

## **Family and Favour at the Court of Jacob Zuma**

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Zuma's role as both state and party president is significantly underpinned by those who pay court to him on the basis of personal loyalty, patriarchal fealty and hope for personal gain, his formal authority buttressed by political patronage and protection which extends to those close to him. However, Zuma combines his role of tribal patriarch with that of mafia boss, his 'family' extending beyond close relatives to include business associates with shady connections.

Zuma is an accidental president who ascended to the office because he was not Thabo Mbeki. He may not be any more inclined to cohabit with the morally dubious than his predecessor (who, notoriously, shielded Chief of Police Jackie Selebi from investigation for linkages to organized crime). Nonetheless, it is difficult to believe that a man deemed by a court to have been in a corrupt relationship with Shabir Shaik (eventually sentenced to 15 years imprisonment for offences committed in connection with the notorious 1998 arms deal) and who was facing some 783 criminal charges involving fraud, corruption and racketeering would have secured the presidency had he not been able to place himself at the head of a "coalition of the aggrieved" who wished to bring Mbeki's rule and influence to an abrupt end. That this coalition was broad-based is generally accepted, receiving strong backing not merely from the organized left within the Tripartite Alliance but ethnic support from within the ANC of his home province. But in addition, he received strong support from black business interests. Mbeki may have been the chief champion of BEE, but his challenger received support from a motley group of business players some of whom switched their support from Mbeki to Zuma when they identified him as the rising man, from established business persons from KwaZulu-Natal who had long been close to him, from those who had lost out or had felt disadvantaged under Mbeki, and not least, from major figures within the Indian business community (again, significantly rooted in KwaZulu-Natal). In addition, he was backed by powerful figures within the ANC who had either been convicted of criminal offences (such as Winnie Madikizela-Mandela) or who were under investigation for criminal acts, some of these for alleged involvement in tendering scams (such as Ngoako Ramathlodi and Angie Motsheka).<sup>1</sup> In Zuma, powerful elements within the party saw a man who would not be overly concerned with ethical or legal concerns when it became time to cash in their cards for supporting him in his conjoined struggle for political survival and to stay out of jail.

The evidence laid before the court in Shabir Shaik's trial of Zuma's heavy reliance upon his friend for financial support on a month to month basis suggest that his personal financial means were not significant before his rise to the presidency. This makes the massive improvement in his fortunes since he became ANC president all the more remarkable (and blatant). To be sure, evidence was produced by the state during Shaik's corruption trial that alleged bribes from the French arms firm Thales were used by Zuma to expand his family

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<sup>1</sup> Roger Southall, Understanding the 'Zuma Tsunami', *Review of African Political Economy*, 121, 36, pp. 317-333.

homestead at Nkandla in rural KwaZulu-Natal, but after he became President the bill for new building and improvement rose to R65 million, most of it – it is alleged – being footed by the taxpayer. The expansion will turn the presidential homestead into a sprawling precinct that will include a police station, helicopter pad, military clinic, visitors' centre, parking lot for 40 vehicles as well as the construction of a double-storey mansion, guesthouse and three smaller houses to serve as staff houses. The financing of the expansion has remained shady, with the Presidency simultaneously denying that public money is involved but admitting that while Zuma is funding the construction of the houses himself (R4.1 million) the state is responsible for “construction work in line with the security and medical requirements relating to Heads of State in the Republic”, even while it remains unclear how future Heads of State will benefit from such expenditure.<sup>2</sup>

Perhaps it is not surprising that Zuma proved reluctant to declare his assets and business interests within 60 days of his becoming President as was required by the law, only doing so after his failure to do so was exposed by the press.<sup>3</sup>

In order to avoid conflicts of interest, the law requires that politicians serving in executive positions at any level of government withdraw from active involvement in business. Consequently, it is to those around the President that it is necessary to look to explain the improving fortunes of ‘Zuma Inc.’, which in 2010 was reported as involving Zuma himself, along with 15 adult members of his family, owning some 134 company directorships or memberships of close corporations, at least 83 of which had been registered in the post-Polokwane period, and are linked to industries in which the state plays a key role.<sup>4</sup> However, it is Zuma's ties with the two brothers, Ajay and Rajesh Gupta, along with the related activities of his son, Duduzane Zuma, and his nephew, Khulubuse Zuma, which have attracted most attention.

### *The Guptas*

The Gupta family, which comes from Saharanpur in India, has focused on building its empire in South Africa rather than in their home country, using their connections among the Indian community in South Africa. Its business is divided into two main groups.

The first is Sahara Holdings, which houses the family's IT interests. It was started in 1997, and by 2010 had a turnover of about R1 bn, with R500-R600 million of this coming from Sahara Computers, a subsidiary, which imports components and assembles laptops and PCs, and has a share of around 30-40% of the dealer-based market and 10-12% of the retail market in South Africa, although less than 1% of the corporate and government markets. The second is Oakbay Investments, which owns a range of businesses related to mining.

While the full details of the Guptas' corporate expansion are obscure, it is clear that they have gone out of their way to cultivate strong links with both prominent figures in both the ANC and empowerment community. That they struck up links with those around former President Mbeki is indicated by Ajay Gupta's non-executive chairmanship of Vusizwe Media, the company through which former minister in the presidency, Essop Pahad, publishes *The Thinker*,

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<sup>2</sup> Zuma's R65m Nkandla splurge. *Mail@Guardianonline*, 17 August 2011.

<sup>3</sup> Letter told Zuma to declare, *Sunday Times*, 22 March 2010.

<sup>4</sup> DA's plan to address the rise of Zuma Inc, *Politicsweb*, 29 August 2011.

a magazine broadly associated with the interests of Mbeki. However, although they remained out of the limelight during his campaign for the presidency, it is with Zuma and his associates that they have cultivated their strongest connections.

The Guptas, in association with Duduzane Zuma, are said to have put their influence to major effect to secure significant deals, including involvement in the Cape Town waterfront, from government. Further, Duduzane Zuma is a director of Sahara Computers (as was for a short time, his sister Duduzile), while his own company, Mabalenga Investments, is 40 per cent owned by Oakbay. Together with Oakbay Resources and Energy Ltd, Zim Holdings (owned by Lazarus Zim, a prominent empowerment figure) and smaller investors such as the MK Veterans' Association (2.5%), the MK Veterans' Association Women's Group (2.5%) and the Aflase Workers' Trust (10%), Mabalenga owns Islandsite Investments 255, which in turn partners with Oakbay Resources in owning Shiva Uranium (purchased in 2010 for R38 million).<sup>5</sup> Having apparently moved into close proximity with the political elite in 2006 after both Zim and Tokyo Sexwale's Mvelaphanda had bought a large stake in Sahara computers, the Guptas sought to consolidate their influence when in 2010 they bankrolled the launch of a new newspaper, *New Age*, whose proclaimed purpose was to provide more balanced coverage to government and the ANC than was provided by the established private media.

However, not all their deals have gone smoothly. In early 2011, Afripalm Resources, co-owned (via a paper-trail) by the Guptas, Duduzane Zuma and Lazarus Zim, signed a memorandum of understanding with the Steel Authority of India (Sail), an Indian parastatal, to investigate building a R21 billion steel mill in South Africa. The outcome, it was said, would be to force down prices in a domestic steel market dominated by near-monopoly producer Arcelor Mittal.<sup>6</sup> But then, in August 2011, Afripalm Horizons announced the signing of a deal with the China Railway Construction Corporation whereby they would be in pole position to cash in on the government's planned R550 billion rail infrastructure programme. This followed Lazarus Zim's accompanying President Zuma on a state visit to China.

If the deal between Afripalm and Sail were to go through, Sail would need access to cheap iron ore and coking coal. However, in April 2009, the Department of Mineral Resources had awarded 21 per cent of the rights of the Sishen mine (unbundled from Iscor in 2001) to Imperial Crown Trading (ICT). These had been previously owned by Kumba, a subsidiary of Anglo-American, which had failed to convert their mining rights in the mine into an updated format or lose them after a new mining act took effect in 2004.

ICT, had been founded by Phemelo Sehunelo (previously a leading provincial civil servant in the Northern Cape and reputedly romantically linked to a key official in the Department of Mineral Resources, Duduzile Kunene), and Prudence Gugu Mtshali, the partner of Deputy President Kgalema Motlanthe, and was co-owned, inter alia, by Pragat Investments,

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<sup>5</sup> The Gupta Interview, *Business Day*, 4 March 2011.

<sup>6</sup> Steel of a deal for Zuma Jnr, *Mail&Guardian*, 25 February-3 March 2011

which was either owned exclusively by Jagdish Parekh, a leading executive in the Gupta's empire, or co-owned with the Guptas, along with other local black empowerment figures.<sup>7</sup>

The Sishen mine, under Kumba's ownership, had supplied ore and coal to ArcelorMittal at cost plus 3 per cent. However, with the loss of Sishen, Kumba now demanded that the latter pay a more economic price. This then provoked an announcement by ArcelorMittal in August 2010 that it would buy ICT for R800 million and do a parallel transaction in which ICT's shareholders (inclusive of the Gupta family and Duduzane Zuma) would obtain ArcelorMittal shares with a face value of more than R7 billion.<sup>8</sup> In a nominally separate deal, ArcelorMittal would also take on Ayigobi Consortium, an investment vehicle led by Duduzane Zuma in association with Jagdish Parekh and Gugu Mtshali, as a BEE partner.

It was against this background that it remained unclear how any deal between Afripalm and Sail could go ahead unless the ICT resources first offered to ArcelorMittal were now offered to Sail (despite a denial from ICT). The uncertainty was then to be compounded by Sishen claiming in the High Court that it had been cheated out of its mining rights; ArcelorMittal squaring up to ICT for a legal battle; and by a raid by the Hawks, the major corruption-busting team housed within the South African Police Service, upon both ICT and the Department of Mineral Resources.<sup>9</sup>

By this time, there was growing concern within certain quarters of the ANC and the Alliance regarding the influence of the Guptas over the Zuma family. There were allegations that they had influenced the appointment of CEOs and chairmen of major parastatals, notably of Lazarus Zim to the chair of the board of Telkom in 2010 and Brian Molefe to become CEO of Transnet in early 2011; that they wielded so much power that they summonsed cabinet members and senior government officials to their house in Saxonwold, the upmarket suburb in Johannesburg;<sup>10</sup> that they had pressured government officials into placing advertisements in *New Age*; and that they had offered to transport Zuma around in their private jet ahead of the 2009 elections. Major figures within the party, notably Mathews Phosa (treasurer-general) and Baleka Mbete, the ANC national chairman (whose Mandumo Investment Holdings had allegedly been sidelined as a potential BEE partner by ArcelorMittal's deal in favour of Duduzane Zuma's Ayigobi consortium) threatened a revolt against their influence. Julius Malema and the Youth League likewise raged against them, and Cosatu announced that it would establish an investigation into allegations that they were plundering the country.<sup>11</sup> In contrast, the MK Veterans' Association leapt to Zuma's and the Guptas' defence, as did the Women's League, whose spokesperson, Edna Molewa, stated that she saw nothing wrong with the Zuma family benefitting from deals facilitated by government. The SACP (as ever protective of Zuma) said

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<sup>7</sup> The financial press remains confused about whether Pragat is exclusively owned by Parekh or co-owned with the Guptas.

<sup>8</sup> The other beneficiaries were Mabelindile Luhlabo, who founded the Mineworkers' Investment Company, but who resigned from it in 1999; Zebo Tshethlo, a municipal manager of the Kgalagadi district municipality; Mojalefa Mbete, who has extensive business interest in the Witbank area, notably in coal-mining.

<sup>9</sup> ICT raid rattles top politicians, *Mail & Guardian*, 29 July-August 2011.

<sup>10</sup> Whose residents they had outraged by landing their private helicopter on the nearby public park, Zoo Lake.

<sup>11</sup> ANC revolt over Guptas, *Sunday Times*, 27 February 2011.

that while it opposed the use of political connections for the accumulation of private wealth, those who were attacking the Guptas were seeking to harm his image.<sup>12</sup>

Revelations that the Gupta brothers had provided the R250 million worth of shares for the MK Veterans' Association further dented their reputation, sparking fears that they were attempting to buy support for a run by Zuma for a second term as president, the rumour fueled by the admission by the Association's treasurer, Sparks Motseki, that he held a private stake in one of the Guptas' subsidiaries, Dixie Investments, and that he was a close friend of Duduzane<sup>13</sup>

The Guptas were shrewd enough to accompany Duduzane Zuma to a meeting with Cosatu, at which they claimed that they had "never taken a cent from the government" and would collaborate fully with the investigation into their interests. They also averred that they had taken a decision in 2007 to forgo all government tenders and contracts to put a stop to insinuations about their relationship with Zuma. These they lay at the door of established capital, offended both by their founding of *New Age* and their entry into the mining sector.<sup>14</sup>

So great is their influence, it seems unlikely that the Guptas will not be able to ride this particular storm, not least because Gloria Bongi Ngema, who is due to become Zuma's sixth wife, recently landed a plum job as head of the communications and marketing department at JIC Mining Services, which is majority owned by Oakbay Investments.<sup>15</sup>

#### *Dodgy Deals: Aurora Empowerment Systems and Consolidated Rand Gold*

In October 2009, Aurora Empowerment Systems, led by Khulubuse Zuma, Zondwa Mandela (the great man's grandson), and Michael Hulley (the lawyer who defended Zuma in the courts against charges of corruption) took over Pamodzi Gold, which had gone into liquidation. The take over was controversial, for Aurora was inexperienced, but liquidators saw to it that their new boys won out over experienced players, including Harmony Gold, a long-established mining company.

At the time, seven shafts at Pamodzi's Grootvlei mines and six at Orkney were still operational, but thereafter followed a tale which unions describe as blatant asset stripping, with Aurora selling gold, machinery and scrap for unknown millions, and misappropriating unemployment and pension funds. Within months, some 5000 mineworkers were being left unpaid, water and electricity was cut off to the hostels where many of them lived because of unpaid bills, one worker committed suicide, and water pumps, if not sold, stopped operating, threatening the mines with flooding.

Aurora continuously denied asset stripping, blaming thefts upon illegal miners, and gained successive stays of execution from government liquidators, by promising that they were bringing in major investors to re-open the mines. Amidst the controversy, Khulubuse Zuma made a donation of R1 million to the ANC, despite owing far in excess of that in wages to the unpaid miners. Subsequently, Zuma was promising that a Chinese company, Shandong Gold, would

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<sup>12</sup> SACP defends Zuma over Gupta allegations, *Business Day*, 7 March 2011.

<sup>13</sup> Veterans' official in private deals, *Mail&Guardian*, 1-7 April 2011.

<sup>14</sup> Guptas claim conspiracy, *Mail&Guardian*, 25 February – 3 March 2011.

<sup>15</sup> Plum Gupta job for Zuma fiancée, *Mail&Guardian*, 18-24 March 2011.

buy a 65 per cent stake in Aurora for in excess of R800 million, winning extensions from liquidation from the High Court. However, the deal never came through, and in early 2011 Aurora was finally thrown out of its mines after Enver Motale, a government liquidator accused by the unions of protecting the company because of its political connections, was fired and new liquidators brought in, and the assets sold to China African Precious Metals for a mere R150 million. Despite Khulubuse Zuma having amassed enormous wealth (he owns a personal fleet of 19 expensive cars), it remains a moot point whether the workers will ever get paid.<sup>16</sup>

Meanwhile, less attention has been paid to Zuma's connections with 'sushi king' Kenny Kunene, who has moved from rags to riches in record time.<sup>17</sup> In 2007, Consolidated Rand Gold (CRG), a company backed by Australian interests, in association with an empowerment partner, Puno Gold (supposedly representative of community interests), raised more than R1 billion on the London and South African stock exchanges in order to mine reefs running from Germiston to Soweto that contained gold estimated to be worth at least R200 billion. Kunene and a business partner, Gayton McKenzie, a reformed bank robber, were employed by CRG as executives with the particular role of using their political connections to secure mining rights from the Department of Mineral Resources, and did so within a short time. However, while Kunene and McKenzie earned extravagant salaries, drove flashy cars and dined with President Zuma, CRG's operations took a sharp dive, and in April 2011 it was forced to announce plans to retrench 212 of its 233 workers, reporting a loss of R1 billion. Puno Gold claimed foul, and declared that it had never received any dividends. Subsequently, when appealing to the Hawks to investigate the matter, Puno revealed results of a forensic investigation it had commissioned which revealed, inter alia, that CRG had planned to replace it as its empowerment partner in favour of Fine Asset 127, a company belonging to the President's son, Edward Zuma, the top leadership of the MK Veterans' Association, and Jerome Braun, a lawyer who had represented Jacob Zuma at his rape trial in 2008. A CRG executive pointed out that the plans were never acted upon, and that Puno's fraud accusations were a result of its refusal to accept liabilities for debts. Kunene and McKenzie, he admitted, were indeed expensive employees, "but they got the mining rights in 11 months. That's incredibly fast".<sup>18</sup>

There is no evidence that Zuma himself has had any direct involvement in either of these dubious deals. Yet those close to him have, and he appears to have no compunction in associating with business interests which trade on their political connections and sail very close to the law.

#### *Politics, Private Interest and Public Property: Friends and Family as Tenderpreneurs*

Amongst the deals secured by Zuma's relatives are one, whereby in 2009, a company linked to his nephew Mandla Gcaba, was awarded a contract to run Durban's bus fleet without a tender, this after the collapse of the previous operator, Remant Alton, of which Gcaba had also been a director. In another, before Zuma had become state President but had already become President of the ANC, a R3.5 million catering contract had been awarded, again without being advertised

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<sup>16</sup> Zuma Inc hits skids, *Sunday Times*, 29 May 2011; Aurora probed, *Sunday Times*, 7 August 2011.

<sup>17</sup> Kunene, closely connected to key figures within the ANC, had celebrated a major birthday by holding a lavish party at which sushi was served on the bodies of scantily dressed women. The event has been extensively parodied in a number of Madam and Eve cartoons.

<sup>18</sup> How sushi king went from Mr Price to Mr Pricey, *Sunday Times*, 22 May 2011.

for tender, by the KwaZulu-Natal legislature to Bucebo General Trading, a company owned by Nonkulelo Mhlong, mother of two of his children.<sup>19</sup> However, the most notorious case of tenderpreneurship has involved the Chief of Police.

In early 2011, corruption battered South Africans were reading about a property scam involving Roux Shabangu, a BEE businessman said to be close to Jacob Zuma, and Bheki Cele, Zuma's appointee as Commissioner of Police. While Zuma was to deny connection with Shabangu, it was impossible for him to deny a long involvement with Cele, with whom he had a strong connection going back to shared days in MK, who was known as a significant power-broker in KwaZulu-Natal, and who had strongly backed Zuma for the presidency. The exposure of apparent tenderpreneurship at the highest levels consequently had explosive political implications.

Media investigations were to uncover the leasing, from Shabangu, of one building for R500 million over ten years as new headquarters for the South African Police Service in Pretoria, and of another, for R137 million, also in Pretoria, to be the headquarters for the police department's Independent Complaints Directorate. The sums involved in both deals were highly inflated, and the state could have bought similar buildings for considerably less. Shabangu's business partner, Japie van Nierkerk, with whom he had fallen out, informed the media that Shabangu had bought the prior building because his political connections informed him that the public works department wanted to lease it. Nonetheless, despite two legal opinions offered to her which indicated that their approval would be illegal, both deals were authorized by Public Works Minister Gwen Mahlangu-Nkabinde. Geoff Doidge, the Director-General of Public Works, who had launched a probe into the deals which came up with the first judgement that they were irregular, was replaced in November 2010 by the Minister by Siviwe Dongwana, who apparently she deemed to be more malleable.<sup>20</sup>

The adverse publicity scuppered two other deals. One whereby Shabangu would have leased yet another building in Durban for a new police headquarters in Durban for R100 million,<sup>21</sup> and another whereby the Billion Group, a property company with which Lonwaba Sambudla (who is married to Duduzile Zuma) is closely associated, would have won a tender under dubious circumstances for the construction of a new headquarters for the Department of Public Service.<sup>22</sup> Billion was later revealed as having already leased a building to the Department of Public Works which, even after payment of some R68 million, remained empty. This seemed a valuable return upon a donation of R1 million which Billion was said to have made to the ANC or its senior officer bearers.<sup>23</sup>

Of more political impact was that it resulted in a formal investigation into the deals being undertaken by Thuli Madonsela, recently appointed as Public Protector. Despite having been subject to a raid by two police intelligence officers demanding documents related to the lease and her office having its computers hacked, she forwarded provisional findings to Zuma, Mahlangu-

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<sup>19</sup> DA's plan to address the rise of Zuma Inc, *PoliticsWeb* 29 August 2011.

<sup>20</sup> Taxpayers suckered in yet another police leasing deal, *Mail and Guardian*, 3-9 June 2011.

<sup>21</sup> R1 bn deal slammed, *Sunday Times*, 8 May 2011.

<sup>22</sup> Public cash, private interest, *Mail and Guardian*, 21-18 August 2011.

<sup>23</sup> More dodgy deals in works, *Mail and Guardian*, 5-11 August, 2011.

Nkabinde, Cele, Shabangu, Police Minister Nathi Mthetwa and Finance Minister Pravin Gordhan for comment in June 2011. These were leaked to the press, leading to dramatic headlines, for Madonsela had reported that Siviwe Dongwana (by now suspended from duty) had indicated that his phone had been tapped, that he had been pressured into approving the deals by Mahlangu-Nkabinde and that he now lived in fear for his life. Madonsela submitted that Mahlangu-Nkabinde had been guilty of improper conduct; that Cele was guilty of maladministration and unlawful conduct for driving the R1.1 billion Durban deal; that the tender for the latter had been rigged to favour Shabangu; and that the Treasury should blacklist Shabangu's company, Roux Property Fund, for its involvement in "unlawful and irregular procurement".<sup>24</sup>

The political fall-out was immediate. Madonsela found herself confronting reports, emanating from the Hawks, that she was to be charged fraud and corruption for doing irregular business with the South African Law Reform Commission when she had worked there as a Commissioner, and announced that she feared for her safety and would seek the protection of Parliament against police "intimidation and dirty tricks". The public outrage against any idea of her being charged was such that it resulted in Justice Minister Jeff Radebe swiftly announcing that all her dealings with the Law Reform Commission had been above board, and that there was no intention to institute proceedings against her. Subsequently, in July, she submitted her updated report on the leases, this arguing that the lease agreements were invalid and calling upon President Zuma to take action against Mahlangu-Nkabinde, Cele, and senior officials in the Department of Public Works and in the South African Police.<sup>25</sup>

Zuma was now confronted by a major dilemma: whether to act against powerful figures within the ANC during a period when the continuation of his leadership of the ANC was under major debate within the Alliance, or to win praise for upholding the law and the constitution. Characteristically, he fudged the issue, and played for time as both Mahlangu-Nkabinde and Cele remained in office (speculation being rife that it would be senior officials under them who would, eventually, be forced to walk the plank). But Madonsela's independence had come to represent a major threat to powerful forces within the ANC threatened not only by her but other officials within state organs deemed to be taking the pursuit of action against corruption too seriously. ANC Treasurer-General Matthews Phosa and Cabinet spokesman suggested that Parliament should debate and if necessary amend Madonsela's report (despite such amendment being clearly unconstitutional).

Under immense pressure from the media, Mahlangu-Nkabinde subsequently did the right thing by referring the Pretoria and Durban leases to the courts to have them declared invalid, complaining that she had been handed a poisoned chalice and had been obstructed in her investigations by senior officials within her department. She also revealed that the value of leases improperly awarded by her Department amounted to over R3 billion in value. However, by this time her credibility had been shredded, and she was facing calls to resign.<sup>26</sup> Meanwhile, Zuma had at last opted to call Cele to account, asking him to give good reason why he should not be suspended from office. However, well-grounded speculation was rife that the principal

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<sup>24</sup> I feared for my safety, *Sunday Times*, 19 June 2011.

<sup>25</sup> Inter alia, Madonsela warns on policy dirty tricks, *Business Day*, 7 July 2011; and Independent Inquiry threat to President, *Mail&Guardian*, 8-14 July 2011.

<sup>26</sup> Eg. Paul Hoffman, Minister must fall on sword for even sipping at a chalice, *Business Day*, 23 September 2011.

motivation behind Zuma's action was an intelligence report handed to the president in October 2010 that, apart from being deeply implicated in organized crime and corruption in KwaZulu-Natal, Cele had become part of an anti-Zuma faction which included Human Settlements' Minister Tokyo Sexwale, Sports Minister Fikile Mbalula and Arts Minister Paul Matshatle.<sup>27</sup>

In another move, National Director of Public Prosecutions, Menzi Simelane, presiding over the laying of charges against renowned corruption-buster, Willie Hofmeyr, who heads the Asset Forfeiture Unit and the Special Investigating Unit, in relation to various actions he had taken, notably in regard to the Intaka case (whereby senior ANC figures had allegedly received a donation of R1 million for the party from South American businessman, Gaston Savoi, in exchange for a R45 million tender to supply water purifiers to state hospitals at inflated prices). His actions in regard to Intaka had aroused the ire of high level politicians, including KZN Premier Zweli Mkhize, whose support for Zuma in any forthcoming leadership battle within the ANC would be vital.<sup>28</sup> "We're fucked, just like the Scorpions", concluded one official.<sup>29</sup>

### *The ANC's Mafia State under Jacob Zuma*

The merging of party and state under the ANC has provided for the increasing criminalization of authority and power, a tendency which has gained serious momentum under Jacob Zuma. Formally, government operates according to the constitution, and responsibility for governance lies with the President, cabinet, civil service and the similar institutions charged with legal and political authority at provincial and local government levels. As under any system of government, decision-making by such bodies is subject to political bargaining and negotiation, with policy outcomes often the result of diverse pressures, and implemented according to bureaucratic, political and legal constraints, with departures from legality investigated and prosecuted by authorities which are constitutionally independent of the political executive. Increasingly, however, the formal operations of government are being eroded by the private interests of individuals and businesses, which trade on their political presence within, and connections with, the ANC and the government itself. As the ANC itself becomes increasingly factionalised, a development closely linked to the struggle for state resources, the system of governance established under the constitution becomes increasingly eroded, not least by successive political assaults upon the independence of bodies responsible for investigation and prosecution of corruption. Prosecution of major cases of corruption occurs, but usually only after extensive exposure in the media, and heavily dependent upon the prevailing balance of power within the ANC. How many corrupt deals go through without such exposure, which in itself often results from internal clashes amongst those scrabbling for favours, obviously remains unknown, although the presumption must be that they are numerous.

Zuma ascended to the presidency at the head of a disparate coalition whose interests were in many ways incompatible. Cosatu and the SACP looked to him to change the direction of government economic policy in favour of workers and the poor, whereas there were many in the party concerned only to displace Mbeki, and to gain access to public office to pursue private interest. In turn, the manner in which Zuma had gained office, as a result of bitter political struggle within the ANC and against state institutions, indicated the potential fragility of power.

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<sup>27</sup> Zuma 'bid to oust Cele' stalls, *Mail and Guardian*, 23-29 September 2011.

<sup>28</sup> *Business Day*, 2 August 2011

<sup>29</sup> Knives out for graft unit, *Sunday Times*, 17 July 2011.

Any incumbent of State House was constitutionally limited to two terms of office, but the internal battles within the ANC had indicated that the prospect of a second term was insecure, and had to be struggled for. Time in office, could well prove to be shorter than intended, increasing the urgency of the struggle for control of state power and public resources.

Zuma, unencumbered by either ideological concerns or moral principles, now visibly serves as the boss of a personal mafia, his political influencing percolating downward through government structures to facilitate the allocation of tenders and contracts to his family, friends and those who can serve their financial interest. As with a mafia boss, he disowns responsibility for crimes seemingly committed under his protection, and there is no person or institution willing or capable to point a finger directly at his culpability. Where looting of resources by his cronies becomes so blatant that it provokes publicity and prosecution by anti-corruption agencies, legal action becomes mysteriously stalled, corruption-busters intimidated and action against looting politicians regularly postponed. It is now commonplace that as President, Zuma's principal concern is to juggle his political debts and backers in such a manner as to ensure a second term as President. Whether he succeeds or not will depend far less on the adoption by the ANC of a coherent political programme for ensuring a 'better life for all' than whether he can convince key forces within the ANC that he can and will continue to promote and protect their material interests and ability to loot the state.