

Why has state capture in South Africa, unlike in China, not lead to growth and development?<sup>1</sup>

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## 1. Introduction<sup>2</sup>

Since the late 1980s developmental economists and related scholars have drawn attention to the importance of bureaucracy for economic growth and development<sup>3</sup>. Hierarchical, merit-based organisations with appropriate insulation from politicians were deemed a precondition for realising state goals. Evans *et al* nuanced this position, however, by arguing that developmental states were also ones where industrial policy was under the direction of ‘embedded’ ministries that could build wide coalitions across the economy and in the state. Corruption was deemed a major spanner in the works. Recent, new scholarship has unsettled this consensus, however, while simultaneously confirming its fundamental claim. In particular and controversially Yueng Yueng An has proposed that development can happen not so much when effective planning and social compacting is supported by bureaucracy, but when a certain kind of corruption comes to dominate the government. Rather than an unmitigated constraint on development, a certain kind of corruption is sometimes development’s catalyst. Drawing on this provocation, the crisis in South Africa requires a different kind of explanation to that which puts everything at the door of an inherently corrupt political class.

## 2. The State since 1994

After 1994 the African National Congress inherited both a highly fragmented government administration and a politicised public service. Recruitment had never been conducted on the basis of merit, such that the senior echelons of the public service were overwhelmingly dominated by white men. The organisation was largely stable until the 1980s when high-ranking positions were deliberately loaded with people either drawn from or trusted by the military and intelligence communities. In the former homelands, the situation was not much better. Many senior roles were occupied by white officials deployed to the so-called independent states or local officials were frequently also bearers of titles and positions in the system of chiefly government.

Instead of taking measures to professionalise the post-Apartheid public service the ANC chose rather to further politicise it. This remains one of the fundamental continuities between the past and the present today. Distrustful of the preparedness of Apartheid-era officials to implement ANC policies, and unable to fire them because of ‘sunset clauses’ in the negotiated settlement, successive ANC governments chose to bring their own people into

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<sup>2</sup> I am grateful to Alan Hirsch for his comments on this paper.

<sup>3</sup> Evans, P & Rauch, J.E. 1999. Bureaucracy and Growth: A Cross-National Analysis of the Effects of "Weberian" State Structures on Economic Growth. *American Sociological Review*, 64 (5): 751.

government as a check on incumbents. This happened informally through ‘deployment committees’ and also formally in the design of the public service itself. For example, recruits to the public service did not have to pass an entrance exam, nor was their selection conducted or vetted by an independent government commission. Instead, recruitment was done through departmental interviews, and the selection panel either consisted of the relevant minister or was appointed by the minister, though in more performance oriented departments this power was sometimes delegated to senior officials.

The influence of the New Public Management in the original design of the post-Apartheid public service and then its specific elaboration after 2000, created a cohort of ‘senior managers’ in government departments with both discretion and institutional power, including over public procurement. Whereas elsewhere in the world, such arrangements seemed to promise a more entrepreneurial culture in government, in South Africa the senior management service became the site of very rapid ‘transformation’ and the privileged location where politicians were deployed.

The results of such measures were uneven across the government sphere. In those departments and agencies where Ministers and/or the ANC deployed suitable candidates, they performed adequately and sometimes excellently. The National Treasury was a case in point. The senior leadership was made up of people with ties to the African National Congress, though they were very often also outstanding professionals. Something similar happened in the newly created tax agency, the South African Revenue Service. Its first commissioner, Pravin Gordhan, was an ANC activist and a member of the South African Communist Party. Elsewhere in government, the re-politicisation of government administrations did not turn out as well. The depth of talent in ANC networks was simply not wide or deep enough to properly restaff the state. In municipalities, for example, highly politicised recruitment practices and political control over operational matters saw unqualified or under-qualified people brought into key roles, even specialised financial or engineering roles. Predictably, these organisations have struggled to perform their most basic functions, as roads deteriorated, public infrastructure collapsed, and water purification works came to a halt. Combined with the crisis in Eskom, the state power company, many towns and cities have become dark and dilapidated spaces. They are also chronically unsafe as the politicisation of the police after 2000 saw the focus shift away from fighting crime and dealing with social emergencies to managing contestation in the ruling party<sup>4</sup>.

If in the late 1990s and early 2000s there were strong, though, embattled tendencies towards the rationalisation of the state and the professionalisation of government, after the election of Jacob Zuma as president they largely dissipated. What has come to be known as ‘state capture’ in South Africa saw the President use his political discretion to bring friends and political allies into senior positions in government and in state-owned companies. Individually and collectively, they repurposed organisations, displacing them away from their official mandates to serve private interests and, more importantly, to channel huge resources for party-political purposes. The wide discretion of Presidents and senior politicians in the appointment of officials in other branches of government is not an unusual feature of Presidentialism in many new democracies, especially in Africa. In South Africa the weak separation of powers between the executive and the administrative branches of government –

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<sup>4</sup> Chipkin, Ivor. Forthcoming. *Coups and Democratic Emergencies Crime, Organisation and Policing in South Africa Today*, Johannesburg: GAPP Working Paper: 1-19.

the judiciary is better insulated from inappropriate political interference, though it too is under pressure -makes public office especially open to abuse, however.

Yueng Yueng An ‘unbundles’ corruption into four types: petty theft, grand theft, speed money and access money<sup>5</sup>. She shows that in China ‘access money’ is the dominant type. This is a form of corruption that sees “rewards offered by elite capitalists to powerful officials in exchange for exclusive, lucrative privileges”. This comes close to describing how Hellman et al define ‘state capture’, except that for them capitalists and their firms shape the laws and regulations of the country to their advantage. Essentially, they manage to legalise corruption. Yet Ang has an unexpected take on such arrangements. Whereas the other kinds of corruption have debilitating effects on government performance and development, Ang argues that in China, ‘access money’ has been highly conducive to growth and the building of infrastructure. This is partly because of the state’s power over the allocation of land, partly a result of the fact that the ambitions of Chinese politicians are weighed against their economic performance, and also because there is competition between regions for investment. Corruption is about access to investment opportunities and incentives, not about steering overpriced tenders to political allies or friends for kickbacks. In short, the incentive environment for Chinese politicians and senior officials is aligned with growth. This explains the different economic trajectories of, say, China and India, for example, where ‘speed money’ is pervasive in the latter. ‘Speed money’ refers to money paid to officials to accelerate or slow down the granting of licences for this or that activity. It is pernicious for growth and development.

Amongst the countries Ang researched is South Africa. Like China, she proposes, South African corruption is dominated by ‘access money’. Why has this situation in South Africa, not lead to growth and development, like it has in China? Why, that is, does South Africa resemble countries where theft, grand theft and speed money are the dominant forms of corruption?

An answer lies in the failure of the South African state after the end of Apartheid properly to bureaucratise. Even if infrastructure projects are awarded corruptly, China can still rely on autonomous and professional administrations to bring them to fruition. This is not the case in South Africa, where executive interference in the administrative branch of government has destabilised many departments, agencies and state companies and burdened them with unsuitable, frequently incompetent, senior managers and staff. Hence, corruptly awarded contracts are also poorly implemented or not implemented at all. There are many startling examples, though some of the most glaring are in the energy and transport sectors. The new power stations that were commissioned in 2007 have been wracked by delays and failures (poorly welded boilers, explosions, sabotage) such that Medupi, the largest, only fully came on line in 2021, 14 years after being commissioned. In the passenger rail sector, the state company responsible for procuring new trains and locomotives (PRASA) bought stock that was too large to run on the South African rail network.

After 2011, the effects of a politicised civil service worsened. As long as the African National Congress as the ruling party was able to maintain unity and enforce internal discipline then decisions about who to deploy into government were sometimes made with operational considerations in mind. As we mentioned earlier, when this happened talented people were

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<sup>5</sup>Yuen Yuen Ang. 2020. *China’s Gilded Cage: The Paradox of Economic Boom and Vast Corruption*. Cambridge: University of Cambridge Press, 9-33.

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placed in key roles. However, as the party itself haemorrhaged in the early 2000s between groups aligned to Jacob Zuma and groups aligned to then President Thabo Mbeki, so internal discipline collapsed. Candidates supported by one grouping were as quickly opposed and undermined by another so that the appointment and deployment process increasingly came to express crude power plays. Access money and state capture served not to facilitate development but to generate rents that went into fighting factional political battles in the ANC.

Unlike in China, where corruption concerned the extraction of private rents while leaving the underlying administration largely intact and professional, in South Africa 'access money' requires the subversion of the entire political-administrative nexus? Why? Unlike China, South Africa is a democracy where political leaders, even when their office affords them power and wide discretion, are subject to all sorts of constitutional, regulatory and legal constraints. In this respect, South Africa is more like India than it is like China. For powerful political leaders to accept bribes or access money from ambitious capitalists to facilitate projects they have no option but break and subvert the very administrations that they must later count on to work effectively. So we have here a variety of state capture in South Africa that might be more typical for the phenomenon in fragile democracies. Access capital, far from leaving the bureaucracy intact, necessarily subverts it, undermining the very infrastructure and development projects that it facilitates. Either little or nothing results from the expenditure, or it results in assets that become financial burdens with little development benefit (stranded assets).

The South African case allows us to further nuance the notion of state capture, distinguishing between its form in *authoritarian* contexts and in (formally) *democratic* ones. In the former, state capture resembles what Ang calls 'access money'. It describes a situation of collusion between powerful political leaders and capitalists. In contexts where there is some nominal rule of law, such collusion is legitimated through legislative and regulatory fiat. This is the situation that Hellman, Jones and Kaufmann called 'state capture'. It delivers a local oligarchy. This is the normal state of affairs in authoritarian regimes, though the identity of the oligarchs in specific local and regional situations might not be those formally recognised by the ruling dictator or they might begin to represent a challenge to the incumbent or even represent a counter-power to the regime. The struggle in Russia between Putin and the Yeltsin-era 'oligarchs' seems to be of this pattern as does the anti-corruption drive launched by Xi Jinping in China. Yet as Ang shows, oligarchy also delivers plutocrats, that is men of great wealth. In places like China, such 'oligarchs' (they are more correctly plutocrats) have been catalysts of development. In Russia and across Eastern Europe in the post-socialist period, plutocrats have had a more mixed record *viz.* growth and development.

In South Africa, democratic institutions constrain the move towards oligarchy. State capture under these conditions is driven into the civil service itself where it is less in public eye, eating away at the very integrity of the state like an acid and weakening the administrative capacity of government departments and agencies. Hence it better resembles a *coup d'état* in the bureaucracy than a situation of corruption.

### 3. Institutional collapse

The crisis of government is so general in South Africa that its causes are unlikely local or idiosyncratic. Outside the Western Cape there are very few public institutions that are not in distress, either wracked by internal conflict, corruption or without adequate technical staff or

resources to do much more than reproduce themselves. The reports of the State Capture Commission are riddled with examples. Here I want to highlight a typical one concerning the supply of coal to power stations run and owned by the national power monopoly, Eskom.

In 2011 representatives from Brakfontein coal mine in Mpumalanga, a province in the East of South Africa, approached Eskom representatives to supply coal to the power utility. The mine, however, was not compliant with environmental regulations and these approaches were rejected until 2015 when a new board Chairman arrived on the scene. Berating executives for “frustrating black-owned transporters” and “emerging miners”<sup>6</sup>, a contract was ultimately concluded for the supply of nearly 14 millions tons of coal over a period of 10 years. The contract was worth R3.7 billion. The Gupta’s, business associates and friends of President Zuma, who owned the mine through an entity called Tegeta had brought pressure on the Chief Operating Officer to facilitate the contract<sup>7</sup>. This is a situation that more closely resembles what Ang calls ‘access money’ than what Hellman, Jones and Kaufmann call ‘state capture’. In particular, no new laws or regulations were passed to make the Tegeta deal possible.

Quite the opposite. Eskom’s own regulations stipulated strict criteria for the evaluation of coal supply contracts. Not only did the mine in question have to demonstrate that it could provide the volumes required over the contract term, but the coal needed to be of suitable quality for the power station that would use it. Independent tests cast serious doubts on whether the mine could meet the first criterion. More importantly, the coal was found to be unsuitable for the Majuba Power station where it was destined. The contract went ahead despite these glaring breaches of the rules.

The State Capture Commission noted that:

“Eskom, acting in patent breach of the Coal Supply Agreement, allowed Tegeta to make deliveries of blend coal without prior confirmation that the coal was compliant with Eskom’s quality specifications. The full combustion test that would have determined the quality of the coal and its suitability to the Majuba Power Station was not done, as required by clause 10.2 of the Coal Supply Agreement”<sup>8</sup>.

Here is where the situation in South Africa seems to differ so starkly with that in China. For the contract to go ahead, Eskom managers and directors needed to side-line and remove competent, experienced and honest officials. There were attempts to interfere with the technical teams doing the coal sampling. Dr van der Riet, a Coal Special Scientist working for Eskom’s Research, Development and Testing Division (RT&D), as well as Eskom’s geologist and two other managers were suspended. The head of ‘Primary Energy’ was also removed, when she refused to countenance coal suppliers whose costs were unreasonable. Ultimately, ‘access money’ in South Africa saw the hollowing out of the technical capacity of Eskom, rendering the company unstable and comprising its ability reliably to supply electricity on a daily basis. Unlike China, that is, corruption has worked to cripple development. Michael Sachs, for example, the former head of the Budget Office in the National Treasury, estimates that the 8% of GDP spent after 2009 on infrastructure has

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<sup>6</sup> State Capture Commission, 2022, Part4 (4): 847.

<sup>7</sup> State Capture Commission. 2022. Part 4 (4): 881.

<sup>8</sup> State Capture Commission. 2022. Part 4 (4): 865.

largely been ‘wasted’ or misallocated, resulting in assets that contribute little or no benefit to economic growth and development and may, in fact, constitute burdens (stranded assets)<sup>9</sup>.

The problem is not simply corruption, as we have seen. In South Africa’s open democracy, the scope for political leaders simply to change the rules of the game to work in their favour is limited. Nor do they have the kind of discretion that the absence of the rule of law affords leaders in authoritarian contexts. Political power is further constrained by a free press and a society of committees, bodies and lobby groups that are prone to take legal action when politicians break the law. Instead, the route to state capture is through the bureaucracy, where it expressed itself as a *coup* in the administration.

The weak distinction between political and administrative roles in the structure of the South African government gives politicians unbalanced authority in government administrations<sup>10</sup>. Even when this authority is not used for corruption, political imperatives usually trump operational ones. This is evident in the erosion of technical skills in local governments, in particular, though it is a phenomenon that appears at all levels of government. In 2005, for example, Allyson Lawless found that 28% of all municipalities had no in-house civil engineering capacity at all, despite the fact that in South Africa so much of what municipalities are expected to do (deliver water to homes and businesses, distribute electricity, build and maintain local roads) concerns civil works. When she revisited the situation ten years later, it had deteriorated<sup>11</sup>. This situation, together with the crowding out of money for capital expenditure by rising consumption costs, goes a long way to explain the dilapidated state of infrastructure in most parts of the country and the poor quality of public services. It also provides compelling evidence that in South Africa, the ruling party, even when its politicians and officials behave honestly, is neither focused on economic growth nor on development. It might be that this begins to change as the ANC’s electoral fortunes change and there is a growing connection between the party’s performance in government and their performance in elections. It does not have to, however. It is far from certain that South African voters primarily judge political parties on their instrumental performance or their prospects *viz* economic growth, dealing with unemployment and delivering development.

Assuming, however, such a developmental coalition emerges, reforms are needed in government that cannot be reduced to fighting corruption.

The starting point is to disentangle recruitment processes in the civil service from political processes better to professionalise departments and agencies and state companies. The challenge, however, is not simply about improving the skills base of the civil service. The ability of Presidents, ministers and political parties to direct operational decisions must be

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<sup>9</sup> Sachs, Michael, 2020, *Fiscal Dimensions of South Africa’s Crisis*. Southern Centre for Inequality Studies, Working Paper 5, University of the Witwatersrand. As an aside, In China, in contrast, the alignment of corruption with growth incentives, especially regarding property development, has led to excessive growth in infrastructure and housing leading to a debt crisis in the property industry. South Africa, in contrast, suffers from the opposite problem, major underinvestment in infrastructure and housing.

<sup>10</sup> Chipkin, Ivor. 2021. ‘From democracy as a political system to democracy as 1 government: a contribution to democratic theory from public administration’, In *Transformation* 105: 26-51.

<sup>11</sup> Lawless, Alysson. 2016. Numbers and Needs in Local Government – Update 2015, Institute of Municipal Engineers, Paper 1 (<https://www.imesa.org.za/wp-content/uploads/2016/11/Paper-1-Allyson-Lawless-Numbers-and-needs-in-local-government---Update-2015.pdf>, accessed 22 June, 2022): 55.

properly contained. This requires both instantiating the *autonomy* of the public administration from the political class and building robust processes and institutions to prevent civil service autonomy becoming independence. How can this be done?

#### 4. Changing Incentives

The starting point for reform must be a serious dose of Brecht-like satire. It is not possible simply to dissolve the civil service and the political class and start afresh. We have to start with the personnel that are already in place, warts and all. Nor can we simply wish the problem away, as does so much economic planning in South Africa, proceeding as if the departments and people that must implement proposals are always pristine and beautiful. One review of economic policy documents issued by the ANC, by the Gauteng Provincial Government, by organised business and by the National Treasury found that they “either make naïve assumptions about the private sector in South Africa or have unreasonable expectations of government departments, agencies and corporations (GAPP: 2020, 3). Reform needs to move beyond ideas that reduce the problem to a question of the beautiful and the ugly, the ethical and the corrupt.

What Yueng Yueng An argues is that a basic condition of development is fulfilled, even under conditions of state capture, when there is an alignment of interests between capitalists, officials and development. In China, this takes the form of an unofficial deal. Government workers are allowed to supplement their (often very meagre) salaries from the proceeds of local economic development. In other words, the system incentivises officials to actively support growth-inducing projects.

In South Africa, formally, such an alignment exists, especially at municipal level. Municipalities are expected to generate their own revenue through charges on property and services. If property values are rising and businesses and households consume more services so municipalities get richer. Ostensibly, it is in the interests of local politicians and officials to pursue growth supporting initiatives. Yet in South Africa, with several rare exceptions, this does not happen. In the main, municipalities have become anti-development machines. The structure of local incentives might be the reason.

In the first place, compared to China municipal salaries are very high, securing for those that earn them a middle class lifestyle. Secondly, although these salaries are largely paid from locally generated revenue, salary scales are determined nationally by the Minister of Cooperative Governance. Local officials earn no additional fee (even informally) from an improvement in municipal finances. The flip side of this situation is that their personal circumstances do not suffer if municipal revenues decline. Typically, when this happens, they cut back on service delivery in order to protect their wages. Given that 1) many municipalities are located in economically marginal locations where the tax base is structurally insufficient to support the basic costs of the municipality and 2) that since the economic crisis of 2008, the South African economy has been growing more slowly than the birth-rate, nearly all municipalities operate in highly constrained fiscal environments. Collapsing infrastructure in most municipalities and poor and itinerant service delivery happens because there is no incentive for municipal officials to privilege growth and development. Instead, they have every reason to protect their private incomes.

What would happen if we changed the structure of incentives, for example, to better align the interests of municipal officials and public servants generally with service delivery, economic

growth and development? One way, following the Chinese model, would be, in the first place, to offer officials a basic, modest salary and, in the second place, a bonus linked to the *overall* performance of the municipality (as independently determined by, for example, the auditor general's office). It should be possible for civil servants in well performing administrations to earn more than their current high salaries if the institution as a whole is successful. It might also discourage them from privileging consumption spending in the allocation of departmental budgets. This might be a way of better reconciling the private interests of officials and public servants with the developmental mandates of their departments, agencies and companies. It might further encourage competition between municipalities, regions and provinces, spurring their officials to even great efficiency and enterprise.

## 5. Asymmetric Decentralisation

Asymmetric decentralisation is another model of government increasingly looked to, to improve efficiencies in government. The somewhat intimidating phrase refers to granting different sub-national bodies, like provinces or metropolitan governments, different responsibilities and powers depending on their capacities. Frequently, differentiation occurs in the allocation of spending or revenue powers<sup>12</sup>. In recent years, reflecting the importance that cities and city regions play in promoting economic growth, metropolitan governments have been the biggest beneficiaries of asymmetric decentralisation.

In South Africa, provinces have largely uniform responsibilities irrespective of their administrative records. Moreover, their allocation of the national budget privileges question of demography (size and poverty of the population) relative to questions of ability and performance. Even stranger is that the eight metropolitan governments are regarded simply as local governments, equivalent to the other 270 municipalities of often vastly different sizes and wealth. In the structure of the African National Congress, moreover, municipalities in general and metros in particular are not represented at all. Instead, voting delegates for national conferences are drawn exclusively from provinces and from the various leagues. Effectively, metropolitan governments do have not a channel neither in government nor in the ruling party through which to represent their particular individual and collective interests.

This fact of administrative uniformity crashes, however, against the spatial lumpiness of the economy and the diversity of institutional capacities. In 2002, 70% of GDP was produced in only 20% percent of places<sup>13</sup>. Economic concentration in the Gauteng City Region and in the Western Cape has since increased. On top of that, institutional capacity varies greatly from one region to the next. A decisive factor in this regard is whether a province or a municipality was faced with the challenge of integrating former homeland personnel and structures or not. Gauteng and the Western Cape did not have such challenges and it is no surprise that they tend to outperform the other provinces on multiple indexes<sup>14</sup>.

Is it time to recognise these economic and institutional facts in the design of the government system, allocating more powers and responsibilities to more able institutions, creating competition between them and incentivising others to innovate and to improve?

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<sup>12</sup> OECD. 2019. Asymmetric Decentralisation: Policy implications in Columbia. OECF Multi-level Governance Studies ([https://www.oecd.org/colombia/Asymmetric\\_decentralisation\\_Colombia.pdf](https://www.oecd.org/colombia/Asymmetric_decentralisation_Colombia.pdf), accessed 22 June 2022): 5.

<sup>13</sup> Krugell, W.F. 2005. The Geographical Economy of South Africa. PhD Thesis. Potchefstroom: North West University: 11.

<sup>14</sup> Levy, Brian, Hirsch, Alan, Naidoo, Vinothan and Nxele, Musa. 2021. South Africa: When Strong Institutions and Massive Inequalities Collide. Carnegie Endowment for International Peace: 1 – 58.

## 6. Who will make these changes?

At the end of 2017 when Cyril Ramaphosa was elected President of the ANC and subsequently of the country there was much hope for a 'New Dawn'. Many looked forward to the arrest and prosecution of those responsible for 'state capture' and to initiatives to rebuild institutions crashed during the Zuma years. Four years later there has been some movement on these fronts, though it is slow and the results few and far between. Moreover, many of these initiatives are facing stiff resistance and Ramaphosa has turned out to be a poor steward of reform. This might not be a question simply of his personality. Beyond psychological explanations, the slow pace of progress is a result of an idea of the state, one shared by Ramaphosa himself.

In particular, like his predecessor, Ramaphosa is beholden to an idea of the ANC as much more than a political party in a plural, constitutional state. Instead, the ANC believes itself to occupy a special place in history to lead South African society. It will fulfil its destiny in this regard to the extent that it is able to maintain its unity and its focus. As such, Ramaphosa is deeply invested in preserving the unity of the organisation and of delaying or even paying only lip service to initiatives that would, inevitably, provoke further dissent. Even if he wins re-election in December 2022, it is unlikely that the momentum for reform will come from Ramaphosa's government or from the ANC.

The weakening of the ANC electorally has increased the number of councils now under opposition rule. There is growing evidence that the ANC will not be able to form a national government alone after 2024. To the extent that the popularity/unpopularity of parties is linked to their performance in government or their expected performance in government, the growing unpredictability of the political scene might focus attention on the mechanics of government. In other words, opposition parties may become eager to see reforms in the architecture of government. There are signs, moreover, in the health sector that civil servants there are beginning to speak up about the appalling conditions in hospitals. In 2017 an embryonic movement of civil servants emerged to oppose the venality of the Zuma regime. Potentially, civil servants themselves could become drivers of change. Furthermore, the constitutional court has recently been elaborating a jurisprudence, which in the name of protecting and developing socio-economic rights authorises courts to involve themselves in the operations of government departments, agencies and municipalities (see Grootboom, Allpay). The business sector, whose enterprises are casualties often of poor services and deteriorating infrastructure, is increasingly organised and vocal. In July 2021, businesses in Gauteng and KwaZulu-Natal faced days of looting and burning as contestation in the ANC haemorrhaged into the streets. There is a growing urgency in these quarters that 'something must be done'. The argument here is that 'something' must be reforming the architecture of government.

## 7. Conclusion

This paper started with a provocation. Why did state capture not produce growth and development in South Africa like it has in China? The intention was to disorient received wisdoms about the problems and challenges in South Africa and the solutions that seem so self-evident. Putting aside our moral and political disgust, it turns out that the evidence from China and elsewhere is that corruption of a certain kind sometimes facilitates development, even if over the long-term it weakens institutions. Yet in South Africa, with similar patterns

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of corruption to those in China, this has not been the experience. The difference seems to reside in the autonomy and merit of China and South Africa's respective civil services. In China, unlike in South Africa, public administrations are sufficiently capable and merit-based that they can successfully implement projects, even when they are the products of corruption.

Why is the South African civil service so incapable?

In the first place, this paper has argued that in various ANC governments, South Africa has not had a developmental coalition. It has had governments that only pay lip service to these issues because the focus has been on securing the ANC's *control* over all areas of the State. As a result there has been no strong motivation to build development capability in the public administration.

Secondly, the ANC deliberately politicised the public administration. In the early years of the transition when the party functioned more or less as a unified entity, executive authority over appointments sometimes saw talented people deployed to government. Yet the depth and breadth of talent in the ANC meant that it simply did not have enough good people to bring to government. Often deployment followed a political logic of rewarding loyalty or finding positions of status and money for political allies. After 2007, growing and intensifying contestation in the party was transferred to the civil service, rendering departments and companies unstable and making the pursuit and maintenance of office the *raison d'être* of public service.

These factors have largely devastated the administrative capacity of government departments, agencies, state companies and municipalities. Those government entities controlled by opposition parties and by the Democratic Alliance, in particular, have largely been saved of such destabilising dynamics.

Taken together the challenges of government are largely political. They are not primarily caused by the low moral character of South African civil servants or by their especially low skills base. There are tens of thousands of capable people in departments and elsewhere in government. They should not have to suffer the slings and arrows of simplistic analysis. The fundamental problem lies in the fact that after 1994 the ANC reproduced features of the Apartheid civil service by refusing to rationalise it. This is the challenge of the current moment, to complete the transition from Apartheid: the civil service in South Africa needs to be bureaucratised, that is, constituted as an autonomous organisation organised on the basis of merit and subject to strong democratic accountability.