Corruption: Consequences for Socio-economic Well-being in South Africa

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Abstract

This paper begins with the hypothesis that high levels of corruption can self-perpetuate on occasions, as the phenomenon of corruption is perpetrated through all societal levels and sectors. The loss of ethical standards, lack of honest and cohesive leadership, organisational gaps and weaknesses and individual or group greed, coupled with political, or organisational opportunities, and immunity of offenders, are some of the fundamental roots leading to corruption. High levels of corruption have serious negative repercussions for the present and future of any country especially when it occurs in the public sector. Corruption deters investment in the country, as private investment can be discouraged. The consequences are particularly dire in the case of Foreign Direct Investments (FDI), where corruption can amount to an additional cost. It reduces GDP growth as it harms international trade; negatively affects the inflation and exchange rates; affects prices of either imports or exports, thus influencing trade volumes and trade patterns; influences and distorts consumption patterns; increases the wealth distribution disparity and affects the country's consumption patterns; leads to resource misallocations; harms a county's international reputation; reduces efficiency, innovation and competition throughout the economy; causes waste of capacity and money, and biases the allocations capital and talent. Finally, it increases inequality as it is instrumental in lowering employment, deters fixed investment as well as becoming a serious hurdle in the establishment of new businesses. The focus of this contribution is on public sector corruption.

Keywords: Corruption, direct foreign investment, national growth, inequality, GDP

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Introduction

Corruption in a country, region or continent takes a wide variety of forms, and can become catastrophic, especially when it is self-perpetuating, self-feeding and transformed from incidental to permanent.

In such occasions, in order to achieve their objectives, the corrupt in all societal sectors take advantage of existing opportunities, lack of political will on the part of the state institutions, including the absence of sufficient deterrents and punishment, the absence of accountability and transparency as well the lack of ethical leadership to achieve their deeds (Kapur & Milan 2014).

Those involved in unethical activities in all societies take the existing opportunities to new heights on many occasions, thus becoming instrumental in the creation of a broad culture of corruption. This perpetual cycle can become severely detrimental to an entire country.

Once a permanent state of corruption is reached, ethical standards become a luxury of the past, and corrupt profit maximisation becomes an imperative, as individuals, groups and syndicates perpetually combine greed, avarice and old or new techniques aimed at satisfying personal, material and financial interests. Such a process is prevalent in the political power and business élites as well as large sections of the middle classes (Mantzaris 2016). In the vast majority of cases, the repercussions for the whole society are difficult to measure in monetary value, but ultimately corruption always bears negative repercussions for the whole population, especially for the poor and the marginalised in the developing world (Mantzaris 2017:16-17).

Corruption in both the private and the public sector in South Africa are not due to the activities of two families associated with 'state capture', or a few individuals or groups that attempt to enrich themselves at the expense of the state (Mantzaris 2018). This paper aspires to demonstrate how corruption can reach proportions that have a very significant and negative bearing on the well-being of an entire country.

The Context

Over the years, there has been wide acknowledgement that a multi-layered and widening corruption cycle has emerged in South Africa, despite the existence of a diversified plethora of anti-corruption legislation, rules and regulations, as well as anti-corruption agencies that include the Chapter 9 Institutions, the

Office of the Public Protector, and the National Prosecuting Authority (Woods & Mantzaris 2012).

Corruption has led to a continuous erosion of institutional integrity, transparency and quality that has in turn inevitably affirmed both the ineffectiveness of and lack of trust towards both the political and administrative institutions of the state.

The realities of a 'political/administrative conundrum' (Mantzaris & Pillay 2014: 18-21), with operational, systemic, functional and operational deficiencies and weaknesses throughout the spectrum of governmental layers, including the massively haemorrhaging parastatals such as ESCOM, PRASA and the South African Airways, are impossible to ignore (Chetty & Pillay 2017; Mantzaris 2017a; Mantzaris 2017b).

The highly respected *Ibrahim Index of African Governance* of 2017, that examined the governance standards over a period of ten years, from 2007 to 2017, showed that South Africa had slipped to 6th place (Ibrahim Index of African Governance 2017). It was mentioned that weak public sector management and lack of accountability were the key factors for this decline. These realities were most likely instrumental in convincing the country's National Planning Commission to dedicate a full chapter (No 14) in the widely acknowledged National Development Plan (NDP).

Hence, there is a wide acknowledgement on the part of the National Government and the ruling party under new leadership, that alliances and cooperation with a very active civil society, as well as all communities is the foundation of adequate and effective service delivery devoid of corruption.

Theoretical Framework

The grounded theory was used as the project was founded on constructing a new understanding of dimensions of corruption on the well- being of the majority of South Africans. Such theory is rooted on a number of sociological, symbolic interactionist and positivist writings and debates (Charmaz 2009:128-129). The methodical gathering of data based on the inductive model of scientific method was based on the utilisation of qualitative data that were collected, analysed and reviewed (Charmaz 2006). Its roots on social processes and the complexity of social life, politics, the economy, human and power relations pave the way to understanding diversification of everyday realities (Charmaz 2000: 513-514).

It is not the objective of grounded theory to discover the 'truth' but to conceptualise existing realities through the utilisation of scientific empirical research (Charmaz 2008:399-400).

Research Methods

The research methods utilised for this study were qualitative and based on the interpretivist paradigm. The reviews of primary and secondary sources of state institutions, international and national non-governmental organisations, as well as empirical academic and other reports were based on the principles of content analysis through the creation of interpretative categories. Interviews through an unstructured questionnaire with eight South African-based senior researchers and practitioners in public governance, policy and the economic fields supplemented the data collection efforts.

The Repercussions of Corruption on the South African Economy

Corruption Deters Direct Foreign Investment

The relentless rise of a global economy that has been through waves of continuous integration at all levels has been forcing the developing world over the past year, to become an integral component of a perpetual competition terrain. This leads to temporary or permanent alliances, ever in pursuit of transferring technologies, the Fourth Industrial Revolution through innovations and the pursuit of high flows especially of foreign investment.

In developing countries, the need for locally based and foreign direct investments (FDI) has existed over decades as an important factor of economic and social development. This is because there is a strong belief that these are instrumental in the promotion of developmental growth, local skills expansion, technological transfer and a wide array of innovation initiatives (Stoddard & Nay 2015: 388). This means that developing countries such as South Africa seek increasing flows of FDI, which are considered essential for economic growth.

FDI has been described as the sum of investment of net inflows of resources that could lead to the growth of a country and are deemed significant for most developing countries characterised by low investment. The latter have been described as a significant reason leading to escalation of unemployment, inequality and poverty (Lambsdorff 2003: 429).

As reported by the Global Investments Trends Monitor (UNCTAD 2018), FDI fell by 16% in 2017 internationally (USD 1.52 trillion as compared to USD 1.81 trillion in 2016). The corresponding figure for developing countries was 2% higher in comparative terms, but flat in Africa. Despite its well-known and highly publicised corruption levels, South Africa witnessed a recovery in foreign direct investment that increased to USD 3.2 billion, a 43% increase from the previous year. However, the flows still remained significantly lower when compared to previous years. Corruption was mentioned as the key impediment to future FDI (UNCTAD 2018: 6).

It needs to be stated that there has been a significant increase of FDI inflows to developing countries since the 1980s. In fact, according to the Global Investments Trends Monitor (UNCTAD 2013), such recorded inflows to developing countries in 2012 were USD 130 billion, higher than those in the developed world. For this to be achieved, there are a number of factors which must be considered.

A corrupt-free public and private sector in the recipient country are of vital importance for the attraction of potential serious investors who also pay attention to key issues such as trade open-ness, financial and legal transparency, current account balance, GDP per capita, business and personal security and levels of law and order (Anyanwu 2011; Interview with University-based economist, Pretoria 9 October 2017).

Macro- and micro-economic realities in a country are key determinants in the efforts to attract potential foreign investors, as are calculations in regard to risk and risk management, which are directly and indirectly related to potential success or failure (Ren *et al.* 2012: 765-766).

Within this context different regions and countries create alliances and relationships, sharing information and open or covert business, political and economic intelligence, before they decide in investing directly to developing countries, many of which are classified or considered ‘corrupt-prone’. Empirical calculations amongst private sector researchers have indicated that corruption in a recipient country can possibly increase the cost of direct investment into international projects by more than 15% (Habib & Zurawicki 2002; Interview with senior private sector economist, Johannesburg 10 October 2017).

There has been empirical evidence that the real or perceived levels of a country's corruption are a key factor and indicator of the present and future business environment and its development or stagnation. In this context, the anti-corruption legal and regulatory framework, existing status of law and order, political, economic and financial stability, and level of business risk are considered key elements in an investment-friendly society. This means that all these conditions have a direct or indirect effect on FDI inflows, because the possibilities are that corruption in a country inevitably makes it less stable and more risky for private or state investment and even riskier for national ventures. This is because corruption increases substantially the cost of doing business, significantly alters the process of resource allocation and raises prices significantly (Quazi 2014).

When corruption has reached high levels, international and national investors are discouraged, as they consider corruption 'an additional (unfair) tax'. It has been shown conclusively that a country that is corrupt or considered to be corrupt is unlikely to achieve foreign direct investment when compared to a country that is not (Asiedu 2006: 64-55; Interview with senior NGO political and social analyst, Johannesburg, 11 October 2017).

In the case of South Africa, the much publicised 'state capture' is considered to have serious negative consequences for direct foreign investment as well as local investment that has, according to experts, decided to 'hold back investment' associated with operations, expansions and projects (Interview with member of the Service Public Commission, Johannesburg 8 October 2017).

This reality was acknowledged publicly by the country's new President Cyril Ramaphosa in a recent National Economic Development and Labour Council (NEDLAC) meeting, where he stated that the country's image has been severely compromised following the serious revelations of perpetual and expanding fraud, avarice, corruption and state capture, both in the private and in public sectors. He provided concrete examples, pinpointing the embezzlement, corruption and theft that have reached major proportions in state entities such as ESKOM, that had affected seriously the country's potential for growth and its image and he was equally scathing on corruption in the corporate sector. Without providing concrete examples, he stated that those responsible for theft and fraud of money should be arrested and imprisoned. The scourge of corruption, he added, continuously deterred foreign direct investment, and was instrumental in South Africa's credit rating downgrading and increasing levels of inequality, poverty and unemployment.

His promise to the country's people was that the intensification of the fight against corruption would be crucial in ensuring that all law enforcement agencies will act against corrupt elements, groups and individuals in the private and the public sectors (Ikaneng 2018).

Thus, it has been confirmed that due to the wide publicity of 'state capture' and the series of the cabinet reshuffles in parliament, described as significant indicators of 'grand political corruption', there was a substantial number of business conglomerates, including mining houses and Pioneer Foods amongst others, which 'parked their investments' because of corruption (Interview with senior financial adviser of JSE-listed Company, Johannesburg, 8 October 2017).

Negative Effects on GDP Growth

The debates on the direct or indirect relationship of corruption and a country's GDP growth have existed for decades but have become more intense recently because of the complex nature of global forces and their significance for macro-economic indicators.

For a number of reasons, these debates have been initiated and shaped by the positions and research results of organisations such as the World Bank and the International Monetary Fund (IMF). The research has shown that corruption has serious negative effects on GDP growth, hence the overall spectrum of economic growth. This conclusion is rooted in the realities that corruption is against the rule of law, and weakens state institutions in order to take advantage of such realities (World Bank 2014; IMF 2016).

Inevitably, active debates based on empirical realities and related to levels of corruption and economic/social development will never cease, as there have been shades of opinion that share the notion that corruption could be helpful to 'efficient firms' to penetrate economies by bypassing 'bureaucratic/state obstacles' and 'anti-business laws' in helping a particular country's 'economic development' (Blackburn *et al*. 2005: 2556-2557; Igwike *et al*. 2012).

Corruption is an obstacle to social and economic development because it feeds on rent, exploits political factionalism, and takes advantage of weak and inefficient economic policies and organisational deficiencies. However, there has been empirical evidence indicating that GDP growth can occasionally lead to a strengthening political will to fight against corruption and minimize its negative impact on the economy (Blackburn, Bose & Haque 2005: 2452-2453).

Lambsdorff's (2007) important work ten years ago has shown almost conclusively that corruption is a vice causing low growth, so the causality is mainly from corruption to GDP. Similar conclusions were arrived at in the empirical work of Aidt *et al.* (2008:217-218), who showed that without doubt, corruption has an adverse impact on economic growth in countries with effective and efficient state institutions. They also showed that when economic growth increases, corruption is reduced. Méon and Sekkat (2005: 549) and Podobnik (2008: 549-550) have shown empirically that corruption harms GDP growth severely and becomes detrimental for economic development. The same conclusions have been reached by Guetat (2006: 218-219) in his empirical examination of the effects of corruption on growth performance of the MENA (Middle East and North Africa) countries. He showed very serious negative effects of corruption in respect of all elements that have a very strong influence on the GDP of a country, such as the effect on foreign direct investment as well as net capital inflows.

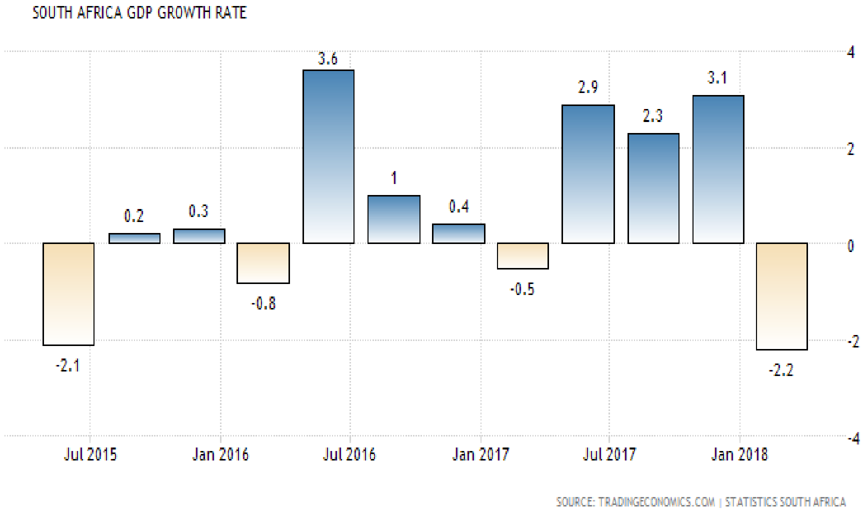
It can be understood that the proponents of the position that corruption has only negative effects on GDP growth utilise a number of crucial measurable elements as the basis of their methodological and conceptual analysis, such as misallocation of resources, lack of international and local investment, substantial increases in unemployment, poverty and inequality, de-industrialisation and weak state structures (Woods & Mantzaris 2012).

There is the reality, however, that there is a fairly wide spectrum of countries, where, despite the fact that both their private and public sectors are corrupt, still manage to record sometimes extensive economic growth.

Rock and Bonnett's (2004: 999-1001) pioneering research on the comparative politics of corruption dealing with what they called 'the East Asian paradox', has shown conclusively that corruption is a major negative influence on national growth. This is an undisputed empirical reality. Some years later, however, Huang's comparative study on corruption and economic growth in ten Asian countries for five years (1995 to 2010), which included Vietnam, China, Indonesia, South Korea, Thailand, Taiwan, Singapore, Malaysia and the Philippines, showed statistical correlations showing a strong positive impact of corruption on their economic growth (Huang 2012: 1141-1145).

This is not the case of South Africa, as Table 1 shows.

TABLE 1: SOUTH AFRICAN GDP GROWTH RATE JULY 2015-JANUARY 2018



Interestingly, the country's GDP since 1994 stood at an average of 2.82%. Its lowest was -6.10% during the second quarter of 2009, when Jacob Zuma had succeeded Thabo Mbeki as President, while the highest of 7.60% was reached in the fourth quarter of 1994 following the results of the country's first democratic elections (Trading Economics 2018a).

The latest disappointing results witnessed in the first three months of 2018 a -2.2% growth rate), is a reverse from the 3.1% growth in the last quarter of 2017. As Van der Merwe (2018) has shown, this is the highest contraction since the first quarter of 2009. This is because production declined for steel, platinum group metals, iron ore, horticultural products and field crops. Manufacturing declined by 6.4% and exports by 16.5%.

The biggest downward contributions came from agriculture, mining and manufacturing in 2018. The mining sector decreased by 9.9 per cent, while extending the 4.4 per cent drop in the fourth quarter, because of gold's lower production of gold iron ore and platinum group metals . On the other hand, 6 of the 10 manufacturing divisions shrank, while key industries such as fisheries, agriculture and forestry slumped 24.2 per cent, a very strong reversal of a 37.5 per cent growth in the fourth quarter (Van der Merwe 2018).

It is definitely the lowest annual growth rate since the second quarter of 2016, and the reality as it unfolds, highlights the fact that corruption as a phenomenon that distorts actual values throughout society and shapes forecasts, predictions, statistics, charts, opinions, attitudes and actions of all societal forces as well as the private sectors and international agencies, is fundamental in the negating fluctuations of the country's GDP growth rate (Van der Merwe 2018).

However, there has been a strong feeling that although the key elements related to GDP growth and decline need to be taken as seriously as they are, there are a number of other crucial reasons affecting us that are related to national growth.

It is well accepted that South Africa is the most sophisticated economy in Africa, blessed with an abundance of resources. It is one of the world leaders in the production of iron ore, gold, platinum and chromium. During the Thabo Mbeki reign, especially in the 2002-2008 periods until his recall, South Africa had an average annual growth rate of 4.5% (Interview with senior financial adviser of JSE-listed Company, Johannesburg, and 8 October 2017).

The 2008 financial crisis was instrumental in stopping South Africa's fastest expansion since the first democratic elections in 1994. The Zuma period began and ended in a perpetual crisis, epitomised by an era widespread corruption that encapsulated all types, diversions and levels of the phenomenon. From the Presidency to the smallest local municipality, from the electricity parastatal ESKOM to provincial Health Departments, and from KPMG to Steinhoff, which are just a few of the best known examples that hit the press, corruption was pervasive and rife (Telephonic Interview with a distinguished political and economic analyst, Durban, 11 November 2017).

In the eyes of the vast majority of the people, the poor, the destitute and the marginalised, the initial strong trust in government has been turned into mistrust and diminishing electoral support .These realities also transformed democratic and peaceful public participation into violent community protests throughout the country (Veenstra 2002: 549-550; Warren 2006: 16-169).

Corruption Increases Inequality

The direct negative correlation between corruption and inequality has been rooted in the pioneering works of Mauro (1995), on corruption and growth. Mauro (1995) based his analysis on Shleifer and Vishny's (1993) work on corruption published two years earlier. Husted's (1999) analysis on wealth, culture, and corruption also provided new perspectives and angles on these issues.

These contributions opened the path for a wide range of empirical comparative studies that cemented the reality that corruption is instrumental in increasing inequality at all societal levels.

Ravallion and Chen's (1997) analysis for the World Bank produced a new data survey important for the analysis of a number of economic statistics internationally, especially in relation to contemporary changes in poverty and social distribution. Their findings pinpointed the fact that corruption internationally and regionally has played an important role in exacerbating inequality at the time. Jain's (2008) review of corruption realities and their significance in the study of the phenomenon identified inequalities as one of the fundamental repercussions of corruption in both the public and the private sectors

Mauro (2004) supplemented his previous research with his analysis of the persistence of corruption and its direct relationship with slow economic growth and increased inequality patterns, while Wilhem (2002) in his examination of the Corruption Perceptions Index and its international validation, emphasised the direct and indirect implications for private business ethics education initiatives for entrepreneurs.

The question asked by Gupta *et al*. (2002) is whether corruption affects income inequality and poverty; this was empirically answered in the affirmative. Mo's (2002) empirical research on corruption and economic growth confirmed such findings. Gyimah-Brempong's (2002) analysis of the relationship of the impact of corruption on economic growth and income inequality in Africa confirmed the generally accepted finding that high levels of corruption lead to increase in poverty levels and inequality.

The international tendency in this type of empirical analysis tends to concentrate on the condition of the 'bottom end', the poor, destitute and marginalised, for a number of reasons, humanistic or opportunistic.

Equal opportunities in assessing, measuring and dissecting corruption demand that empirical research, even in the context of public management studies, cannot ignore the increasing significance of private sector corruption associated with amongst other things, tax evasion, illegal outflows, or business top leadership greed through allocation of extravagant bonuses and allotting immense amounts of stocks and options to themselves at the expense of shareholders (Warren 2006: 165-167).

A number of such initiatives might not be illegal, but there has been literature that seriously questions the ethical foundations of such realities, directly related to the link between corruption and income inequality at the top end of the private sector.

Gupta *et al.* (2002) and Jain (2001) exposed private sector management and functionaries' operations leading to tax evasion as well as favours for the selected few; they produced evidence of how a few become richer through corruption, thus increasing the levels of inequality in the country. This means that the poverty, a characteristic of the 'bottom end' of the income terrain, increases, while the same occurs to the 'top end' of the scale' occupied by the exceptionally rich. Pelletier and Bligh's examination of employee responses and emotional reactions at the aftermath of organisational corruption, has arrived at similar conclusions (Pelletier & Bligh 2006).

Neumayer's (2004) quantitative analysis of the wealth of multi-billionaires in the Forbes list internationally was followed by quantitative analyses by Torgler and Piatti (2009; 2013) on the same issue All these empirical studies were based on comparative quantitative data correlating the existing figures with a number of key variables such as GDP, corruption and population sizes of countries. The comparative analyses showed conclusively that corruption substantially increased the numbers of the super-rich throughout the business spectrum.

Aguilera and Vadera's (2008:440-444) analysis of the mechanisms, antecedents and outcomes of public organisations, has declared this type of corruption as the 'dark side of authority'. Hess (2009), in his research dissecting the realities of greed as well as the commitment of corporates in combating corruption, provided a clearer picture of such contradictory realities.

Bishara and Schipani (2009) attempted to empirically understand public corruption that led to inequality with potential ways to prevent it, while Méon and Weill (2010: 75-77) described such corruption as 'an efficient grease'. Halter and Arruda (2009: 268-269) dissected what they called the 'pyramid of values' through an analysis of trends in less developed countries. Their work was supplemented later by Franses and Vermeer (2012) at different levels in their analysis of inequality amongst the wealthiest sections of the population and its link with rates of economic growth.

Finally, the International Monetary Fund's global perspective on causes and consequences of income inequality provides a comprehensive empirically-based picture of a grim situation internationally (Dabla-Norris *et al*. 2015).

A recent exploration of the state-sponsored and respected National Income Dynamics Study showed that millions of South Africans starve daily, have no access to water, health and sanitation as well as other essentials in their lives. Their 2016 calculations showed that severe poverty has hit 29% of the population. The most hard-hit section of the population that live below the poverty datum line is found in the rural areas; they constitute four fifths of the total (Nassen Smith 2017).

The realities of the disastrous repercussions of corruption for the vast majority of the poor and the marginalised, were outlined in the latest report of the South African Human Rights Commission research report that confirmed statistically that the country was the most unequal society in the world in 2017: 1% of the white population, 6% of Indians, 41% of 'coloureds' and 64 of black South Africans, were living in poverty (South African Human Rights Commission 2018).

Despite the fact that income inequality decreased by 0.01%, the wealth inequality gap continued to widen at all levels of society. It seems that government efforts to implement 'radical economic transformation' have come to nought. The calculations show that the country's Gini coefficient is 0.5 short of being completely unequal as it stands at 0.95.

Current economic circumstances founded on both continental and international realities, point to the possibility that the economic inequality in South Africa will most likely increase in the years to come due to the increase in VAT (value added tax) for basic commodities; the increase in the price of petrol; the private sector's reluctance to invest in infrastructure and industrialisation, and the continuous and ever-widening gaps leading to labour segregation in all sectors of the economy (Interview with senior financial adviser of JSE-listed Company, Johannesburg, 8 October 2017; Interview with member of the Public Service Commission, Johannesburg, 10 October 2017).
These findings point to the reality that there is a continuity in the increase of poverty and inequality patterns evident in South Africa. Thorough examination of poverty tends in the country by Statistics South Africa, concentrating on the existence of absolute poverty (a significant characteristic of growing inequality) during the 2006-2015 period, cannot be ignored (Statistics South Africa 2017). This 2017 report showed that one in three South Africans (30.4 million out of a 55 million population) lived on a monthly income of less than

R797. Children, the elderly and more women than men were the major sufferers of poverty that hit the black African population the hardest.

At the time, one in seven South Africans (or 13.4% of the population) faced extreme food poverty, with the R441 available per month for survival. Such figures indicate a return to the 2007 poverty levels (13.7 %). Comparatively speaking, however, the picture of poverty recently has been halved when compared to 2002 (29.3%), (Statistics South Africa 2017: 13).

If one understands the clear-cut correlation of corruption and GDP growth, the direct and indirect negative influence of corruption on inequality becomes evident as the phenomenon plays a key role in the perpetration of high unemployment rates, inflation increases, and policy uncertainty (Woods & Mantzaris 2012).

On the exactly opposite side of the equation, a recent empirical research has shown that 90 to 95 per cent of the country's wealth is owned by 10 per cent of the population. Thus, the mere fact that wealth through a wide array of policies, strategies and means such as dividends, capital gains, interest, shareholding, accumulated rents etc., generate their own income, and that inequality deepens further. The socio-economic analysis based on strong criteria, showed that in a decade, there was a vast increase of the cumulative holdings of the top ten companies in the Johannesburg Stock Exchange (JSE): R64 billion in 2007, to R280 billion in 2017 The average increases in the salaries of the top 200 earners in SA moved from R16.6m in 2007 to R20.8m in 2015 (Orthofer 2016: 1).

Such figures outline the serious disparity between the leadership/ senior management cohort big earners and ordinary workers in the economy. While listed companies' CEOs have earned between 120 and 1,332 times more than the average employee salary at their companies, they are also earning on average, 541 times the country's per capita Gross Domestic Product. These harsh realities of inequality at all levels have led to a number of key comparisons that point out a number of undisputed truths. The first one is related to economic growth and its direct and indirect connection to inequality.

The average GDP growth internationally for the 1998-2007 period was 4.2%, while South Africa's was 1.7%. The corresponding figures for the 2008-2017 periods were 3.3 and 1.7% (Trading Economics 2018; Interview with Head of University Social Research Unit, Cape Town, 11 November 2017).

According to experts, the accumulated loss for the economy emanating from the 1.2% difference between the world and South Africa, would negatively affect the economy by more or less R350 billion. This is due to the 1.2% underperformance when compared with the previous 10 years, and means that the total loss of GDP was more than R1.6 trillion over the past ten years (Interview with Professor of Statistics, Cape Town, and 14 November 2017).

There have been a number of reasons for the underperformance of the country's economy for the last ten years, such as the bureaucratic hurdles in respect of direct foreign and local productive investment, international competitiveness, economic freedom and especially the perceptions, realities and effects of corruption (Interview with the Head of Financial Analysis, South African Bank, Johannesburg, 9 October 2017).

It is not only the perception-based corruption indexes such as those found in Transparency International that have been instrumental in affecting the international rating agencies in respect of the country's global rankings. The fear of 'junk status' is floating over South African successive government heads, but the realities have (or should have) taught everyone that inability or unwillingness to fight corruption would ultimately lead to a situation where the country is not an attractive investment or business destination (Interview with senior member of Public Service Commission, Johannesburg, 8 October 2017; Gisselquist, 2012).

Corruption in South Africa existed long before 2007 and 2008, but the reality is that the national, regional, continental and global diffusion of 'state capture' and the 'Gupta Leaks' from 2009 onwards, had an equal negative effect reminiscent of the 'Panama Papers' some years earlier. While the 'Panama Papers' lost their negative influence with the passing of time, South Africa's 'state capture' has been instrumental in damaging (if not destroying) investor confidence and public trust at all levels of society. The Steinhoff charade and its aftermath has shown that the everlasting spectre of corruption at all levels has moved permanently into the level of 'wholesale plundering'. But this private sector corruption is 'not alone' (Mantzaris & Pillay 2014a; Pillay & Mantzaris 2014).

In the country's public service parastatals, provinces and municipalities have moved from crisis to crisis, through a political/administrative conundrum, perpetuating dis-functionalities and organisational malfunctions that cripple them (Mantzaris 2014; Mantzaris 2018).

Such realities have a direct effect the whole fabric of society, where the historical legacies of inequality associated with colonialism and apartheid are perpetrated in a form that has not been radically changed. They are racially

/socially rooted, founded on a continuous culture of state and capital corruption, greed and avarice.

Such inequality and corruption have resulted in an almost perpetual cycle of protests that in most cases have turned violent and destroyed instead of assisted in building infrastructure, hope and aspirations.

Conclusion

There have been a large number of national developments since the changes in the composition of the ruling party's leadership and Cyril Ramaphosa coming to power in South Africa.

New hopes, old problems, old faces and ideas mixing with the new, in a combination of the remnants and those waiting in the periphery, have emerged, some with potential to succeed and others not.

There have been new ideas on a number of issues, but it has become evident that the fight against corruption, fraud and avarice has been at the forefront of challenges and promises. A number of them have been tackled head on with the setting up of a number of well-publicised commissions on state capture, including the Hawks, ESKOM, PIC and SARS. Others are in waiting.

It is true that South Africa has a Constitution rooted on the protection of human rights and liberties, free speech and a comprehensive and sophisticated anti-corruption legislation, and strong judicial institutions.

It is also true that it has not been successful in the enforcement its anti-corruption legislation and lacks a collective national integrity system.

These are a series of recommendations for a way forward:

- the reinvention of compliance plans, strategies and tactics, internal investigations, and risk management at all organisational levels;
- the creation and enforcement of laws that address directly the proceeds of all corrupt practices, money laundering and thorough investigation of shell companies;
- full support for all ministries, state institutions at all layers of government and parastatals;
- the end of political and administrative factionalism;
- honest and transparent collaboration of the private and private sectors and civil society;

- prosecution processes based on urgency and efficiency emphasis on planning and implementation on the enforcement of the existing anti-corruption legislation leading to more efficient prosecutions;
- the creation of solid coordinating mechanisms and structures across government; and the end to impunity; and
- the building of citizens' empowerment and participation instrumental in building mutual trust between them and government and key decisions on shut down international loopholes.

The question remaining is whether Steinhoff and all private sector companies in the construction, security, coal and minerals and the wide variety of the illicit tobacco manufacturers, together with the tens of politicians and public administrators, return to the 'serious investigation path' outlined by the wide variety of anti-corruption agencies?
Only time will tell!

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