



Botswana's success is remarkable – and it's down to capitalism

Marian L. Tupy

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Classical liberalism, as the economist Deirdre McCloskey argued in her trilogy *The Bourgeois Era*, was chiefly responsible for the Great Enrichment in Western Europe and North America. However its main tenets – including limited government, equality before the law, free trade and fiscal probity – are not the exclusive preserve of the West. Just look at the rise of Hong Kong.

Another success story that speaks to the universal applicability and adaptability of classical liberal principles is Botswana. While by no means perfect, Botswana has outperformed the rest of Africa economically and, to some extent, politically. Other African nations would do well to learn from its experience.

Let's start by looking at Botswana's economic performance. In 1966, when the Bechuanaland Protectorate gained independence from Britain, GDP per capita was just amounted to \$518 a year. By 2018, it stood at \$8,031 – an increase of 1,450%. Over the same period, the global average rose 136%, from \$4,625 to \$10,894. Put differently, Botswana's economy grew 10 times faster than the rest of the world. The country's economy is even more impressive compared to its immediate neighbors. Between 1966 and 2018, South Africa's GDP per capita rose 32%, from \$5,631 to \$7,434, and Zimbabwe's just 35%, from \$981 to a meagre \$1,322.

Botswana's life expectancy, which is a good proxy for the overall standard of living, also stands up well, rising from 52 years in 1966 to 69.3 years in 2018. This means the gap in life expectancy between Botswana and the world average has shrunk – albeit by less than a year (from 4 years to 3.3 years). The same cannot be said of South Africa and Zimbabwe, whose life expectancy gap to the global average grew in that time, from 5.3 to 8.7 years for the former, and from less than one year to a whopping 11.4 in the latter.

Why did Botswana succeed, where her neighbours have failed? The dominant theory, proposed by the likes of Professor Scott Beaulier, is that the colonial imprint in Bechuanaland (1885-1966) was, on account of the territory's poverty and geopolitical insignificance, very light. Indigenous institutions, such as tribal assemblies and traditional norms of conduct, were permitted to continue unmolested. That meant that when Botswana became independent, traditional structures provided the backbone of the new government. In many other parts of Africa, in contrast,

governmental structures imported from the West (or imposed by the withdrawing colonial powers) rubbed against tradition to deleterious effect.

Beaulier acknowledges other salutary aspects of the Batswana (the main ethnic group that accounts for 90% of the population) society. One was its “liberal cosmopolitanism”, which welcomed immigrants and refugees from other African countries who, in turn, contributed to economic innovation and growth. It helped, I suspect, that Botswana was a poor and sparsely populated country, and immigrants were not seen as a threat – something that would change over time, as immigration from surrounding countries, especially Zimbabwe, increased from a trickle to a flood. Beaulier does not seem to think that the ethnic homogeneity of Botswana played much of a role in the country’s success, though ethnic diversity certainly played a role in the collapse of a number of African states over the last 80 years.

Good leadership also played a role. Between 1966 and 1980, Botswana was run by Seretse Khama, a tribal chief who managed to obtain education in South Africa without becoming resentful of whites (he would marry a white woman later in his life) and lived in 1950s Britain without becoming a socialist. Defenceless Botswana (the country would not have an army until 1977) was also surrounded by fundamentally anti-communist regimes – South Africa in the south, South Africa’s mandate territory of South West Africa (later Namibia) in the west and Rhodesia in the east. During the 1960s and the early 1970s, when South African and Rhodesian powers were at their height, socialism in Botswana would not have been tolerated.

All in all, for much of its independence Botswana was, according to the Economic Freedom of the World report, one of Africa’s most economically free countries. While many other nations embraced some form of socialism, Botswana was, broadly speaking, capitalist. Its fruitful relationship with De Beers, a giant South African mining corporation, is worth noting. Botswana’s world-famous diamonds were discovered in the late 1960s and diamond extraction began in the early 1970s. To this day, the profits from the enterprise are shared equally between the company and the Botswana government. Why did Botswana not nationalise its mining industry, as was the case in much of the rest of Africa? Was it out of commitment to freedom or out of fear of the South African hegemon? Perhaps a bit of both.

Today Botswana is not only prosperous, but also relatively free. According to the Human Freedom Index published by the Cato Institute, the Batswana enjoy the highest degree of freedom on the African continent (that is, if we discount two African island nations, Mauritius and Cape Verde). The country’s success was, without doubt, highly contingent. But that does not mean Botswana’s experience is irrelevant. Its policies of economic and political freedom can and should be embraced by other African nations who are serious about improving the lot of ordinary citizens.

Marian L. Tupy is Editor of HumanProgress and a Senior Policy Analyst at the Center for Global Liberty and Prosperity