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Abstract

William Harold Hutt introduced the notion of “consumers’ sovereignty” into economics. He was also a fierce critic of South African apartheid. In this paper, we explore how apartheid was objectionable from the perspective of consumers’ sovereignty, including Hutt’s analysis of why capitalists opposed while white labor unions supported apartheid. We also explore Hutt’s skepticism of “one man, one vote” democratization in postcolonial Africa and report evidence that his skepticism was motivated by his concerns about institutional continuity. Hutt’s market process approach offers insight into capitalist opposition to apartheid, while his public choice analysis of majoritarianism clarifies the significance of political constraints to improve prospects for political order. Whereas a standard Chicago School analysis of South Africa might emphasize the role of rent-seeking by white labor unions as perpetuating apartheid, Hutt incorporated bureaucratic interests (thus integrating Public Choice insights), recognized markets as a force to liberate labor (as Austrians emphasize), as well as understood the importance of institutional design in stable democracy (anticipating much subsequent research in comparative historical political economy).

I. Introduction

Professor Hutt’s rank among the outstanding economists of our age is not contested by any competent critic.

— Ludwig von Mises

The social will may be most truly realized when the greatest measure of sovereignty is vested in consumers.

— William Harold Hutt, *Economists and the Public*

W.H. Hutt spent most of his career in the academic obscurity of South Africa, where he held a position at the University of Cape Town from 1928 until 1965. Those who have written about him have suggested that this might be why he is not better known. Still, he earned a reputation as a “courageous and independent maverick” fiercely committed to interpreting the world and its institutions in light of the possibility of gains from trade (Egger 1994, 107; Buchanan 1988, 5). His gains-from-trade approach to the social sciences and his soft spot for the

downtrodden informed his critique of apartheid—a critique that led South Africa’s government to revoke his passport (Reynolds 1997, 186).

After he retired from the University of Cape Town, Hutt spent two years visiting the University of Virginia’s Thomas Jefferson Center for the Study of Political Economy. In the United States, he traveled widely to speak on the economics of racial oppression. He spent the 1970s and the early 1980s at the University of Dallas. James M. Buchanan, 1986 Nobel laureate and his host during his two years at the University of Virginia, gave the inaugural Hutt Memorial Lecture on Economic Policy at the University of Dallas in 1989. Hutt’s contributions were so numerous that they inspired symposia in the journal *Managerial and Decision Economics* in 1988 and the *Journal of Labor Research* in 1997.

We explore three themes in W. H. Hutt’s work: consumer sovereignty (in *Economists and the Public*), intervention and oppression (in *The Economics of the Colour Bar*), and institutional change (in *A Plan for Reconstruction*). Hutt brought all three perspectives to his critique of the colour bar. Hutt’s published work and archival evidence show how he criticized racial oppression in light of his theory of consumer sovereignty as well as Hutt’s novel insight into the political economy of institutional change and escape from oppression.

Hutt emerges at the forefront of modern questions in political economy. His work predated George Stigler’s economic theory of regulation and Mancur Olson’s theory of collective action. Unlike John Stuart Mill, who thought tribalism made democracy challenging in divided societies, Hutt criticized majoritarian democracy on the grounds that institutional design matters: democracy might be feasible, but it had to account for cleavages. This required institutional constraints, though unlike the argument of Buchanan and Tullock’s (1962) *The Calculus of Consent*, which focuses on unanimity rules, Hutt prioritized secure property rights in

divided societies. Secure property rights, he thought, explained wealth and were, therefore, the basis for choosing constitutional rules resulting in liberal democracy.¹ As a reformer, he sought to extend political and economic rights to South African Blacks and Coloureds while preserving South African whites' political and economic rights.

While Hutt may be best known for his defense of consumer sovereignty, and his faith in markets to generate greater economic and social equality, his theory of political change deserves special attention. He simultaneously opposed apartheid, opposed majoritarianism, and defended private property. First, Hutt explained how changing whites' costs of maintaining apartheid required a credible commitment to protecting private property and limiting majoritarian politics. Second, Hutt's criticism of majoritarianism and defense of private property have special significance for the causes of political violence in sub-Saharan African countries after their political independence. One of the defining features of majoritarianism is that democracy will reflect the will of the people and that elections are themselves the outcome. Hutt was more of a realist, recognizing elections as instrumental to political order and political order as necessary for wealth, which in turn contributes to political stability. Thus for Hutt, elections could create a negative feedback whereby political disorder gives rise to economic decline that ultimately undermines support for democracy. Indeed, majoritarianism in the region has often resulted in land being used to reward political allies and penalize opposition (see Boone 2013), in turn leading to political violence. Finally, Hutt made an important observation that critics of capitalism neglect: racist policies in South Africa did not come from the offices of industrialists, who opposed apartheid, but white labor unions protecting rents. Apartheid was a regulatory regime, not the spontaneous product of individual cooperation; it was a regime in that it included

¹ Cf. Magness et al. (2021).

constitutional rules, regulations, bureaucrats, and commissions that together created path dependence that resulted in continuation of the regime even as its social costs were increasingly obvious. For Hutt, competitive markets were the countervailing pressure to this path dependence: competitive markets are liberators in the face of racist institutions and politicians and explains why secure property rights can relieve pressure for retributive violence during post-colonial transition.

Others addressed the relationship between capitalism and apartheid. G.V. Doxey (1961) explained the origin of rules that restricted Black skills, and support of white workers' unions for apartheid. Merle Lipton (1986) suggested a "white oligarchy" of agriculture, mining, and manufacturing interests held apartheid together, but that only white farmers and white workers had a clear interest in supporting apartheid. "English" capital – mining and manufacturing – were less supportive of apartheid, and even opposed it, as each had an interest in skilled worker and opposed the constraints. Hutt's approach offers a clear economic rationale for the opposition of capital that moves beyond organized interests to consider consumer sovereignty as the most significant source of opposition to racist institutions, as well as developed a public choice explanation for political change that recognized the role for institutional analysis – thus foreshadowing subsequent political economy work on processes of democratization. In this regard, Hutt illustrates the complementarity of market process and public choice perspectives emphasized subsequently by Boettke and Lopez (2002) and Boettke and Leeson (2004).

II. Apartheid and the Colour Bar: A Very Brief History²

Europeans arrived in South Africa in April 1652, when Jan van Riebeeck established a colony on behalf of the Dutch East India Company to resupply ships traveling between Europe and India. The first slaves—mainly from outside the region—arrived in 1658, and interracial marriage was prohibited in 1685. After the British abolished slavery in 1834, European settlers (mostly Dutch) known then as Boers (later called Afrikaners) undertook the Great Trek in 1835, which ended in the founding of Transvaal and the Orange Free State. They looked to escape British domination, but the Trek invited conflict with indigenous peoples like the Zulus. The Boer-British separation did not last long. In Transvaal, people discovered diamonds in 1866 and gold in 1871. The discoveries induced a scramble as the British, Afrikaners, Zulu, Sotho, and Xhosi sought to get their hands on these valuable resources, with an attendant political power struggle. Whites—the British and Boers—dominated militarily and politically.

Once diamond and gold mining began, higher wages attracted skilled workers from Europe (Feinstein 2005). The high wages were a result of functional markets, but low-skill white workers recognized that capitalists had incentives to hire low-skill Black workers in a competitive market. This gave them an incentive to push for the colour bar—an array of labor market rules privileging white workers at the expense of Black workers--and later apartheid (Hazlett 1988). The colour bar began with laws in the 1890s restricting the jobs Black workers could have, where they could work, and where they could go (the “pass laws”). Transvaal Law No. 12, Section 104 of 1898 illustrates: “Every person having charge of a winding engine used for raising and lowering persons shall be the holder of an engine driver’s certificate of

² For an extended discussion of the migration of European settlers, see Feinstein (2005, Chapter 2). This section is also drawn from Williams (1989) and Lowenberg and Kaempfer (1998).

competency. No coloured person may hold an engine driver's certificate of competency" (Williams 1989, 36).

Subsequent laws further institutionalized the colour bar. The 1911 Mines and Works Act explicitly excluded Black workers from many occupations and required, in many cases, certificates of safety or licenses that were only available to white workers. Still, white workers (and their unions) pushed for greater restrictions.³ In the Red Revolt of 1922, the Mine Workers Union went on strike. Williams (1989) writes, "Led by communists and socialists, the white miners marched and protested through the streets of Johannesburg," chanting, "Workers of the World Fight and Unite for a White South Africa" (57).

Momentous change came to South Africa in the 1920s. Courts threw out the first Mines and Works Act in 1923, but the 1926 Mines and Works Act reestablished the colour bar. The Industrial Conciliation Act of 1924 allowed centralized wage setting on an industry-by-industry basis. The 1924 election resulted in the Pact Government that united Afrikaner nationalists and white unionists. Racists nationalized industries deemed insufficiently white. South African Railways, for example, whitened its labor force between 1924 and 1933. 1924 also saw the birth of the Civilised Labour Policy. White workers feared degradation by "uncivilised" Black and Asian workers who, they thought, had lower genetically and culturally determined standards of living.⁴ The Labour Policy required that workers never be paid less than a "civilised" wage. Naturally, this pushed low-skill Black workers out of the labor market.

³ The first safety laws were devised by Joseph Adolf Klimke, who was appointed as first Transvaal State Mining Engineer in 1891. According to Katz (1999), Klimke who promoted safety certificates which endorsed skill of the worker and could be nullified for negligence – but not political (advance white supremacy) or economic (to protect the position or white workers), but paternalism based on racist views that Blacks were more capable of promoting mine safety because of biological superiority.

⁴ See Leonard (2016) on Progressive Era attitudes about "standards of living" as wage determinants.

White supremacy thus had its own industrial policy (Hazlett 1988) held together by “an unholy and uneasy coalition” in the 1930s (Hutt 1964, p. 19). Whatever unease there was, it was not enough to prevent apartheid. The word *apartheid* first appeared in the newspaper *Die Burger* on March 26, 1943 (Williams 1989, 8), and in 1948, the election of the National Party made it the law of the land. In 1950, The Group Areas Act specified where people could live. Restrictionism (to protect economic rents accruing to white workers) and paternalism (specifically, the notion that whites represented a higher and better race obligated to take care of “lesser” races —Blacks and Coloureds, specifically) motivated whites. Hutt (1964, 147–48) was himself accused of paternalism for his depiction of “happy, smiling Africans;” however, he meant this as a testimony to their resilience in the face of grave injustice. Hutt (1964, p. 25) also recognized as “wholly wrong” the view nonwhites wished to avoid whites as much as whites wished to define clear boundaries separating them from nonwhites.

The economic rationale for apartheid was the same as for the colour bar in the 1890s: industrialists would find low-wage black workers irresistible. Apartheid supplemented white supremacist industrial policy with social separation to protect white earnings (Hazlett 1988). It was also a political choice in response to economic threats. As Lowenberg and Kaempfer (1998, p. 3) put it, “apartheid can be explained as an outcome of economic interests, implemented in predictable ways by support-maximizing politicians.”

Apartheid ended in 1994. The system harmed business. As times got tougher in the 1970s, these costs became more severe and the South African economy started to lag behind comparable economies (Feinstein 2005). Geopolitics also mattered as the decline of the Soviet Union **eliminated an important ally of white labor unions in South Africa**. Further pressure came from African nationalists supported by US foreign policy. The inefficiencies of apartheid and shifting

geopolitical support for the ruling coalition, not foreign sanctions, doomed the system. P.T. Bauer reflected on proposals to boycott South Africa and support guerillas. Bauer characterized them as more concerned with punishing whites than improving the lives of Africans, suggesting instead a clearer consideration of how international capital flows could erode South African apartheid, while contributing to political stability and protecting minority groups from retribution that would arise if the guerillas are successful (Bauer 2000, po. 91-92).

Apartheid was institutionalized injustice, which Hutt “attribute[s] . . . to any policy or action which is intended to perpetuate the inferiority of material standards or status of any racial group” (Hutt 1964, 9). Injustice was the result of specific policy choices. As he argued throughout his work, group differences per se are not prima facie evidence of injustice, as they might originate in different preferences for saving and tastes for leisure. Holding everything else constant, someone strongly preferring leisure will not enjoy the material standards of living of someone with low leisure preference and low time preference. He wrote, “The inheritance of inferior circumstances or status cannot usefully be regarded as ‘unjust,’ except to the extent to which developed countries or colonising powers can be shown to be deliberately withholding opportunities from the underdeveloped areas or colonised peoples” (Hutt 1964, 9–10). That, he argued, defined apartheid.

III. Consumer Sovereignty and Hutt’s Criticism of Unions

As Peter Lewin (2000, 257) notes, Hutt’s theory of discrimination contrasts with Gary Becker’s taste-based theory in which discrimination reflects preferences for prejudice best addressed by free markets. In contrast, Hutt dealt with “discrimination as *an instrument of regulation* and

investigates the pernicious effects it can produce in that context.” Hutt thus provides a collective theory of discrimination, rather than an individualistic one, or as Lewin (2000, 257) puts it, Hutt recognized “discrimination as a form of rent-seeking,” which places Hutt within the public choice tradition. Borrowing Tullock’s (1975) language, the rents from apartheid restrictions are transferred from Black labor to white labor at the expense of Black labor and industry. A transitional gain accrues to the white laborers who capture the rents. The colour bar and apartheid are what Holcombe (2018) calls “political capitalism”—a system where economic elites support politicians in exchange for commercial privileges. Acemoglu and Robinson (2012) consider how extractive institutions controlled by elites enrich themselves at the expense of the general population. Hutt explained South African labor unions’ rent-seeking and the extractive institutions (the source of transitional losses) that kept the system in place.

Apartheid was the South African government’s attempt to replace the sovereign free market consumer with the sovereign political racist. Apartheid expanded the South African rent-seeking society, and South African labor history is broadly consistent with the “regulatory capture” model most frequently associated with Stigler (1971) and Peltzman (1976). South African unions invoked workplace safety to justify the rules; however, they were clearly aimed at maintaining white workers’ living standards at the expense of black workers. Unions’ spending to keep Apartheid in place blocked transitional gains and dissipated rents accruing to their white members.⁵

In tribute to Hutt, Buchanan (1988) identifies two kinds of economists: those who evaluate the welfare properties of specific equilibrium allocations, and those who emphasize exchange’s knowledge-generating properties. Hutt’s analysis of *consumer sovereignty* puts him

⁵ Cf. Tullock (1975) on the transitional gains trap.

in the second category. To the extent a “social will” exists, he argued, it “may be most truly realized when the greatest measure of sovereignty is vested in consumers” (Hutt [1936] 1990, 257). Hutt ([1936] 1990) introduced and defined the term in his 1936 book *Economics and the Public*: “The consumer is sovereign when, in his role of citizen, he has not delegated to political institutions for authoritarian use the power which he can exercise socially through his power to demand (or to refrain from demanding)” (257). To Buchanan (1988), “Hutt’s introduction of consumers’ sovereignty in and of itself should warrant him a significant place in the history of economic terms in this century” (6). Hutt evaluated policies and social institutions based on whether or not they respected consumer sovereignty. Hutt paid most attention to government interference with consumer sovereignty, but he argued that private interference could happen too. He was not an anarchist, and he believed the state had an important role to play in antitrust enforcement. He supported bans on resale price maintenance, where sellers gave larger discounts to wholesalers than to retailers, for example (Yamey 1988, 29).

Hutt ([1936] 1990) explained why competitive institutions are important in *Economists and the Public*:

Competitive institutions satisfy the criterion of enabling the maximization of consumers’ sovereignty. If not frustrated, competition leads to an impersonal control of the distribution of all productive resources, human or other, in accordance with the community’s demands. The facts of modern society prove that such frustration must be present.

To Hutt, interfering with the market process interferes with consumer sovereignty and, therefore, the “social will.”

He was especially critical of labor unions. In 1930 he wrote *The Theory of Collective Bargaining*. In 1973 he wrote *The Strike-Threat System*, which he called the strike-threat system “an intolerable abuse of economic freedom. The strike is a type of warfare under which privileged groups can gain at the expense of the unprivileged” (Hutt 1973, 282). It is, in his words, “the private use of coercion” (126, 283). Strikes and strike threats, he argued, increased the public’s demand for monetary stimulus to solve problems they created and contributed to inflation.

Hutt’s welfare analysis was simple: he looked for institutional barriers to gains from trade, and his policy analysis (in, for example, *Plan for Reconstruction*) emphasized the steps needed to reduce rent-seeking coalitions’ power and influence. This leads naturally to his criticism of the colour bar, which was more than a distributional and social injustice. It was a direct affront to consumer sovereignty. South African legislators made it possible for unionized South African miners, among others, to substitute their own political-aesthetic judgment for consumers’ votes in the marketplace. Indeed, government ownership of major enterprises and national planning were the defining features of the apartheid economy.⁶

The analysis of unions extended Tullock’s insights, along with earlier work on South Africa, including Herbert Frankel’s work which, like Hutt, was broadly critical of South African apartheid as an economic model of organization. Frankel was concerned with the brakes on the economic advance since the gold boom that started in 1911. By that time, it was apparent South Africa was not like other industrializing countries: there was no steady upward trend in income, nor the emergence of a mobile, integrated economic society. It was an economy with an industrial caste: non-competing groups stratified horizontally according to racial origin, with few opportunities for members in one group to promote themselves by their own efforts into membership of a higher income group (Frankel 1947, p. 428). In the caste economy, “for the great mass of non-Europeans there is only one section of the ladder – that of unskilled labor, and the section has very few rungs of promotion” (Frankel 1947, p. 429). Frankel described the economic organization as the “multi-racial team system” within which large sections of economic enterprise can increase or decrease the size of the team but cannot easily vary its

⁶ AIER *Research Reports* 54(9), May 4, 1987, pp. 33ff.

proportionate racial composition, alter the scale of remuneration, or adjust the tasks allotted to the different races of which the team is composed (Frankel 1947, p. 429). Frankel then went on to refute the idea that there can only be warring economic groups, rather than a general interest. This idea of a general interest – a collective good from markets – was one that Hutt would ultimately extend, though the analysis of unions is what provides an explanation for the regulatory regime.

IV. Hutt's Opposition to "One Man, One Vote" and His Qualified Defenses of South Africa and Rhodesia⁷

Hutt has been criticized because he opposed "one man, one vote" majoritarianism. Among his papers is an undated typescript titled "Why the Liberal Must Oppose One Man, One Vote."⁸ For Hutt, liberal democratic institutions were not important because they were democratic but because they protected liberties.⁹ Hutt traced the liberal tradition to Alexander von Humboldt, John Stuart Mill, and Alexis de Tocqueville. To these authors, he argued, "the democratic system" was "essentially a means of enabling the community to ensure that the State did remain an instrumentality for the achievement of collectively determined ends, and not as a 'grantor of favours.'"¹⁰

Hutt's distrust of "one man, one vote" had two roots. The first was abstract constitutional political economy. He argued that "Tocqueville, who has been most aptly described as the greatest friend democracy has ever had, put great stress on the principle that majorities should have no more right to enrich themselves at the expense of minorities (which is, of course, the

⁷ W. H. Hutt, undated typescript, "Why the Liberal Must Oppose One Man, One Vote."

⁸ W. H. Hutt, undated typescript, "Why the Liberal Must Oppose One Man, One Vote."

⁹ In this we paraphrase a memorable phrase one of the authors first heard from Loren Lomasky.

¹⁰ W. H. Hutt, undated typescript, "Why the Liberal Must Oppose One Man, One Vote." He borrows the phrase "grantor of favours" from Friedman (1962).

position in South Africa today).”¹¹ His parenthetical comment is important: he recognized that apartheid gave whites the right to despoil Blacks, and he found this indefensible. He worried, however, that a demagogue-led Black majority in South Africa would sweep in an illiberal, regime that did not protect economic or civil freedom. In his mind, this would hardly have been an improvement.

Whenever he addressed “one man, one vote,” he worked to separate the racial question from the constitutional question of safeguards for minority rights: “If it were possible to ensure constitutionally that the Tocqueville principle would always be honoured, and that legislation would all be non-discriminatory, there would no harm in ‘one man, one vote.’”¹² He continued, however:

But such a society would have to be a purely laissez faire society, that is, a system under which the State acted vigorously in the collective interest but equally vigorously against the sectional or private interest. And we do not live in such a world. In the opinion of the true liberal that is a great misfortune. But he has to be realistic, and he sees therefore the necessity to limit the powers of the State by constitutional entrenchment and that means limiting the power of majorities. It is for this reason that, in a multi-racial society the Liberal must fight all suggestions for a franchise based on “one man, one vote.”¹³

Hutt wrote that majority rule had slowed growth in England and the United States. Further, he argued, “it seems to have immediately disastrous consequences in the government of primitive peoples.”¹⁴

¹¹ W. H. Hutt, undated typescript, “Why the Liberal Must Oppose One Man, One Vote,” p. 2.

¹² W. H. Hutt, undated typescript, “Why the Liberal Must Oppose One Man, One Vote,” p. 2.

¹³ W. H. Hutt, undated typescript, “Why the Liberal Must Oppose One Man, One Vote,” p. 2.

¹⁴ W. H. Hutt, undated typescript, “Why the Liberal Must Oppose One Man, One Vote,” p. 4. In *The Economics of the Colour Bar*, Hutt (1964, 56) described primitive people as essentially those who are unskilled labor; business

He nonetheless laid the ultimate blame at the feet of the former European colonial powers for disregarding the “ importance of the Tocqueville principle that, when they handed over ‘independence’ to their colonies, they were passing to them, not the machinery of democracy but the machinery of totalitarian government.”¹⁵ He pointed to the persecution of Christians in Sudan as an example of one of the consequences of an illiberal state that was not constitution-bound to respect minorities’ rights.¹⁶

Hutt opposed majority rule because it contributed to political disorder. In South Africa under apartheid, white labor unions using their political power to oppress political minorities caused instability. The white minority owned most of the agricultural land and would be tempting targets for demagogues. Protecting the economy required constitutional protections for minorities. Hutt’s emphasis, again, was not on the race of the elected but on their commitment to the rule of law. As he put it in a 1964 letter to George Koether, “There has been a transfer from political responsibility assumed by and administered mainly by Whites under the rule of law, to political independence, with responsibility transferred to black rulers and mostly with the abandonment of the rule of law.”¹⁷

This resembles Catherine Boone’s (2014) argument linking majoritarianism to instability in post-independence sub-Saharan Africa. Boone contends that private property regimes support liberal electoral regimes by constraining majoritarian politics, lowering the stakes of elections, and protecting minority rights. In Kenya, 300,000 people were displaced and 1,500 killed in land conflicts in the 1990s, with almost as many affected by land-related violence in 2007 and 2008.

had incentives to train them, and whites, fearing the improvement of living standards, established institutions to prevent them from acquiring skills.

¹⁵ W. H. Hutt, undated typescript, “Why the Liberal Must Oppose One Man, One Vote,” p. 4.

¹⁶ W. H. Hutt, undated typescript, “Why the Liberal Must Oppose One Man, One Vote,” p. 4.

¹⁷ To George Koether, director of public relations, Continental Can Co., August 22, 1964.

Similar conflicts occurred in Côte d'Ivoire; Liberia and Sierra Leone; the Democratic Republic of Congo; and Darfur, Sudan. In Zimbabwe, land expropriation was at the center of Robert Mugabe's efforts to remain in power after 2000. Politicians using property rights to reward allies and punish opponents led to land-related electoral violence.

While Hutt's criticism predated these events, he clearly anticipated the issues. He was criticized as reactionary, but he passionately argued that it was a mistake to trust that Black majorities would not seek retribution against whites. He understood the evil of apartheid all too well, and combining its legacy with majoritarianism would put all property into political play. The economic consequences would be devastating.¹⁸

In 1961 the South African scholar, political leader, and activist Z. K. Matthews delivered the third T. B. Davie lecture on academic freedom at the University of Cape Town. Hutt was the faculty advisor to the student organization that invited Matthews, and in their correspondence, he suggested that this would be a good opportunity for Matthews to explore the importance of "iron-clad" constitutional protections for private property.¹⁹ In his lecture, Matthews apparently took up Hutt's suggestion and addressed some of the constitutional problems confronting multiracial societies. He emphasized the importance of "good government" as the foremost consideration in constituting a multiracial society and noted that "the cry for self-determination does not solve the problems of government."²⁰ He explored this idea in his discussion of the problem of safeguarding minority rights in a multiracial society:

The problem of how the legitimate rights of different racial groups can be safeguarded in a multiracial society is one that requires careful examination. It is to the universities we

¹⁸ W. H. Hutt, untitled undated typescript, Hutt Papers, Hoover Institution, pp. 7–8.

¹⁹ W. H. Hutt to Z. K. Matthews, July 20, 1961, Matthews papers.

²⁰ Matthews, "African Awakening and the Universities," undated manuscript, p. 23, Matthews papers.

must look to examine these problems and to show us possible ways of preserving the foundations of freedom in the emergent states of Africa. Here again I admit that there is a vital role that the South African universities can play. As institutions which have developed in a multi-racial society they might on that account be better prepared to analyse and lay bare the complex problems of adjustment that arise in such a society.²¹

Hutt's exchange with Matthews about his lecture suggests that Hutt's endorsement of a qualified franchise as a means of safeguarding existing rights was not rooted in reactionary white supremacy but was instead a good faith effort to deal with the practical problem of protecting minorities in a multiracial society.

Hutt was certainly not the only political economist to link capitalism with democracy or to question "one man, one vote." Subsequent research on democracy in South Africa has much in common with Hutt's analysis. Heribert Adam and Kogila Woodley (1986) ask why South Africa was largely stable despite apartheid. They emphasize racist control but also explain that capitalism led to economic assimilation, higher wages, and higher consumption for everyone, including black workers. They contend that compliance is central to racial dominance; furthermore, commercial culture reduced the political return on violence. Consumer sovereignty reduced prospects for violence during the transition: whites had less to lose from giving up political control, and Black South Africans had fewer incentives to use violence against whites under any regime. Thus, Adam and Woodley recognized majoritarianism as a source of political instability but found that the transition would be more orderly because capitalism had already ameliorated much of the pressure, for example, by allowing the emergence of increasingly skilled Black workers and increasing consumption by Black people. Hutt similarly recognized

²¹ Matthews, "African Awakening and the Universities," undated manuscript, p. 24, Matthews papers.

the benefits of markets, though for Hutt, capitalism was a source of liberation rather than domination.

In reflecting on the 1983 constitution, Arend Lijphart (1985) argues against majoritarianism—the “bottom line” since World War I for many Black South Africans—because he believes it to be unworkable in a pluralistic society. Lijphart proposed instead consociationalism, which recommends shared representation: shared executive authority, proportional representation, group representation in public administration, and a minority veto on most issues (see Lijphart 1977 on consociationalism). Lijphart recognizes challenges to stable democratic order, even under consociationalism, as such an arrangement requires some equalization of wealth. The challenge under consociationalism is that the wealthier whites would veto such redistribution.

Laitin (1987) reflected on the case for majoritarianism. Punishing whites for injustice might be one reason to support “one man, one vote.” Resulting political unrest and threats to private property would most likely mean disastrous capital outflows. Still, normative economic consequences do not drive majoritarianism’s political logic. Majoritarianism might lead to political violence, but this would likely be in the interest of many elites who could use majorities to impose patronage regimes.

Together, these works link “one man, one vote” to the probability of violence; however, the violence is ameliorated by the homogenizing forces of capitalism. It is unworkable compared to consociationalism in part because consociationalism includes a minority veto for whites, and it can be a source of violence that might be in the interest of new Black elites. Hutt anticipates these ideas, though Hutt put each argument together in his critique of the colour bar and in his 1966 article reviewing *The Calculus of Consent*. Like Buchanan and Tullock (1962), Hutt

recognized that non-discrimination was critical for the economy, and this led him to consider a qualified franchise as a step toward a lasting political order.

Criticism of “one man, one vote” is more general. As Robert Bates (1981) explains, one-party rule resulting in urban-elite coalitions enriching themselves at others’ expense complicated democratization. Democratic reforms giving power to poor rural Africans only sometimes improved economic development. In the absence of the rule of law, electoral populism often led to fighting as elections sometimes meant land redistribution (Boone 2014). This more recent work recovers Hutt’s earlier insight that unless property is protected, elections can bring new or renewed violence.

Hutt believed the right institutions would promote economic and political well-being in South Africa. In this regard, Hutt was firmly within the Smithian tradition of attributing people’s success to the right institutions rather than intrinsic characteristics. Hutt’s critique of “one man, one vote” was an institutional-design argument: under the wrong political institutions, people would choose policies that reduce order and prosperity.²² Subsequent studies of the start of the process of democratization in South Africa in 1994 and afterwards considered a particular set of cultural values as important to the success of democracy (Gibson and Gouws 2003). Rather than worry about the absence of a “democratic culture,” Hutt recognized that there was nothing inherently different about a Black and a white South African; both respond to incentives, and getting the institutions right makes success more likely for any given culture.

²² Compared to Boettke, Leeson, and Coyne (2008), who argue that “institutional stickiness” often prevents democratization. Hutt was more optimistic that democracy could stick even if a culture had not experienced it, provided it was designed well.

In what appears to be a draft of a speech or article, Hutt wrote, “In the Republic of South Africa, we have what I am inclined to believe provides startlingly clear empirical proof of the validity of the Mont Pelerin philosophy.”²³ He did not mean this as a compliment. Rather, he saw in South Africa the problems with central planning and a poorly-constrained state. Later in the same essay, he wrote, “It is difficult to imagine a better illustration than is provided by South Africa of the truth that the fight against colour injustice is actually against the consequences of planning on the collectivist model. Every repression of the Africans has, at the same time, been a repression of the free market.”²⁴

At the same time, he saw that even the highly regulated market created prosperity. Hutt wanted liberty and prosperity for Africans; however, he did not think highly-uncertain Black prosperity was worth certainly sacrificing white liberty and prosperity. Second, he thought the surge of left-wing populism among indigenous populations meant Black majority rule would not lead to liberty or prosperity. According to Roback (1988, 68), “The participation of the Africans in the modern economy is a positive value and a worthy policy objective. However, it is not something to be achieved by force; it is not an end in itself to which the value of individual choice is to be sacrificed.”

In his 1939 article on the economic conditions of the natives (the Bantu), he argued that “factors of race are economically important for two reasons. Firstly, they define groups possessing social heritages of quite different types; and secondly, they provide grounds for the rationalization of discriminatory policies” (Hutt 1939, 197). Common social heritage makes it easier for racial groups to organize as rent-seeking coalitions (Roback 1989). Roback (1988, 66–67) makes this point explicitly in her discussion of “racism as rent-seeking” in a study of Hutt

²³ Undated, untitled typescript, Hutt Papers, p. 1.

²⁴ Undated, untitled typescript, Hutt Papers, p. 9.

and apartheid. As she puts it, “Ethnic groups have certain advantages as rent-seeking coalitions. They are already organized for cultural and religious purposes and it is often inexpensive for them to become so for political ones. . . . Rather than racism being the cause of economic injustice, the possibility of economic injustice is the cause of racism” (67)—hence the social construction of race and the identification of Blackness with slave status. Hutt (1939) was careful to note that racial distinctions are morally arbitrary but politically important: “In spite of the arbitrariness of mere racial distinctions, their existence in clearly defining classes of people with some broad homogeneity of economic function and status makes South Africa possibly the best place in the world for the study of the universal struggle against the equalitarian force of competitive capitalism” (197).

Hutt was not a radical. He was a gradualist, and while he worked to combat the abuses of South African and Rhodesian racism, he also worked to highlight those society’s small steps. As he was careful to point out, many of South Africa’s critics were throwing stones in glass houses.²⁵ The South African and Rhodesian experiences were not happening in a vacuum. They were surrounded by populist revolutions in Zambia, Mozambique, Malawi, and Angola. The region’s long history of tribal warfare did not inspire confidence in a peaceful power transition should the countries adopt “one man, one vote.” Events would bear out their fears: Idi Amin’s expulsion of Asians and slaughter of his political enemies and Julius Nyerere’s agricultural collectivization and forced urbanization in Tanzania reduced investment, eradicated important political freedoms, and reduced standards of living. Hutt was always a political realist even in expressing his disdain for supremacist institutions: “And many South Africans who, like myself, have consistently opposed the spirit of baaskap—white mastership—even before it became

²⁵ W. H. Hutt, “Seeds of Change” in South Africa, undated typescript, Hutt Papers, Hoover, Box 10.

commonly so described, recognize the reasonableness of the Whites' fears of a future African majority aroused by demagogues."²⁶

The Hutt archives include a lot of undated typescripts, which are apparently the written versions of speeches he gave in different places to different groups. The typescripts usually date, apparently, from the 1970s and 1980s. In addition to his unambiguous denunciations of apartheid, Hutt's speeches also include carefully qualified defenses of South Africa and Rhodesia, in which he notes that for all their faults and inexcusable injustices, the economic condition of their Black residents nonetheless compared favorably with the economic condition of Black people elsewhere on the continent. He noted, for example, that the Tanzanian government shut down the South African labor-recruiting office and forbade Tanzanians from moving to South Africa. Migrants voted with their feet against Julius Nyerere's African-ruled Tanzania and for white-ruled South Africa.²⁷

Hutt was frank about the dilemma facing classical liberals. Communists were coopting African anticolonial movements, which made some wonder if racial justice was a Trojan horse for collectivism. He argued that "methods commonly adopted under the civil rights banner have had the apparently intended effect of spreading hatreds and suspicion and not the achievement of understanding between races; and it is beyond doubt that demonstrations in the form of processions may be used to incite violent retaliation and to create emotional barriers to inter-group sympathy."²⁸ He emphasized, however, how "barriers to equality of economic

²⁶ Idi Amin and Asian Expulsion, threat of concentration camp (1972): <https://www.youtube.com/watch?v=p-i0JVip9N4>; maybe the fate of people under a ruler nicknamed "the machete" could suggest problems. **Check: is this the source: W. H. Hutt, "Seeds of Change" in South Africa. Undated typescript, Hutt Papers, Hoover, Box 10, p. 21.**

²⁷ Replying to an essay by John H. Chettle in *Modern Age* (Summer 1972): 13–14.

²⁸ W. H. Hutt, "Apartheid in America," undated typescript, W. H. Hutt Papers, Hoover Institution.

opportunity”—specifically rules limiting African labor freedom—were “the most important ultimate cause of inequality of civil rights.”²⁹

In 1968 Hutt published a qualified defense of Rhodesia in the *New Individualist Review*, arguing that some criticisms of Ian Smith’s government were largely unfounded. Hutt (1968) acknowledged and condemned the outrages committed against Blacks in Rhodesia just as he acknowledged and condemned those committed in South Africa, noting that “there are surviving discriminations” and “there *are* supremacists in Smith’s Rhodesian Party” (10). He argued that “the remaining major discrimination *imposed by law*” was “due to segregation maintained under the *Land Apportionment Act*,” which he argued had as one of its aims “to protect land allocated to African ownership from purchase by Whites” (10–11). He argued further that, as in South Africa, the most insidious discrimination against Rhodesian Blacks was not direct discrimination like job reservation (which he condemned) but rate-for-the-job rules that rendered many low-skill Blacks unemployable in different sectors (Hutt 1968, 12).

Efforts to impose institutional change from above tended to go wrong. With respect to indigenous institutions, Hutt (1939) wrote, “even institutions which would seem utterly repulsive in modern society can be represented in a picturesque light if we think of the Bantu as belonging to a different species from ourselves. *Lobola* [a bride price], for instance, has a significance hallowed by age-long rule. Some believe, indeed, that it performs a socially beneficial purpose, and doubt is often expressed as to the advisability of abolishing it. Disastrous results are foretold just as they were when it was proposed to abolish slavery. *Laissez-faire* is probably the wisest policy in this case until the practice becomes an abomination to the natives themselves” (209).

²⁹ Undated, untitled typescript beginning with a page 3, Hutt papers, Hoover, Apartheid in America.

Hutt (1968) saw “color prejudice as the worst social evil of the contemporary era” (12). Nonetheless, he called Rhodesia “the most propitious experiment in non-discriminatory representative government that mankind has known” (5). He defended of the infamous Rhodesian government on the grounds that an immediate move to Black majority rule would imperil hard-won economic and political gains for Africans and Europeans alike. The gradualist approach to Black majority rule combined with property and educational qualifications was not, Hutt argued, to maintain white rule per se but to maintain relatively free institutions in countries where they were being attacked on all sides. He expected Black influence to increase over time as improved education and property ownership expanded the franchise. Hutt put it this way: “Of course the constitution withholds present majority power from the Africans, but the purpose is to insure their eventual sharing in the heritage of the West by preventing their destruction of it; and the planned gradualness is surely to be welcomed. Blacks as well as Whites are stupidly emotional on the skin color issue in all areas of contact all over the world. The problem is aggravated when color prejudice is merged, as it usually is, with class prejudice. With gradualness and steadfast policy, these prejudices can be dissolved; but demagogues demanding haste can sabotage the process” (12).

It was an imperfect compromise. However, the 1983–87 Gukurahundi—a genocide perpetrated by the Mugabe regime in which some twenty thousand members of the Ndebele minority lost their lives and more were imprisoned or tortured—suggested that Hutt was right to be concerned about the possible fallout from a nationalist, populist, regime backed by communists. He called “false” the idea “that the Rhodesian government is keeping the Africans in political subjection” and claimed that the 1961 Rhodesian constitution “not only laid down a non-racial voting qualification, but, through a Declaration of Rights, provided for the

unconstitutionality of legislative discriminations on the grounds of race and color” (Hutt 1968, 4, 3). Objections to the Rhodesian experience and to Hutt’s defense of it follow readily if one assumes that there is nothing in the Western liberal tradition worth preserving. The analysis is considerably more complicated if there is something worth preserving, and especially if communist-backed populists are the alternative.

V. The Colour Bar and Apartheid versus Consumer Sovereignty

Hutt’s emphasis on consumer sovereignty naturally led to a condemnation of the colour bar. As Lewin (2000, 261) notes, “Apart from the moral aspects, however, apartheid, like all forms of central planning is characterized by two key features. First, because it substitutes central direction for decentralized decision making, it is doomed ultimately to fail. It becomes more and more costly to administer as failures of planning mount up taxing the resources of the white income earners. And second, a point emphasized by Hutt, apartheid (and central planning in general) is characterized by a crucial lack of constitutional protections.”

Apartheid embodied central planning and social engineering, substituting the articulated visions of the political elites for the decentralized and unarticulated votes of consumers (cf. Louw and Kendall 1986). It was, therefore, a barrier to economic progress: “It was racial integration, which official policy always discouraged or actively opposed, that activated the economic expansion through which the Poor White problem has largely disappeared” (Hutt 1964, 36). Economic integration brought social integration, which nonetheless “exacerbated the sociological problems created by fears of non-white competitors and the aversion of the Whites to social contact with non-Whites” (Hutt 1964, 37).

Williams (1989, 37) explains how the 1911 Mines and Works Act interfered with the market process: “The Mines and Works Act gave to the government arbitrary powers to write regulations, ostensibly in the interest of health and safety. Part of its provisions called for the issuance of certificates of competency. By law, certificates of competency could not be issued to non-Europeans in the Transvaal or the Orange Free State. Moreover, certificates of competency held by Coloureds in the Natal and Cape provinces were invalid in the northern provinces.” The obvious racial exclusion obviates any market failure-based rationale for such regulation. The same was true of the Civilised Labor Policy (beginning in 1924), which defined “civilised labor” as “the labour rendered by persons whose standard of living conforms to the standard of living generally recognized as tolerable from the usual European standpoint. Uncivilised labour is to be regarded as the labour rendered by persons whose aim is restricted to the bare requirements of the necessities of life as understood among barbarous and undeveloped peoples” (quoted in Williams 1989, 38). Hutt described the rate-for-the-job principle—a minimum wage—as “the most powerful and vicious form of race discrimination that human ingenuity has ever invented.”³⁰

Hutt retired from the University of Cape Town in 1965 and took a visiting position at the University of Virginia. He spoke at colleges and universities around the United States on South African apartheid and its lessons for the US civil rights movement, and in 1966 he published an article in *Modern Age* titled “Civil Rights and Young ‘Conservatives.’” He laid out a plan for conservatives and others looking to further the cause of equality. He argued that “most of those in the academic world who find it necessary to call themselves ‘conservatives’ or ‘libertarians’ appear convinced that the Negro’s claim to full civil rights has the highest moral substance”

³⁰ W. H. Hutt, “Wage Injustices in South Africa,” August 13, 1973, Hutt Papers, pp. 2–3.

(Hutt 1966, 231). He blamed “*deliberately imposed man-made barriers to equality of economic opportunity*” (232). Specifically, he blamed the labor movement for rules making it illegal to pay anything less than the “rate for the job,” which prevented Blacks from “discount[ing] the historical, sociological, and psychological impediments to more skilled and responsible forms of employment” (237). These, he acknowledged, are tragic, but history cannot be undone and we have to do the best we can starting from where we are.

Hutt’s proposal for the United States is to repeal unnamed “color bars” (like minimum wages) making it difficult for Blacks to enter the labor market and advance. Hutt (1966) predicted an egalitarian future if such rules were repealed: “I forecast that, within two decades of the repeal of all minimum wage-rates and the outlawing of all acts of enforcement of the ‘rate for the job’ by labor unions, not only will the aggregate flow of wages have been greatly increased and full employment secured without inflation, but the Negro will have experienced incomparably more rapid economic progress (relatively and absolutely) than at any time in the past” (236). Hutt added an important footnote here that, we think, helps determine whether his proposal for a limited franchise was driven by a belief in innate Black inferiority: “Unless (as I personally do not believe) he should have been held back by inborn defects of intelligence and character” (238). Much earlier, Hutt (1939) cited examples from other parts of Africa in referring to “the conviction . . . that the inferiority [of Black workers] is a natural one” as “a delusion” (199). He noted that it was unfair to argue that the natives were “uncivilized”:

“There are, it is true, several Bantu tribes who are still in a most raw state; and it would not be misleading to say that among natives as a whole illiteracy, ignorance, and gross superstition are common. About two-thirds are illiterate to-day. But we do not think of the peasantry of pre-War Russia or eighteenth-century Ireland as ‘uncivilized’. If we

made a comparison between them and the modern Bantu, clothing would be the most relevant distinction; and that is largely a matter of climate!” (Hutt 1939, 202–3). There were differences, of course, between Western and indigenous civilizations, “yet as they are to-day they cannot be usefully opposed by the words ‘civilized’ and ‘uncivilized’” (203).

Hutt’s explicit disavowal of a genetic basis for group differences leads us to believe that his support for a limited franchise in Rhodesia and South Africa was based on preserving the dim glimmers of liberalism those societies enjoyed, not white supremacy.

He made this point explicitly in a passage in *Economists and the Public*:

There is hardly any justification for the common assumption that the distribution of *innate* capacity or ability is widely different as between the social classes occupying the various income levels in society. In so far as amnesia is concerned, it is true, as indeed we should expect, that a larger proportion of those afflicted is found in the poorer classes of the community. But apart from this, social biologists cannot contend that the children of the wealthy possess, on the whole, inborn intelligence or physical capacity of a greatly superior order. Moreover, even the most extreme eugenicist would find it impossible to argue that the distribution of ability is such that the distribution of wealth is thereby explained. It follows that although those forces that we term ‘competition’ are *tending* to promote equality of opportunity among different classes of society, they have not been allowed to succeed owing to the limits imposed by human institutions as a whole. There must be factors which obstruct mobility in respect of the utilization or development of human resources. (Hutt [1936] 1990, 322)

VI. Hutt on Free Markets and Equality³¹

Hutt thought equality was a long-run consequence of the market process, not the short-run effect of political revolution. In an unpublished autobiography, he wrote:

From the beginning, I regarded the poor whites as only part of the problem of poverty in general, which had to include the Coloureds (mixed ancestry), the Indians, and the Blacks. Quite early, I perceived that the only way any sector could be a beneficiary of government initiatives, apart from subsidies, was through receiving a protection against the competition of other sectors. Today, I am surprised that I failed to perceive sufficiently clearly, in those days, that equality and equity for the different races, with their very different backgrounds and traditions, could be achieved only through the removal of traditional barriers to freedom in the labor market.

The market is “the servant of man” rather than “something to which he [is] enslaved.”³² As he put it, “He is subjugated to it only in so far as his selfish motives might cause him to prey upon his fellows. And, allowed to work, the market economy could not only eliminate in a decade the housing shortage and the food shortage, but make possible a measure of social security of which few, in this sectionalist-minded age, are unable to conceive.”³³ The market works because it is decentralized: “The virtues of the free market do not depend upon the virtues of the men at the political top but on the dispersed powers of substitution exercised by men in their role as consumers. In that role, a truly competitive market enables them to exert the energy which

³¹ W. H. Hutt, undated, untitled typescript—BBB.

³² To the editor of the *Cape Times*, January 3, 1946, p. 1, Box 11.

³³ To the editor of the *Cape Times*, January 3, 1946, p. 1, Box 11, p. 4.

enforces the neutrality of business decision-making in respect of race, colour, creed, sex, class, accent, school, or income group.”³⁴

The same is not true of the unconstrained state: “For omnipotent representative government (i.e., constitutionally unchecked government, without enforceable rules for making rules) to claim a similar neutrality, we would have to have absolute faith in the virtues of the men who hold, seek or wish to retain power, against the temptations to buy the support of majorities by discriminating against minorities. Virtues may triumph; but in the light of the realities of vote-catching pressures, it demands that the camel shall pass through the eye of a needle.”³⁵ Critics of capitalism such as Quinn Slobodian and Nancy MacLean contend that capitalism is racialized. The New History of Capitalism literature, influenced especially by Peter Linebaugh and Marcus Redeker, conceive of English Atlantic capitalism as a process of expropriation, cooperation and resistance, and imposition of class discipline. In this view, in the second half of the seventeenth century, capitalists organized to exploit human labor. Apartheid was exploitation of human labor, and it resulted in resistance. Geoffrey Wheatcroft’s *Randlords* makes this type of argument: capitalism and mining gave rise to apartheid and the use of Blacks for labor.

As Hutt showed, apartheid was not a consequence of capitalism. It was a rebellion against it. Unions could violently shut down work; they secured concessions that way. Later, they used their bargaining power, backed by policies made possible by majoritarian democracy, to keep Blacks from getting jobs. Capitalism requires an appropriate constitutional context (Brennan and Buchanan 1985), but as Hutt understood, democracy is not enough when there are deep social divisions.

³⁴ To the editor of the *Cape Times*, January 3, 1946. p. 1 Box 11, p. 2.

³⁵ To the editor of the *Cape Times*, January 3, 1946, p. 1 Box 11, p. 3.

VII. Institutional Change and the Transition from Oppression

Edwin Cannan pointed out the peculiarity of South African political coalitions in a 1927 letter.³⁶

The natives and capitalists were aligned against “labour,” though, presumably, a Marxian interpretation would group the natural interest of the native with their supposed class allies in the labor movement. In *The Economics of the Colour Bar*, Hutt argued that apartheid was the product of labor interests aligning themselves against classical liberalism.

Like many other observers of South Africa, Hutt ([1936] 1990) was vexed by the problem of transition from apartheid to a more democratic regime. As he pointed out in a footnote in *Economists and the Public*, “Aristotle pointed out that ‘revolutions in democracies are generally caused by the intemperance of demagogues’ . . . the ultimate result in these and other cases being that the notables dissolved the democracies and established oligarchies” (365n). A hasty transition to majority rule risked a further transition to oligarchy or autocracy.

In his 1943 book, Hutt assembled a detailed plan to rebuild the British economy after World War II, arguing that compensating those who stood to lose from the economic adjustments and reforms would lend legitimacy to the new institutions and satisfy fairness claims. This was crucial: for Hutt, questions about the cosmic justice of the income distribution were of secondary importance in the long run. It might be outrageous that someone who benefits from an unjust arrangement of property rights is compensated for the institutional change, but Hutt thought this might be a small price to pay for rising standards of living over the long run.

This is not to say that he was blind to injustice. In a posthumous paper, he wrote “we should condemn the Mafia even if it could be shown that the revenues of racketeering were being

³⁶ Cannan to Hutt, September 8, 1927, Hutt Papers, Hoover Institution.

used to subsidize opera, cancer research, or civil-rights movements” (Hutt 1990, 110) (with that last phrase being especially notable in light of allegations that he too was a white supremacist).

Hutt retired from the University of Cape Town and moved to the United States at a particularly fraught time. The US Civil Rights Act had been passed in 1964, and Africa was roiled by independence movements and the death throes of European imperialism. His economic and political arguments provide an interesting study in contrast between the perfect and the good. He defended Ian Smith’s regime in Rhodesia, for example, not because of any antipathy he felt toward Black Rhodesians, but because he thought that the Rhodesian constitution of 1961 was the continent’s best hope for a genuinely democratic, multiracial society. We get some insight into Hutt’s ideas on institutional change and public policy by looking at his 1943 book *A Plan for Reconstruction*, which anticipated by two decades some of the major themes in public choice theory and specifically Mancur Olson’s 1965 *Logic of Collective Action*. He argued specifically that labor union–related restrictions had hampered the British war effort and that more generally, unions interfered with the price adjustments that are necessary to move resources to where they are most urgently needed during business downturns.

Hutt and others in the 1960s had to grapple with the possibility that anticolonialism was a Trojan horse hiding communism. It was a reasonable fear: Robert Mugabe, for example, was an outspoken and unapologetic Marxist-Leninist who only stopped calling himself a socialist when socialism’s failures became clear. *Pravda* quoted Winnie Mandela as saying, “The Soviet Union is a torch bearer for all our hopes and aspirations. In Soviet Russia genuine power of the people has been transformed from dreams to reality.”³⁷

³⁷ *Pravda*, February 14, 1986, quoted in Williams (1997, 193).

If Mugabe was the joint product of the “one man, one vote” system and left-nationalist populism on the rise, then perhaps it was not unreasonable to think that the illness was worse than the disease. Unless we stipulate that majority rule is axiomatically just, there are reasons to think that a majority whipped into a populist frenzy by demagogues becomes a mob. Hutt likely tied his understanding of the policy program of the Black Marxists of the 1960s to the policy program of the white Marxists who, five decades before, had been responsible for things such as the Civilised Labour Policy that effectively barred Blacks from many jobs.

Hutt’s wondered whether elected officials would be leading a democratic polity or a mob. From the 1960s forward, he promoted some variation on a graduated franchise. High (1988, 62) writes that “Hutt proposes that all minorities in South Africa enjoy full political rights as all other persons and that votes be assigned to individuals based on their total income, i.e., on the basis of their property and non-property income.” He was all too aware of the likely consequences. First, whites would lose their privileged political status; however, they could expect higher economic growth (ibid.). Second, the rich would have more political power than the poor by design; however, Hutt predicted that the income gap would close over time and the relative political position of the low-income voters would improve (ibid.).

Hutt argued that the search for political solutions was misguided in part because of the temptation to vengeance that confronts a long-oppressed majority. He found South Africa’s “salvation” in classical liberalism: “*Economically*, the economy must be freed up. *Politically*, the franchise must be extended with proportional representation to protect the white minority. *Socially*, legal segregation must be allowed to die. People should be allowed—not forced to, but allowed—to associate with whom they choose.”³⁸ Classical liberalism also rejects social

³⁸ “An Interview with W.H. Hutt, Part Two: The South African Economy,” 1983, *Manhattan Report on Economic Policy* 3(5): 12.

engineering: “Neither compulsory segregation nor compulsory integration are an effective means of achieving understanding between those of different colour, or of fostering equality of respect. This remains my conviction although I admit that compulsory integration sometimes appears to have an educative effect. But the desirability of compulsion to remove discriminations can hardly be seriously challenged by those who accept the libertarian philosophy.”³⁹ Rather, as Hutt argued in an undated typescript titled “Apartheid in America,” the free market is the enemy (in the long run) of discrimination and inequality: “The free market is colour blind. There is a powerful profit motive to impart skills and to employ all potential industrial or commercial talent. But the principle of the standard rate and labour unions (as they are to-day organised) generally frustrate that motive.”⁴⁰ Free markets were Hutt’s principled solution to racism, and he thought they were threatened by majoritarianism.

Hutt seemed to accept, reluctantly, that the debts of the past could not be fully paid off without doing irreparable damage to the future. As he put it, “My fears are less of fanaticism by white demagogues than of the power black politicians are all too likely to wield in an attempt to obstruct constructive advance” (Hutt 1986, 46). Importantly, this was not because of their race but because so many of the Black leaders were populists and socialists. The search for political solutions in questions of voting and representation was, he thought, missing the point: in a classical liberal society with secure property rights and respect for consumer sovereignty, resources would flow to where they are most valued. Hutt wrote,

“Critics of South Africa invariably condemn the use which our Government makes of the powers they possess, never the powers themselves. But when white South Africans refuse to contemplate any effective sharing with black South Africans, it is because they are

³⁹ W. H. Hutt, “Apartheid in America,” undated typescript, Hutt Papers at Hoover, Apartheid in America, pp. 5–6.

⁴⁰ W. H. Hutt, “Apartheid in America,” undated typescript, Hutt Papers at Hoover, Apartheid in America, p. 5.

expected to accept an untrammelled universal franchise. The Whites fear, that is, the abuse of governmental power by a future parliament dominated by Africans; and the sort of abuse they fear is exactly that which is charged against the present Nationalist Government.”⁴¹

The whites feared that their rights would be usurped without ironclad constitutional guarantees.

Hutt has been criticized for proposing a graduated franchise for Rhodesia during its 1960s transition. This proposal shows, allegedly, that he did not think Blacks were fit for democracy and he was, therefore, a white supremacist. This conclusion is belied by his 1961 proposal that everyone in a British colony be made a British citizen with full voting privileges, albeit with some qualifications. The problem he saw in Rhodesia stemmed not from Black suffrage per se but from the vulnerability of “one man, one vote” to a left-wing populist strongman who would produce disastrous consequences for the landowning white minority and the Black voters who elected him.

The franchise, Hutt (1964) argued, was neither necessary nor sufficient for liberty: “Groups with no voting rights may well be subject to the rule of law and enjoy full equality before law. This is in fact the position of foreigners in most democratic countries. It would be absurd to suggest that, when we decide to live in foreign, democratic countries, where we have no voting rights, we are less free than we are at home” (20). Hutt’s views on democracy and the franchise were informed by John Stuart Mill and explained in *Politically Impossible. . . ?* He agreed with Mill “that the beneficiaries of relief payments should be denied the franchise.” He also agreed with Alexis de Tocqueville: “Changing experience in the working of representative democracy has been largely conditioned by the failure to entrench (by constitution or powerful

⁴¹ W. H. Hutt, undated, untitled typescript, Hutt Papers, Hoover.

convention) what may be called ‘the Tocqueville principle’, namely, that majorities should have no right to enrich themselves at the expense of minorities via the voting mechanism” (Hutt 1971[?], 32). The franchise, he seems to have thought, is of secondary or tertiary importance compared to the security of property rights and political stability. To the extent that “one man, one vote” would discourage investment and encourage emigration of the skilled and the rich, Hutt (1964, 22) argued, it would hurt oppressed Africans most of all.

VIII. Conclusion

When I expose the frequently inadequate knowledge and defective reasoning of burningly sincere do-gooders, anxious to exterminate all vestiges of colour privilege or subordination, I run the risk of being suspected of hostility to ideals which I share. May I assure hasty critics that I deplore colour discrimination no less than they do; the difference is that I believe it can be eradicated without bloodshed or the worse injustices that would accompany their methods.

— W. H. Hutt, *The Economics of the Colour Bar*

Hutt introduced the powerful notion of consumers’ sovereignty into economic analysis. It was not until later that he realized its political implications:

“But I had subsequently come to perceive that this notion has most far-reaching implications for political theory. Consumers’ sovereignty is a system of voting which, in a free society, people in their entrepreneurial capacity must recognize. Through such voting, not only is the composition of the community’s asset stock determined, but equally the composition of the stock of valuable skills acquired—at least to the extent to which the workers perceive their prospectively most productive employment outlets. The

far-reaching political significance of my teachings on this point has never been influentially perceived, I feel.”⁴²

In the 1960s, Hutt penned a devastating critique of South African apartheid. He objected to apartheid as an affront to the idea of consumers’ sovereignty. In his discussions of on-the-ground politics in southern Africa, he embraced the notion of consumers’ sovereignty applied to political choices by endorsing a weighted franchise as opposed to “one man, one vote.” It was not antidemocratic; rather, it was a way to ensure *liberal* democracy.

Hutt was complicated and at times inconsistent. He worked toward what was practical, or at least toward what opportunities were presented, in his *Plan for Reconstruction*. Later, in *Politically Impossible*. . . ?, he criticized economists who focused on short-term political gains. Political realism tempered Hutt’s racial egalitarianism. He wanted to honor two things: the rights of the oppressed and the good faith expectations of whites who inherited a system they did not design. Hutt argued that free markets were the enemies of segregation precisely because consumers tended not to care that much about the provenance of their wares and tended to ask instead whether they were getting good value for their money.

History would validate Hutt’s concerns. Zimbabwe is an instructive case. Mugabe’s violent redistribution of the land of white farmers, which began in 2000, was supposed to address colonial imbalances in wealth. It crushed the agricultural sector, turning one of Africa’s richest economies into one of its poorest, as the redistribution resulted in exactly what Hutt predicted: food shortages, hyperinflation, and the decline of manufacturing. After two decades, Mugabe’s successor, Emmerson Mnangagwa, threw in the towel. A Bloomberg headline proclaimed what Hutt’s theory predicts: “Zimbabwe Gives Land Back to White Farmers after Wrecking

⁴² Hutt autobiography, p. 8.

Economy.” Liberal democracy depends on protection of property, the ultimate source of consumer sovereignty; without it, in Zimbabwe, demagoguery resulted, with the expected results for the economy. Indeed, the economic problems in Zimbabwe were a consequence of “one person, one vote” without the protections that Hutt recognized are critical to liberal democracy and to economic prosperity.

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