Journal of Southern African Studies ›
Volume 37, 2011 - Issue 1

1,464 Views | 52 CrossRef citations to date | 9 Altmetric

Original Articles

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

Sam Ashman, Ben Fine & Susan Newman

Pages 7-25 | Published online: 23 Mar 2011
Cite this article https://doi.org/10.1080/03057070.2011.555155

Sample our Global Development Journals
>> Sign in here to start your access to the latest two volumes for 14 days

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 keep the[illegible]). SARB sees this [illegible]h capital flight is [illegible]eid. As a percenta[illegible]etween 1980 and [illegible]nt between 2001 a[illegible]st majority of (illega[illegible]ecially in and arou[illegible]t of such conglom[illegible] wake of an

About Cookies On This Site
We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy
Accept All
Essential Only
Settings

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 Jobs', Business Times, 31 October 2010, p. 3.

[3] See B[illegible] Minerals-Energy [illegible]o. 11, 174, 247.

[4] S. M[illegible] in G.A. Epstein [illegible] heltenham, UK and [illegible]

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings

[5] S. Newman, ‘Systematised Capital Flight in South Africa’, Paper presented at the 3rd International Research Workshop of the International Initiative for Promoting Political Economy, METU, Ankara, 14–15 September 2009.

[6] H. Fofack and L. Ndikumana, ‘Capital Flight Repatriation: Investigation of its Potential Gains for Sub-Saharan African Countries’, African Development Review, 22, 1 (2010), pp. 4–22.

[7] C.P. Kindleberger, International Short-Term Capital Movements (New York, Augustus Kelley, 1937).

[8] P. Collier, A. Hoeffler and C. Pattillo, ‘Flight Capital as a Portfolio Choice’, The World Bank Economic Review, 15, 1 (2001), pp. 55–80.

[9] D. Kar and D. Cartwright-Smith, ‘Illicit Financial Flows from Developing Countries: 2002–2006’, Global Financial Integrity (Washington DC, 2008).

[10] See S. Ashman, B. Fine and S. Newman, ‘The Crisis in South Africa: Neoliberalism, Financialization and Uneven and Combined Development’, in L. Panitch, G. Albo and V. Chibber (eds), Socialist Register 2011: The Crisis This Time (London, The Merlin Press, 2010), pp. 174–95.

[11] Fine and Rustomjee, The Political Economy of South Africa.

[12] See the debate between Ben Fine and Ricardo Hausmann, the leader of the Harvard Panel, in B. Fine, ‘A Rejoinder to ‘A Response to Fine's “Harvard Group Shores up Shoddy Governance” ’, Transformation: Critical Perspectives on Southern Africa (hereafter Transformation), 69 (2009), pp. 66–79; B. Fine, ‘Submission to the COSATU Panel of Economists on “The Final Recommendations of the International Panel on Growth” (The Harvard Panel)’, Transformation, 69 (2009), pp. 5–30; R. Hausmann and M. Andre th: A Respons ormation, 69 (2009), velopment, ‘The G ment’ (Was http://w option = c Survey of South Af http://www.oecd.org/document/20/0,3343,en_2649_33733_45637781_1_1_1_1,00.html

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings

[13] Gordhan, ‘Medium Term Budget Policy Statement’, p. 18.

[14] Fine and Rustomjee, The Political Economy of South Africa.

[15] J. Crotty, ‘Structural Causes of the Global Financial Crisis: A Critical Assessment of the “New Financial Architecture”’, Cambridge Journal of Economics, 33, 4 (2009), pp. 563–80.

[16] See: R.I. McKinnon, Money and Capital in Economic Development (Washington, DC, Brookings Institution, 1973); E.S. Shaw, Financial Deepening in Economic Development (New York, Oxford University Press, 1973).

[17] Ashman, Fine and Newman, ‘The Crisis in South Africa’.

[18] S. Mohamed, ‘The State of the South African Economy’, in J. Daniel, P. Naidoo, D. Pillay and R. Southall (eds), New South African Review 2010: Development or Decline? (Johannesburg, Wits University Press, 2010), pp. 39–64.

[19] N. Chabane, A. Goldstein and S. Roberts, ‘The Changing Face and Strategies of Big Business in South Africa: More than a Decade of Political Democracy’, Industrial and Corporate Change, 15, 3 (2006), pp. 549–77.

[20] Chabane, Goldstein and Roberts, ‘The Changing Face and Strategies of Big Business in South Africa’.

[21] South Africa is now, ‘officially’, the most unequal society in the world. The poorest 20 per cent of South Africans receive 1.6 per cent of total income while the richest 20 per cent benefit from 70 per cent of total income according to the South African Government's Development Indicators in 2009. See Development Indicators 2009: The Presidency of the Republic of South Africa, p. 23, available at http://www.thepresidency.gov.za/learning/me/indicators/2009/indicators.pdf

[22] B. Fre rns Emerge’

[23] L. aharan African RI/UMASS, Working

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings

[24] World Bank, Global Development Finance: The Globalization of Corporate Finance in Developing Countries (Washington DC, World Bank, 2006).

[25] Collier et al., ‘Flight Capital as a Portfolio Choice’.

[26] Fofack and Ndikumana, ‘Capital Flight Repatriation’.

[27] United Nations Economic Commission for Africa, Economic Report on Africa: The Challenges of Poverty Reduction and Sustainability (Addis Ababa, Ethiopia, UNECA, 1999).

[28] But see UNCTAD, ‘The State and Development Governance: The Least Developed Countries Report 2009’ (Geneva and New York, United Nations, United Nations Conference on Trade and Development, 2009).

[29] World Bank, ‘Stolen Asset Recovery Initiative: Challenges, Opportunities and Action Plan’ (Washington DC, World Bank, 2007).

[30] E.L. Beja, ‘Balance of Payments-Consistent Unreported Flows’ (IDEAs Working Paper, No. 01, 2010).

[31] Beja, ‘Balance of Payments-Consistent Unreported Flows’, p. 22.

[32] B. Schneider, ‘Measuring Capital Flight: Estimates and Interpretations’ (ODI Working Paper Series, No. 194, 2003); G.A. Epstein, ‘Capital Flight and Capital Controls in Developing Countries: An Introduction’, in G.A. Epstein (ed.), Capital Flight and Capital Controls in Developing Countries (Cheltenham, UK and Northampton, MA, USA, Edward Elgar, 2005), pp. 3–14.

[33] Mohamed and Finnoff, ‘Capital Flight from South Africa, 1980–2000’.

[34] The cl us Debt’, America

[35] J. Gho rimer for Deve

[36] J.D. O .B.S. Reinhar February 2010, SF

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings

[37] D. Rodrik, 'The End of an Era in Finance' (2010), available at: http://rodrik.typepad.com/dani_rodriks_weblog/2010/03/the-end-of-an-era-in-finance.html

[38] O. Blanchard, G. Dell'Ariccia and P. Mauro, 'Rethinking Macroeconomic Policy', IMF Staff Position Note, 12 February 2010, SPN/10/03, p. 3.

[39] Ostry et al., 'Capital Inflows', p. 10.

[40] J. Boyce and L. Ndikumana, 'Is Africa a Net Debtor? New Estimates of Capital Flight from Severely Indebted Sub-Saharan African Countries 1970–98', Journal of Development Studies, 38, 2 (2001), pp. 27–56.

Related research

People also read | Recommended articles | Cited by 52

Adaption to data-driven practices in civil society organizations: A case study of Amnesty International

Amber Macintyre
Journal of Information Technology & Politics
Published online: 7 Jan 2020

Robbing the Riches: Capital Flight, Institutions and Debt

Valerie Cerra et al.
The Journal of Development Studies
Published online: 27 Sep 2008

Transna... f consistent civil an...

Caroli...
The...
Pub...

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

Help and information

Help and contact
Newsroom
All journals
Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2024 Informa UK Limited Privacy policy Cookies Terms & conditions Accessibility

Taylor & Francis Group
an informa business

Registered in England & Wales No. 3099067
5 Howick Place | London | SW1P 1WG

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings