

The Age of Fraud: the link between capitalism and profiteering by deception

Jorg Wiegatz argues that a de-Africanisation of the debate about fraud in the region is due and that the relationship between capitalism and fraud deserves far more analytical attention than it receives to date.

Fraud is an issue that haunts many contemporary societies around the globe, including in East Africa. I have been researching the topic of economic trickery for over a decade in Uganda, and [published](#) a number of articles, books and opinion pieces about the matter.

As many of you might know, Uganda experiences intensive fraud levels in numerous economic sectors, from agricultural seeds and produce trade to land and the fuel business. Basically, all vital sectors of the economy are affected by [fraud](#) in one way or another.

As an analyst, I have for a while now regarded Uganda to be at the high end of the fraud problem in the region, at least in certain trades such as [seeds](#). However, a few days ago I spent some time in Kenya and was taken somewhat by surprise by how dominant the theme of fraud – i.e. profiteering by deception – was in the Kenyan press. On the day I gave a talk at the Aga Khan University, the front and inside pages of one of the dailies was full of news about the latest scandals and the evening news started with and was dominated by the same theme: fraud and corruption.



It quickly became evident to me that this fraud-heavy news day was probably not a one-off, or an outlier. In a way I was prepared for this scenario and realisation: I have read over the past few years about some of the major fraud cases in Kenya (Goldenberg et al.), and was aware that the current government has declared to fight corruption vigorously. But more broadly, I have watched fraud news become more or less a staple, not only in the country of my research focus, namely, Uganda, but also in my country of residence, the UK, and my home country, Germany. In fact, economic fraud has become, I think, a key component of global news and reporting, just like elections, security, natural disasters, and so on. Remember the waves of news and commentaries about the “Panama papers”, the VW ‘Dieselgate’ case, or the irregularities in the finance sector that contributed to the global financial crisis in 2008?

That said, my research has led me to argue for years now that we are currently living in the [age of fraud](#). Fraud has become [mainstream](#); it is at high levels, institutionalised, at the core of [“the system”](#) and part and parcel of the (re)production of contemporary society. That applies to many societies, not just in the often discussed Global South but also in the Global North.

Moreover, fraud at significant levels is evident [across numerous sectors](#) of the global economy: from tax advisory services, banking, manufacturing and “fair trade” to construction and pharmaceuticals. What makes the news is usually the proverbial “tip of the iceberg”. No one can reasonably say how long the age of fraud will last and what it will bring. Are we just in the early days of it and fraud will spread, accelerate and increase for many years to come, or are we somewhere near the top, or close to the end of the current intensive-fraud period? Your guess is as good as mine.

In any case, seven key characteristics of contemporary fraud in the global economy include: (i) fraud is at an industrial scale; (ii) it has become significantly routine; (iii) it is ever more blatant; (iv) it is spreading across the economy and society i.e. it is affecting new areas, such as education; (v) it produces staggering levels of social harm; (vi) it is co-produced by economic and state actors; and (vii) it implicates the most powerful members of society (the ruling class, transnational companies, top managers, top state officials, the rich and famous, celebrated role models, etc.). There are other major characteristics of our age of profit-by-fraud, but I leave that for another day.

I need to move on to another related issue: an overall highly impoverished debate and analysis about the mega phenomenon of fraud. Despite all the news reporting about economic fraud, corporate crime, malfeasance, trickery and so on, the overall public debate is small in scale and analytically flat. Economic fraud remains one of the most under-researched topics I am aware of; the primary data set gathered by scientists – via qualitative field research etc. – on some of the major dimensions of fraud seems minimal, compared to, again, the size of the phenomenon we face. For example, the moral compasses of fraudsters in different economic professions are [hardly investigated](#), nor is the moral climate in the most fraud-infested sectors. This observation certainly applies to the countries and regions I know best – Germany, UK, US (aka ‘the West’), Uganda – and as far as I know from following research publications on the topic, it applies as well to Kenya, the East African region and the wider African continent. It definitely applies overall to the global conversation on fraud.

In the countries mentioned above, very few professional analysts and commentators or public debates (in print news or TV) explicitly try to connect the dots between two core issues: fraud and capitalism. They do not explore what the current fraud phenomenon tells us about the capitalist social order, that is about capitalist society, economy, polity, state, culture, social change, power structures, subjectivities, companies, and so on. Nor do they address the issue of the dominant moral order and moral climate in capitalist society: for example, our relationship with money and wealth, and about the ways in which we treat each other – including deceive and harm each other – when it comes to [earning a living](#) (i.e. making money, income or profit). Large-scale empirical research projects on the theme of the current moral economy of fraud are de-facto absent or negligible in many countries that actually have a substantial fraud problem. This observation applies to Uganda, Germany and the UK. Does it apply in the Kenyan context too? If it does, Kenya is, unsurprisingly, part of a global phenomenon. This state of play is in itself intriguing. I patiently checked whether Germany would get on the discussion more decidedly after the VW and Deutsche Bank fraud cases, or whether there would be a more substantial debate in the UK after the financial fraud and crisis years. But it didn't really happen, not at significant scale and depth anyway.

We are therefore left with a fundamental analytical and political poverty concerning our deliberations about and understanding of fraud in the so-called private sector. The theme thus remains massively under-discussed, misrepresented and misunderstood, at least in the public sphere. Uganda is a typical example. Post-1986 Uganda is one of the most studied countries on the continent, if not across the Global South (check the [ODI publication database](#) for example). In the last three decades, foreign donors have commissioned thousands of reports, studies and briefings on all sorts of matters related to politics, the economics, society and culture. But to the best of my knowledge, they have avoided to face one topic head-on: the [moral climate](#) in the new neoliberal-capitalist Uganda. That is, more specifically, the moral-economic order of this ‘New Uganda’, and related features and transformations. Notably, donors themselves have co-produced the making of this new moral order, together with various other foreign and domestic actors. They have orchestrated, financed, advocated and pushed for a societal transformation process at the level of norms, values, orientations and practices that I have termed ‘[neoliberal moral restructuring](#)’. This the new society has been established, embedded, consolidated and locked-in for the last three decades via thousands (or is it millions?) of interventions in the political, economic, social, and cultural structure of this country. As it turned out, this neoliberal moral change has produced a new moral order – and more largely societal structure – that is for various reasons [fraud-enabling](#) rather than fraud-inhibiting; this process, it seems, is [not unique to Uganda only](#).

However, despite sustained public outcry about (i) fraud and (ii) aspects of moral change (including powerful state and non-state actors deploring levels of 'greed' and 'dishonesty' in society), the Government of Uganda has, as far as I am aware, not launched any substantial, large-scale empirical study into the matter of what the high level of fraud has to do with the [neoliberal transformation](#) of the country, including the severely altered moral (and highly relevant and interconnected political-economic) structure. Neither has the private sector and its associations or the academic community. Neither have the powers that be, as far as I know, funded seasoned corporate crime experts to have a good look at fraud in the private sector. This is in some ways surprising, in other ways it is not.

So, this is where we are regarding the science of the "[capital-state-academia](#)" nexus. If you know any empirical data set that has something to say about the dominant moral climate in your country's economy and respective changes and trends, or about the link between neoliberal reforms and the current moral-economic order, please let me know (the Aga Khan University dataset concerning youths' views on money making is a rare gem in a large data desert). That said, if you have answers to the question why this state of academic enquiry and public debate is where it is in Uganda, Kenya or elsewhere, then you are already deep into the terrain of understanding of what capitalist society is and how it operates in a particular way, and why.

I want to make a final point about those who favour the "greed" explanation for fraud. The popular and often used 'it's greed' explanation is in my view only the Mickey Mouse version of thinking about causalities when it comes to fraud in capitalism. If you think you can explain and understand fraud in its many versions with sole or main reference to greed, then you are adopting the position that many of those with political and social power put in front of us in their public utterances and debates. You are adopting the position of our rulers and overlords, and what one might call the "science of the establishment". How analytically useful can that be?

In my view, the greed position is the Mickey Mouse version of thinking about causalities. If you think you can explain and understand fraud in its many versions with sole or main reference to greed, then you are adopting the position that many of those with political and social power put in front of us in their public utterances and debates.

To see where this sort of analysis leads to, you may want to check Jeffrey Sachs' analysis. He basically suggests that we can yoga (i.e. relax and feel) our way out of the fraud problem ([read my analysis and critique of his take](#)). Finally then, here are the eight things he and others don't tell you about fraud:

1. Contemporary fraud is not merely due to the so often mentioned greed but a much bigger system, namely, capitalist society and all that comes with it, especially in the current variant of capitalism, neoliberalism. The history of capitalist development across the world is rife with evidence that capitalism and endemic fraud are [twins](#), from the colonial period to the present period. In other words, the warnings concerning the fraud and corruption (and the related social harms) that comes with capitalist development (and [the capitalist corporation](#)) has been on the wall for some time and yet those foreign and domestic actors in/with power on matters of [neoliberal social engineering](#) in Africa for years have all too often 'ignored' them, probably for [good reasons](#).
2. Fraud is not about the economy only but also about our political system, our political economy, our culture. It is socio-cultural and political as much as it is an economic phenomenon. Most debates neglect the point that fraud is a political phenomenon, and a child of our political-economic order. Sometimes though there is a more or less explicit and substantial nod to the politics (broadly understood) that underpins a particular fraud case.
3. Fraud is a phenomenon of social, economic, cultural, moral and political power ([read one example](#) of this).
4. Fraud is socially constituted, i.e. produced collectively by a range of actors. The lone wolf, errant individual type explanation does not make much analytical sense.
5. Contemporary fraud (in terms of scale, forms, facets, meaning etc.) has been shaped by the [impact of neoliberalism](#), i.e. neoliberal policies, programmes, ideologies, discourses, practices etc. We can speak of a [neoliberalisation of fraud](#) ([read an example](#) of this)
6. Fraud does not indicate the absence of morals, or loss of moral compass by the actors concerned (e.g. the tricking banker, trader, farmer, doctor or sales staff), but indicates the presence of a particular moral order and moral climate, as well a particular moral view, reasoning, and priority setting, i.e. a particularly (re-)calibrated moral compass ([read more](#)).
7. Fraud is not a function of poverty or severe economic and social pressures alone i.e. a mere function of, for example, underdevelopment, the peripheral status of countries such as Uganda, or widespread and substantial destitution. We have escalating and routine fraud in the richest countries on earth, in the richest and mightiest [companies](#) run by the most highly paid managers, in prosperous sectors, regions and towns, i.e. at the core of

the system. The German state, often regarded and referred to by external audiences as the exemplar of good governance and good statesmanship (whatever that means), has for years enabled the making of the pro-fraud culture in a range of the country's industries, such as car making or banking. It has been a direct and indirect [promoter of fraud](#) at an industrial scale, which has social harm repercussions of a tremendous scale (ask customers of VW cars and their fumes). And, the German state has for long time not changed course significantly; it is overall still largely protecting the [fraudulent car making companies](#). The [state as an enabler](#), directly and indirectly, of a fraud-conducive economy in general and specific fraud incidences, in particular, is a major feature of neoliberalism.

8. Fraud in East African societies such as Uganda or Kenya cannot be explained with sole reference to internal actors and factors i.e. 'This is Uganda', or 'This is Africa' type explanations. Lots of external actors, factors, trends, pressures and incentives that originate from outside Africa shape the moral and political economy of fraud in Uganda and Kenya (in many ways, these relevant external actors are principally the same in both countries). In short, one has to de-Africanise the analysis and debate about fraud in the region. At the minimum, more analytical attention needs to be paid to the role that capitalism plays in driving fraud in the region; more specifically, the promotion, embedding and locking in of a particular variant of capitalist society – aka neoliberal market society – in, for example, Uganda and Kenya and the political-economic and cultural turbulences this process has brought about.

Fraud is not about the economy only but also about our political system, our political economy, our culture.

We are living our lives in the age of fraud and might have to do so for some time to come. Analysing and discussing how we got here and why is vital. It helps to understand why fraud is now so common and widespread, and, and the use of deception to get on economically in life seen by many as acceptable, normal, necessary, and appropriate, i.e. justified. But it also helps more broadly to better understand crucial aspects of economy, society, the state and human beings, i.e. who we are and have become (and why), individually and collectively, under the condition of capitalism in the 2010s.

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Dr Jörg Wiegratz is Lecturer in Political Economy of Global Development at the University of Leeds.

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