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Out with the old, in with the not so new

Shawn Hattingh

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White capital has no problem with corruption; the problem they had with Jacob Zuma is that they were being side-lined in the corrupt deals of the state under his watch, with far more going to the Gupta family and a new Black elites. Turning on the Zuma faction and backing Ramaphosa is unlikely to end corruption in South Africa.

For white and international capital in South Africa, the last few weeks have been a period of rejoicing due to Ramaphosa being elected as African National Congress (ANC) president. Zuma's days are now numbered too as state president. He has been recalled by the ANC and a vote of no confidence will be spearheaded in the next few days by the party should he not resign [Jacob Zuma ended up resigning on 14 February 2018]; leading the business elite to feel an even greater sense of smugness.

The bitter faction fights within the ANC, therefore, have seen Zuma defeated and his erstwhile supporters placed squarely on the back foot.

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The slate that Ramaphosa won on was the promise to eradicate corruption within the state and the ANC. The tone that accompanied this was that Zuma would be removed from the presidency and that he may even be prosecuted, along with the Guptas, for his role in “state capture”. The ANC itself is hoping that such moves will reverse its ailing fortunes and bolster its election campaign in 2019. Its alliance partners, the South African Communist Party (SACP) and Congress of South African Trade Unions (COSATU), are also opportunistically hoping Zuma’s imminent exit from the state will give them a new lease of life politically; and that their leaders will be able to hold onto the cushy and ridiculously well paid jobs in the top echelons of the state under Ramaphosa, which were initially handed to them by Zuma for their backing in Polokwane in 2007.

The reality is that the battle within the ANC and now Zuma’s total demise has very little to do with addressing corruption – despite Ramaphosa’s claims. It was a fight for top positions in the state and the speed with which Zuma’s former die-hard supporters and allies, including the Ace Magashule and Malusi Gigaba, have quickly jumped ship since Ramaphosa’s victory has shown this. In the bid to secure their well-paying jobs going forward and to use positions in the state to secure business deals, old allies have been dumped and a new one, in the form of Ramaphosa, have been embraced.

Ramaphosa’s history highlights how his talk of tackling corruption within all structures of the state was and is simply a ploy, which has no substance. This is because Ramaphosa himself has been involved in corruption; Ramaphosa got rich overnight in the 1990s when he used workers’ pensions (supplied by union investment companies) to raise capital for his business deals. He was also supplied capital by white South African capitalists. To be sure, they were not buying Ramaphosa’s business acumen when they provided him shares, board positions and capital; they were buying the influence he had in the ANC and the state in order to further

their own capital accumulation. All of this was backed by the ANC as it was expected that Ramaphosa would use his newfound riches to boost the coffers of the party.

Ramaphosa's main business interest was Shanduka, which he was involved in founding in 2001. While in charge of the company, it was involved in cases of tax evasion as revealed in the Panama Papers. By 2012, as is well known, Ramaphosa was also a shareholder and board member of Lonmin and he was the one that used his political connections to get the state to crush the strike, which saw the police gun down 34 workers at Marikana. Ramaphosa is not a man who, therefore, particularly shuns corruption or using connections to the state and political power to further his own vile money making interests or those of his business partners.

Likewise, his backers in the form of white capital (a few hundred wealthy white families) are also not averse to corruption. Historically, their capital comes from colonial conquest and the state creating a pool of cheap black labour that could be exploited on farms, mines and factories through land grabs, hut taxes, pass laws, legalised racial discrimination and ultimately violence. In the apartheid era, the state also provided the world's cheapest electricity to white capital and it paid handsomely for the substandard coal it bought from Afrikaner capital to fire Eskom's power stations. Corrupt deals in the apartheid years, and there were many corrupt deals, built up white capital and were part and parcel of how business was done in those years – including transfer pricing, tax evasion and sanctions busting.

Even today, corruption is common practice in the private sector (still mostly in the hands of white South African capitalists). This has been shown through numerous leaks in 2017 and into 2018. For example, it recently surfaced that blue chip South African companies, such as Liberty and Illovo, have been using measures to evade tax on an ongoing basis. Not to be outdone, several South African financial institutions were of late caught manipulating the Rand in order to profiteer from the volatility created. Then of course there

is Steinhoff that used special purpose vehicles to fraudulently boost profits and lower debts on its books to the benefit of its shareholders and top management.

When this became public knowledge, it was clear that the company was in reality in financial difficulties and its share price plunged at the end of 2017. Like Zuma, Steinhoff's days may be numbered and it soon may disappear altogether. Nonetheless its shareholders, like Christo Weise, have got away with the ill-gotten gains and are unlikely to be prosecuted for the shenanigans that were taking place at Steinhoff.

White capital, therefore, has no problem with corruption. The problem they had with Zuma is that they were being side-lined in the corrupt deals of the state under his watch, with far more going to the Gupta family and a new Black Elite Enrichment (BEE) elite. Hence, they turned on the Zuma faction and backed Ramaphosa as their man: they wanted back in on the money, often involving corruption that could be made through relations with the state and top politicians.

This means that corruption is not going to end under Ramaphosa's tender. Making matters worse is the deal that was made in 1994, which saw the bulk of the private sector remaining in the hands of white capital. In return there would be some BEE, but more importantly the ANC leadership would be allowed to take over the state. In other words, capitalism would stay in place, including the harsh exploitation of the black working class on which it was and is based, but the faces in the state would change.

Since then, there has been some BEE, but it has been limited. As a result, white capitalists still mainly dominate the private sector. Aspiring capitalists that were linked to the ANC, who wanted to own large private companies, were and have been largely frustrated by these capitalists. In this context the state became the key, and in many cases the only, site through which an ANC elite could

build itself into a prosperous black section of the ruling class – and corruption has been part of this structural problem.

The working class, in its bid to battle corruption, therefore needs to be clear that the Ramaphosa regime won't end corruption. It is a structural problem; and has nothing to do with good or bad personalities. New patronage networks will emerge, some old ones – including corruption at all levels of the state – will remain; although it will probably be less blatant and amateurish than under Zuma. Zuma and the Guptas will probably also be thrown to the wolves as a token; but corruption within the private sector and state won't end. This is because corruption is a problem linked to the path that capitalist development has taken in South Africa.

If there were a serious bid to get rid of corruption, therefore, the structure and purpose of the South African economy would have to be fundamentally changed, which probably can't be fully achieved under capitalism or the state system (which entrenches the rule and oppression of an elite minority over a majority and allows for corruption). Trying to end corruption, by definition, will have to be a revolutionary struggle to fundamentally change the society we have unfortunately inherited.