

State Capture: Case of South Africa

Deretha Bester¹, ¹Bojan Dobovšek

¹University of Maribor, Faculty of Criminal Justice and Security, Ljubljana, Slovenia

Submitted: 2021-05-21 • Accepted: 2021-06-29 • Published: 2021-06-29

Abstract: “Grand corruption” and “state capture” are two intertwined concepts of corruption that have become systemic and institutionalized in many transitional countries around the world. “State capture” can simply be defined as “the payment of bribes at high levels of government in order to extract or plunder significant amounts of money from the state”. The following paper will argue that when state capture occurs in transitional countries, it runs the risk of becoming socially embedded and institutionalized, which in turn makes it difficult to maintain the principles of democracy and threatens the overall stability of a country in transition. South Africa makes for a useful case study because it clearly represents how corruption in the form of state capture has infiltrated the political landscape of a country in transition, thereby rendering all state institutions redundant and threatening the principles of democracy. The paper will research what the dangers of state capture means for the countries in transition with the aim of proposing recommendations of minimizing state capture in order to reduce the negative consequences for security, peace and democracy. One corruption scandal that occurred in South Africa will be described which became known as “state capture”. The paper was prepared based on the analysis of documents, academic and media articles that focus on state capture and the corruption in transitional countries. The paper will conclude that governmental corruption has become socially embedded in the “logics” of negotiation and interaction, thereby indicating that it has become institutionalized and culturally embedded within South Africa.

Keywords: South Africa, corruption, organized crime, state capture, ANC, Apartheid.



¹ Corresponding author: elizabethdereets@gmail.com



ISSN 2620-0406

Citation: Bester, D., & Dobovsek, B. (2021). State capture: Case of South Africa. *NBP. Nauka, bezbednost, policija*, 26(1), 73–87. doi:10.5937/nabepo 26-32346



INTRODUCTION

The most severe form of governmental corruption is state capture. South Africa is no stranger to state capture having been engulfed by former-president Jacob Zuma and the Gupta trio. They have held the country hostage to serve their own personal interest and the democracy of South Africa has never been threatened on this scale of intensity before. The development in South Africa regarding state capture has profound implications for the consolidation of democracy because corruption systematically erodes the progress made to democratize (Masterson & Meirotti, 2018). All forms of corruption damage democracy by attacking and undermining the institutions of state – this has consequences for both economic transformation and democratic consolidation. Corruption has penetrated deeply into the economic, social and political spheres of Serbia and the wider Balkan region by rendering state institutions redundant to deal with the threat it poses (Global Initiatives, 2021). The legacy of the triumph against the Apartheid regime by Nelson Mandela and the ANC in the 20th century has become risked by the revelations of state capture. These revelations threaten both our democracy and the notion of the “liberation party” (Masterson & Meirotti, 2018).

South Africa has been praised for the constitutional formation from Apartheid to democracy yet the negotiated changes that occurred in South Africa have been overshadowed by crime, corruption and state capture. The ruling government of South Africa, the African National Congress (ANC), has given in to temptations to benefit their personal desires. The very party that promised a new beginning for the country is tearing the country apart. The corrupt elites of the government are dominating the structures and institutions of the country by rendering some vital “organs” as dysfunctional. Corruption is not only a problem in Africa, but a problem that reaches into all corners of the world. There exists a lack of commitment from European states to address corruption; this has had the effect of emboldening certain corrupt leaders to consolidate their grip on power. The inability of state institutions in Serbia to prosecute and investigate corrupt state officials has placed an economic burden on the people of the country (The Greens, 2018). More than 20 years since the birth of the new democratic and equal South Africa, the current government is risking the very democracy that leaders such as Nelson Mandela fought for (Southall, 2014).

South Africa was under Apartheid rule from 1948 to 1994. The transition from Apartheid to democracy in the 1990’s was done in the name of equality and human rights (Sardan, 1999). With the end of Apartheid, a new constitution was drafted in 1994 and the first “born-free generation” were born in 1995. It was a new beginning for a country that was engulfed in racial tensions for decades or even ages. It seemed that the new dawn would be one filled with hope, equality, respect for human rights and equality before the law. Today, South Africans fights a new evil, that of corruption. South Africa has witnessed corruption in all segments of the society; it has become institutionalized and systemic. Corruption has become part of the social, economic and political fabric in South Africa and all state institutions are entangled in the intricate web of corruption.



The following paper will assess how corruption has penetrated the political, economic and social spheres of South Africa. The emphasis will be on a major corruption scandal that occurred in South Africa and became known as “state capture”. The “state capture” scandal will be explained in depth while arguing that South Africa has found itself in an increasingly dark place due to the state being penetrated from within. All references to corruption in the paper will imply “governmental corruption”. Finally, the paper will briefly make suggestions of how to fight and combat the evil of corruption with an emphasis on transitional countries. This will be followed by the conclusion, which will briefly link South Africa as a case study with the capture of the state that occurred in Serbia in order to strengthen the main hypothesis that transitional countries are prone to instances of grand corruption, such as state capture.

The paper will research what the dangers of state capture mean for the countries in transition with the aim of proposing recommendations of minimizing state capture in order to reduce the negative consequences for security, peace and democracy. The purpose of the following paper is to shed light on the “dark place” that South Africa finds itself in because of state corruption with the hope of drawing attention to the matter and to inspire the people of South Africa to make their voices heard in the fight against corruption and to generate context-appropriate responses.

The following paper aims to contribute to the study of “corruption” and “state capture” by systemically explaining the theory behind both phenomena while focusing on transitional countries and the problems of state capture in order to set forth the best practices and solutions for the countries in transition to combat grand corruption. This will enhance the understanding of both the phenomenon of corruption and state capture witnessed in the countries in transition. South Africa makes for a useful case study because it clearly shows how corruption in the form of state capture has infiltrated the political landscape of a country in transition, thereby rendering all state institutions redundant and threatening the principles of democracy. The methodology of the paper is based on conducting a literature review of the existing literature from books, journal and media articles that form the bases for further research to be conducted in the field of corruption and state capture.

DEFINING THE CONCEPT

Much of the information obtained and analysed for the paper regarding the exposure of corruption in South Africa came from journalists and writers who risked their lives to obtain these materials. South Africa has always had a strong independent media that have criticized the government and are trying to keep the accountable for their misdeeds. Thus, the credits to the South African media for executing their duties by uncovering instances of state capture



Organized crime

Organized crime, business and politics are three social spheres that indicate the connections between organized crime and politics. According to Dobovšek & Slak (2015: 312), “*organized crime: (1) is run and oriented like a business; (2) is entering and has entered business and government; (3) is socially undesired activity carried out by businessmen and politicians*”.

The phenomenon of corruption

After the fall of the Soviet Union in 1991, a phenomenon known as corruption would attract a great deal of attention. Corruption infiltrated developed and developing countries, larger and small countries, and some governments have fallen as a result of the accusations and acts of corruption. Other countries have been left destroyed and war-torn between the evil fates of the wealthy politicians in their country (Tanzi, 1998). The increase in the number of democratic governments around the world meant that an active and free media would exist that discuss the issues of corruption; this has given scholars and reporters the tools to expose corruption in the world. Globalization has made the “corruption trend” exuberant by connecting individuals to one another and illicit relationships are formed as a result (Tanzi, 1998). Furthermore, the growth of the international trade and economic changes that have taken place in the countries with transitional economies have been factors that have had an impact on corruption. Economic changes, such as the increase in privatization are closely linked to the rise in corruption. Privatization of state resources and banks meant that political parties were funded by corruption in these sectors (Tanzi, 1998). *In the words of Transparency International, “corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor”* (Amundsen, 1999: 1).

James Nye’s classical definition will be used to define corruption as “*behaviour which derives from the formal duties of a public role because of private-regarding (personal, close friends, private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence*” (Sardan, 1999: 27). In short, *governmental corruption* can be defined as the sale by government officials of government property for personal gain or abusing public power for private benefit (Shleifer & Vishny, 1993). The abuse of power has become necessary for some leader’s survival and for the benefit of their political party, class, tribe or family. The most proceeds of corruption are invested to fund the political activities of political parties (Tanzi, 1998).

Several factors contribute to the causes of corruption and the criminal acts themselves. The quality of the bureaucracy plays a key role and can be one of the determining causes of corruption. The presence of politically motivated hiring, patronage and nepotism, all promote and contribute to the quality of the bureaucracy. The following factors greatly influence corruption: level of public sector wages, penalty



system, institutional controls, transparency of rules, laws and processes, and examples of leadership (Tanzi, 1998).

Transitional countries and corruption

Čudan et al. (2019) found that countries in transition go through a “complex and painful process” of privatization. The notion of privatization creates windows of opportunity for state corruption to take hold and penetrate deeply into state institutions. Dobovšek (2008) found that criminal organizations have moved to transitional democracies to strengthen their economic power by putting pressure on the state’s politics through their illicit networks and contacts. It was concluded that South Africa has been penetrated by organized crime with the political environment being littered with corruption and branches of organized crime. Furthermore, it was described the “third phase” in organized crime that classifies the movement of organized crime into politics. This movement can be classified as the “fifth branch” of state authority, because it influences both the state and state policies. Dobovšek (2008: 679) stated the following summarizing the relationship between social development and organized crime: “*In societal terms, organized crime is in many ways a developmental crime-related issue, seen especially in countries with emerging democracies, reflecting the lack of adequately protected property rights, the lack of local employment opportunities and the fragility of states*”. Through corruption, organized crime possesses the ability to destroy the potential benefits of the introduction of democracies into market disciplines. This has the spiral effect of influencing both domestic and foreign investors, who might be less willing to risk the investment of their capital within a corruption-ridden rising democracy. Corruption has economic, societal, political and security risks. To use an example, the majority of the public in South Africa does not trust state institutions because these institutions disregard the rule of law. Higher rates of crime have become prevalent within society, and this threatens the national security of the citizens, the political stability and economic growth. Corruption has become a serious problem for economies in transition through recent revelations detailing instances of corruption in various developing countries around the world (Goorha, 2000).

Fifth level of corruption

It can be argued that the main goal of organized crime groups is to expand their criminal enterprise in order to generate more funding and to expand their grip of power (Dobovšek, 2008). This phenomenon of organized crime and state corruption has existed for centuries, since the inception of governments. Nowhere has this been more evident than on the African continent where resource wealth has become a curse for the people of these countries. Resources have been exploited by the political leaders of the countries, used for their own financial gain and usually in correlation with the larger phenomenon of organized crime. The power and influence of organized crime groups are not limited to territories under their control; they have the



potential effect of expanding to broader territories. They penetrate legal structures of the country, including financial, political and media sectors (Dobovšek, 2008).

Rawlinson levels of corruption

Rawlinson distinguished four phases of organized crime's involvement with the legal structures. The first phase would be known as reactive-organized crime. These groups are both politically and economically stable and thus do not need to enter negotiations with other groups. Phase two would be known as *passive assimilation*, which involves organized crime groups negotiating with legal structures involving the "black sector". This occurs in powerful legal structures and they dictate the conditions for the collaboration through negotiations. The third would be known as active assimilation, involving organized crime groups penetrating into the legal structures and the nexus becomes dangerous. The fifth phase would be known as proactive. This is the phase that influences the political process and they can leverage and intimidate all the players in the "game" (Dobovšek, 2008). Networking and making contacts is seen influencing one's ability to achieve success. These connections between powerful people have the capability of influencing the general ambitions and opinions of others, thereby corrupting them (Dobovšek, 2008).

Effects of corruption

Corruption inappropriately impacts the poorest, the most vulnerable and marginalized people within a country by the government's increasing of costs and a reduction in services. Corruption completely erodes the trust of the people towards the government and undermines the relationship between society and politicians (World Bank, 2020)

STATE CAPTURE

Hellman, Jones and Kaufmann defined state capture as "[...] *shaping the formation of the basic rules of the game (i.e., laws, rules, decrees and regulations) through illicit and non-transparent private payment to public officials*" (Dobovšek & Slak, 2015: 312). State capture can be simply explained as the state (institutions, laws and regulations) that are used and abused for personal gains instead of the greater good of the respective country (Dobovšek & Slak, 2015). Daniel Kaufmann and Joel Hellman described state capture 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 official*". And, "*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 captured 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” (February, 2019: 3).

The World Bank’s definition of state capture, mentions that the “captors” are firms and companies. What these entities seek to “capture” is influence over the regulatory framework that governs the state (Masterson & Meirotti, 2018). According to Dobovšek (2008), the definition the World Bank provided of “taking over” neglected to include two important factors that are significant for transitional countries. They include (Dobovšek, 2008: 686):

- *Those who “take over” and those who are “taken over” could be derived from the same social network. Civil servants or politicians can offer to their friend’s different services, which are part of difficult and complex mutual arrangements, but they have no indirect personal benefits; and*
- *Members of government and civil servants rarely differentiate between what is “private” (as in private sector) and what is “personal”.*

The modern concept of state capture is characterized by the principal agents and corporations that are external to the state. These businesses are promoted through corrupt state structures to control state resources and dictate the state’s authority (Masterson & Meirotti, 2018). The combination of grand corruption and petty corruption is a feature of captured states, where corruption occurs on high and lower levels and contributes to the general corruption nature of the ruling party (Masterson & Meirotti, 2018). State capture implies that the state has lost its social autonomy and is rendered unable to function as an efficient and credible state. This has the implication of affecting the long-term developmental goals of a state because private interests are prioritized above all else.

Effects of state capture

The effects of state capture are multi-faced and affect the politics, economics and social actors within the country. In the long term, lower rates of both growth and foreign investment will occur. In addition, the unemployment rate of the country is affected. The most efficient way to measure the penetration of state capture is by looking at state procurement (Masterson & Meirotti, 2018). State capture has the impending effect on the implementation of appropriate legislation to combat corruption (Dobovšek & Slak, 2015).

CASE OF SOUTH AFRICA

The party state and the rise of corruption

The Apartheid state was conducive for corruption and criminality (Southall, 2014). The corruption has continued during the post-Apartheid period. The ANC’s state capture facilitated and facilitates the access to political positions, while public employment and the allocation of resources were abused. The allocation and awarding of state tenders were widely abused under the Zuma administration. Hence, “ten-



derpreneurship” has become a major phenomenon and it was prevalent under the Zuma administration (Southall, 2014). What will become clear is the penetration of corruption into the ruling government, the ANC, and how certain politicians at the highest levels profited from the scandals. The sheer disregard by the ANC for the people of South Africa becomes clear. They failed the country in the past, and they will continue to fail the country until corruption has ceased to exist in the country.

State capture in South Africa

“State capture” has emerged and gained momentum in South Africa following the publication of a report in 2016 released by the Public Protector, titled *State of Capture*. The report released placed the members of the ruling government, the ANC, in a negative spotlight. The topic of state capture has become a familiar concept to all South Africans when it was employed extensively during the presidency of Jacob Zuma. The use of the term has become pervasive and widespread within South Africa when the state was “captured” by Zuma and the Guptas. It had the effect of deeply damaging both the democracy and economy (Masterson & Meirotti, 2018).

The account of state capture in South Africa was a toxic mix of business and politics by abusing state resources and using methods of intimidation – this toxic mix damaged state institutions, undermined the legitimacy of the ruling party and underlined the need for transparency within the government (February, 2019). Different ways exist in which state capture can manifest. State capture has become prevalent within the ruling government of South Africa. The illegitimate intervention and capture of senior government officials who seek to change the “rules of the game” has been and is a currently on-going process in South Africa. State capture has been accompanied by the securing of procurement contracts by senior and powerful members of the ruling ANC. State capture influences the rules of the game by enabling those in pursuit of illegitimate partners to reap the rewards from the system that they have been influencing (SABC News, 2018).

The *Gupta trio*, as they would become to be known in South Africa, is three brothers – Ajay, Atul and Rajesh – who immigrated to South Africa from India in the 1990’s. They would become known as the family who captured the South African state. The Guptas were seeking new business opportunities with the rise of the new democratic South Africa. The first business venture of the Guptas was in information technology when they established *Sahara Computers* in 1994. From there on, they outbranched into various business industries, including mining, media, leisure and engineering. Much of their stakes were in the holding company, *Oakbay Investments*. It appears that the Guptas met with Zuma in 2002, while Zuma was the Deputy President of South Africa. Jacob Zuma’s son, Duduzane Zuma, was appointed the director of *Mabengela Investments* in 2008, shortly after his father assumed the presidency. The investment business was one of many Gupta-owned companies operating from and within South Africa. The link between the Guptas and Duduzane Zuma outlined concerns about the influences the Guptas exerted over Jacob Zuma and the government of the country under his presidency administration (February, 2019). Many accounts have since surfaced from the members within the ANC



that were approached by either the Guptas or Zuma himself, offering them certain “advantages” if they obey their orders from the top. Thus, the Guptas infiltrated the ruling regime through Zuma, who abused his presidential powers to further his own political and financial aims.

South Africa’s state tenders are centred in the hands of the elite, usually the ruling party’s personnel. The municipal government supply vital finances to political actors which enables them to hold on to the votes of their supporters (Masterson & Meirotti, 2018). Since 2012, businesses linked to the presidential family and its associates benefited from the president abuse of power and in effect stole millions of dollars of tax payer’s revenue. The corrupt associates of the president were involved with the replacement of Cabinet ministers and re-staffing law enforcement. Further evidence of corruption surfaced when South Africa’s ruling party favoured an energy policy that was expensive and an irrational option. This “deal” of nuclear power benefited the members of the presidential circle and some Russian officials. These Russian officials in return promised to bankroll the electoral campaigning of the ANC. According to Masterson & Meirotti (2018: 25), *“essentially, the research concludes, state capture in South Africa is undertaken through the construction of an informal ‘shadow state’ articulated by placing ‘controllers’ and ‘brokers’ in key positions, that is, in Cabinet, within the ANC’s own hierarchy, in parastatal companies and in security and law enforcement bodies”*.

State capture within South Africa is both systemic and well organized by the politicians at the top. The focus of the state capture was not small-scale looting but high-scale “treason”. The success of the state capture depended heavily on high-level political protection from law enforcement agencies and the people of South Africa. The scandal of state capture in South Africa is a combination of direct institutional capture and administrative capture. Hellman et al. define the combination as *“the extent to which firms make illicit and non-transparent private payments to public officials in order to alter the prescribed implementation of administrative regulations placed by the state on the firm’s activities”* (Masterson & Meirotti, 2018: 120).

State capture has a multi-faced list of outcomes, the first of them being “political decay”. Political decay is rampant in South Africa after the presidency of Zuma. His actions weakened state institutions and gave him the executive powers to capture the state, which he used to change the “rules of governance”. The second feature of state capture was the emergence of a shadow state that was formed within the ANC (Masterson & Meirotti, 2018). The “shadow state” refers to a specific group of people who act together in secretive ways so that they can effectively hide or deny their involvement with the group. The shadow state contradicts the constitutional state (Masterson & Meirotti, 2018). When government officials channel the public funds within their country into their own pockets, they threaten to hinder and stop development of local communities and the collective country as a whole (Transparency International, 2021).



The culprit

The economic and political spheres of society cannot be analysed as separate entities. Instead, they should be analysed together, for the one also mirrors the other. A government has the potential to either seem like a business or it is a business enterprise because it includes the distribution of rewards and punishment, it manages finances and people and it has state monopoly over certain sectors and resources (Guasti & Dobovšek, 2011). The ANC has taken up the controversial “deployment” of cadres. This is known as the practice whereby the party appoints loyalists to positions of state and public offices. By appointing these cadres, the qualifications, relevant experiences and competences of the positions are undermined by the state. Critics have warned that this deployment blurs the distinction between the state and the party, and subordinates the former to the latter. “*Cadre deployment*” argues Davis, “is unique to political parties (like the ANC) steeped in the Leninist tradition of democratic centralism. This principle commits every cadre to defending and implementing the will of the party leadership [...] even if it means acting outside the Constitution and the Law” (Southall, 2014: 59).

The Freedom Charter of the ANC was welcomed in 1955 by the ANC delegation and supporters. The Freedom Charter represented a crucial historical moment in establishing a new order based on the will of the people. The Freedom Charter contained the aspirations and dreams of the ANC, who represented the black opposition to the NP during Apartheid.

*“The people shall govern!
All national groups shall have equal rights!
The people shall share in the country’s wealth!
All shall be equal before the law!
All should enjoy equal human rights!
There shall be work and security!
There shall be peace and friendship!”*

The ANC under the Zuma administration abandoned the key principles of the Freedom Charter and undermined the values prescribed within it. The people of South Africa do not govern – instead, a handful of senior elites run the country. The people of South Africa do not share in the wealth of the land – instead, the wealth is shared amongst an elite group of ANC politicians and organized crime groups. The people of South Africa are not all equal before the law – instead, the politics influences the judiciary systems. And finally, the people of South Africa do not all have work and do not enjoy security. Therefore, the ANC has transformed themselves from a liberation movement to a common crime syndicate. In essence, the state has been captured! Reuel Khoza, the chairman of Nedbank, had the following to say in 2011 about the leadership under Zuma: “*Our political leadership’s moral quotient is degenerating, and we are losing the checks and balances that are necessary to prevent a recurrence of the past. This is not the accountable democracy for which generations suffered and fought*” (Masterson & Meirotti, 2018: 128).



CURBING CORRUPTION

The following section of the paper will make suggestions on how to curb corruption. According to the Institute for Security Studies Africa, the African continent should implement the following: *“constructive dialogue must take place between governments and people to create anti-corruption commissions that truly serve the interests of the local society. Going forward, this calls for a participatory evaluation of commissions, as well as an inclusive decision-making process. This is crucial if Africa is to grow and nurture its own ideas, processes and mechanisms to deal with the corruption”* (Gatimu, 2020).

From an economic perspective, there are basic principles a country can apply to boost governance, strengthen laws and improve the general effectiveness of the government. Political will – that is the will to fight corruption – is the most important step towards reducing corruption. Measures to constrain corrupt behaviour should include the strengthening of the independent judicial system and improving anti-money laundering frameworks (Thakoor & Sobrinho, 2019). Countries around the world, and especially on the African continent, should immediately adopt measures to prohibit dirty money funding of the political parties. This should be done by closing the loopholes of third-party donations where the origins of the money can be hidden. In addition, parties should be forced to make all financial reports public regarding the funding of the political party before and after the major elections take hold (Transparency International, 2021). Another important aspect of curbing corruption is the use of accurate information and information-sharing. As Radović & Đurđević (2016: 95) notes, *“timely access to the relevant and objective information is a key element for successful detection, prevention and proving criminal offenses”*.

According to Tanzi (1998: 591), a serious strategy to reduce corruption should include the following:

- *An honest and visible commitment by the leadership to reduce corruption and leaders must show zero tolerance.*
- *Policy changes that reduce the demand for corruption.*
- *Increasing the public sector wages and increase incentives towards honest behaviour.*
- *Solve the problem of financing of political parties with stricter laws and punishments in place to deal with corrupt politicians and people in power.*

Civil society and an independent media play an increasingly critical role in investigating and drawing attention to corruption within a government. The independence of the media and the right to freedom of expression are key tools in keeping a government accountable for the corruption charges (Transparency International, 2021).

In order to effectively combat and prosecute acts of corruption, judicial expertise and autonomy of the justice system should be prioritized. South Africa needs robust systems in place to deal with the corruption that has become rampant within the country (Transparency International, 2021).

In order to curb economic organized crime, a multidisciplinary response and co-operation between institutions are required at both the international and nation-



al level. According to Dobovšek (2008: 688), the following should be done to fight organized crime: *“To successfully fight against all forms of organized crime we need suitable criminal policies – not just national policies but also global policies. Part of these policies will need to be alerting the public to the danger posed by new forms of organized crime”*.

Integrity becomes important to combat corruption and state capture, because it is the only function that has the potential to impede corruptive influences on decision-makers, policy makers and the legislature (Guasti & Dobovšek, 2011). Combating corruption will require addressing the politicians reach to *“take” from their country. Transparency and accountability form an important part of the cycle to combat corruption. According to the World Bank (2020) countries can deter corruption by the “use of the latest advanced technologies to capture, analyse, and share data to prevent, detect, and deter corrupt behaviour”* (World Bank, 2020).

According to Penny Milner-Smythe, director of “Ethical Ways” in South Africa, the following can act as factors and instruments of deterrence for state capture. Voters must move away from voting for the corrupt party and leaders, this will in turn create fear for the ruling party at the potential of the loss of votes. The civil society also plays an important role in challenging the ruling government and keeping them accountable, or choosing to ignore the corruption. Transparency would be key factor as a deterrent of state capture by creating an environment that trusts and abide by the law. And finally, the corrupt officials of the ruling party should step down and be held accountable for their criminal deed, and where necessary, those who are found guilty should be prosecuted (SABC News, 2018). The features needed to deter state capture would be good governance regimes with independent judiciaries (Master-son & Meirotti, 2018).

CONCLUSION

Sub-Saharan Africa is one of the poorest regions in the world with rampant generational poverty. Academic research has found that the culture of corruption significantly dampens economic growth, which leads to poverty. The region has common characteristics; all the governments have been involved in instances of corruption, at the very top levels – the state levels (Bloom & Sachs, 1998). Corruption has become, in almost all African countries, a routine and common element of the functioning of the administrative apparatus of the governments, from top to bottom. Corruption is neither marginalized nor “sectoralized”, but it has become generalized and banal (Sardan, 1999). It has become part of the social landscape of the continent, and South Africa is no exception.

According to Brkic (2021), *“most of the people who vote for the ANC do not vote for any particular party officials personally; they are voting for the ideal of the party that led SA out of apartheid”*. The people who continue to vote for the ANC have the responsibility of keeping the leaders accountable for the corruption within the party. The fight against corruption will not be a cheap process and it will have to be independent from the reform of the state (Tanzi, 1998). How South Africa will respond



to the challenges of state capture will be crucial in restoring the lost integrity of the government and public institutions (February, 2019). The power of change and transformation lies in the voices of the people. The people of South Africa should stand up against the corrupt ANC and the members implicated in the corruption charges in order to eradicate corruption once and for all.

The paper generalizes when stating that countries in transition are vulnerable to state capture, however, there are shortcomings when generalizing, the reason being that not all transitional states have the same political system, legislation, ethnic groups, history and economic system, that might or might not be vulnerable to state capture and corruption.

What we have learnt is that state capture is the most dangerous form of corruption and it appears all around the world and harms all societies, especially those in transition. According to Hellman et al., *“many countries start in transition as weak countries, which are not able to ensure basic public goods, with many companies (these companies are in the majority in terms of the property of the country), which dominate their individual market and are not taking or using any bribes. Because of that, new companies (to be competitive) have to use the strategy of “state capture”* (Dobovšek, 2008: 685). Young democracies in transitions, such South Africa, are particularly vulnerable to state capture, and it became a reality. The elites, also the organized crime groups, use their financial capital to create “transitional chaos” to influence the legislation of the respective country (Dobovšek & Slak, 2015).

The paper argued that when state capture occurs in transitional countries, it runs the risk of becoming socially embedded and institutionalized, which in turn makes it difficult to maintain the principles of democracy and threatens the overall stability of a country in transition. South Africa was used as a case study to indicate that corruption has become endemic and institutionalized; however, there are numerous examples of countries in transition where corruption occurred on a grand scale. Take for example Serbia, a country that transitioned from socialism to democracy after the collapse of Yugoslavia. Serbia is an example of how state capture selectively strengthens the ruling party and its corrupt leaders, while weakening the political opposition and state institutions through instances of loyalty-based appointments and clientele networks in the ruling party in Serbia, the Serbian Progressive Party (Lemstra, 2020). Therefore, the same conclusions apply to Serbia and the same recommendations can be attributed to the case of Serbia in order to minimize the societal, political and economic risks associated with state capture and grand corruption.

By using South Africa as a case study and linking it to the case of Serbia, the hypothesis of the paper is strengthened when proving that countries in transition run the risk of the state being captured by the elites. By focusing on corruption in transitional countries, it can help us understand the domestic contexts that give rise to state capture which will generate more context-appropriate responses.



REFERENCES

- Amundsen, I. (1999). *Political corruption: An introduction to the issues*. Michelsen Institute.
- Bloom, D. E., & Sachs, J. D. (1998). Geography, demography and economic growth in Africa. *Brookings Papers on Economic Activity*, 1998(2), 207-295. <https://doi.org/10.2307/2534695>
- Brkic, B. (2021). *It is cold outside the ANC, and Ace knows it*. Retrieved May, 18, 2021, from <https://www.dailymaverick.co.za/article/2021-05-15-it-is-cold-outside-of-the-anc-and-ace-knows-it/>
- Čudan, A., Ivanović, Z., & Major, G. (2019). Legalization of criminal profit in the course of agricultural privatization: A view from the Republic of Serbia. *NBP. Nauka, bezbednost, policija*, 24(3), 43-58. <https://doi.org/10.5937/nabepo24-22958>
- Dobovšek, B. (2008). Economic organized crime networks in emerging democracies. *International Journal of Social Economics*, 35(9), 679-690. <https://doi.org/10.1108/03068290810896307>
- Dobovšek, B., & Slak, B. (2015). Old horizons of organized-white collar crime: Critical remarks about the current definition, development and perceptions of organized and white-collar crime. *Journal of Financial Crime*, 22(3), 305-317. <http://dx.doi.org/10.1108/JFC-03-2014-0013>
- February, J. (2019). *State capture: An entirely new type of corruption*. Institute for Security Studies.
- Gatimu, S. (2020). *Finding better ways to fight corruption*. Retrieved May, 17, 2021, from <https://issafrica.org/amp/iss-today/finding-better-ways-to-fight-corruption>
- Global Initiative. (2021). *Corruption in Western Balkans*. Retrieved May 19, 2021, from <https://globalinitiative.net/analysis/corruption-western-balkans/>
- Goorha, P. (2000). Corruption: Theory and evidence through economies in transition. *International Journal of Social Economics*, 27(12), 1180-1204. <https://doi.org/10.1108/03068290010378382>
- Guasti, P., & Dobovšek, B. (2011). Informal institutions and EU accession: Corruption and clientelism in Central and Eastern Europe 12.
- Lemstra, M. (2020). *The destructive effects of state capture in the Western Balkans*. Netherlands Institute of International Relations.
- Masterson, G., & Meirotti, M. (Eds.). (2018). *State capture in Africa: Old threats, new packaging?* EISA.
- Radović, N., & Đurđević, Z. (2016). European Union's information exchange legal framework – a prerequisite for successful co-operation in fighting organized crime. *NBP. Nauka, bezbednost, policija*, 21(3), 95-117. <https://doi.org/10.5937/nabepo21-11401>



SABC News. (2018). *Defining state capture*. Retrieved May, 12, 2021, from https://www.youtube.com/watch?v=imnX0f__wYc

Sardan, J. P. (1999). A moral economy of corruption in Africa. *The Journal of Modern African Studies*, 37(1), 25-52. <https://doi.org/10.1017/S0022278X99002992>

Shleifer, A., & Vishny, R. W. (1993). Corruption. *The Quarterly Journal of Economics*, 108(3), 599-617. <https://doi.org/10.2307/2118402>

Southall, R. (2014). Democracy at risk? Politics and governance under the ANC. *The Annals of the American Academy of Political and Social Sciences*, 1(652), 48-69. <https://doi.org/10.1177%2F0002716213508068>

Tanzi, V. (1998). Corruption around the world: Causes, consequences, scope and cures. *International Monetary Fund Staff Papers*, 45(4), 559-594.

Thakoor, V., & Sobrinho, N. (2019). More sand than oil. *Finance and Development*, 56(3), 35-37.

The Greens. (2018). *The cost of corruption across the EU*. European Parliament.

Transparency International. (2021). *Are African countries preventing corruption and prosecuting related crimes?* Retrieved May, 17, 2021, from <https://www.transparency.org/en/news/are-african-countries-preventing-corruption#>

World Bank. 2020. *Combating Corruption*. Retrieved May, 18, 2021, from <https://www.worldbank.org/en/topic/governance/brief/anti-corruption>



