



## Why the quiet over corporate sector corruption? - Thulas Nxesi

Thulas Nxesi  
03 March 2013

SACP DC says there has been little follow up on reports on massive tender collusion around Soccer World Cup 2010

### Corruption in the South African corporate sector and the deafening silence of the usual critics

It is generally accepted that corruption has become such a serious challenge to the extent that it is beginning to impact negatively on South Africa's nation-building effort as well as on its international image or reputation. It is for this reason that the ruling ANC and its alliance partners have identified fight against corruption as one of their priorities alongside creation of decent work, fighting poverty, promoting rural development, education, health and combating crime.

The government has established a range of corruption fighting programmes and institutions. Consequently, most of the high-profile cases of fraud and corruption, including senior people from within the ANC and government ranks, are brought to light by government law-enforcement and criminal justice agencies. This, if anything, is a clear demonstration of government's commitment to combat corruption.

The fiercest and most relentless critics of corruption in the public sector come from the mainstream corporate media as well as the main opposition parties. This, of course, has to be welcome if it is genuine and consistent watchdog role they are fulfilling as it keep public servants on their toes. These critics, though, never seem to give any credit to government efforts to combat the widespread corruption even where there is overwhelming verifiable evidence proving this point.

There are relentless efforts to paint every public official servant or institution - unless these happen to be in the Western Cape under the DA government that has been generally granted corruption-immunity certificate in advance - as being corrupt.

Whenever an incident of possible corruption by government is reported, it is taken as a fact that needs little or no verification. But corruption happening under the DA government is given benefit of doubt with numerous opportunities given to DA to present its side of the story.

More recently South Africa has been hit by a damning revelation of widespread corporate corruption involving, but not limited to massive tender collusion and price-fixing amounting to billions of rands. Much of this corruption targeted government infrastructure programmes leading up to the Soccer World Cup of 2010.

This organized crime, according to preliminary reports, involves major corporate players in the construction industry who siphoned off much-needed public resources. It should be noted that much of this investigation was conducted by the government law-enforcement agencies.

The Competition Commission is also considering these cases of anti-competitive behaviour that is so rife and tends to squeeze out small and mainly black businesses from taking part in these multi-billion infrastructure development projects. Reports of this massive syndicated organized crime by the big corporate entities made a very brief "non-headline" appearance in our print media but it mysteriously vanished never to be reported on.

Perhaps the most amazing thing is that preliminary revelation of such massive fraud and looting of much needed public resources has attracted very little attention from the mainstream media. Even more interesting, the usual fierce critics of government corruption from opposition ranks and from an army of watchdog groups have reacted with deafening silence to what may be the largest and unprecedented corruption case.

Some of our print and electronic media that tend to dedicate a huge chunk of their budget in pursuit of corruption story have suddenly vanished. The relentless pursuit of such stories by investigative journalist and the exposure of personalities involved is suddenly absent as they lack appetite to even utilize the already available material from law-enforcement preliminary findings.

The other interesting fact takes on a racial dimension: when Bobby Motaung and other black businessmen were charged with tender irregularities involving Mbombela Stadium in Mpumalanga, they were detained and paraded in front of cameras for the world to see.

But with the big corporates involved, we have not seen any evidence of such publicity stunts. Where are the champions of equality before the law and fair administration of justice when they are needed most? The aforementioned cases merely demonstrate that corruption is a society-wide problem in both the public and the private sector, and should be confronted with equal vigour wherever it manifest itself.

Secondly, the evident silence of the mainstream media and opposition critics when such corruption is unearthed in the corporate sector may suggest something more sinister or a blind-pot for those who would have defined corruption as being synonymous with government/public sector and efficiency in terms of the private corporate sector.

There is also a racial dimension to this if you factor in our colonial and apartheid past. In our public psyche, we have always been socialized in a manner that suggests that criminality and being black are associated and natural irrespective of the absence of any scientific evidence to back this stereotype.

It is for this reason that corrupt activities under the DA government in the Western Cape are given benefit of doubt with all the airtime and space given to its leaders to present the context and rationalize their actions. In contrast, with ANC government a mere suggestion that there may be corruption is taken as a proven or expected fact until proven otherwise.

Instances of price-fixing, tender collusion, overcharging of citizens are not limited to the recent scandal. The price-fixing of bread prices by Tiger Brands, the excessive bank charges, the above-the-market rate cell phone charges indicate the widespread practice with a sense of impunity.

Corporate greed and corruption is an international phenomenon that is, to a large extent, responsible for the current global financial crisis that is wreaking havoc around the world. Such scale of corruption and its impact on ordinary citizens of the world is unparalleled.

The monopoly corporate sector in South Africa has the advantage of having one of the greatest concentrations of power and a stranglehold over each sector it controls. This sector also funds some political activities and media outlets.

It is for this reason that mainstream media find it difficult to confront the big corporate sector with the same passion, relentlessness and vigour as they do the public sector. Moreover, most of the mainstream media is owned by and accounts to the big corporates so they dare not upset shareholders, so much for the often-invoked adage of "speaking truth to power".

Much of the wealth in South Africa is still concentrated in white hands which are still controlling the commanding heights of our economy. This also explains the racial dimension of how corruption is depicted as being a largely black phenomenon.

When the late Brett Keble was reported as linked to and funding the ANC Youth League leaders he graced the front pages of newspapers as being this rouge businessman, but suddenly vanished from the front pages once it was reported that he had also donated money to the DA. With Gupta business revealed donation to the DA again it is a de javu as history repeated itself.

The above narrative simply instructs us to be fair, consistent and honest in exposing and tackling corruption wherever it rears its ugly head, be it in the big corporate private sector or in the public sector, as all these rob resources from the very poor ordinary citizens.

Big corporates should be stripped of their licence of immunity and impunity when they do wrong, as they often impose opportunity costs by siphoning off public resources. They should be subjected to the same scrutiny as the public sector as they often take.

The second point is that we must forever be vigilant not to succumb to our subconscious racial biases of color-coding criminality of corruption especially given our racial past whose legacy is still very much with us. War against corruption should involve all of us without fear or favour. One would like to conclude by invoking a great African liberation icon, Amilcar Cabral, when he says "Tell no lies, claim no easy victory."

As government and the regulator of the built environment, we shall watch with interest as to how the present scandal in the construction sector plays itself out. Can we expect the at least name and shame the big corporate wrong doers? What is the appropriate punishment for collective corporate crime and looting in a key sector economy?

More importantly, what is the way forward? How do we collectively purge fraud and corruption from the public and private sector? To enhance investigative and forensic capacity to enforce compliance and bring to book corrupt individuals will certainly a deterrent effect.

Probably more important is the need to put in place transparent and robust supply chain management systems that make it easy for weak people to do the right thing and difficult for bad people to do the wrong thing.

If we can emerge from the present corporate scandal in the construction sector with a commitment from all stakeholder to clean governance and put in place the process and checks and balances to enforce this. Then something good will come out of this.

From the government side, the commitment to tighten up procurement processes - referred to the in State Of Nation Address - is key.

Asikhulume!!

*Cde Thulas Nxesi is SACP National Deputy Chairperson. This article first appeared in Business Report. It was republished in Umsebenzi Online, the online newsletter of the SACP.*