Freedom and Power after the End of “The End of History”

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For me, today is an extraordinary and unforgettable day. As far as I know, I am the first Swiss banker to hold a speech at the heart of New York – the great American financial metropolis – since the outbreak of the financial crisis of 2008/09 and the subsequent tax dispute between the USA and Switzerland. The setting is semi-private, but I am addressing an association with clear political ideas and intentions. I would like to thank Benjamin Weiss – a long-time reader of, and enthusiast for, my publications – warmly for the invitation to this mid-day meeting of the "Manhattan Republican Party". Perhaps we can today lay the foundations for a new and better relationship between two nations that are so different, but still so similar in many ways.

From a personal perspective, I might well have had sufficient reason never to cross the Atlantic again. It is absolutely not my intention, in general and in particular not here in Manhattan, to come back to the guilty plea of my former bank, Wegelin, before the federal judge of the Southern District of New York State on tax issues. Nor are the circumstances under which we were obliged to carry out a distress sale of our bank in 2012 by any means the subject of my remarks today. Still, the experience, personally and at first hand, of the impact of international power politics might be expected to give rise to a degree of disillusion and distance.

Nevertheless, here I am. For, despite everything, I still owe this country far too much for frustrated avoidance to be appropriate. For two reasons. The first concerns my ancestors, and thus the existence of my family and myself. This is about the priceless contribution by the USA to survival and freedom in Europe. Without America’s entry into the Second World War, and without the fearfully high American casualties, my father would never have returned from the then border with the Third Reich, at the eastern edge of the Swiss Alps. During the war, he was a company commander in the Swiss Army. Quite simply, without the Americans I would not exist. Even less so, if one can say that, would my Dutch wife have been born. Her father fled from Nazi forced labour to the advancing Russians, joined the Red Army, helped capture Berlin, and then – just – able to escape into the American Sector, by swimming. On their Dutch farm, my mother-in-law’s family hid a Jewish family in the attic, while German troops were quartered in the ground floor, and the family at the same time carried out intelligence work for the Allies. Without the liberation of Europe, my family’s fate would have been the concentration camp, the gulag or the grave. These historical events are all too easily forgotten in the existential superficiality so much in evidence today. For me, they were formative, and they are the motivation for today’s visit to this place and this country.

The second reason lies in my extremely positive experience as a young economics student at the University of Rochester in 1978/79. At that time – somewhat in the sense of development aid – a number of Swiss students were invited every year to the Graduate School of Management, to become acquainted with the then novel concepts of financial theory and political economics. For me, that year in Rochester was the intellectually richest time in my life. Just about everything I have since achieved in the way of economic value creation has its roots in Rochester. Characters such as the great macroeconomists Karl Brunner and Allan Meltzer, the microeconomists Michael Jensen and Eugene Fama, the political economists James M. Buchanan, Gordon Tullock and Gary Becker, were among my mentors or part of the wider university environment; the faculty was distinguished by a very open atmosphere of intellectual competition, ideal for a new arrival from a continent whose universities were then characterised by the ossification of the dominant doctrines. For me, Rochester meant liberation, both intellectual and personal, and for that I shall remain ever grateful.
This has been a rather lengthy introduction – but these are things that I really wanted to say. Let me now turn to the actual subject of my remarks today. The title is Freedom and Power after the End of “The End of History”. This refers of course to surely the boldest statement that an academic can possibly make: a farewell to his own personal subject – the passage of time on this Earth, with all its possible and impossible implications. This “End of History” was proclaimed by no less than the American historian Francis Fukuyama. According to his theory, the collapse of communism in the Eastern bloc in 1989 brought about a global state of affairs in which the rule of law, democracy, and the capitalist market economy faced no further conceivable challenges. The advantages of this form of social coexistence were so incontestable that alternative social orders would more or less automatically implode as a result of their general inferiority. In other words, Francis Fukuyama proclaimed some sort of Hegelian absolute zero, after which, on account of the logical, and empirically demonstrated, irrelevance of the dialectic principle, there would be no need of any further developments, which would thus not occur.

A bold notion, and a good deal more than that: a very bold forecast by Fukuyama – himself a historian – that has since repeatedly proven to be utterly wrong. It may have seemed in the 1990s, and even at the beginning of this century, that the United States of America had achieved a completely unchallengeable position as the only genuinely powerful representative of the three principles of the rule of law, democracy, and the capitalist market economy. The interventions around the world found to be necessary in the meantime seemed generally to confirm the principle, and certainly not to challenge it fundamentally: Afghanistan, Iraq, Libya, Egypt as regions in which global history was still to be completed, but not to be radically altered again through further cataclysmic developments. Exceptions that prove the rule: those at all familiar with the fundamentals of Western thinking will readily recognise in “The End of History” the doctrine of predestination that springs from the eschatological expectations of the Calvinism practised on both sides of the Atlantic. Under the assumption that the theory of the end of history was correct, the “Arab Spring” appeared effectively as the confirmation of the imminent arrival of salvation, and many contemporary commentators forecasted that the People’s Republic of China would soon move towards more democracy and the rule of law, after capitalism had obviously begun to do its work. The expectation of salvation gives rise to improvidence and excessive self-confidence with regard to one’s own situation. I believe that a good few of the engagements taken on by the West and in particular the United States, which has always carried the largest part of the burden, would not have happened, or at least the hopes put in them would have been less excessive, without such expectations of salvation.

Salvation, ladies and gentlemen, has not arrived, as we know all too well. More than ever, the world is a patchwork of unsurpassable intransparency. There can be no possible talk of the victory of the rule of law, democracy and the capitalist market economy – au contraire. A year ago, in a fundamental article – also read with great attention on the other side of the Atlantic – the American sociologist Mark Lilla contrasted Francis Fukuyama’s unbeatably simplistic global perspective with the concept of the “illegibility” of global events. The diametrical opposite, then, of the “end of history”; the insight that we are no longer in a position to decipher what goes on on a daily basis around our globe. The coincidence of moral rigor – indeed of fundamentalism imposed by force of arms – with an utterly stupendous multi-optionality of lifestyles raises questions, as does the coexistence of liberal social orders with theocratic and state-capitalist systems. One of the most outstanding publicists that the Cato Institute has ever known, Lilla deplores the intellectual indolence of Western intellectuals since 1989 – at the moment when Fukuyama forecast the end of history. Lilla maintains that, because the concept of freedom was apparently no longer exposed to competition, Western intellectuals retreated into the consideration of trivialities. Now, people are no longer equipped to live with the continuation of history in which we find ourselves, despite all forecasts to the contrary.

I fear that the situation is yet more serious. Not so much the intellectual indolence of the intelligentsia is the problem, but rather a fundamental challenge to the concept of freedom by the principle of power. If history had really come to an end, the issue of power would no longer arise. For then, there would be only one priority, to which
everything else would have to be subordinate: the priority of that beautiful blue planet whose image was brought to us by the astronauts returning from the moon. It is so: the West – with the USA in a leading role – has seen itself (and still sees itself) as the trustee acting in the blue planet’s higher-order interests. The blue planet, and its continued existence, as intact as possible, has become a pseudo-religion for our time. Its Rome is not in Italy, but is rather to be found in these latitudes: “The End of History” provided a basis for the expectation of imminent salvation. The G20 was the College of Cardinals of this pseudo-religion, though its significance has dwindled since the schism with the Rome of the East resulting from President Putin’s annexation of the Crimea. But still, all the interventions unleashed since 1989, all the sanctions against all those insubordinate nations, all the data gathered on just about every single global citizen – all this could be justified by trusteeship of the higher-order interests of the blue planet, and was achieved in practical terms by the use of power. Power, whether military, secret-service, economic, judicial and police, or social power. Because history had supposedly come to an end, power was used no longer with the legitimation of a state of emergency, but rather as normal practice.

The use of power as normal practice in the service of trusteeship of the blue planet: the global public has become used to that. Is it concerned about issues of legitimation when, for instance, somewhere in the Middle East a supposed terrorist is wiped out by a remote-control drone? At the time of the execution of Osama Bin Laden, the exception to international law of the “War on Terror” was still offered as justification. But since then, similar actions have continued on a monthly basis, and hardly even get into the media anymore. In a similar fashion, we have got used to comprehensive data-gathering by the secret services. The NSA scandal has long since become Standard Operating Procedure. To be clear: I do not in the least question the necessity for a nation – indeed, as powerful and important a nation as the USA – to make use of every possible means to preserve its own interests. So, I take it for granted that a secret service should have the task of monitoring the telephone traffic of other governments. But only for the preservation of its own, national interests, and not in the sense of normal practice concerning the trusteeship of some psuedo-religious higher-order interests. That is the decisive difference.

Freedom and power are two axiomatically opposed principles. Freedom is defined by the absence of power. Freedom means interaction between groups or individuals on a voluntary basis. Power, when it can be used without constraint to preserve supposed higher-order interests, becomes a threat to freedom; ultimately, governments turn on their own citizens. However, the debates since the leaking of the NSA’s data dumps have shown that citizens’ concerns receive little support in the public arena. The security argument continues to win out. That will change, however. For, with the imminent end of the end of history, it will no longer be possible to appeal to the pseudo-religious higher-order interests of the blue planet. No-one will any longer be obliged to – or able to – act as trustees for these interests. There will only be – once again, for that is what the continuation of history means – the particular interests of nations and power blocs. Interests will collide, and genuine conflicts will occur.

In the course of this development, the principle of freedom will be challenged, will face intellectual competition, and every use of power, as an encroachment on the principle of freedom, will have to be justified. We must prepare ourselves mentally for this new state of the world. I believe that carrying out this preparatory work is precisely the task of a political party – and in this context I feel a good deal closer to the Republican party than to the party currently entrusted with the government of this country. We, the free West, will have to justify ourselves against the emerging theocratic and Confucian state-capitalist social orders, with their own, specific interests. We will have to relearn what freedom is worth to us – and not in a utilitarian sense, simply because freedom, the market economy and capitalism apparently generate the best economic figures. That is a Wall Street investment banker’s understanding of freedom. No, it will be a matter of the very concept of freedom, in the sense of the German philosopher Kant’s “concept in itself”. In future, we shall again need to be able to relativise; to balance the use of power against the principle of freedom. We will have to rank our institutions – not least, the data-gathering giants, the media and the secret services – within this dipole of freedom and power.
I am convinced that this nation – so contradictory, but precisely for that reason so attractive – will master the coming struggle between power and freedom. I have no particular sympathy for the whistleblower Edward Snowden (in my view, he should have addressed himself to his employer, not the public, as is proper in an employment relationship...), but the fact that in this country a film about a suspected traitor to his own country can be awarded an Oscar demonstrates a breathtakingly vital relationship with the concept of freedom. Similarly, I am greatly impressed by the investigation into possible abuses by the US Federal police force over the last 20 years. In what other nation would such an attitude of self-questioning and challenge be conceivable?

It may be that alternative social orders, such as Confucian state capitalism, for example, or perhaps even theocratic Islam, begin to overtake our Western economies in some regards. In GDP terms, that has already long been the case with China. Nor will China stop at GDP growth. It will grow in military power, and establish its own global currency. It may be that a time is coming when our concept of freedom will be regarded as obsolete, and a hindrance to social and economic progress. Then, utilitarian concepts of freedom are of no further use; all that will serve is the principle. The principle that, together with the Apostle Paul, we believe that we are called to freedom (Gal. 5,13), for only so can we achieve our real dignity and destiny. It is the calling of the United States of America to manage the dipole of freedom and power, both intellectually and practically. Freedom without power dies at the hands of other’s claims to power. That was so in the Second World War, and so it will remain, for history has not come to an end. Freedom and power, however contradictory they appear, are involved one with the other. Without power, freedom cannot survive. Unless continually constrained and challenged by freedom, power loses its morality and thus its legitimacy. Mankind is called to freedom, says Paul. It is our task to wrestle continually with this moral challenge.

Ladies and gentlemen: I believe we have no alternative but to go back to the roots! Back to those roots that I have mentioned; back to the Founding Fathers of this nation; back to the great thinkers of freedom, like Thomas Paine, Thomas Jefferson, like Immanuel Kant, Karl Popper and Friedrich August von Hayek! We need the ideas of these great and progressive thinkers if we are to survive in the continuation of history. I wish you, your party and the United States of America the strength to hold high the principle of freedom in the coming competition between differing social orders.

(The spoken word shall be binding)