

# Towards a conceptualisation of the Marxist theory of corruption

## The South African case

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### ABSTRACT

*Although there has been a good amount of literature in respect of the relationship among political and administrative leaders and their effect/s on quality management, little has been written on their respective (individual or collective) relationship with corruption.*

*This is because there needs to be an acknowledgement that the researchers', practitioners' and politicians' efforts have to date been inadequate. Political and administrative leaders need to appreciate that the war room against corruption needs new thinking, knowledge, strategies, and comprehensive initiatives if they are to arrest and then reverse corruption's proliferation. In particular, governments have to move beyond the various one and two dimensional approaches that are advocated by various anti-corruption proponents if the administrative and governmental systems are to become effective in dealing with the situation.*

*In this context the present contribution will examine the fundamental tenets of the political system of South Africa and its role in impeding or encouraging corruption related to decision-making and actions of public servants at all levels in the hierarchy. In this sense the relationship between political and administrative leaders can take either complementary or antagonistic corrupt actions.*

*A case study in political and administrative relations and involvement in corruption will be utilised in order to examine and scrutinise the involvement by politicians and administrators in a leading South African municipality.*

### INTRODUCTION

Throughout the world, corruption poses a real threat to the quality of many ordinary people's lives. It comprises a range of unethical and deviant activities which pervade and transverse both the private and public sectors of a given country. There is general agreement that corruption needs to be curbed and eliminated, if possible.



Within this context- the emergence, from across a range of relevant disciplines, of researchers and practitioners who have attempted to understand corruption and its various manifestations and establish ways to combat the perceived causes of this corruption is not surprising. Counter-corruption initiatives and practices have been introduced albeit with limited success, while thousands of policy papers, strategic initiatives, research and theoretical articles, practical application hand-outs and *guides* have been produced without success.

The challenge is to raise the study and understanding of corruption to new levels. In order to defeat this cancerous phenomenon, a clear understanding of the political, ideological and social dynamics behind it needs to emerge from taking into account the realities of specific countries throughout their historical development. In this case the Marxist paradigm, a much neglected theoretical approach to corruption, is applied to an analysis of corruption in the most recently liberated case, South Africa.

The article examines the applicability of Marxist theory on corruption, as exemplified by Marx, Engels and Lenin, in the context of the ruling party's adoption of the theory of the *National Democratic Revolution*, ostensibly based on several fundamentals of *broad-based* Marxist roots. It will deal exclusively with the public service and governance.

In essence it will be shown that one of the root causes of corruption in South Africa is an *unholy marriage* between the fundamentals of a neo-liberal economic agenda and the adoption of a Marxist understanding (or misunderstanding) of 'revolutionary stages'.

## **FROM APARTHEID TO MANDELA AND BEYOND – AN EXPLORATION OF CORRUPTION IN SOUTH AFRICAN LITERATURE**

The latest report of the *Transparency International Corruption Perception Index* for 2012 shows South Africa standing at number 69 in this index, having fallen 31 places in the past 11 years, and ranking behind Ghana, Namibia, Rwanda and Lesotho in this year's edition. The country was ranked 38th out of 91 countries in the 2001 survey (Transparency International 2012).

Currently, the Public Protector and the Special Investigating Unit (also known as the Hawks) deal with what has been described as a mountain of corruption proclamations on their table. The Auditor-General has found multiple irregularities in his inspection of the books of state entities (Auditor General 2012). It is assumed that the government over the past year has shown a generally lukewarm response to public sector corruption, and the President has delayed to permanently appoint the head of the Special Investigating Unit at the time of writing (*Business Day* 2012).

At the opening of Parliament in 1999, the founding father of South Africa (SA), Nelson Mandela had this to say on corruption:

*Our hope for the future deeply depends also on our resolution as a nation in dealing with the scourge of corruption. Success will require an acceptance that, in many respects, we are a sick society (RSA Presidency 1999).*

This was five years after the first democratic elections in the country. Currently, almost twenty years after 1994, corruption in the country may not have reached its peak; it has turned into an unrelenting nightmare.

Speaking about the endemic state of corruption in South Africa in early 2012, Advocate Thuli Madonsela, the country's Public Protector, said (Madonsela 2012:2):

*Corruption is endemic in our country, both in the public and private sectors. If we don't deal with corruption decisively, it will not only impact on good governance, but has the potential to distort our economy and to derail democracy.*

Corruption was described as a cancer afflicting the body; hence it was to be isolated for the country to be saved from death or disability. She added that impunity ought to come to an end (Madonsela 2012:4).

In another intervention, and focusing on investigations by her office, Madonsela said a better life for all was coming slowly for ordinary people, but that corruption was a major impediment to a better life and it was a *thief of peoples' future* (City Press 2012:7).

The director of *Corruption Watch*, a non-governmental organisation, spoke of frightening indications of the well-organised nature of corruption, the ruthlessness of its beneficiaries and the political and administrative obstacles that will have to be confronted in tackling this scourge. He castigated the pervasiveness of *petty* corruption, and its impact on communities. He bemoaned the apparent absence of consequences for involvement in corruption and a new sense of urgency about tackling corruption and the number of ordinary South Africans who are willing to report corruption (New Age 2012:12).

The country's Minister of Economic Development, Ebrahim Patel, previously a senior trade unionist in the textile sector, on a public platform at a Cape Town mosque has said that corruption within Government and in the private sector was "destroying the moral fabric of society" and indicated that urgent action and exposure was needed to defeat it. He called on his audience to be instrumental in fighting corruption and ensured them that government was fighting hard to eliminate it (Al-Qalam 2013:3).

Finally, the ANC's General Secretary, Gwede Mantashe (who also was the Chairperson of the SA Communist Party until its past Conference) at a public meeting said what the ANC inherited actually corrupted the party; hence the ANC has been managing a corrupt and a wrong value system. It is a well-entrenched value system that placed individual acquisition of wealth at the very centre of the value system of society.

There was a similar culture of self-enrichment already in place within the new elite. It did not take long for it to expand its reach from the party to the state.

It is because the white minority was the dominant social force in the country that it entrenched in society as a whole, including among the oppressed, the deep-seated understanding that personal wealth constituted the only true measure of individual and social success. Thus societal values have shifted from "revolutionary morality to material ownership". He ended his speech powerfully, saying: "Serving our people, not monetary accrual, is the definition of success" (Hartley 2010).

In his most recent moral campaign against corruption, Mantashe described corruption as a terrible phenomenon, a leakage. It destroys countries. If corrupt practices were not dealt with, he said, the ANC would end up "eating itself up slowly to the end". It was up



to individuals within the party to combat corruption, starting with the levels that were sometimes seen to be insignificant, but often “lead to large-scale looting”. The ANC, he said, needed selfless members who were prepared to fight corruption and nepotism. Corruption was against the ANC’s moral values (Hartley 2010).

Having examined the positions proclaimed publicly by key state and other role-players, it needs to be stated that the present government has signed all international anti-corruption laws, protocols and agreements, has comprehensive, wide-ranging and progressive national anti-corruption legislation and Codes of Conduct, a host of institutional anti-corruption units, and various institutional forums.

Corruption, interestingly, has not attracted considerable academic and research attention, with the exception perhaps of the Institute of Security Studies (ISS) that has produced a series of monographs on the issue and has organised anti-corruption seminars and conferences. The majority of their research on corruption has concentrated on the police force. (Standing 2007; Faull 2008; Faull 2011).

The bulk of existing research and writings on the issue starts with the pioneer effort of Tom Lodge as early as 1998 (Lodge 1998:157–187). He provided a socio-historical exposé of political corruption with emphasis on the apartheid era, while asserting that the democratisation process has led to more transparency inhibiting corruption in certain domains but, through extending government’s activities, opening up possibilities for abuse in others.

His position, that the extent of corruption at the time was largely inherited, is very close to the position adopted by ANC Secretary Gwede Mantashe in 2012 and 2013, as articulated earlier.

Lodge concluded that a substantial proportion of modern corruption occurs in administration and embodies a legacy from the homeland civil services. He also concluded that a major source of financial misappropriation in the old central government, secret defence procurement, no longer exists, but corruption is stimulated by new official practices and fresh demands imposed upon the bureaucracy, including discriminatory tendering, political solidarity and the expansion of citizen entitlements. Though much contemporary corruption is inherited from the past, the simultaneous democratisation and restructuring of the South African state has made it very vulnerable to new forms of abuse in different locations.

It can be argued that, partially, Lodge’s assumptions have been a solid prophesy for the future, with the exception of what he called “the secret defence procurement”. This assumption was all but shattered by the so-called *ams deal* that cost the country over \$700 million a few years later (Feinstein 2007; Holden 2008; Holden & Van Vuuren 2011).

Plaut and Holden’s recent well-researched exposé on who rules South Africa is a detailed treatise on contemporary politics and corruption amongst the elite, sections of the middle class and state bureaucracy (Plaut and Holden 2012). They dedicate a chapter to crime, corruption and connections which contains a mixture of names of well-known ANC leaders involved in corruption; the case of mining magnate Brett Kebble’s “*assisted suicide*” covered in several books (Sergeant 2006; Wiener 2011; Sergeant 2012) attempts to measure (unsuccessfully) the *scale of corruption*; the customary corruption tirade against President Zuma and his family; and municipalities (Plaut and Holder 2012:294-297) . Thus, despite its importance in terms of dissemination of encyclopaedic knowledge, this significant effort basically side-steps theoretical, causal and social causes and repercussions.

In the same vein, but even more journalistic in nature, is Basson's *Zuma Exposed*. Basson is a senior investigative journalist and his voluminous effort has been a resounding commercial success. Those who read newspapers even sparingly would not learn something new. Zuma's personal, financial, economic and political history is a matter of public record and is meticulously reverberated in the book (Basson 2012).

In a brief but thought provoking essay on the relationship between the State and the Party, Aubrey Matshiqi, a research fellow at the liberal Helen Suzman Foundation, tackles, albeit indirectly, a key root of corruption. His thoughts bear significance not only because he is an ANC liberation struggle veteran, but also is a former government spokesperson and a member of the Strategy Unit in the Premier's Office in Gauteng, the economic power house of the country.

In his contextual analysis of the transition from apartheid to democracy, Matshiqi asserts that the dominance of one party in both instances has led people to the reality or perception of the disappearance of the line between party and state. He dissects an interview with the ANC Secretary General in *The Sowetan* where the opinion was expressed that a great deal of hostility comes through from the judiciary towards the executive and Parliament. The Secretary indicated that, unless this issue is addressed deliberately, it will cause instability. A few months later, the President argued that the Constitutional Court and the Supreme Court of Appeal needed to be reviewed to avoid further encroachment by the judiciary into the executive's domain.

Matshiqi's interpretation of such statements leads to the concept of a *liberation movement model* that is based on the securitisation of internal political processes and other operations, leading to a partial or complete suspension of internal democracy. The paramount importance of the interests of the party, thus, breeds both intolerance and discomfort towards alternative views.

It is within this context that locates the "scourge of corruption" in the country as an indication of how the interests of citizens may come under threat as a result of the distortions that come with single-party dominance. In South Africa, single-party dominance, he writes, especially in those parts of the country where the state is the main and sometimes sole instrument of class formation may constitute a threat to the interests of citizens and the state itself when the dominant party is fraught with political tensions and internecine battles for power and money. To the extent that there may be a confluence of interests between the state, the ANC and money, it should concern everyone deeply that corruption is an indication of the potential dangers of this confluence of interests (Matshiqi 2013:2–9).

Chipkin's understanding of corruption in South Africa (Chipkin 2012) is based on a moral/ethical and liberal understanding of the concept and its material manifestations. His definition of corruption is wide, including "mis-performance or neglect of a recognised duty or the unwarranted exercise of power, with the motive of gaining some advantage, more or less personal". Hence, central to this understanding of corruption, is a distinction between *private* interests and *public* duties.

In this context, Chipkin provides a description of the functions and responsibilities of the liberal state as a neutral institution and counters this analysis with an extremely brief exposition of Lenin's theory of the National Democratic Revolution. The attempt to *unpack* Lenin's multi-layered articulation of a question that has been debated relentlessly amongst historians (Lipman 1975; Harding 1996) or the classics, as well as Lenin (Lenin 1917) is

unconvincing. As will be shown later, Lenin himself was extremely aware of the potential corruption in the unfolding of the revolutionary state.

Chipkin *defends* three hypotheses: The first is that corruption in South Africa has been made possible by the fact that the ANC in government does not have a liberal conception of politics and of the state. The second is that growing alarm about corruption suggests that corruption is increasing on both liberal and Leninist accounts; and the third is that growing corruption is evidence that the institutions of the state are weakening.

It is not only the tautological nature of the hypothesis that is characteristic of the attempt, but also the lack of understanding of the convergence of a deformed Marxist understanding of state and corruption within a neo-liberal reality that characterises the ANC-led state after 1994. Chipkin's article on an empirical level deals with a *Black capitalist class*; Broad-Based Black Economic Empowerment; statistics from the Auditor-General; and quotations from ex-President Thabo Mbeki and ex-ANC Secretary General Netshitenzhe. At the end of the paper, he distinguishes three kinds of institutions: an *efficient institution*, a *captured institution* and a *weak institution*. His final conclusion is that corruption in South Africa is a phenomenon of a weak state. Its remedy lies not so much in policing or moral rejuvenation as it does in state-building. Corruption in South Africa, he asserts, is evidence of a highly uneven state.

Despite the informative contribution of the article, the limited articulation of a Marxist understanding of the material implementation of the National Democratic Revolution in practice, the convergence with neo-liberal economic policies of the ANC, as well as sociological and other factors instrumental in corruption, are absent.

Camerer's PhD thesis based on the author's extensive professional and research career admittedly is the pinnacle of writings on corruption in South Africa. The historical exploration of the phenomenon is accompanied by a comprehensive exposition of the *arms deal* as a case study. She poignantly states that democracy is an "insufficient condition for effectively fighting corruption" and that a focus on social empowerment in the context of democratic consolidation, including an active civil society and vigilant media, is crucial for the effective fight against corruption (Camerer 2009).

## **TOWARDS A MARXIST THEORY OF CORRUPTION – THE CLASSICS**

Despite several attempts by scholars to explore a number of aspects of corruption in Marx's writings, for instance by Draper (1978), Beetham (1987), Kelly (1998) and Mandel (1992), there has been no comprehensive theoretical effort concerning the issue.

The key difference between the writings on corruption by Marx (and Engels) and that of Lenin lies primarily in the founders having dealt mostly with workers' leaders (mainly trade unionists at the time), while Lenin was more scathing about liberals, counter-revolutionaries, the intelligentsia and the middle classes. Finally, he castigated the workers (or sections of them) and their leaders who became corrupt through the continuous pursuit of material interests and gains.

This section starts with the assumption evident in most (if not all) Marxist writings and tendencies that capitalism cannot exist without the state, which acts in capital's interests.

Within this context, different sectors of capital each look after their own interests and the state, in this process, is obligated to find ways of representing the interests of different capitals according to their relative importance and weight in the overall economy. Given the fact that capital's key objective is maximisation of profit; corruption is the *sine qua non* of such a system.

The foundation of Marx's theory of corruption is to be found in his Economic and Philosophical Manuscripts of 1844, in which he described the ways in which money and its pursuit distorted men and women. He described how material wealth possesses humans and turns their weaknesses into strengths and assets into liabilities. Money, to Marx, constituted a profound form, or instrument, of untruth. It was the ultimate deceiver, the greatest liar, for it had the capacity to transform that which is into that which is not, and *vice versa*. In the case of corruption, however, money is the great instrument of truth, at least potentially. It is the most tangible sign of some ill-gotten gain, of some illicit or criminal activity. That is why its possessor must go to such lengths to hide it by hoarding or laundering it (Marx 1844).

Inevitably the individual pursuit of money within the working class movement in the era of Marx was the epitome of corruption, with some of the *leaders* of the working class becoming corrupt through persuasion or co-optation by the ruling class and the bourgeoisie. Thus, in a letter to Karl Kautsky, the German Social Democratic leader, Marx wrote that many of the trade union leaders had become members of the bourgeoisie through taking advantage of the British monopoly in the world markets (Cope 2008:253).

Hyman contrasts the initial optimistic view of Marx and Engels with their more realistic view of trade unions after the mid-19th century caused by the birth of a labour aristocracy which, through co-optation or corruption, took a moderate position that enabled them to win material concessions; the rise of a corrupt leadership in both the material and the ideological sense; and *embourgeoisement* based on imperialist expansion (Hyman 1971).

During the nineteenth century, the British working class movement became excessively reformist and respectable and this led Marx and Engels to grow more critical of corrupt trade union leaders "[who] never raised a finger for their own brothers in South Wales, condemned to die of starvation by the mine-owners. ... the only workers' representatives in the House of Commons and moreover, *horribile dictu* [horrible to relate] direct representatives of the miners, and themselves originally miners ...voted with the rump of the 'great Liberal Party' (Molyneux 2012).

By 1879, it was possible to detect an unmistakable tone of disgust in Engels' writings on the subject of trade unionism. He wrote that the trade unions had introduced organisational statutes that prohibited political action, thus barring "any participation in any general activity on the part of the working class as a class". In a letter to Bernstein, dated 17 June 1879, Engels complained that the trade unions had led the working class into a dead end.

*No attempt should be made to conceal the fact that at this moment a genuine workers' movement in the continental sense is non-existent here, and hence I don't believe you will miss much if, for the time being, you don't get any reports on the doings of the TRADE UNIONS here. (Marx/Engels Collected Works, no date).*

In an article written six years later, in which he contrasted the England of 1885 to that of 1845, Engels made no attempt to conceal his contempt for the conservative role played by



the trade union leadership. Forming an aristocracy within the working class, they cultivated the friendliest relations with the employers, in order to secure for themselves a comfortable position. The trade unionists, Engels wrote, “are very nice people indeed nowadays to deal with, for any sensible capitalist in particular and for the whole capitalist class in general” (Marx/Engels Collected Works, no date).

It can be understood that the leaders’ corruption bore significant consequences for the working class at large and for unionised members, in particular, as they led them into confusion and an attachment to reformism instead of radical change, both in their place of work and in society at large. The utilisation of a small part of the surplus profits on the part of the bourgeoisie to corrupt the leadership of the unionised working class led to the increase of material interest over the interests of the working class. The material conditions that had led to the prosperity of the bourgeoisie and sections of the workers’ leadership thus left a major gap between those who were corrupt through material self-interest and those who continued to produce surplus value enriching the few (Hobsbawm 1968:272–315, Weidenfeld and Nicholson 1968; Gray 1976:80–90).

Lenin’s worries about corruption were more regular and profound as the revolutionary situation in Russia was more immediate when compared to the Marx-Engels era. (Lenin 1914). His attacks concentrated basically on a variety of members of the revolutionary intelligentsia who were opportunistic, undisciplined, prone to individualism and unstable, hence open to corruption. Such opportunism led to corrupt practices, while the working class was always disciplined at their places of work and ready in their preparations for the on-going and struggles lying ahead (Lenin 1914:21).

In *The State and Revolution*, Lenin describes the phases through which the state has gone through history in a variety of societies, calling on the proletariat to continue the legacy of heroic struggles to overthrow the bourgeoisie. He paid serious attention to the potential and historical feature of “the direct corruption of officials” in capitalist societies, (Lenin 1917) prophesying, in one way or another, the same in a post-revolutionary Russia. Such positions can be understood as, following the collapse of the Provisional Government in 1917, the Communist Party, following its ascendancy to power, saw its membership increasing dramatically and Party discipline diminishing, especially amongst state officials. Simultaneously, the first signs of corruption and greed became evident in the process. Such realities led Lenin to declare publicly, to both the Party and society at large, that bureaucracy and corruption would threaten the future of the first socialist experiment (Lipman 1975: 305–306; Harding 1996:195–196).

The growth of state bureaucracy so meticulously dissected by Leon Trotsky (1936) was exemplified by concrete examples (Lipman 1975:307–309) and forced Lenin to ask:

*What if unscrupulous and malevolent men succeed in capturing these institutions and manipulated them to cover-up or condone their own abuses of power? (Harding 1996:194–195).*

His realisation and fear of corruption led him to penning his *Testament* and *Better Fewer, But Better* in which a number of important steps are suggested, such as, the empowerment of the state planning committee’s legislative powers, and the changing of the nationalities policy



that had been implemented by Stalin, as well as more democratisation, as steps in combating corruption (Lenin 1923:487–502).

These steps, coupled with the adoption of the New Economic Policy, show Lenin's commitment to compromising some of his more radical ideas. He was ready and eager to combat corruption which, in *Better Fewer, But Better* is described as follows:

*"We have been busting for five years trying to improve our state apparatus, but it has been mere bustle, which has proved useless in these five years, or even futile, or even harmful."*  
(Lenin 1923:493).

Having examined the bases of some of the key writings of the Marxist classics on corruption, the focus could shift to the ANC's *adoption* of the basic tendencies of corruption as described by and fought against by the Marxist classics. Instrumental in this adoption is a *revised* application of what is known as the *National Democratic Revolution* the South African way.

## **APPLICATION OF THE NATIONAL DEMOCRATIC REVOLUTION IN SOUTH AFRICA**

The most complete exposition of the theory of the National Democratic Revolution (NDR) is that of Irina Filatova, a retired professor of History who has published extensively on such topics (Filatova 2012:507-537) After a highly informative and chronologically structured unfolding of the theoretical underpinnings of a variety of seemingly contradictory ideological and practical positions, the key positions adopted by the ANC in the 1969 are outlined as follows:

- *The National Democratic Revolution unites all classes among the oppressed all the progressive, patriotic forces behind the pursuit of democracy and self-determination.*
- *National democracy in South Africa means a united SA which is run politically, economically and socially by the will of the majority, exercised on the basis of one person, one vote, that is, power will be in the hands of the masses.*
- *The back of White Monopoly Capitalism will be broken.*
- *The redistribution of wealth, of land and other means of production which will dramatically improve the living and working standards of the oppressed.*
- *The implementation of the Freedom Charter with its programme of profound agrarian transformation and socialisation of those sectors of the economy in the grip of Monopoly Capitalism, that is, the destruction of the Colonial State (Filatova 2012: 534).*

Some of the political demands, such as national democracy, self-determination, and one-person-one-vote elections have been accomplished since 1994.

The key economic demands, however, still stand, as the various economic blue-prints adopted by the government after the Reconstruction and Development Programme (RDP) (1995-1995) were based on neo-liberal thinking and implementation (Growth, Employment and Redistribution – GEAR – in 1995, Accelerated and Shared Growth Initiative for South Africa – AsgiSA – in 2006, and the New Growth Plan in 2010 (Bond 2000; Meth 2007; Marais 2001; Marais 2011).



The New Development Plan (2012), a new blueprint that advocates a *capable and developmental* state was adopted in its entirety in the December ANC Mangaung conference as a new path to development and growth.

“Bold forms of state intervention” which are advocated include:

- Financial regulation and control, including through a state-owned bank
- Progressive and redistributive taxation
- Wage and income policies that promote decent work, growth and address poverty and inequality
- Progressive competition policies that promote growth and employment, and address poverty and inequality
- A well-resourced state-led industrial and trade policy
- Increased state ownership in strategic sectors, where deemed appropriate on the balance of evidence, and the more effective use of state-owned enterprises (African National Congress 2013:20-27).

The *fusion* of neo-liberal economic policies with the NDR were primarily based on the alliance of the working class and the poor with the *patriotic bourgeoisie* created by affirmative action and the policy and implementation of Broad-Based Black Economic Empowerment, through which a number of senior leaders of the ANC such as Tokyo Sexwale (the Minister of Human Settlements/Housing), Mathews Phosa (an ex-Premier of Limpopo and previously Treasurer of the party), Cyril Ramaphosa (currently Deputy President of the ANC) and Saki Macozoma (an ex-member of the National Executive Committee) became billionaires (Robinson and Brummer 2006; Plaut and Holden 2012:7, 206, 213-218).

Cadre deployment, as an integral part of the NDR was first paraded by Joel Netshitenzhe as early as 1996. The then Secretary General of the ANC summed up the key ingredient of the NDR as the transfer of power to the people through political, social and economic control. The key issue was the *control of state machinery* as a centre of power. He expanded:

*“The issue of strategic deployments and entry of, for instance, black graduates, in relation to all these structures, including the civil service, the army, police and intelligence services, have not been given the critical attention that they need.” (Umrabulo 1996).*

In the process, party deployment at all layers of government has developed a large social category of people who are basically middle class but soon adopted the characteristics of the bourgeoisie, and especially large parts of their ideology. They acquire key elements of a capitalist life, expensive houses, a number of luxury cars that cannot be justified by their high salaries, or expensive overseas holidays with state money. Through corruption, they are indoctrinated with aspects of the ideology of the bourgeoisie.

It has been confirmed that union leaders such as National Union of Mineworkers (NUM) general secretary Frans Baleni, who also chairs NUM’s investment arms, the Mining Investment Corporation, earn more than R1,4 million a year (*Mail and Guardian* 2012, Letsoalo).

In addition, the latest Auditor-General report indicates, *inter alia* am, that 50% of the Free State government tenders were issued to government employees or families of politicians; municipal officials and their families have pocketed more than R800 million of taxpayers’

money through awarding tenders at various municipalities around the country; and only 13 municipalities in the whole country have *good books* (Auditor General 2012:12)

Given the above realities, General Secretary of the ANC stated:

*The blackmail of thinking that cadreship is a sin is something that we should not entertain. To be a cadre of a movement is not a sin. Opponents of cadre deployment confuse it with wrong deployment. It's not the same (Sowetan 2012:3).*

Two case studies are presented that confirm the adoption of the theory of the NDR in practice, as well as the Marxist theories explored so far, as fundamental to corruption. They have been chosen as they represent both the *individual* and the *collective* levels of corruption.

Enoch Godongwana is considered one of the leading intellectuals in the ANC. He is a former leading trade unionist who obtained a Master of Science degree in Financial Economics from the University of London. From 1994 to 2009, he served as a Member of Provincial Legislature in the Eastern Cape, becoming MEC for the Provincial Treasury, Economic Affairs, Environment and Tourism from 1994 to 1998 and 1998 to 2004, as well as MEC for Economic Affairs, Environment and Tourism in the Eastern Cape until he joined the National Government in 2010 as Deputy Minister of Economic Development (*SA Who is Who* 2009).

He was part owner of Canyon Springs, a company that defrauded SACTWU (the South African Clothing and Textiles Workers Union) of approximately R100 million of textile workers' pensions. Godongwana's company, Tyalibongo Investment Holdings, owned 50% of Pan African Benefits Services (PABS), a Canyon Springs subsidiary. When he resigned as Chief Executive Officer (CEO) of the Financial Sector Charter in 2007, he became a director at Canyon Springs with the understanding that he would use his connections to generate business for the company. He negotiated an annual remuneration package of R1,584-million for himself (*Mail and Guardian* 2011:3 Underhill).

Following a number of adventurous and highly questionable transactions, the Cape High Court ordered the provisional liquidation inquiry of Canyon Springs in June 2011. The inquiry found that Godongwana used his political influence to secure business for Canyon Springs Investments and Pan African Benefit Services (PABS) from major government pension funds and the private sector. This happened while he was a Deputy Minister. It included a list of potential business from 11 unions, pension funds and companies which Godongwana was to facilitate, including the Government Employees Pension Fund (GEPEF), Metal Industries Benefit Funds, Samancor, Mercedes-Benz, the National Union of Mineworkers, the National Union of Metalworkers of South Africa and the Mineworkers Assembly.

Canyon Springs withdrew money from the textile workers' pension fund and invested it in businesses connected to various ANC politicians, including Godongwana himself. He attempted to conceal this information by not reporting his stake in this fraudulent company to Parliament, as required by law (*Mail and Guardian* 2011:3 Underhill).

Godongwana has reportedly lied to the liquidation inquiry by failing to disclose that he had received money from Richard Kawie, who masterminded the fraudulent actions. Despite Godongwana having testified that he had not received money from other sources related to Canyon Springs, he did indeed receive large payments on several occasions from Eclipse Capital, a company wholly owned by Kawie (*Mail and Guardian* 2012 Underhill).



In addition, he failed to disclose his interests in Canyon Springs Investments to Parliament, while Sections 5 and 6 of the *Executive Ethics Code* prescribe that Cabinet members must declare their financial interests, which are defined to include “shares and other financial interests in companies and other corporate entities”.

Godongwana had lied to the liquidation inquiry; he attempted to conceal the true source of his income; and refused to come to Parliament to explain himself. He resigned from his post at the Economic Development Department without offering a proper explanation in early 2012 (*Mail and Guardian* 2012 Underhill).

The commission of inquiry into Canyon Springs found that Godongwana and his wife were among those who ...

*were party to the carrying on of the business of the company, either fraudulently or at least recklessly. It is to be noted that any person who is a party to the fraudulent or reckless conduct of the business of the company incurs not only civil liability, but also commits a criminal offence in terms of section 424 (3) of the Companies Act (Mail and Guardian 2012 Underhill).*

During the Commission’s enquiry, Godongwana indicated that he entered that business “in good faith” He added that, as a former unionist whose main interest was the wellbeing of workers, he would never have wanted to cream off their pensions. What was reasonable and fair to pay back, he would pay back, he insisted (Times 2012:1). After Godongwana’s resignation, President Zuma said:

*“We wish him well in his future endeavours but we are certain that his work experience and expertise will not be entirely lost to the public service but will be utilised elsewhere in the pursuit of the goal of meaningful economic transformation.” (Presidency 2012).*

Godongwana is still the Head of the ANC’s Economic Transformation Committee and was elected in the 19<sup>th</sup> position in the 80-member ANC National Executive Committee at the 2012 Mangaung Conference.

The *Travelgate Affair* is more of a *collective* corruption case, although the culprits *operated* individually. In the Parliament, ANC members were found guilty of defrauding the public. Instead of being punished, they were retained and promoted to higher positions. The *affair* started in 2004 and was finalised in 2010. In this case, Members of Parliament had misused travel vouchers issued to them to visit their constituencies.

They used these vouchers to go on holidays or trips unrelated to work, at a total cost of approximately R18 million. On occasion, travel agencies inflated claims without MPs being aware thereof and pocketed the excess. Following the exposure, Pricewaterhouse Coopers audited the expenditure and the National Prosecuting Authority (NPA) questioned 135 MPs. Eighty were implicated and were asked to repay monies deemed to have misused, while 30 were charged, across a range of political parties. The vast majority were from the ANC. A number of them agreed to a plea bargain with the state as an admission to guilt, and were fined. Several travel agency employees were also arrested, charged and prosecuted while an undisclosed number of senior ANC members admitted guilt and repaid the money. These included Mbulelo Goniwe, the ANC chief whip; Charles Nqakula, the then Minister of Safety and Security; former Home Affairs Minister Nosiviwe Mapisa-Nqakula; former

Deputy Speaker and later Minister of Public Works Gwen Mahlangu-Nkabinde (who traded vouchers for cash and allowed others to use her vouchers); former Deputy Minister of the Environment Jean Benjamin; Dr. Naledi Pandor, the former Minister of Education and currently a Member of the Executive (Home Affairs Minister); Lulu Xingwana, former minister for women, children and people with disabilities; and Siyabonga Cwele, the current Minister of State Security (*Mail and Guardian* 2008).

While the dust had not settled on the issue, the vast majority of ANC Travelgate accused and those who paid admission of guilt were on the party's election lists. The affair created tension within the party as it became evident that, while senior leadership figures were protected, this was not the case with *back-benchers* (*Mail and Guardian* 2004).

Seven senior ANC cadres were found guilty of fraud, including Ruth Bhengu, Chairperson of the Portfolio Committee on Transport – a 2009 promotion under Zuma, from the position of ordinary MP – and Member of the ANC's National Executive Committee; Mnyamezeli Booi, Chairperson of the Portfolio Committee of Defence and Member of the ANC's National Executive Committee; Bathabile Dlamini, currently the Minister of Social Development and Member of the ANC's National Executive Committee; Beauty Dlulane, the Chairperson of the ANC's women's caucus; Angelina Molebatsi; Jabu Sosibo, a Whip in the National Assembly; and Barbara Thompson, a Deputy Minister of Energy who served as the Chairperson of the Portfolio Committee on Women, Children, Youth and Persons with Disabilities (Donnelly 2011; Van Onselen 2012 ).

In August 2011, the Speaker of Parliament revealed that Parliament had failed to recoup R12 million owed to it by errant MPs and had decided to write off the debt (iol.online 2011).

## CONCLUSION

The ANC government that won the 2004 South African national elections inherited a society well prepared to heal the wounds of the past, bury the remnants of apartheid and follow a sustainable path of development able to decrease the levels of inequality prevalent in the country. Despite its widely accepted turn to neo-liberal paradigms, no one can deny considerable achievements in service delivery of the ANC interventionist state in reducing poverty through extended public works, over 12 million social grants, housing and water service delivery. However, as some of the key writings of the Marxist classics on corruption have prophesied, a revised and distorted application of the *National Democratic Revolution* has led to rampant corruption amongst senior, middle and even lower rank cadres.

The *strategic positioning* of cadres in the public service and state enterprises has not only created the ANC's strength in controlling the vestiges of relative power, but simultaneously gave rise to a new cream of "tender entrepreneurs" through the legal instruments of Black Economic Empowerment, and middle class strata aspiring to bourgeois life and luxuries.

In the elections that took place in Mangaung in December 2012 for the National Executive Committee of the ANC, the highest decision-making organ in the organisation, seven of the 80 members elected have been convicted of criminal offences including fraud, kidnapping and drunk driving, eight have been moved from their positions, have resigned or have been censured, and nine, including the President, are "still under a cloud". It would seem that these senior cadres, as pioneers in the NDR, have been rewarded for their tireless

contribution to the re-structuring of the country's economy and society still struggling against racial and class inequalities steeped in the recent past.

National Planning Minister Trevor Manuel has recently identified corruption as the biggest threat to the National Development Plan (NDP) that has been rubber-stamped as the new developmental social plan for the country by the ANC, the Cabinet and Parliament. However, Manuel, the chief architect of the Plan, strongly questioned the future levels of implementation while the engine room, *the machinery of the state* was suffering from high levels of corruption and was jammed by *fundamentals*. He mentioned public servants who did business with the state; corruption in supply chain management; and unionised teachers not being held accountable for their under-performance. Manuel proposed that public servants who were accused of stealing or abusing their positions should be suspended without pay (*Daily Dispatch* 2013:3). What the Minister avoided mentioning was the staggering expenses for private consultants employed by national and municipal departments over the past three years in an effort to put brakes on (or boost) corruption (R102 billion in three years). A report by the Auditor-General on the use of consultants at selected national departments revealed a litany of wastage, duplication and no value for money spent on projects. These include consultants appointed to manage other consultants on nine projects for the Department of Correctional Services; excess payments of R18,5 million to consultants by the same department; full payment of more than R11 million made for a consultant overseeing a project that has still not been completed three years after the deadline; the payment of R134 million by the Department of Defence to consultants without supporting documents, and a number of other indiscretions (*New Age* 2013:1).

Is it all the effect of a complete decay of national consciousness or something much deeper?

## NOTES

1. United Nations Convention against Corruption (UNCAC), Southern African Development Community (SADC) Protocol against Corruption., African Union (AU) Convention on Preventing and Combating Corruption, and the OECD Convention on Bribery of Foreign Public Officials in International Business Transactions.

*Prevention and Combating of Corrupt Activities Act*, 12 of 2004 (PRECCA), *Promotion of Administrative Justice Act*, 3 of 2000 (PAJA), *Protected Disclosure Act*, 26 of 2000 (PDA or The Whistle-blowing Act), *Promotion of Access to Information Act*, 2 of 2000 (PAIA), *Financial Intelligence Centre Act*, 38 of 2001 (FICA) , *Prevention of Organised Crime Act*, 121 of 1998 (POCA) , International laws and the laws of Revised Public Service Integrity Management Framework., Public Service Anti-Corruption Strategy, Public Service Charter, Charter for the Public Service in Africa (5 February 2001), Public Services Act, Proclamation 103 of 1994, *Local Government: Municipal Finance Management Act*, 56 of 2003, *Code of Conduct for the Public Service*, *Code of Good Conduct for Supply Chain Management Practitioners*, *Financial Disclosure Framework (FDF)* , Asset Register for Accounting Officers.

Financial Intelligence Centre, South African Police, Anti-Corruption Task Team, Multi-Agency Working Group on Procurement, The Special Investigating Unit (SIU), National Prosecuting Authority (NPA), Specialised Commercial Crimes Courts, Asset Forfeiture Unit.

National Anti-Corruption Forum (NACF), Inter-Ministerial Committee on Auditor General, Public Service Commission, Government Departments, Public Protector, National public service anti-corruption hotline system (0800 701 701) , Anti-Corruption Coordinating Committee (ACCC) and the Public Service Anti-Corruption Forum.

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