

# **CIVIL SOCIETY VERSUS POLITICAL SOCIETY**

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At the beginning of this conference we heard the great Nobel laureate Milton Friedman point that the institutions one should look to in trying to emulate the economic success of developed nations are those that were in place during the process of rapid development, not necessarily those institutions that this economic vitality can now tolerate, such as burdensome regulation of business, complicated social engineering in the tax code, and efforts by government to control the political process.

And it's been pointed out on numerous occasions at this conference that for civil society to thrive, the institutions of the rule of law, constitutionally limited government, a strict respect for private property and the sanctity of contract, as well as a free and open private sector media are essential. Indeed, there are no great secrets to achieving economic prosperity and a free society, a thriving civil society.

When I was in Moscow for Cato's 1990 conference, I made that point when I had the privilege of presenting a bust of the great economist and social philosopher F.A. Hayek to Yevgeny Primakov, then chairman of the Council of the Union of the Supreme Soviet. I concluded my remarks by saying, "It is, therefore, particularly appropriate, here in this lavish hotel built exclusively for the Communist Party Central Committee, to acknowledge through the presentation of this bust that Hayek was right and Marx was wrong."

"It is the Cato Institute's sincere hope that this bust of F.A. Hayek will rest in a prominent place in the Kremlin where it will remind Mr. Gorbachev and other leaders of the Soviet Union that there are answers, readily at hand, to the problems that beset the USSR."

Mr. Primakov was gracious in accepting the award, under the circumstances, and said that when he next visited the United States he would present me with a bust of Lenin and that I put it where ever I wanted. I think I know what he had in mind.

But of course, as we've pointed out in this conference, the principles and institutions we are talking about apply to all nations. What I'd like to speak to this afternoon is the *raison d'être* for wanting to create a free, open and civil society. In the late 1980s there was a made-for-television movie in the United States called "Amerika," spelled with a "k". Airing about a year before the collapse of the Soviet Union, it wasn't a particularly prescient movie, as it purported to show the Soviet military takeover of the United States. At one point the hero of the movie is giving a speech trying to stir the masses into revolting against the Soviet troops, and he says, "America is not the land, America is not the flag, America..." and at this point I think he is about to step out of character and say something intelligent. But no, he says, "America is not the land, America is not the flag, America is....the people."

Well, that fell kind of flat. I mean, people are people, right? Sure, they're good people in America. But there are good people in Russia, there are good people in China, there are good people in Mexico, there are people in Poland, there are good people in Fran... well, maybe not France. But you see what I mean. What the actor should have said is, "America is not the land, America is not the flag, America is an ideal, the ideal of human liberty."

At least that was the original idea. Over the past 70 years we've slipped a bit when it comes to protecting our liberty. But as I said, the original idea of the Founders of America was a profound belief in human liberty, albeit one in which, as in much of the

world, women were second class citizens and many blacks were slaves. But the universal truths contained in America's founding document, the Declaration of Independence were not lost on the former slave and great Abolitionist Frederick Douglass. He understood that the principles in the Declaration applied to all men and women and would use the document to urge northerners to fight for the end of slavery.

The principles themselves were neatly described as “unalienable rights” which we have when we enter into society – they are not given to us by government, rather government is created to protect them. And they are the rights to “life, liberty, and the pursuit of happiness.” Now, this is an unusual phrasing. It is an affirmation of the value of human life. Life, liberty and the pursuit of happiness. Life is important and it is a good thing. We should have the right to pursue happiness, by which we do not mean going to a party every night, but to pursue our dreams, our visions, based on our own values. To do so requires liberty – the freedom to live our lives and pursue our ambitions without the heavy hand of the state interfering .

The essence of a free society is, in fact, a respect for the dignity of human life. It is notable that the greatest threat to human liberty today comes not from totalitarianism, as it did for most of the 20<sup>th</sup> century, but from medieval nihilistic religious fundamentalism. On more than one occasion following some barbaric act, an Al Qaeda spokesman will proudly point out that his movement looks forward to dying, just as those of us in the civilized world look forward to living. Rather neatly summarizes the issue, doesn't it?

There are basically two ways to organize society, voluntarily, through the private interaction of individuals, social organizations, religious institutions and businesses –

what I would call civil society; or coercively, through the actions of the state – what I call political society. That we need some political society to protect us from crime at home and enemies abroad seems clear enough. But what should be equally clear is that we should, to the extent possible, minimize the role of political society and maximize the role of civil society, of voluntarism over coercion. All the various political “isms” – from communism to fascism to conservatism to socialism to liberalism (and every alleged “third way” in between) really boil down to a single question: *Who is going to make this decision about this particular aspect of your life? You, or somebody else?*

It should be axiomatic that civil society requires public policies that reflect and enhance the dignity of human life by ensuring that individuals have control over their own lives. To the extent that others control your life, to that extent your dignity is diminished.

So, we are not just talking about human life being denigrated by the nihilism of terrorists. The terrorists may be the extreme, but there are other, more subtle and less extreme means of devaluing individuals. To illustrate, let me point to three institutions in the United States that did not exist when my nation was freer than it is today.

First, our public pension system, Social Security, takes 12.4% of our income and from the moment it is taken from our paychecks, we no longer have any ownership or control over that money. It is spent immediately by our national government. What we get back at retirement, indeed, when we are allowed to get it, is entirely up to 535 politicians in Congress. Where is the dignity in such a system? My colleague Jose Pinera, whom you heard from earlier, has led the fight for private ownership of retirement accounts in the United States and in nations throughout the world, including Russia. The

trend away from pay as you go socialist retirement plans and toward individually capitalized private plans is a very important step toward human dignity.

A second item: The United States has an income tax code that takes up some 40,000 pages. When we had our period of great growth that led to our economic prosperity, there was no income tax. Today, the politicians and bureaucrats use the tax code for every imaginable kind of social engineering. They treat Americans like so many gerbils: Do this, you get sugar water; do that, you get an electric shock. It is important that developing nations avoid temptations to manipulate human activity through the taxing process. Economic growth is hindered, and, worse, individual dignity is diminished. What many of us in the States are pushing for is a simple, low flat tax, not unlike what Russia has done.

Thirdly, individual Americans are being manipulated in the political process to the extent that it is almost impossible to get rid of incumbent politicians. In the U.S. House of Representatives, in the last two elections, more than 98 percent of incumbents seeking reelection were victorious. This is not a sign of a healthy democracy. The politicians have achieved this through two primary vehicles. First, they create electoral districts for themselves that are shaped like pretzels in order to include as many sympathetic voters as possible. Both parties do this. Note that I said “both parties.” Because the other means that the established politicians employ to stamp out competition is what we call campaign finance reform. It restricts the amount of money candidates for national office may raise from individuals. This makes it very hard on challengers who need large contributions to gain name recognition and make their program available to the voters. It makes it virtually impossible for new, alternative parties to the Republicans

and Democrats to get off the ground. Campaign finance reform also now includes laws that prohibit outside groups from even mentioning the name of a candidate for national office on television or the radio within 60 days of an election. Again, this is designed to protect incumbents from criticism. It is also inconsistent with a free, open civil society. There should be no limit on contributions but full disclosure of where the contributions came from.

Our Supreme Court struck down state laws that would have addressed the issue of incumbent protection. That was term limits. Until the court ruled against these laws, most states had limited to three the number of terms a congressman could serve. The idea was that citizen legislators, rather than professional politicians, was the way to have truly representative democracy. I would urge all developing nations seeking a liberal agenda to include term limits on that agenda.

Finally, as I mentioned at the beginning, we've heard much about the importance of the rule of law, respect for contract and property rights, and the need for constitutionally limited government. But as Thomas Jefferson once said, "The natural progress of things is for government to gain ground and for liberty to yield." So, even if those institutions are in place, there is no guarantee they will stay that way.

Ultimately, perhaps the best safeguard is a free and open media. A free press can question government policy, expose corruption, and be an outlet for civil debate, an essential part of a functioning democracy. Quoting Jefferson once more, he once wrote, "The basis of our government being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not

hesitate a moment to prefer the latter.” Now, Jefferson was given to hyperbole, but you get his point. A free media is critical to a liberal democracy. One way to keep it free is to constitutionally forbid government from owning media outlets.

As Albert Camus noted in 1960, “A free press can of course be good or bad, but, most certainly, without freedom it will never be anything but bad.”

Ladies and gentlemen, liberalism will always be under attack, whether from religious fanatics and terrorists, or power-lusting politicians, or petty bureaucrats. But to fight for freedom, for liberty, for the opportunity to pursue happiness is a noble undertaking, it seems to me. I admire those of you in this room who share our vision of liberty and wish you well as you strive to build liberal civil society, where you may live. Thank you very much.