



BY DAVID BOAZ

EDITORIAL

The Longing for Utopia

Back in the early 1980s I was walking through Boston Common and paused to watch an anti-war rally. An activist on the fringe handed me a flyer extolling the benefits of socialism. “Like in China and the Soviet Union?” I asked her. “We’re more interested in the experiments taking place in Nicaragua and Zimbabwe,” she replied. Well, at the time, I didn’t know much about those experiments, so I didn’t have an effective response. Now, of course, we know that the socialist experiments in Nicaragua and Zimbabwe didn’t turn out well.

Still, it seems there’s always some new socialist dream on the horizon, while virtually any economic system other than communism is called “capitalism,” no matter how far from a free market it actually is. One of the difficulties that libertarians face is this constant intellectual competition between actually existing institutions and some dreamy vision of a caring, sharing society of equality and community.

Two men who dominated the news in late 2013 remind me of this challenge. Pope Francis issued his “apostolic exhortation” decrying the “new tyranny” of “trickle-down” capitalism. Obituaries for Nelson Mandela explored his early alliance with the Communist Party and the much more pragmatic policies he pursued as South Africa’s president. Many conservatives and libertarians deplored both men’s opposition to capitalism.

But a few observers recognized how each man’s history might have led him to oppose something he thought of as “capitalism.” Michael Novak wrote at *National Review Online* that one should read the exhortation “through the eyes of a professor-bishop-pope who grew up in Argentina.” More than 200 years ago, he pointed out, “Adam Smith . . . noted that in Latin America [unlike North America] there were still many institutions of feudal Europe—large landholders, plantations, plantation workers.” The world of Jorge Mario Bergoglio was “a largely static society, with little opportunity for the poor to rise out of poverty.” Inflation eroded savings. The grandsons of great landowners dominated big companies. “Instability in the rule of law undermined economic creativity.”

Argentina was hardly a capitalist society. Indeed, Novak notes, beginning in the pope’s early years, “a destructive form of political economy, just then spreading like a disease from Europe—a populist fascism with tight government control over the economy—dramatically slowed Argentina’s economic and political progress.” But intellectuals and journalists tend to call any economy with private ownership “capitalism.” And it’s no wonder that they and their readers react against such systems.

As for Mandela, my South African-born colleague Louise Bennetts wrote in *Forbes*:

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. . . .

It would be a very curious capitalist country that encouraged the development of national monopolies. . . . 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. . . .

It was this version of “capitalism” that shut down [Mandela’s] law firm because it was located in a “whites only” area. . . . No wonder he mistrusted capitalism, because the capitalism he knew was a bastardized version of a market that was anything but free.

Fortunately, Mandela spent his 27 years in jail and his first 4 years as a free man reading and learning. When he became president, he had dropped his starry-eyed view of nationalization. Unfortunately, he hadn’t read enough; he mostly continued South Africa’s cronyist system, just making sure that some black cronies got to share in the spoils. Still, that has given South Africa a far more productive economy than the failed socialist experiments in Ghana, Tanzania, Zimbabwe, and too many other countries.

You could argue that the real ideological divide in our world is between free-market liberalism and cronyism of one sort or another. If cronyism is a system in which government hands out favors to established businesses or to associates of those in power, then that seems to include every kind of interventionism. If decisions aren’t made in free markets, then they are necessarily made by politburos, dictators, politicians, or bureaucrats. And such people, being at best fallible humans, will tend to favor their friends.

That’s the issue we must put to popes, political leaders, and voters: that the choice for each society is free markets regulated by the rule of law, or cronyism and favoritism. And in that task, we might remember the advice of F. A. Hayek:

We must make the building of a free society once more an intellectual adventure, a deed of courage. What we lack is a liberal Utopia, a programme which seems neither a mere defence of things as they are nor a diluted kind of socialism, but a truly liberal radicalism which does not spare the susceptibilities of the mighty.

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