

Focal issues 2008–2011

Friedrich Naumann Foundation

The external freedom of the many grows
from the internal freedom of the individual.

Theodor Heuss

Preamble

Working towards freedom in Germany and in the world requires a sense of proportion. One must concentrate on the essentials.

The Friedrich Naumann Foundation for Freedom is therefore defining longterm focal issues that will account for at least 50% of the Foundation's educational and consultancy activities. The guiding principle is freedom – the highest value, the guarantor of human dignity, the basis of economic and social progress.

The *Ownership Society and Freedom* focal issue aims at stimulating broad, self-determined forms of acquiring property and wealth. The high-tax state must give way to a simple and transparent tax regime. Hard-earned money is best looked after in the pockets of the citizens. Only a person who owns property is genuinely free to act, can successfully hold his or her own even in the increasingly intense global competition and can be innovative in business. This claim is borne out by several examples of comparable countries in the European Union (EU) and the Organisation of Economic Cooperation and Development (OECD). Dependence on the social welfare state should not become the modern lifestyle; if it does, liberal democracy would lose its social base. Parallel to this, liberal development policy prioritises the creation and guarantee of genuine ownership rights in the poorest countries. Without secure property rights, people can never enjoy the advantages of a market economy.

The *Civil Society and Freedom* focal issue aims at strengthening citizens' participation as the lifeblood of democracy. As much government as necessary, as little as possible. In other words, a consistently downsized bureaucracy at all levels of government, a reversal of the burden of proof so that the official rules and regulations remaining at the end of a legislative period are necessary and not rendered redundant by privatisation. More competition—subject to the

essential requirements of the common good – is overdue, especially at the local level. Government services must be limited to the state's key tasks.

For centuries, the *Rule of Law and Freedom* focal issue has been a hallmark of the advocates of freedom across the world. The most vital freedom-related issues are the fight against injustice and terror, the opposition to brutal dictatorships and the need to improve degrading conditions. In a liberal state based on the rule of law, it is only normal that one should constantly be reminded of the dictatorships in German history and encouraged to be sensitive to the fate of victims. The protection of the citizens' private sphere and liberties must always be the top priority of all government action.

It is the goal of liberal policies that all citizens can freely live together in an open society: the civic society. Each human being needs freedom in order to develop his or her talents and to realize him- or herself. Without freedom the human spirit languishes, culture and science decay, and the economy stagnates. According to the political principles of our Foundation, "the spirit needs freedom like the body needs air to breathe". The Foundation and its entire staff will fulfil this mission through the focal issues defined for 2008–2011.

Focal issue 1

Freedom and Property

1. Content and rationale

The right to property is one of the fundamental principles of individual freedom. Liberals have always believed that this is a universal right and not for the benefit of a privileged few. Where property rights are not guaranteed, people are at the mercy of indiscriminate power and run the risk of becoming dependent. Property also guarantees a stable liberal civic society that draws its strength from the independence of its citizens and their long-term interest in a liberal social order.

a) In Germany, the number of people living partly or wholly on state benefits and pensions is on the rise, accounting for the majority in some states. The resultant problems will be exacerbated by the demographic trend towards an ageing society in Germany. There are fewer property owners and selfemployed people in Germany than in other similar countries, and the number of people living exclusively off their earnings—a prerequisite for personal autonomy and the acquisition of property—is on the decline.

It is evident that a regulatory order designed for the long term, the sustained reform of the social systems and a tax and finance policy that promotes productivity does not have majority appeal. In a "society of rent-seekers, politics is of course dominated by short-term thinking, as well as the increasingly unrealistic expectations vis-à-vis the state. And discussions fuelled by envy drive the re-distributive state further. Over a longer period, the first to be undermined will be the market economy, followed by the liberal democratic order of the country.

The essence of this focal issue is the "ownership society" in which property is widely distributed and, as the foundation of freedom and the social base of civil society, can unleash its extensive impact. Property owners have more potential than others to act on their own responsibility and work towards achieving social, cultural and other goals. It is for the state to set the right incentives here. Furthermore, private property creates the opportunity and fosters a commitment to provide for old age and other risks in life.

The individual targets within this focal issue include:

- enhancing the number of land and house owners and providing tax relief for house owners
- strengthening the creation of property
- pursuing free-market approaches to promote equity capital
- eliminating obstacles to independent business
- finding new ways in privatisation policy to ensure that ownership is more widely spread (for example, in the privatisation of public housing associations)
- reforming social security systems that promote a lifestyle dependent on the welfare state will spell
- an end to the high-tax state.

The beneficial effects of secure property rights on nature conservation, environmental protection, copyright and other political questions can also be addressed.

b) There are, likewise, important perspectives with regard to the Foundation's international work. In recent years, the creation of property rights and legalisation of the "informal sector" have been acknowledged as the decisive approaches pursued by an effective liberal development policy. Setting up and consolidating a propertied middle class is even more vital to the functioning of a liberal democracy in developing countries than in Germany itself. This necessitates a liberal state based on the rule of law and secure institutions that safeguard people's rights, entitling them to seize their economic opportunities independently, and promote neither the kleptocracy of a small power elite nor a populist expropriation policy. Property rights offer developing countries the opportunities to realise their goals effectively and efficiently, particularly with regard to the protection of nature and biodiversity.

2. The liberal message

- (a) Property rights are the basis of individual freedom.
- (b) Property rights and property are the bases of every civic society.
- (c) Property and property rights are the driving forces of economic and social development.

3. Practicability in the Foundation's domestic and international work

The subject is as relevant in Germany as it is abroad. Strengthening property rights is an important pillar of international work.

In Germany, it is particularly important for liberals to halt the trend towards the "dependent citizen", or their own political basis will be eroded.

As regards content, the Foundation is well prepared for this debate both in Germany and abroad, as the subject follows on seamlessly from earlier focal issues (globalisation and development or the campaign *A New Start*).

Being part of networks such as the Economic Freedom Network and the International Property Rights Index, the Foundation has tremendous resources at its disposal for content-related work in the field.

4. Political relevance

From a long-term perspective, this is an existentially important issue for liberals, as the current metamorphosis of the liberal social order into a "society of rent-seekers" is cause for concern.

The terms "freedom" and "ownership society" offer alternatives to this process of erosion. They enable liberals not only to preserve their core competency in economic and tax policy but also to expand it thematically and consolidate it in society.

Focal issue 2

Freedom and Civic Society/Civil Society

1. Content and rationale

Popular participation is the basis of a free civic society. Citizens must have greater personal freedom and there should be less of the state, bureaucracy and crippling regulations in local communities. Over-regulation and supervision, the wrong priorities, deadlocked or half-heartedly initiated reforms and infrastructural deficiencies often prevent civil society forces from fully unfolding their potential.

Therefore, the further development of civic society at the local level has always been a priority for the Foundation. The principles and political concepts that have been developed will be transferred to the new focal issue where they will be carried further. In doing so, the Foundation will strengthen its educational mission, its programmes in Germany and the important local policy initiatives from its international work.

However, new formats for events must now be developed so that the thematic focus is on freedom-related subjects (competition, denationalisation, downsized bureaucracy, privatisation, etc.) and their implementation at the local level.

The liberal principles of a civic society come alive best at the local level where people do not only feel the impact of a political decision more, but also see the opportunities that arise when they can actively shape their own environment.

2. The liberal message

(a) More freedom and responsibility through consistent privatisation and promotion of competition at local level. All tasks executed by the state must be subject to scrutiny and the public sector must eventually be reduced to its core tasks. By giving up tasks, the state must make way for genuine competition.

(b) Strengthening civic society by downsizing bureaucracy and deregulating. Citizens and enterprises have a right to modern, efficient and customer-oriented local governance.

(c) A liberal civic society must revolve around the active citizen. The civic society thrives on the involvement of all civil-society forces that act at the local level through their engagement, self-organisation and active participation (e.g. taking on a voluntary post, patronage, or neighbourly, charitable or project-oriented involvement).

(d) A liberal initiative towards increased citizen participation and involvement is urgently required! An innovative liberal policy at the local level can become a testing ground for a new citizen's culture in civil society, where freedom and responsibility have priority over the features of the nanny state.

3. Practicability in the Foundation's domestic and international work

The objectives of the programmes in this focal issue should always be privatisation, enhanced competition, downsized bureaucracy and deregulation because the nanny state must be driven back before the civic society can make an impact.

This leads to the following issues for which programme information and political concepts should be developed and event formats implemented during this decade:

- Privatisation (handing over facilities to private sector players or independent institutions; cooperation in public–private partnerships)
- Downsizing bureaucracy (administrative reform, cost–performance analysis/benchmarking, democratic development implemented at the local level, e–government)
- The civic society and citizens' participation (direct democracy, citizens' initiatives and referenda, and citizens' budgets)
- Framework conditions

The classical tried–and–tested formats used for the Foundation's educational events in Germany will also be used here initially to shift the thematic focus to the new liberal themes. In doing so, the Foundation will continue to address politically inclined citizens who are active in parliaments or associations.

The Foundation will also examine whether this focal issue—Freedom and Responsibility in the Civic Society—lends itself to inviting politically active citizens from Germany and abroad to some well–prepared events where they can exchange ideas about how to implement a civic society at the local level.

The Foundation will not limit itself to addressing local politicians who are already active, but will also try to woo active citizens. They are the bearers of the liberal civic society. Their commitment is not limited to participating in planning processes and parliamentary decisions but should also extend to tasks that have hitherto been reserved for the public administration.

With its liberal initiative for greater popular participation and involvement, the Foundation not only backs classical forms of seminars and events but also consciously chooses an action–oriented approach. The intention is a pilot attempt, something of a lighthouse project. Therefore, in locally held "project workshops", events/seminars could be organised in three or four communities in which the Foundation not only supports interested citizens on a one–off basis by providing information and skills training but also helps create the framework within which these "active citizens" can develop their potential.

4. Political relevance

The idea of freedom is at risk because once people are used to the nanny state and are dismissive of a liberal civic society, the opportunities to determine their own lives diminish. There is the threat of collective dominance that can deprive an individual of his rights to speak for himself, the threat of restricted markets that offer fewer possibilities for the development of potential, and the threat of declining participation in the democratic community.

Not only does the bureaucratic nanny state cost too much money, it also pockets too much freedom. It takes too much and gives too little. Its many regulations stifle all individual initiatives and citizens are no longer taught that it is worthwhile to stand by each other.

It is the responsible citizen, not the servile and dependent subject, who plays a decisive role. This is why the free development of the personality in a civic society must once again become the

creed of a liberal policy. To this end, a liberal initiative for greater popular participation and involvement is urgently required!

Focal issue 3

Freedom and the Rule of Law

1. Content and rationale

Only a state based on the rule of law can fulfil the key tasks which, liberals believe, are the state's responsibilities: to protect the freedom, security and property of all people. Only such a state can guarantee that the same rules apply to all and are indeed implemented. It offers the mechanisms to resolve conflicts peacefully, without arbitrariness. Only a state governed by the rule of law can create a permanently stable environment, wherein the individual can take responsible action. Only such a state can safeguard the autonomy and sanctity of the private sphere and the rights of the people against state interference.

The separation of powers is the key prerequisite for the smooth functioning of a state based on the rule of law. It acts as a protective mechanism that prevents power from being concentrated in the hands of a few and being misused. In such a state, nobody is above the law; all state action is bound by it. From the very start, this idea has been the foundation of liberal political thought and action.

The rule of law is especially important for society's weaker members because they are secure in the knowledge that they can live safely and that, in cases of conflict and strife, they will be treated fairly, regardless of wealth and social status.

International experience clearly proves that the rule of law is a basic requirement for sustained economic growth. The free market can unfold its unparalleled potential to create wealth and combat poverty, provided there is a stable legal framework. Shaping this framework is an integral part of liberal thought and liberal policy.

For the rule of law to find broad acceptance, its rules must be easy to understand and its procedures streamlined and efficient. Bureaucracy must therefore be downsized and the maze of regulations cleared so that the rule of law can be permanently preserved. At the same time, wherever necessary, new answers must be found that consolidate—not erode—the foundations of the rule of law. This is especially true of the new threats to our security.

The rule of law must, in fact, be the basic consensus in a free society. This consensus should be nurtured and protected. The goal of a free society should be the peaceful co-existence of diverse or even conflicting individual and cultural attitudes.

It should therefore be a matter of concern when sections of society turn their backs on the basic consensus about the rule of law and try instead to impose their "truths" on others. This applies *inter alia* to the growing, violence-prone religious fundamentalism.

The most important issues to be dealt with are:

- protection of the private sphere and individual rights in the conflict with security interests
- data protection and informational self-determination
- allocation of powers in a federal system
- de-bureaucratisation and simpler legislation

- judicial independence
- combating of corruption
- protection of private property
- freedom of assembly and of association.

2. The liberal message

a) No freedom without the rule of law. Only the rules and protective mechanisms of a state based on the rule of law are safe guarantees against arbitrariness and interventionism.

b) Freedom leads to security. Protecting the freedom of the individual, his/her private sphere and his/her radius for action must be the primary goal of all state action. Under no circumstances should the standards of the rule of law be undermined in the interest of alleged security or other goals.

c) Politicisation and bureaucratisation destroy the rule of law and freedom. The simplest possible rules that cover only what is absolutely necessary are the goals of liberal policy.

3. Practicability in the Foundation's domestic and international work

The rule of law is an important subject in all political fields. It can serve to demonstrate the superiority of the liberal model—a regulatory order that applies to all—over interventionism favoured by other political ideologies. This is how we can reach out to those who are already involved in liberal activities and tap new target groups.

The Foundation can build on many years of successful work in Germany and abroad. In the past, innumerable events and publications have dealt with the vastly different aspects of the rule of law. The networks in which the Foundation is represented, e.g. the Economic Freedom Network, make important academic contributions that can enrich the work in Germany and other countries.

Several other issues such as legislation in different political fields, the fight against corruption and the strengthening of democratic structures and processes can build on this subject. It is closely linked to focal issue 1: Freedom and Property.

4. Political relevance

In Germany today, we can observe how standards of the rule of law are being increasingly eroded. This is as true of data protection as it is of the protection of the private sphere and procedural rules. Such measures are usually justified on the grounds of the war on terror and organised crime. Liberals must take decisive steps to curb these trends and always highlight the inviolability of individual freedom rights. This is a significant contribution towards enhancing the liberal profile.

Over-regulation and bureaucratisation also spell danger for the rule of law. Laws that are barely comprehensible or practical, for example much of the EU legislation, create legal insecurity and, in the long term, spell disadvantages for economic locations. Legal security and the protection of property still account for much of the advantage enjoyed by western industrial nations; liberals must work towards ensuring that this capital is not taken lightly and gambled away.

In the international context too, establishing structures based on the rule of law is a fundamental liberal concern. This applies equally to the situation inside the countries and to the global political structures. In several project countries, weak or non-existent structures based on

the rule of law are the greatest impediments to development. How the concept of the rule of law can be brought to fruition in international relations will have to be discussed in detail.