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Corruption as a Symptom: Hegemony and Class Building in 21st Century Brazil and South Africa

FABIO LUIS BARBOSA DOS SANTOS

ABSTRACT

This text discusses Brazil and South Africa from a comparative perspective. The comparison is framed by the hypothesis that both countries face a hegemonic crisis and an interregnum is taking place. It is argued that these legitimation crises stem from frustrated expectations of social integration and nation building in a context of structural crises of capital. The hegemony challenge is discussed from the standpoint of the class formation drive behind black economic empowerment under the African National Congress and the neodevelopmental blueprint spurred by the Partido dos Trabalhadores. Although very different in kind and scope, both ended up mired in corruption, which is read as a symptom of the narrow possibilities of expanded capital accumulation and class building on the margins of 21st century global capital. Despite their differences, these project's shortcomings explain the daunting and perhaps insurmountable tasks faced by capitalist development in these countries in the 21st century.

Keywords: Brazil; South Africa; PT (Partido dos Trabalhadores); ANC (African National Congress); political economy; hegemony

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INTRODUCTION

Brazil and South Africa are among the countries in the global South that have gone further down the industrialisation path. In these countries, the making of an Indigenous bourgeoisie had as its backdrop the expansion of global capitalism, encompassing their non-European territories from the 19th century onwards. As import substitution industrialisation took off in the interwar years, these class formation processes built up steam, peaking during the three decades of capitalist expansion following the Second World War.

Despite different political orientations, Brazil and South Africa shared a common national development template. Offsprings of the recently founded United Nations, the Economic Commission for Latin America (ECLA) and the Economic Commission for Africa (ECA) maintained that industrialisation was key to overcoming underdevelopment and dependence, laying the foundation for sovereign states (Furtado 1974). Seen from a political angle, Brazilian industrialisation took place between two dictatorships – the 'New State' from 1937 to 1945 and the civil-military dictatorship from 1964 to 1985. In South Africa, these years saw the establishment of an Afrikaner bourgeoisie consolidated under apartheid (1948-1994). In both cases, the backdrop of the industrialisation drive under a national development landscape was global capitalist expansion. There were ups and downs, as crises are inherent to capitalism. But they were followed by expanded accumulation cycles, the decades following the Second World War being a case in point. Overall, expansion prevailed.

Since the 1970s, this trend has been reversed. Different authors drawing from various theoretical approaches within and outside Marxism, have observed a steady slowdown of capitalist growth (Brenner 2003; Kurz 1983; Piketty 2013). However, unlike previous crises, this is not to be followed by expanded accumulation. In the words of Istvan Mészáros (1999), capitalism is not facing another cyclical contraction but a continuum depression. My understanding of this juncture is in line with Moshe Postone's argument that capital's internal contradictions have reached their apex: the development of productive forces that cut on labour also deplete the source of surplus value that feeds capital (Postone 2014).

A structural crisis is installed and visible through three facets. First is the crisis of value creation in itself. The constraints to the valorisation of value spur schemes to advance value expected to be created in the future through multiple forms of financialisation. Streeck (2013) has shown that, as it defers the burst of capital contradictions while fuelling them, financialisation operates as a time-buying scheme that charges dearly for its service. Another dimension of the crisis of value is a global push towards accumulation by dispossession, broadly taken as forms of capital accumulation inseperable from the production of despair, as seen in the privatisation of public services or in land eviction in the interest of extractivism. Seemingly worlds apart, financialisation and extractivism are tied to different forms of rent seeking, in the latter case involving the control of land and other natural resources to secure rents that arise from natural resource extraction (see Siyobi 2021).

A second dimension is the crisis of the state. The economic slowdown impacts tax revenues, while financialisation requires siphoning state money to financial circuits at the expense of social services – or so imposes the austerity agenda. Instead of mitigating the social effects of the crisis, the state becomes part of the crisis deferral scheme to keep the system functioning artificially (Streeck 2013). Accumulation by dispossession is state backed too, particularly when it comes to its violent enforcement. However, as the centrality of dispossession increases, the lines between legal and illegal accumulation are blurred and so is the role of the state, as discussed further on. Thirdly, there is the crisis of labour. As unrelenting automation produces growing jobless disposable masses, the former reserve army gives up on labour as such, to engage in multiple individual strategies of daily survival in a world where one has to fend for oneself (Dardot and Laval 2010).

The outlined structural crisis of capital was the backdrop to the articulation between globalisation and neoliberalism that has swept the world since the 1970s. In developing economies, this global gear shift away from expanded accumulation put the national developmental landscape in check: deindustrialisation ensued, the welfare state shrunk and labour precarisation soared.

The erosion of national developmentalism had intertwined political and economic consequences. The end of military dictatorship in Brazil and the dismantling of apartheid in South Africa ushered in new hegemonic democratic arrangements. In Brazil, the so-called 'Citizen Constitution' drafted in 1988 was the lynchpin of the New Republic that followed dictatorship, while the end of apartheid also gave birth to a socially advanced constitution. In both countries, political democratisation was compounded by hopes to overcome staggering inequalities. Two political parties that broke with the dictatorial past on the political level dominated the Brazilian New Republic, while the African National Congress loomed large in post-apartheid South Africa. In short, new hegemonies were established.

Even though these hegemonic shifts in Brazil and South Africa took place within capitalism, they were fraught with expectations of social democratisation coupled with bourgeois rearrangements, albeit different ones: the Brazilian bourgeoisie had to modernise and update, while a new black bourgeosie was to be created in South Africa. A durable hegemony within the liberal democratic framework depended on successful patterns of capital accumulation underpinning these class rearrangements, tied to significant levels of social integration. Accumulation had to address historical inequalities in order to produce political legitimacy. Failing to do so could compromise legitimacy, and lack of legitimacy was likely to be offset by violence, as happened in both countries during the Cold War.

Having that background in mind, this text discusses Brazil and South Africa from a comparative perspective. The comparison is framed by the hypothesis that both countries face a hegemonic crisis and an interregnum is taking place. It is argued that these legitimation crises stem from frustrated expectations of social integration and nation building in the context of structural crises of capital. The hegemony challenge is approached from the standpoint of the class formation drive behind black economic empowerment under the African National Congress (ANC) and the neodevelopmental blueprint spurred by the Partido dos Trabalhadores (PT). Neo-developmentalism under Lula envisaged making Brazil a global player while black economic empowerment in South Africa was anticipated to open a path to redressing historical economic inequalities. Although very different in kind and scope, both ended up mired in corruption, which is read as a symptom of the narrow possibilities of expanded capital accumulation and class building on the margins of 21st-century global capital, as opposed to industrialisation that took off following the Second World War. The point is not to discuss whether this was a deliberate

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abandonment of earlier left-wing commitments by the ANC or the PT, or the result of old and new transnational economic constraints. The thrust of the argument is that constraints for value production in the context of structural capital crisis, as discussed above, limit the alternatives for expanded accumulation that underpin any national bourgeoisie building project. Accumulation by dispossession becomes central in light of these constraints, and corruption is seen as an expression of this trend. Of course, corruption is not new in either country, nor is accumulation by dispossession. However, a qualitative shift takes place as corruption is no longer a side effect of patronage, and dispossession is no longer linked to a national development project. In times of structural crisis, they become ends in themselves. It is argued that, despite their differences, these project's shortcomings explain the daunting and perhaps insurmountable tasks faced by capitalist development in South Africa and Brazil in the 21st century. As the aspiration of development and wage citizenship loses economic grounding and neoliberalisation corrodes the social fabric, the hegemony embodied by the ANC and the PT's legitimacy wanes while an alternative has yet to take shape.

SOUTH AFRICA
THE POLITICAL ECONOMY OF SOUTH AFRICA'S MULTIRACIAL DEMOCRACY UNDER THE ANC

Bestowed with the mantle of national liberation, the ANC won the 1994 election with 62 per cent of the votes. Nelson Mandela became president (1994-1999) and was succeeded by his wing man and deputy president, Thabo Mbeki (1999-2008). Despite hopes of economic transformation, the state-intervention-oriented Reconstruction and Development Programme (RDP) was quickly dropped in favour of the Growth, Employment and Redistribution Framework (GEAR), bringing South Africa in line with globalisation and neoliberalism (Gelb 2010). In fact, the end of apartheid brought the end of economic blockade in times of globalisation.

From the standpoint of national capital, economic liberalisation involved two interlinked movements: the unbundling of large conglomerates, which concentrated on their core activities, and the relocation of corporate headquarters outside the country, usually to London. The minerals-energy complex remained at the core of the post-apartheid economy. Still, the profile of the companies changed in the context of financialisation, asset restructuring and relocation abroad – the three 'fs' of which Ben Fine (2008) speaks: finance, flight and foreign ownership. In 2011, mining contributed to 8.8 per cent of the country's GDP directly and 18 per cent indirectly. In this same year, a report by Citigroup identified South Africa as the wealthiest country in terms of mineral resources in the world, with reserves valued at USD 2,300 billion (Ashman 2015).

From a strictly corporate point of view, the sale of non-core assets was aimed at increasing the shareholder value of companies, while fending off hypothetical nationalisation policies. At the other end, in 1997 the government authorised the country's largest companies – notably Billiton, South African Breweries (now SAB Miller), Anglo-American, Old Mutual, and Liberty Life – to transfer their primary listings to the London Stock Exchange, allowing them to legally export capital as dividends and other forms of payment. This operation facilitated the evolution of these groups into global companies but also involved a massive transfer of capital. It was expected that these corporations capitalised abroad to invest in the country but, in 2006, only 6.4 per cent of their investment took place in Africa, while Europe absorbed 66 per cent and the Americas 24 per cent (Southall 2010, 46). The government did not interfere for fear of compromising its international credibility. As a result, macroeconomic policy management allowed a gradual but constant outflow of capital under favourable conditions. In 2011, it was calculated that 20 per cent of the GDP had left the country from 1994, mostly legally because of the easing of exchange controls (Ashman et al. 2011).

It was against the background of South Africa's plunge into globalisation that the ANC was expected to reddress historical inequalities, having as assets the state and widespread popular support. The post-apartheid transition involved a veiled bargain in which white people retained control of business while black people took control of the state through the ANC. The party's original egalitarian and nationalist goals were compromised, neoliberalism was quickly embraced and the focus shifted to creating a black bourgeoisie. The core drive was not to democratise society but to de-racialise capitalism, which led to Black Economic Empowerment (BEE) policies (Bond 2003; Marais 2001; McKinley 2017).

Beyond Mbeki's conservative approach, Von Holdt (2023, 23) underscores that the focus on creating the conditions for the emergence of a black bourgeoisie was an attempt to address a real material and burning aspiration, as settler colonialism and apartheid had prevented the emergence of a black middle class and of black entreperneurs on land, in commerce or in manufacturing. In the private sector, the ANC's initial approach was to persuade white capital to sell parts of their unbundling businesses to aspirant black capital. Incentives were offered for established white businesses to incorporate, in the main, politically connected black people as board members, shareholders and owners, often highly indebted. Arguably, this was a modest price to pay in the face of white property expropriation that once issued from black politics. However,

> When the pace was too slow, they [ANC] then shifted to a more assertive regulatory stance, brokering with the main sectors (including agriculture, transport, autos and information technology) 'voluntary' mid to long-term targets for change in ownership, participation, training etc, as well as a broad-based BEE code of good practice, monitored by the Department of Trade and Industry (Hart and Padayachee 2013, 76).

The ANC promoted the transfer of assets to black capitalists who were financed by various mechanisms facilitated by the financialisation of the South African economy. A few, such as Cyril Ramaphosa, have become billionaires but many became debt-ridden, especially those linked to mining. In 2002, the Mineral and Petroleum Resources Development Act nationalised mineral rights, reversing a 1991 law that decreed private ownership of these rights. According to Capps (2012), the fundamental purpose of the law was to accelerate accumulation in the national mining industry by eliminating the barriers to investment posed by private ownership of minerals. Within this process, mining corporations were forced to accept black capitalists as junior partners, a requirement easily absorbed in the context of the commodities supercycle. At the same time, new profit fronts opened up for white financial capital since share transfers were financed through a range of mechanisms, which entailed substantial debt financing for new black owners, even if assets were priced at a discount (Pons-Vignon and Segatti 2013; Von Holdt 2013, 594).

Overall, transformation was often bypassed through make-believe or minimal adjustments targeted to comply with state regulations while blocking substantial ownership changes. White businesses and multinationals' resistance narrowed the

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options available to Mbeki's conciliatory approach in the private sector, driving the locus of transformation to the public sector, where state-owned enterprises (SOE) served as a springboard for black empowerment. While increasing the share of the economy under direct black control, the SOEs also served as a training ground for cadres who then migrated to the private sector. In 1999, the four main SOEs, Transnet, Eskom, Telkom and Denel, accounted for 15 per cent of GDP, 94 per cent of state revenues, and 77 per cent of employment. Despite privatisation schemes advanced by the ANC, the programme targeted assets that were not central to these companies' operations, except for the partial privatisation of Telkom in 1997 (Greenberg 2006).

BEE quickly acquired a bad reputation associated with the sudden enrichment of a few privileged people with political connections and influence – the 'beellionaires', while the black majority remained in poverty. Moreover, the BEE approach linked emerging black business to contracts and deals with white business in a context where the most significant white-owned and white-managed corporations demonstrated scant commitment to the development of South Africa, globalising and shifting capital at the earliest opportunity (Buthelezi and Vale 2023, 23; Southall 2010). In the view of white business, black partners' main asset was access to state power to obtain contracts, reinforcing the perception that their economic empowerment was based on political schemes. Conversely, many believed that black people only succeeded in business through government networks permeated by corruption. Furthermore, the shareholder value movement previously described resulted in massive increases in returns to shareholders, adding to transfers to BEE groups to undermine reinvestment and frustrate development (Chipkin and Swilling 2018, 41). Overall, black empowerment boiled down to the self-enrichment of a minority of state connected black people who played a side role in the ownership and control of the productive economy of South Africa. In the words of Fine (2012, 78):

> BEE may have created a new black bourgeoisie, but it is not a new progressive fraction of black capital capable of carrying through the national democratic revolution that some once hoped for. Its wealth is derived primarily from financial and ownership restructuring and contributes little to economic and social development.

This may be an understatement in light of how black economic empowerment unfolded. At the beginning of Mbeki's second term, a 'transformative' and 'developmental' state discourse was adopted and, at the 52nd ANC conference in 2007, it was formally announced that South Africa aspired to be a democratic developmental state. Hart (2013) considers that these shifts operated mainly at the ideological level rather than reflecting sustained political and economical shifts. In any case, it was too late for Mbeki. After more than a decade of ANC dominance, many felt that the BEE route to transformation left white capital domination intact in the face of a small, dependent and economically weak black, 'empowered' elite, while social inequalities increased over the same period. This was the backdrop of the 'Polokwane moment' in 2007, when Mbeki's defeat at the ANC conference set the stage for Zuma's presidential triumph two years later (Butler 2010).

CORRUPTION AS A SYMPTOM: RADICAL ECONOMIC TRANSFORMATION

Various interests converged to oust Mbeki, the South African Communist Party (SACP) and Congress of South African Trade Unions (COSATU) leadership being key to turning the tide in Zuma's favour (Suttner 2010). However, while these organisations envisaged a counter-movement away from Mbeki's neoliberalism towards a meaningful developmental state, another strategy was emerging within the ANC, having as its centrepiece the use of the state's procurement spend to bring about radical economic transformation. This was not about nationalisation, but about the creation of a new black-owned economy. The battleground of economic transformation was to shift away from the economy itself to the state, and specifically to SOEs that outsourced massive industrial contracts to private sector service providers (Chipkin and Swilling 2018, 34). Radical economic transformation was the name given to what was essentially a project to leverage the procurement budget of SOEs to displace established white firms and create new, black-owned and -controlled industrial enterprises. Frustration due to white businesses' intransigence that shaped the options available under Mbeki prompted a different attitude. Unlike Mbeki's previous approach, radical economic transformation was not to rest on the goodwill of white people to reform their businesses, invest in the economy and employ black people as equals, making this vision profoundly compelling (Bhorat et al. 2017; Masterson and Meirotti 2018).

Once in office, Zuma maintained Mbeki's macroeconomic policies, leaving the left at a loss (Suttner 2015). At the same time, radical economic transformation became a narrative device disguising what later became known as 'state capture' as if it were an advanced transformative agenda. Since the extent of Zuma's misdoings were brought to light from 2016 on, the concept has made its way into general parlance in South Africa to highlight a systemic process coordinated by a power elite committed to a political project instead of isolated instances of corruption (Bhorat et al 2017). Therefore, state capture should not be simplified as corruption since it involved shaping the regulatory framework or its application. Insofar as it implied a drive to transition from acceptance of the constitutional settlement to a repurposing of state institutions that is achieved, in part, by breaking those rules, state capture amounts to a 'silent coup' (Chipkin and Swilling: 2018 XXV).

According to a Public Affairs Research Institute (PARI) report, Zuma envisioned a 'contract state' consisting of SOEs repurposed as tender-generating machines. SOE boards were reconfigured to award tenders in favour of radical economic transformation bidders with whom they had personal links. The lion's share belonged to Eskom and Transnet, which concentrated more than two-thirds of the total procurement expenditure in SOEs (Bhorat et al. 2017). Technically speaking, a loophole in the Public Finance Management Act of 1999 made it possible to use the procurement procedures of SOEs to benefit selected contractors. Unlike government departments, SOEs are not required to table their budgets and expenditure plans to parliament, which means they are not submitted to the same level of public scrutiny (Chipkin and Swilling 2018).

Although the Indian Gupta family was centre stage,[1] state capture unfolded as an operation of networks rather than hierarchies, bureaucracies or command and control, taking advantage of new techniques of outsourced government, such as public/private partnerships (Klaaren 2023, 92). This was only made possible by the high level of outsourcing of government's functions in previous governments under the influence of a new public management approach, which introduced 'business principles' into government structures to make them efficient. In tune with neoliberalism, contracting out and decentralisation of financial accountability were seen as institutional reforms for improving the efficiency of the public service (Chipkin and Swilling 2018, 46).

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Following the abolition of the State Tender Board in 2000, which decentralised financial accountability to departmental heads, tens of thousands of procurement points emerged at national and provincial levels to extend political patronage networks, as opposed to a dozen points of procurement at the end of apartheid. Patronage networks were not new, and some of them go back to former bantustan administrator networks that were preserved in the transition from apartheid. However, they were exacerbated and compounded by the expansion of the public service during the Zuma period, as the number of employees increased from 3,000 in 2005 to more than 10,000 ten years later, a surge driven not by service delivery but by patronage (Chipkin and Swilling 2018). In that context, state capture was sustained by provincial barons who weaved local regimes of corruption based on extensive provincial and local networks of beneficiaries operating not only for self-enrichment, but also to fund the ANC (Myburgh 2019, 147). These informal political-economic systems were on the rise prior to and outside the emergence of the Zuma network. But this competitive kleptocratic culture was raised to another level, as was the violence underpinning it.

In sum, the Zuma administration built on and accelerated BEE's promiscuous political and economic dynamics undergirded by neoliberalism, escalating it to 'state capture'. What should be underscored is that corruption became a key feature to accelerate an elite formation process under Zuma, deepening the informal political-economic web that cut across black economic empowerment. As von Holdt (forthcoming) puts it:

> Seen in this light, corruption, and perhaps primitive accumulation more broadly, establishes a set of networks through which reciprocity may be organised in the form of patronage. In this way it both expands and builds a web of relationships across the emerging elites and sub-elites, all engaged in mutually understood practices of enrichment through access to state institutions and deals.

Von Holdt argues that Zuma's rise accelerated ongoing trends, producing a quality shift. If corruption can be seen as a form of accumulation by dispossession, corruption under Zuma was linked to a class formation process amounting to primitive accumulation.

However, corruption is a mode of accumulation that is not mediated by legal forms. In other words, it is outlawed. Insofar as an illegal peripheral feature becomes its core, the system is threatened. While accumulation by dispossession was inherent to neoliberalism in the Mandela-Mbeki years, which benefitted from the global commodities boom, Zuma's gear change produced a quality shift that ultimately undermined the institutional framework on which the ANC's hegemony was founded. In that context, a broad political front backed by a sustained civil society movement against state capture spurred the ANC to change tact. Ramaphosa's presidency can be seen as a backlash against the institutional, political and cultural erosion of the Rainbow Nation that was accelerated by Zuma, aiming to bring South Africa's capitalism back under the rule of law.

BRAZIL
THE POLITICAL ECONOMY OF BRAZILIAN NEW REPUBLIC UNDER THE PT

As the culmination of centuries-long racial discrimination schemes to exploit black labour, apartheid was a comprehensive social engineering structure that operated as a minority dictatorship. Therefore, the end of apartheid was lived as a triumph akin to national liberation. Democratisation in South Africa had meanings and layers of expectation that the end of dictatorship in Brazil did not. The ANC bore hopes of historical redress that had no Brazilian equivalent at the time.

Nevertheless, the rise of the Worker's Party (PT) as the first mass-based left organisation in the country gave a new twist to an otherwise conservative transition to democracy. The PT embodied hopes for change in a context of rising popular pressure, which had a decisive impact on the constituent assembly established in 1988. This role was consolidated with the protagonism, disproportionate to its representation, of the party's parliamentarians in the drafting of the 1988 constitution, known as the 'Citizen Constitution'. Despite its limitations, this legal text consolidated a logic of social rights that translated, although imperfectly, a version of the welfare state on the global periphery. Still in effect today, the Citizen Constitution has been the lynchpin of the New Republic, as the times following the dictatorship came to be known.

First, direct elections were held in 1989 and Lula was narrowly defeated in the second round of votes by Collor de Mello, a hitherto unimpressive politician marketed as a saviour of the system. Collor was impeached three years later and, since then, until the rise of Bolsonaro, every presidential election was decided between the PT and the Brazilian Social Democracy Party (PSDB). Sociologist Fernando Henrique Cardoso steered the country towards neoliberalism and globalisation (1995-2002). From 1995 to 2002, inflation was tamed through commercial and financial liberalisation, underpinned by a solid commitment to an austerity agenda. Subsiding hyperinflation, import-filled markets and a robust real equivalent to the dollar won Cardoso a second term in 1998. However, once the euphoria of increased consumption began to dissipate, the neoliberal realities of precarity, unemployment, poverty and vulnerability surfaced once again (see Saad-Filho and Morais 2018, Chapters 5 and 6). Unpopularity hit hard and his party never returned to the presidency, losing four consecutive elections to the PT.

In his fourth bid for the presidency, former union leader Luiz Inácio 'Lula' da Silva won the PT's first presidential mandate in 2002. Although the New Republic was broader than the PT, the party came to embody its hopes for social change. For that reason, the PT's 13 years in the presidency can be seen as its apex. Conversely, the downfall of the PT had deeper implications, signaling that the New Republic itself was compromised (Braga and Santos 2025).

The climax of the PT's claim to hegemony was the neodevelopmentalism blueprint that got on track in Lula's second term (2007-2010), when there was a growth spurt driven by rising commodity prices due to Chinese expansion. After decades of stagnation, the slow recovery of wage-earning power, declining unemployment, a slight improvement in income distribution, the reduction of extreme poverty through targeted policies and the expansion of consumption that accompanied the abundance of credit backed the belief that Brazil was plunging into a period of development comparable with post-World War II national developmentalism. Neodevelopmentalism's bottom line was that the country should seek an alternative route between the financialisation that characterised neoliberalism and the nationalism linked to developmentalism. Sampaio Junior (2012, 46) synthesises this blueprint as follows:

> The challenge of neodevelopmentalism is therefore to reconcile the 'positive' aspects of neoliberalism – unconditional commitment

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> to currency stability, fiscal austerity, the pursuit of international competitiveness, and the absence of any discrimination against international capital – and the 'positive' aspects of old developmentalism – commitment to economic growth, industrialization, the regulatory role of the state, and social sensitivity.

The opportunity to reconcile 'an external element, liberalism, with another internal element, Brazilian developmentalism' (Cervo 2003) materialised in the support for the internationalisation of large companies with national capital or headquartered in the country. Of course, PT's ascent was not accompanied by headquarter transfers and capital flight, which morphed important South African corporations into foreign investors in their former home country. The main vehicles of the 'national champions' policy in Brazil were the business diplomacy practised by Brazilian Ministry of Foreign Affairs (Itamaraty), especially in South America, and the credit policy of the National Bank for Economic and Social Development (BNDES). At its peak in 2010, the bank's lending for this purpose was more than two and a half times the sum of the funds handled by the World Bank and the Inter-American Development Bank (Leopoldo 2011). The bank's action intensified the concentration of capital in sectors of the economy considered internationally competitive, notably primary exports and construction. It provided the JBS group with R$6-billion for acquisitions in Brazil and abroad, which made it the largest meat producer in the world; R$2.4-billion for Votorantim Celulose to acquire Aracruz Celulose, making it one of the world's largest pulp producers, Fibria; and more than R$1.5-billion for the merger of Sadia with Perdigão, making the Brasil Foods group the world's largest chicken exporter (Garcia 2012). However, the protagonist of Brazil's commercial expansion was construction, a sector that has done business in all of Latin America, as well as in other parts of the world, especially Portuguese-speaking Africa. This internationalisation of Brazilian corporations corresponded to a political project of regional leadership. The strategy anticipated that the economic expansion of Brazilian business would serve as the foundation for the country's international political upliftment, making Brazil a 'global player' (Santos 2018).

CORRUPTION AS A SYMPTOM: THE UNDOING OF NEODEVELOPMENTALISM

The neodevelopmentalist blueprint advanced with relative success during the economic expansion cycle that lasted until Dilma Rousseff's first term (2011-2014).

This performance was favoured by the global commodity boom, which was spurned by growing Chinese demand and which benefitted South Africa as well.

The expansion of Brazilian business corresponded to a recognition of the country's political role, embodied in the figure of President Lula, who was seen by Obama in 2009 as the most popular politician on Earth (Newsweek 2009). However, the conjunction of economic downturn and corruption scandals from 2014 on thwarted this project. While the Brazilian economy entered recession, several reports described corruption schemes involving contractors and other national champions at home and abroad. These disclosures undermined the reliability of the government and its ruling party, jeopardising the neodevelopmentalist project which they upheld.

In addition, several indications called into question the effectiveness of the national champions strategy. In the first place, some companies that had received large contributions from the BNDES began to be controlled internationally. The Ambev beverage conglomerate merged with a Belgian corporation and had its headquarters moved to that country, and EBX partnered with Chinese and Korean capital companies after approving large volumes of public credit for their projects (Tautz et al. 2010). The Odebrecht operation in Peru became independent and registered as a local company; it no longer had projects supported by the BNDES, but neither did it participate in the export of Brazilian services and products. On the whole, there is little evidence that supports that these businesses met neodevelopmentalist expectations. At the same time, there is evidence that national champions have used long-term credit to reduce capital costs or even to profit by manipulating interest rates in arbitrage transactions (Bonomo et al. 2014).

While the national champions strategy bore doubtful fruit, the expected association between neodevelopmentalism and industrialisation did not flourish. On the contrary, the dismantling of Brazilian industry that preceded the PT administrations was intensified. From 1985, the industrial share of the GDP decreased from 35.88 per cent to 13.13 per cent in 2013. Brazil's share of world industrial production fell from 2.8 per cent to 1.7 per cent in the 2000s, stabilising at this level until 2010 (UNIDO 2011). That year, a report from the Ministry of Finance classified 64.6 per cent of Brazilian exports as commodities, a figure that in 1994 had been around 50 per cent (Esposito 2017).

All in all, the links between neodevelopmentalism and industrialisation failed. In the days of national developmentalism, the exportation of commodities provided hard currency to boost industrialisation, which, in turn, boosted wage citizenship. In the 21st century, this link to a national project is no longer there. As the commodities supercycle waned, so did the PT's strong hand. As national champions were either constructors (where corruption rules) or commodity oriented, neodevelopmentalism can be seen as a failed attempt to produce some level of social integration in a reality where accumulation by dispossession became an end in itself.

The impeachment of President Dilma Rousseff in 2016 spelled the death knell of neodevelopmentalism. When the June 2013 rebellion, the largest mass mobilisation cycle in the country's history, converged with the eruption of corruption scandals that fuelled media spectacles (operation Lava-Jato) and an economic recession, the depletion of the PT's approach to the regulation of social conflict became very evident. In this context, there was a shift in the preferred ruling class approach to the government of social tensions. Inclusive neoliberalism gave way to open assaults on social rights, while class conciliation was superseded by a drive towards authoritarianism (Braga and Santos 2019). This is the backdrop for the impeachment of Dilma Rousseff in 2016, which should be understood as a coup d'état operated by the Congress in collusion with the judiciary and the mainstream press (Saad-Filho and Morais 2018). However, it is also necessary to acknowledge that it cannot be meaningfully compared to the military coups that plagued Latin America in the Cold War era. The 2016 coup in Brazil was a result, ultimately, of the PT's declining ability to negotiate political compromises between itself and other actors in the Brazilian national assembly, in a situation where its political and social prestige was plummeting. At a deeper level, beneath the defenestration of the governing capacities of the PT, the authoritarian shift indicated that the institutional framework around the Citizen Constitution had been exhausted as a hegemonic configuration. As the PT embodied post-dictatorship hopes for social change, its downfall had implications beyond the party's fate, signaling that the New Republic itself was compromised. Since then, the ruling class has been looking for a way out of the New Republic. The short-lived Temer government that followed Roussef's impeachment (2016-2017), Lula's arrest in 2018 and Bolsonaro's presidency (2018-2021) should be seen with this lens. Bolsonaro's election was a provisional response to the challenge of reconciling accumulation and legitimation in this turbulent

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conjuncture. The fact that Lula and the PT made a comeback in the 2022 presidential election is expressive of the contradictory tensions that animate this conjuncture; we have argued elsewhere that it is part and parcel of the interregnum – not a sign of its resolution (Braga and Santos 2025).

From the economic point of view, although financial accumulation supported by accumulation by dispossession traversed the New Republic, the Bolsonaro government raised this drive to a new level. This is not the place for an in-depth discussion of the Bolsonaro's government. The point is to observe that the failure of the neodevelopmentalist project was followed by unbridled dispossession, just as the limits faced by Mbeki's transformation prompted the Zuma-led assault, and this gear shift compounded hegemony challenges. If high prices boosted production during the global commodities boom that benefitted most of the PT years, adverse market conditions pushed for brushing off any social and environmental concerns to compensate for lower prices. On top of that, 'militias', or extortion rackets and other organised criminal operations manned by retired and off-duty police officers linked directly with different levels of the state apparatus, have been given a free hand. While militias and their connection to the state are also not new, under Bolsonaro the boundaries between the two were further blurred (Feltran 2021). Militias, narcotraffic, evangelicals and finance thrived under Bolsonaro, but none of them produce value other than drugs, which are illegal. What kind of elite can such a political economy produce?

COMPARATIVE REMARKS

Brazil and South Africa have an old tradition of corruption, which neither the ANC or the PT challenged. In both countries, bribes linked to government contracts have been channelled to personal enrichment and to fund their parties' electoral campaigns. The denunciation of state capture in South Africa exposed an unprecedented degree of corruption, while in Brazil, the extent of corruption has been exposed by investigations in countries where Lava-Jato-connected scandals surfaced, such as Peru, where all presidents during the PT stint in the Brazilian presidency were convicted in connection with national champion Odebrecht bribery. In both countries, corruption scandals were weaponised in selective ways by the opposition that successfully drove Zuma and the PT out of government. It could be argued that pervasive corruption is nothing new in those countries, but its targeted political use is.

However, this article takes a different path. It discusses corruption as a symptom of the impasses countries face on the margins of global capital to pursue national bourgeoisie-based projects in the 21st century and the legitimacy challenges that follow. In this comparison between Brazil and South Africa, the role of corruption invites us to reflect on the hegemony challenges faced by the PT and the ANC and the institutional settlements they embody. In Brazil, the neodevelopmentalist blueprint implied a comprehensive state strategy to internationalise sectors of national capital as part of a global player design that differed significantly from state sponsored black economic empowerment aiming to create a black bourgeoisie in South Africa. However, corruption turned out playing a key role in the making of BEE and in the unmaking of neodevelopmentalism. The issue is not to pin down which government was more corrupt but to observe that while corruption was part and parcel of the Brazilian national champions' way of doing business fostered by the PT, it became a lever to accelerate an elite formation process under Zuma in South Africa. Arguably, while corruption became the core of South Africa's radical economic transformation drive, corruption's role was magnified in Brazil by those willing to bring down the PT. Evidence suggests that corruption encompassed the political system as a whole but targeted investigations exposed the PT while stopping short of their adversaries. Lula was dubbed as a robber ('Lula ladrão') and the PT tagged as corrupt. Conversely, although the self-enrichment of PT cadres was not centre stage in neodevelopmentalism – for example, Rousseff's integrity was never challenged – corruption came to the fore as part and parcel of the national champions' modus operandi.

Leaving moral judgements aside, could corruption be a symptom of constraints faced by capitalist development in these countries, as global capital is mired in a structural crisis (Kurz 1993; Postone 2014)? A burgeoning capital system was the background of the build-up of an Afrikaner bourgeoisie and of Brazilian national developmentalism in the past century. What kind of accumulation and class formation can be engendered on its margins (in Brazil and South Africa) when global capital is embedded in a structural crisis? In a historical juncture marked by structural constraints to expand accumulation, dispossession becomes core and corruption can be a mode of dispossession. Perhaps the centrality of corruption in South Africa has to do with the magnitude of the task, as building a bourgeoisie is different from levering an existing one to go global. Conversely, in times where neoliberalism remains unchallenged, corruption can be mobilised as a government change device in different directions to accelerate (in Brazil) or contain (in South Africa) crises that further erode the prevailing hegemonic frameworks (the New Republic and the Rainbow Nation).

The hypothesis of corruption as a symptom is further explained by the acceleration of different forms of accumulation by dispossession under Bolsonaro, including those pervaded by corruption. Following the failure of neodevelopmentalism, illegal activities backed directly or indirectly by the Bolsonaro government became centre stage, ranging from mining in Indigenous reserves or cattle raising in the Amazon to militia extortion and narcotraffic. The economic drive behind Bolsonaro and Zuma's politics was different rent-seeking modalities underpinned by extractivism and finance, foremost corruption under Zuma and extortion rackets (militias) under Bolsonaro (Feldmann and Santos 2021). Although not new, both were raised to a new level, typifying rent-seeking modes corresponding to the limited possibilities of capital accumulation and class formation in times of structural crisis of capital. Nevertheless, these forms of accumulation by dispossession are not mediated by the juridical form, meaning they are illegal. Consequently, state institutions and regulations were seen as hindrances subject to capture or attack when not serving their agendas. As the paths to boost capital accumulation pushed the boundaries of legality, these governments clashed with the prevailing institutional framework and the constitution.

At the same time, the depletion of the institutional arrangements that bound capital accumulation in these countries points to social forms where the juridical mediation is surpassed by different forms of violence. When the Zuma government used its political leverage to displace a multinational mining corporation (Glencore) and its BEE partners in favour of a company owned jointly by members of the Gupta and Zuma families (Tegeta), radical economic transformation was deprived of its ideological veneer (Jeffrey 2017). Glencore may have roots in apartheid-era sanctions busting and is led by white South African emigrants, but with BEE partners in the Optimum Coal Mine, it was 'a largely black-owned and controlled firm' according to PARI's *Betrayal of the Promise report* (Bhorat et al 2017). This is not very different from the state armed forces' takeover of Rio de Janeiro's organised crime-controlled favelas to displace certain factions in favour of others with whom they were linked, even if different state capabilities and forms of violence were resorted to in each case.

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Overall, it is as if the violent dynamics that pit all against all in an ever-shrinking labour market is played out at the accumulation level over rent seeking.

The common thread between state capture under Zuma and dispossession acceleration under Bolsonaro is that they were driven by 'non-civilised' patterns of accumulation, insofar as accumulation tended not to be mediated by a juridical form, but by violence. Accordingly, the political prominence of violent state actors spiked in Brazil, while conflicts within the ANC took a sharp violent turn given the party control of the state, which became the focus for the acquisition of wealth and the locus of elite formation.

What if these violence-breeding illegalities are not economic distortions but symptoms of the paths open – and of the paths not open – to capital accumulation in these countries in the 21st century? If disregard for the prevailing laws and institutions is the way to go to accumulate, the New Republic and the Rainbow Nation settlement are bound to lose their historical bearing. The institutional, political and cultural frameworks likely to follow remain to be seen.

NOTES

1. The Gupta family immigrated to South Africa in 1993, explaining that the demise of apartheid also signaled business opportunities.

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