



AFTER APARTHEID

**LEON
LOUW**

**FRANCES
KENDALL**

Leon Louw is the director of the Free Enterprise Foundation of South Africa, a strong intellectual force against the awesome power of the state and hence the very roots of apartheid.

*Persuaded by domestic and international examples of how free markets can make a significant contribution to the solution of seemingly intractable socio-economic problems, Louw and his wife, Frances Kendall Louw, coauthored the book *After Apartheid: The Solution for South Africa*, which has become the all-time bestseller of nonfiction in South Africa. *After Apartheid* outlines the development of apartheid, demonstrates how it is a weapon to suppress the operation of the market, and offers a political solution for eliminating apartheid in a way that none of South Africa's racial or ethnic groups can politically dominate the other.*

Winnie Mandela, wife of imprisoned ANC leader Nelson Mandela, said, "After Apartheid...is an extraordinary long overdue challenge to South Africa...[The authors] offer South Africa what she needs most—a broad alternative we have been looking for...Here lies hope for a shattered nation...from a voice white South Africa will listen to without fear." Chief Mangosuthu

INTERVIEWED BY WALTER E. WILLIAMS



"There are numerous diverse groups in South Africa, all fearing that some other group will gain control of this big unlimited central power machine."

Buthelezi said, "Amid a sea of anger and tension, [After Apartheid] may prove to be a rational, workable answer to South Africa's unique problems." The late Alan Paton, author of the bestseller Cry the Beloved Country, said, "As a firm believer in the advantages of a federal constitution for South Africa, I welcome this discussion of a canton system based on the Swiss model. I am pleased that people are taking this book seriously." Similar responses have come from across South Africa's political spectrum.

Walter E. Williams, John M. Olin Distinguished Professor of Economics at George Mason University and a REASON contributing editor, has visited and lectured widely in South Africa. He caught up with the Louws during their lecture tour in the United States to find out more about this book, their ideas, and how they can win such broad support and sympathy among South Africa's divergent and antagonistic groups.

Reason: What is apartheid, and what was it designed to achieve in the eyes of its architects?

Leon Louw: Apartheid is a complex arrangement of a few hundred laws that have racially discriminating provisions. The major elements of apartheid were the creation of the "homelands," one for each of the major black tribes, intended to become a country for them; influx control, which required blacks to stay out of white areas unless they had a permit; and the Group Areas Act, which set aside areas for white occupation and some for black occupation and for Indians, which are Asian migrants to South Africa, and colored, which are people of mixed blood. The term *colored* in South Africa has no derogatory meaning.

Then there is social apartheid in the form of separate amenities such as cinemas, elevators, buses, schools, swimming pools. Then the major, final component of apartheid is the denial of the franchise to black people and initially to the Indians and coloreds.

There has been apartheid, although not by that name, ever since whites first settled in South Africa in 1662. The first "racials" came within eight years of the first white settlements. Ever since then there have been varying degrees of apartheid, which bottomed—there was the least apartheid—in about the third quarter of the last century. Then it started intensifying again during British rule from about 1880 to the 1930s.

The motives were economic. It was really blacks being taken out of competition with whites, first in agriculture and then in other areas like transportation, commerce, and industry. And then later the motive—this was in the late 19th, early 20th centuries—was to force blacks into the labor markets by not allowing them to own land where they were successful in farming and not allowing them to go into business, which many of them were doing.

Then, finally, really the only thing the present government did—for which many people think it created apartheid—was add social apartheid.

Reason: By present government you mean the National Party?

Louw: Yes, the National Party of today, which became the government in 1948.

Reason: And you're saying that apartheid basically had its roots in protecting whites from minority competition?

Frances Kendall: Yes. It was specifically stated that apartheid laws were to protect whites and to provide cheap labor. And nobody was embarrassed about it in those days. They thought it was perfectly reasonable that you should protect white people from competition and that you should ensure a big pool of cheap labor. Indian people were imported to South Africa, as were Chinese people, because there was a shortage of labor. And there was a shortage of labor because black farmers were self-sufficient.

Toward the end of the last century the blacks in the Eastern Cape in particular were allowed to compete freely with white people and to buy land freely, and they were introduced to Western technology by missionaries. At agricultural shows the black people walked off with all the prizes, and in fact, commentators at the time observed that in the eastern cape where white people couldn't make the land produce anything, blacks turned it into a flourishing garden.

So they didn't need to go into the mines to work. They were making a good living for themselves in agriculture. And laws were passed to force them off the land and into labor.

Reason: Could you give an example?

Kendall: One of the most significant was the Glen Grey Act, which was introduced by Cecil Rhodes in the British colonial government and passed in 1894. It prevented any black farmer, or any black person, from owning more than 10 acres of land. Big commercial farms that had been developed, where the black farmers employed labor and lived in large houses and sent their children to boarding schools, were simply destroyed. In the system of black people, where a whole family, an extended family, was dependent on one farm, it was impossible to support your family on 10 acres. So black agriculture and development was completely destroyed, and the people were forced to move off into industry.

Reason: How successful has apartheid been in conferring privilege on whites in South Africa?

Kendall: It was very successful in protecting working-class whites from competition from black workers. It made sure that there was no white unemployment to speak of. It succeeded very well, for a very long time, in keeping blacks from entering the economy except at the lowest level.

Louw: For whites who merely want to indulge in racial prejudice and have separate white schools and want taxpayer-funded resorts, it was successful—they got a great deal of taxpayer funding and government-protected separation merely as an end in itself, for purely racial prejudice. But the vast majority of whites had more disadvantage than advantage from apartheid, in the sense of the immense cost of trying to create and fund the homelands, the immense cost of trying to keep blacks out of white areas when whites are only 16 percent of the population. And

for whites as consumers it meant that they paid higher prices for products that could have been produced more cheaply and more plentifully if blacks had been allowed to compete. So the majority of whites were disadvantaged. And I think white South Africans have been greatly mistaken in not seeing this.

Reason: Apartheid has come under considerable international and domestic attack. What remains? What is left of the laws?

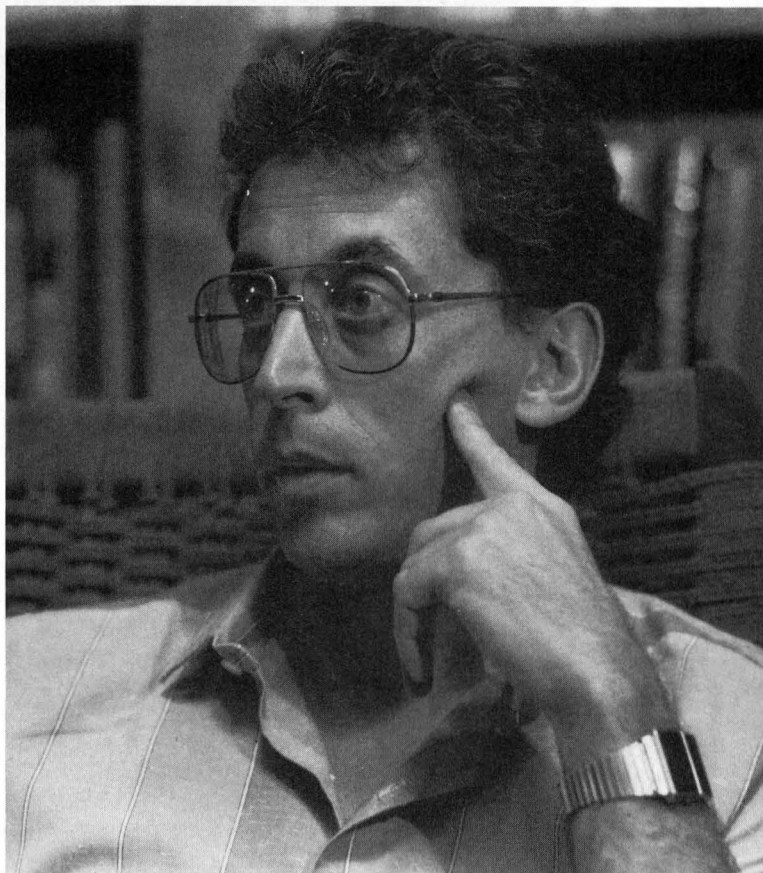
Kendall: There is the vote, of course. But other than that issue, the only substantial law that remains is the Group Areas Act. And even that to a large extent has been undermined, because many of the areas designated for whites have become mixed despite the law. The government has not really enforced the law for about the last five years—there have only been two or three cases where people have been told to move out because they weren't in the correct racial area. In certain parts of South Africa—for example, in some areas around Johannesburg—over half of the people living there now are not white although it is a white urban area.

A lot of what has been happening has been what we call reform by stealth—the government has allowed infractions of apartheid without actually pursuing or doing anything about it. And that seems to be because they're happy to see apartheid going, but they don't want to lose right-wing support while they are doing it.

Reason: Would you very briefly sketch the solution that you propose in *After Apartheid*?

Kendall: What we propose is a constitutional arrangement along the lines of the Swiss cantonal system. It is a system with a very limited central government and a lot of devolution of power to local levels, called the cantons in Switzerland. We choose that, because the problem in South Africa today is one of excessive centralization of power. There is a saying that goes, "The more power there is, the greater the struggle for power." And that's what we see in South Africa. There are numerous diverse groups—different language groups, cultural groups, and so on—all fearing that some other group will gain control of this big unlimited central power machine and use it to protect their own interests and crush the interests of others. The same way that the white government has done up until now.

So the way we saw to solve the problem was simply to remove the power. The way to do that is to devolve the power down to local canton government levels, so that what you get is a marketplace in politics. The country would be divided into over 100 local cantons, geographic areas. In each of those the government would have complete political and economic autonomy except for five functions that the central government would control—national defense, national finance, foreign affairs, provision of major infrastructure and the keeping of statistics, and the appeal court of the central courts. Apart from that the canton governments would control all of their own local policy, and you would get different policies being tried in different areas. People would be able to vote with their



feet for the area they preferred.

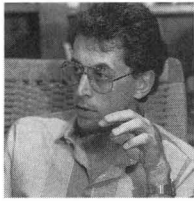
Reason: So you would have a central government elected by majority rule, and it would control national defense and foreign affairs. Can you visualize the South African army that exists today submitting itself to a black majority-ruled central government?

Kendall: What we think is that they wouldn't do that until they were sure that the system was sufficiently stable that it would not result in, for example, a black Marxist dictatorship. They would only do it if they were sure that there was going to be fundamental democracy and basically a free-enterprise system and that white people were going to be protected within it. Given that—and we are assuming that the system would not come about unless it had popular support, unless it was in fact a stable democratic system—we think that they would be prepared to submit to the control of the central government.

Reason: Can you imagine different cantons—say one is an ANC canton and another is the Conservative Party canton—can you imagine them coming to a meeting of the minds on a South African policy at the central government level toward Angola or Mozambique? Wouldn't this kind of thing constitute severe pressure on the system?

Kendall: My own view is that the vast majority of cantons would be moderate, and we'd have moderate alliances, and very few would be extreme in the sense of being very left-wing or communist, because there are very few people in South Africa of any race who really believe in socialism. Very few. All the evidence is that about 90 percent or more of the population

"The vast majority of whites have had more disadvantages than advantages from apartheid."



"People who are knowledgeable about South Africa agree that the chances of the government being toppled by force are very remote."

is really basically moderate—in favor of a Western-style economy and democracy.

Reason: That in itself doesn't bring unity. In the U.S., for example, a large group of Americans have supported the freedom fighters in Nicaragua and another large group has not. In South Africa if a good percentage of the population was for Savimbi in Angola and a large group was against him, how would the central government under a canton system deal with that?

Louw: Foreign policy would have to become fairly neutral. Much like Switzerland. I think this is true of intensively devolved countries historically, as well. But there will indeed be a central government, and it will indeed be in charge of the army, and the majority of cantons will be represented in one house and the majority of the population in another house, much like the U.S. House and the Senate.

The idea in our model is really that anything conflict-provoking simply does not get decided at a level where it causes conflict. And defense is only conflict-provoking if there is not internal acceptance of the system and internal agreement as to who the real enemies are. So what you might have is the conflict resolved by supporting neither side in Angola.

Kendall: In our system they wouldn't be allowed to do anything that they couldn't reach agreement on in both houses. If they were deadlocked they would not be able to act.

Reason: What would happen to today's black homelands, some of which are independent countries?

Kendall: The whole problem with the homeland system is that there is no freedom of movement. In our model, freedom of movement would be entrenched in the central constitution and bill of rights. The cantons would not be based on ethnicity but on the free grouping of whoever happened to end up there. We propose that the present homeland citizens be granted South African citizenship and the right to move freely into South Africa and then the homeland governments be invited to join the canton system. Even if they choose not to enter, they cannot keep their people there by force, and they will have to govern well if they don't want to lose them across the border into South Africa.

Louw: There is inevitably in discussion of our proposal a suspicion that this is another kind of homeland policy in new clothes. But it is quite different. Under the homeland policy, not only were people forced to stay in their homelands but people living in, say, Johannesburg or Soweto who'd never been to a homeland and were third- or fourth-generation residents of the white part of South Africa were told arbitrarily that they were henceforth citizens of another country to which they'd never been and wouldn't want to go. There will be none of that in the canton system—no coercive movement of people, no coercive removing of people's citizenship.

Reason: The picture that Americans get of South Africa is one of oppression, hopelessness—a general state of violence and chaos, the murder and jailing of children by the security forces, and now the denial

of civil liberties such as freedom of the press. Could you comment on the current situation in South Africa and the government's state of emergency?

Louw: People should realize that the violence has been almost exclusively black on black violence, that is to say black radicals and black moderates—blacks who want to overthrow the system by force as opposed to blacks who want to get rid of apartheid peacefully. For most white South Africans there is a state of total normality. Occasionally there has been a bomb in a white area, but no more than in other various countries in the world. So the irony and perhaps the tragedy of South Africa is that people who have caused and maintained apartheid, the whites, are scarcely affected by the unrest.

Kendall: The situation in South Africa today is a very interesting one, because many things in a sense seem to be opposing one another. There are trends that seem to move in opposite directions. So on the one hand you do indeed have a state of emergency and an increasingly militarized state in which the military and national security and the army, which are very, very closely linked with P. W. Botha and the executive of the ruling party, are moving their people into more and more positions within the civil service, within the bureaucracy. So where we used to have bureaucrats, we have "secureaucrats." The whole fabric of the state is becoming more and more militarized.

The primary motive is the fear of what in South Africa they call the total onslaught—the communist threat. The government has the view that communists—the USSR—want to take over South Africa and that they're trying to infiltrate extra-parliamentary groups and lead them to in some way overthrow the state and replace it with a communist state.

Reason: So you're saying that the security measures and the militarization is motivated by anticommunism, not by opposition to apartheid?

Kendall: Yes, that is precisely the case. So at the same time as they're controlling certain information, the government is not trying to stop our work. People in North America find it confusing that our book, which is clearly antigovernment and clearly wants to get rid of the current system, is accepted. And the reason is that the government knows we're not communists and because of that they actually regard us as allies in the fight against communism. And they, if anything, encourage us in our work—they're sending out the video of our book to all of their embassies throughout the world.

And it also explains why, at the same time as there is this security activity, with gross violations of civil liberties, they are privatizing. All state assets are in the process of being sold off to the private sector. They're deregulating the economy, including the black economy. The whole thrust of government economic policy is privatization and deregulation, which sounds peculiar when you think what a military state it is.

Reason: Do government restrictions on the media in South Africa limit the kind and quality of information you're getting internally?

Kendall: Yes they do. No reporting of unrest or vio-

lence is allowed in the newspapers. So we simply get a so-called unrest report on the radio, where they announce, say, two people have been killed in township unrest in this or that area, and that's all. There are no stories about it, there's nothing on television, it's clearly limited. And so the average South African is very, very out of touch with the dynamics, the political dynamics, of the townships, of the black politicized youth. That doesn't affect us personally so much, because we go into the townships and talk to them ourselves. But for the average white South African, they have no idea of what is going on there.

Reason: Are these restrictions short-sighted on the government's part, or do they actually help?

Kendall: Both. There is no question that the state of emergency has de-escalated violence radically. Many, many less people are dying. There is very little violence in the townships any more. And I don't think anybody would argue that that isn't because of the clampdown, which stopped it being attractive to the press, stopped people meeting together in big groups, so it simply became impossible for it to happen. And I can't say that I don't think something's good that stops people being killed and murdered and dying in riots and violence in the townships.

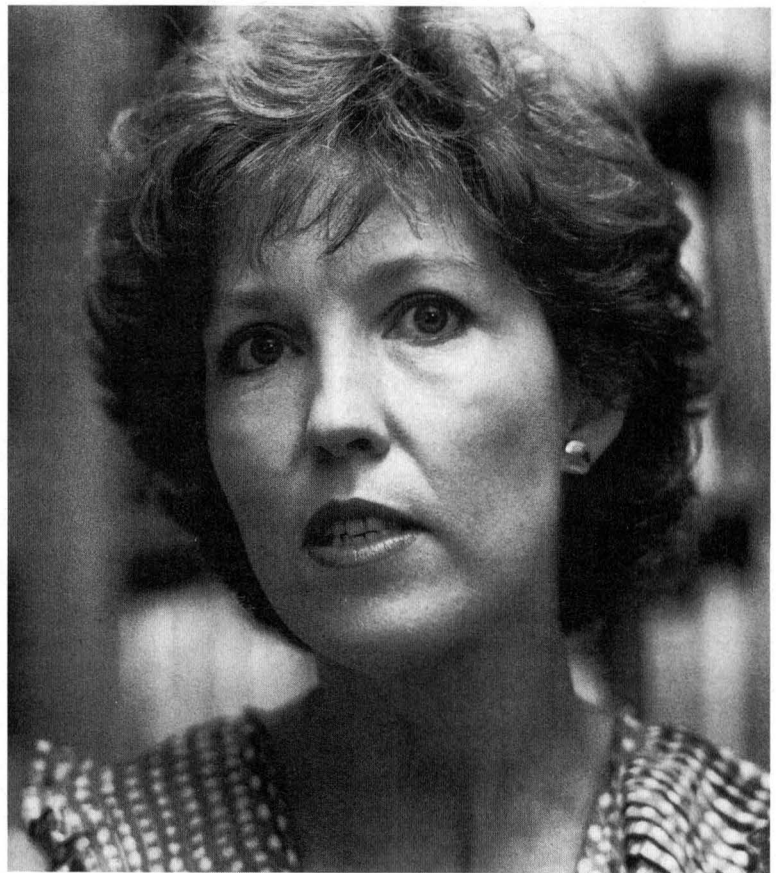
But it's been negative in the sense that by making it appear as if there isn't a problem anymore, and stopping the white people from being conscious of the frustrations and the anger of black people, they slowed down the movement toward reform. There's less sense of urgency.

Reason: What are the chances of the South African government being toppled by force, either internally or with the help of the front-line states, Angola and Mozambique?

Louw: I think that most strategic analysts, people who are knowledgeable about South Africa, agree that the chances of the government being toppled by force are very remote. People inside the various revolutionary groups with whom I've spoken agree with that. They have a considerably long-term view. The present government has a very powerful army, very powerful police, a considerable number of informers who give it information that makes it difficult for the revolutionaries to operate.

And the present government, people must realize, is not comparable with any other government in Africa, simply because it's the only country in Africa where a big percentage of the population is not black. So the notion that it can be overthrown because other governments like the Ian Smith government in Rhodesia was overthrown is completely mistaken.

The only way to really get rid of the impasse of the current system is to come up with some proposition that is acceptable to the present government and acceptable to the African National Congress and also to Chief Buthelezi's group. Those are the key actors on the stage. The government is there to stay until somebody persuades it to adopt a new system. The ANC is there to stay as a source of conflict and violence unless somebody persuades them to participate in a new system. And if there is a new system that



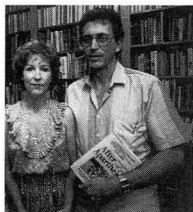
is unacceptable to the Zulus or Chief Buthelezi's group, then they would simply become the new source of conflict and instability.

Reason: In 1987, President Botha was returned to office with fairly significant voter approval. In more recent elections the most right-wing political factions gained seats in the government. Is this a shift to the right and a sign that change is being resisted, instead of steady progress?

Kendall: In fact what has happened in South Africa is the entire white political spectrum has moved to the left. All that means in South Africa is move toward reform. Left means towards reform, right means away from reform. The government stated openly that they favor a nonracial democracy. They are not in favor of apartheid, and they have made that clear. And they were returned to office on that basis and on the mandate that they would reform and move toward a country with so-called genuine power-sharing. In fact, P. W. Botha, in two recent interviews, has mentioned the Swiss cantonal system as one of the models they are looking at seriously.

The right-wing's so-called swing was people in their own party, people who said, "No, if we give black people the vote we're going to lose our national identity, our identity as an Afrikaner *volk*." And the group that could not move into the reform position, who didn't feel secure in that position, formed a new party called the Conservative Party. It is indeed gaining support, and partly because of the fear that the government has tried to instill in people of this communist threat, "the total onslaught," the communist takeover.

"The entire white political spectrum has moved to the left. All that means in South Africa is toward reform."



"Winnie Mandela, like most other people in South Africa, has really not had a concrete idea of what the post-apartheid South Africa should be."

The scenario that's being played out in straight political terms in South Africa at the moment is the battle between the National Party—the government and its reform position—and the Conservative Party, to the right of the government, that wants partition. They want to divide the country into an Afrikaner, white area and the rest of the country, which would be for everybody else. They're doing very well, they're gaining a lot of support. But the government does have a mandate for reform, and they've got to start moving on that to keep their new power base, a lot of which has been drawn from the traditional left-wing groups of English-speaking South Africans.

Reason: Winnie Mandela endorsed your book. What kind of person is she, and what are her politics?

Louw: It is probably true of Winnie Mandela that she like most other people in South Africa has really not had a concrete idea of what the post-apartheid South Africa should be. What surprised many people with her endorsement is that the book is overtly free-market, and people have assumed that she would go against that. We asked her about that ourselves and she said, Why do people assume that she is a red?

Reason: But she has been quoted in *Pravda* as saying that the Soviet government is the symbol of hope for oppressed people around the world.

Louw: I am aware of that and of various other black radicals thinking of the Soviet government as their model. The extraordinary irony is that the Soviet system is an ethnic homeland system. Lenin was, in fact, probably the most successful implementor ever of apartheid, although it was called in this case the policy of the nationalities. The Soviet Union is divided into ethnic homelands called republics. So I cannot imagine that she really understands the Soviet system and thinks that it is something she would want for South Africa.

Kendall: The only way that we can judge Winnie Mandela is by her interaction with us, and she has given us an unqualified endorsement for the book. She has been extremely supportive, she's taken numbers of summaries to distribute amongst the young people she works with, the comrades in Soweto. She has showed no sign of deviating from that support. And I just want to add that she is an extremely charismatic woman. Very, very charming, very warm, outgoing personality. In all her interactions with us we thought she was really quite a remarkable person.

Reason: Could you briefly comment on the significance of the KwaZulu/Natal Indaba? [*Indaba* is an African word for the traditional process of discussion and negotiation leading up to a consensus among the tribal leaders.]

Kendall: Yes, the Indaba was a very important development. In Natal, representatives from different political parties and industry, agriculture, the business community, women's groups, and so on, including the blacks, all got together to try and work out a new constitutional dispensation for the province of Natal. It's the smallest of the four provinces in South Africa, and many people would say that it has the most moderate black population, primarily Zulus, and

the most liberal white population and therefore is the most likely to come up with a solution. It also has the biggest Indian population.

They suggested that the government be divided into two houses—this would be for Natal only. One house would be based on ethnicity, and the other based on representation. They talked about devolution but didn't specify how much. Just the very fact that they could come up with a proposal was important and significant and made South Africans realize that you don't have to have the same system for the whole country. However, they never had the support of black radicals. They rejected it from the start and were not represented in the Indaba.

Reason: What was the government's response to the Indaba's proposals?

Kendall: They also never had the involvement of the National Party, although they were there as observers. The response has really been to avoid the issue. But the Indaba has managed to receive a lot of financial support to promote the proposals. They're still trying to persuade the government to have them put to a referendum of the people in Natal. It's possible that the government will do that, but they're dragging their heels on deciding.

I've spoken to government people recently and said to them, Why don't you have those proposals put to a referendum, because that would bring you support from your pro-reformist following? And of course their answer is that they fear that they would alienate the people on the right as well, because the Indaba seems to them to be a sellout by the Conservative Party, a sellout to the black majority.

Reason: Many Americans believe that sanctions and disinvestment are going to help South African blacks by moving the government toward real democratic rule. Would you comment on that?

Louw: That is complete political unreality. Sanctions are really tariffs imposed by a foreign government instead of your own. Disinvestment is exchange control imposed by a foreign government instead of your own. Now while foreign trade barriers and exchange controls are bad for an economy in the long run, they have not to my knowledge ever brought a government down or changed a system. All that both do is raise the transaction cost of foreign trade and foreign capital flows. They are harmful but not fatal.

Reason: Americans are by and large decent people, and they find that apartheid and legalized discrimination is offensive. What can Americans do to help in the situation?

Kendall: They need to start focusing on the future and encouraging South Africans to focus on the future. Keep on asking any South African of note who comes to your country what they have in view for the future. Do they intend to have proper, genuine democracy with checks and balances to prevent the abuse of government power? Do they intend to have a bill of rights? And so on. Get them to be specific. Get them to talk about the future so that they can be encouraged or pushed toward a genuine Western democracy. That is what Americans can do to help. □