How the roots of the ‘PayPal mafia’ extend to apartheid South Africa

Elon Musk grew up with the privileges of a stratified racial order and Peter Thiel lived in a city that venerated Hitler

When Elon Musk’s arm shot out in a stiff arm salute at Donald Trump’s inaugural celebrations, startled viewers mostly drew the obvious comparison.

But in the fired-up debate about Musk’s intent that followed, as the world’s richest man insisted he wasn’t trying to be a Nazi, speculation inevitably focused on whether his roots in apartheid-era South Africa offered an insight.

In recent months Musk’s promotion of far-right conspiracy theories has grown, from a deepening hostility to democratic institutions to the recent endorsement of Germany’s far-right Alternative für Deutschland (AfD). He has taken an unhealthy interest in genetics while backing claims of a looming “white genocide” in his South African homeland and endorsing posts promoting the racist “great replacement” conspiracy theory. Increasingly, his language and tone have come to echo the old South Africa.

He is not alone. Musk is part of the “PayPal mafia” of libertarian billionaires with roots in South Africa under white rule now hugely influential in the US tech industry and politics.

They include Peter Thiel, the German-born billionaire venture capitalist and PayPal cofounder, who was educated in a southern African city in the 1970s where Hitler was still openly venerated. Thiel, a major donor to Trump’s campaign, has been critical of welfare programs and women being permitted to vote as undermining capitalism. A 2021 biography of Thiel, called The Contrarian, alleged that as a student at Stanford he defended apartheid as “economically sound”.

David Sacks, formerly PayPal’s chief operating officer and now a leading fundraiser for Trump, was born in Cape Town and grew up within the South African diaspora after his family moved to the US when he was young. A fourth member of the mafia, Roelof Botha, the grandson of the apartheid regime’s last foreign minister, Pik Botha, and former PayPal CFO, has kept a lower political profile but remains close to Musk.

Among them, Musk stands out for his ownership of X, which is increasingly a platform for far-right views, and his proximity to Trump, who has nominated Musk to head a “department of government efficiency” to slash and burn its way through the federal bureaucracy.

Some draw a straight line between Musk’s formative years atop a complex system of racial hierarchy as a white male, in a country increasingly at war with itself as the South African government became ever more repressive as resistance to apartheid grew, and the man we see at Trump’s side today.

The week before the inauguration, Steve Bannon, Trump’s former adviser, described white South Africans as the “most racist people on earth”, questioned their involvement in US politics and said Musk was a malign influence who should go back to the country of his birth.

Others are sceptical that Musk's increasingly extreme views can be tracked back to his upbringing in Pretoria. The acclaimed South African writer Jonny Steinberg recently called attempts to explain Musk through his childhood under apartheid "a bad idea" that resulted in "facile" conclusions.

But for those looking to join dots, there is fodder from Musk's early life with a neo-Nazi grandfather who moved from Canada to South Africa because he liked the idea of apartheid through his high school education in a system infused with the ideology of white supremacy.

Musk's formative years in the 1980s came amid a cauldron of rebellion in the Black townships which drew a state of emergency and a bloody crackdown by the state. Some whites fled the country. Others marched with the neo-Nazi Afrikaner Resistance Movement against any weakening of apartheid.

The South Africa into which Musk was born in 1971, and to which Thiel moved as a child from Germany, was led by a prime minister, John Vorster, who had been a general in a fascist militia three decades earlier that allied itself with Hitler.

The Ossewabrandwag (OB) was founded shortly before the second world war. It opposed South Africa entering the war as an ally of Britain and plotted with German military intelligence to assassinate the prime minster, Jan Smuts, as a prelude to an armed uprising in support of Hitler.

Vorster made no secret of his sympathy for Nazi, or National Socialist, ideology which he compared to the Afrikaner political philosophy of Christian nationalism.

"We stand for Christian nationalism which is an ally of National Socialism," he said in 1942. "You can call this anti-democratic principle dictatorship if you wish. In Italy it is called 'Fascism', in Germany 'German National Socialism' and in South Africa 'Christian nationalism'."

Smuts's government took a dim view of that and a few weeks later interned Vorster as a Nazi sympathiser.

At the end of the war, the OB was absorbed into the National party, which then won the 1948 election, in which Black South Africans had no vote, on a commitment to impose apartheid. In 1961, Vorster joined the government as minister of justice and five years later became prime minister.

Nazism may have been defeated in Europe but Christian nationalism was alive and kicking in South Africa under Vorster, with its own brand of racial classification and stratification justified by the need to keep the "*swart gevaar*", or black danger, at bay.

In schools, Christian nationalist education sought to forge a South African identity around a singular version of the country's history. Musk and Thiel were taught that the Afrikaner, mostly the descendants of Dutch colonisers, was the real victim of South Africa's strife whether at the hands of grasping British imperialists or treacherous Zulu chiefs.

Bea Roberts, who grew up in an apartheid-supporting family but came to oppose the system and later worked for the Institute for a Democratic South Africa, remembers a heavy emphasis on Afrikaners as victims pursuing apartheid in order to protect their culture and even their very existence.

"It was a strange mix of 'we got fucked up by the British in the [second Boer] war, and our women and children died in thousands in the concentration camps' so we are going to rebuild our nation and make sure that that we are invincible. And we'll do that by extreme means," she said.

Schooling, like much else, was segregated by race for most of the apartheid era and, on paper at least, white pupils across South Africa were subject to the same Christian nationalist education. But white

society was itself divided and the historical narrative embraced in Afrikaans-speaking schools could often became the basis for an implicit rejection of apartheid philosophy in English-speaking ones.

Musk attended a Johannesburg high school and then the Pretoria boys high school, an institution whose other alumni include students who went on to become leading anti-apartheid activists such as Edwin Cameron, a South African supreme court justice after the collapse of white rule, and Peter Hain, who moved to Britain, where he became a leading campaigner against apartheid and then a Labour government minister.

Phillip Van Niekerk, former editor of the leading anti-apartheid Mail and Guardian newspaper in Johannesburg, had Afrikaner parents but attended an English-speaking school. He recalled that the official version of history did little to engender support for the apartheid system among a lot of English speakers even if they benefited from it and did little to challenge it.

"We hated the National party government. Even our teachers were kind of hostile. It was seen almost like an imposition. Yet you imbibe things through the culture. The truth is we didn't see Black people quite as equals. We didn't think about it," he said.

Thiel got all that and more at schools in South Africa and its de facto colony, South West Africa, which became independent as Namibia in 1990.

South West Africa had been a German colony until the end of the first world war and Thiel lived for a time in the city of Swakopmund, where he attended a German-language school while his father worked at a nearby uranium mine.

At that time, Swakopmund was notorious for its continued glorification of Nazism, including celebrating Hitler's birthday. In 1976, the New York Times reported that some people in the town continued to greet each other with "Heil Hitler" and to give the Nazi salute.

Van Niekerk visited Swakopmund during South African rule.

"I was there in the 1980s and you could walk into a curio shop and buy mugs with Nazi swastikas on them. If you're German and you're in Swakopmund in the 1970s, which is when Thiel was there, you're part of that community," he said.

Thiel, who moved to the US when he was 10, has described his schooling in Swakopmund as instilling a dislike of regimentation that steered him towards libertarianism.

Thiel’s father worked at a uranium mine in Rössing where, as in the gold and coalmines of the Reef around Johannesburg, Black laborers were paid just enough to survive, living conditions were dire and the work dangerous. White managers, on the other hand, lived a lifestyle of neo-colonial luxury with servants at the ready.

Musk's father, Errol, was also in the mining business among other interests. He once boasted that his stake in Zambian emerald mines made him "so much money we couldn't even close our safe". Musk's mother, Maye, has said the family owned two homes, a plane, a yacht and a handful of luxury cars.

Errol Musk has said that he opposed apartheid and joined the Progressive Federal party but then left because he didn't like its demand for one person, one vote, and instead favored a more gradual reform with separate parliaments for different races. That was the liberal position inside the Musk family.

Musk's maternal grandfather, Joshua Haldeman, moved from Canada to South Africa in 1950 because he liked the newly elected apartheid government.

In the 1930s, Haldeman was the Canadian leader of a fringe political movement originating in the US, Technocracy Incorporated, that advocated abolishing democracy in favor of government by elite technicians but which took on overtones of fascism with its uniforms and salutes.

The Canadian government banned Technocracy Incorporated during the second world war as a threat to the country's security in part for its opposition to fighting Hitler. Haldeman was charged with publishing documents opposing the war and sent to prison for two months.

After the war, Haldeman led a separate political party that among other things promoted the antisemitic forgery the Protocols of the Elders of Zion. When that went nowhere, he moved to South Africa because he said he liked the core National party philosophy of Christian nationalism that Vorster likened to Nazism.

Errol Musk described Maye's parents as so extreme he stopped visiting them.

"They were very fanatical in favor of apartheid," he told Podcast and Chill. "Her parents came to South Africa from Canada because they sympathised with the Afrikaner government. They used to support Hitler and all that sort of stuff."

Haldeman was killed in a plane crash when Elon was three years old but the boy remained close to his grandmother and mother. He is estranged from his father, whom Maye has described as abusive of her and their children. Errol Musk once claimed to have shot and killed three people who broke into his house.

Musk has described his father as a "terrible human being".

"Almost every evil thing you could possibly think of, he has done," he told Rolling Stone without elaborating in 2017.

What is indisputable is that Musk and Thiel grew up amid incredible privilege where the racial hierarchy was clear. Those who claimed to reject apartheid sought to explain this privilege not as the result of systemic racial oppression but the natural order of things thanks to their own abilities. That in turn led some to regard all forms government as oppressive and true liberty as an individual battle for survival.

The biography of Thiel said he held a view common among apartheid's supporters at the time that Black South Africans were better off than Africans in other parts of the continent even if they were systematically denied their rights. Thiel has denied ever having supported apartheid.

Van Niekerk said that opposition to apartheid did not necessarily mean rejection of white supremacy or privilege, a point made in a 1968 British television documentary the year before Thiel was born.

The commentary observed that the English-speaking mining barons and other industrialists in Johannesburg usually claimed to be "hostile to apartheid, call themselves liberal" but did little to oppose the system while profiting from it.

Helen Suzman, at the time a member of the South African parliament who was often a lone voice in opposition to apartheid, was critical of these powerful industrialists and businessmen, saying "people who do nothing are responsible". She accused them of hiding behind apartheid to exploit Black workers.

"I see no reason why the industrialists should not improve the living conditions of their workers," she said.

In the documentary, Stanley Cohen, the managing director of the OK Bazaars supermarket chain owned by his family, was asked why he only employed whites behind the counter and no South Africans of other races even though many of the customers were Black. Cohen acknowledged that it was not a legal requirement, but did it to indulge the racist prejudices of white customers.

"There is no reason why they [Black people] can't work behind the counters. There's no law against it. But there is this natural prejudice in this country which you can't legislate for or against," he said.

A decade later, power was shifting. The uprising that began in Soweto in 1976 had become a full-blown national crisis for the apartheid system by the 1980s. A low-level civil war was under way. In response, the state grew even more violent and repressive. White paranoia was fed by the creep of independent Black African states under Marxist-leaning governments ever closer to South Africa's borders, with Angola and Mozambique in the 1970s followed by Zimbabwe in 1980.

Talk of white genocide emerged, a conspiracy theory that has taken on new life in recent times with the killings of white farmers in South Africa and Zimbabwe. Support surged for the neo-Nazi Afrikaner Weerstandsbeweging (AWB), or Afrikaner Resistance Movement, founded in the early 1970s to oppose any relaxation of apartheid.

The AWB, founded by Eugene Terre'Blanche, an imposing and flamboyant figure given to riding around on a horse from which he occasionally fell off, made no secret of its model with a badge strikingly similar to a swastika in design and colors. It's supporters were also fond of the stiff-armed Hitler salute as they paraded on the streets of Pretoria. At its peak, the AWB appeared to have the support of more than 10% of white South Africans.

Roberts said life for privileged whites in particular was "definitely a bubble, and one filled with self-belief". But she said that it became increasingly difficult to ignore reality.

"I think Musk in Pretoria in the 1980s must have had a sense of what Black people were experiencing and why they were angry. I grew up fairly conservative but I was able to change my views. I think you have to be fairly rigid in the 80s to still cling on to the belief that the apartheid system was fine and correct and in everybody's best interest," she said.

Musk left South Africa in 1988 in the midst of this ferment, two years before FW de Klerk carved out a path to freedom by releasing Nelson Mandela. Had he stayed, Musk faced being conscripted into the military for two years, an obligatory service for white men, that could well have meant fighting in the "border war" in Angola and Namibia or being sent to put down Black protests in the townships.

Instead, Musk took Canadian citizenship through his mother and moved to Ontario. Van Niekerk said that, whether he wants to admit it or not, Musk also took a part of South Africa with him.

“We all [white South Africans], by the very nature of our privileges and our place in the racial hierarchy, grew up believing we were the master race, even if we didn’t actively think about it,” he said.

- Chris McGreal is the Guardian’s former Johannesburg correspondent