



Mandela's views on 'capitalism' misunderstood

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By Louise Bennetts

One of the more bizarre aspects of the media frenzy over the death of former South African President Nelson Mandela has been the obsessive focus on whether Mandela was ever a member of South Africa's archaic Communist Party. Perhaps he was. Perhaps he wasn't. Either way, he never seemed to be a Das Kapital-bashing disciple, realizing perhaps intuitively that communism would limit the freedoms of the masses as well as the rich, and he remained skeptical of instituting class warfare. Yet what is far more interesting – and relevant today – is Mandela's uneasy relationship with capitalism, or rather, what he perceived capitalism to be.

Of all the inaccuracies and myths that surround South Africa's former Apartheid government, the most persistent falsehood is that the Apartheid government was a purveyor of modern western capitalism. In part, the misnomer stems from the Apartheid government's mistrustful, but symbiotic, relationship with the formerly English-owned mining houses. In part, it stems from its virulent anti-communism. In a world where the far left is often quick to characterize any anti-communist activity as "capitalist" this plays well. To be fair, the Apartheid government may well have been laboring under this misconception about itself too.

But it would be a very curious capitalist country that encouraged the development of national monopolies at the expense of private enterprise. Restricted banking activity. Limited economic activity by geographical, ethnic and other arbitrary measures. And imposed heavy taxes on a small taxpayer base to prop up a system that was as inefficient as it was unfair. Far from being capitalist, at heart, the Apartheid system was fascist with all the traits of the "social democratic" systems of 1930s Germany and Italy.

The South Africa I was born into on the eve of the 1980s faced record budget and balance of payments deficits, the highest energy and electricity costs in the world, a concentrated and monopolistic "private sector." It was a country where television had been introduced in 1976 – several decades after the rest of the world – because of government restrictions. The "father" of Apartheid, H.F. Verwoerd, famously likened the television to the atomic bomb in its potential destructiveness. And following its introduction, television was tightly controlled through a single national broadcaster.

Restrictions governed what you could buy in stores and even on which day you could buy them. There were price controls for an array of goods from petrol (gas) to wheat and maize. The agricultural market was heavily regulated with farmers forced to sell produce through state-run boards or "co-operatives."

Foreign media frequently highlights that the country was “battered” or “crippled” by sanctions, but in truth many of the economic problems were homegrown.

It was this version of so-called “capitalism” that greeted Mandela when he first arrived in Johannesburg from the rural Eastern Cape to work as a mine guard. It was this version of “capitalism” that shut down his law firm because it was located in a “whites only” area. And it was this version of “capitalism” that resulted in his inheriting, as president, a country in a dire fiscal state. No wonder he mistrusted capitalism because the capitalism he knew was bastardized version of a market that was anything but free. A system that was rigged in favor of a few key players.

Unfortunately, this view of capitalism – better termed “cronyism” – persists in present-day South Africa. And it has been carried on through the policies of the ANC government. National industries were privatized. Some were floated on the national exchange, but in many cases large chunks of the economy, both private and public, were handed over to a new, politically connected black elite. And while certain areas of the economy were liberalized and competition introduced, the ruling party has always remained ambivalent to the market and particularly in the areas where liberalization is most needed to assist the poorest of the poor – labor and education.

Mandela, who was always famous for his sound bites, once noted that “there is no passion to be found in settling for a life that is less than the one you are capable of living”. Those are not the words of a diehard communist. Hopefully, a new generation of South Africans will be able to reap the benefits of a market that is free and where the rules of entry are fair. At the very least, they are learning (for the second time) that a government that restricts economic freedoms is unlikely to secure freedoms of any other description.