DIP Media Production Unit.

## CONTACT INFORMATION

Address: Umrabulo  
PO Box 61884  
Marshalltown, 2107  
South Africa  
  
Tel: 011 376 1000  
Fax: 086 633 1437  
E-mail: umrabulo@gmail.com

The contents and views expressed in Umrabulo do not necessarily reflect the policies of the ANC or the views of the editorial collective.

Umrabulo on the web : [www.anc1912.org.za](http://www.anc1912.org.za)

# CONTENTS

## IN THIS ISSUE

### 3 EDITORIAL COMMENT

## COVER THEME

### 4 ETHICAL LEADERSHIP IN SOCIAL TRANSFORMATION:

*Debating the Notion of State Capture*

**BY JOEL NETSHITENZHE**

### 11 *State Capture and Credit Rating Agencies in SA*

**BY DR DAVID MASEKELA**

### 18 *Corruption and State Capture Across the Public and Private Sector*

**BY JOYCE MOLOI-MOROPA**

### 23 *It's Time For A People-Centric Corruption and State Capture Busting Approach*

**BY RENEVA FOURIE**

### 26 *ANC Self-correction Needs Partnership with Progressive Civil Society Formations*

**BY MANDLA NKOMFE**

### 32 *Ethical Leadership, The Colonial Unconscious and Revolution*

**BY PROFESSOR RICHARD M LEVIN**

### 37 *Re-Imagining Tools Needed To Discourage Corrupt Practices In ANC*

**BY BAYANDA MZONELI**

### 41 *Repositioning Intellectuals in the African National Congress*

**BY PROFESSOR MUXE NKONDO**

## BOOK REVIEW / POETRY

### 48 *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay*

**BY ASHLEY NYIKO MABASA**

### 52 *The Patriot*

**BY MOTSOAKGOMO PAPI NKOLI**

EDITORIAL  
COMMENTBy **JP LOUW**

**T**HE WRITING “*If you don’t know, learn. If you know, teach*” are attributed to Pan-Africanist and pro-progressive bookseller **Una Mulzac**. Her bookshop, named *Liberation*, had a logo that featured an upraised, shackled black hand breaking free from a chain with these insightful words inscribed to it.

As recently appointed **Editor of Umrabulo**, one finds meaning, comfort, challenge and myriad of possibilities well captured in *Liberation*’s slogan. Whilst one brings teachings gotten through experiences from the mass democratic movement’s progressive media sector to the publication, a maiden editing experience has also left an invaluable appreciation about the level of insight amongst progressives on what is the state of our nation and what it demands for full realisation of the national democratic revolution. There is a determined drive to tap deep into this wealth of knowledge to ensure it is duly documented and shared widely through future editions of Umrabulo journals.

Already with an admirable history behind it, Umrabulo is poised to grow further into a depository of knowledge for those in the know so that they can share and by implication, teach. And by so doing, they will enrich discourse around the national question.

To that extend, this edition’s articles are focused on the theme of corruption, state capture and unethical leadership that has vexed South Africa’s public discourse. Whilst it lays the foundation of his article, *Ethical Leadership in Social Transformation*, **Joel Netshiten-dzhe**’s pointed questions essentially captures what this edition of Umrabulo seeks to resolve. He asks what is the ethical foundation of South Africa’s democratic society. In what way is this rooted in the struggle against

apartheid colonialism? How do we define state capture; and what are the prospects for society and the ANC to re-assert ethical leadership? **David Masondo**’s article, *State Capture and Credit Rating Agencies in South Africa*, argues that the focus on the visible forms of state capture have blinded us from seeing the less obvious forms of state capture pursued by business interests.

**Professor Richard Levin** contextualises answers to these questions under *Ethical Leadership, The Colonial Unconscious and Revolution*.

From problematizing the issues, we also explore sustainable solutions. In *Re-Imagining Tools Needed to Discourage Corrupt Practices in ANC*, **Bayanda Mzoneli** draws attention to interventions needed to address corruption and state capture. Both **Reneva Fourie** (*It’s Time For A People-Centric Corruption and State Capture Busting Approach*) and **Mandla Nkomfe** (*ANC Self-correction Needs Partnership with Progressive Civil Society Formations*) takes this thinking a step further as they talk to the need for civil society’s integral role in ANC’s renewal agenda.

An equally interesting read is **Muxe Nkondo**’s *Repositioning Intellectuals in the African National Congress* who defines the notion of an intellectual in the ANC and how their attributes should be embedded in the workings of the organisation.

*We are keen to receive your feedback. Please send us your comments on any of the published articles at [Umrabulo@gmail.com](mailto:Umrabulo@gmail.com) where you can also submit proposals of your articles for future publications. Remember to include a contactable number in your submissions.*



# ETHICAL LEADERSHIP IN SOCIAL TRANSFORMATION:

## *Debating the notion of state capture*

- *What is the ethical foundation of South Africa's democratic society?  
In what way is this rooted in the struggle against apartheid colonialism?  
How do we define state capture; and what are the prospects for society and the  
ANC to re-assert ethical leadership?*

By **JOEL NETSHITENZHE**

**S**OUTH AFRICA is emerging from a period in which, to quote a resolution of the 54th National Conference of the African National Congress (ANC), “state capture or simply corruption... undermined the integrity of our institutions, cost our economy hundreds of billions of Rands and contributed to the further impoverishment of our people”<sup>1</sup>.

It is therefore critical for us to reflect on issues pertaining to the ethical foundation of South African democracy, where we went wrong and how we can correct the weaknesses identified by the Conference.



means; and, as rational beings, regard themselves in exercising “freedom of will” – whether in authority or not – as “giving laws” to the rest of society<sup>2</sup>.

Friedrich Hegel grappled with the matter of the subjective will and whether what it recognises as valid is necessarily good. Ultimately, he argued, the authority of ethical laws, not just what is ethically good, should be fundamental in determining the conduct of individuals.

In this context, universality of ethics should be represented in the collective: made up of the family, civil society and the state.<sup>3</sup>

There is much in the conceptualisations of Kant, Hegel and others that rhymes with the notion of ubuntu – ‘I am because we are’. Further, the more positive in virtually all religions across the globe also articulates a humane approach to ethics in particular and human relations in general. These representations of what is meant to be human and humane, constitute an attempt at managing social relations, and regulating impulses which otherwise would make us less human.

### DEBATING ETHICS

In the evolution of human society, there have been many attempts at setting out rational frameworks for human behaviour. In this regard, the works of various philosophers bear relevance. Immanuel Kant championed the Categorical Imperative, asserting that individuals should act as if they are defining a universal law; relate to other human beings as an end and not as a

## STATE OF CAPTURE

Report on an investigation into alleged improper and unethical conduct by the President and other state functionaries relating to alleged improper relationships and involvement of the Gupta family in the removal and appointment of Ministers and Directors of State-Owned Enterprises resulting in improper and possibly corrupt award of state contracts and benefits to the Gupta family's businesses

Report No: 6 of 2016/17



◀ Report of the Public Protector into “State Capture”, released in October 2016.

But Frederick Engels, at the graveside of Karl Marx, makes the important point that Marx’s greatest contribution was his assertion of the *“law of the development of human history: the simple fact...that the production of the immediate material means, and consequently the degree of economic development attained ... during a given epoch, form the foundation upon which the state institutions, the legal conceptions, art, and even the ideas on religion, ... have been evolved, and in the light of which they must, therefore, be explained, instead of vice versa.”*<sup>4</sup>

Engels however does acknowledge that the superstructure – including ethics, art and religion – do *“also exercise their influence upon the course of the historical struggles and in many cases preponderate in determining their form.”*<sup>5</sup>

### ETHICAL FOUNDATIONS OF STRUGGLE

In this context, the ethical foundations of the South African struggle against apartheid colonialism should be sought in its core objective: that is, to resolve the social antagonisms created by this system in the form of national oppression, class super-exploitation and patriarchy.

The injunctions in the 1955 Freedom Charter that *“no government can justly claim authority unless it is based on the will of all the people”*, and in democratic South Africa’s constitution that the national democratic society should *“improve the quality of life of all citizens and free the potential of each person”*, aptly capture these ethical principles.

The wars of resistance against colonial incursions and the formation of the African National Congress (ANC) to fight modern manifestations of colonialism were, by definition, acts of transformative ethics. So were the responses to intensified oppression and repression, in

the decades that followed, to raise the struggle to higher levels of militancy, across the four pillars of mass mobilisation, underground organisation, armed struggle and international mobilisation.

The ultimate in the ANC’s ethical response was to lead in the process of concretely defining the constitutional antithesis to the system of national oppression. Thus were developed the constitutional principles for a democratic South Africa towards the end of the 1980s and early 1990s. These principles, informed by the African Claims document<sup>6</sup> and the Freedom Charter included not only political rights; but also, other generations of human rights such as social, economic, gender and environmental rights.

In other words, ethics cannot be separated from the framing vision of an equitable society and the struggle to attain it.

### ETHICS IN SOCIAL TRANSFORMATION

*How should ethical leadership manifest in the era of political incumbency – when the liberation movement is the governing party?*

Capable and ethical leadership should find expression in efforts to change people’s lives for the better. The broadening of access to basic services should be reinforced by an improving quality in these services.

Economic growth should be pursued not as an end in itself; but as a necessary – though insufficient – condition to improve people’s lives. Critical in this regard should be the role of the state as an instrument of redistribution, and the centrality of state-owned enterprises as a leverage to guide economic development.

Ethical economics needs to proceed from the basic principle that the economy is meant to serve society and not the other way round. This should be reflected in measures to deal with inequality in terms of income, assets, opportunity, social capital and spatial dynamics. The democratic state should be capable and developmental, reflected in practical efforts to meet societal needs and in a deliberate drive to improve its legitimacy in the eyes of society.

All these and other measures should have at their core the desire to improve the quality of life of all the people, especially the poor and the marginalised. In this regard, it is not a matter of political correctness to argue that everything we do should be infused by a gendered approach. The level of humanism and ethics in any society should be measured by the extent to which it addresses the challenges that affect the most vulnerable.

### THE PLACE AND ROLE OF THE STATE

Why is the state such a crucial factor in the discourse on social transformation and ethics?

The state, in the words of Friedrich Engels, *“is a product of society at a certain stage of development; it is the admission that this society has become entangled in an insoluble contradiction with itself, that it has split into irreconcilable antagonisms which it is powerless to dispel. But in order that these antagonisms, these classes with conflicting economic interests, might not consume themselves and society in fruitless struggle, it became necessary to have a power, seemingly standing above society, that would alleviate the conflict and keep it within the bounds of ‘order’; and this power, arisen out of society but placing itself above it, and alienating itself more and more from it, is the state”*.<sup>7</sup>

Engels uses the phrase, *“seemingly standing above society”* deliberately; because the state is in fact an expression of class dynamics in society. It expresses rule by a class or classes that have attained power and control the means of production. In the South African situation, it can be argued that, because the predominant social system is capitalist, the capitalist class is by definition the ruling class. But the attainment of liberation, reflected in the transfer of power from the colonial ruling group to the multiclass formation that is the liberation movement, lends the post-colonial state the unique attribute of reflecting the coalition of classes and strata that constitute the liberation front: primarily, the black bourgeoisie, working class, peasantry and middle strata.

This coalition of liberation forces sets out to transform the inherited state to represent their interests. But these forces do have their own internal contradictions, as their interests – beyond the act of liberation – do not always coincide. In that sense, the state in post-colonial societies is a heavily contested terrain. It is the arena of endless wrestling, and it may oscillate from one extreme to another in terms of what liberation actually means.

One of the first tasks of the liberation movement as it ascends to political office is the transformation of the state to serve the objectives of thoroughgoing change. In this context, in the past fifteen years, the notion of a developmental state has started to feature prominently in South African policy discourse.

### NOTION OF A DEVELOPMENTAL STATE

*What is so alluring about the notion of a developmental state; and does its theorisation matter?*

Some scholars have argued that all states are developmental: it is all about the path they choose to achieve their objectives, and the instruments they use to this end. In reality, though, the concept of a developmental state has been theorised *post facto* by economists and political economists to explain the riddles of growth and development trends of such magnitude and consistency, that countries have climbed from one rung of industrial and socio-economic development to another within one generation – qualitatively bridging the gap between themselves and the most developed countries. The speed with which developmental states have built their economies and improved the social conditions of large populations, justifiably had to generate new categories in the science of social development. The practice of development had unearthed a new narrative regarding the relationship between the state, the citizen and the market.

A developmental state plays a leading role in directing economic development. In a society such as ours with deep social fissures, the state should have the strategic capacity not only to define the vision and course of social development but also, where necessary, to make the tough choices and ensure their implementation.

Of course, for the state to be able to intervene in this manner, it should enjoy popular legitimacy. Society should accept that the state genuinely represents the national interest. This cannot be decreed. Legitimacy and authority have to be earned. While many instances of developmental states may have had elements of authoritarianism in the early years, in South Africa there is consensus that the state we seek to create should be a democratic developmental state.

Further, the state’s visionary acumen and legitimacy have to be backed up by organisational and technical capacity.

The South African democratic movement inherited a state that it had to transform over time; at the same time as it used the same state to start implementing policies of change. Attached to this process was the danger of locking-in inherited bad habits, and tentativeness in reconfiguring the state to play a leadership role in di-



recting economic development.

At another level, we still have to find the appropriate balance between embeddedness and autonomy – insulation and connectedness – which are critical attributes of developmental states. Because of the fault-lines of our history, the state bureaucracy has tended towards suspicion and insulation in its attitude towards the private sector, and vice versa. Further, the state and the liberation movement have not been able to inject strategic visioning within civil society, including the trade union movement. The ructions within working class organisations are in fact one of the greatest tragedies in the South African polity.

*...towards the end of its days, the apartheid state in South Africa had become deeply corrupt, including through sanctions-busting activities and the extra-judicial space it had accorded its security agencies. This broadly is what the liberation movement inherited...*

not approximate the extent of that power, all manner of temptation is injected into the system, with 'weak' personalities easily tempted.

Thirdly, the act of liberation also entails efforts to raise a section of the liberation elite into the status of ruling class. It involves the rise of previously marginalised elites into business activities and positions within the state, which catapults them into 'middle and upper class' lifestyles. This is a necessary part of social transformation. But it has its unintended consequences. For many, the rise into middle class lifestyles is tenuous, dependent on party selection processes and continued employment

## ROOTS OF TOXIC CONDUCT

Progress or otherwise in the transformation of the state and society at large is impacted upon by weaknesses that the ANC has characterised as 'sins of incumbency'. How do liberation movements lose the sense of idealism that included a preparedness to pay the ultimate price? How insidious can sins of incumbency become? A few of the factors deserve mention.

The first element relates to legacy. The colonial state maintains its rule and seeks to impose legitimacy among the oppressed through force and subterfuge. It therefore develops networks of patronage on a grand scale, in relation to its collaborators and whole sections of the population. It purchases the obsequiousness of its constituency through privilege and favouritism. Especially towards the end of its days, the apartheid state in South Africa had become deeply corrupt, including through sanctions-busting activities and the extra-judicial space it had accorded its security agencies. This broadly is what the liberation movement inherited; and in situations where transitions include the integration of old-order political and bureaucratic functionaries, the problem is multiplied many-fold.

The second and related element pertains to the manner in which power is exercised and public service is rendered. This in part has to do with legacy; but it is also a matter of individual attitudes. When systems to provide services are unjust and/or unwieldy, the population develops ingenious ways to circumvent these; and the providers of the services themselves tend to seek underhand benefits. At the psychological level, if the power wielded has massive implications for the citizen – individual or corporate – and state remuneration does

in state institutions. In the South African situation, the very nature of middle-class lifestyles is distorted by the presence of a large white community, social trend-setters whose position was earned through racial privilege. In trying to mimic these white lifestyles, the emergent elite overextends itself and individuals are then tempted to sustain newly-acquired tastes not through an honest day's work, but by corrupt means.

The fourth dimension relates to personal fidelity to ideal and principle. Cadres of the liberation movement who have limited capacity for self-restraint, get entangled in venality hook, line and sinker. But there are also extremes, reflected by personalities who either do not have any, or lose all, sense of compunction and shame. The liberation movement may therefore also find itself dealing with syndromes that are essentially psychopathic – where the meaning of words is lost as individuals seek to rationalise bad conduct. Where corruptors and benefactors are criminally creative, blackmail – including through down-payments that leave the beneficiary hopelessly entangled – also becomes the stock-in-trade. The fifth element is about party funding. It is par for the course that party establishments and activities require material resources. The practice of returning favours for donations infects virtually all democracies, and it is not unique to post-colonial societies. This does add toxicity to party-state relations. To win a state tender, unscrupulous businesspeople would promise donations to the party first, even before assembling the capacity to meet bid requirements; and party leaders then intervene to undermine state processes, whether in government departments or state-owned enterprises.

The more brazen among corrupt benefactors and beneficiaries will actually seek to capture whole institutions

and turn them into their cookie jar. Thus is born institutional capture, of which state capture is but an important part.

## DEBATING STATE CAPTURE

The notion of state capture gained currency largely in discourse around institutional changes in post-socialist Eastern Europe. However, it is acknowledged by objective analysts that it is a phenomenon prevalent in many other regions, including established democracies such as the United States of America.

State capture is defined in some literature as

*“...the efforts of firms to shape the laws, policies, and regulations of the state to their own advantage by providing illicit private gains to public officials...”*

*...firms seek to shape decisions taken by the state to gain specific advantages, often through the imposition of anticompetitive barriers that generate highly concentrated gains to selected powerful firms at a significant social cost. Because such firms use their influence to block any policy reforms that might eliminate these advantages, state capture has become not merely a symptom but also a fundamental cause of poor governance. In this view, the capture economy is trapped in a vicious circle in which the policy and institutional reforms necessary to improve governance are undermined by collusion between powerful firms and state officials who reap substantial private gains from the continuation of weak governance.”*<sup>8</sup>

Others argue that state capture can be distinguished from ordinary corruption in that *“while in cases of corruption the outcome (of policy or regulatory decision) is not certain, in cases of state capture the outcome is known and is highly likely to be beneficial to the captors of the state.”*

*“Also, in cases of corruption (even rampant) there is plurality and competition of ‘corruptors’ to influence the outcome of the policy or distribution of resources. However, in state capture, decision-makers are usually more in a position of agents to the principals (captors) who function either in monopolistic or oligopolistic (non-competitive) fashion.”*<sup>9</sup>

Transparency International goes further to assert:

*“State capture can also arise from the more subtle close alignment of interests between specific business and political elites through family ties, friendship and the intertwined ownership of economic assets.*

*The main risk of state capture is that decisions no longer take into consideration the public interest but instead favour a specific group.”*<sup>10</sup>

In recent South African debates on state capture, there have been attempts at throwing red herrings across the trail to rationalise some of these practices. Let us look at some of these arguments.

**It’s in the very nature of the system because capitalists are the ruling class:** There may be an element of truth in the assertion about the system and the ruling class. But, as argued earlier, the current state is one in transition, with the classes and strata that brought about liberation gradually wresting control to pursue a national democratic society. Among these, of course, are the black bourgeoisie; and the established capitalist group who are the owners of most of the country’s capital have much sway over the direction of economic policy. This cannot be conflated with *“unobvious channels”* through which state capture takes place, and the alignment of interests *“between business and political elites through family ties”* and other links. Further, what the definitions of state capture may not have taken into account is that this can also be exercised by other sectors in society, as reflected in the recent report on capture of some education departments (national and provincial) by teachers’ union(s).

**Complaints against state capture are a matter of sour grapes as a black-owned company outstrips the old establishment:** Many black companies have been on the rise in various sectors of the economy. Most of them have benefited from policies of Black Economic Empowerment including government’s preferential procurement and financial support from development finance institutions. This is a transparent generic policy that applies to all who qualify. There may even be instances of corruption in the execution of the policy; but even then, there would be *“plurality and competition of ‘corruptors’”*, as distinct from activities that favour captors of state institutions.

**All capitalists do seek to influence policy decisions:** Of course, all classes and strata as well as interest groups try all the time to influence state decisions in their own interest. They lobby, cajole and also campaign to influence public opinion. There will always be policy contestation, and business does seek to assert its interests and use leverages it commands to attain its own objectives. So do other social actors, including the working class; and some may even try corruptly to purchase their way into favour, influence appointments and so on. This is par for the course; and it is definitely different from any of these players being the decision-makers as such.

**The state has to work with business:** Indeed, it is in the nature of a developmental state that it should continually interact with all social role-players and mobilise them behind a vision and strategy for growth and development. The state should be embedded among business (and other sectors); but it should remain autonomous in terms of the content and processes of decision-making. Working with business should not translate into state actors working for, and at the instruction of, a particular business entity.



**All leaders have skeletons and should therefore curl up and shut up:** There indeed may be skeletons in many cupboards and, as the saying goes, for every ‘corruptee’ there is a ‘corruptor’. Those who are aware of such skeletons should lead the law-enforcement agencies to the burial sites rather than seeking to blackmail the party and society into silence.

**For state capture to happen all arms of the state should have been captured:** It is quite true that, for the captors to act “in a monopolistic or oligopolistic... fashion”, these principals would need to have captured critical pillars of the state. But this does not necessarily mean that they should exercise control over each and every arm of the state. State capture can exist at a micro-level, as in the case of the allegations about trade union(s) and departments of education; or in various institutions at provincial and local levels. At a macro-level, it may relate to some or all arms of the state. And it is a matter of simple logic that state capture at a macro-level can include capture of the nerve centre or critical organ of the state colossus. Where such capture relates to the very pinnacle of government, there would be few other perfect examples of state capture. This is more so if the person implicated is, to quote the Constitutional Court, “*a constitutional being by design ... the quintessential commander-in-chief of State affairs and the personification of [the] nation’s constitutional project*”<sup>41</sup>.

Therefore, state capture is about state decision-makers being “*agents to the principals (captors)*”. An interesting allegory for this is the strange parasite, the tongue-eating louse or isopod. The parasite severs the veins of a fish’s tongue until the tongue falls off. It then attaches itself to the stub operating as if it was the fish’s tongue; and it survives by feeding on the fish’s blood or mucus. Unlike other parasites, the isopod does not kill its host; and similarly, it would not be in the fish’s interest for the isopod to leave or to die, as the fish no longer has its natural tongue.... organ and organism capture par excellence!

Can state capture be sustained without another form of institutional capture: in this case, political party capture? Where the captured straddle the party, the government and the state, direction and sequence of the capture can be either way. Clearly, state capture is bound to be faster and more effective if the party is on-side, or if the captured exercise authority and leverage across both entities. Where the relationship between party and state is not managed as demanded by constitutional and legal prescripts, capture of either the state or the party easily transmutes into capture of the other. Some leaders, once ensconced in state offices and once captured, can simply ignore or defy the party – creating a conundrum difficult to address.

## CHALLENGES IN RE-ASSERTING ETHICAL LEADERSHIP

At the 54th National Conference of the ANC, various resolutions were adopted urgently to address the cancer of corruption and state capture.

This journey, however, will not be a walk in the park. Experience over the past six months does confirm the truism that the struggle to unravel corruption and state capture in South Africa will be complex and protracted. Why is this the case?

First, the beneficiaries of corruption and state capture will not go down without a fight. Especially as orange overalls beckon, there will be desperate acts to muddy the waters and reverse the gains of the Conference. Constant vigilance is fundamental.

Second, the extent and depth of the rot is much more widespread than the sensational cases of state capture. In addition to dynamics in state agencies, the rot goes quite far into the political party system itself. If you were to dig deeper into even some of the post-NASREC ANC provincial conferences, you will find the usage of money to try and influence outcomes. This challenge goes beyond the ANC. Whatever the status of the parliamentary ethics committee’s case against Democratic Alliance leader Mmusi Maimane, the fact of the matter is that, for his election as party leader in 2015, he needed private sector sponsorship. Within the ANC, even those opposed to corruption have to agonise over the fundamental question whether they can assume leadership positions and detoxify the movement without themselves using toxic means.

Third, while focus naturally falls upon state functionaries, we have seen in the past few years how large corporations such as Bell Pottinger, SAP, McKinsey, China South Rail, KPMG and Bain & Company facilitated and/or co-operated with or succumbed to extortion. This reflects not only the extent of unethical conduct among individuals within the private sector; but also, the general posture of many private companies to adapt their practices to corrupt environments in which they operate.

Related to this is the phenomenon of violence in Kwa-Zulu-Natal, and perhaps other provinces, which requires further analysis. It is possible that the violence against politicians reflects loss of control by the ANC and other parties. In this instance, business interests may in fact be dictating the directional flow: with business syndicates identifying politicians of any party or faction as instruments of, or a hindrance to, accumulation and then hiring hitmen to pursue their selfish interests. Some of these business entities may even go to the extent of hedging their bets by supporting both or all factions in a political contest – in other words, with little consideration of the professed policy differences.

Fourth, the fight against corruption is complicated by the fact that the rot permeates all sectors, including civil society. As we all know, the religious community is replete with all manner of scoundrels who prey on individuals and communities. Within the trade union movement, the crisis of business unionism and the privileges that come with union leadership from factory floor to national level has seen not only massive corruption; but also, factional violence that has been fatal.

The fifth reason is that the student and youth movements – the repositories of future generations of societal leadership – have not been spared the malign influence of incumbency. The privileges that attach to student leadership and the resources that go with this have corrupted many young leaders. This malign influence of unethical conduct, especially among the youth, has major implications for the very ethical character of the liberation struggle going forward.

Beyond direct incidents of corruption among youth organisations, there is the matter of the value system and outlook, which are infused with ‘celebrity culture’. Standing in the eyes of peers, possibilities of entering intimate relationships, followership on social media... all this and more seem increasingly to depend on and in turn to feed that celebrity status, with money and decadent lifestyles at the centre of it. The greatest danger is that young cadres are emerging into positions of more serious responsibility within the context of a value system and ‘culture’ that is corrosive of the humanism and selflessness that fundamental social transformation demands.

## CONCLUSION

One of the greatest challenges in rooting out unethical conduct derives from the fact that those who seek to

build an equitable society interact everyday with the rapacious licence of a system that encourages greed and crass materialism. The cadres of social change therefore need to be inspired by a transcendental posture: they should be able to resist the constraining and corrupting influence of this system and not bow to its dictates as if they are the natural order of things.

This requires clarity of thought on the value system that should underpin the vision of a democratic and equitable society.

Critically, there should be a strong element of compulsion: an effective state, with security agencies, prosecution authorities, revenue services, public protector services, judicial institutions and auditing services that guarantee accountability and just deserts for wrongs committed.

For the ANC, a combination of ethical rectitude informed by principle, and the self-interest of its cadres, should inspire steadfastness to the injunctions of the 54th National Conference. This is because failure to address corruption and state capture will not only undermine the cause of social transformation and the legitimacy of the democratic state and polity. In a democratic society such as ours, it will also result in devastating electoral punishment and the emasculation of many a political career.

*[This article is based on various presentations made by the author on ethical leadership, state formation and state capture.]*

---

**JOEL NETSHITENZHE** is an ANC NEC Member and the Executive Director of the Mapungubwe Institute ([www.mistra.org.za](http://www.mistra.org.za)).

## REFERENCES

- 1 **ANC 54th National Conference, Report and Resolutions**, March 2018
- 2 Immanuel Kant, **Groundwork of the Metaphysics of Morals** – quoted from Speech by Frederick Engels at the Graveside of Karl Marx, <https://www.marxists.org/archive/marx/works/1883/death/burial.htm>
- 3 Hegel, **Philosophy of Right**: <https://www.marxists.org/reference/archive/hegel/works/pr/prethica.htm>
- 4 **Speech by Frederick Engels at the Graveside of Karl Marx**, <https://www.marxists.org/archive/marx/works/1883/death/burial.htm>
- 5 **Engels to J. Bloch in Königsberg**, [https://www.marxists.org/archive/marx/works/1890/letters/90\\_09\\_21.htm](https://www.marxists.org/archive/marx/works/1890/letters/90_09_21.htm)
- 6 **Africans Claims in South Africa**, December 1943
- 7 **The Origin of the Family, Private Property and the State**, pp 157-158
- 8 Joel Hellman and Daniel Kaufman: **Confronting the Challenges of State Capture in Transition Economies**, in Finance & Development: A quarterly Magazine of the IMF, September 2001, Volume 38, Number 3
- 9 [https://en.wikipedia.org/wiki/State\\_capture](https://en.wikipedia.org/wiki/State_capture)
- 10 Máira Martini, **Transparency International**, [tihelpdesk@transparency.org](mailto:tihelpdesk@transparency.org): March 2014
- 11 Constitutional Court of the Republic of South Africa, **Cases CCT 143/15 and CCT 171/15**, 31 March 2016

# STATE CAPTURE AND CREDIT RATING AGENCIES

## *in South Africa*

- *It is the dependency of the state on business that predisposes states under capitalism to be inherently captured by capital. Without business investment, the state cannot generate revenue from taxation in order to undertake its function. If the state leadership or governing political party presides over a declining economy characterised by unemployment and insufficient state revenue to finance social services, it runs the risk of electoral defeat. So, it is in the material self-interest of the state's incumbents for business to invest.*

By **DR DAVID MASONDO**

### INTRODUCTION

Since the release of the former Public Protector's State of Capture report and subsequent appointment of the Commission of Inquiry into State Capture chaired by Judge Zondo, a lot of ink has spilled over the meaning and analytical utility of the concept of state capture and how it works<sup>1</sup>. Some critics of the state capture concept, either deny the existence of state capture at all or simply state it is not a new phenomenon<sup>2</sup>.

Lurking behind the debate on the state capture phenomenon is also who has power over the state and how it is exercised. In other words, who rules, and how? And what are the best conceptual tools to analytically describe this mode of rule?

The World Bank defines state capture as an instance in which "control or power passes from state officials and elected representatives to non-state corporate interests". This is concerning because non-state business actors are not accountable



to the electorate and thus put the legitimacy of the elected government into question.

The current South African debate on the phenomenon of state capture is based on impoverished conceptions of state power. Not only because it has drawn our attention essentially to one family that has allegedly unduly influenced certain parts of the state working with some officials and politicians to illegally capture and amass state resources. But mainly because the debate has focussed almost exclusively

on the most visible forms of state capture such as bribery, party political funding as well as corrupt and non-corrupt social networks. As a result, the inherent power of business over the state, which does not only reside in direct control, remains clandestine.

In this article, I argue that business neither needs to use the more overt mechanisms such as outright bribery, corrupt patronage networks; nor have its own political and administrative representatives in the state to wield power

FOOTNOTE: I use the concept of business, investor, capital(ist) interchangeably.



over the state; nor have to undertake the undisguised and flagrant political mobilisation against an elected government as we have seen during the 2016-2017 Save South Africa business-led mobilisation. Instead, the ability of business to capture the state largely lies in business' ability to make large donations to political parties, as well as ownership and control of the investable resources, which enable business to shape state policy action; including political appointments such as cabinets.

The article uses Credit Rating Agencies (hereafter referred as rating agencies) that is, Moody's, Standard & Poor's (S&P's) and Fitch<sup>3</sup> to illustrate how business under the leadership of financial capital, captures the state without using overt mechanisms such as bribery. Contrary to the view that rating agencies merely provide information to potential borrowers of money, I show that rating agencies have become important in influencing state policy action in the quest to attract investment, which may or tend to undermine the democratic will of the people, including national sovereignty.

The article starts by showing the pitfalls of the dominant conceptualisation of state capture, followed by a discussion on how the state is inherently captured by business in general and financial capital in particular. I then continue by showing how the credit rating agencies enable financial capital to exert its influence over the South African state. The article ends with a discussion on possible ways in which the less visible forms of business capture can be combated.

## POVERTY OF STATE CAPTURE

Institutionally described, a democratic state is composed of the executive, judiciary and legislative components. The executive's authority is supported by administrative systems made up of central banks, bureaucracy, law-enforcement, military apparatuses, surveillance (intelligence agencies) as well as ideological and scientific institutions such as schools and universities.

All political parties exist to capture the state to pursue what they consider good for society. Accordingly, state capture and the transformation of policy by organised democratic forces acting for and with ordinary people is progressive. So, state capture is not inherently bad. It depends on who is doing it, and how, and for what purpose. As mentioned previously, the World Bank has identified business as a key-actor in the state capture drama. Business refers to a class of people who generate their incomes through making profits. Business people, whose businesses also vary in size and legal forms, are also referred to as capitalists or entrepreneurs; and operate in different economic sectors such as services, industry, finance and commerce.

Business people would also vary in terms of gender, age,

race, ethnicity and country of origin. Therefore, whilst all businesses are driven by profit, they also have different specific interests and characteristics depending on where they operate to make profit. They legally and illegally bring their specific business concerns to state institutions, political organisations and personal networks within which they operate. The legal includes lobbying and financing political parties in order to influence policy or allocation of state resources for their individual or industry interests.

In their legal and illegal activities, they would also target different state institutions to pursue their specific interests in the context of profit making. So, for example, entrepreneurs operating in the tobacco industry working with criminal smugglers may be more interested in colonising key government institutions such as customs and police to facilitate smuggling of cigarettes. Or banks may target financial state institutions such as National Treasury. The economic competition amongst business sectors can also find expression politically between parties and within political parties and trade unions.

In addition to bribery and political party funding meant to influence the state and the governing party, businesses also legally use and finance tax-free foundations, trusts and think-tanks such as the South African Free Market Foundation to aid their class perspectives and policy class interests.

## INHERENT BUSINESS STATE CAPTURE

To say that businesses such as Anglo-American, Standard Bank and Pan Mixers SA do not necessarily need to have their direct representatives in the state does not mean they would not want it<sup>4</sup>. Privileged access to state politicians, officials and governing majority party or coalition parties can only enhance their competitive position against other business sectors in relation to state policy and state-owned resources. In fact, some aspirant and emerging businesses as in our post-colonial situation depend on state owned economic resources to enter into business; and maintain their business operations.

Business class power lies in its ownership and control of economic resources such as finance, land, mines, banks and industry. Ownership and control of these economic resources give business power to determine when, where and how to invest. States, on other hand, depend on business investment decisions for economic growth, employment creation and revenue generation (tax) because states do not control and own significant economic assets. Even in periods of economic recession, business can use economic crisis to make policy demands in exchange for investment.

It is the dependency of the state on business that predisposes states under capitalism to be inherently captured



by capital. Without business investment, the state cannot generate revenue from taxation in order to undertake its functions such as the provision of social services, building economic infrastructure and administering the legal framework within which business competes. If the state leadership or governing political party presides over a declining economy characterised by unemployment and insufficient state revenue to finance social services, it runs the risk of electoral defeat. So, it is in the material self-interest of the state's incumbents for business to invest. Hence, it is not by accident that the former Finance Minister, Pravin Gordhan would argue that: "We have to generate confidence amongst our investors"<sup>5</sup>.

Not all sections of business have the same degree of policy influence over the state. The structural capacity of investors to punish or capture the state depends on the nature of their investment. The ability to move invested resources determines business' capacity to punish states. If it is difficult for business to move resources to another location, it (business) can adopt a wait-and-see approach because moving may at a particular time be too expensive or impossible. High business mobility (such as with finance) and high asset liquidity increases business power to resist undesirable government policy.

#### PLACE AND ROLE OF CREDIT RATING AGENCIES IN INVESTMENT

Credit rating agencies play a major role in enabling investors under the leadership of financial capital to exercise their power over where and when to invest. For the larger part of the 20th century, rating agencies played a key role mainly in the USA and European markets. It is only in the 1980s that rating agencies started to play a prominent role outside developed capitalist countries when states in the global south started to increasingly borrow money in international markets. In the 1960s and 1970s, the USA was willing to provide grants, soft loans to third world countries to ward off the Soviet Union in the context of the Cold War. Since the 1990s, the USA has been actively encouraging African states to be credit-rated by the agencies so that they can gain access to private global financial capital.

Before we discuss the role of rating agencies in enabling financial capital to capture the state, it is important to discuss the importance of money credit and associated

*Credit rating agencies play a major role in enabling investors under the leadership of financial capital to exercise their power over where and when to invest.*

financial institutions (e.g. insurance companies, mutual funds, divisional investment banks and pension funds) – in investment for economic growth.

The main role of financial credit institutions is two-fold. The first is to mobilise financial resources from different economic actors. Second, is to redistribute the mobilised funds to different actors and economic sectors. If the cost of money capital is high, investments ought to yield higher returns, otherwise the investment will not be profitable. The lower the rating the higher the cost of borrowing and servicing debt. So, how loaned-money is invested; and its cost, influences the growth or stagnation of certain economic sectors.

Governments also borrow funds through bonds to finance budget deficits. The South African government – debt is at R2.7 trillion<sup>6</sup> and pays R180 billion interest on its debt annually. As mentioned earlier, rating agencies assess and provide information to financial investors about the ability of private companies and governments to repay debt on time.

The rating range extends from the best AAA (triple A) to worst D (default). The rating depicts the possibility of debt non-payment. A triple A means there will be no default; and triple B means there is some risk for default, but still worth investing (investment grade). Anything below BBB is junk. In 1994 South Africa had a BB rating which was the lowest grade. Between 1996 and early 2000s due to budget surplus in 2002 associated with the global commodity boom, South Africa received favourable credit ratings. Since the global crisis, South Africa has experienced fiscal crisis leading to downgrading.

The higher the probability for default, the higher the cost of borrowing. Conversely, a positive credit rating translates into lower interest rates, thus lowering borrowing and debt service costs. So, if the borrower is considered as likely to default, the cost of borrowing and debt repayments become higher.

The assessment of the rating agencies can encourage or discourage investment. The agencies are very important for investment flows in two respects. Firstly, investors use their assessments to determine whether to invest their monies in certain companies and nation states. For instance, Regulation 28 of the Pension Funds, prohibit pension funds being invested in junked states. In 2001, the US pension managers bought South African bonds because of good rating<sup>7</sup>.

**Factors to determine creditworthiness:** *Economic growth policies, political leadership etc.*

In assessing the ability of governments to repay their debt on time, rating agencies assess factors such as economic growth. Which is usually linked to certain policies adopted or under consideration by a governing political party and state political leadership. High economic growth sets the necessary conditions for the possibility of generating tax revenue. Rating agencies use concepts such as negative, stable and positive to also express the prospects of economic growth in a country.

Contrary to their disingenuous claims, rating agencies do make economic growth policy recommendations by either affirming or condemning existing government policies. Fitch downgraded the South African government on the basis that amongst other reasons, its policies were not appropriate to address South Africa's economic growth requirements<sup>8</sup>. The rating agencies complained that the 2016/17 Budget Speech lacked "significant policy announcements that we think would immediately spur GDP growth or provided much needed business confidence to the private sector"<sup>9</sup>.

The rating agencies' economic growth policy recommendations are based on a neo-liberal mantra toolkit such as privatisation, inflation-targeting, and regressive tax regimes such as VAT increase. Rating agencies see privatisation and VAT increase as mechanisms to raise revenue to repay debt, even if they hurt the poor<sup>10</sup>. The agencies have been advocating for flexible labour market policy to enable employers to hire and fire with ease<sup>11</sup>. Furthermore, they have been concerned about the introduction of minimum wage<sup>12</sup>.

**Investment strike as a mechanism to influence state policy and composition of state leadership**

To exert its power over state policy and action, business, including financial capital, use investment strike through threats or actual disinvestments whilst simultaneously

making political demands such as policy and legislation changes and political appointments such as government cabinet, as a condition for reinvestment<sup>13</sup>.

Moody's reason for downgrading South Africa in 2008 also had to do with disapproval of using state interventionist actions such as BEE in redressing racialised inequalities<sup>14</sup>. In contrast to this, Moody's drew solace from the fact that key government economic positions are occupied by centrist politicians committed to economic policies aligned to the rating agencies<sup>15</sup>.

In 2016, business in South Africa stated they would only invest R500 billion, hoarded in their balance sheets, if their policy changes around the Protection of Investment Bill and Black Economic Empowerment requirements on the mining charter and toning down on land expropriation and foreign land ownership; and public sector wage bill<sup>16</sup> were not realised. The regulations included the 2013 Minerals and Petroleum Development Bill which empowered the state to designate minerals to be sold at discounted prices to local manufacturers, failing which they may not be exported without prior consent<sup>17</sup>. This policy would have changed the colonial division of labour in which former or neo-colonies export raw materials and minerals for processing in the core countries.

The threat, or the actual demonstration of power to undertake a business investment strike can have a long term effect by ensuring policy compliance for future governments. The fear of being downgraded tends to force elected public representatives into a 'must comply' response – with business' policy menu to maintain investor confidence<sup>18</sup>.

The December 2016 downgrade illustrates how business uses rating agencies to demand state policy action, and appointment of state political leadership. On 4th December 2016 Fitch and S&P downgraded South Africa to a negative outlook; and on the 15th Moody's also did the same and later changed to BBB minus, which is a sub-investment grade – one notch above junk status. The downgrade was done after former Finance Minister Nene was replaced by Des Van Rooyen, who was later changed amidst the fears and speculations of a nuclear deal with Russia. Bank's CEOs successfully demanded the re-appointment of former Finance Minister Pravin Gordhan, to restore investor confidence when South Africa was on the verge of being downgraded to junk status<sup>19</sup>.

The 2016 business' intervention impeding a further downgrade of South Africa to junk status was skilfully used by business to make more policy demands on the state. As part of its strategy to avert the downgrade, the Banks CEOs produced their 8 Point Plan, which demanded amongst other things, government cuts on ex-



penditure and raising taxes through adopting a regressive tax policy by increasing VAT and the fuel levy to increase state revenue<sup>20</sup>. As a result, VAT was increased in 2018 without a democratic discussion within the ANC, and was celebrated by Moody's<sup>21</sup>.

Around March 2017, Finance Minister Pravin Gordhan was replaced by Malusi Gigaba; and business became unsure about policy continuity<sup>22</sup>. As a result, Fitch and Standard & Poor's downgraded South Africa to junk status, whilst Moody's retained South Africa's investment grade rating. After the downgrade, Sibanye Gold stated that they would not invest in South Africa because of government policies<sup>23</sup>. Newly appointed Finance Minister Gigaba had to visit rating agencies in Washington DC and New York, and also meet international and domestic investors to try to improve their confidence in the government's commitment to continue with fiscal discipline and the broader neo-liberal policy framework<sup>24</sup>.

Moody's responded positively to the leadership outcomes of the 54th ANC conference and re-appointment of Nhlahla Nene to the Finance Minister's position<sup>25</sup>. However, the ratings agencies (i.e. Standard & Poor's and Fitch) maintained South Africa's junk status, but moved the economic outlook to a stable outlook from negative. Part of the reasons for the stable outlook was the firing of Malusi Gigaba, mineral resources and public enterprise Minister which was seen as restoring the institutional deterioration associated. The second reason was the 'political revival' associated with political certainty and policy certainty<sup>26</sup>. But they successfully pressed ahead with their demands in the 8-Point Plan, which also led to the increase in VAT to 15 per cent, as mentioned earlier.

#### **ANC-SACP-COSATU Alliance and rating agencies**

Whilst the episodic 2016-2017 changes of South African finance ministers had little to do with the left-right ideological divide in the state, business in general uses its control over investment decisions to reward and capture the state through ideologically-friendly political leaders. And penalise those they consider ideologically unfriendly until they comply with their policy expectations and needs. As a result, politicians, even within the ANC-led movement, strive to be credit-rated positively by the rating agencies.

In the context of South Africa, the composition of the ANC leadership and the continuation of the ANC-SACP-COSATU alliance do not serve to give South Africa a good rating. In 1998, the rating agencies signalled that they were concerned about the continued alliance between the ANC-SACP and COSATU<sup>27</sup>. In 2011, Moody's downgraded South African from the triple A grade because of the ANC's political alliance with the SACP and COSATU<sup>28</sup>.

After the 2007 ANC National Congress, Fitch revised its positive rating outlook on South Africa because of the so-called "*left clean sweep of the ANC NEC*"<sup>29</sup>. It was expected that the newly elected ANC leadership would not change the inflation targeting framework and conservative fiscal policy, but worried that the ANC will adopt "*populist policies*"<sup>30</sup>. Once the rating agencies were assured about the maintenance of these policies, the positive outlook was maintained<sup>31</sup>.

Former President Jacob Zuma was quick to assure investors that there would be no policy change after the recall of President Mbeki in 2008 because there was a concern that the SACP and COSATU will push for an abandonment of the conservative fiscal and monetary policies<sup>32</sup>.

#### **Effects of the rating agencies in framing our economic problems, inter-state competition and intra and inter class alliances**

Governments are keen to be rated so that they can gain access to international capital markets. This generates competition for investment amongst and within states to adopt policies that may be detrimental to the working

class such as VAT increases, labour market policies and tax holidays. This also accentuates the antagonism between working class parties, trade unions; and governing parties. This may also lead to expulsions and co-options of working class leaders and organisations; and splits between working class organisations as it happened with COSATU recently.

The rating agencies are also concerned about ANC's elective and policy conferences<sup>33</sup>. In 2007, Moody's had to wait for the ANC national conference outcomes before it could pronounce its decision on SA sovereign rating<sup>34</sup>. In 2012, both S&P and Moody's threatened to downgrade South Africa if the ANC Congress were to adopt "*more radical policies*" and deviate from conservative fiscal policy<sup>35</sup>. As a result, some of the members and leaders

*Whilst the episodic 2016-2017 changes of South African finance ministers had little to do with the left-right ideological divide in the state, business in general uses its control over investment decisions to reward and capture the state through ideologically-friendly political leaders.*

debate economic policy from the neo-liberal predispositions of the ratings agencies. As one of South Africa's leading economists, Trudy Makhaya, put it, *"Rather than framing our economic aspirations against the needs and concerns of the unemployed or economically excluded, we are more comfortable with relying on the external gaze"*<sup>36</sup>.

Not only do the rating agencies consider policies to assess governments' ability to repay debt in time. They also look at who constitutes the state, thus influencing who gets appointed into economic positions, particularly finance. As a result, leaders seem to embed themselves within financial capital in order to be credit-rated by rating agencies' ideological standards in order to be appointed in cabinets and to prepare their future careers in the financial sector<sup>37</sup>.

### RESISTING ALL FORMS OF STATE CAPTURE

In the current context of the dominance of capital, there is no qualms about state officials and politicians attracting private sector investment. But it (i.e. capital) must, through certain policy instruments, be subordinated to the immediate interests of the working class. Otherwise, it will be making a mockery of ANC conferences and general elections and their democratic outcomes. Furthermore, it is now well known that critical problems such as institutional destruction by corrupt state officials, politicians and non-state actors are true and real, and must be tackled head-on.

The battle-cry of this article has been to critically examine the undue influence of the rating agencies on the democratic post-1994 state, and urge us not to treat the agencies as ideologically neutral and infallible. The year 2011 saw huge criticism of the credit rating agencies. For example, the IMF disagreed with Moody's rating of South Africa's fiscal position<sup>38</sup>. Furthermore, both the National Treasury and South African Reserve Bank disagreed with rating agencies downgrading of SA<sup>39</sup>.

The City of Johannesburg attacked the rating agency for describing the city as insolvent<sup>40</sup>. In the same year, the former US President Obama criticised the rating agencies for making a 'terrible judgement' after S&P downgraded US's sovereign debt for the first time in history<sup>41</sup>. The rating agencies have also been seen as conflicted and profiting from Wall Street<sup>42</sup>. The USA government through its Financial Crisis Inquiry Commission found that agencies also enabled the 2007/08 global economic crisis<sup>43</sup>. Moody's and S&P's were later fined for enabling the global economic crisis by making incorrect assessments<sup>44</sup>. The above-mentioned three rating agencies have also received criticism from BRICS countries for being bias against global south states in favour of developed countries<sup>45</sup>.

Lobbying, party political funding, corrupt and non-cor-

rupt social networks between state officials and politicians and business have always been an integral part of overt business state capture mechanisms. Business' economic power, which is opaque, is the most critical business state capture mechanism which gives investors de facto veto power over state behaviour and action.

Financial capital has established, through rating agencies, an additional channel of influence over state policy and action. That is to say, rating agencies have also become institutional enablers for financial business to determine where to invest, which has also shaped nation state policies and actions. However, both the overt and opaque business-influence enhancing mechanisms are complementary in enabling business state capture. The ability to influence and corrupt state officials, politicians and organisations is derived from business ownership of economic assets. Therefore, the fight against state capture must take place on two levels, namely state institutional and private ownership of the economic resources which enable business state capture.

At an institutional level, deploying incorruptible and competent state officials and political leadership in the state should be accompanied by strong institutional design that makes it difficult or impossible for business to exert undue influence on state actions and to guard against the abuse of power by individual state officials and politicians.

Business investment power lies in its ownership of the economic resources, whereas working class power lies in its ability to withdraw its labour power and mass protests, and exercising the right to vote. We therefore, need to strengthen working class movements as a counter-veiling social force against business state capture. It remains to be seen if the SACP in its current form and orientation can be an organisational force to mobilise and organise the working class as a countervailing force against capital; financial capital in particular as aided by rating agencies in the current conjuncture.

Whilst the recent business-led Save South Africa Campaign played a key role in fighting against the hollowing-out of state institutional capacity, it should not be surprising if in the future, business undertakes active mobilisation and participation in anti-government activities and building of alterative right-wing coalitions to fight against progressive policy actions using the rhetoric of anti-corruption.

The recent experiences in Latin America (e.g. Brazil) have shown how, when they lose elections, right-wing parties resort to anti-corruption campaigns to delegitimise progressive left political parties and movements, and present these movements as threats to good governance. The ANC as a disciplined force of the left, must take a strong stance against corruption including

making institutional reforms and – consistently punishing individual corrupt conduct regardless of whom is involved, as part of advancing the revolution. However, progressive institutional reforms will remain susceptible to reversals by business until a different socio-economic system is installed.

**DR DAVID MASONDO** is an ANC NEC Member. Writes in his personal capacity

## REFERENCES

- 1 See Swilling, M. (et al). 2017: Betrayal of the Promise: How is South Africa being stolen. Crispian Olver, C. 2017. How to Steal a City: The Battle for Nelson Mandela Bay: An Inside. Johannesburg: Jonathan Ball Publishers
- 2 See Seale, W. 2017. In defence of the academic – State Capture and the Failure to Deconstruct Apartheid's Shadow State: A response to the State Capacity Research Report : 'Betrayal of the Promise: How is South Africa being Stolen'
- 3 Moody's, Standard & Poor's and Fitch are the three biggest rating agencies operating in South Africa controlling 95 per cent of the credit rating markets. Investors worldwide rely on them in deciding where to invest their money.
- 4 In the same way as business would like to have despotic coercion of workers, but may not secure it. However, it does not mean they need to exploit workers.
- 5 Maswanganyi, N. 'SA must earn back trust, says Gordhan', Business Day, 16 March 2016
- 6 10% of the debt is foreign-currency denominated and 90% domestic.
- 7 Hazlehurst, E. 'Editorial', Financial Mail, 26 October 2001.
- 8 Bisseker, C. 'State of the Economy', - Financial Mail, 01 March 2013.
- 9 Maswanganyi, N. 'Budget does not prompt rating move – S&P', Business Day, 29 February 2016.
- 10 Ensor, L. 'Ratings agencies 'back the budget'', Business Day, 26 February 2018.
- 11 Kantor, B. 'Why agencies should be calling for more SA debt – not less', Business Day, 19 January 2012.
- 12 Joffe, H. 'Year of living on the edge gets off to inauspicious start', Business Day, 6 January 2016.
- 13 Mention how business influenced Mbeki government to adopt GEAR.
- 14 Ibid
- 15 Ibid
- 16 Maake, M. 'President to pressed on issues he glossed over', Business Day 17 February 2016.
- 17 Leon, P. 'Keeping Government in Check', Business Day, 31 October 2016
- 18 Joffe, H. 'SA 'must not waste' Moody's reprieve', Business Day, 27 March 2018.
- 19 Joffe, H. 'This time around Gordhan faces a different ball game', Business Day, 17 December 2015.
- 20 'Raising VAT lifts flexibility and helps reduce budget deficit' Business Day TV, (Transcript Service), 27 May 2015.
- 21 Bisseker, C. 'On the Up and Up', Business Day, 18 April 2018.
- 22 Maake, M and Maswanganyi, N. '- Moody's adds to Gordhan pressures', Business Day, 17 December 2015.
- 23 Speckman, A. 'Business seeks talks with Zuma', Business Day, 20 April 2017. Menon, S. 'Business meets Zuma over trust', Business Day, 28 April 2017.
- 24 Speckman, A. 'Business seeks talks with Zuma', Business Day, 20 April 2017. Menon, S. 'Business meets Zuma over trust', Business Day, 28 April 2017.
- 25 Joffe, H. 'SA 'must not waste' Moody's reprieve', Business Day, 27 March 2018.
- 26 Bisseker, C. 'On the Up and Up', Business Day, 18 April 2018.
- 27 News-view, 07 August 1998, 'Doom and gloom for South Africa'.
- 28 Isa, M. 'Treasury dismisses Moody's warning', Business Day, 10 November 2011.
- 29 Veronica Kalema, Director Sovereign Fitch Ratings, YouTube Interview, 17 January 2008. Isa, M. 'Rating Agencies give Zuma benefit of doubt: Clean Sweep of Top posts hits share prices on the JSE', Business Day, 20 December 2007.
- 30 Editorial Comment, 'Zuma and the Rand', Business day, 21 December 2017
- 31 Isa, M. 'Now Fitch Gives SA a 'stable' ratings fillip' Business Day.
- 32 Isa, M. 'No Change in SA Investment Rating', Business Day, 23 September 2008
- 33 Editorial Comment: 'ANC is flirting with economic danger', Business Day, 18 May 2012.
- 34 Outsider Outlook, Business Day, 26 July 2007
- 35 Editorial Comment: 'Rating cut is a wake-up call. A policy shift to reassure investors is unlikely', Business Day, 01 October 2012. Isa, M. 'Markets to take knock after S7P downgrade', Business Day, 15 October 2012.
- 36 Makhaya, T. 'Rating Agencies', Business Day, 17 December 2016
- 37 Almost all previous Finance Ministers and senior bureaucrats have joined established institutions of financial capital.
- 38 Ensor, L. 'IMF rejects Moody's warning on SA spending', Business Day, 17 November 2011.
- 39 Isa, M. 'Euro-zone meltdown 'would cut South Africa growth even more'', Business Day, 16 November 2011. Isa, M. 'Treasury dismisses Moody's warning', Business Day, 10 November 2011. Economic Staff. 'Gordhan criticises Moody's Sanral downgrade', Business Day, 02 March 2012. Isa, M. 'Treasury rejects S&P 'political risk's' claims', Business Day, 29 March 2012.
- 40 Pickworth, E. 'Rating Agency threat to quit 'appalling'', Business Day, 15 August 2018.
- 41 Phakathi, B. 'In the seat of judgement with their flaws and all', Business Day 23 May 2016.
- 42 Phakathi, B. 'In the seat of judgement with their flaws and all', Business Day 23 May 2016.
- 43 The Financial Crisis Inquiry: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States. 2011. New York : Public Affairs
- 44 'Moody's \$864 penalty for ratings in run-up to 2008 financial crisis', The Guardian, 14 January 2017. S&P were sued for its role in the global economic crisis in 2008 .
- 45 Gossel, S. and Mutize, M. 'Turmoil undermining Brics countries' global standing', Business Day 25 May 2017.



# CORRUPTION AND STATE CAPTURE

## *Across the Public and Private Sector*

- *The old and new political as well as economic elites are engaging to determine the shares of the new political order. Contrastingly, some of the new elements of the political and economic class are conscious of the dangers of losing the support of the poor and the working class. Hence the need to continue shouting slogans of the poor and working class and always presenting their interests... the relative but remarkably weaker state of our Alliance components particularly at leadership and branch levels concomitantly provides a conducive environment for the perpetuation of corruption, ineptitude, malfeasance, and general absence of consequence management.*

By **JOYCE MOLOI-MOROPA**

**C**ORRUPTION in the public and private sector is a matter of two sides of the same coin. It exists in tandem. The main source of corruption is the toxic system of inequality, private accumulation and the exploitative socio-historical and economic relations still prevalent in all societies. To understand and appreciate the nature and extent of corruption, one need to look, amongst others, at the socio-historical property relations that characterise ownership patterns across our divided society.



needed to be sustained and accelerated. Our failure in this regard has unwittingly heralded a general sense of impatience and despondency amongst our people; oftentimes leading to vulnerability, desperation, frustrations and hopelessness. It is in the mixture of these factors that lawlessness, lack of accountability and corruption find fertile ground for sustenance and propagation.

It is nothing surprising that an increasing number of people have since concluded that, just like with

The article posits that the 1994 democratic breakthrough

other liberation movements the world over, the leadership of the people's liberation movement has gradually

degenerated and got consumed by the struggle for individual and elite preservation and self-enrichment. The noble ideas of communalism and human solidarity are discarded and thrown aside.

The situation has deteriorated to the level where leaders instruct the masses on what is good for the masses and who the masses' leaders should be. Lies, financial enticement and manipulation of the wishes of the communities and branches have suddenly become a norm. Corrupting and capturing community members and branches have long become the order of the day. The way out of poverty and into the elite club that is more interested in self-preservation by all means takes precedence over everything. The people's needs and aspirations fell on the wayside. Business and dubious elements have seen the opportunity and grabbed it with full hands for their own interests. The interests of the poor and the working class are crudely displaced and pushed to the side.

The old and new political as well as economic elites are engaging to determine the shares of the new political order. Contrastingly, some of the new elements of the political and economic class are conscious of the dangers of losing the support of the poor and the working class. Hence the need to continue shouting slogans of the poor and working class and always presenting their interests, sharp contradictions notwithstanding.

This pattern has been taking shape over many years, although it escalated sharply after the 2007 ANC 52nd National Conference which took place in Polokwane. Of course there is no doubt that capitalism is inherently corrupt. However, it was the past 10 years or so that have engendered a distinct system of corporate capture at various organs of the state, hitherto unknown in the history of our democratic dispensation. As a result, corruption has been elevated to the level of the single most strategic risk undermining all our efforts towards the 2019 national elections and beyond.

### **THE NECESSITY OF CHANGING THE APARTHEID SOCIO-ECONOMIC PROPERTY/ECONOMIC RELATIONS**

When the ANC took power after the 1994 breakthrough, it faced a mammoth task of transforming perilous socio-economic and political relations which were in the main racially defined, with the white minority owning almost every facet of the economic wealth and the black majority being poor and property less. With the advent of democracy the black majority expected the ANC government to use its political power in the state to alter and/or tilt socio-economic relations in favour of the historically deprived and disadvantaged.

The Reconstruction and Development Programme

(RDP) was conceived and implemented through democratic consultation and participation of the black majority. The open democratic space allowed all classes, class stratus and intra-class off shoots to come to the fore and articulate their narrow and sectorial interests. In this battle, certain dominant interests disguised as national interests assumed hegemony resulting in the congress movement pulling apart and the centre no longer holding steadfastly as before. The emergence of factionalism and careerism did not help the situation.

As a result, a number of out rightly backward economic and social policies were adopted, sometimes to the shock of the poor and the working class. On the other hand, the capacity of the state gradually weakened so much that even the most progressive and radical of policies never got implemented. The embarrassingly sluggish pace in areas of land redistribution and agrarian reform, education, health and many aspects of economy transformation is a case in point.

### **THE ROLE OF THE DEMOCRATIC AND TRANSFORMATIVE STATE**

The state was viewed as the central engine for development and economic accumulation and thus, like the ANC, became the battle ground for all various social classes. In all these struggles, the voice and interests of the poor and the working class were seriously compromised, if not marginalised. The Alliance was weakened. The poor and the working class were told to tighten their belts and not to demand living wage salaries as such would frighten foreign investors. However, the "belt-tightening diet" was only fed to the poor and working class. For the old and new political and socio-economic elites, gravy train of luxury and creed was on a high rollercoaster. In the process the RDP route was gradually deviated from and ultimately abandoned without mass consultation and participation. Regrettably, all these point to our failure to fundamentally change the racially skewed socio-historical and economic property relations. The emerging black petty-bourgeoisie got frustrated and became more restless and swelled the ranks of the congress movement to influence policy direction of the people's movement. It is in this context that BEE must be understood. The purpose of BEE was to de-racialise the economic and property ownership in the country. To ensure that black people participate meaningfully in the management and ownership of the economy and thus reduce white monopoly.

Understandably, the Apartheid beneficiaries did not take kind to the BEE programme and took every effort to see its impact minimized and frustrated. The opponents of BEE either used their empowerment structures and vehicles to pick and choose influential black business people to access government and influence its policies or used fronting as a way of undermining the whole pur-

pose of BEE by corrupting some black business people. BEE resulted in the emergence of a group of very few highly politically connected rich black business people who derived benefits for doing little or nothing at all. Some were appointed to senior positions for window dressing purposes and without contributing positively to the management and ownership of the economy. Hence ultimately BEE failed to achieve its intended goals.

Broad Based Black Economic Empowerment (BBBEE) was conceptualised and implemented as a way of remedying the pitfalls of the BEE. The aim of the BBBEE was to empower communities and not individuals as was the case with the BEE. This approach was lauded as progressive and people orientated. However, the spectre of corruption within the state and private sector spooked it. Mining and construction sectors became salient features of the extent and nature of the intercourse between state and private sector corruption. Prospecting and mining rights continue to be granted without regard for rights and interests of the community. Consultation with the community is more a matter of compliance with legislation than a socio-economic imperative. There is very little interest or coherent strategies towards the realisation of local beneficiation.

Similarly, BEE companies continue to be hand-picked arbitrarily without regard to principles of transparency, accountability and fairness. It all depends on who from government or the Alliance is lucky to get inside information about a potential project, and thus influence the relevant mining company as to whom to partner with. Auditor-General and media reports, as well as protestations by communities point to a deep-rooted culture of corruption in the construction of stadia, roads, dams, clinics and other forms of services the state provides through the private sector.

The collusion (corruption) schemes around the construction of the 2010 FIFA World Cup, the Steinhoff and VBS scandals, the Gupta mafia empire as well as the role played by KPMG and other auditing and legal firms epitomize the corrupt interwoven relationship between the political and corporate elites in milking the national resources to the detriment of the poor and the working class.

## LEADERSHIP DEFICIT

This shows the extent to which the institutional and party political leadership is so interwoven in the corrupt relationship with both business and private sector interests to the detriment of the poor and working class. Unethical and corrupt leadership that is beholden to private interest and big business would not lead the transformation of society to the interest of the poor and working class.

Such leadership is engaged in constant struggle of self-preservation and self-aggrandizement. Leadership and its associated features like power, influence and control must be properly checked, scrutinized, transparent and held accountable to the highest moral and ethical standard. The reason our state is in this degenerating and deplorable stage is due largely to lack of ethical, accountable and people-centred leadership. Put differently, the relative but remarkably weaker state of our Alliance components particularly at leadership and branch levels concomitantly provides a conducive environment for the perpetuation of corruption, ineptitude, malfeasance, and general absence of consequence management.

One of the fundamental reasons for our weaker capacity as a democratic state and our indecisiveness in confronting the scourge of corruption lies in our failure to implement our own decisions as an Alliance. Around 1998 the SACP and the Alliance partners identified four broad but interrelated shortcomings which had the potential to derail the objectives of the National Democratic Revolution. These shortcomings were as relevant then as they are today.

They are (a) misunderstanding our location within global realities (to what extent are we able to determine terms and conditions of our political and economic relations with countries such as Russia, China, USA etc – including on issues of nuclear deals, fourth industrial revolutions, trade tariffs etc?), (b) macro-economic policy (inclusive of RDP, GEAR, NDP etc), (c) lack of consistency in building a strong, developmental state and (d) the tendency to demobilise the mass popular movement. Our failure to vigorously address these shortcomings and implement many other related resolutions have unwittingly bred a fertile ground for leadership indecisiveness, policy incoherence, poor capacity, a disconnect with the masses and general corruption across the board.

To further illustrate the point, in one of the 10-aside Alliance meetings in 2001, there were frank and concrete discussions around effective management and mandate of our SOEs. In the context of the debate on the restructuring of state assets, there was a broad appreciation and commitment around the need for an urgent attention on the failure of boards and senior management to take seriously their public mandate. *“It is critical that the Directors and Management of publicly owned entities has a clear sense of public responsibilities and national strategic priorities, and that they grasp the qualitative difference and advantages of publicly-owned entities”.*

Widespread maladministration and rampant corruption amongst almost all of our SOEs is nothing but an arrogant disregard of this and other similar commitments made in several Alliance meetings and Conferences.





◀ Protests in Venezuela was sparked by a deteriorating political crisis and economic catastrophe.

### SOME FEW COMPARATIVE STUDIES

The phenomenon of corruption applies as much to South Africa as it does in many parts of the continent and the world. Latin America has witnessed rolling mass uprisings against corruption at higher levels, whilst China has demonstrated some high level commitment to deal decisively with the scourge of corruption in the private and public sectors.

Early this year, Venezuela experienced one of several rounds of sustained mass protestations against President Nicolas Maduro with placards reading *"All the food for all the people! No more dictatorship"*. The crisis was sparked by a deteriorating political crisis and economic catastrophe characterized by, amongst others, faltering oil exports and shortages of most basic consumer products, including food and water.

Outside Venezuela, there is growing public anger and popular revolts against corruption and economic decline throughout Latin America.

In Mexico public pressure against corruption has been mounting, with allegations involving the family of outgoing President Enrique Peña Nieto (Somewhat similar to the situation in Angola).

Equally interesting is the volatile situation in Brazil which has recently faced its worst corruption scandal and deepest economic slowdown in decades. With elections set for October 2018, it is remarkable that the two highest polling presidential candidates were a former president currently in prison on corruption charges (Luiz Inácio Lula da Silva), and a right-wing senator with a penchant and declared commitment to military rule. All these examples are of strategic relevance to the progressive movement in our country.

Owing to its traditional communist orientation, China attracts a lot of interest globally around how it tack-

les issues of corruption. All things considered, indeed China provides some form of high level commitment in dealing with corruption relatively better than in many developed and developing countries. A new anti-corruption agency, the National Supervision Commission has recently been established to oversee all public servants exercising public power—an initiative hailed as a demonstration of the decisiveness of the leadership on one hand, whilst on the other hand it is decried as a platform to purge internal opponents.

Whereas we are unqualified to pass judgement on the veracity of the fears and concerns of some of the critics, it is the will and determination of Xi Jinping and his Central Committee in uprooting corruption that we should draw inspiration from. For instance, the record breaking fine of \$489 million meted out to GlaxoSmith-Kline (GSK) allegedly for bribery has served as a stern warning to corporates to desist from undermining legislation against corruption. Companies such as Nestle, Michelin and Bridgestone have also met the full wrath of Chinese's legal system. In the context of the lessons learnt from Africa, Asia, Latin America and elsewhere; the ANC and the Alliance can regain the moral high ground and do everything necessary in the interests of the people of South Africa.

### RADICAL ECONOMIC TRANSFORMATION: PROSPECTS AND IMPEDIMENTS

The Radical Economic Transformation (RET) concept, like any other concept, carries both prospects and impediments. It has the potential to radically change the current economic and property ownership patterns to the benefit of the black majority, the poor and working class and also drastically change the racial outlook of the business and managerial echelons of our society. If properly implemented, it has the potential to lift the substantial majority of our people from the wrenches of poverty and inequality. However, as we now know, you

cannot have radical economic transformation and corruption in one sentence. The latter is a complete antithesis of the former. To the extent that we are committed to radical transformation, the fight to root out our organisations, state institutions and society of corruption need to remain paramount.

## CONCLUSION

The theoretical genesis of the crisis of corruption in our country and the practical effects resulting from its permutations has been outlined sufficiently. There is no doubt that, in general, our deployed cadres across the board have failed to live to the standards necessary for the sustenance and maintenance of our historical political and ideological hegemony amongst our people. They do so because, in part, there are weak or no coherent systems, values and measures to hold them accountable. Being a leader of society, it follows that our omissions and commissions with regard to the prevalence of corruption within the public and private sector have directly and indirectly contributed to an environment of callousness, lawlessness and greed within our communities. Materialism and opulence have become the new normal.

Regrettably, this practise is more often than not associated with our leaders particularly at provincial and local level.

Revolutionaries are by orientation and practise, the most adept and committed at developing solutions for challenges facing their organisations and the society at large. In this regard South Africa is not short of policy, legislative and institutional instruments to minimise or eradicate the scourge of ineptitude and corruption. Central to these measures lie the urgent need for the leadership of the Alliance to set the tone at the top, to live by the spirit and letter of their oaths of office and to lead by the high standards of revolutionary morality and ethical uprightness. To a large extent, there is consensus around the role that could be played by institutions such as the Public Protector, Human Rights Commission, and the Judiciary in rooting out corruption. The need to focus on the strengthening and transformation of other legs of the criminal justice system, particularly the NPA and the Hawks, has never been as urgent.

**JOYCE MOLOI-MOROPA** is National Treasurer of the South African Communist Party

# FOR A LOOK BEYOND THE HEADLINES

*Read everything about the African National Congress,  
brought to you unmediated by the African National Congress.*



Connect with ANC Today and be part of the conversation via our social media platforms.

**CONNECT WITH US**

Communications@anc1912.org.za  
011 376 1000  
[www.anc1912.org.za](http://www.anc1912.org.za)

Visit our interactive ANC Website  
[www.anc1912.org.za](http://www.anc1912.org.za)

LIKE @MyANC on Facebook  
TWEET @MYANC on Twitter  
FOLLOW @myanc\_ on Instagram  
VIEW @MyANC on YouTube

# *It's time for a* **PEOPLE-CENTRIC CORRUPTION** *and* **CAPTURE BUSTING** **APPROACH**

- *The lesson from the anti-apartheid era is that social capital is powerful and cannot be undermined. If channelled correctly it can build, but if not harnessed, it can destroy. Attentiveness and responsiveness by the governing party, and the state in general, becomes imperative.*

By **RENEVA FOURIE**



IN 2017 South Africa witnessed a resurgence of civic assertion at levels that were last experienced during the late 1980s. This rise in activism should be regarded positively given that adherence to the voices of the people was the underlying thread that permeated resistance to apartheid colonialism.

“The people shall govern”, with a sub-clause that states that “the people shall be entitled to take part in the administration of the country” is the first clause of the Freedom Charter (1955), the base document of the congress movement. During the 70s, though it was an era where resistance internally was dominated by black consciousness, the call was “black power”, signifying both the determination by the indigenous people for inclusion in governance as well as pride in being black. A necessary precursor to building a non-racial South Africa, a thrust viewed as part of the broader strategic objectives of the national democratic revolution. The 80s saw ground sweep defiance, driven by slo-

gans such as “a people united shall never be defeated” and “freedom or death, victory is certain”. Once again demonstrating the determination of South Africans to be part of the governance process and that determination eventually, through an interplay of many factors, resulted in the collapse of apartheid in the 1990’s.

The lesson from the anti-apartheid era is that social capital is powerful and cannot be undermined. If channelled correctly it can build, but if not harnessed, it can destroy. Attentiveness and responsiveness by the governing party, and the state in general, becomes imperative.

## **DANGERS OF NON-COMMUNICATION**

The frequency of public protests against aspects of governance has been increasing in every region of the world and in every type of political context since the 2000s. Between April 2015 and March 2016, South



Africa had 3 542 violent protests, not to mention the many non-violent ones.

This increase in protests happens alongside the perceived loss of legitimacy of traditional instruments of public expression such as elections. In our last local government election there was a decline in the number of people who voted. Even globally there is a slow and steady decline in voter turnout. This decline is not due to apathy, but because voters are frustrated with what they perceive as bad governance. Citizens no longer feel that they can trust the state and political parties; and citizens feel excluded from general governance processes.

In *The Anatomy of Conflict* Shannon Alders says “*there is conflict because there is no communication*”. The sentiments and behavior of citizens have to be taken seriously and appropriate platforms for accessibility, engagement and involvement have to be created. The absence of these platforms to strengthen the relationship between the state and citizens exacerbates frustration and contributes to conflict.

### **ENABLING PEOPLE-DRIVEN PUBLIC ACCOUNTABILITY**

Drawing on the proud history of popular resistance against apartheid through structures such as the Charterist and largely ANC aligned United Democratic Front; great effort was made to ensure that the post-apartheid state is a representative and participatory constitutional democracy. The basic rights and freedom of each individual as well as the promotion of citizen participation are enshrined in the Constitution of the Republic of South Africa (1996). Furthermore, Section 152 emphasises the rights of communities to be involved in local governance and obliges municipalities to encourage community involvement in planning and implementation. In addition to supporting local government legislation, the Reconstruction and Development Programme (1995) laid a strong emphasis on the participation of the people in communal affairs.

The legislative prescripts are supported by a number of instruments to optimise the participation of citizens in the process of public policy formulation, implementation and monitoring. These include Parliament, the Department of Planning, Monitoring and Evaluation, Parliamentary Constituency Offices, Community Development Workers, Ward Committees, School Governing Bodies, Community Police Forums, to name just a few.

But despite these platforms, there is a failure to reach the intended audiences thereby leaving many citizens alienated from state and party-political processes. This has been due to a number of factors. Either consultation was not executed effectively; or the needs of citi-

zens are diverse and all these interests cannot always be accommodated or instruments used are not accessible, amongst others.

The ineffectiveness of these platforms is problematic. The state must know its citizens and communicate effectively. It must understand what citizens feel and how they are likely to behave. It must ensure that citizens form an integral part of governance processes. It is also important that the state has the data and analytical capability to integrate these factors into planning, delivery and accountability. Fundamental in this regard though, is that the governing party has to be rooted amongst its citizens as it is the primary contributor to public policy content. Non-communication with citizens and failure to make the people an integral part of governance can lead to political unrest and even regime change.

### **ANC GOING BACK TO ITS ROOTS**

The ANC declared 2018 as the “*Year of renewal, unity and jobs*”. This theme emanated from deep reflection based on the 2016 local government results. Committed to re-establishing its historical relationship with the masses of South Africa, the governing party returned to the practice of engaging citizens; hearing and appreciating their key problems and frustrations; developing programs and campaigns around the problems; and mobilising citizens to be the core participants in driving its implementation.

Forced to look at weaknesses and to address it, decisive action was taken to regain the trust of our people. This included undergoing a process of organisational renewal to ensure that we are responsive to the needs and dreams of our people; to keep pace with and outsmart global and domestic threats; and to build better cadres.

Fundamental in this regard was to reintroduce the qualities of discipline, loyalty and accountability and to affirm the objective of a united, non-racial and non-sexist South Africa. Re-asserting political and ideological education became important in order for our members to be respected in society and to ensure that their conduct is modest, humble, empathetic, dedicated and selfless. Intensifying political education also ensures that our practices are infused with high levels of theoretical consciousness. The process also included conducting People’s Forums to ensure that the 2019 Election Manifesto reflected the voices of our people.

This engagement with citizens was important because we exist only to serve them. But renewal and outreach cannot be confined to the governing party only. It has to be coupled with efforts to enhance public participation in ensuring accountability within the state. While the current summits to address challenges in the coun-

try's economy and key sectors such as health are important, greater efforts have to be made to enhance inclusivity, particularly that of workers and the poor. Furthermore, mass participation in oversight, monitoring and evaluation of programmatic implementation is required. An affordable, accessible but sophisticated and integrated platform is needed to capture and address the voices of citizens in a manner that makes them feel included and to instil public vigilance regarding state performance.

### REALISING PEOPLE-CENTERED GOVERNANCE THROUGH TECHNOLOGY

ICTs are altering how public administration is being practiced. Electronic (E)-government is the innovative use of information and communication technologies by governments to improve their administrative processes; to make their services more accessible to citizens and businesses; and to increase the participation of individuals and organised groupings in the decisions and work of the state. Such public governance practices include people-computer interface management, digital administration, and virtual or online governance platforms.

Digital-era governance, the theory that supports E-government promotes the use of technology to make public policies, programmes and practices more coherent, transparent and accessible. It promotes that information and communication technologies are taken beyond the back-office and integrated into the governance system as a whole. In so doing, the relationships between the state, its entities, civil society and citizens are transformed and non-state actors are better able to shape public policy discourse.

Technology can assist to:

- Redress inequalities with regard to the knowledge gap and digital divide;
- Accelerate access to and improve delivery of essential public services and the attainment of the Millennium Development Goals;
- Enhance governance effectiveness (transparency, efficiency, accountability, citizen participation, systems integration);
- Provide real time information (disaster management, crime and traffic offence control).

Mobile or cellular phone technology can assist to ensure improved accountability and customer satisfaction through enhanced operational efficiency within government, in an easy and cost effective manner and through providing effective feedback systems. It allows for social and technological innovation to be combined in support of the states' efforts to address key governance and policy challenges.

Mobile technology can be applied quickly and affordably because it has evolved over the past few years. It is now easy to integrate multiple solutions, in a secure manner, to improve the quality of life of all citizens. Technology is no longer top-down, heavy and centralised and is more citizen-centric and fluid. Cellular phone applications now have multiple functions and are no longer just used for fun and leisure. Citizens have been increasingly going online to engage with family, friends and organisations. Accordingly, states are increasingly interested in how to go online for civic engagement with their constituents.

We have seen the effectiveness of mobile technology in the private sector and there is no reason why mobile services or a cellular phone platform cannot be used to enhance governance effectiveness. Not all our people have computers, but most have cell phones. South Africa has a mobile penetration rate exceeding 133 percent. Most South Africans, urban and rural, rich and poor, possess and can use a cellular phone.

### CONCLUSION

A developmental state, which is people-centered and people-driven has to lead in placing people at the center of public accountability. While protests, whistleblowing and marches are useful instruments to hold the state accountable, the ANC, as the leader of society, has to ensure that the state has accountability mechanisms that are more constructive and less adversarial. Our people have to be true partners and core drivers in the country's development.

It is important to ensure the effective application of the legislative prescripts and use of institutions that enable our people to hold the state accountable. But recognising that these institutions are not always accessible to the poorest of the poor, more creative empowerment mechanisms have to be introduced. Almost every South African possesses a cellular phone. We now have mobile applications that require only simple technology to enhance communication between the state and its citizens that is more affordable than traditional printing and which simultaneously offers significant data analytical capabilities. The cellular phone is the best platform for real-time information, improved integration and better report generation to enhance governance effectiveness. Where this method of mobilising public participation and accountability has been applied, the popularity of the governing authority increased significantly and complaints and protests visibly declined.

---

**RENEVA FOURIE** is a member of the Central Committee of the South African Communist Party

# ANC SELF-CORRECTION

*needs partnership with*

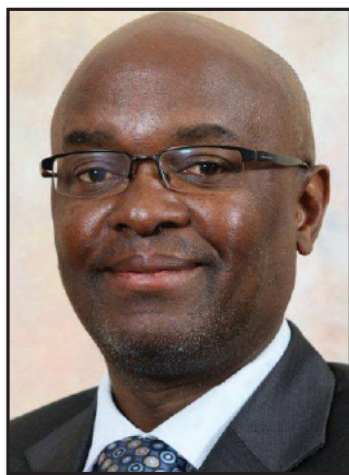
## PROGRESSIVE CIVIL SOCIETY FORMATIONS

- *As part of the New Dawn, ANC has a responsibility to recalibrate its relationship with civil society formations in order to regain its position as a leader of society. ANC must reengage progressive civil society organizations so that a new equilibrium can be established.*

By **MANDLA NKOMFE**

**T**HE RESISTANCE movement consisted of members from various South African communities including those not affiliated to any political formation but participated in civic organisations.

Led by the African National Congress (ANC), whose primary goal is to create a non-racial, non-sexist, democratic and prosperous South Africa, the progressive civil society organisations in South Africa were an important pillar to the resistance movement. Under the umbrella of the United Democratic Front (UDF), which brought together more than 400 organisations, civil society organisations created conditions that made it impossible for apartheid to be sustainable. Amongst others, these civics included community based organisations, faith-based organisations, trade-unions and Non-Government Organisations (NGO's).



the social and political consciousness of ordinary South Africans. Their involvement in the fight for the liberation of South Africa from the apartheid system, culminated in crafting of the democratic state's founding document, the 1996 Constitution of South Africa. Civil society organisations were actively involved in crafting policies of the post-1994 democratic government, starting with the development of the Reconstruction and Development Policy (RDP).

The Constitution is an embodiment of people's aspirations for a radically different vision of a future envisaged in the Freedom Charter adopted at the Congress of the People in 1955.

Informed by the Freedom Charter, Raymond Suttner argues that *"the Constitution is now part of our democratic heritage and appears to be accepted as part of our national heritage. It is something new and it is not a physical site but a document. It forms the basis for us living together with a degree of tranquility*

Civil society organisations played a critical role to raise



*in the 21st century.*" Through the ability to inspire, organisation of a range of popular groups, the ANC and its allies managed to cement its organisational presence across the length and breadth of the country. Which earned it the support of the majority of South Africans.

Beyond defeating apartheid, the ANC and its allies were involved in a struggle to create a new society based on democratic and progressive values. Its ideas held sway to most groups and people in society. In other words, the movement itself became hegemonic.

The struggle for hegemony is at the same time a conscious effort to create what Antonio Gramsci calls a 'New Historical Bloc'. For Stephen Gill, *"A historical bloc refers to a historical congruence between material forces, institutions and ideologies, or broadly, an alliance of different class forces politically organize around a set of hegemonic ideas that gave strategic direction and coherence to its constituent elements. Moreover, for a new historical bloc to emerge, its leaders must engage in conscious planned struggle. Any new historical bloc must not have only power within the civil society and economy, it also needs persuasive ideas, arguments and initiatives that build on, catalyze and develop its political networks and organisation"*.

It was this type of 'New Historical Bloc' led by the ANC that brought about the democratic breakthrough in 1994. The creation of a new democratic dispensation requires a patient and deft consolidation and construction of a new historical bloc. This will involve the promotion of progressive constitutionalism, building of institutions that reflect the values and aspirations of our emerging society and commitment to social justice.

Many factors can be attributed to current state of relations between ANC and broad civil society movement. Firstly, that ANC had to reestablish itself as a legal organisation in communities meant work hitherto done by the civil society organisations will be done by ANC branches. Unfortunately, a clear demarcation of roles was not articulated. Some of these organisations were thus shifted sideways.

Secondly, the inability of the ANC to delicately manage the dual character of both a liberation movement and an electoral political party resulted in inability to take up people's struggles on the ground. In the course of time, the ANC's leadership role over the progressive civil society movements was weakened. At the height of the recent social justice crisis, these movements escalated their activism and ultimately came to be in direct conflict with ANC, inside and outside government.

As part of the new dawn, ANC has a responsibility to recalibrate its relationship with these movements in order to regain its position as a leader of society. This paper is an attempt to provide a framework within which the ANC can reengage with progressive civil society

organisations so that a new equilibrium can be established.

### WHAT IS CIVIL SOCIETY?

Civil society is the sphere outside political society. The latter consist of political parties, governments and various state organs. It also exists outside of the market (i.e. business), but in the public sphere. According to Victoria Graham (2015), civil society is concerned with public and not private ends. It is organized through citizens acting collectively in the public sphere to express their interests, passions, ideas, exchanging information, achieving mutual goals, making demands on the state, as well as holding state officials accountable.

Public sphere should be central the conception of the left and its allies. It is an area in social life where individuals can come together to freely discuss and identify societal problems (Jürgen Habermas, 1991). And through such discussion, influence political action. Informed by our traditions of political and civic engagements, the Freedom Charter and the transformative nature of our Constitution, the ANC and the progressive civil society movement should work towards greater and authentic public-spirited conversations. The task it to transform the public sphere into an arena of progressive discussions about what matters to the lives of citizens.

In capitalist and authoritarian regimes, the public sphere is narrowed and, in many cases, closed. Civil society organisations and community-based structures have a responsibility to expand the horizons of the public sphere and not restrict it. The commodification of the public sphere in capitalist societies have pushed the poor and the vulnerable outside the zone of public deliberations

Civil society organisations in the past were narrow in their concerns as they addressed specific issues. They have now evolved and are preoccupied with the overarching focus of holding those in power to account in both the private and public sectors. In this regard, progressive civil society aims to expand frontiers of social and economic freedoms. Civil society functions can be understood to be adversarial, collaborative and communicative (Victoria Graham, 2015). Its role can be adversarial in situations of authoritarianism, collaborative in democratic environments and communicative in trying to establish a link between citizens and the state.

South Africa has a long history and tradition of civil society activism, starting from as early as late 1800s to the present time. Its role and posture has since changed in line with the changing political, social and economic situations. Whereas under apartheid they united under the banner of the UDF to fight against the apartheid, under democracy the progressive civil society organisations exists to promote, consolidate and protect democracy.

## CIVIL SOCIETY IN A DEMOCRATIC SOUTH AFRICA

Civil society organisations played an important role in shaping the form and substance of post-apartheid South Africa. It is precisely the inclusive approach that the ANC took, that facilitated the meaningful participation of civil society. This ranged from the drawing up of the Reconstruction and Development Program (RDP) to the formulation of the Constitution of the Republic of South Africa.

This inclusive approach to governance and developing and implementing policy involved many organisations, making it unique in South Africa's political history. It is based on best traditions of the liberation movement evidenced by the approach to develop policy documents such as the African Claims and the Freedom Charter. This tradition consists of consultation, widespread participation and accountability.

This democratic ethos also guided the constitution-making processes.

Underlying the basic thrust of our constitution is consultation, participation, accountability and putting people first. Chapter two of the Constitution provides for entrenchment and promotion of a Bill of Rights for all South Africans. This Bill of rights is the cornerstone of our democracy. The new constitution enabled us to have a thorough and substantive conception of the new South Africa. It envisages a deeper and radical democracy that goes beyond formalism of liberalism. It is this transformative nature of the Constitution that the broad left organisations should grasp as a victory of the democratic revolution. Otherwise if left to the liberal and conservative groupings, it will be denuded of its revolutionary content.

### CHALLENGES OF THE EARLY PERIOD

The construction of a new political dispensation required that the ANC should establish a vast machinery of government at national, provincial and municipal levels. National departments had to be set up. As a consequence of this imperative, cadres of the democratic movement as well as of civil society joined the ranks of government.

The unintended consequence of this phenomenon was the weakening of the civil society movement as well as the ANC as an organisation. As a result, the 'New Historic Bloc' was weakened throughout the period of the 1990's and antagonistic tension and contestation started to emerge.

This is illustrated by President Nelson Mandela in his Political Report to the ANC's National Conference in Mafikeng in 1997. He said, *"Returning to our own reality*

*we must make the point that our experience of the last three years points to the importance of non-governmental organisations (NGO's), community-based organisations (CBO's) and grass-roots-based political formations in ensuring popular participation in governance. The effective and admirable way in which many of these structures have functioned has served to emphasise the point that, in many instances, the public service, however efficient it may be, may not be the best instrument to mobilise for popular involvement and participation. However, we must also draw attention to the fact that many of our non-governmental organisations are not in fact NGO's, because they neither have a popular base nor the resources as they rely on the domestic and foreign governments, rather than the people, for their material sustenance. The success achieved by many CBO'S are based on the contribution of 'sweat equity' by very poor communities which therefore points to the need for us to seriously consider the matter of the so-called organs of civil society."*

Former President Mandela's lament was due to a weakened progressive civil society movement resulting in new kind of organisations with an agenda other than that of furthering the interests of the people of South Africa.

### RESURGENCE OF CIVIL SOCIETY

The rise of civil society over the past two decades could be attributable to:

- Decline of ANC branches as sites of vibrant participation, debate and progressive politics. People seeking a real political home where they can become part of an idealistic project had to look elsewhere and many have landed in movements such as Treatment Action Campaign, Social Justice Coalition, etc.
- Elections are held only once in five years and are conducted on the basis of national and provincial lists. This resulted in a political gap during non-election years filled by localized campaigns run by civil society and community-based organisations
- The decline of the ANC Youth League (ANCYL) had a significant impact in the activism of the youth. Much of the activism of the youth has come from sections of young people who may be disaffected by what the ANCYL has become and therefore have built their own movements.

The Constitution of the Republic of South Africa promises a range of freedoms namely political, social, economic and cultural. The last ten years there has seen a steady decline of values-based and credible political leadership. Our political process has been defined by the emergence of self-seeking leadership whose mission is to feed at the trough and not to serve the national interest. The social distance between politicians, public representatives and ordinary South Africans has widened. As a result, marginalization and alienation is palpable throughout our society. The quality of life of ordinary South Africans has been improving at a declin-

ing rate. Furthermore, the incomes of the middle strata are falling therefore deepening inequality in society. Levels of unemployment are increasing at an exponential rate and exacerbating levels of poverty.

Consequently, the struggles for social justice have taken centre stage of national lives. The majority of civil society organisations and non-governmental issue based organisations have taken up the fight for social justice. These organisations' strategies have included forcing national parliament to address key issues of social justice and inequality. Others have resorted to the courts to force the hand of government.

Social justice issues have manifested themselves in health, pension, education, State Owned Enterprises (SOEs) as well as corruption at different levels and spheres of government. State capture has contributed immensely in the widening of social injustice in society.

Assisted by the media, interventions by these organisations have played a positive role in entrenching the values of our democratic constitution. Significant part of the ANC and revolutionary allies – SACP, COSATU and others played an important role in fighting state capture. The economic impact of state capture has been devastating to the ordinary South Africans. More money that could have been deployed to education, health and other social services have been diverted to service private interests. More work still need to be done to understand the financial cost of state capture at our various SOEs.

In the last two years, civil society organisations have organized and mobilised communities around a range of issues. The major achievement of the activities of civil society have been:

- Mobilization and raise consciousness of society around issues of state capture.
- Reactivation of business, sections of the labour movement, churches and the broader civil society into active participation in the processes for change.
- Link up immediate issues of state capture to the medium, long term issues of reform.
- Reclaim institutions stolen through state capture such as Eskom, PRASA, SABC and SASSA.

### THE ANC, CIVIL SOCIETY AND THE FUTURE OF SOUTH AFRICA

The current challenges facing South Africa are deep and widespread. Underlying these challenges are a stagnant economy that does not create jobs, high levels of inequality and widespread poverty. Added to this is corruption in the public and private sphere of our Republic.

Guided by the Freedom Charter and the Constitution of the Republic of South Africa, the ANC and civil

society organisations have always played a critical role in ensuring that the principle of “*The People Shall Govern*” becomes a reality. This principle has guided the relationship between the ANC, Government and civil society organisations since the dawn of democracy. Admittedly, owing to the divergence in tactical positions, this relationship has been one of cooperation and contestation, but the strategic objective, on both sides, has always been understood to be that of creating a better South Africa for all.

According to the ANC Strategy and Tactics (2018), “*Leadership of the motive forces includes contributing to the formation of, and co-operation with, progressive structures of civil society: including in communities and among youth, women, students, people with disability, the religious community, issue-based campaigns, traditional leaders and the business community*”. The ANC’s disengagement from the progressive civil society movement over more than a decade did not stop civil society organisations from taking up grass-root issues and other social justice related problems facing communities in the forefront of social prominence, consciousness and debate.

There is a determined effort to systematically recapture state institutions to repurpose them away from large scale looting for the benefit of a few. At the centre of this, is the ANC that is continually being decimated, amidst a fragmented trade union movement and a communist party that is organisationally and ideologically incoherent and inconsistent. This does not bode well for South Africa and its people.

Veterans and stalwarts of the ANC, faith-based organisations, labour movement, South African Communist Party, business organisations and civil society organisations have stood firm defending the gains of our democracy. They are looking at short, medium and long-term solutions to our current challenges. These include:

- Help ANC rediscover its true values, mission, role and place in South Africa
- Ensure emergence of the right leadership in the ANC
- Stop and end state capture
- Fight corruption
- Defend our institutions
- Create a front to rebuild our politics, society and grow the economy
- Inspire hope and confidence
- Build a viable civil society/mass movement.

### FIGHTING CORRUPTION AND RESISTING STATE CAPTURE

Key issue that needs to be addressed is how ANC should contribute towards consolidation, effectiveness and unity of the civil society movement around the issue of state capture. In this regard, what will be



required of the ANC to prepare itself to be part of this movement against corruption and state capture?

Civil society organisations have in the recent years pushed back against a growing wave of state capture. These organisations have been a pillar to the anti-state capture movement. They did this by providing expertise and human resource as well as formed coalitions which have been able to coalesce and make up for their limited capacity or infrastructure.

In a recently published book titled *"Shadow State: The politics of state capture"* Ivor Chipkin, Mark Swilling *et al*, say, *"In moves reminiscent of the 1980's, independent journalists, social movements, trade unions, legal aid centres, NGOs, the churches and some academics have helped to mobilise South African society against state capture. A new and varied movement has arisen, bringing together awkward partnerships between ideologically disparate groups and people. What they have nonetheless shared is a broad support for the Constitution, for democracy and for a modern, professional administration, and they are all, broadly speaking, social democratic in orientation"*.

ANC and the broader liberation movement can learn key lessons from this. That is, for ANC to work with and amongst forces for social justice, it has to rediscover its core mission and values.

Broad social formations ought to work side by side with the ANC-led alliance to advance objectives of social transformation. But subjective weaknesses of ANC have made it difficult to have a common thrust to problems of joblessness, poverty and inequality. Instead as the Strategy and Tactics (2018) observes, *"At the same time, natural allies among the intelligentsia, in the religious community and other sectors, and even within veterans of the movement, have sought to coalesce outside of the ANC, in opposition to deviant conduct that has become intolerable"*.

The 54th National Conference of the ANC should constitute a key moment in its renewal process. Part of this process of renewal should be to reconnect with civil society movement and community-based organisations. In seeking to seize the moment of hope and renewal, President Ramaphosa in his State of the Nation Address (2018), has sought to reverse this trend and rebuild trust with the civil society sector. In this regard, the President said, *"In recognising the critical role that Non-Governmental Organisations and Community Based Organisations play in tackling poverty, inequality and related social problems, we will convene a social sector summit during the course of the year. Among other things, this summit should seek to improve the interface between the state and civil society to address the challenges that NGOs and CBOs face"*.

## ENGAGING CIVIL SOCIETY

The renewal of the ANC requires reengagement with civil society, aimed at working together to address social

justice issues that affect communities. The ANC should be alive to the fact that such formations will insist on their independence, but will cooperate where required and in some instances hold different perspectives. The political maturity of ANC should embrace the understanding that civil society plays a significant role in holding those in power accountable. In some instances, civil society can help highlight policy failures, avoiding public resource wastage.

When civil society hold the state accountable, a confrontation can arise as a consequence of denial of weaknesses on the part of the state. Confrontation can also arise as a result of information asymmetry. Meaning that the state can fail to perform its responsibilities because of resource and capacity limitations and this could be perceived as a refusal to alleviate the plight of communities.

Furthermore, in reengaging with civil society, ANC needs to recognize that the relationship will be one of contestation and cooperation. For the relationship to thrive in the long term, it needs to be underpinned by certain principles that will serve as rules of engagement. These includes transparency on the part of the state in its resource allocations and the willingness to engage in good faith. For their part civil society organisations need to maintain and safeguard their independence.

## SIFTING THROUGH THE CHAFF

The ANC will need to distinguish different agendas under the broad umbrella of *"civil society"*. There is a distinction between progressive civil society and conservative civil society. For example there is an important difference between #UniteBehind which is closely aligned to the broad social transformation aims of the ANC and AfriForum which is conservative and seeks to frustrate the full implementation of the Constitution. AfriForum may even speak in progressive language and use the Constitution to its advantage when it suits its narrow agenda, but ultimately it does not align with the historic goals of the liberation movement.

While the ANC would seek to work with #UniteBehind as an ally, it should distinguish between groups that have a mass base (e.g.#UniteBehind or Equal Education) and groups that do not, such as the Helen Suzman Foundation or Corruption Watch. It must be acknowledged that the response of civil society is far from uniform and remains fragmented. There is apparent weakness in many of these organisations as evidenced by their suspicious modus operandi and silo mentality that continues to inform their operations.

The other weakness facing civil society, is that they face sustainability challenges due to unpredictable and insufficient funding. Also, their challenges includes keeping focus on *'niche'* issues whilst at the same time support-

ing broader coalitions to whom they can lose their identity and uniqueness.

Notwithstanding the above, there are strengths in civil society. It has expert knowledge across a variety of issues.

## CONCLUSION

The role of civil society cannot be underestimated and their participation in the social dialogue needs to be supported and amplified. The ANC needs to regain its lost ground as legitimate change agent that transforms lives of its citizens. It needs to work closer with all social partners in rebuilding. It must recognise that there are diverse views that need to be reconciled along with its own ideology and vision.

A new social compact needs to be designed and agreed upon for the ANC to realise its vision for South Africa. In his state of the Nation Address, President Ramaphosa noted the positive role that civil society and community based organisations play in the lives of our communities. He said *“In recognising the critical role that NGOs and community-based organisation play in tackling poverty, inequality and related social problems, we will convene a Social Sector Summit during the course of this year. Among other things, this Summit should seek to improve the interface between the state and civil society and address the challenges that NGOs and CBOs face.”*

## REFERENCES

- 1 African National Congress, Declaration of the 54th National Conference, 2017, Nasrec, Johannesburg
- 2 African National Congress, Declaration of the National Consultative Conference, 17-19 November 2017, Johannesburg
- 3 African National Congress - Strategy and Tactics Document, adopted at the 54th National Conference, Nasrec, Johannesburg
- 4 Chipkin, I., Swilling, M. (2018). Shadow State: The Politics of State Capture. Wits University Press. Johannesburg
- 5 Gill, S. (2002). Power and Resistance in the New World Order, Palgrave, Macmillan.
- 6 Graham, V. (2015). Civil Society and Civic Participation.

This is a massive stride to bring the civil society movement at the centre stage of the country's discourse. Given the significant voice and role that civil society plays in our public sphere, it is imperative that the conversations between the ANC and civil society organisations commence in earnest.

For the ANC to meaningfully engage and lead societal formations like civil society formations, it must continue with the project of renewal that was ignited by the recently held 54th National Conference. A significant part of the renewal project should aim to promote:

- A leadership and membership that is confident, decisive, accountable and informed by a desire to serve the interests of South Africans. It must preserve and not to impinge the organisational and political integrity of the ANC.
- Entrench a culture of participation and accountability in decision-making.
- Promote values of our constitution such as human dignity, equality, human rights, non-sexism, non-racialism, supremacy of the constitution and the rule of law.

These and other measures will put the ANC on a better stead to be once again a leading organ of our people to realise its vision and aspirations.

---

**MANDLA NKOMFE** is a Member of the ANC Sonia Bunting Branch

- In South African Politics: An Introduction. De Jager, N., Gumede, V., Mangcu, X., Neethling, T., Steyn Kotze., Welsh, D. (Eds). Oxford University Press, Cape Town, South Africa
- 7 Mandela, R.N. (1997). Political Report. 50th National Conference of the African National Congress, Mafikeng
- 8 Ramaphosa, C. (2017). Closing Address to the ANC 54th National Conference, Nasrec, Johannesburg
- 9 Ramaphosa, C. (2018). State of the Nation Address, Parliament, Republic of South Africa
- 10 Suttner, Raymond. (2004). The UDF Period and its Meaning for Contemporary South Africa. Journal of Southern African Studies, Volume 30, Number 3, September 2004. Carfax Publishing

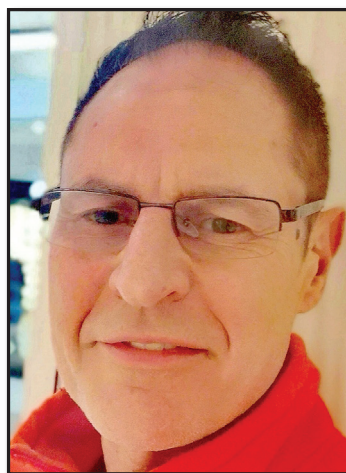
# ETHICAL LEADERSHIP, THE COLONIAL UNCONSCIOUS AND REVOLUTION

- *Access to capital by black people in South is limited outside the state. Empowerment interventions have not yet transformed the structure of the economy. Parasitic forms of capital accumulation have in cases led to the strategic lever of procurement becoming a tool of corruption rather than empowerment. The structure of capital has created barriers to entry for Black South Africans notwithstanding a variety of initiatives to facilitate Broad-Based Black Economic Empowerment.*

By **PROFESSOR RICHARD M LEVIN**

**We cannot talk about ethics without talking about social inequality**

Nelson Mandela said that “*action without vision is only passing time, vision without action is merely day dreaming, but vision with action can change the world.*” In this pivotal phase of the national democratic revolution, as some of our people begin to question and reject the hegemony and leadership of the ANC we need to return to basics and develop a theory and practice of ethical leadership. The root cause of the ethical dilemmas that confront us is social inequality. Its stubborn persistence has taught us that democracy does not guarantee social equality. It’s also taught us that corruption and theft of public resources exacerbate rather than resolve inequality.



**Transformative constitutionalism and revolution**

The preamble of the Constitution asks us to “*heal the divisions of the past*” while improving the quality of life of all citizens and freeing the human capabilities and potential of each person. The Bill of Rights establishes the democratic state on the values of human dignity, the achievement of equality and the advancement of human rights and freedoms. “*Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement*

*of equality, legislative and other measures designed to protect or advance persons, disadvantaged by unfair discrimination may be taken.*”

Achieving equality in a non-racial democratic South Africa depends on the progressive realisation of socio-



economic rights. The possibility of a step-by-step accomplishment of socio-economic liberation tells us about the importance of understanding that the constitution is not a static instrument despite it being the ultimate expression of the rule of law in our national democratic revolution. The idea of justice and fundamental socio-economic transformation depends on the experience of the people of justice as well as social, economic and political inclusion<sup>1</sup>. Unless people experience freedom, non-racialism and at the very least, a measure of socio-economic equality, the Bill of Rights will remain words in a book or tablet. Our revolutionary duty is to ensure we utilize all the tools at our disposal within the machinery of the state to progressively realize socio-economic rights. This will empower the people of South Africa to experience and live the ideals of justice in the constitution.

Realising in practice transformative constitutionalism compels us to accept that our back-story of colonialism and apartheid is one in which the machinery of the state facilitated different forms of capital accumulation, mostly in a highly unethical fashion. These forms of accumulation were profoundly corrupt, even when cloaked in colonialist jurisprudence and self-serving legality. How for example, can the wholesale theft of land and the dispossession of entire peoples be anything but corrupt?

### **Ethics and the colonial unconscious**

This is why ethical leadership must be as responsive to meeting the needs of the people by dealing with colonial and apartheid dispossession, as it is to assuring that the interests of the people overcome the pursuit of group and personal interests. The abundance of incidents and maneuvers of corporate state capture exposed in emails and commissions of enquiry show us how the people's interests have been subverted and place anti-corruption at the heart of our transformation imperatives. But like socio-economic inequality, the root cause of corruption can be found in the structures of domestic and global political economy and the neo-feudal forces of finance capital, '*rentierism*', monopoly capital and estate agents that dominate the 1 per cent of the world's population that own half of its wealth<sup>2</sup>.

The socio-political manifestation of this in South Africa is a colonial unconsciousness whereby racism and dispossession are central to the historical creation of the South African nation-state. This history is one of extra-economic coercion and ultra-exploitation with the state playing a central role. '*Colonial unconsciousness*' explains how a mentality of racist colonial ideology, underpinned by socio-economic relations of domination and subordination has remained deeply entrenched in the post-colonial period. Our history of collective oppression and exploitation is denied based on formal

democratic individual rights and equality before the law, which assume that "*the playing fields have been leveled*" post-apartheid.

The playing fields are not level and at the same time, we need to recognize that colonial and apartheid ideology and consciousness painted Africans as incompetent and devoid of ethical values, a point most eloquently argued by Frantz Fanon:

*"Native society is not simply described as a society lacking in values. It is not enough for the colonist to affirm that those values have disappeared from, or still better never existed in, the colonial world. The native is declared insensible to ethics; he represents not only the absence of values, but also the negation of values. He is, let us dare to admit, the enemy of values, and in this sense he is the absolute evil. He is the corrosive element, destroying all that comes near him; he is the deforming element, disfiguring all that has to do with beauty or morality; he is the depository of maleficent powers, the unconscious and irretrievable instrument of blind forces."*<sup>3</sup>

The concept of the colonial unconscious helps us to understand how this colonial and apartheid construction and constitution of African society '*unconsciously*' shapes both contemporary racist and class-based understandings of uneven development, social inequality, ethics and corruption. It also masks the need to see ethical, transparent affirmative procurement as the key lever of broad-based black economic empowerment, based on an unconscious view of history and belief that corrupt forces hell-bent on self-enrichment inexorably capture postcolonial states.

### **The Bill of Rights provides us with the legal material basis to transform the 'colonial unconscious'**

The Bill of Rights is the cornerstone of South African Democracy; the essence of transformative constitutionalism. The state must respect, promote and fulfill all rights in the Bill of Rights. This would include promoting conditions through legislative and other measures, which enable citizens to gain access to land on an equitable basis. In relation to property, public interest includes the nation's commitment to land reform, and to reforms that will bring about equitable access to all South Africa's natural resources.

Translating these transformative constitutional principles into strategy, policy, legislation and people-centred administrative action constitutes the mastery of statecraft. We have an ethical obligation to deploy the state to facilitate empowered forms of accumulation to redress the colonial and apartheid imbalances. A key constraint of the post-colonial world is that by and large the colonized lack access to the means of accumulation while the post-colonial state becomes a key vehicle to address the legacy.

The forms of accumulation that arise out of these contradictory relations and the combination of political and emerging economic power is a blend that the majority of developing nations had to grapple with. It is the challenge that Franz Fanon refers to as the pitfalls of national consciousness that leads the emerging middle classes down the road of dependent capitalist development and corruption<sup>4</sup>.

### Socio-economic exclusion and the structures of power

Section 195 of our Constitution requires Public Administration to be ethical, accountable, transparent, effective, efficient, fair, equitable and representative of the people of South Africa. It also requires Public Administration to meet people's needs and to be developmental and participatory. These constitutional values and principles are applicable to all spheres of government and all organs of state and constitute ethical standards of transformative constitutionalism and transformation of state and society in our national democratic revolution.

Our post-colonial economic structure of domination and subordination has limited the ability of the state to change people's lives and left our people disempowered and socio-economically excluded. The structure of the South African economy is concentrated and historically dominated by domestic white and global monopolies. Access to capital by black people in South is limited outside the state. Empowerment interventions have not yet transformed the structure of the economy. Parasitic forms of capital accumulation have in cases led to the strategic lever of procurement becoming a tool of corruption rather than empowerment. The structure of capital has created barriers to entry for Black South Africans notwithstanding a variety of initiatives to facilitate Broad-Based Black Economic Empowerment.

Political power has become the principal lever for accumulation, distorting the practice of progressive politics and ethical values, while delegitimizing the state. This has seen an erosion of popular democratic people-centred political practice and the forms of social solidarity that decimated apartheid and created conditions for the hegemony established by our national liberation movement. The erosion of this hegemony a quarter of a century later has created a vacuum that requires filling through a renewed ethical standard and a revitalization of people-centred democracy, development and governance. This cannot be exclusively focused on calls for honest leadership in theory and practice. It requires changes to the structures of power and domination that will empower people to live better lives and use their capabilities to work with the state and utilize its resources to narrow social inequality.

### South African and African post-colonial developmental challenges

The conundrum we find ourselves in in South Africa is not unique. We are experiencing typical post-colonial challenges. The IMF and World Bank have, for decades wanted African countries to deregulate markets, but markets have been controlled by Multi-National Corporations (MNCs) for over a century at least. In 2015 a report on illicit capital flows by the African Union/Economic Commission on Africa high-level panel chaired by former President of SA Thabo Mbeki showed how between 2001 and 2010, an annual average of \$50 billion flowed out of the continent illicitly<sup>5</sup>.

This excludes 'secret' illicit flows including proceeds of bribery, drug trafficking, human cargo and firearms, which cannot be accurately estimated and which would, if included, significantly increase the actual amount of illicit flows to over \$50 billion. Nevertheless, the \$50 billion equates with \$1 trillion over the past 50 years equal to all the development assistance received by Africa and enough to wipe out the region's total external debt of \$250 billion and leave \$600 billion for poverty alleviation and economic growth<sup>6</sup>.

The illicit flows have grown over time – the trend between 2002 and 2011 is put at 20.2 per cent. The role of MNCs is pivotal through trade misinvoicing, abusive transfer pricing and base erosion and profit shifting to subsidiaries in low-tax or secrecy jurisdictions. The corruption of the MNCs has also sponsored corporate capture of the state and prevented African states from transforming the historical plight of its oppressed and exploited people and communities. Africa needs the rest of the world to desist from looting its wealth and resources and to cease being a net creditor for development in West Europe and North America. Collective action across the continent is the key to the achievement of this objective.

### Can the construction of capable developmental states turn the African tide?

The African Union's vision for Africa, like South Africa's National Development Plan, is based on building capable developmental states. Developmental states are committed to deploying administrative and political resources for socio-economic development. The AU's Vision 2063 argues that capable and democratic developmental states and institutions will "*Revitalise African development planning capacities and rebuild career, professional and capable public services.*"<sup>7</sup>

The concepts of autonomy and embeddedness best characterize developmental state institutions<sup>8</sup>. Autonomy is the ability of a developmental state to formulate and consistently implement collective goals as opposed to public employees pursuing individual or sectional interests. Embeddedness is the ability of the state's or-

ganisational structures to engage with the networks that bind state and society together; to interact with non-state actors and to elicit participation in the achievement of its development goals.

Visions of capable developmental states combine Amartya Sen's human capability approach to development with reconstructions of traditional economic growth models. In the book ***Development as Freedom***, Sen argues: "*well-being*" involves increasing contentment through socio-economic development and growth as well as (building) the capacity of human beings to achieve what they want to. Thinking of "*capabilities*" rather than just "*well-being*" shows that human capabilities are both ends in themselves and the key means to socio-economic growth and the construction of democratic institutions that help us to "*lead the kind of lives we value*"<sup>9</sup>.

As in South Africa, across the globe, millions are marginalised, impoverished and economically excluded. Participatory people-centred governance and development provides an alternative cultural and economic paradigm of development<sup>10</sup>. We must change public service culture to understand how to lead in the facilitation of development with full participation by communities. This is critical to the implementation of policies of socio-economic inclusion and central to building ethical leadership in the current period.

Major challenges that impacts on integrity include:

1. A limited understanding of transformative Constitutionalism;
2. Limited commitment by domestic and international capital to meet their transformative obligations through the original social contract of 1994;
3. The limitations of inclusive and affirmative socio-economic development strategies and inadequate capabilities and developmental capacity within the state; and
4. Positional power abuses leading to personal interest trumping the interests of the people.

### **Political education is of paramount importance to building a revolutionary ethical culture**

Building a collective revolutionary consciousness with an impeccable ethical foundation through political education has become an imperative in this phase of our struggle. Collective consciousness is produced by poverty, social inequality and unemployment, while the dominant power relations exacerbate rather than resolve the situation. Collective consciousness can challenge the institutional production of "*truth*" created by the structures of domination and lay the basis for a counter-hegemony of radical socio-economic transformation. The need for the production of this counter hegemony in itself makes our movement vulnerable to

populist and counter revolutionary forces. Challenge to the establishment is not necessarily progressive. It can lead to the creation and consolidation of new illegitimate hierarchies.

What kind of leadership is required for a progressive solution and the production of new legitimate hierarchies? What kind of state do we need to build this alternative hegemony and how do we transform its culture to lead in the facilitation of change?

The kind of state we need to build is a state with a strong leadership role rather than a state that is big as well as control and domination-oriented. The state must master the art of people-centred development and synthesise, integrate and facilitate participation and inclusiveness rather than gate-keep and deliver to passive recipients while controlling citizens. Our revolutionary state must be innovative and comfortable with complexity and uncertainty.

### **Eradicating colonial unconsciousness**

Democracy has not eradicated the legacy of colonialism, apartheid and dispossession and South Africa can be viewed as a "*colonial unconscious society*."<sup>11</sup> The combined challenges of dispossession and property have not been dealt with adequately economically, legally and ideologically. Moreover, the social solidarity, which drove the popular democratic civic movement in its struggle against apartheid in the 1980s, has too frequently given way to neo-patrimonialism, rent seeking and patron-client relations. Individual accumulation has eroded a collective commitment to the public good. This constraint on autonomy undermines the project to construct democratic forms of embeddedness, which are needed to strengthen the capability of the state and its interventions.

We need exemplary leadership that takes responsibility for building a new ethical culture of public service excellence based on people-centred delivery at all levels of the system. Without such leadership, which cannot be permitted to have private interests that do business with government, we are in danger of falling into the abyss warned of by Fanon. He cautioned that regimes characterised by inequality in wealth acquisition and monopolisation, where some players have multiple sources of income: "*Inside the new regime, however, there are varying degrees of enrichment and acquisitiveness. Some are able to cash in on all sides and prove to be brilliant opportunists. Favors abound, corruption triumphs, and morals decline. Today the vultures are too numerous and too greedy, considering the meagerness of the national spoils.*"<sup>12</sup>

Moving forward requires reclamation of the space for radical socio-economic transformative policy and development. Public administration institutions are vehicles



for delivery of public goods. Political power places politics at the centre of redistribution and people-centred participatory policy implementation in the public interest, freed from individual and sectional interest. This requires the infusion of visionary and ethical leadership and accountability seen in the early stages of South Africa's liberation by the likes of our centenary icons Mama Albertina Sisulu and Tata Nelson Mandela. This ethos, together with capable developmental state institutions can lead the facilitation of development and the optimal use of state resources to transform the lives of our people. It also requires an honest appraisal of how transformative constitutionalism can erode the colonial unconscious and find the necessary remedies to narrow social inequality.

## REFERENCES

- 1 A Sen, *The Idea of Justice*, London: Penguin, 2010.
- 2 This characterization of the current phase of global capitalism is derived from various works of Michael Hudson. See, for example, *Killing the Host: How Financial Parasites and Debt Bondage Destroy the Global Economy*, Counterpunch Books, California, 2015 (Chapter 26). The Guardian, 14 November 2017 refers to the Credit Suisse Report, which highlights the growing gap between the super-rich and the remainder of the world's population.
- 3 F. Fanon, *The Wretched of the Earth*, Grove Press: New York, (1963:41).
- 4 F. Fanon, *op.cit.*
- 5 Report of the High Level Panel on Illicit Financial Flows from Africa, (Commissioned by the AU/ECA Conference of Ministers of Finance, Planning and Economic Development, 2015: 13)
- 6 Ibid.
- 7 African Union Commission, *Agenda 2063: The Africa we want*, (2015:20).
- 8 P. Evans, *Embedded Autonomy: States and Industrial Transformation*, Princeton NJ: Princeton University Press (1995).
- 9 A. Sen, *Development as Freedom*, New York, Knopf (1999:18).
- 10 A Escobar, *Encountering Development: The Making and Unmaking of the Third World*, Princeton and Oxford, (2012 Edition, Preface: xxiv).
- 11 P. Hudson, "The State and the Colonial Unconscious," PARI Public Lecture Series, (2012).
- 12 F. Fanon, *op.cit.*, (1963:116).

# Re-Imagining Tools Needed to Discourage Corrupt Practices in ANC

■ *At face value, the resignation of the Minister of Finance on Monday, 8th October 2018, may have set a precedence, or standard that would need to be upheld, or improved, by other ANC leaders. This begins a renewed culture of ethical leadership, taking responsibility for one's actions despite being legally innocent, in the absence of a conviction.*

By **BAYANDA MZONELI**

37

*"An increase in corruption, factionalism, dishonesty, and other negative practices that seriously threaten the goals and support of the ANC. That these practices contradict and damage our mission to serve the people and use the country's resources to achieve development and transformation. That corruption robs our people of billions that could be used for their benefit.*

*That the lack of integrity perceived by the public, has seriously damaged the ANC's image, the people's trust in the ANC, our ability to occupy the moral high ground, and our position as leader of society. That current leadership structures seem helpless to arrest these practices, either because they lack the means or the will, or are themselves held hostage by them.*

*At times we do things that are not according to ANC or government policy, or not legal or constitutional, and wait for courts to correct our actions. Our association with, and the closeness of our leaders to, business people facing allegations of corruption."*

The ANC did not wake up to these developments in 2017 at its 54th National Conference.

Just after the dawn of democracy it observed these negative tendencies, captured by President Mandela in the Political Report to the 50th National Conference held in 1997.

*"Remarkably, it would seem that our very victory over white minority rule has created the basis for some among us to take advantage of the new political opportunities the people's triumph has created, to work for the weakening and destruction of this very movement, the ANC.*

*We say this because a number of negative features within the ANC and the broad democratic movement have emerged during the last three years. We have an inescapable responsibility to attend to these matters frankly and decisively in defence of both our movement and our revolution.*

*One of these negative features is the emergence of careerism within our ranks. Many among our members see their membership of the ANC as a means to advance their personal ambitions to attain positions of power and access to resources for their own individual gratification.*

*Accordingly, they work to manipulate the movement to create the conditions for their success. In reality, during the last three years, we have found it difficult to deal with such careerists in a decisive manner. We, ourselves, have therefore allowed the space to emerge for these opportunists to pursue their counter-revolutionary goals, to the detriment of our movement and struggle.*

During this period, we have faced various instances of corruption involving our own members, including

those who occupy positions of authority by virtue of the victory of the democratic revolution. These have sought either to steal public resources or to export financial tributes from the people in return for services to which the people are entitled and which those in authority are legally and morally obliged to provide.

This is not surprising in the light of what we have already said in this report about the entrenchment of corruption in our society in general and the consequent desperate desire to accumulate wealth in the shortest possible period of time.”

In spite of his optimism at the time, twenty years later, the situation did not improve.

In the intervening period between the 50th and 54th National Conferences, the ANC continued to observe the accumulation of negative tendencies. These it characterized as “*sins of incumbency*” in discussion documents towards the 2010 National General Council (NGC). The 2010 NGC Discussion Document titled “**Leadership Renewal, Discipline and Organizational Culture**”, highlighted that “*These tendencies have become so persistent and widespread that they in fact represent a shadow culture and subcultures, which co-exist alongside what the movement always stood for. It draws on ANC history and symbolism and like a parasite, uses the membership, and the very democratic structures and processes of the movement, to its own end. Furthermore, both ‘old’ and ‘new’ members and leadership echelons at all levels are involved, increasingly leaving no voice in our ranks able to provide guidance.*”

In spite of the comprehensive assessment and self-reflection made in the 2010 NGC, a snowball of negative tendencies grew in size and speed. It picked up all “*sins of incumbency*” in its path, and became an insurmountable avalanche. The 54th National Conference noted that, “*current leadership structures seem helpless to arrest these practices, either because they lack the means or the will, or are themselves held hostage by them.*”

It may be speculated that one of the contributing factors that allowed the cancer of corruption to fester was the reliance on codified statutory provisions. Thus unless, or until, a member had transgressed the code of conduct and referred to the disciplinary committee, they were innocent no matter how grave the allegations implicating them may be. Furthermore, unless or until, a member had been convicted by a court of law, and exhausted all possible appeals, they were innocent no matter how grave the charges against them in an ongoing court trial.

In one view, this may be perceived as lack of accountability by those accused, due to their failure to take responsibility for their (alleged) actions and distance the organisation from their deviant behavior, at least until

they have cleared themselves. However, if the ANC is an organisation of activists, one of the defining traits of the members would be fighting injustice, including against oneself. Hence the reliance on justice as codified in statutory provisions of law or the code of conduct.

Many have abused the codified statutory provisions that define justice to evade accountability, as much as is legally possible.

On the other hand “*an increase in corruption, factionalism, dishonesty*” observed by the 54th National Conference meant that had it been allowed that an allegation be a sufficient reason to take punitive measures, canards could have been sown about opponents in a way that would have been destructive to the organisation, especially using the gullible media.

For two decades, the ANC relied on that with sufficient mourning about sins of incumbency, its members would miraculously grow a conscience to behave ethically, and in spite of that there was no codified code of ethics.

Other than the multiple organs of state that were setup to fight corruption, the ANC only first took action in 2012, at its 53rd National Conference, when it setup an Integrity Committee. Unfortunately, the parameters of integrity that this committee would have to protect were never codified, thus leaving it with no teeth, and its actions subject to debate.

However, the ethical tectonic plates are shifting.

By historical coincidence, the 54th National Conference took three resolutions that happen to intersect in a way that places the ANC at the crossroads. These are;

- “*Implement the NEC resolution on state capture, including the expeditious establishment of a Judicial Commission of Enquiry.*”<sup>1</sup>
- “*The establishment, composition, powers and functions of the Integrity Commission should be provided for in the ANC Constitution, to be finalized as soon as possible by the NEC.*”<sup>2</sup>
- “*Mandates the NEC to drive a sustained programme of organisational renewal and report on such to the NGC.*”

At face value, the resignation of the Minister of Finance on Monday, 8th October 2018, may have set a precedence, or standard that would need to be upheld, or improved, by other ANC leaders. Particularly those that may appear in the same Judicial Commission that the former Minister of Finance had appeared in. What makes the development even more significant is that the Zondo Commission has an intended lifespan that goes up to 2020, which covers what is likely to be one of the most difficult elections for the organisation.



In the public domain, if the other possible conspiracy theories are discounted, the Minister of Finance resigned following his apology for an error of judgment of agreeing to meet a vilified, but not convicted family of business people at their residence a handful of times.

Had the ANC moved quickly on the establishment, composition, powers and functions of the Integrity Commission and driven a sustained programme of organisational renewal, it could have developed a perspective on the Judicial Commission on State Capture. This would have helped guide its cadres in handling the evidence emerging from the commission.

The failure of the ANC NEC to timely develop a perspective on the Zondo Commission have left a climate of uncertainty for its leaders on how to handle evidence led in the Zondo Commission. And whether to expect the same standard set by the former Minister of Finance.

Without preempting the outcomes of the Zondo Commission, the evidence that is led in it is likely to broadly fall into 5 categories in terms of its implications for cadres of the ANC, as in the table below.

Based on these categories, the former Minister of Finance, using the publicly available information, falls in category 2, but has resigned. That makes matters really tricky for all the categories, except category 1.

The preliminary perspective on Zondo Commission outlined in Table 1, or an enhancement of it, could be handed to the Integrity Commission for enforcement. That would not in any way interfere, or second guess the Commission, but it would be a useful ANC inter-

nal mechanism to manage the implications of evidence that is led in the Commission for itself. There may be further action that would need to be taken based on the Zondo Commission Report when it eventually concludes its work.

At the same time, the ANC ought to exercise reasonable caution not to be carried away by the media hype, which risks swinging the pendulum too far, where good comrades are lost to the organisation, particularly those who may fall in Category 3 in the table. Those comrades should not get the same treatment as those who had the motive, and ultimately benefitted in the trough.

In the meantime, the ANC leaders, and members, would have to unite and defend the set perspective that would be enforced by the Integrity Commission, instead of defending or vilifying fellow members along the enduring residual factional lines.

As is evident, this begins a renewed culture of ethical leadership, taking responsibility for one's actions despite being legally innocent, in the absence of a conviction. It is an opportunity to halt the race to the bottom, where leadership structures seem helpless to arrest these practices. Either because they lack the means or the will, or are themselves held hostage by them. It is an opportunity to deviate from practice observed by the 54th National Conference of *"waiting for courts to correct our actions."*

Missing an opportunity to put renewal into practice would be disastrous. Renewal would remain a slogan that is mouthed by everyone while inaction prevails on the pretext that no one can cast the first stone because everyone has their *"smallanyana skeletons."*

	Category	Description	Appropriate Action
1	The Clean	Those who are neither affected nor implicated	None
2	The Good	Those who were approached but refused or never to cooperated	None
3	The Dirty	Those who may be implicated due to having enabled corruption by commission or omission but did not benefit in any way. They executed instructions based on power relations and failed to refuse to act unlawfully, or stopped cooperating later, after initially cooperating.	Apologise, and take remedial action, depending on the gravity
4	The Bad	They did not only enable corruption but were primary, or through third parties were secondary, beneficiaries of corruption (joined the trough)	Resign, if still holding a position of responsibility
5	The Ugly	Those who initiated and benefitted in corruption	Resign, if still holding a position of responsibility

**Table 1: Preliminary Categories Zondo Commission implication for individuals cadres**

As part recognition of the need for renewal, the Strategy and Tactics adopted at the 54th National Conference states:

*"The ANC needs to demonstrate in actual practice its commitment to speeding up fundamental transformation. For this, it should shore up its own capacity, honestly identify and correct its weaknesses and revitalise its public image. Bland reassurances that are then negated by the very conduct of leaders and members will worsen the decline; and, among the people, they will merely generate irreverent humor."*

There are additional matters of reflection for which the ANC NEC ought to give guidance on in the context of renewal.

The vilified, but legally innocent, business family may not always have been a villain (they had no conviction at the time of writing). There may have been a time in history, no matter how far back, when they were just a business family, which no one would have guessed would be villains in future. Other matters in the public domain suggests that there may be other businesses that are evolving to become villains, if not already evolved, such as BOSASA, and the VBS Bank. This has huge implications for deployed ANC cadres and senior managers in various state institutions.

It is common course that for various reasons, business entities and other establishments such as NGOs, routinely invite government leaders to meetings, seminars, conferences, gala dinners and all sort of events. Cadres who receive invitations neither have the capacity, time, nor the bandwidth to do thorough background checks on those who invite them, especially as the invitations are largely time bound. They are also unlikely to have the foresight that a business that appears clean at the time of the meeting request, may latter turn into a villain. There are no tools available to make such judgment calls with perfect accuracy.

The evidence led by the former Minister of Finance suggests that there may have been nothing wrong in meeting businesspeople given the nature of his deployment.

The common comradely practice among cadres is meeting stakeholders or individuals by referral. It is not unusual for one comrade, in an effort to be helpful, to refer someone needing information or assistance to a cadre whom they believe is relevant or would be helpful. This has worked for decades, including during the struggle for liberation. The network of trust among comrades is one of the enduring strengths that have made the ANC Alliance a reliable force and an effective tool in service of the people.

However, just as askari's would setup comrades by abusing their trust during the struggle, some comrades abuse this trust to benefit their associates. These may abuse the trust network to benefit themselves even without the knowledge of the referrers. Most of the

cadres in categories 2, 3, and to a lesser extent 4 in Table 1, would have been victims of abuse of this trust.

The ANC ought to help its cadres by developing guidelines for engagement in a way that does not create a social distance between government and good corporate citizens, while ensuring corporate citizens with bad intentions fail to capture individuals in the state. Without such guidelines, a lot of good comrades, who act in good faith, would, inadvertently, be caught in the cross hairs malfeasance, and in hindsight would be perceived as having erred in judgment.

In the medium-term, the ANC would have to develop a comprehensive Code of Ethics that will be enforced by the Integrity Commission. For obvious reasons, the fifth iteration of the Code of Ethics would be grades better than its second. Hence there is greater benefit in developing the first iteration sooner.

The Code of Ethics would have to take into account the perceived, or real, power relations that often lead to silence of those who may wish to resist unethical directives of their seniors. The ANC would have to be innovative, as the power relations that are embedded in the patronage system are often an enabler of negative tendencies.

It is not too late for the ANC to self-correct and proceed on a path of renewal. Like most renewal occasions in nature, the process is unlikely to be smooth sailing, and may have its casualties, but it is urgent and necessary action for the ANC to survive, as the 54th National Conference warned; *"Organisational renewal therefore is an absolute and urgent priority, and we may go as far as to say, to the survival of our great movement."*

Like good sailors, the ANC has to tactically, and innovatively, adjust its sails to navigate through the tumultuous winds of the ongoing hurricane.

#### Footnote:

*Commission and Committee have been intentionally used interchangeably in this text in reference to the Integrity body as both the 53rd and 54th National Conference Reports use these interchangeably.*

**BAYANDA MZONELI** is a Member of the ANC King Nyabela Mahlangu Branch (Ward 5), Tshwane Region, Gauteng Province

## REFERENCES

- 1 *Ibid*
- 2 *Ibid*
- ANC 50th National Conference Political Report, 1997
- ANC 54th National Conference Report and Resolutions, 2017
- Leadership Renewal, Discipline and Organizational Culture, ANC NGC 2010 Discussion Document, 2010
- Strategy and Tactics of the ANC, 2017

# REPOSITIONING INTELLECTUALS

## *in the African National Congress*

- *Speaking, listening, writing and reading in the ANC is aimed at a certain relationship between what we say to each other about issues central to the organisation and the country, and about the matrix of ideas that shape our deliberations and actions. They are acts of mutual recognition, of understanding and knowing each other again and again in a dynamic world within a complex system of logics.*

By **PROFESSOR MUXE NKONDO**

*This is an edited version of a presentation at the ANC Professionals Academic and Business Manifesto Dialogue, Zone 14, Fourways, Johannesburg*

### 1. INTRODUCTION

The role of intellectuals in the African National Congress means the capacity of members possessing highly developed intellect to direct thought and action and energise the willingness of members to achieve the organisation's goals. This idea implies legitimate authority. The notion of intellectual leadership has a long history in the African National Congress. Transformative ideas are at the heart of what makes things happen in revolutionary movements



### 2. CONCEPTIONS OF INTELLECTUAL LEADERSHIP IN LIBERATION MOVEMENTS

Let's briefly review the conceptions of intellectual leadership that represent landmarks in political discourse.

Firstly, the focus has mainly been on identification of traits or attributes that ensure exceptional intellectual capabilities. According to this approach, intellectual leadership is intrinsic to certain individuals – it is not the result only of learning or socialisation. Although this approach can help us identify a vast array of traits exhibited by intellectuals, it is difficult to establish a constant set of findings across intellectuals since the establish-

ment of the ANC in 1912. (Sol Plaatje, Albert Luthuli, Pixley Seme, Anton Lembede, Moses Kotane, Nelson Mandela, OR Tambo, Walter and Albertina Sisulu, Govan Mbeki, Ahmed Kathrada, Thabo Mbeki, Cyril Ramaphosa, Kgalema Motlanthe, Jacob Zuma, Winnie Madikizela-Mandela, Chris Hani, Mac Maharaj, Fatima Meer, Archie Mafeje, Ben Magubane, Sam Nolutshun-



gu, Curtis Nkondo, Tito Mboweni, David Makhura, Joel Netshitenzhe, Barbara Masekela, Nkosazana Dlamini-Zuma, Edna Molewa, Lindiwe Sisulu, Baleka Mbete, Sankie Mahanyale-Mthembu, Olive Shisana, Keorape-tse Kgositsile, Wally Serote, Zinjiva Nkondo, Mandla Langa, Thami Miyele, Joe Slovo, George Mashamba, Jeremy Cronin, E'skia Mphahlele, Albie Sachs, Jakes Gerwel, Allan Boesak, Brigalia Bam, Barney Pitjana, William Gumede, Collin Bundy, Moeletsi Mbeki, Tem-beka Ngcukaitobi to mention only a few)

Secondly, the emphasis on intellectual leadership as the ability to relate the ANC as an organisation to its dynam-ic environment (strategy and tactics leadership), rather than the more internally oriented focus associated with the traits approach. Thirdly, requiring careful attention, emphasises not the attributes of individuals, but their behaviour in organisational structural and collaborative settings. This approach calls for the use of question-naires to inquire about the perceptions that members of the ANC have of the intellectuals. However, the rigour of this approach is questionable. Its theoret-ical approach and lack of consideration for different contexts for the exercise of intellectual leadership. The leadership approach that has emerged recently is a con-ception of the intellectual as someone who defines the reality in which the ANC functions, through the articulation of visions derived from organisational policy documents.

Thus, an emerging approach is underpinned by a defini-tion of intellectuals as managers of meaning as well as influence process. The conception recalls Max Weber's work on charisma. Intellectual leadership, in this sense, is a process of institutionalising meaning to infuse with value beyond the strategic and tactical requirements of the task at hand. This approach is well illustrated in **O.R. Tambo Speaks** and **Mandela's A Long Walk to Freedom**.

In more concrete terms, a transformative intellectual leader is a model for others in the ANC, provides a plausible and attractive vision of the organisation's fu-ture, fosters a more reflexive approach to practises and current ways of organising and decision making, and is able to pay attention to detail. This type of intel-lectual leadership is opposed to transactional leadership based on the contingent reward and managerial pro-cess that pays attention to opportunities with a view to improving or adjusting the behaviour of members of the ANC. In this sense, intellectual leadership amplifies transactional leadership.

Recent debates on the role of intellectuals in the ANC devote more attention to leadership and fundamental change than previous conceptions. However, the em-phasis on intellectuals in the ANC has its own limits.

The intellectual leadership perspective does not take ac-count of the informal and complex dynamics that are

a basis to achieve influence and sustain legitimacy. This perspective – '*dispersed intellectual leadership*' – fosters a more processual approach to intellectual leadership. Such a perspective pays more attention to how intel-lectual leadership emerges in concrete social organisational settings and to interactions between organisational con-text and intellectual capabilities. Intellectual leadership is considered less as an attribute of single individuals but more as a collective process while individual intel-lectuals negotiate their position with respect to others in more unpredictable ways than a rational view of the ANC as an organisation would suggest. This more col-lective and processual perspective on intellectual leader-ship forms the basis of my own thinking (Denis et al, 2005).

### 3. INTELLECTUAL LEADERSHIP IN THE MANAGEMENT OF THE ANC: CRITICAL CONSIDERATIONS

- a) As indicated earlier, the notion of an intellectual is generally associated with the image of a highly knowledgeable, independent, and influential indi-vidual who determines the direction of her or his organisation. This description is obviously simplis-tic. Intellectuals in the ANC rarely have undisputed sway over members or unlimited influence to deter-mine policy and strategic orientation.

In fact, the ANC can safely be described as his-torically pluralistic in nature as it is characterised by multiple objectives and diffused power structures. Because of the knowledge economy and evolving nature of social and economic problems, the ANC is becoming more and more involved in complex networks, particularly as '*a broad church*' of multiple and at times divergent interests. The situation of in-creased pluralism represents complex problems for would-be intellectuals in the ANC. When purposes are multiple and complex, ordinary notions of intel-lectual power and influence become problematic.

Furthermore, the ANC in our electoral democracy operates through a complex web of rules, proce-dures, and codes. This proliferation of regulatory processes, applied today in a context of scarce re-sources and public distemper, both constrains and enables the intellectuals who are charged with gener-ating and applying innovative ideas.

- b) Given the complex organisational context of dif-fuse power, multiple objectives, and, now, factional behaviour, the central dilemma of intellectuals is suggested in the following question: Can intellectu-als intervene proactively or not in the organisation? Two contrasting views of intellectual leadership can be identified from current debates: an '*entrepreneurial*' view and a '*stewardship*' view. These two views hold different assumptions about the legitimacy of intel-lectual leadership in the ANC.

- c) The *'entrepreneurial view'* focuses on the innovative behaviour of intellectuals in the ANC. It emphasises increased attention by intellectuals to demands of the current environment and, at times, to preferences of various groups and factions. According to this model, part of the achievement of the ANC's policies and programs depends on the creativity and dynamism of entrepreneurial intellectuals who do not feel constrained by the weight of tradition.

*Recent debates on the role of intellectuals in the ANC devote more attention to leadership and fundamental change than previous conceptions. However, the emphasis on intellectuals in the ANC has its own limits.*

The *'entrepreneurial view'* is close to the model of transformative leadership so much in the air today. The feasibility of this model is highly contingent on the nature of the relationship between intellectuals and the general membership of the ANC. Intellectuals have to value and strive for increased accountability regarding decision processes in the organisation. The mechanisms by which such accountability and trust can be secured, are a major consideration in the evolution of intellectual leadership practice in the ANC.

- d) The contrasting *'stewardship view'* takes a much more conservative stance on the role of intellectuals seen as guardians of public goods and values. Their legitimacy comes from their conformity to wishes of members. The ANC policy conference decides on policies and the overarching goals of the organisation. Policies are not decided at a superior level. Intellectual stewardship is seen as a positive value that guarantees the continuity of the ANC as an organisation and its policies. In this view, intellectual power is appreciated only as long as it contributes to the maintenance of the ANC's core values of public service that legitimise its policies.
- e) Thus the issue of intellectual leadership in the ANC easily gives rise to a deep debate. On the one hand, proponents of the entrepreneurial mode insist that intellectuals can and should be encouraged to intervene dynamically to transform the state and society using conceptions of intellectual and strategic leadership derived from liberation politics. On the other hand, proponents of the stewardship model remain preoccupied with issues of increased accountability, efficiency, and effectiveness. A realistic picture of intellectual leadership in the ANC probably falls between these two poles.

In the ANC, values and normative pressures play a critical role in the assessment of the legitimacy

of decisions and actions. Intense political pressures and vocal on-the-ground structures place intellectuals in a situation of constant negotiations. The alignment of these different sets of pressures and obligations with needs to improve the delivery of services, implies that the role of intellectuals is particularly complex. Perhaps, the entrepreneurial and stewardship models of intellectual leadership do not tell us much about the processes that may contribute to achieving public integrity, service effectiveness

and fundamental change in such contexts (Borins, 2002, Redford, 1969).

#### 4. A MULTI-DIMENSIONAL PERSPECTIVE ON INTELLECTUAL LEADERSHIP IN THE ANC

Careful reading of works on ANC's iconic figures yields a complex of critical insights.

##### Insight One

Because of the complexity of powers in the ANC, it is important to situate intellectual leadership dynamically or focus on the specific actions of individual intellectuals. So far, the emphasis has usually been on isolated individuals in formal leadership positions. Hence, the need to focus on skills and processes that may or may not always reside in formally designated intellectual leaders. Greater emphasis need to be placed on the complex emergent activity which is dispersed throughout the entire political and organisational context and its effects over time. To this end, a perspective founded upon five theoretical frameworks is proposed.

The five fundamental frameworks have been chosen because they appear particularly relevant to the context in which the ANC operates, characterised by official powers, complex values, multiple objectives, and an intricate system of rules and regulations. To question these frameworks, the ANC is invited to pay greater attention to how intellectual leadership is sustained through networks, how it is negotiated among members with divergent views and how it is constituted through daily practice.

##### Insight Two

Networking is becoming more and more recognised as a key characteristic of effective intellectuals. Network intellectual leadership refers to the ability of individual intellectuals to establish direct and indirect communica-

tion patterns of influence. However, networking is not exclusively an inability to negotiate interpersonal skills and make contact with members of the ANC. In an organisation as old and as large as the ANC, where power is diffused or dispersed, success or failure of intellectual leadership processes depends, among other things, on the capacity of intellectuals to constitute and maintain strong and durable network.

### Insight Three

Intellectuals in the ANC must not only deal with dispersed power. They also face the challenge of shaping informed decisions in a context of multiple and complex objectives. They at times deal with members belonging to different ideological persuasions in *'the broad church'* and supporting divergent viewpoints, interests, and values. A successful intellectual will therefore have to incorporate a variety of logics or rationalities into organisational strategies and tactics which will be legitimate as long as they advance the ordering of multiple logics acceptable for the various groups and factions. Put another way, interacting with members supporting different logics and actions necessitates finding a way to articulate appropriate and valuable collaborative assessments that reconcile competing values and interests.

### Insight Four

In *'the broad church'*, there are at least six constitutive frameworks that structure leadership generally – the inspirational, domestic, reputational, civic, market, and industrial.

The *'inspirational'* framework refers to the impassioned vision and creative imagination of the intellectual. The *'domestic'* is a framework of tradition within the ANC ruled by the principles of loyalty and respect of the authority based on assigned duties and responsibilities among members of the ANC. The *'reputational'* framework values the achievement of members. The *'civic'* framework values the organisational duties and the suppression of particular interests in the pursuit of the common good. The *'market'* framework is driven by the financial interests of competing factions who take part in certain activities in order to achieve their personal or factional goals. Then, finally, the *'industrial'* framework, driven by the search for greater efficiency and effectiveness. Because intellectuals in the ANC do not always function in similar frameworks and because an intellectual may identify with multiple frameworks, the invention and negotiation of consensus becomes critical to ensure coordination and cooperation.

### Insight Five

Consensus is an artefact that crystallises the compromise between various logics and is of specific interest in the work of the ANC. Thus, an effective intellectual will demonstrate his or her virtuosity in competencies that are viewed appropriate with respect to different frameworks within the ANC. A successful intellectual in the

ANC must be able to make appropriate readings of the organisational order because the analysis of prevalent values in *'the broad church'* is critical to reduce the potential for open conflict or protected factional battles. Specific organisational devices (committees, branches, wards, zones, provincial and national structures, leagues, and so on) may help him or her to achieve compromises between the different political values and political positions while legitimising his or her own status as an intellectual. It is a tall order.

### Insight Six

From this perspective, a successful intellectual will be someone who is able to navigate with credibility between different frameworks and also someone who is able to represent the incarnation of the fundamental values with which members identify. When the competing interests of different groups and factions are intense, as they seem to be presently, one approach to intellectual leadership may involve co-intellectual leaders who individually represent different worlds but can bridge their differences at the personal level within *'the ANC family'* or domestic framework.

### Insight Seven

The intellectual, in the ANC family, can also be conceived as an organic critic. The role of the organic critic is central in the ANC's self-understanding in South African history and the world.

In fact, it is only by explicitly contesting dominant or emergent logics that intellectuals within the ANC can secure an influential role in decision processes. In this sense, the intellectual is someone who through his or her personal association with highly valued networks within the ANC is able to open up and renegotiate established positions leading to enhanced organisational and personal legitimacy. Without intellectual self-understanding, transformation will take place according to previous arrangements among different groups and factions. Organic critics question the normative assumptions behind current policies and practices and may help in fostering radical rethinking and fundamental change.

### Insight Eight

The ANC as *'a broad church'* is not permeated only by diffuse power and divergent interests. It also has to deal with a complex system of rules and procedures which require members who work with a considerable amount of expertise and informal knowledge. But at times change in the ANC often takes place through how political leaders and executives exert their discretionary power as they apply rules and regulations on a daily basis.

Moreover, the ANC is largely dependent on members and their explicit and tacit knowledge. It is not unusual to observe a mismatch in the ANC decision structures



between intellectuals or experts and the realities of people on the ground. A successful intellectual in the ANC will, therefore, need to bridge this gap. In order to do so, intellectuals need to know how to navigate the contradictions between cognitive and discursive levels, how to manoeuvre among multiple discourses and decisions within structures of the ANC. Integration of knowledge derived from formal learning processes and tacit knowledge gained through experience, is crucial. Intellectuals need to be skilled deliberative facilitators within the complex web of inclusive decision processes.

### Insight Nine

Mobilising all knowledges – formal and tacit – successfully implies being able to catch the larger picture emanating from lived experience and daily encounters. Having a broader vision of how things are working or not working in the ANC, successful intellectuals try to pattern the attention of fellow intellectuals, the executives, and the general membership through subtle deliberation and meaningful micro-acts concerning the changes in South African society, Africa, and the world, and the interpretation of the dynamics of change. They also have the responsibility to routinely use analytic tools and concepts, to co-construct meaningful explanations of change, challenges, opportunities, and crisis. As competent thought and change agents, intellectuals should acquire a deep understanding of the dynamics of internal and external forces with whom they are interacting. They have to deploy expertise knowledge, deliberative abilities, organisational knowledge, emotional intelligence, and so forth in an appropriate way and at the right time to influence decision. In sum, intellectual leadership in the ANC is, in some way, a mundane activity requiring practical experience, timing and social awareness that is more adaptable to the needs of members in the broad church.

### Insight Ten

For effective inclusive deliberation and communication, we should examine in depth what are the implications in relation to language, culture and power within the ANC and greater South Africa.

First, if power in ‘the broad church’ is not concentrated in a single place, such as executive committees, but is, instead ubiquitous, at once visible and invisible, present and hidden, we cannot focus mainly on intellectuals or think-tanks meditating on the state of the nation or the African condition, but should rather focus on a multiplicity of nodal points and/or relations in which power is exercised. Second, if power ‘*in the broad church*’ is not a thing or a substance, but rather a network of relations, it means that power in the ANC is also exercised in a myriad of social encounters.

It is then of greatest interest to examine the languages through which power and knowledge are mediated in deliberations and decisions processes. The focus on

language in decision and deliberation processes uncovers how power in the ANC and South African society reaches into the very grain of individuals (Foucault, 1980). In this sense, linguistic competence in a multi-lingual, multicultural organisation and society is not a status but a social obligation (Rojo, 2017).

## 5. IMPLICATIONS FOR INTELLECTUALS IN THE ANC

The perspectives presented here draw attention to the consequences for intellectual leadership in the ANC.

### Consequence One

They suggest a need to look beyond intellectuals as individuals to examine the processes associated with acquiring and using knowledge and legitimacy. Drawing on the value perspective, intellectuals in ‘the broad church’ need to consider what fundamental political, social, and economic value systems are at play, how they can be reconciled, and how to modify groups and factions to best represent values at the heart of ANC’s identity. To deal with competing logics, the intellectual must also attempt to bridge alternative political positions and value systems within ‘the broad church’ that are nevertheless inherent to the ANC’s existence and survival.

### Consequence Two

The social practice perspective brings the intellectual leadership process down to earth by showing how patterns of decision making are embedded in established practices and routines. These skills can be acquired through active participation in routine decision making. Achieving genuine impact in the broad church requires skilful effort over a long time that is a call for diligence, persistence, patience, and subtlety. The most successful intellectuals will be those who are willing to commit both to the organisation and to desired policy and strategic development and change over the long hall.

### Consequence Three

This though is not a blueprint that promises easy prediction. There is no simple recipe for intellectual leadership effectiveness through appropriate traits, fitting one’s style to the dynamic context, or being inspirational or charismatic. Although all these perspectives do not plump down on one side or other of the entrepreneurship-stewardship debate, but could be compatible with both of them depending on whether intellectuals decide to destabilise or disrupt old networks, build new ones, and act as critics of new approaches (the entrepreneurial perspective). Or whether they promote the stability of existing networks, defend established modalities that reconcile competing values and develop their leadership skills through the rehearsal and usage of existing practices (the stewardship perspective).

Whichever path they take, they will need to build on

and deal with the underlying forces suggested above by collectively operating within networks in 'the broad church' legitimately acquired by incarnating and bridging values that lie at the heart of the ANC's reality, and knowledge that is embedded in and acquired through 'higher education and training', and participation in the ANC's decision structures and processes (Denis, 2005).

## 6. WRITING – READING, SPEAKING – LISTENING IN THE ANC

- a) Speaking, listening, writing and reading in the ANC is aimed at a certain relationship between what we say to each other about issues central to the organisation and the country, and about the matrix of ideas that shape our deliberations and actions. They are acts of mutual recognition, of understanding and knowing each other again and again in a dynamic world within a complex system of logics.

A liberation movement, acutely aware of its own historical contingency explores these forms of knowing and communication to fuse the individual perspective to the public project of solidarity, social cohesion, and nation building as it is engendered through the insights and sensibilities, not of intellectuals in the conventional sense, but through the deliberations and actions of all who live and work in South Africa. Unacceptable is the egotistical self-consciousness, 'I think therefore I am' (Derrida, 1989; Gasche, 1988).

- b) Because of complexity, of the dynamism and elusiveness of the freedom and justice we seek, in the context of a secular state in which there is no final vocabulary to justify decisions and actions, continuous deliberation and attentiveness are imperative. So intellectual leadership is not a trait or an attribute intrinsic in a few individuals, but is collectively produced through various forms of communication. It is essentially social in origin and public in orientation. This relationship, mediated through various discourses, constructs the ANC 'as a broad church' and 'an alliance' of shared languages and meanings across a society of differences. We think, we feel, we speak, we listen, we write, we read – and, therefore, we are. So individual subjectivity is a function, a dialectical function, of collective subjectivity.

- c) The ANC as 'a broad church' or 'an alliance' would not be possible if it did not already harbour within itself that complicity of divergent interpretations that present themselves as opportunities, as possibilities, as thresholds, or as crossings towards a political, social, and economic order that will suffice. There is no space here for 'a philosopher king', 'the genius', the visionary, a walking encyclopaedia of final questions and final answers, operating in a void. Ideas here are contingent and, to be worthwhile, must be responsive and hospitable to emerging and changing realities socially experienced.

Identity, the self, language, consciousness are all contingent, always already constructed in certain spaces and times; they are inventions of history. Outside these constructions, there may be 'Truth' or 'Essence' or 'Reality', but discourses on these 'realms' continue to be inconclusive (Rorty, 1989).

*Intellectual authority, a handmaiden of political authority, itself is legitimate only because it is consented to by members of the ANC and this consensus creates binding obligations in virtue of what we are and what in history ought to be recognised and acted upon.*

- d) So if the ANC as 'a broad church' and an alliance sounds ambivalent or indecisive, particularly in times of intractable factional battles, it is because it constitutes the medium in which oppositions are recognised, negotiated, and overcome. It creates an environment for one side (including members of factions) to cross over into the other.

It is on the basis of this ambivalence, this apparent indecisiveness, this movement from here to there, that rigid or insistent ideological positions are prevented and transcended. In that way, the ANC is effectively a locus of deliberation, of dynamic strategies and tactics. It holds in reserve, in its deliberations, the opposites and differences the process of deliberation socialises and educates.

## 7. THE ANC'S SOCIAL IMAGINARY

The ANC derives the normative order underlying its work from the nature of its constitutive members.

Human beings are rational, sociable agents who are meant to cooperate for their mutual benefit. Starting from the early twentieth century, this idea has come more and more to dominate our political thinking, and the way we imagine our society and the world. It starts off in the image of a 'congress' as a theory of what political society is, and how it comes about. But any theory of this kind also offers inescapably an idea of a deliberative moral order. It tells us something about how

we ought to live together to form a political society, against a certain moral background; the people have permanent moral obligation towards each other. The ends sought are certain common benefits, of which freedom, justice, obligation, and human rights are the most important. Intellectual power is seen as an extension and application of these more fundamental moral ties. Intellectual authority, a handmaiden of political authority, itself is legitimate only because it is consented to by members of the ANC, and this consensus creates binding obligations in virtue of what we are and what in history ought to be recognised and acted upon.

---

**PROFESSOR MUXE NKONDO** is Chairperson of Rixaka Forum and Collins Chabane Foundation.

## REFERENCES

- Denis, J.L. et. al. (2005). Rethinking Leadership in Public Organisations, 446-465, in Ferlie, E. et al. (eds), *The Oxford Handbook of Public Management*. Oxford University Press.
- Derrida, J. (1981). *Dissemination*. University of Chicago Press.
- Foucault, M. (1980). *Power and Knowledge*. Brighton: Harvester
- Gasche, R. (1998). *The Wild Card of Reading on Paul de Man*. Cambridge, Massachusetts: Harvard University Press.
- Lembede, A. (1996). *Freedom In Our Lifetime*. Edited by Robert, R. Edgar and Luyanda Ka Msunza. Kwela Books.
- Luthuli, Albert. (1967). *Acceptance Address as Nobel Laureate for Peace*.
- Maharaj, M. (ed). (2001). *Reflections in Prison*. Penguin Random House, South Africa.
- Mandela, Nelson. (10 May 1994). *Statement at Presidential Inauguration, Union Buildings, Pretoria*.
- Mbeki, G. (1991). *Learning from Robben Island*. Compiled by Colin Bundy. Kwela Books.
- Mbeki, Thabo. (3 February 2006). *State of the Nation Address of the President of South Africa: Joint Sitting of Parliament*.
- Plaatjie, Sol. (1996). *Selected Writings*. Edited by Brian William.
- Ramaphosa, Cyril. (2018). *Statement at Presidential Inauguration, National Parliament, Republic of South Africa, universally known as the 'Thuma Mina Testimony'*.
- Rojo, L. M. (2017). *Language and Power*, 77-102, in Garcia, O. et al. (eds). *The Oxford Handbook of Language and Society*. Oxford University Press.
- Rorty, R. (1989). *Contingency, Irony, and Solidarity*. Cambridge University Press
- Smith, J. et al. (2010). *Hani: A Life Too Short*. Johannesburg: Jonathan Ball Publishers.
- The Freedom Charter*. (1995).
- Tambo, Adelaide. (ed). (1987). *Oliver Tambo Speaks*. Kwela Books.



BOOK  
REVIEW

# THE CORRUPTION OF CAPITALISM: WHY RENTIERS THRIVE AND WORK DOES NOT PAY *by Guy Standing*

Review By **ASHLEY NYIKO MABASA**

In *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Pay*, Guy Standing outlines how SAPs created crony capitalists who corrupted African and Latin American systems of governance to establish themselves as “*plutocrats*”.

From the onset Standing explains how rentier capitalists generate their income through ownership and control of assets and not from directly exploiting labour power for profits. He identifies the relationship between rentier capitalists who dominate large corporates and crony capitalists who occupy positions in government, and how this liaison between the two variations of capitalists renders both types detached from the down-trodden masses of people. Standing succinctly highlights the overgrowth of rentier capitalist as they generate their income through private ownership and possession of assets that are limited – for example, land, accommodation and mineral resources. Standing borrows from Karl Polanyi’s “*The Great Transformation*,” showing how rentier capitalist emerged with the rise of national market economies in which Britain turned what was commonly owned, into fictitious market commodities such as land, labour and money.

In addition, Standing shows that free markets are social constructs. The argument he makes is that governments dismantled existing rural systems of regulation, redistribution and social protection that historically provided security and a sense of community. This forced people to sell their labour power to survive following their separation from their means of survival. Standing describes how the English government adopt-



ed the Speenhamland system which restricted rural emigration and gave farmers cheap labour. Whilst governments practised domestic policies of free market capitalism, colonising countries were provided with rental incomes from nations they colonised through imperialism.

Standing contends that between 1945 and 1970s, government subsidised rental income. However, government limited rental income to those owning assets in different ways including through the nationalisation of industries viewed as national monopolies. For example railways and public utilities’, including regulation of the market to avoid speculation and encourage lending for productive activities. In the Chapter “*The Origins of Our Times*” Standing critiques neo-liberalism as a promoter of rentier capitalism.

Furthermore, around the 1980s, the world witnessed the surge of Global Transformation through the construction of a global market which rendered old regulation, social protection and redistribution outdated. The writer emphasises this era of neo-liberalism as one of re-regulation of labour markets and the encouragement of the privatisation of state enterprises. This neo-liberalism agenda was driven by the unholy trinity consisting of the World Bank, International Monetary Fund’s (IMF) and World Trade Organisation (WTO). In 1995, the neo-liberal influence of the WTO was seen in South Africa – which reduced local production in the automotive sector in order to cooperate with WTO rules.<sup>1</sup>

Standing explains how Southern Asian countries such

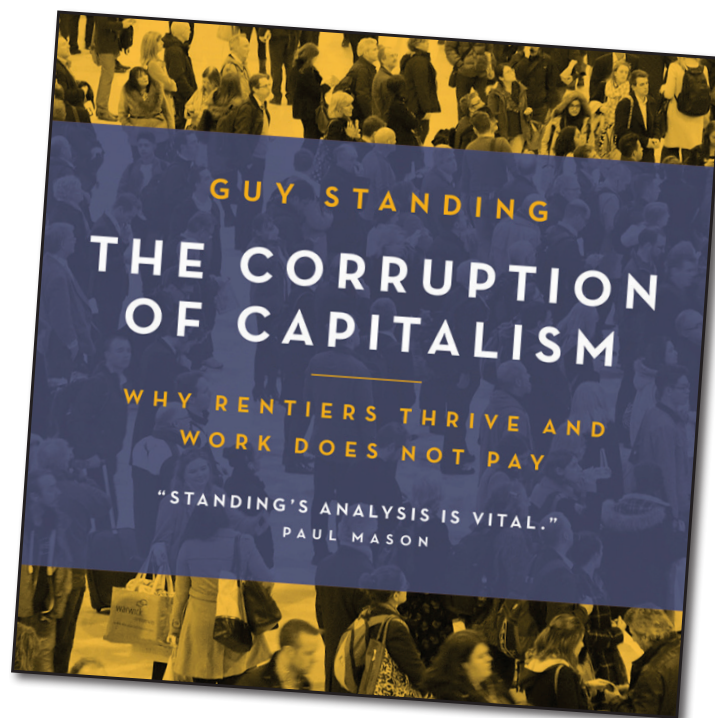
as Malaysia and Singapore became rentier economies by buying assets of other countries and investing in rich countries. Similarly, between 2000 and 2014, Chinese companies spent €46 billion on 1000 direct investments in the European Union. In fact, neo-liberalism created an environment conducive for China's government to buy European assets and help purchase subsidies from European Union governments. The Chinese government, through their state bank, bought most of the European and American corporation such as US mobile phone company Motorola, Italian tyre maker Pirelli, Swedish car maker Volvo and French resort operator Club Med.

Standing also shows how the capitalist mode of production has been restructuring the workplace. Chapter six illustrates how the precariat is growing all over the world boosted by companies such as Uber, Taxify, TaskRabbit and Amazon. In this chapter Standing also highlights how employment rises and simultaneously wages remain stagnant – this results in the rise of precarious jobs which are characterised by lack of job security, low social mobility and low income.

However, Standing points out that rentier capitalism tends to centralise their industries through patent such as those for cancer drugs which are overpriced. This overpricing occurs due to monopolisation of markets in a form of patents which are granted privately to owners of inventions, in this way, they get rent from their manufacturing. Standing also describes how when governments are perceived to be threatening private corporation's profit or interest, they can get sued. For example, UK power investor Ruralec successful sued Bolivia \$30 million through Investor-State Dispute Settlement (ISDS) after government nationalised the country's largest energy provider in which Ruralec had an indirect interest – this is similar to how the Egyptian government was sued for increasing minimum wages by a French waste and energy group, Veolia, which claimed raising minimum wage hit production costs and profit. Put differently, capitalist businesses' power to decide when and how to invest also gives them influence vis-à-vis to change state policies.

Standing also describes how under the capitalist mode of production, the state has less power in comparison to capitalist corporations – because the state needs to create jobs and generate tax for functioning of administration. Therefore, government has to reduce corporate tax and give subsidies to attract investment. For instance, Standing demonstrated that since the 1980s the corporate tax rates international have halved – in UK the corporate tax has been reduced from 50% in 1980s to 20% in 2015. In this case British corporation and wealth taxes are lower than income tax. The Spanish government reduced corporate tax from 30% to relatively 25% in 2016 favouring rentiers capitalists.

Standing argues that tax breaks for corporations are *"also another form of protectionism, a bribe to induce multinationals to locate, stay or expand in the country"* (p.96)



the US government spends \$80 billion a year on incentives and subsidies to companies which equates to 7% of their GDP.<sup>2</sup> Most of the states cut public spending to direct funds to private corporations. In this case, the UK reduced public-sector research and increased subsidies for private industry research and development. This results in increasing inequality at the expense of public funds to boost private profit to attract investment.

Correspondingly, Standing highlights that the states have been cutting social spending justifying it through the need to reduce government borrowing. Standing underlines that states all over the world have been cutting public services under pretext to settle state debts. Ironically, in France, 60% of state debt seems to be illegitimate because its main cause of the increase was not government social spending but tax reductions for the wealthy. Standing proposes that cutting public debts can be done through raising taxes and purging regressive and inefficient taxes to private corporations.

In UK, student loans increased and reached £73.5 billion aided by undergraduates' tuition fees in 2015/2016. Standing describes the process in which student maintenance grants were replaced with loans and how it deny poorer students access to education as well as ones who can take out loans with up to £53,000 of

debt on average – instead it profits the Student Loans Company tremendously. Most undergraduate students pay students debts until the age 40 to 50. In the same breath, in Britain student accommodation is another niche of the rentier economy, with private investment of £6 billion in 2015 – most students’ accommodations are provided by profit making firms.

Free market capitalism emerged through altering nature into fictitious commodities and World Bank Berg report in 1981 urged privatisation and trade liberalisation. In regards to this, Guy Standing points out that states have been allowing privatisation of the “commons” which are supposed to be used by everyone – such as land, forest, water, knowledge, culture, and social.

Standing states that educational commons comprise of facilities that enable people to learn. Furthermore, he argues that education is a natural public good. However, commercialisation of education industry has changed education into a commodity. Promoted by neo-liberalism ideology, public schools budgets across the world has been squeezed while private schools have been boosted by subsidies and grants. When you consider this argument, it is clear that privatising and commercialising commons is another form of corruption aiming to generate rental income for those few who owns assets and have property rights and that it negatively affects the majority of people who are deprived from the use of commons.

Standing goes on to describe how rentier capitalists are outsourcing and off-shoring labour power and how this culminated into the creation of labour brokers. In contrast, McKinsey Global Institute predicted that between 2015 and 2025 “online platforms”<sup>3</sup> could create 72 million full-time jobs. In 2015, Uber had over 1.1 million drivers operating in 351 cities in 64 countries. In the same breath, online tasking has moved to supplement many forms of professional work, such as accountancy, legal research, medical diagnosis and design. For example, UpCounsel in California provides online lawyers and handles its taskers’ finances and document management.

Standing contends that technologies of 4th Industrial Revolution or Silicon Valley are destroying the distribution of our income. He describes recent formation of a “rental wedge” which has developed between growing profits, which are more concentrated than ever, and wages, which are declining and increasing insecure. Work is no longer a means to accumulate wealth, or even rise out of poverty. Standing notes that 48 million Americans use online software rather than professionals to do their tax returns. From this chapter, it is clear that mixture of digital technology and platform capitalism reduce number of jobs and changes the character of work and labour.

For Standing, global plutocrats and rentier capitalists have captured the state of the world and have been commodifying politics by controlling of media. He is not alone in this. Karl Marx in the “Germany Ideology” (1932) first argued that “*The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force.*”

The rentier capitalists, which Standing describes in his book, have corrupted the democratic system by making the playing field uneven for politicians. Rentier capitalists’ ideas are disseminated through large corporate media houses which they control and by “think tanks” – for example, in the USA six corporations own 90% of media. These media houses and private corporations drive their narratives to the masses – as these media institutions are controlled by rentier capitalists linked to political parties and their set of interests. For example, in 2012, America’s corporations spent over three-quarters of the \$3.3 billion lobbying in the Washington DC and it has been noted that since 1974, there is no political party in UK that has won an election without support of “*Rupert Murdoch and his media empire*” (p257) which includes the Sky television channels, as well as the newspapers The Sun and The Times.

In addition, Standing, contends that rentier capitalists and politicians share the same social networks. For example, during the annual World Economic Forum in Davos, BlackRock, part of the Mont Pèlerin Society – is the world’s biggest asset manager and includes every listed company in the world – controlling \$4.5trillion in assets. Politicians and rentier capitalists’ socially network in the absence of the majority of people who vote and therefore largely ignore the social democratic system. Put differently, politicians (top bureaucrats and policy makers) happen to be situated in the same networks with the rentier capitalist who seeks to navigate their interests within the state. For example, government politicians are funded by people who gain their profits from tax havens, corrupting the intended democracy system. Often, most of these prominent politicians eventually get appointed to rentier capitalist board of directors – for example, George H. W. Bush, US Secretary of State Howard Baker, a former minister of US Defence, Former Britain Prime Minister John Major and former President of Philippines are all appointed to Carlyle Group which is the largest private equity company operating all over the world built on military contracts, which is linked to the Saudi Royal Family.

In the final chapter, Standing proposes empirical and pragmatic solutions to the corruption of capitalism. Standing notes that the democratic system is supposed to represent class interest and ideas – ideas and class interest of the poor masses. Political parties have to necessarily shift from serving financial interests of rentier capitalists.



Standing argues for tougher rules and strict enforcement on lobbying and that all countries should limit election spending and provide state funding for political parties. Furthermore, political parties should raise funds only from membership subscription and individual donations. According to Standing, revolt against rentier capitalist by precariat includes that patent be granted only for significant innovations and protected. And the ownership of the patents "*granted on inventions*" (p295) that come from publicly funded programmes should be shared with government institution concerned. This will improve the access to new drugs that are currently "*prohibitively expensive*" (Ibid).

In his conclusion, Standing asserts that in addition to the revolt against rentier capitalists, the state needs to establish the Democratic Sovereign Wealth Funds. This argument comes following the establishment of the Alaska Permanent or the Norwegian Government Pension Fund Global (GPF) which is the biggest national sovereign fund in the world. The GPF boosted the Norwegian state and it became rentier state which benefits the whole population of Norway including future generations. This increased the net worth of the state.

The National Sovereign Fund reduces inequality and poverty as well as generate wealth for the state and redistribute it to the whole population. Another revolt which Standing proposes is the establishment of a national basic income. The basic income would pay individuals a monthly sum. This will also deal with inequality, lack

of social income and poverty currently experienced by precariat to the benefit of rentier capitalists.

**ASHLEY NYIKO MABASA** is a Wits University Sociology Honours Student, Wits SRC General Secretary and YCLSA Branch Secretary.

## REFERENCES

- 1 Masondo, David (2018) in his paper "South African business nanny state: the case of the automotive industrial policy post-apartheid, 1995–2010." Masondo pointed out that South Africa's import duties for completely built vehicles and completely knocked down were reduced from 65% and 49% respectively to 20% in 2012 in order to comply with the WTO rules on liberalisation of trade and investment.
  - 2 Similar to the case of South Africa which spends R23 billion in the automotive industry as subsidise.
  - 3 Page 211
- Marx, K., 1935. Germany Ideology: Part I: Feuerbach Opposition of the Materialist and Idealist Outlook B. The Illusion of the Epoch. Marxists Internet Archive.
- Masondo, D., 2018. South African business nanny state: the case of the automotive industrial policy post-apartheid, 1995–2010. Review of African Political Economy, pp. 201-219.
- Standing, G., 2017. The Corruption of Capitalism Why Rentiers Thrive And Work Does Not Pay. London: Great Britain By CPI Group.

POETRY

# THE PATRIOT

By **MOTSOAKGOMO I PAPI NKOLI**

*I am a child of South Africa.  
I am born in, raised, nurtured and protected by, South Africa and her people;  
And to South Africa, her people, leaders and national values I am loyal.*

*Not knowing whether ridicule, imprisonment, or death await me,  
I am entitled to carry out my inalienable duties and responsibilities  
In pursuit of the current and future rights, privileges and benefits  
Of the men, women and children of this beloved country.*

*Upon these values, I invoke the courage to respond to the pleas of all my fellow citizens  
For me to join them in the fight for, and pursuit of, our national values.*

*These are the values that bind me to past and future South African souls.  
Against unseasonable encounters, with these values I anchor myself onto my South Africa.*

*I will not be arbitrarily forbidden from:  
Loving and joining hands with the people of my country;  
Protecting our national values, natural and economic resources  
From all intents and actions that are harmful to our national good;  
Initiating, promoting and supporting our collective moral, cultural, innovative and trade  
values*

*In pursuit of building a common purpose and prosperous South Africa;  
Demanding, and be provided with, full accountability  
From all who pursue, and whose, activities affect my community's and our public life;  
Enjoying the benefits of a secure and healthy social and natural environments  
While improving them for our children's present and future benefit;  
Paying allegiance to, and sacrificing for the benefit of, South Africa and her people;  
And acting towards developing an African civilisation.*

*At all times, I will:  
Act in promotion of all that reflects South Africa's common purpose*

*And advance her collective good,  
And oppose all that harms her;  
And uphold, respect and protect our Constitution as the supreme law of our Republic  
And whose ideals and principles I will not hesitate to advance.*

*Recognising the injustices of our past, we, the people of South Africa:  
Honour those who suffered for justice and freedom in our land;  
Respect those who have worked to build and develop our country;  
Believe that South Africa belongs to, and should be enjoyed by, all who live in it, united in  
our diversity;  
And recognise those among us who advance our common purpose and national values  
In pursuit of our social, cultural and economic unity and prosperity.*

*Together, we are loyal to the Republic of South Africa.*

*Recognising our triumphant past sacrifices,  
It is my hope that the future will strengthen me to sustain the true form of our democracy  
Through which resonates the spirit of all the communities of this land.*

*Armed with the mind, pen, sword, limb and life, these values shield me and fellow South  
Africans*

*In our pursuit of:  
All that is honourable; a common purpose and fulfilling national life;  
And the land of brighter days and an inclusive prosperity.*

*These are our national values, my national values.  
For them, I expect to do no less and still live with my conscience.*

*This is our defining moment in the history of humanity;  
This is my hour in history;  
And these are our national values.*

*For them I rise!*





Published by the African National Congress  
P.O. Box 61884, Marshalltown, 2107.  
Tel: 011 376 1000.