



FW de Klerk
FOUNDATION

**SPEECH BY DAVE STEWARD
CHAIRMAN OF THE FW DE KLERK FOUNDATION
TO THE LIBSEM
18 OCTOBER 2019
VELDDRIF**

FREEDOM: THE KEY FACTOR IN ALL SUCCESSFUL SOCIETIES

In 1989 the American Academic, Francis Fukuyama, proclaimed that the “end of history” had arrived:

“What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post war history, but the end of history as such: that is, the point of mankind's ideological evolution and the universalisation of Western liberal democracy as the final form of human government.”

That was quite a claim.

Fukuyama was saying that it was simply not possible to improve on the system of free market liberal democracy that had emerged victorious after the collapse of the Soviet Union at the beginning of the 1990s. After thousands of years of political development mankind had finally aced it.

If there was any point to the long and tragic story of war and conflict it may have been to illustrate which approach to government worked best in advancing the wellbeing of humanity.

This is a question that historians should explore. Aristotle dealt with it 2 400 years ago. For him:

- the best form of government was a monarchy ruled by single enlightened ruler: however, the worst form of government was its counterpart - a tyranny dominated by a single corrupt and unenlightened despot;
- the second best was an aristocracy, rule by an enlightened elite - but it could morph into an oligarchy under the control of a corrupt and despotic clique.
- the third best - but the safest option - was a polity in which power was in the hands of an educated and uncorrupt electorate; but a polity could degrade into a democracy - the fourth best system - if the people were unenlightened and corrupt.

Perhaps the greatest exponent of democracy in the century before Aristotle was the Athenian leader Pericles. In his funeral oration he made the following observations:

“Our Constitution is called a democracy because power is in the hands not of a minority but of the whole people.

When it is a question of settling private disputes, everyone is equal before the law;



FW de Klerk
FOUNDATION

... when it is a question of putting one person before another in positions of public responsibility, what counts is not membership of a particular class, but the actual ability which the man possesses.

No one, so long as he has it in him to be of service to the state, is kept in political obscurity because of poverty.”

“We give our obedience to those whom we put in positions of authority, and we obey the laws themselves, especially those which are for the protection of the oppressed, and those unwritten laws which it is an acknowledged shame to break.”

Pericles understood the benefits of free and open trade: as a result of Athens greatness

“... all the good things from all over the world flow in to us, so that to us it seems just as natural to enjoy foreign goods as our own local products.”

He was also a social liberal:

“And, just as our political life is free and open, so is our day-to-day life in our relations with each other. We do not get into a state with our next-door neighbour if he enjoys himself in his own way...”

So, Pericles was perhaps the world’s first libertarian.

For Aristotle, the critical issue was not so much who ruled - but whether those who ruled had the requisite integrity and ability. For Pericles the key issues were political freedom, merit and social tolerance.

However, Athenian democracy was a flash in the pan. It was soon extinguished and - with a few exceptions - democracy did not reappear until the 18th century.

Historians should also ask how two relatively small European powers, Britain and Netherlands, managed to conquer far wealthier and populous societies in Asia from the 17th century onwards?

An important factor was that by the end of the 17th century both countries had successfully limited the power of their governments to interfere arbitrarily with the freedom and property of the emerging middle class. This meant that merchants could mobilise resources for the pursuit of trading ventures without the fear that despotic governments would seize a disproportionate part of their profits or interfere too onerously with their activities. Not surprisingly, the first national banks and stock-markets were established in the Netherlands and England toward the end of the 17th century.

Greater intellectual freedom went hand in hand with the advancement of economic and political freedom:

- Francis Bacon laid the foundations for the scientific method;
- the Royal Society was founded;



FW de Klerk
FOUNDATION

- Newton, Locke, Hooke, Boyle, Herschel and Harvey vastly expanded the borders of man's understanding of himself and of the universe.
- The Netherlands became the principal centre for free thought in otherwise intolerant Europe: Descartes, Spinoza and Van Leeuwenhoek helped to lay the foundations for the enlightenment.

Chinese and Indian merchants and scientists did not enjoy similar advantages. At the beginning of the 15th century, under the Ming Yongle Emperor, China sent out treasure fleets under the command of Admiral Zheng He all over the Western Pacific and Indian oceans. The fleets included more than two hundred vessels - some of them among the largest wooden ships ever built - and were manned by 28 000 men. They exceeded the size of Christopher Columbus's tiny flotilla in 1492 by orders of magnitude. However, after 1433, Ming officials ordered the fleets to be confined to port and closed China to the world.

It was this lack of freedom from autocratic control that prevented China from realising its full potential and that ultimately hobbled it in its going competition with the West. That is why there was never a Chinese West European Company.

At the beginning of the 18th century - at the very time when it was conquering much of the rest of the world - Europe accounted for only 12% of the global GDP compared with the more than 45% generated by China and India. By 1913 - following its emergence from the industrial revolution - Europe's share of global GDP had risen to almost 30% while the combined share of China and India had dropped to only 15%.

The relative economic and intellectual freedom of Europe's emerging middle classes gave them a decisive advantage in their competition with other societies.

During the last century there were further cataclysmic struggles between societies with different systems - between the western democracies and totalitarian regimes in Nazi Germany and Imperial Japan. The United States emerged victorious - on the one hand because of the enormous productive capacity of its free market economy - and on the other because of fatal mistakes that despots in closed, ideologically-driven, societies are inclined to make.

For 45 years after World War II the United States and its democratic allies were locked in a titanic struggle with the Soviet Union and its Warsaw Pact client states. It was a classic competition between economic, political and intellectual freedom on the one hand - and rigid, totalitarian socialist central planning on the other. At the beginning of 1990s the Soviet Union collapsed beneath the weight of its palpable economic failures and political contradictions.

Freedom had once again emerged as the uncontested winner on the battlefield of ideas.

And there was good reason for this victory. Freedom is empirically crucial to the happiness, success and prosperity of societies everywhere. Freedom is empowerment. In free societies:



FW de Klerk
FOUNDATION

- individuals can achieve their full potential without artificial constraints;
- companies can best generate wealth if they are freed from over-regulation and if they are unburdened by excessive taxation;
- freedom of expression and information are essential for the advancement of scientific and technological knowledge;
- free debate, the ability to criticise government policies and to expose wrong-doing and corruption are essential for good governance;
- institutions - the media, religious organisations and civil society - can play their roles unlimited by government interference.

Economic freedom is an essential aspect of freedom: it rests on the right of individuals and companies to own property, to compete freely in markets and to make their own economic decisions. It has been proved to be a decisive factor - also in the generation of wealth and social advancement.

Nations that are economically free out-perform non-free nations in all indicators of well-being.

- Countries in the top quintile in economic freedom have an average per capita GDP ten times higher than those nations in the bottom quintile.
- Their average economic growth rate is four times higher.
- The average income of the poorest 10% of their populations is more than five times higher than that of the poorest 10% in least economically free countries.
- Unemployment is 5.2%, compared to 13% in the bottom quintile.
- Life expectancy is 77.7 years in the top quintile compared to 52.5 years.
- Deng Xiao-Ping's free market economic reforms in China - that included recognition of property rights - resulted in the greatest enrichment of the largest number of people in the shortest period in human history. In 1980 GDP per capita in China was less than \$350 - now it exceeds \$15 000.

Freedom has also delivered the goods:

During the past 74 years mankind has made unparalleled progress.

- Global life expectation in 1945 was only 47 years: now it is over 70 - and a girl child born in Japan today has a life expectation of 107 years;
- Two-thirds of the world's people now live in democracies - compared with less than 25% in 1976;
- Global poverty has been slashed from over 40% in 1980 to less than 14% now;
- Infant mortality has plunged;
- More than 90% of the world's population under the age of 25 can read and write;
- There has been a steady decline in the percentage of people who have died as a result of conflict. During the past three years there has been an average of fewer than 150 000



FW de Klerk
FOUNDATION

conflict related deaths¹ - about one-third of the annual number of murders during the same period.

Astounding progress has been made in almost every area of human life. What are the reasons for this progress?

The first, I believe was a revolution that occurred since 1945 in attitudes to basic human rights.

Only 120 years ago:

- racial, gender and class discrimination were regarded as natural and acceptable facets of relationships between human beings;
- European nations believed that they had a manifest right to rule distant peoples. There were only 12 countries outside Europe that were never colonised;
- before the First World War many people still thought that war was a worthy national pursuit - and that it tested the moral and physical strength of nations;
- women - who had not yet been given the vote - experienced extreme discrimination in their personal and professional lives.
- Oscar Wilde landed in Reading Jail.
- European nations were still riddled with class distinctions manifested in the rigid stratification of society - which strangely enough we now enjoy revisiting in TV series such as Downton Abbey.

After World War II the liberal values that western societies had long professed began to catch up with them - and in 1948 they found expression in the United Nations *Universal Declaration of Human Rights*. It proclaimed that

“Everyone is entitled to all the rights and freedoms set forth in this Declaration without distinction of any kind such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or any other status.”

The increasing observation of these rights has led to a fairer, freer, kinder and more tolerant world for billions of people.

The second factor that contributed to mankind’s success since World War II was the unparalleled global peace that we have enjoyed during this period. According to Steven Pinker “we may be living in the most peaceful time in our species’ existence.”

The third reason was globalisation. It led not only to the steady increase in international trade but to new multilateral approaches to dealing with international relations:

¹ https://en.wikipedia.org/wiki/List_of_ongoing_armed_conflicts



FW de Klerk
FOUNDATION

- by 2010 the value of global trade in real terms was 30 times greater than it was in 1945 - generating enormous wealth for all involved;
- organisations like the World Trade Organisation, the World Bank and the International Monetary Fund brought order and cooperation to international trade and finance;
- specialised agencies such as the International Civil Aviation Organisation; the International Maritime Organisation and the Food and Agricultural Organisation assured order and essential co-operation in critically important dimensions of international relations.

It was against this background that Francis Fukuyama made his famous proclamation regarding 'the end of history'.

Well, he was, of course, wrong. Following the 2008 global recession the world lost confidence in the so-called 'Washington Consensus'. Now it is all but dead.

Even more concerning is the fact that great drivers of the human progress are now under threat.

Globalisation is in trouble:

- free trade is threatened by tariff wars and a reversion to protectionism. The trade war between the United States and China will result this year in a significant drop in international trade;
- since 2010 the exponential growth in international trade has stopped and begun to fall;
- the roles of the World Bank and International Monetary Fund are increasingly rejected by countries determined to avoid austerity measures;
- the United States under President Trump has walked away from important international commitments - such as the Paris Climate Agreement;
- other leading economies - including China, Russia and India - pick and choose the international obligations with which they will comply

The Western tradition of liberal democracy is also in trouble:

- Elections have become competitions between parties promising more and more to voters - who can be just as corrupt as any other group endowed with power. The only way governments can possibly meet voters' expectations is by spending enormous amounts that they have to borrow from future generations - hence their unsupportable national debts.
- Throughout Europe and the United States populists are adopting nationalist and even racist approaches. They are increasingly alienated from ruling elites and privileged bureaucracies whom they suspect regard them with contempt;
- At the same time, the worthy values of equality and non-discrimination have been weaponised into the toxic ideology of identity politics.



FW de Klerk
FOUNDATION

- Public discourse has been forced into a straightjacket. Any politically incorrect statement or action - made yesterday or 20 years ago - can become the subject of a Twitter storm - and can bring an instant end to private and public careers. We are entering a new period of political conformity the likes of which we have not witnessed since the 17th century.
- The demand for orthodoxy extends to key areas of science and public affairs. Any attempt to question the prevailing doctrines on issues such as climate change, immigration or even Darwinism results in ostracism and the ruin of reputations.
- This is not simply a question of rhetoric: the new orthodoxies have resulted in major countries adopting potentially ruinous policies.

All this leads us to conclude that we have not become wiser or more tolerant with the passage of time: it is simply that the parameters of our folly and intolerance have shifted.

Finally, we can no longer take the preservation of international peace for granted. Everywhere, the geostrategic tectonic plates are shifting - and are shaking the foundations of peace and stability that we have enjoyed for the past 75 years:

- As Napoleon warned, the Chinese giant has awoken from its slumber and is flexing its muscles: it is projecting its economic and political power as far as southern Europe through its 'belt and road' initiative. It is turning its hungry eyes toward Africa and the continent's enormous mineral, economic and agricultural potential.
- Russia, still smarting from the collapse of the Soviet Union, has replaced communism with nationalism as its guiding ideology - but has retained its traditional autocracy. It has the capacity and the will to influence developments in a vast swathe of the Eurasian landmass and the Middle East;
- The United States shows signs of entering one of its cyclical stages of introspection and non-involvement in global affairs;
- Europe is divided and weak. 74 years of peace and prosperity have led to the complacency and debility which Ibn Khaldun warned was the destiny of the second and third generations in civilised states.

There are a number of points along the shifting tectonic plates where conflict might erupt - including:

- the Western Pacific - where China will not indefinitely endure US naval supremacy;
- the South China Sea where China appears to be intent on imposing its irrational territorial claims;
- Taiwan - particularly if there are any further moves toward independence;
- the Baltic states and Ukraine - if Russia senses any lack of resolve on the part of the EU and the US;
- the India/Pakistani clash over Kashmir; and
- the ever-present and unresolvable tensions in the Middle East - in Israel/Palestine and Iran and Saudi Arabia.



FW de Klerk
FOUNDATION

One of the fallouts of a new period of US isolationism might well be a rush by countries that currently rely on the American nuclear shield to acquire their own nuclear deterrents. All this would increase the risk of a catastrophic nuclear mistake.

However, at the centre of the geostrategic stage will be the growing struggle between the United States, China and India.

According to projections formulated by PwC, global GDP will increase by 130% between 2016 and 2050. In 2050 China will be the largest economy, with 20% of global GDP. India will be second with 15%; the USA will be down to 12% and Europe will lag behind with 9%.

However, in our rapidly changing world these projections and predictions may prove to be as wrong as Fukuyama's conclusion about the end of history.

The outcome of growing competition between East and West will, as in the past, probably be determined by the effectiveness of their respective social systems.

China, having survived the aberration of the Mao dynasty - is reverting to its traditional roots. Xi Jinping - with increasingly absolute power - is now the new emperor; the Communist Party is the new Mandarin class. China - with an ancient tradition of exam-based meritocracy - is betting that its system based on economic freedom, political autocracy and meritocracy will outperform the American system based on economic, intellectual and personal freedom; and the kind of popular democracy that can produce leaders of the calibre of George W Bush and Donald Trump.

India - the dark horse in the race - will soon have the world's largest population. Its free market, democratic model provides advantages - but they may be complicated by its enormous diversity and increasingly militant Hindu nationalism. According to Amartya Sen India's progress has been hampered by its failure to invest sufficiently in social, educational and health services for its enormous population.

All this is presenting the United States and Europe with a seminal challenge: will their social, political and economic model be able to compete with the challenge from China and India?

Much will depend on the degree to which they can revert to the principles of genuine economic and political freedom and social tolerance on which their phenomenal success during the past two centuries was based.

It is in promoting these values that libertarians can make an essential contribution - not only in the USA and Europe - but also here in South Africa.

South Africa would be regarded by Aristotle as a corrupt and unenlightened democracy. However, we still enjoy considerable freedom guaranteed by our Constitution and reasonably independent courts. Libertarians - and everyone else concerned about the future of the



FW de Klerk
FOUNDATION

country - should guard against the possibility of our sliding into oligarchy or tyranny. In particular:

- they should defend freedom of speech against the local advocates of identity politics;
- they should defend property rights and oppose EWC;
- they should support efforts to combat corruption and to adopt rational economic policies;
- they should oppose all forms of racism; and
- they should support the principles of freedom entrenched in our Constitution.

In my view we should revert to the libertarian principles of democratic freedom, merit-based competition and social toleration that were so eloquently articulated by Pericles more than 2400 years ago.

However, of one thing we can be sure - while human society continues to exist - there will never be an end to history.