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Amnesty International? The Nature, Scale and Impact of Capital Flight from South Africa

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Abstract

The South African Reserve Bank (SARB) announced in July 2010 its intention to introduce a new amnesty for illegal capital flight. For a flat rate fee of 10 per cent of the value of the assets, corporations and individuals disclosing their illegal expatriation of capital prior to February 2010 would receive no further penalties and be allowed to

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apartheid backlog. In this sense, capital flight has been the most important form taken by the post-apartheid dividend, and has dictated and conformed with other less than satisfactory economic and social developments attached to the post-apartheid era, including elite Black Economic Empowerment. The impact has been to intensify falling domestic investment in productive activities, declining capital stock across almost all productive sectors, macroeconomic austerity and vulnerability, and de-industrialisation of the economy, further entrenching unemployment, poverty and extreme inequality in the provision of basic services. Rather than focusing on the motives of individuals, our approach emphasises that capital flight is a consequence of broader shifts in the global economy and the historical trajectory of South African economic development.

Notes

¹ For details of the Cabinet's announcement see, 'Cabinet Statement on the New Growth Path' (26 October 2010), available at http://www.info.gov.za/speech/DynamicAction?pageid = 461&sid = 14034&tid = 23221, retrieved on 31 October 2010.

*The authors of this article would like to express our thanks to the JSAS editors and referees for extremely helpful suggestions and comments.

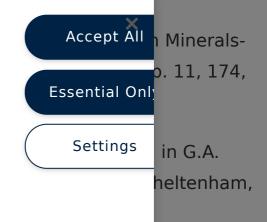
² P. Gordhan, 'Medium Term Budget Policy Statement' (27 October 2010), available at http://www.treasury.gov.za/documents/mtbps/2010/mtbps/speech.pdf, retrieved on 31 October 2010. Gordhan also acknowledged when interviewed that the thrust of the 'New Growth Path' is not all that new. See B. Boyle, 'Government Mind Shift to Create lobs', Business Times 31 October 2010, p. 3

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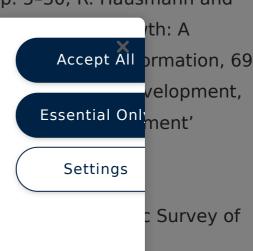
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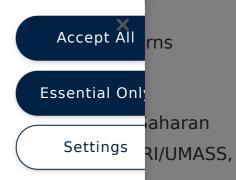
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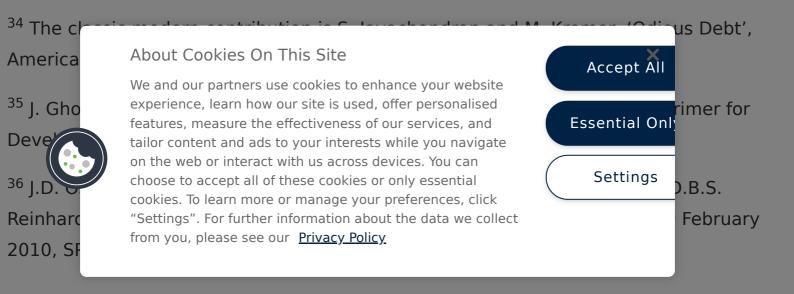
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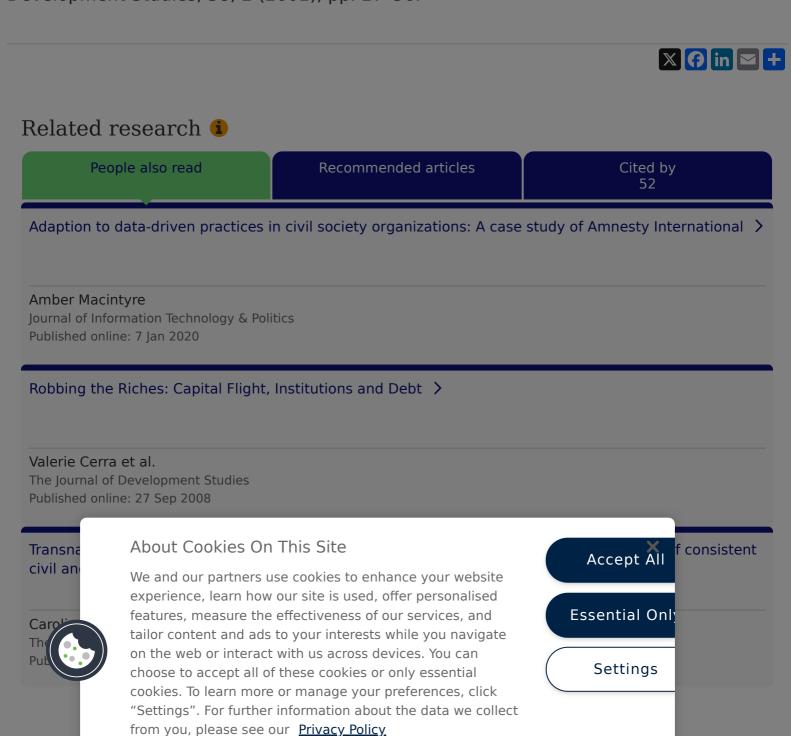


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