Modern Liberalism

Frits Bolkestein

bron

Zie voor verantwoording: https://www.dbnl.org/tekst/bolk008mode01_01/colofon.php

Let op: boeken en tijdschriftjaargangen die korter dan 140 jaar geleden verschenen zijn, kunnen auteursrechtelijk beschermd zijn. Welke vormen van gebruik zijn toegestaan voor dit werk of delen ervan, lees je in de gebruiksvoorwaarden.
Uxori
Foreword

This book is about liberalism in its European, not its American, variety. It consists of conversations with nine prominent liberal politicians, each from a different country. All member-states of the European Community are represented except Ireland and Greece; Minoo Masani provides an Indian point of view. The conversations are not with academics, civil servants or journalists because only politicians know what it means to depend on popular favour and to have to compromise. Only one of those interviewed has at present executive power: Gaston Thorn, from Luxembourg, who is President of the European Commission. Jo Grimond and Wolfgang Mischnick are active parliamentarians in London and Bonn, respectively. Seven have been, at one time or another, members of government. Because of the British electoral system, Jo Grimond has never enjoyed the traditional rewards of a politician, while for Minoo Masani the tide of Mrs. Gandhi's Congress Party proved too strong. Apart from Gaston Thorn, the European Commission is here represented by Jean Rey, who was its President and is now Minister of State in Belgium; and by Jean François Deniau, who was in charge of the European Community’s relations with developing countries before becoming Minister for Trade in the previous French government. Per Federspiel has been a member for many years of the Council of Europe for Denmark; he was President of its Assembly from 1960 to 1963. Also the three last Presidents of the Liberal International, an organisation of all liberal parties, present their views: Giovanni Malagodi from Italy (1958-1966); Edzo Toxopeus from The Netherlands (1966-1970) and Gaston Thorn, who has fulfilled this function since 1970. All look back on long and distinguished careers: their average age is 68 years.
Many subjects come up for discussion in these pages: industrial policy and protectionism; trade unions and industrial democracy; decentralisation and the function of Parliament; the integration and defence of Europe; and of course the meaning and future of liberalism. The various dilemmas of the welfare state are discussed repeatedly and at length. Liberal parties may not have pat solutions to these dilemmas but at least liberalism points in the right direction. As Jean Rey said: ‘Liberalism does not belong to the nostalgia of the past but to the hope of the future’. Hence this book. By way of summary, an attempt is made, in a final chapter, to gather the various strands of thinking; they are interspersed with some comments. It will be seen that on almost all matters there is a considerable measure of agreement.

Thanks are due, first of all, to the politicians interviewed, some of whom are very busy men indeed. I must also thank my wife and my secretary, Miss Laila Jansen, for typing and retyping large portions of the text. Both my wife and Mr. B.P. Rauwerda encouraged me to undertake this project, for which I am grateful.

F. Bolkestein
The Hague, 15 June 1982
Jean François M.J. Deniau
(Paris, 3 and 4 September 1981)
Born: In Paris on 31 October 1928.

Education: Institut d'Etudes Politiques.
Ecole National d'Administration.
Doctor at law.

1952: Inspecteur des Finances.

1955: Member of the general secretariat of the interministerial committee for European economic cooperation.

1957: Member of the cabinet of the Prime Minister and of the Minister for Commerce and Industry.
Member of the French delegation to the OECD and the intergovernmental conference on the Common Market and Euratom.

1958: Director of the European Commission for the association of third countries.

1959-1963: Director general of the European Commission for negotiations with prospective new members.


1967-1973: Member of the European Commission in charge of development assistance, budget and financial control.

1973-1976: Secretary of state at the Ministries of Foreign Affairs and of Agriculture.


September 1977 - April 1978: Secretary of state at the Ministry of Foreign Affairs in charge of European Affairs.

March 1978: Elected Member of Parliament for Cher.


November 1981: Vice-president of the National Federation of the ‘Clubs Perspectives et Réalités’.
Interview with Jean François Deniau

1. Liberalism in France

Bolkestein: France liberalised her economy rather late. One wonders if that is the reason why large French companies are smaller in size than those in Great Britain, Germany or The Netherlands.

Deniau: For a very long time, France was an agricultural country with a strong protectionist tradition, not only in industry but also in her administration. It was the tradition of Colbert. One of the virtues of the Common Market has been to help to accustom France to a certain type of liberalism. In the beginning, the aim of the Common Market was to find a base for the construction of Europe and to develop European integration and solidarity. That aim was political. The means chosen, however, were economic; they were also liberal. They consisted of a customs union: protection against the outside world but, at least among the six countries involved, the abolition of duties and quota.

If you look at records of the discussions in France around 1958, you will see that not only a substantial segment of French industry but also many of those who might be called the theoreticians were totally opposed to the Common Market, because they thought that the French economy, unaccustomed to that sort of international competition, would not be able to make a strong stand against it. The best minds, such as Pierre Mendès France, were proven wrong. The Common Market has been very useful in educating French enterprises - in showing them that they could take on international competition and even profit from it.

It is true that we hit upon the idea of establishing a global field of action for enterprises much later than the Dutch, the British or the Germans. Around 1962, the French government was rather opposed to
American investment in Europe. I recall a discussion I had with a Dutchman who said: ‘Of course it would be bad if it is a one-way thing. But it is much less so if French companies begin to buy American ones. We Dutch are not afraid that the Americans will swallow us up because, even though we don't swallow them up, we have considerable interests in the United States and elsewhere.’

So the Common Market has been a sort of school and there are now French companies, both public and private, which have shown that they can without any doubt hold their own internationally. SNIAS has 25% of the American market for helicopters. Michelin has an extremely successful American affiliate. It is true, however, that the idea of an international division of labour of the size necessary to be effective and to meet competition at home has become part of our way of thinking much later than in other countries. It is also true that there has been a rather vague political reticence in this regard.

Bolkestein: Has economic liberalism now taken root in France for good?

Deniau: It is not as simple as that. All responsible people in France realize that the consequences of protectionism are bad: one gains perhaps a few years but in the end it is in no one's interest. Even when there are protectionist manifestations in sensitive sectors - take, for example, wine in the south of France - agricultural leaders know very well that an economic dispute with Italy would also hurt French interests because we sell them butter, spirits and meat. The fact that there is an interpenetration of commerce and that one cannot simply isolate oneself is now well understood by everyone who occupies a responsible position.

Nevertheless, there still remains a vague idea in France that, really, we can make everything ourselves and we don't have to buy abroad. It is a theme which the Communist Party in particular has taken up several times. This is because it doesn't mind a certain isolation for France and also because it feels that the idea could have some ‘sex appeal’. Therefore, although our mentality has changed to a large extent, it has not yet been entirely transformed. Let me give you an example: when the Minister of Economic Affairs in the government of Raymond Barre, René Monory, abolished price control, which had been demanded by the commercial and industrial sectors for many years, this was considered

Frits Bolkestein, Modern Liberalism
to be a revolution. It worried a good many people. And now, with the new government, the debate has started up again. Should one leave prices free to obey the laws of the market or not? In certain circles of the socialist party there are theoreticians who say, no, one shouldn't; one should go back to price control. That is why I say this battle has not yet been decisively won.

2. Industrial Policy

**Bolkestein:** Can one carry out an industrial policy without a certain measure of protectionism?

**Deniau:** I think that an industrial policy indeed requires a certain degree of intervention by the state. In France, the word ‘liberalism’ has more than one meaning. Politically, it means a spirit of tolerance, the acceptance that there are various currents of opinion in a country, respect for the opinions of others. Economically, its connotation is not very favourable. The French take it somewhat as: ‘laisser faire, laisser passer’. One gives free rein to anonymous mechanisms with which professors of political economy are acquainted but which may result in social catastrophes to which the French profoundly object.

Now when you want to create something new, if, for example, you want to develop an industry in a climate of absolute competition, this turns out to be extraordinarily difficult because the beginning of any industry is expensive. There is no profitability. If powerful economic factors are already operating, they will not let you find a place for it.

In France, we have created one of the most important nuclear industries in the world. This was done by private companies together with state enterprises such as the electricity authority and the atomic energy commission. Developments were very much steered by the government and there was almost no competition. We have also tried to create an information industry, in which we were way behind, and we have done it through the combined efforts of private industries but also with the aid of and, frankly speaking, under the directives of the government.

**Bolkestein:** One may well ask whether an ‘économie concertée’ - to use the French term - and a certain degree of protectionism do not go hand in hand, as in Japan.
**Deniau:** I think a certain degree of protectionism may be necessary. The danger, of course, is that one slips into systematic protectionism. There are differences in social costs between one country and another. Perhaps competition takes place on an equal basis in Europe, where we are almost all in the same situation - which shows the importance of the Common Market - but with respect to other parts of the world the comparison becomes much more difficult. Protectionism is justified when it compensates for excessive differences in costs, especially salaries and social charges, but possibly also in other areas such as energy.

**Bolkestein:** The European Coal and Steel Community has been able to carry out a policy for the coal and steel industries because it had the legal instruments at hand to do so. Elsewhere there are no comparable means. How can one arrive at an industrial policy for Europe under those circumstances?

**Deniau:** That is an extremely difficult subject. What does an industrial policy mean? It means to have a common and agreed policy, possibly a common production, in the great industrial domains such as steel, aeronautics and information. In these great domains, however, companies have not limited themselves to Europe. There are Dutch companies which play a world role. Their activities in the United States or in Southeast Asia are at least as important as those in Europe. These multinational companies have always feared that a European policy would break up the world market and so militate against their interests. It is the old debate, which took place especially between the French and the Dutch about oil, in which area they have powerful interests. Should the environment, the arena of action, be national, European or global? I wanted it to be European, but I saw that our principal partners were not all that interested in Europe. For them it was either national or global. The European Commission has never been able to define an industrial policy, a certain number of ad hoc arrangements excepted, because the very idea that an industrial policy proper to Europe should be established was not admitted. Therein lies the real debate.

**Bolkestein:** Would an ‘Europe à deux vitesses’ facilitate a European industrial policy?
Deniau: ‘L'Europe à deux vitesses’ is an interesting idea but unfortunately not very practical because countries never feel able to go at the same speed in exactly the same areas. You can not therefore classify the countries of Europe, as Mr. Brandt reputedly wanted to do, into a group of countries that would progress more quickly and those that would advance more slowly; that is, to limit yourself to only those two categories. I am certain that the Italians would be ready to proceed towards a European political integration. Economically, however, they are not ready to endure the discipline and the constraints that integration would entail.

Even in the domain of economics there are countries which are prepared to go further in certain respects and others which are not. That is why in my book and elsewhere I have employed the expression: ‘a Europe of variable geometry’. There are four - essentially three - countries that are building the Airbus. We have made the Concorde with the British. In different fields we can try to promote the cooperation of as many European countries as possible, but they will not always be the same countries in every area. In the field of information they may be different from those that are concerned with aeronautics. If one restricted oneself to only two categories for all subjects, one would miss opportunities for European integration. The true example of an ‘Europe à deux vitesses’ is the European Monetary System because it is a form of general and permanent solidarity. One either is or is not ready for monetary solidarity. In the field of industry one can afford to be more flexible.

3. Economic Nationalism

Bolkestein: Do you think that France will be more nationalistic in economic matters over the next seven years than she has been in the past?

Deniau: I am afraid so. I consider myself to be a patriot and I am convinced that nations remain the profound realities of our time. I recall a conversation General de Gaulle had with a Dutch ambassador who said: ‘The Netherlands is a small country.’ The General cut him short by

saying: ‘No, Mr. Ambassador! No adjective. The Netherlands is neither large nor small: it is a nation and that is what counts.’ Without reverting to the nationalism of the nineteenth century, one must recognise that there are certain realities which one cannot ignore. What I now fear is the openly declared aim of the new French regime to initiate a completely different society which would break with our liberal society. I don't think it is possible to carry out such a project without isolating France.

In September 1981 I wrote three articles in *Le Monde* in which I maintained that all socialism, in order to have a chance of success - not even to succeed, but just to have a chance - needs isolation. That is the theory of the left wing of the Labour Party, the reason why it has always been against a united Europe. Integration means the loss of a number of means of action: custom duties, quota, agricultural prices, exchange control. Under those circumstances one cannot hope to construct a socialist society. A socialist society presupposes that one has all the instruments at one's disposal. It is an expensive experiment and if one does not have these instruments, international competition will ensure failure right from the start.

Mitterand's aim is not simply to fight against the economic crisis and unemployment, but also to accomplish a transformation of French society in the direction of socialism, but a socialism that goes much further than the German, Swedish or Austrian social democracy. He has said himself that he would not be content with social democracy, that he has something much more ambitious in mind.

That is why I fear that France will be obliged to isolate itself and that we shall go back to protectionism. Already a series of structural measures has been taken, such as nationalisations, which are not justified by the situation but stem from socialist doctrine. Some at least of these nationalisations are completely useless. What is the point of nationalising, when the French state certainly does not lack the means to control large companies? The Treasury and the Ministry of Industry are powerful, as you know. The state has no lack of trump cards. So these nationalisations really stem from their doctrine; they mark a break with society as it was. That is why I am worried. If they continue along that road they will be obliged to shield themselves from international competition and we shall be driven to protectionism.
4. The Dilemmas of the Welfare State

Bolkestein: There is a dynamic in the welfare state which leads to economic ruin but which proves difficult to escape. One sees it very clearly in Great Britain, Sweden and The Netherlands. In your book you wrote of our subjugation by the social security system. What will happen in France?

Deniau: That is indeed the fundamental problem of liberalism in the last quarter of this century. In our countries, people have a profound need for security in all respects: security on the job, security of income, security against illness. The welfare state is by its nature inclined continuously to increase its interventions, to take charge of yet something else. And it is very difficult for a government to say no to this. Governments usually employ a budgetary criterion only. They say that something goes too far because it costs too much. That is not a good criterion. I should like liberals in all countries to think about this fundamental problem.

There is a great temptation to say: it is the others who are responsible, the state will look after us. The wish for a general all-risk insurance in all fields is part of human nature, but only a part. The real problem is to separate those risks against which one should be protected from those against which one should not be protected. That goes for enterprises as well as for families, for the economic as well as for the social domain. It means laying on the table all the interventions by the state, in every field, and to forget for a moment the budgetary criterion.

Absolute security is a prison, in a certain way: it results in the loss of creativity, of the sense of responsibility, I would even say of democracy. Absolute security means that there are no longer any questions to be raised. There is no democracy if there are no longer any questions. We should therefore study, in all fields, which risks should not be allowed and which should be maintained because they are essential for liberty and democracy.

Bolkestein: A liberal economy always comprises certain harsh aspects, which are not easily accepted by the people. The problem of definition which you pose is not easy to resolve.

Deniau: It is the true problem of the end of this century. When a firm
closes because of bad management or international competition, the workers feel strongly that the fault does not lie with them. The French worker would find it profoundly unjust if society would take no interest - if one said, for example: ‘Bad luck; you make shoes, but the Italians or the Spanish make shoes which are cheaper; so you are out of a job.’ They would find it unjust because it’s not the workers who are responsible.

We must, therefore, reinstate the concept of responsibility, which cannot simply mean leaving everybody to face the consequences of what they have had nothing to do with. We must retain the essential mechanisms of the liberal market economy because the truly dirigiste experiments have failed everywhere. That is beyond doubt. It is also clear that a deep need for security prevails at the national or international level. An excess of security, however, operates against the interests of the people. That is what we see in certain parts of the welfare state. In a period of growth, all goes well because there is enough money, but in times of crisis the moment of truth is dramatic. The costs become dramatic. We must not adopt the budgetary criterion. We must use human and moral criteria. That is our honour and our role.

Bolkestein: There are various internal contradictions inherent in the welfare state. In your book you wrote about the dialectic between security and freedom. Similarly, there is a dilemma between effectiveness and democratisation, or between planning and participation. That points to a second contradiction. A third contradiction is the one between effectiveness and equality. In these dilemmas the American ideal has opted for freedom and effectiveness. The socialist ideal tries to reconcile all the options, which is why it is not consistent.

Deniau: The American model has been very successful in a number of ways. The question is whether it can be adapted to Europe. And it has to be adapted - it cannot simply be transposed. For example, the French especially are much less inclined to accept mobility. The word ‘versatile’ in English has a favourable connotation; in French, it means: ‘fickle, inconstant, unstable.’ We still have roots in the countryside. The idea of changing one's place of residence or one's profession is still not well accepted at all. We have had strikes in France because the workers had to move to another place. They did not want to, even though they would
have been better housed and better paid. The idea of being forced to move is not considered civilised, not humane. One must be able to work where one has always lived. The feeling is that the economy must adapt itself to this need and not the other way round.

We must, therefore, avoid both the excesses of the welfare state and the simple ‘laisser faire, laisser passer’ position. Again, for liberals, the problem is how to define what is a good risk and what isn't. Respect for the individual is a very important element in the economic life of our European countries. It is a moral idea that stems from the Catholic Church of the Middle Ages. Take the theory of the ‘iustum pretium’. One should not sell at the price at which one can sell; one should sell at the price at which one must sell. It is not the law of the market that counts, it is the moral law. In the same way lending money and charging interest was forbidden because it meant that with one's money one gained at the expense of those who had less money. This way of thinking has left a lasting impression on the mentality of a country like France. Certainly there are economic laws. Thanks to the Common Market, the French understand them better and know that one cannot ignore them. The economy is a stern judge. But at the same time, one cannot base a liberal vision simply on respect for economic laws. A social element must be added, which is this distinction between risks that are acceptable and that are not.

Bolkestein: According to Tocqueville, the more equal one becomes the more equality one wants.

Deniau: Yes, and Rousseau said that the most powerful engine in this world is the need for and the dream of equality between people. Indeed, the need for equality becomes intense precisely as one begins to reduce inequalities. Just after the death of Franco I had a conversation in Spain with a Spanish Socialist. Someone asked him at which moment the people of Spain had begun to see the mistakes of Franco's regime. His answer was very interesting: the mistakes were recognised when the regime began to succeed. It seems a paradox but it isn't. It is when the standard of living has gone up, when the level of education has improved, when the immediate needs are satisfied that inequality begins to irritate.

Indeed, we now find ourselves caught in the dilemma between
equality and effectiveness. According to the analyses of certain sociologists, we are moving towards a society in which people are equal theoretically and because of the pressure of opinion but where a minority will be in a completely exceptional situation. That is what I fear. Their view is that we are growing into a very tertiary society: we shall sell more projects to underdeveloped countries and construct fewer ourselves. Perhaps 20% of the population will be unemployed. Certain sociologists will tell you that this is the way it will be: 20% of the population will not find a place in society and will be taken care of on a semi-permanent basis. Seventy percent of the people will have tertiary occupations which will perhaps not be all that interesting. The remaining top 10% will concentrate on reflection, on planning and on action, aided in particular by the progress made in data handling. That is a society that would worry me a good deal because it would perhaps have the appearance of a democracy but it would not be one.

It would be very dangerous to have in one country two kinds of society, two kinds of language, two kinds of relationships: the official and the real. Let me give you two examples: Poland and Italy. Two parallel societies now exist in Italy: an official society with laws and regulations, some very advanced, in the social field and elsewhere; and a democracy. And then there is another Italy that lives alongside the first, where a certain number of industrial practices of the 19th century have been rediscovered because they brought effectiveness. These two worlds co-exist: the official world and the underground economy. There has always been a bit of that in our countries. I fear that the underground economy will grow relative to the official economy and that official language will be increasingly divorced from reality. One sees that very clearly under communism, where the apparatus of the party is complete with theories, vocabularies and consultations which have nothing to do with reality. In Poland, Solidarity has demonstrated that clearly. And then there is another way of life, at ground level, where the people try to make do by working at two or three jobs, some of which are more or less clandestine, with parallel circuits, which one could really call a black market, and in addition they rely on the postal cheques that their cousins in America send. There is a gap between official society and the way in which people really live.

Now in our countries there are elements of this estrangement of the official from the real society. The growth of black market labour force
in France is a sort of natural human response, an expression of the need for effectiveness in the sense of the 19th century, to a social system which in the end is felt to be unsuitable because it is too heavy. We must avoid that because a democracy and the cohesion of society do not support this phenomenon of two parallel worlds which bear no relation to each other.

5. The Defence of Europe

Bolkestein: In your book I read the following sentence: ‘In this world of ours, full of risks, we cannot do without a unity of decision and of command.’ You also wrote: ‘Except for the communist countries, the world has but one centre: Washington.’ From this it follows, it seems to me, that Washington must decide and command.

Deniau: What I wrote is that in the actual world of today there is only one principal centre of decision and that is Washington. Our American friends in particular use the argument that in this dangerous world, in the face of Russian expansionism, a unity of command is needed. While recognising the value of this argument, I have tried to develop the thesis that a better equilibrium in the world could be achieved if there were several centres of decision and that Europe should be one such centre, not because of hostility towards the Americans, but because each side, European and American, accepts that there are differences - not hostility but differences.

Bolkestein: In that case, Europe must equip itself with military means, for to have ideas but not the means to translate them into action is fairly useless.

Deniau: Exactly! That is why I have mentioned the problem of defence, because in the end one is responsible only when one is able to defend oneself. One may chose the form of one's society, vote for a certain bill, try to find a solution to a crisis or to social problems but, in the end, the fact that we prefer to be communists, socialists, liberals or something else - that very possibility of choice presupposes that we are free. When you live in the communist world, you can no longer choose. There comes a moment when one is faced with a sort of inescapable lo-
if one wants to be responsible for oneself, i.e., for one's fundamental choices, one must be able to defend oneself, to defend the freedom to choose. If we want a Europe with weight, a Europe that can be a centre of decision and contribute to the equilibrium of the world, then we must discuss military problems. If we do not have a certain autonomy and a certain responsibility in the military field, in particular in the area of nuclear weapons, there will never be a political Europe. We should be clear about that.

**Bolkestein:** Does this mean a Franco-British cooperation? The Germans have forbidden themselves the use of nuclear weapons.

**Deniau:** That is one of the difficulties. If we want to have a serious military responsibility - and I don't mean a European cook on an American atomic submarine, as in the Multilateral Force, a project that has completely disappeared - the first problem is that of our relationship with the United States. The USA has never been favorably disposed towards independent nuclear forces in other parts of the world. We shall have to come to a preliminary agreement with the Americans, which will require very long discussions. We must agree with the Americans about the finality, i.e., about the usefulness of autonomous centres of political decisions. That is the first problem: how to convince the Americans that it is in everybody's interest to have several autonomous but friendly political centres of decision, well-disposed towards each other, in order to have a better equilibrium and a better division of labour.

If agreement can be reached about the final idea of a united Europe and its justification, then there will be consequences in the military field, i.e., Europeans must feel themselves to be more responsible - and more responsible in a more autonomous manner. The American nuclear umbrella and military guarantee, which are in any event indispensable, have the tendency to foster a certain form of irresponsibility among Europeans. In certain countries of Northwest Europe there is a sort of neutralist wave: ‘Why bother? It is a matter between the Americans and the Russians. We are spectators, certainly not actors.’

I think that is very dangerous. It is the very opposite of the idea of a Europe that plays a certain role. As soon as one is no more than a *voyeur,* i.e., when one renounces one's possibilities to act and to be responsible, a united Europe no longer makes sense. I do not want the idea...
of renewed discussions with the Americans to give rise to a movement of neutralism, which seems to me to be rather dangerous. On the contrary: every military force, even a neutral one, means an additional effort. The military budgets that are relatively the most important in Europe are those of Sweden and of Switzerland. They have drawn the logical conclusions from their political independence. They had to make a bigger military effort than other countries, which have the security of the Atlantic Alliance. It is a great responsibility, to take charge of one's own defence, but in my view it is a responsibility that ranks above all others.

Even if we come to an agreement with the Americans about the basic political problem, there will remain practical problems which are also very difficult. We must not think that we are going to replace the Americans. We don't have the necessary means, nor is our size sufficient. We can do something serious in Europe, however. For years it was good form to poke fun at the French military effort in the nuclear field, because at that time the accepted idea was that there should be no independent effort. Nobody makes fun of the French nuclear weapons any longer. They are not, of course, on a par with the American or the Russian weapons but they are something appreciable, something to be reckoned with. What I want is that there should be something appreciable in Europe, something to be reckoned with.

As far as the problem of Germany is concerned, which has forbidden itself - for it was a German decision - to possess nuclear weapons, I do not think that we should re-open that subject because the whole postwar equilibrium would be called into question.

I think we can make progress towards a better consciousness in Europe of our own responsibility in defence matters. First of all we can do more in the way of coordinating the manufacturing of classical arms. In that respect there really is a lot to be done. Our arsenals and our manufacturers should try to coordinate their stocks and production better, as has been done in the field of aeronautics.

In the nuclear field the responsibility for the finger on the trigger must remain with the nation concerned. To give joint diplomatic and political responsibility to five, six or ten countries is legally, psychologically or even materially not possible. But surely we can study the different cases for defence! While leaving the ultimate responsibility at the national level, we could define the conditions for use - not only for ourselves but also for the others - in consultation with our European neighbours.
That there should be a minimum of consultation on this subject is surely a modest aim. I don't know what the result would be. What I wish, though, is that some first class minds would begin to think seriously about the problems of European defence. It is as with the problem of our currencies: if we don't tackle the subject one day, there will be no Europe.

Bolkestein: Nevertheless, a unity of command remains necessary. Government by committee is something which for psychological reasons does not exist. It is a single will that must find expression. Who will exercise that unity of command? The President of France?

Deniau: Not for the others. But for France, yes. In view of our constitutions no solution can be envisaged other than to leave to each head of state or government the responsibility for the use of nuclear weapons by that nation. What we can do is initiate a sort of diplomatic preparation in which the conditions for such use are defined. No government by committee. In which cases will they and in which cases will they not be used? As strategic thinkers put it, there is not only an escalation in weapon systems but also in messages designed to be used in case of crises. Precisely in order to avoid a global conflagration, nuclear weapons are considered a deterrent and the possibility of their use is linked to messages which specialists call gesticulations: messages to the other side which say: watch out, if you do this, I'll do that; a system of gradual steps. Well, that is the sort of discussion among Europeans which would leave the final decision and the unity of command unchanged but would be very useful.

Bolkestein: Do you think that the European Defence Community was a missed opportunity?

Deniau: It was a missed opportunity in the sense that it has caused considerable psychological damage. It meant a break right through the middle of the French Parliament. It caused a debate that has torn the whole country and all the French parties in two. I recall a conversation with Jean Monnet in which I told him: ‘We shall have to talk about the problem of defence.’ He replied: ‘As long as I'm here, never. It is a world apart.’ He remembered the failure of the EDC. He also said: ‘It is a
world where I understand nothing of the reasoning - it is completely different from what I know and what I can understand.’ The failure of the EDC left us with bad memories and since then we have tended to forget about the subject of defence. One began to feel that one should not talk about it anymore. It had caused too much damage among Europeans; it had divided everybody; so one should not talk about it. I must admit that it is an extremely difficult subject. Having said that, I should also say that I do not think that the EDC treaty was a very good one. It did not come at the right moment. Therefore I do not regret that it never came to anything, but I regret the damage it caused, which has turned European defence into a taboo subject for twenty years.

**Bolkestein:** France has withdrawn from the NATO command structure. What would you say if the Germans did the same thing?

**Deniau:** It is difficult, and irrelevant, to compare the two situations. France is in a category apart, as indeed is Great Britain, because it has nuclear weapons - which makes for the real difference. France has withdrawn from the unified NATO command, but it has remained a full member of the Alliance and has honoured all the obligations that stem from it. If France had withdrawn from NATO because of neutralism - that would have been serious. But that was not the case. Everybody knows that in moments of danger, for example, at the time of the Cuba crisis, General de Gaulle was the first to say to the Americans: ‘complete solidarity.’ That has never been in dispute.

I think that it would be a rather disquieting manifestation of neutralism if Germany took such a step. It would be considered a break with the United States and that would be very dangerous. A properly European initiative at the military level would be a good development but it should not be ill-considered. Every country must realize that it would entail taking on greater responsibility. It could not have a smaller effort as a consequence.

**Bolkestein:** What do you think in fact would happen if the Americans withdrew their troops from Europe?

**Deniau:** It would be dangerous if they withdrew their troops, because that would be interpreted as a lack of interest in Europe. Therefore, if it
should come about, it must not have that effect at all. We need the American protection. The bare fact that the Americans exist is one of the conditions for our having freedom of choice. If the United States were no longer there, we would not have a choice. A possible withdrawal of the American troops must on no account give the impression of a sanction or a lack of interest with regard to Europe. The question I put in this regard - although the answer is rather dangerous - is this: if by chance, for internal American reasons, budgetary or otherwise, the Americans one day withdrew their troops, could that perhaps be the occasion for Europeans to become conscious of the necessity for taking action aimed at their own defence? I certainly would prefer such a movement in agreement with the United States and not as a manifestation of neglect or hostility.

**Bolkestein:** Would the Europeans become conscious of it?

**Deniau:** That is the danger. That is why I believe it would be better if the Americans did not do it unless it were certain that the Europeans were ready to take over. But I am not sure that the Europeans are ready to take over. I know a journalist who says: ‘There will be no Europe as long as there is no European defence. There will be no European defence because it is expensive, it is tiresome, people are rather pacifist by nature and they don't want to fight. They don't even like the idea that they might have to fight. As long as the situation remains as it is, there will be no European defence. Therefore, there will be no Europe. If one day, because of a bad mood or budgetary problems, the Americans withdrew their troops from Europe, then the Europeans would suddenly feel naked and they would react politically by saying: “Now we must make the effort to ensure our own defence.”’ But that is a little bit like playing Russian roulette. It would be very dangerous.

**Bolkestein:** You have written that Europeans have interests that are different from those of the Americans. That certainly goes for commercial and other short term interests. But are there differences in interest on a fundamental level and in the long term as well?

**Deniau:** No, I don't think so. I have said that fundamentally we belong to the same camp and agree in our conception of democracy, of human
rights and of freedom, quite apart from the gratitude which we - and especially the French, let me say that clearly - owe the Americans. But even though our fundamental interests are parallel, we may have different interests in the short run or in particular cases - commercial, economic or monetary - because our traditions and our obligations are somewhat different. Because we disagree on a customs duty or on a certain aspect of GATT or of agricultural policy, our American friends must not think that we are anti-American. We must take a relaxed, or at any rate dispassionate, view of these things. It is normal that there should be differences of opinion between allies, however close they may be. These differences must not become confrontations, or hostility, or defiance. It is normal that in a family people have different characters. We cannot automatically have the same attitude as the Americans toward everything that happens in the world.

Let me go a step further. I come back to my theory about centres of decision. It may be of importance for the equilibrium of the world that different centres of decision with somewhat different conceptions, not of overall philosophy but of particular instances, can intervene in certain situations. We have seen that during the Carter presidency there was a certain American absence and we have seen the serious disadvantages to which that gave rise. During the time that President Nixon's hands were tied because of his own problems and then again under the Carter presidency, we have seen a certain expansionism by the Soviet Union. There was nobody who could take over. We were not organised because we were used to the fact that Washington did everything. So I think that if such a reorganisation were done well, it could be useful for the equilibrium of the world.

6. Eastern Europe

Bolkestein: One could say that reunion with Eastern Europe is a mission for Western Europe. You yourself have written of a Europe ‘from Brest to Brest Litovsk.’ One could also think that Finland is Finlandised and therefore to a large degree independent because Sweden, although armed, is neutral. If one follows this line of reasoning one could suppose that if Western Europe was armed but neutral, this might result in Eastern Europe becoming Finlandised.
Deniau: We should not misunderstand Finlandisation and the situation of Finland. Finland is not a model for us. I have said so to my Finnish friends and they agree completely. Finland is a sort of miracle. It has fought against the Soviet Union in 1939/1940. I recall the emotions caused by the attack on Finland by the Soviet Union and the heroic resistance of the Finns, a few millions against that colossus. At the end of the war the Soviet Union took over parts of Germany, Poland, Czechoslovakia and Rumania but she has not annexed Finland except for a small part. She has left Finland to continue as an independent state, albeit with a considerable Soviet presence across the border and of course no possibility to express an international opinion which would be violently hostile to the Soviets. So Finland is not a model: it is a miracle. It would not have been very difficult for the Soviets to say in 1945: ‘Finland has fought against us; it is an ancient province of the Russian empire; and we will once again take possession of it.’ They annexed part of Czechoslovakia and nobody protested. It's a miracle.

I don't think that the Soviets are ready to reduce their influence over their satellites. We see it every day. Now, Warsaw is Europe. So is Cracow and Bucarest and Prague and Budapest. That is perfectly evident. In the list of projects for Europe which I have quoted in my book and which goes back to the thirteenth century, Eastern Europe has contributed practically as much to the formation of the European spirit as Western Europe. Therefore it would be a pity to accept forever this division of Europe and the fact that the others are no more than satellites of the Soviet Union. But one should not dream. For the moment I don't see the Soviets being ready to reduce their influence.

We have been able to develop individual relations with these countries in Eastern Europe. If there had not been twenty years of detente and of all sorts of commercial exchanges, I don't think Poland would have been able to get to the stage where it is now, i.e., where there are free voices, voices of protest, which find expression - even though all this is very fragile and could be destroyed from one day to the next. One therefore has to work for the very long term.

If the Soviets agreed to let go of their satellites, what price would we have to pay? Would Eastern Europe be Finlandised or would Western Europe be Finlandised? That is the real problem. The Soviets would, of course, accept a Finlandisation of Western Europe. But I don't think that they would agree to give the status of Finland to their satellites if
Western Europe remained strong, armed and attractive. One therefore has to be discrete on this subject. We must not lose sight of our objective, which is a great objective, of establishing again a certain level of contact with the countries of Eastern Europe, even though most of them have very little room to manoeuvre. If Poland had not had the strength of the Catholic church, the Russians would have normalised it long ago, as they have done in Czechoslovakia.

**Bolkestein: What could be done to help the Poles regain a bit of liberalism?**

**Deniau:** We must help them economically as long as the Polish government allows a certain evolution of the regime. I have no illusion whatever that this cannot mean complete independence from the Soviet Union. But the evolution of Poland should continue. It may become a sort of compromise that does not go as far as the status of Finland. This is not easy. You know that with respect to Yugoslavia, which is outside the Soviet block although bordering on it, the Soviets have had a lot of problems. They have taken a long time to recognise that Yugoslavia could pursue an autonomous experiment. At first there were extraordinarily severe condemnations. I remember reading in *l'Humanité* an entire page of condemnations of Tito by the Kominform, which ended in this fantastic sentence: ‘In conclusion, we can say that Tito is one of those bits of refuse which mankind on the march periodically throws off into the wastebins of history.’ That was the official phrase. So they have had a lot of difficulty in recognising Yugoslavia as an autonomous entity. The Yugoslavs know that the future holds dangers and that too great a difference among themselves could offer a pretext for the Soviets to intervene. Now for the Soviets to recognise this in the case of Poland - which is inside the Soviet system and ensures communications with East Germany - one should not have too many illusions. One should very carefully, very steadily, assist the birth of another solution in Poland, which could not call into question the present system from one day to the next but which conserves for the future the possibilities of an evolution towards something more favourable for the Poles.

* This interview took place in September 1981.
Bolkestein: Do you think the USSR is a society that functions, albeit badly, and that it is stable enough to last a long time?

Deniau: All those appealing political refugees should not create the impression that suddenly there will be a revolt among the almost 300 million inhabitants of the Soviet Union, that there will be a reversal of the regime. That would be an illusion. Russia functions, with its advantages and its disadvantages. The weight of its institutions, its accomplishments, the progress it has made in certain areas - which one should recognise - the role of the police and of the party, all that makes in the end for a rather stable whole. For the present I don't see factors that could really change this situation. Now it is true that some Russian intellectuals are forced to go into exile or they may find themselves put away in psychiatric hospitals. This is a bad sign for a regime, even when it concerns an extremely small proportion of the population. It's as under the Czars. Without doubt it is a bad sign for the regime.

It is also true that for a few years now the ethnic Russians have no longer been in the majority. They form 49% of the population of Russia today. The majority consists of the Ukrainians, the White Russians and all the other nationalities of different origin. But they are widely dispersed and none has sufficient weight to predominate in Russian society.

The Soviet Union exists through the sheer weight of what it represents, with all the advances it has made, with its failures in some economic spheres and its more important failures in human rights. It is a very heavy administration, which is of course part of the Russian tradition. It has formidable means, military and political. But an important change which occurred some years ago is that I no longer think such a system represents for us, and for many people, any ideal. Not one French communist dares to say clearly and openly, as he would have 20 years ago, that the USSR is a model country for him.

7. Decolonisation

Bolkestein: General Massu has won the battle of Algiers. The FLN has admitted it. They have said: ‘The battle of Algiers was our Dien Bien Phu.’ If the French had employed Russian methods, they would still be in Oran. There are no precedents for empires that dissolve voluntarily.
Was decolonisation a failure of the will?

Deniau: I know two cases of, let us say, semi-voluntary decolonisation. Retreats are never made unprompted by previous problems. Still, the British have at a certain moment decided, without having suffered any military defeats, that they had to leave the Indian sub-continent and give it independence. Of course, they left their successors to deal with very difficult conditions, because of the partition between India and Pakistan which caused the deaths of millions at the time and has obviously created tension in the region. Still, they left. The French have not done the same in Indochina or in Algeria. They have not done so in Algeria in particular because it concerned French départements and a very large French colony. The British in India were few in number, a few tens of thousands in a continent of several hundred millions, who practically played the role of what would now be technical advisors to an independent country.

We have managed things better in black Africa, as you know, and have maintained close relations, on the whole, with those countries. I can mention several completely independent countries in black Africa where there are now more French then there where when they were colonies.

So certain countries, seeing a situation evolve, knowing that there are problems and that those problems can be solved in no other way, have had the wit to say: ‘Empires are no longer appropriate - we must find a new sort of relationship which ought to be wholly amicable.’ This is now called cooperation with special ties. The British have developed that relationship in a certain number of countries and we have done so as well.

As you say, the military engagements in Algeria have been won by France, nobody doubts that. But French opinion, in France, could not tolerate that colonial war. It lasted too long. At the same time there was considerable pressure from international opinion. A different solution would have meant - and I think at a certain time it was a thesis of Ben Gurion - a sort of Israel in Algeria. We would have had to regroup all the French, and those Arabs that wanted to work with the French, and concentrate them in one half of Algeria. We would have had to put up barbed wire and prepare ourselves for war and attempts at assassination over a period of twenty years. General de Gaulle did not want that,
thinking that it would have hampered every action of France, both economic and political. It is also absolutely clear that the majority of the French did not want it.

Now the Russians have never relinquished one centimeter of their territory. They are still in Tadjikistan, in Uzbekistan and in Azerbaïdjan. They have kept the empire they conquered at the end of the nineteenth century. I have heard communist leaders in Eastern Europe say: ‘Détente is for us simply a way to gain other countries, because history moves in the direction of communism and to the advantage of the Soviet Union. There can be no question of retreat. It is capitalism which must retreat and abandon its empire. Our empire has the future! It brings liberation to the peoples and therefore it is bound to extend itself to Angola, Ethiopia, Cambodia and Vietnam and so on.’

It is true that the West may give an impression of weakness in the face of the permanence and the continuity of Soviet power. But the important point for us to realise is whether in our democracies public opinion accepts the sort of presence that results in conflicts. We have seen that public opinion does not accept it if those conflicts last. In the case of the Dutch colonial empire, there was also considerable international pressure, especially from the Americans. At a certain time the Dutch were told: ‘Gentlemen, get out.’ The Americans now realise that they have perhaps gone too far in their refusal to accept this role for the European powers, which was an American theme. It has now changed somewhat, but ten or fifteen years ago, when I was in Africa, I knew Americans who were astonished to see how good relations between the French and the Africans were, even in those areas where we had fought one another. That really astounded them. After all, we have something in common with the Africans and there is no fundamental hostility between us.

Would we have been able to act like the Soviets and say: ‘We are in Algiers; people may say what they want; there may be international pressure but we don't care; there may be people killed and a lot of expenses but we are going to stay as long as is necessary’ - as the Soviets are now doing in Afghanistan? You can only do that if you are not in a democracy and if you don't have to deal with public opinion. So my answer is: decolonisation is, when properly done, a success of the will and not a failure.

Bolkestein: Still it was the popular will that was lacking, as it was in
Belgium at the time of the independence of the Congo. There, to put it mildly, the people are certainly no better off now than they were under the Belgians. It is a matter of psychology. In your book you have drawn attention to the fact that the feeling of being European has been lost. Is there a connection between these two phenomena?

**Deniau:** Yes, there is. I remain a supporter of decolonisation when it is done properly, as it was in black Africa, where it has been to the benefit of everybody. But this phenomenon can also contain an element of resignation, of not believing anymore in oneself and in one's vocation. Now, that is a very serious thing. If that is the case, it would mean that Europe, which had a world-wide calling, a global role with some good and some less good aspects, no longer believes it has a role to play, because Europeans no longer believe in themselves. That is a major psychological problem. As I wrote in my book, it is all very well to try and create Europe, but we shall first have to create Europeans. I am not against lowering import duties but the real question is whether there are still Europeans who feel themselves to be such and who are ready to act as such.

8. Europe

**Bolkestein:** Renan said that a nation consists of the remembrance of having achieved great things together and the will to achieve great things to come. One could apply this to Europe: has it the will to achieve great things together? At the moment, that will is not conspicuous.

**Deniau:** In the past we have not achieved great things together but rather against one another, so it is not easy! Europeans have killed other Europeans so much over the centuries that it is very difficult to know who in the end has won and who has lost, because we have all taken turns at being in either position and in every possible way.

I remember a distinguished Englishman saying at a banquet of a Commonwealth association in Newcastle, at a time when Great Britain was opposed to the Common Market: ‘There is nothing for us in that association of vanquished peoples.’ I picked up that phrase in a declaration and said: ‘It is true: we are an association of vanquished peoples. But precisely because we have fought one another so much, we found
that enough was enough and that we had to think of something else.’ That is why the German-French understanding lies at the base of Europe. It was brought about by the deep motivation, apart from the economic aspects, to find a type of relationship between France and Germany which would prevent another European war and thus another world war.

The great things which Europeans have achieved together have been done to combat a common danger. Let me give two examples: the battle of Lepanto for Southern Europe and the liberation of Vienna at the end of the 17th century for Central and Eastern Europe. Here a truly European consciousness arose, which lasted as long as the battle or the campaign lasted, in both cases against the Turkish danger of the time.

What great things can we achieve together today, to take up Renan's definition? We could try to fight the economic crisis together, a bit more than we have done until now, but that is difficult because we do not harmonise the dates of our elections and even less their outcome. So our governments may have completely different ideas about the way one should fight in Europe against a world crisis. The French and the Germans came away from the Ottawa conference with different internal policies. The government of Mitterand decided to reflate on its own while the German government rather decided in favour of austerity. So one can see that it is not easy to arrive at a great European policy, perfectly coordinated, to combat unemployment and inflation.

Then there is the problem of aid for the Third World, in respect of which Europe retains a particular calling and where Europeans are well thought of. As a member of the European Commission, I was responsible for our relations with developing countries. I was also President of the European Development Fund. I started the negotiations that led to the Lomé convention. I invented Stabex, of which I am very proud because I did it by myself. Stabex is based upon the idea that Europe should provide a sort of basic insurance against excessive variations in the revenues of poor countries that produce raw materials, either because of international speculation or because of climatic conditions, so that these countries derive at least a guaranteed minimum revenue from their natural resources. The idea of a particular European vocation with respect to the developing world in her search for a world equilibrium is a great one. Here Europe has already done something which is well regarded. The government of Giscard d'Estaing tried to start a North-
South dialogue. Everybody recognised that something had to be done in that field. At the same time there are limitations in global consultations: the more participants, the more the interests vary. Moreover, when everybody feels the crisis, national egoisms predominate.

With you, I am searching for the grand design that one ought to hold out to the Europeans. For years they were told: build Europe! What I have tried to explain, with some regret, is that this grand design could not simply be: build Europe. One should say: we are going to build Europe in order to achieve this or that object. This notion takes it one stage further. It means a European programme. It means that when we have made some progress with the Six or the Nine or the Twelve - although perhaps not often with all twelve for all subjects - we are going to do this or that with Europe. If we don't, Europe remains a word, an empty shell.

Bolkestein: I do not think there is a precedent for nations with a long tradition of rivalry and warfare to unite voluntarily, even in the face of a common danger. The Greek city-states, for example, were unable to come to agreement, even when faced with the Macedonian enemy. In your book you have mentioned Switzerland and the United States, but their constituent parts did not have a tradition of rivalry and warfare. If I am correct, this does not bode well for unity in Europe.

Deniau: That is why my book is a bit pessimistic. It is true that it is very difficult to overcome one's rivalries, even in face of a common danger, although a common danger can be useful. In all the plans for European unity that have been made over the centuries, it is always a common danger that is emphasized because people feel that this is the only possibility for making progress. First it was the Arab and the Turkish danger and then, later, it was the threat of Russia, which was thought of as a menacing superpower.

I recall that the Russian operation in Budapest in 1956 was a motivating force that psychologically pushed us along in the final negotiations of the Common Market. One felt it was ludicrous to continue to fight over percentage points of custom duties when one heard the dramatic news that arrived from Hungary and from Suez. Two old European powers, France and England, were blocked purely and simply by a veto of the superpowers, the USA and the USSR. We felt it would be ridicu-
lous to continue our traditional quarrels.

Another factor was a very strong sentiment concerning the horrors of the world war which had come about because of our divisions. That is the actual problem of the future of Europe: the deepest stimulus, in those post-war years, was the memory of the horrors which had occurred in Europe through the divisions and rivalries among the European countries. It was a negative motive but quite a strong one. Added to this was the possibility of opening the window a bit economically, for which there was also a great need. But the fact is that these two motives are now much weaker. The younger generation has much vaguer memories of the World War. Economically we have achieved such a degree of freedom in international exchange that people are now more aware of the difficulties that must still be overcome than of the advantages they have achieved. One should bear in mind, however, that there is always the danger of a resurgence of nationalism and protectionism.

The real problem is now that there is not sufficient motivation for Europe. We must find that motivation. We must find something new and positive. What I have tried to point out is that Europe should again be given a world role. That would not be a bad thing for the equilibrium of the world but it presupposes a rather profound transformation. And that is also why I want Europeans to give themselves a new common economic and social doctrine with which to face our current problems. Finally, that is why I believe that our fundamental aim must be to create anew a European civilisation, not only a European way of life but also a European culture.

9. Again the Welfare State

Bolkestein: Do you think that because most European states are now welfare states, with all the nationally determined laws and regulations inherent in such states, the work of unifying Europe has become more difficult and that it would have been easier to unify liberal economies?

Deniau: Certainly. It seems a paradox but it isn't. I have heard an illustrious Frenchman, none other than Mr. Mitterand, say: ‘Europe will be socialist or it will not be.’ Now all our experience shows that socialism in all its shapes - and there are several - tends to isolate a country, if only because it requires far more interventions and because each intervention takes shape within national borders. So socialism is not a factor that
promotes cohesion, unless it happened that everybody miraculously belonged at the same time to the left wing of the Labour Party or to one of the currents of the French Socialist Party. If that is not the case, everybody looks for his own solutions to his own problems with his own methods and his own habits, and that is not an obvious factor promoting European unification.

**Bolkestein:** Moreover, each intervention by the state calls for others.

**Deniau:** The more one intervenes, the more it becomes impossible not to intervene. When one has intervened for 85% of the population it becomes disgraceful not to intervene for 100%; and when one has intervened for 100% it becomes disgraceful not to go into the detail of each intervention. This proliferation of papers, circulars and regulations takes place as a sort of natural movement: it is not only the legal or the corporative spirit, it is that the more one intervenes, the further one is obliged to intervene, and to intervene in detail. If not, it becomes odious and unjust and it is not accepted.

**Bolkestein:** You are saying that some degree of abstention is called for. That is a very difficult thing for politicians because they want to show that they have done something.

**Deniau:** Of course. It is very difficult and it requires a lot of intellectual courage. It also requires the additional effort involved in thinking the doctrine through: should one intervene or are there certain areas where, on the contrary, one should plan not to intervene? Furthermore, if one does decide that it is necessary to intervene, in view of the real needs of society and the real interests of our countrymen, who should intervene? The state? Local corporations? Private associations? The family?

In France, people have been grouped by age and we have made homes or asylums for old people. But we have discovered that this amounted to a type of segregation which was very expensive and which did not promote the happiness of the people concerned. Old people preferred to stay at home and not to find themselves exclusively among other old people, as in a ghetto. The system that we used to have but which has disappeared in most of our countries, in which it was usual for three generations to stay together, was really more humane. Young people
tend to reject that way of life and therefore the primary family is now reduced to a
couple and its young children. The primary family that extended over three
generations, with a sort of division of labour, has gone. It allowed old people to
remain in a family environment and to feel themselves to be of use. It was also very
handy to have the grandmother around to look after the children, rather than having
to call upon paid staff, and it was also a justification for the grandmother herself.
Now if one puts grandmother in an asylum, at the expense of the community, one
has to put the young children of the family in a crèche. Therefore the state had to
undertake an enormous programme of building crèches. Women want to be
independent and those who work find that they cannot at the same time see to the
education of their children and have a job. It is true that for working women it is a
heavy burden to have young children to educate, but it is also true that nothing can
replace education by the parents. The tendency has been to lower the age at which
children enter school. Some years ago it was when the child was five years old and
then, under pressure from the parents, classes were started for four-year-olds, then
for children of three years, and often now for children of two years. This does give
the parents time for something else but it also causes a certain irresponsibility on
their part as well as a considerable expense for the state.

I think that we should consider where we are going. Are we, perhaps without our
real awareness, moving towards a quasi-Soviet type of society, i.e. where the state
looks after everything and where the individual perhaps manages to regain a certain
autonomy during his vacations and through reduction of his working hours? At the
moment, the primary wish of our countrymen in Europe is for shorter working hours.
For the worker, the whole year is justified not by what he does in his job, but by the
month in which he takes his vacation, to which he looks forward for 5½ months and
which he remembers for the other 5½ months. Is that the future of our society - to
increase our free time while society looks after practically everything during the rest
of our time - or can we create again conditions of work that give everyone more
responsibility?

The one thing I hope for is that we do not let ourselves be carried along by these
snowballing interventions which, once begun, are practically impossible to stop
because they feed upon themselves, like inflation. Can we stop that development? I
believe that until now we haven't systematically thought about that in Europe.
Bolkestein: Emancipation is a European ideal, a liberal ideal. Could one say that a society may be destroyed by its own ideals if they are carried too far, and that one aspect of liberalism may be to avoid exaggerating one's own ideals?

Deniau: Definitely. It is the control over oneself and over one's philosophy that lies at the end of philosophy. It means that one's thoughts should find their limitation in themselves.

One day I was looking over the news of a rather well-known radio station for commentary and a journalist was passing news items to me. At one point, he said of one of these items: ‘This one won't interest you; it's about the number of cats and dogs that are abandoned just before the weekends.’ People who have cats or dogs sometimes want to leave the city for the weekend but they don't want to take the trouble of placing their pets somewhere, so they abandon them. Friday evenings you see a large number of abandoned cats and dogs. I told him: ‘Give me that item. I am going to read it out and I am going to comment on it.’ It used to happen to cats and dogs but now it happens to children and old people. It's horrible. They are not abandoned in the streets but they pretend to have developed influenza, a migraine or something else, and they are put in a hospital for two days. Yes, I am in favour of emancipation and freedom and vacations - but the philosophy of emancipation and of freedom must have its discipline.

10. Power in the Modern State

Bolkestein: MacMillan once said that a politician always seeks power. Then one day he becomes Prime Minister. He looks around for the power he has sought, but there isn't any. Do you think it is power that is lacking in our Western societies and that dictatorships are the only places where there is still power left?

Deniau: I once spent a long evening with Olof Palme, the Swedish Prime Minister, who is considered one of the socialist leaders in Europe, at my home in the countryside, and we talked about this very matter. When one is in power, how much power does one have in a democratic society? Both of us came to the conclusion that if one avoided revolutions and dictatorships, the quantum of action that the Prime Minister
of a democratic government disposes of is 5%. No more. By going to a lot of trouble, 
by having very clear aims and a lot of willpower, one could change 5% of those 
things one would like to change. All the rest is presented as established facts that are 
practically beyond reach, such as the trade balance, the level of investment, the 
demographic development, the usual income and the existing arsenal of laws, 
regulations and circulars. The power of any government in a democracy is thus 
diminished, if only by the accumulation of preceding interventions which give rise 
to established situations and rights, apart from international constraints. Knowing a 
bit about the problems of power - he as Prime Minister and I at a more modest level 
- we decided that the possibilities power gives for taking action, while avoiding 
revolutions and dictatorship and while taking into account and respecting public 
opinion, was a 5% influence on one's country and the lives of its inhabitants. Having 
made this pessimistic finding, we said to each other: but in reality that is enormous! 
It is the 5% that makes the difference between having freedom or not, between having 
responsibility or not. As in a company, it is what makes the difference between 
success or failure. It is what provides the link between events and what causes things 
to sway one way or the other. Therefore I consider it is worth our while to fight for 
that 5% because that is the price of responsibility and freedom.
Per T. Federspiel
(Copenhagen, 13 June 1981)
Born: 9 April 1905

Education: Harrow School, England, and University of Copenhagen (law).

1931-32: London correspondent to Danish newspapers.

1932-33: Assistant to Danish Council at the International Court of Justice in the Hague in the dispute with Norway on sovereignty over East Greenland.

Since 1937: Legal practice in Copenhagen.

1945-47: Minister for Special Affairs in the Danish liberal minority Government.

1946-49: Member of the Danish Delegation to the United Nations General Assembly.

1947-48: Member of the UN Palestine Commission (Partition Commission).

1947-73: Member of the Danish Parliament. 1970-71 Chairman of the Foreign Policy Committee.

1949-71: Danish representative on the Consultative Assembly of the Council of Europe.

1953-60: Chairman of the Economic Committee of the Council of Europe.

1960-63: President of the Assembly.

1960-73: Chairman of the Foreign Policy Society of Denmark.

1973-74: Member of the European Parliament.

1963-70: Vice President and member of the Executive of the International Commission of Jurists (Geneva).

1970: Honorary member of the ICJ.

Patron of the Liberal International.
Honorary Governor of the Atlantic Institute (Paris).
Member of the West European Advisory Group of Radio Free Europe (Radio Liberty).
Interview with Per Federspiel

1. The Welfare State

Bolkestein: It seems that the internal dynamics of the welfare state are such that it proves practically impossible to reduce the share of the public sector in national income. Is this also true of Denmark?

Federspiel: We have the same problem. A kind of momentum develops. There is no doubt, not even in the ruling Socialist Party, that a good deal of social legislation has gone beyond its natural limits. It is difficult to judge whether the social system works as it should, as a kind of safety net under those who, for reasons beyond their control, fall below a normal standard of living, or whether we have developed a system of rights where people simply can claim from the public purse a number of benefits which they could well afford to pay for themselves.

Bolkestein: The problem, of course, is to determine where these natural limits are.

Federspiel: It has always been my belief that people should be responsible for their own lives. Only when their efforts fail and they are reduced to poverty, owing to developments of society, or at least to a living standard below what they would normally expect, then it is a duty of the community to assist them. Unfortunately we have reached the point where many people are perfectly satisfied to live on public grants. It is one of the dangers of the welfare state that it tends to eliminate personal responsibility for maintaining one's own standard.

Bolkestein: Liberals often say that they don't want equality of results
but of opportunities and that education is one of the means by which one enables people to have those equal chances. If one follows that line of reasoning one ends up with positive discrimination. What is your opinion about it?

**Federspiel:** My feeling is that there should be equality of opportunity and nothing more. It would be unnatural for a society to expect everybody to be equal in every respect.

**Bolkestein:** Many would agree but equality of opportunity becomes somewhat theoretical if one compares people from radically different backgrounds.

**Federspiel:** We should have equal opportunities of education so we can develop our abilities and talents for the benefit of ourselves and of society. This, of course, implies that in our system neither teachers nor fellow-students discriminate on grounds of social background.

**Bolkestein:** It is sometimes said that the welfare state is, by definition, elitist because it sets certain ideals and tries to educate people to embrace those ideals. Should the Government restrict itself to alleviating obvious evils and abstain from fostering happiness?

**Federspiel:** The Government should take care of the ordinary conditions of community life and ensure for the citizens the right to develop their life in freedom and see that its services are running properly. There is a development of the trade union movement which is a threat not only to the independence of Parliament but also to the integrity of the Social Democratic Party. In the past trade unions have done a magnificent job in improving material conditions of work but today trade unions have more or less achieved their objectives. That leaves them in the position of representing a vested interest. They also constitute a political force, which they never should do. Trade unions acquiring a political dominance almost equal to that of Parliament form a very dangerous element of society. It puts pressure on the welfare system in directions which have very little to do with what we would normally call welfare. The political threat, of course, is that in these trade unions you get militant groups whose only political interest is to undermine existing society.
by non-parliamentary means, maybe even over the heads of sensible and reasonable trade union leaders, because their control over the movement has got out of hand.

**Bolkestein:** Will it lead to a form of corporate state?

**Federspiel:** I don't think so but the curious thing is that originally the trade union movement dealt with industrial workers. Today they are gradually switching to claim that they represent all wage-earners. Wage-earners are very nearly 80% of the working population which means that people who are politically not socialists get involved in the trade union movement because they think it is their interest group. You now get academics and government workers, even up to the higher grades, involved in exactly the same methods of pressing claims as trade unions have done.

**Bolkestein:** If we may for a moment come back to the matter of equality, I think it was Tocqueville who said that people can put up with inequality in an authoritarian society but that the more egalitarian a society becomes the more equality people want. If one follows this line of reasoning, people will not be happy until there is complete equality which is, of course, an illusion but it would indicate that there subsists a reservoir of resentment because of those differences that will always remain.

**Federspiel:** Equality can certainly never be a human right. Freedom is a fundamental human right and that is the basis of all liberal thought: to be free to develop your own personality, to develop your own work as long as you can do it with respect for other people's freedom. That is why in Denmark we never considered Liberalism as an ideology but rather as a way of life and an approach to thinking. Over a hundred years ago in my party we coined the word: freedom under responsibility. You must respect the rights of others but you must certainly stand on your own right to be a free man or woman - and that takes me again back to the question of equality. Every two years we have labour market agreements. In the present recession one arrives at a point where even the trade unions agree that one must show moderation in one's claims, but then everybody gets soft in the eyes and says: ‘We must do some-
thing for the lowest paid’. That is where the economy gets grounded because it means that a good many jobs simply don't get done as the minimum wage will not cover them. For a short time we had near-full employment. We had foreign labour coming in. Now the trade unions are very keen to see that migrant workers get the same pay as Danish workers, which is only fair. But with a minimum wage that the economy simply cannot bear, unemployment is increased both for national and migrant workers.

**Bolkestein:** Denmark has the reputation of being one of the most egalitarian countries in the world. Has this created frustrations? How important is the party of Mr. Mogens Glistrup?

**Federspiel:** The Mogens Glistrup Party entered parliament some eight years ago, almost on a parity with the Liberal and Conservative Parties. They attracted the most varied groups: disappointed Conservatives, some Liberals and even some Socialists and other left-wing people but mainly people who were dissatisfied with the performance of the existing political parties. Their original programme was, of course, a drastic reduction of taxes and abolition of the foreign service, the defence forces and a number of other public services. Now they are taking up individual cases, sometimes not without skill. In the more recent opinion polls they are gradually losing ground. I don't think they will disappear altogether because there will always be people that are critical of the performance of traditional parties. I think that they will become more acclimatized to parliamentary work and that, if we get the possibility of forming a non-Socialist government, they would be on the side of such a government. They never managed to develop a rational programme but they are definitely a kind of catalyst in the political system.

**Bolkestein:** You don't think that the frustrations of modern industrial society together with the economic difficulties of the moment will give rise to a call for a strong man.

**Federspiel:** That is very definitely against the Danish mentality. You would never get such an appeal across to the Danish population. We are fundamentally a debating and arguing people, but with no taste for absolute power.
2. Socialism

Bolkestein: Socialist parties have been virtually dominant in Scandinavia for a very long time. Why is that?

Federspiel: With industrialization workers move from the country into the towns and get absorbed in industrial organizations. The Social Democratic Party didn't really emerge until the early part of the century. Before that the interests of the workers were taken care of by the Liberal Party which in the nineteenth century was in opposition to the conservative oligarchy. It wasn't really until the trade unions began to develop that the Social Democratic Party found that it had interests which were different from those of the Liberal Party. The first socialist government was formed in 1924 but its policy was a very moderate form of socialism.

Just after the Second World War some 75% of our export income came from agricultural products and the rest from industrial products. Today about 80% of our trade revenue comes from industrial exports and less than 20% from agricultural exports, even though agricultural exports have not diminished either in value or in volume. There has been a spectacular industrial development which naturally helps the Social Democratic Party. In Sweden this has gone a good deal further. In Norway very much the same kind of development as in Denmark has taken place. You do get these quite considerable changes in the social democratic electorate, though. In the last opinion poll they lost very nearly 10 seats. Where these voters go, is very difficult to assess because there is a floating vote of about 20%. I should think that the Social Democratic Party has probably peaked out and that in the next few years we should experience the return of a good many voters who have supported the Social Democratic Party to the conservative and liberal camps. Some will, no doubt, move further to the left.

Bolkestein: You explain the dominance of the Social Democratic Party in Scandinavia by industrialization. This, of course, has also occurred in countries where there has been an alternation of parties.

Federspiel: There has been a very long stretch of Socialist government in Sweden, about 40 years, ending about five years ago when a non-Socia-
list coalition took over, which is still in office. In Denmark we definitely had variations. We have had in some periods the Social Democrats and the Radical Liberals working together. Since the war, however, we have had no less than four non-Socialist governments, which does show that there is a need in the electorate for change.

**Bolkestein:** It has been said that the Danish socialists are of a very dogmatic sort. Is that fair criticism?

**Federspiel:** I would not call them dogmatic. They had a long tradition under Mr. Stauning, who was off and on Prime Minister from 1924 until the war, of definite pragmatism and little respect for socialist dogma. In the years immediately after the war the Socialists were not in any way possessed by Marxist ideas. They were possessed by the interests of the labour movement. In more recent times the left wing has gained force and the moderate part of the Social Democratic Party has made more concessions than perhaps they really want, in order to keep the Party together. The same thing happens in England.

**Bolkestein:** Where do the radical Marxists in Parliament go?

**Federspiel:** The Communist Party is out of Parliament. The so-called left-socialists or Socialist People's Party, the old Communists who disagreed with Moscow over both Hungary and Czechoslovakia, are represented in Parliament and then you have right out on the left a Socialist Workers Party, which is pure revolutionary Marxism. The Communist Party is faithful to Russia: they are not Eurocommunists. Inside the Social Democratic Party, even among members of the government, you will find some people who are extremely theoretical in their approach. This has led to frequent contradictory statements of policy by Ministers and leading members of the party, which creates confusion in the electorate and doubts whether the present government is capable of formulating a policy to deal with the acute problems of to-day.

### 3. Liberalism

**Bolkestein:** In many countries Liberals find themselves in the middle,
which is an uncomfortable position. Look at the British Liberals (of course, their predicament is also caused by the electoral system), at the Italian and the French parties. Do Liberal Parties in Denmark also occupy this uncomfortable position?

**Federspiel:** I would rather say that other parties have stolen some of our thunder. What we have stood for as liberal policy has been taken up by others. The Liberal Party has not compromised on its original ideas of social justice and fair treatment within a system of free enterprise but that, of course, is not a particular programme. It is not an ideology, it is a way of life. Some people will tell you that the Liberals form the most conservative party. That is not really the case but we do represent a strong opposition to Marxist ideas and to the risk of Communist infiltration. We like to say that we stand for common sense.

**Bolkestein:** How would you describe the difference between the Liberal Party and the Radical Liberal Party?

**Federspiel:** The difference is traditionally one of foreign policy and defence. The Radical Party split off from the Liberal Party in 1905. One reason was the creation of a small-holder movement, backed by the Radicals, that aimed at a policy of land-redistribution. That is now out of date. The other reason was defence. They firmly believed in neutrality and thought that this country should have no armed forces except to patrol the border. They are still very pacifist and believe in neutralism.

**Bolkestein:** There has been a shift to the right in political terms over almost the whole western world. Is this taking place in your country too?

**Federspiel:** There is a trend towards a more open Liberal approach in politics, which will ultimately lead to a switch away from Socialism.

**Bolkestein:** The Dutch Socialist Party has two dominant themes. One theme is: more control over society in its various aspects. The other is: more equality. These two themes are now singularly inappropriate. The Socialist Party has no answer to what you might call the internal contradictions of the welfare state. It is therefore bound to lose influence and
votes. One of the criticisms that is leveled against Liberals is that in economic policy they appeal to the materialist instincts of people while Socialists say that they appeal to the better instincts. Against this one could say that it is one of the ironies of history that sometimes people who start with the best of intentions end up with a terrible solution whereas people who start with a sceptical view of human nature often arrive at a more democratic and open society.

**Federspiel:** We reject egalitarianism as we reject most ideologies but we do believe in cooperation. Denmark is one of the cradles of the cooperative movement and not only in agriculture. The whole of our real estate credit system is based on the cooperative idea. In this country there is a very short distance between classes. In fact, some of the real distinctions subsist in the working class. If you go to a construction enterprise you may see skilled workers refusing to have their meals together with the unskilled, whereas you find managers being perfectly happy to share a table with anybody. That is also why the system of participation in the boards of companies has worked well in this country. It is perfectly natural in Denmark to work together at all levels. That is where the hope is for the future, that we get also the trade unions to realize that it is no use having one group pressing its claims - we have to work together to put the country on its feet again.

4. **Industrial Democracy**

**Bolkestein:** Which model of industrial participation do you have?

**Federspiel:** The system is fairly simple. In companies (public or private) with more than 50 full-time employees a majority can demand representation on the board. Election is by secret ballot and the numbers correspond to one half of the members elected by the shareholders. If this is an uneven number the next higher even number is the basis. Eligible are only employees, who have worked continuously in the company for at least one year. The members so elected have without exception the same rights, duties and responsibility as the shareholder-nominees.

**Bolkestein:** Your system of participation is much less radical than the
German or the Dutch system.

**Federspiel:** It is true that our system is less radical than some others. An important point for the Liberal and Conservative Parties was to keep the system as a local affair within each company's own domain, that is, without direct and indirect interference by the trade unions. Generally speaking the system has worked satisfactorily. To my knowledge there has been no serious case of disloyalty on the part of employee members. On the other hand the voice of the man or woman on the floor has frequently been useful to board and management and opened their eyes to innovations.

**Bolkestein:** Have the unions put forward the demand that the works council should have a say in the company's investment decisions?

**Federspiel:** The unions have certainly raised the idea of what they describe as economic democracy. The idea is to build up a large central fund out of part of annual company profits or alternatively a levy on pay-roll, for the purpose of reinvesting capital in the companies and thus gradually acquiring control of the business world. This idea has in principle been taken up by the Social Democratic Party, but is strongly resisted by a very large section of the workers themselves, who absolutely prefer available earnings to be added to their wages rather than place power in the hands of the union bosses.

5. The European Community

**Bolkestein:** How firmly a member of the European Community is Denmark?

**Federspiel:** If you read the opinion polls you will probably get the impression that there is a trend towards opposition to membership of the EEC. That is very largely because the question asked is: how would you have voted in 1972 (when we voted ourselves into the Common Market) if you had known the conditions of today. Naturally there have been many disappointments in the EEC. If they would ask whether today you would vote to get Denmark out of the EEC, you would probably find that people would say: no, let us give it a chance. There is
not really any fundamental change. Of course, the EEC is not a question of butter prices or green currencies or even of agricultural markets or fisheries. The origin of the EEC is to get the European countries to work together and avoid the terrible wars we have had for centuries. In that respect it is not difficult to convince the Danish people that the EEC has been successful. The quarrelings within the EEC are not different in principle from the quarrels in our own Parliament. This doesn't mean that we are not critical of many things in the Community. Denmark keeps close control at the parliamentary level of what is happening in the EEC. Right back in 1960 or 1961 when we first applied for membership we set up a parliamentary committee to deal with Common Market affairs. When we joined in 1972 there was a very strong minority in Parliament which insisted on keeping this committee going with a view to discussing with the government any measures to be taken in the Council of Ministers of the EEC so that they wouldn't be pulled down over Parliament without it having had any influence. That has really worked quite satisfactorily. Naturally, you don't go into every detail but it does give government the assurance that if it goes to the Council of Ministers either to vote for a proposal or to reject it, it has the necessary parliamentary backing.

Bolkestein: How does it work in practice? If there is an all-night session, do Danish parliamentarians in Copenhagen sit through the night too and talk to Brussels?

Federspiel: Even before these discussions start the Minister would get the opinion of the Committee on the various options. Of course, you may get a very clear-cut issue where parliamentary consent is explicit, possibly subject to specific conditions. Only if the situation changes substantially the Minister will have to refer to Copenhagen and consult the Committee which can be called at short notice. After all, it is only an hour's flight from Brussels to Copenhagen. So from a practical point of view the procedure hasn't really been an obstacle. The theoretical objection to it is that a parliamentary organ in an individual country becomes, so to speak, a part of the decision making process in the Community.

Bolkestein: It does imply what in The Netherlands is called a monist as
opposed to a dualist theory of government: Parliament looks over the shoulders of Ministers to take decisions in Brussels together with them.

**Federspiel:** It is true only in very controversial cases. Normally, the Minister will know the positions of political parties.

**Bolkestein:** You said that if people had to vote again they would give the Community a chance. Are these feelings also reflected in the Socialist Party? One of the interesting things about socialism is that having started out as an international movement it has degenerated into a collection of nationalistic parties.

**Federspiel:** There is very much the same trend here. The anti-EEC movement is a very curious body, ranging from the communists, who have no other interest than to disrupt society, to fanatical nationalists or ‘little Danmarkers’. They hold meetings all over the place but they form a quite incoherent body and could never form a political party. Whether they can keep up their momentum in the long run I very much doubt. The mistake we made in 1972 prior to the referendum was that we argued about all kinds of economic advantages and not the essential point that this was a way of getting the European nations together so they would not go on fighting meaningless wars against each other. The two sides were really arguing on the opposite side's premises: the anti-EEC people arguing the political aspect and the friends of the EEC stressing the economic aspect.

**Bolkestein:** Is the ‘little Denmark movement’ gaining strength within the Socialist Party as the ‘little England movement’ does in Britain?

**Federspiel:** I should think not. There is much dissension within the trade unions but the present Prime Minister is a very convinced European.

**Bolkestein:** Do you think there is a chance that Norway and Sweden will apply for membership of the Community?

**Federspiel:** If Spain and Portugal come in, the EFTA-rump will have less and less importance and possibly find difficulties in negotiating new agreements with the Community. If the EEC develops in a better way
than it does now I should think they would be interested in joining. There was a strong movement in Sweden but it never came to anything. If it hadn't been for the mistake we made of having the Danish referendum a week before the Norwegian, I think Norway would have come in.

**Bolkestein:** Are the people that are now on the European Commission of the same calibre as those that were there 20 years ago?

**Federspiel:** On the whole the standard of the Commissioners has been pretty high, and still is, but the question is whether their working conditions are satisfactory and whether their contacts with the individual countries and governments are as good as they should be. This is really where I see a role for the European Parliament. Now that Parliament is elected by general franchise it should attain a powerful position. After all, in most countries there was a satisfactory poll which means that those elected to Parliament have substantial popular backing. If there really is in the European people the will to preserve what they have created over a thousand years and the realisation that this can only be done if they put their strenghts together, Parliament would be in a strong position to put forward demands. It hasn't really done that because it has been overloaded with very often quite trivial matters. From time to time I have tried to move the idea that the two new institutions, namely the European Council (the so-called Summit Meeting) and the directly elected Parliament, should be matched as a new dynamic force by holding regular conferences, say 2 or 3 times a year, to debate in depth the vital problems of the European Community. This would give the Council a platform, which it does not have at the moment, and it would give the Parliament an opportunity to express the coordinated will of the European peoples.

There was a certain precedent in the Council of Europe. The original opposition there came from Britain, where Ernest Bevin was horrified at the idea that European Parliamentarians would criticise the British Government in Strassbourg. He only accepted the Parliamentary Assembly on the condition that it would be purely consultative. Naturally, in an Assembly comprising Winston Churchill, Harold MacMillan, Herriot, Paul Reynaud and a number of other responsible parliamentarians with governmental experience, you couldn't just muzzle them. Therefore a
Joint Committee was set up which in the early years was rather an absurdity. When the Committee put forward questions or recommendations and requested the opinion of Ministers, the secretary of the Committee of Ministers shoved up a piece of paper before the Minister who happenend to be chairman of the Committee and he read out the seven or eight lines and that was the Minister's answer. You really got no discussion going.

In 1960 we negotiated this with the Chairman of the Committee of Ministers who at that time was Averof. At the end he realized that we must get a proper dialogue on essential questions going between Ministers and Assembly. So we established the 'Colloque' which was held twice a year and where there was an absolutely free discussion. The meetings were entirely off the record. We got some very valuable information about what Governments were thinking, which enabled the Committee in working out new proposals to see what was politically possible. There is absolutely no reason why a similar thing shouldn't develop between the European Parliament and the European Council.

Bolkestein: The Dutch Prime Minister tried to give an account of the European Council meeting at Maastricht to the European Parliament but ran headlong into a French veto. De Gaulle wanted his 'l'Europe des états' and it seems that he is getting his way.

Federspiel: It was exactly the experience we had in the early days of the Council of Europe. These things must be argued out patiently and not in formal meetings.

Bolkestein: Should we not move as quickly as possible to a system of majority voting and not by unanimity?

Federspiel: One of our troubles is that in the 1970 campaign to the referendum the Government which was quite definitely afraid of a negative vote stressed that we always had the veto of the Luxembourg Agreement. The idea of the veto is still predominant in many circles. There is, of course, especially in a small country, a fear of being overruled on a question of vital interest. I don't think there will be many difficulties in persuading people to accept majority voting in questions which are not of essential interest.
Bolkestein: The idea has been put forward that the European Political Cooperation should be given a Secretary General with a small staff in a central location and that one should combine the function of Secretary General of the EPC with that of Secretary General of the Council of Ministers. Does this idea appeal to you?

Federspiel: The European Political Cooperation has developed quite satisfactorily. It has given an image to the idea of cooperation in Europe. I don't think it should have a large staff but it should have a secretariat for the purpose of sorting out what has happened and to see that decisions are transmitted properly.

Bolkestein: With the accession of Portugal and Spain to the Community the number of Commissioners will increase rapidly. The process of decision-taking in Brussels is becoming ever more difficult. Should one restrict the number of Commissioners to one per country?

Federspiel: I can't see that it makes a lot of difference if there are nine, thirteen or seventeen commissioners. We have seen how the number of portfolios in Governments go on increasing without diminishing the government's efficiency, even under collective responsibility.

6. Neutralism

Bolkestein: There appears to be a sort of Scandinavian view of the world situation which is, perhaps unjustly, typified by the Swedish view of Third World affairs and East-West relations. Is there such a thing as a Scandinavian view?

Federspiel: There is an idea in other parts of the world that Scandinavians are particularly neutralist when facing the dangers which exist today. I don't think it is true. Sweden, of course, is one of the most heavily armed countries in Europe and certainly well aware of its defences. It also knows which way it must look. Norway and Denmark are firm members of the Atlantic Alliance.

There are two facts which underlie the isolation, in a way, of the Scandinavian countries in international politics. We have always been consulting together, since 1920 also with Finland and after the Second
World War with Iceland when it became independent. Also, we speak not quite the
same language but we don't translate from one language to another. In 1936 there
was a thing called the Oslo-group of which the idea was that small countries, the
Benelux countries, Switzerland and Scandinavia, must look after their interest.

There is perhaps a redundant neutralist tradition in Denmark because for two
hundred years we had absolutely no other policy than to remain neutral and to keep
on good terms with the strongest power in the Baltic. The ‘balance of power’
presupposed that Great Britain could always intervene if one of the groups got too
strong and this was considered a kind of guarantee. However, no country in its senses
would guarantee the independence of Denmark as the guardian of the straits into the
Baltic. So we had no other possibility than that of being neutral. This led to certain
radical ideas, to the effect that we didn't need any defence or armed forces because
we could look after our safety by political means. That is the historical side of it.

After the war, somebody coined the word ‘Finlandization’, which is grossly
misunderstood, the implied idea being that Finland is simply a puppet of Soviet
Russia. Finland fought a very successful war against Russia and got into awful trouble
with both the Russians and the Germans during the war. Quite a number of Finnish
statesmen knew Soviet Russia well, not because they were communists but because
they had been to university in Russia. Finnish politicians follow closely what is
happening there. They signed a mutual assistance pact but nonetheless Finland is
pursuing an absolutely independent policy in close cooperation with the other
Scandinavian countries. It watches Russian reactions and always acts before the
Russians put any pressure on them. That is the reason why you hardly ever hear of
Russian demands upon Finland because they instinctively know how far they can go
without getting into trouble. The word Finlandization is an unfair term.

Last year we heard a similar term, viz. Denmarkization. Owing to some very
injudicious remarks by certain members of Government the idea got around that
Denmark wanted a free ticket in security matters and that wasn't really the case. The
Government was hard pressed by the economic situation and had to cut down on
everything, even on defence. In actual fact we have cut down no more on defence
than most other countries in Europe. The will to defend the country as a full member
of the Atlantic Alliance remains undiminished.
Bolkestein: In The Netherlands there is a rising tide of neutralism. Do I take your words to mean that in Denmark this does not exist?

Federspiel: I don't think so. What does exist is a certain fear of nuclear weapons, which has given rise to the demand that in time of peace we will have no missiles on Norwegian or Danish territory. Of late somebody has developed the idea, probably communist inspired, of a non-nuclear zone in the Scandinavian countries. That is a thing we reject as completely unrealistic. In this country we are definitely conscious of the communist danger, perhaps because we can see Russian, Polish and East German vessels traveling around our waters with bugging devices, checking up on almost everything in this country. We, on the other hand, keep a close watch on them and we are making no secret of it. We publish reports on nuclear preparations in the Baltic by the Russians and warn people that there is a risk.

Bolkestein: Are people in Denmark concerned about the changing public mood in The Netherlands and in Germany, not least as inspired by the churches?

Federspiel: The Church is not causing any difficulty in Denmark. The Church keeps aloof from politics. We are definitely worried by the trend in Europe to weaken defence awareness. One of the reasons for Sweden being neutral, though, is that it is one of the best safeguards for an independent Finland. Now you have a Swedish-Finnish neutral zone but certainly with a strong Swedish military apparatus.

7. Eastern Europe

Bolkestein: That line of reasoning could lead to the thought that if Western Europe were as neutral as Sweden, it would become possible for Eastern Europe to become Finlandized.

Federspiel: I doubt it. The Russians have managed as a result of the unfortunate Yalta agreements to get complete domination over Eastern Europe and very nearly got it in Austria too. I don't think they will slacken their grip on Poland or Czechoslovakia and leave them to Finlandize.
Bolkestein: As Talleyrand said, one can do many things with bayonets but one can not sit on them. Nothing lasts for ever. The military domination of the Russians over Eastern Europe is also bound to disappear. Of course it may last for a very long time. How can we speed up the break down of the party-state in Eastern Europe?

Federspiel: The attempts that have been made at Helsinki and in Madrid to establish a certain respect for human rights in communist states don't leave much hope. After all, that is a first condition of any liberalization in those countries. Until you get the Russians interested, by coercion, by bargaining or by sheer persuasion, I can't really see that there is any hope of their slackening their grip on Eastern Europe.

Bolkestein: According to some, the fact that the Russians let Austria go was a result of West Germany entering Nato. If that is correct, it would lead one to suppose that if one adopts a firm stand vis-à-vis the Soviet Union, it responds with concessions. What is your view of those events in Austria?

Federspiel: I remember having a talk with Figl who negotiated the Austrian treaty of 1955. His view was that when the Russians had Switzerland and Austria as a neutral barrier between the Northern and the Southern flank of NATO, that was really sufficient for them. Whether that is an adequate explanation, I don't know.

Bolkestein: An interesting question is whether Russian Communists are changing from being historical optimists to historical pessimists, since their economic difficulties are enormous and communism as an ideology has lost all credibility. If true, this would be very important because it might lead them to the conclusion that they should act before it is too late.

Federspiel: I know very little about Russia from the inside. In fact, I have never been there. I have been invited several times but I have always declined the invitation. I have met, of course, Russians like Gromyko and others in the early years of the United Nations. Their belief in the truths of Lenin and Marx was certainly strong and I suppose that is very much the case today. They haven't seen many results
for the seventy years of it. The more important thing, however, is not whether they are pessimists or optimists but how much power they have to stick to their positions and to retain it in spite of rising public opinion and how much they can control public opinion. I wouldn't be surprised if there comes a time when dissident opinion becomes so strong in Russia that they somehow or other have to compromise. I see no signs of it at the present time, though.

**Bolkestein:** Indeed, it seems that the dissidents in Russia regretfully form no more than a marginal phenomenon and that Russia itself is a stable society which can continue for a long time as it is. Eastern Europe is a different story. Eastern Europe looks West and not East. It is the achillesheel of the Soviet Empire. Once again, what can one do to hasten the process of liberalisation in Eastern Europe?

**Federspiel:** I doubt that we can do very much except do everything in our power to keep the people in Eastern Europe informed of what is going on. There are various means of doing that: not so much by the spreading of literature because that is easier to control but broadcasts by the BBC, Voice of America, Radio Free Europe and Radio Liberty - no propaganda but factual information of what is going on both inside their countries and in Western Europe. We do know that these radio stations in spite of being jammed are listened to and that what is broadcast is discussed.

**Bolkestein:** Is it your view that the new American administration is overreacting in trying to achieve advantages of a military nature that are uncalled for and perhaps even harmful?

**Federspiel:** I don't think they are harmful but there is a good deal of diplomacy that could be done more skilfully than what is happening now. A running dialogue with the Russians is certainly important. Whether you can get that dialogue going by continuing to say that you only want to negotiate from a position of strength is something I very much doubt.

When you get a new administration in the United States, it has to depart on something new. That is unavoidable and, of course, in Washington you don't have a strong central administration as in France
or Great Britain, where there is a consolidated opinion which doesn't vary much from one government to another. Here you have all the top posts changed, which does mean new departures but in the long run American policy will remain fairly constant.

8. The United Nations

Bolkestein: Some people feel that the United States has taken a lot of nonsense in the United Nations and from a number of countries in the Third World such as India. The number of people who believe uncritically in the United Nations is diminishing. I think even the Swedes are waking up. I am not saying that one should not have to invent the United Nations if it did not exist but it is not the same organisation as in 1950. How could it be improved?

Federspiel: I doubt how much it can be improved. I was on the Danish delegation to the United Nations in its first four years and the second time I represented Denmark was in 1968 or 1969. There was a tremendous change. In the early years decisions could be taken and were accepted. In the sixties and seventies the United Nations became a sort of safety valve for foreign policy. It was a forum where you could put your finger on what different countries were thinking but decisions were of no importance. Whenever an important decision could be taken it was vetoed in the Security Council. The Assembly resolutions have no legal significance and their political importance is very small owing to the fact that each vote obviously doesn't have the same weight.

Bolkestein: Decisions taken by the General Assembly have no binding force. Don't these resolutions have some importance, however, as they become constituent elements of the international political discourse? When one looks at the way in which Israel has been isolated in the United Nations or South Africa has been prevented from speaking out or resolutions that condemn fascism without this term being at all defined, it is difficult to escape the feeling that they do have some importance because they set the vocabulary and define thoughts.

Federspiel: It often is a false political vocabulary, of course, to speak of racism or imperialism or neofascism without going into what you mean.
It gives a certain background to political propaganda but I don't think it is terribly important. The use of the United Nations is as a kind of safety valve where you deflect the forces which might otherwise cause an explosion and instead of going into open warfare you go into open resolutions which don't mean very much.

Bolkestein: Does this also apply to Unctad, Unido and Unesco?

Federspiel: An improvement in the North-South dialogue is certainly needed but whether the United Nations is the proper forum for that is something I very much doubt. So many of these developing countries want to shape their societies on the pattern of the West which had hundreds of years to develop its present shape. It is necessary that these countries find the means of developing by themselves and in freedom. Perhaps one of the most important things is to implant in them a real concept of human rights, political freedoms and the liberation of popular forces so they can find out what their needs are. Are these to go to towns and build big industries and create new slums or are they to develop their agriculture to be able to feed themselves better? Here policy seems to be completely haphazard. Whether this is best done by the World Bank or some other institution I don't know but it is quite definitely not the thing which the United Nations will be able to cope with.

Bolkestein: The American Senator Daniel Patrick Moynihan was ambassador to the United Nations in the early seventies. He took issue with the hypocrisy and double standards of the United Nations and by placing himself intellectually outside the U.N., he tried to have some influence on it. Do you think he was a Don Quixote, tilting against windmills, or do you think he stood for an ideal which one should fight for?

Federspiel: He stood for waking up American public opinion. After all, the United States could have a very considerable influence in the United Nations but they more or less accepted it as just another international organization which they didn't attach all that much importance to. I never met Moynihan but I thought his criticism was quite justified.
9. The Middle East

Bolkestein: You were a member of the United Nations Commission for Palestine in the late forties. What can Europe do in the Middle East?

Federspiel: The main thing is to stabilize the Egyptian-Israeli treaty because that is the one bit of progress that has been made. It has, of course, caused this Arab move against both Israel and Egypt but there is a strong difference of opinion between the different groups of Arab states. Whether that can be used politically is doubtful since one group is extraordinarily strong because of oil. The thing I fear most is a Russian move through Syria into the Lebanon. Whether the present Baath regime in Syria can survive again seems doubtful. There is no strong pressure to get the Arab countries to accept the existence of Israel. If they did that I don't think the delimitation of frontiers would be so difficult. Whether you should go back exactly to the 1967 frontiers is uncertain, simply for security reasons. Before 1967 the Syrians were shelling Israel from the Golan heights, which obviously should not continue. The situation has lasted from the forties until now without political progress except the Egyptian treaty. I doubt whether the Venice declaration of the European Governments has any importance.

There are three conditions for putting political ideas through. One is that you bring something new and constructive into the discussion. There is nothing new in the wish to get the PLO to sit down at the negotiating table. Apart from that, it is just Resolution 242. The second condition is that you have something to offer and the Europeans have nothing to offer the Arab States in the way of added security. The third condition is that you have power - not necessarily military power but political prestige and influence. None of these conditions can be met by the European countries. The Russians have very cleverly exploited that and said: now we must have a new Geneva conference, where the European nations with their Venice declaration would be on the defensive. The only hope is that one of the Arab groups recognizes Israel, which might bring the other Arab groups not necessarily into an agreement but at least place them in a weak position and put more pressure on them. One of the weaknesses, of course, is that the situation was not created by the United Nations but as it were developed out of itself. In international law you can't blame the Arabs for opposing what is happening.
10. International Law

Bolkestein: The international legal system is not progressing. You have been connected with the International Commission of Jurists. What action should one take?

Federspiel: It is essential that we do everything possible to plead the rule of law and respect for the political, civil and human rights on the basis of an international code or standard. That was easier in the early days of the United Nations with 48 members. The concept of law is now in danger of being diluted. One of the important things is to get the Universal Declaration of Human Rights built out into binding treaties. I have never been a friend of sanctions because they always hit the people who are innocent but a system where one could get the greatest possible means of enforcement of civil and human rights would set a better standard of what you can and can not do. That is what we are trying to do in the conference at The Hague on the right to development, which is a very knotty problem: whether the right of undeveloped countries to be developed is one of the fundamental human rights.
Jo Grimond
(The Hague, 8 March 1980)
In St. Andrews on 23 July 1913.

Eton and Oxford (politics, philosophy and economics).

Practised as a barrister in London.

Director of personnel of UNRRA's European Office, covering Malta and the Middle East.

Secretary of the Scottish National Trust.

Member of the House of Commons.

Liberal Whip.

Leader of the Liberal Party.

Appointed Privy Councillor.

Trustee of the Guardian and Manchester Evening News.

Rector of Edinburgh University.

Elected rector of Aberdeen University and chancellor of the University of Kent.

Doctor honoris causa of the Universities of Kent (1970) and Birmingham (1974).

Chubb Fellow of Yale University.
Interview with Jo Grimond

1. The Primacy of the Individual

Bolkestein: In one of your publications you have written: ‘Today in Britain the importance of men and women is more and more attached to their rôle.’ Is this something that has occurred recently?

Grimond: It has been growing in Britain for some time. It was given a great impetus by the war. The war inevitably extended the activities of the state. As in all countries, a lot of people were in the army or navy or indeed in all sorts of other public services. These were hierarchical and people began to think of themselves as private soldiers or lieutenant colonels or civil servants of one rank or another. Rank, organisation, hierarchy and the career structure became very important to people. An additional factor after the war has been inflation. Inflation in Britain is not only monetary, it is general. When I was a boy a whole lot of people were perfectly content, having reached a certain stage in life, to continue where they were. I was brought up in the town of St. Andrews, where there is a small but ancient university. Most of the professors, having become professors at St. Andrews, remained there for the rest of their lives. So indeed did a lot of other teachers. Nowadays, everybody in a university is always putting in for some other job, hoping to climb up the ladder or at least go somewhere else for two or three years. Then there is the actual monetary effect of inflation. In the old days again, money retained its value from year to year and no one was particularly worried about going up a structure. Now, of course, unless you get an increase in wages or salary every year you get left behind. This makes it necessary to fight for it, to join unions and other organisations and to clamber up some ladder so that you may get higher pay. I don't know
which came first: whether these factors led to a change of attitude or the change of
attitude led to these factors. Certainly now there is a change of attitude and people
do look at one another far more according to their rank and what organisation they
belong to.

This is obviously very bad for Liberalism which must basically believe that all
people have certain common qualities and a common equality. It is a curious paradox
for in a way, of course, we have become more egalitarian. In other ways, however,
schools now indoctrinate children with the view that they must join a particular
profession and that once in it they must play within the rules of their profession. As
a Member of Parliament, I receive every day memoranda from all sorts of
organisations: long, argued memoranda saying that they must have more resources.
Now in Britain we are not creating any more resources but every organisation is
clamouring for more and they each have their large bureaucracies, whose job it is to
get them more. Children leave school and enrol in these organisations and then leave
it to the bureaucracy of the organisation to fight for more money, even though it is
not worth any more.

Bolkestein: You have also written: ‘We must reassert the primacy of the individual
as a moral creature capable of developing his talents and making his choices within
a community.’ That is not an easy thing to do.

Grimond: It is very difficult but to follow on from what we were talking about, it
is undoubtedly the power of organisations which is gravely damaging Britain. The
sad thing is that the individuals know this but will not reassert themselves. For
instance, if you take our strikes and you talk to most of the people involved in them,
they don't want to go on strike. They know that the strikes merely make things more
difficult, not only for their industries but for the country and themselves, but they
feel bound because they are members of organisations and go along with the
organisation. Take the conduct of our press. Journalists, who are charming people
in ordinary life, will do the most monstrous things and when you say: ‘Why do you
do this?’, they say: ‘Well, if we didn't do this our owner wouldn't like it, or the editor
wouldn't like it, or our National Union of Journalists wouldn't like it.’ Then you say
to them: ‘Aren't you individuals who are bound to make up your own mind and
follow your own conscience?’ and they think this is a surprising view. If
we are going to get Britain right we must reassert the primacy of the individual and tell people that they are responsible for decisions. Obviously they can't decide about everything all the time but it is no excuse to say that your organisation ordered you to do something.

Curiously enough this is, or was, a basic feature of British law: it was no excuse to say that you had been ordered to do something. This indeed led to great difficulties. When I was a young lawyer in Britain I was taught that it was no excuse for a private soldier to say that he had been obeying orders if he was called out in aid of the civil power and shot somebody. Although he had been ordered to do so, he was liable. This may have been too extreme but we have gone to the other extreme and now no one appears to be liable. We are falling more and more into a dogfight between different organisations and this only results in inflation and in distortions because the most powerful organisation wins whether it in fact deserves to or not.

2. The House of Commons

Bolkestein: Roy Jenkins said that the House of Commons has declined as a forum of national debate. Is that because people in the House of Commons also play rôles?

Grimond: Yes it is. As you know the Labour Party now depends almost entirely upon the trade unions. Over half of their funds come from the trade unions and a great many of their members are directly sponsored by trade unions. They are more and more the political wing of the trade union movement. This is another sign of the growth of the power of organisations. But there are other factors too. When Britain was a powerful body internationally, foreign affairs were of great importance to the House of Commons, a subject which is peculiarly susceptible to parliamentary treatment. The immediate economic pressures were removed from members and they were not fighting for their own constituency. They were much more genuine debates than many of our debates about home affairs which really amounted to jockeying for position. Now that Britain's voice has deteriorated a great deal in the world, our foreign affairs debates are not at all what they were. The other thing is that a great deal of political power has passed away, even from the government and certainly from the House of Commons. Decisions are taken at
meetings between Ministers and organisations. The trade unions and the employers' federation have become increasingly important. This has led to a diminution of the House of Commons itself. Roy Jenkins is right that it has decreased as a forum for debate and in some ways its authority has decreased too.

But there are some other factors. The House of Commons does depend to some extent upon how big a majority the Government have. In the last Parliament, when the Government had no majority of its own, the House of Commons did in fact assert itself to a greater extent than it had been able to do for many years and it even threw out parts of important government bills. The other factor which is important is television. Being a leading member of the House of Commons does enable you to get on television. Inevitably if there is a political debate the television people will get a Minister or a leading member of the opposition to take part and therefore some members of the House have got a wider audience than they used to have. This only applies to very few but it does apply to some. The last factor which has slightly enhanced the position of the House of Commons, but still hasn't offset the decline, is that we are getting rather good young members. For a while we went through an awkward period in which being a member of the House of Commons was still ostensibly a part-time job, although it was in fact full time. Now it is accepted as a very important time-consuming job and we are getting younger people who will accept that. I think that the younger members, particularly, I am bound to say, in the Conservative Party, are rather good.

3. A Counter-Civil Service?

Bolkestein: Somewhere else you have put the question: ‘What is the future of the Specialist Parliamentary Committee? Should it have a small civil service of its own?’ What would your answer be?

Grimond: When I wrote that and up to a year or two ago, I was fairly certain that we ought to have what I would call a counter-civil service. These committees should have a few experts at their beck and call who would enable them to compete on more equal terms with the knowledge and expertise of the official civil service. But I now have doubts about that because I have watched the enormous growth in bureaucracy in my
country, not only in the civil service but bureaucracy of every kind, and I am terrified of adding to this. I hope the British can be weaned away from this appalling growth in government but certainly at the moment they are not. The Conservative Party have made practically no impact. The size of government is as big as ever if not bigger.

Our parliamentary system was really a very simple one. Government emerged in the old days out of the crown rather than out of the party system. The business of the House of Commons was to criticise it, and to watch it and to thwart it, and not to try and manage itself. I constantly have to point out to Americans that our system, although it is believed to be the origin of theirs, is quite different because Congress in America actually legislates. All major legislation in Britain is initiated by the Government but a Member of Congress is virtually a member of a government: he produces legislation, he has a large office and in many ways he acts like a Minister. Now that did not use to be the position of an M.P. His business was not an attempt to manage or to govern or to introduce legislation but to give voice to the grievances of his constituents and to see that the Government didn't get too big. That is changing. To begin with a lot of the new M.P.'s in Britain want to be Ministers. They want to govern, far more than they did so even ten or fifteen years ago. Secondly, Government has spread so enormously that their constituents come into contact with Government now at every turn and so M.P.'s are getting involved in Government. Furthermore, a fruitful recruiting ground for British M.P.'s are technical colleges and universities and here we have people who hold views about the theory of politics and the running of government and so forth. They are, if you like, much more involved in government and want much more to become involved in government than the old type who was a member of a trade union or a local farmer who came up to Westminster to express the views of his colleagues, not really to study government at all. So there has been an increase in the desire of M.P.'s to take an active part in the work of the government. We are coming nearer, perhaps, to the American system or to certain continental systems.

I am not altogether satisfied that it is a wholly good thing. I sat for a time on one of our specialist committees which are quite new in our Parliament. The one I sat on was about immigration and how we should treat immigrants. We went around the country, sitting as committee to hear evidence from Pakistanis, Indians, West Indians and local authori-
ties and so forth and in a way it was a very necessary development. Problems of immigration were new to us and it was very good for these people to be able to come and see a committee of Parliament and explain their point of view. It was also very good for us as parliamentarians to talk to them and to local authorities, to mayors and so forth about the problems immigration caused for them. But, of course, it did gravely affect the parliamentary system. To begin with, on this committee we all became very friendly and it is not the business of liberals to be friendly with conservatives, except in a private capacity. We developed a common view. I found myself in almost total agreement with a rather left-wing member of the Labour Party. I had known him for a long time. We had always been very friendly but we had never agreed about anything in politics. This time we were agreeing about immigration. Furthermore, and much worse, we began to sympathise with the Ministers and it is not our business to sympathise with Ministers. Our business is to criticise Ministers, to keep them at arms length and to say to them: ‘It is not my business to tell you how to do your job. All I can tell you is that you are doing it very badly and unless you go away and do it better I shall do my best to get rid of you.’ But now, you see, these poor Ministers came around with our committee and we saw what an awful time they had and how intractable the problems were and we began to sympathize with them. We became involved, we were sucked into the whole business of government, we got to know the civil servants and we saw how very difficult it was. In a way this was quite right, a valuable insight into the real world, but in another way it was a big change in the simple British system. I maintain that there is still something to be said for the simple British system, that people do want representatives - at least some representatives - who are not involved in Government, who are simply sent up because they can tell the Minister where the shoe pinches. Now we have got to try and move into this new field of specialist committees because they are necessary for the increase of government but we also have got to try and preserve the old role of the parliamentarian and this is extremely difficult. One way that we might tackle it is to change the responsibilities of our upper chamber but so far we have not solved this and until we do I am rather chary of suggesting more civil servants for these committees because it is not wholly apparent to me what the real task of these committees is ultimately going to be.
4. The Ombudsman

Bolkestein: Haven't you said that you thought the Ombudsman was not a very fruitful development?

Grimond: Indeed I did. First of all the appointment of the Ombudsman was another sign of the general periferation of government in Britain. We didn't think out exactly what we were trying to do. Westminster Parliament is far and away the biggest Parliament in the world. There are 630 members of the House of Commons. America, Germany and France get on with 400 or so. Then we have the House of Lords: over a thousand members if they like to turn up. We very nearly had a Parliament in Scotland and a Parliament in Wales and then we have had a reorganisation of local government which has enormously increased its size, so it cannot be said that we do not have enough political bodies. Now on top of all this we have the Ombudsman but it is the duty of the M.P. to take up grievances. Perhaps he is too amateur and perhaps a lot of people don't feel that they trust their Members of Parliament. Still, it was his basic business and still is. Most of an M.P.'s time is taken up with individual cases, not with big political issues but with people who can't get houses or object to their income tax assessment. At the moment you have to approach your Ombudsman through your M.P. This means that the people write to me and I write to the Minister and the Minister gives me what from their point of view is an unsatisfactory answer. I pass this on to them and say, ‘I'm sorry but so far I have not managed to budge the Minister.’ They answer: ‘Would you send this case to the Ombudsman?’ Well, I do, but rather weakly, because if I can't persuade the Minister why should he be able to?
The only area in which he might be able to do so is a very specialised area but if the Ombudsman is going to operate in specialised areas he is going to need a very large staff and we are going to have another large accumulation of civil servants.
The other thing we haven't thought out is, who is going to be the Ombudsman? The Ombudsman up to now has been a civil servant and he has been by tradition and training a member of the very bureaucracy over which he is supposed to be watchdog. Now the argument for this is that no one who has not been in the civil service will understand how it works and therefore the civil service will be able to fob off any outsider.
quite easily. Of course, the Ombudsman then sees all the problems and difficulties of a civil servant. He has been brought up in that atmosphere and is therefore not as savage a watchdog as we would like. Another thing about the Ombudsman is that a great many of the problems which badly affect ordinary people in Britain are only partially to do with our Westminster Parliament's responsibility. Several of the questions I get are now really questions for the European Parliament or for a great many of the local authorities. The nationalised industries, our health service and the post office - all these things have been moved out of direct parliamentary control. The nationalised industries are supposed to be free from day-to-day interference by parliament. Half of my complaints are about bad air services, why the trains don't run on time, why the local railway station has been closed. 'Why can't I get into hospital? Why can't I get a house? Why can't I get a subsidy from Strasbourg to build a fishing boat?' None of these matters now are directly the concern of the Westminster Parliament nor, indeed therefore, should they really be the concern of the Ombudsman. We got over this to a small extent by appointing yet another Ombudsman for local authorities but really we can't have a clutter of Ombudsmen, we can't have an Ombudsman for nationalised industries and one for the health service and one for Brussels and so forth. Therefore I think we have got to give a lot more thought to the Ombudsman. There may be a place for him. I very much doubt whether we shall ever get rid of him but I do believe that he is being loaded on to a system which does not lack political bodies.

5. The House of Lords

Bolkestein: In his Romanes Lecture of 1930 Winston Churchill spoke of a sub-Parliament that would consist of experts from the main segments of society, such as trade unions, large corporations and so on. I suppose that as an enemy of the corporate state you wouldn't like this?

Grimond: No, I wouldn't. I don't want to encourage the corporate state. I quite see that there is a case for it, though. There is a case for making the trade union leaders stand up in the House of Lords and defend their policies but, on the whole, I am against it. What I would really like to see is an elected House of Lords that represents very large
constituencies, elected by proportional representation for a fixed term, certainly not less than six years and possibly as much as ten. I wouldn't want it to have great power, but certain powers of delay and examination of legislation and, of course, the right to conduct general debates on broad matters of policy. The House of Commons has now become a full time job and this will exclude many good people from it. Although I don't go along with Winston's proposition I think that if you have a second chamber of the sort I have in mind you would get some of the people whom he wants because they would find it possible to give up a certain amount of their time to the House of Lords. If they had a big enough constituency they would not be involved with too many personal cases.

I also think that you would get many other people of value. You would for instance get the dissidents in the Labour Party who are now in danger of being thrown out by their local association. You would get some conservatives who don't feel inclined to take part in the day-to-day business of conservative politics. You would get a certain number of distinguished people with a longish view on where Britain ought to be going. These are the people that we lack in politics at the moment. In many ways we are too much involved in infighting and in the short term view. We want a longer view which the House of Lords might give. We would also get people who would give a certain expert opinion on bills before they became law and I think that if they had a certain democratic base they would be able to say that they did represent something or somebody. The present trouble with the House of Lords is that they don't represent anyone. About one tenth is appointed by the Government and nine-tenths are hereditary. The people I have in mind would claim a democratic base but it would be sufficiently large to relieve them of the day-to-day pressures of democratic politics. If they were there for six, seven or more years they would be able to take a fairly long view. At the moment it is becoming more and more the case that Parliament is affected by how near or far the next election is.

6. The Liberal Delusion

Bolkestein: Your philosophy has been described as a political version of ‘small is beautiful’: community-politics, devolution and worker participation. Yet, you also write about what you call the liberal delusion, i.e.
the idea that the whole human race wants to sit around discussing how its work or life or the organization of public services should be run. Isn't there a contradiction between these two thoughts?

Grimond: Yes, I am aware of that. I reconcile it by saying that although small is usually beautiful, or more beautiful than very big, obviously some big things are very beautiful too. Possibly I have exaggerated beauty and smallness. Indeed, some of the biggest problems which we face all over the Western world arise from bigness but are inescapable. What are we to do with industries that really must operate with very big plants? So perhaps I have exaggerated the beauty of smallness but I still think, other things being equal, that small organizations are better. Certainly we have greatly exaggerated the advantages of size. There are very grave disadvantages to size. As for participation, there are enough people who are prepared to sit around. The others, who don't really want to sit around all day discussing, do want to be kept well informed and have a right to express their views when they feel so inclined.

The British political system, which was the English system, did have a great merit in that it allowed people to air their grievances through their Member of Parliament, without necessarily becoming involved in the day-to-day business of politics. We have got to try and reconcile these two perfectly reasonable and desirable things: the people who want to take part in the administration at whatever level and the people who don't but want to be kept informed and want to have some method of putting their grievances right.

7. Cooperatives

Grimond: I am at the moment very much interested in the possibility of extending cooperatives into industry. So far our cooperative movement has been largely a consumers' movement. It is quite obvious that cooperatives work best if they are comparatively small. It is no doubt possible to run a cooperative with more than five or six hundred workers but it is getting very difficult and within the cooperative it is quite apparent that only a proportion of the workers really wants to take part in active management. I think these things can be reconciled. For one thing, in the best cooperatives the workers appoint the management and no doubt act like a board of directors but they don't attempt
the day-to-day management of their business and the people who don't want to take part in it therefore needn't do so. They are not bound to participate anymore than shareholders of a company. They leave it to the directors so long as they are satisfied with what the directors do but they do have the right to sack them and to take part in the management if they want. As to communities in Britain, we have put too much stress on size. Part of the trouble with our cities is that they have become too big, although by the standards of America or Japan they are not all that big. Manchester, Liverpool, London and so forth are becoming very nearly unmanageable and I think certainly that we should operate with rather smaller communities. I accept that there is a difficulty and that you cannot run everything in very small communities but I still think that part of the solution is to make it possible for more people to take part in the running of the community.

Bolkestein: Your ideas are like those of Gandhi. You invited him once to Oxford. You weren't very impressed with him, were you?

Grimond: No, he was rather a disappointment but partly because he was exhausted and partly because he was being asked questions in an English context, while really his thoughts were entirely on India and the two of them are very different. Gandhi had two beliefs which I don't share. One was a belief in handicrafts. I am all for people taking up handicrafts as a hobby but I can't say that I attach any great importance to them. The cooperatives which I admire are not concerned with handicrafts. They are concerned with highly sophisticated technology. The Mondragon cooperatives in Spain have the best research organization in electronics in Spain and possibly one of the best in Europe. They are not interested in handicrafts as Gandhi was. Secondly, Gandhi's work was all linked very closely to the Hindu religion which I admire but do not understand. Gandhi was not very forthcoming and I think that this was because at that time he was negotiating with the British government and he was a very shrewd and indeed Machiavellian negotiator. Certainly this combination of deeply religious Hinduism, handicrafts and at the same time what appeared to be rather cagey politics is not the sort of combination that appeals strongly to the young. Shortly after Gandhi came I procured a man called Shaukat Ali. He has disappeared from the scene but he was at that time a great leader of
the Muslims. He was just the opposite. He was a flamboyant personality and in every way a contrast to Gandhi: a magnificent looking man, dressed in flowing robes with a great stick with an ivory head. He behaved in just the opposite way. He said the British were hell. He flourished his stick and said: ‘I've killed twenty people with this myself,’ and with the young this went down very well. ‘Do you believe in violence?’ ‘Oh yes, I believe in violence.’ He was a leader of the Muslims but he didn't have to play his hand like Gandhi.

What has impressed me is to see these cooperatives in the Basque country because what they have done is to harness Basque nationalism to improve their economy. They were started by a priest to improve the appalling standard of living of some of the Basque provinces. While in Britain everybody looks to London for grants, help and loans, they were not only remote from Madrid - they were anti-Madrid. They were against the Franco Government and part of the driving force in setting up the cooperatives was to show that the Basques could run their own industry and improve their own communities. To a great extent they raised their own money. You had to pay to join the cooperative. This is an extraordinary thought to a British workman, that he should actually put down a thousand pounds to get a job, but Mondragon had waiting-lists of people. I said to them: ‘But surely you can't get ordinary working people to pay to be employed.’ ‘Oh yes, indeed, you can. Don't your working people buy colour television and motor cars? Well, if they can do that, why can't they put a thousand or fifteen hundred pounds into their own business?’ They have a bank which mobilises local savings and instead of putting them into government stock as happens in Britain, or into speculative housing, they invest them locally. This bank provides them with a central service of expertise in management and all this is linked to intense local feeling. The cooperatives run a research place and an apprentice scheme. The apprentices not only learn a trade but as soon as they can do anything they are formed into a cooperative and they pay for themselves. The apprentices don't get grants, they don't get any pay, they have to earn their money. Although there is free education run by the state and also the Catholic school which I imagine is subsidised by the Church, there are schools which are not actually part of the cooperatives but are closely linked to them. To go to these the parents have to pay but the ordinary working class Basque parent would rather pay and send his children to a school that he wants and
over which he has some control than send it free to a government school.

8. The Limits of the Welfare State

Bolkestein: One of our basic problems concerns what one might call the limits of the welfare state. At the moment, whenever there is a problem, people ask the government to solve it for them. Where do we draw the line?

Grimond: I have come to the conclusion that we cannot extend the personal social services further. They were necessary and I am not in favour of abolishing them but instead of trying to prevent trouble arising we now wait until it has arisen and then we say: we will just have to have a new department to deal with it. This really has reached the end of the road. If we are going to prevent trouble arising then we have got to raise the standards of the poorer communities. That you must do by giving them the money but not telling them exactly what they have to do with it. Our trouble is that grants to local authorities and so forth are still too much linked to particular purposes. This means that the local authority has no real incentive to make up its own mind between priorities or indeed to be economical in pursuing any priorities. It knows that it is going to get a certain grant for a road. If it doesn't take it for that, it will get it for nothing else. So it takes the grant and the road is probably built fairly extravagantly. You must give the grants but to a far greater extent you must give them without strings attached.

Further, I think you must look at the causes of social evil. One of the most prominent in Britain is bad planning. This has led to the devastation of cities. The internal parts of cities have been denuded of their people and quite appalling housing estates have been built on the outskirts, which are now virtually slums. We have separated industry from living, which may be good up to a point, but it has gone far beyond any reasonable point so people have to travel miles to their work and small businesses that must be near their customers cannot find premises.

We have got to start with education. To begin with I think we have to have more variety in British education. It has become very centralised. People have got to be taught their individual responsibilities and that they must not rely upon their organization or their welfare workers to make up their mind about everything for them.
Some services must be maintained either because they are general services which the whole community wants and which therefore bind the community together or because they operate when totally unforeseen or largely unforeseeable matters have arisen. There are a lot of criticisms of the health service. I think it is quite wrong that people who are suddenly struck with illness should be unable to get good medical attention because they haven't got enough money.

Also, there are services which everybody requires and which give solidity to the community. I think that the most obvious of these is the police. I deplore the tendency in Britain for more and more institutions to be hived off to private organizations which provide a so-called security. But our social services have gone far beyond that into all sorts of things. I see no reason why refuse collection shouldn't be hived off to private enterprise. I can't see that there is anything particularly ethical about refuse collection. If some private firm can do that - all well and good. I don't think that we need anything like the individual services which have crept up and I think we would have done far better to look more closely into the police force and what they can do. The police in Britain, at the moment, are getting involved in all sorts of administration that is not their business. They are getting involved in looking after football crowds when they don't really have enough people to prevent ordinary assaults. The local policeman was a very valuable man not only in keeping order but in social welfare. He knew people, he had authority and he was probably more capable of preventing the beating up of wives than is a social worker. That sort of thing is now handed over to the social worker. Cruelty to children, which I am afraid is very prevalent in Britain, is considered the job of the social worker. This is not very satisfactory. I don't say I would do away with social workers altogether but I think we took a wrong turning.

Then we have gone in for a whole lot of services to the old and incapacitated and so forth. Now some of these again are good. I see it very strongly in a rural area. In the old days everybody looked after their own parents and so forth. Now they are put into homes and neighbours don't cut each others crops if they are ill, which they certainly did. There are some very valuable services, for example those that provide meals for people who can't provide their own. This putting of old people indefinitely into homes has, however, been a mistake. It would have been far better to have let them stay in their own houses or indeed

Frits Bolkestein, Modern Liberalism
with their families if they would have them and possibly to send in some meals for
them. At the moment we are getting more and more old people and of course they
live longer. These homes which are getting bigger and bigger every year are really
not altogether satisfactory.

I am in favour of a national minimum earnings. It would be far better, instead of
having this vast proliferation of different rates of assistance for different people, to
say that a civilised community is not going to allow anyone to starve and that therefore
we are going to have a minimum income. At the moment in Britain there are countless
rates of pay and allowances and it is all taxed back and taken to the State and dished
out again. We should simplify that.

9. Devolution

Bolkestein: Were you a Scottish nationalist?

Grimond: I have always thought that there ought to be a Scottish Parliament. When
I was young I was probably more violently nationalist, like all young people. Now
I believe that there should be a federal system in Britain and that Wales, Scotland
and England should each have their own parliament within it. I don't think one can
deny that when one was young there was an element of rather fervid Scottish
nationalism about this. I can imagine the time when I was to some extent a Jacobite
and admired the Stuarts and resented every encroachment of the English in Scotland.
I never disliked the English but they appeared to be encroaching on our law, customs
and traditions.

I very much regret that the Labour government made such a mess of the devolution
proposals. For obvious reasons they were introduced by the Labour Party to scotch
the Scottish Nationalists. The Labour Party was terrified because it was losing votes
in Glasgow. Therefore they felt that they must do something to placate Scottish
opinion but they didn't really believe in it and they were determined that the features
of our system which favour Labour should be retained. Normally Labour has a
majority in Scotland and Wales and very often it is enabled to have a majority over
Britain as a whole because of the Scottish and Welsh seats. It has not had a majority
in England itself since the war. Therefore it was determined not to give up its Scottish
or Welsh seats at Westminster. This, of course, made nonsense of the whole thing
because there is no reason why the Scots and Welsh should retain all their representation in Westminster and also have a Parliament of their own. It led to such anomalies as the proposal that the Scottish members would be able to vote on housing in England but would have nothing to do with housing in Scotland. The other thing which led to a great deal of nonsense was the determination of the Civil Service to maintain all its offices, perks and indeed responsibilities. Of course, you can't have a proper federal system without altering the present system. The Central Civil Service was determined not to give up an inch of either its numbers or its power. The Conservative Party doesn't believe in devolution either. It was more divided. Some members of it did but the majority of the party didn't believe in it. This is no atmosphere to make constitutional changes in and the whole bill was mucked up from my point of view. I would have liked to have seen a clear statement of what functions were going to be dealt with in Scotland. These would have been practically everything in my view except defence, foreign affairs and major broad economic planning. I would have liked to have seen this linked to what was going to be done in Brussels but this was never discussed. The fact that while devolution was being discussed we were actually becoming part of Europe was never really mentioned at all. This would have left Westminster Parliament with extremely little to do. You could cut down the number of Scottish members there. In fact I rather favour the idea that the Scots would simply from time to time send a delegation from their Parliament to meet with the English and discuss these matters of foreign affairs and that there should be no permanent representation.

The failure of the referendum really killed the thing off. The Scottish Nationalists lost at the election and therefore the Labour Party now doesn't think they are a menace and its enthusiasm, such as it was, has waned. The Conservatives never were enthusiastic. I think it will revive. I don't quite know in what form but I think that there will be some protest movement in Scotland linked to nationalism. This may take the form of reviving the present Scottish Nationalist Party which is a very orthodox party filled with rather able and nice people but middle class and unrevolutionary. I say that in its favour. There isn't now much very far left in Scotland but there has been from time to time. It is just possible that the next thing will be a much more left wing party which will be Marxist-Nationalist. Perhaps in four or five years time we shall see a
recrudescence of Scottish Nationalism, possibly allied to some other political movement.

10. The Labour Party

**Bolkestein:** Will Tony Benn succeed in giving a permanent left-wing turn and a Marxist slant to the Labour Party.

**Grimond:** I think the probability, although not by any means the certainty, is that that will happen. The Labour Party is very much the political wing of the trade unions and it is unable to move very far from what the trade unions want. The trade unions, after the war, were in normal terms very right wing Labour and people like Bevin were right wing Social Democrats. They were in charge of the big unions and the real change in British politics has partly come about because the big unions are no longer in the charge of powerful right wing figures like Deakin and Bevin. Their present leaders are much more to the left and this alone will gravely affect the Labour Party. Also, by its constitution it is a fairly left wing organization. There is no talk of preserving free enterprise. On the contrary all the means of production, distribution and exchange are to be under public control. There has been some argument as to what is meant by public control but it is normally assumed to be nationalisation and there are many Labour members who say quite frankly:

‘There is no ultimate difference between what we believe in and what communists believe. The difference simply resides in how we get there. We don't believe in revolution and we certainly don't believe in taking over things by an armed coup but if we can persuade the British electorate then we really will have a communist state. It wouldn't of course be like Russia.’ All communists believe that the next communist state is going to be heaven. Many socialists don't deny that they believe in total public control.

Of course, they have never put the constitution into effect, partly because the unions themselves were right wing and partly because the Labour Party is well aware that it can never win the essential marginal seats on what is virtually a communist programme. The real trouble is

* This interview took place in March, 1980.
that the Party has become a party of the establishment. The unions are now very powerful and so are the other organizations which support the Labour Party. So far from being a radical party, it is the party of government, of office and of the establishment. It is growing all the features which establishments have. It has become conservative. It is very much in opposition to any real reform but this does not suit the younger members of the party who still want it to be a changing, reforming party. The right wing is not really supplying them with anything to go for. They are very keen to have office. I think that a prime example of this was Harold Wilson, whose main objective was to remain in office as a Socialist Prime Minister. Perfectly honourable but not very inspiring for a young and up-and-coming idealistic Socialist. Therefore they have turned to the left and they have looked to people like Wedgwood Benn, who after all does produce ideas. I have a great deal of affection and indeed some admiration for Benn. I don't say that he is producing philosophy but he is producing ideas or latching on to them and this, of course, attracts the younger people.

Under Gaitskell the right wing fought to have the constitution of the party changed and make it into a social democratic party in the terms which are understood in Holland and in Germany. It was defeated. It has never been apparent to me what it is trying to do now. The leading active right-wing members of the Labour Party in Parliament have mostly departed from British politics. They would say that they stood for equality, but they don't show much enthusiasm for equality as far as they are concerned. They have got the highest paid jobs they can possibly find. They have become Head of the Commission in Brussels or one of the most highly paid television people or they have got into merchant banking. There do remain people who would say they are Social Democrats but they have not produced anything to take the place of ‘equality’ as a slogan. They are losing ground in the Labour Party, partly because the nature of the party has changed and partly because they have produced no alternative strategy.

Outside the party and outside parliament there are a lot of people who have been voting Labour but who are gravely worried about the activities of left wing people in their constituencies. As the Labour Party has always been very frightened of scaring off large sections of the electorate by appearing too left wing, it is becoming more and more apparent that it is faced with the need to make up its mind. If it wants to remain a
party of the left, a party of change and so forth, then it has got to tell us what it stands for. So far the only people who have done this are the far left who stand for pretty extreme socialism. If it is going to be a party of the establishment which is simply concerned with remaining in office then it is not going to keep its young element. It has got to make up its mind what its relationship, in the long run, is going to be with the unions. I think that the outcome of that will be that it will move to the left.

**Bolkestein:** What will happen to the moderate Socialists?

**Grimond:** I think there are three possibilities. One is that at last we may see some re-alignment: a left-of-centre party which will then contain the Liberals. To this the Liberals would supply the organization and they would supply active politicians and to a certain degree, the Liberal philosophy. I think Roy Jenkins is a Liberal. He also, no doubt, would have certain social democratic ideas too but then so would we. I don't really think that there is very much difference in political outlook between David Steel and Roy Jenkins. There are Liberals who are more *laisser faire* but David Steel has a great element of the social democrat in him, as do many Liberals. It is an old strand in Liberal thinking in Britain which goes right back to the 1906 government and Lloyd George and Asquith. It has been kept going by Keynes and Beveridge and the welfare state.

The difficulty is old loyalties and starting up any sort of new party or even changing the nature of a party in Britain. British politics are extremely conservative. It is essential to have an organization. Mr. Taverne, who was a Labour Minister, attempted to do this. He kept it going for about five years but eventually it disintegrated because it couldn't expand. It was centred in Lincoln and still exists there, but it has no organization outside. There is also a question of finance - here again we come back to the unions - but certainly one possibility is that we shall have a Liberal/Social Democratic Party and that is possibly a very good prospect.

The other possibility is that the Social Democrats simply go out of politics, which the leading ones have been doing, and that their followers divide themselves up between the Conservative, Liberal and Labour parties. Although the Conservative Party is being very right wing at the
moment and is certainly not holding out much which is of great interest to people who voted Labour, it is nevertheless the only element in British politics which is actively going in a new direction. There are quite a lot of people who may not like her policies but are quite prepared to say that Mrs. Thatcher is showing guts.

As a third possibility the Social Democrats may have success in the Labour Party. I don't think that this is at all likely. It was much more likely in the days of Gaitskell. There was a real possibility that had Gaitskell lived it would have become a Social Democratic Party and might have changed its constitution. I don't think there is the same possibility now, partly because of the change in the nature of the unions and partly because the Gaitskellites have no leader of the calibre of Gaitskell.

II. The Contradiction of Socialism

**Bolkestein:** You favour a re-alignment on the left between Social Democrats and Liberals. Yet you have also said somewhere: 'Democratic socialism was a parasitic growth which depended on a Liberal political and economic society. But it gradually weakened this society.' By this you must mean the contradiction of Social Democracy: a good thing as far as it goes but sapping the Liberal economy as the oak is being throttled by the vine.

**Grimond:** I do indeed think that. It is the reason that I myself would not dream of joining a social democratic party unless it were strongly Liberal. If the Social Democrats are going to get anywhere they have virtually got to join the Liberal Party. As they are probably better known than most of the people in the Liberal Party its name may be changed but essentially they have got to accept the basic tenets of Liberalism. The welfare state depends upon a very effective economy and the only really effective economy is a free enterprise, market economy. Therefore it is parasitic of this. Where we have gone wrong is to go in for this appalling state socialism which the Social Democrats, of course, supported. Indeed to some extent it originated under Mr. Atlee with these large state-run monopolies set up for no reason except that either they were in difficulties or Gaitskell - extraordinary aberration - thought they were the commanding heights of the economy. In point of
fact they turned out to be the depths. State socialism can not exist in any effective form without a liberal society.

There is a possibility that we get a Conservative Party of the sort which believes in Milton Friedman's economics and abandons the old ideas of conservatives - that their real job is to maintain an even keel and swim with the tide. Over and against this the main opposition would be a Liberal and Social Democratic Party. There are quite interesting developments in America. There is a movement towards neo-conservatism and quite a few of the intellectuals who have been in and out of Harvard and government are now abandoning left-wing stands and taking up the position that they wish to run a free liberal society but with a rather powerful welfare state. They are strongly opposed to communism in all its forms. I don't think American ways will ever come to Britain in exactly that form but you might have a useful dialogue here between what one might call a Milton Friedman-type Conservative Party and what I would call a Liberal Party with a social democratic wing.

12. The Conservative Party

**Bolkestein:** There are two strains in the Tory Party. There is the interventionist strain, exemplified by Harold MacMillan, and there is the old Whig or *laisser faire* tradition of which Mrs. Thatcher is an exponent. Has the latter strain become dominant?

**Grimond:** You are quite right in saying that the other strain exists and one of its leaders is Ian Gilmour. He really believes in the old paternal conservative stance. These people were suspicious of if not hostile to what they thought was a moneygrabbing, middle class and mercantile outlook. It is part of the old patrician conservative view. They think it well worth while to deviate from economic purity for the sake of decency and for the sake of having a stable society to which they attach enormous importance. There is a lot to be said for it. They would no doubt pay the coal-mining industry many millions to stop further disruption. They are certainly a powerful and in some ways an appealing element in the Conservative Party. On the whole I think now that the Thatcherites may win.

If the Liberals in Britain do not succeed in producing a new way for-
ward, something to take the place of state socialism or Marxism, and if they do not get behind them these disaffected people we have been talking about, not only the top people like Roy Jenkins but all the people who are worried about the tendency of the Labour Party, if the Liberals don’t succeed in mobilising these people, then I think that the Conservatives will. We shall then find that a type of neo-conservatism has come to Britain. We shall have a modification of the Thatcher stand and we shall have a Conservative Party which will be very formidable because it will have a more definite economic and political philosophy than it has had for many years, under the aegis of people like Keith Joseph, but it will also retain certain traditional conservative attitudes which are very popular and rather necessary. The Liberals have not got very long. Unless they can produce good results and some good new thinking within the next three or four years they may lose their chance.

Bolkestein: In The Economist of 16 September 1978 there was this phrase: ‘The young Liberals propose to carpet Mr. Jo Grimond for his alleged support of the views of Sir Keith Joseph.’

Grimond: It is perfectly true that I have considerable admiration for Sir Keith Joseph. It is important to look at Sir Keith Joseph’s career and actually to read what he says and not merely the headlines in the newspapers. In the last conservative government Sir Keith Joseph was the biggest spender of all. He spent a fantastic amount on the Health Service and at the time he was a leading example of the paternalistic view. He believed that the poor and the ill are entitled to good treatment and if that looked economically wrong, well, too bad - politics are superior to economics and humanity to all dry doctrine. Then he became convinced that we had gone too far, not so much in the social services as in the general state of control. Well, we did go too far. Our attempt to interfere all over the economy eventually became one of the factors which disrupted it and made it so inefficient. The young liberals, though small in number, are great headline-readers and get carried away by various things. If one followed what they believed in one would have a very odd party indeed. I dare say it is the same everywhere.

Certainly I must mention one thing about British politics and that is the press. These encapsulated opinions in the press about politicians can and do make the place very difficult to run. Sir Keith Joseph is now
branded as a fanatic monk devoted to the pure doctrine of extreme *laisser faire*. It is quite true that in so far as he thinks economics is susceptible to scientific development he does believe in *laisser faire* and so do I. But he is very far from being a desiccated calculating machine. He might well become a neo-conservative of the American order. At the moment he is putting stress upon the market economy because the British have gone too far the other way, but the last time he was a minister he was the big protagonist of a huge health service. I do not agree with all he does and I have grave disagreements with some of his policies. I think, however, he is a useful element in British politics, as on the other wing - although I disagree with him even more - Wedgwood Benn is. Some people in politics are prepared to argue a case and put up alternatives and they do perform a very valuable function.

**13. Right and Left**

**Bolkestein:** You have contributed to publications of the Institute of Economic Affairs, which is labelled right-wing and put in the Friedmanite corner. Do its publications have any influence in Britain?

**Grimond:** Again I come back to this difficulty of political labels and the press. The old political labels are the only ones still in circulation. They really don't fit the situation, though. Unfortunately they are taken up by the press and people get branded and once they have been branded it is very difficult for them to shake it off. I think that the Press in Britain destroyed Mr. Heath. When he was leader of the opposition, day after day they narked away at him. If you opened the paper you got it said or implied that Mr. Heath was unapproachable, bad-tempered, disliked by the Conservative Party or didn't mix with women. There were a lot of things which may sound very silly but repeated like drops of water on a stone they damaged his self confidence and caused him a lot of distress. This drove him into many attitudes which indeed he didn't hold. He *became* difficult. He was driven to it. He became difficult for his colleagues to approach and to talk to because he constantly thought everyone was criticising him. Every day when he woke up he saw that he was being accused of being an unapproachable, difficult and monkish chap. This does get most people down.

To revert to the I.E.A., here again I feel this was like Sir Keith
Joseph. I think ‘Charge’ (a book by Arthur Seldon of the I.E.A.) has many interesting ideas. I do think we should look at charging for some state services. We can not regard the I.E.A. as being right-wing or in the service of the ultra-conservatives. On the contrary, it is examining and shaking many cherished establishment beliefs in Britain and it is one of the forces for change. Their arguments for a free market economy are much needed in Britain. Also, it must be remembered that on a whole range of issues either the I.E.A. has no definite policy because they are not its business or its policies are not right wing. We must remember that many important issues in Britain are of a very uneconomic nature. There is one's attitude towards immigrants. There is one's attitude towards crime and punishment. Abortion is quite an issue. There are many people who may be right wing in the sense that they are Friedmanites but who would be highly liberal on these other issues. I don't know what the I.E.A. would actually say about these matters but in general the people I know in it are very liberal on purely political issues. They do play a very valuable part.

Between, say, 1935 and 1965 or 1970 what might be called the intellectuals and the publishing and academic worlds were nearly all collectivists of some variety. Now all of this is much modified. I don't say that there is not a very big collectivist element in the universities and schools but there are now organizations like the I.E.A. and the Mainstream Bookclub, to which I belong. The field is not left entirely to the left wing bookclub and the Fabians, as it was fifty years ago. There is an element of political dialogue and the I.E.A. is extremely important.

14. Trade Unions

Bolkestein: In one of the I.E.A.’s publications, ‘Trade Unions: Public Goods or Public Bads?’ you wrote: ‘Strikes are now aimed, not by the downtrodden workers against wicked employers but by reasonably well-off interest groups against the public. The mentality behind them is the same as that behind kidnappings’. You wrote that real wages as opposed to money wages would be higher to-day were there no unions and that the closed-shop is a direct infringement of freedom. What are we going to do about the unions?

Grimond: The main thing to do is to interest them in the running of in-
industry. When I say ‘them’ I really mean their members. I don't favour appointing the heads of the trade unions to the boards of companies, but I do very much favour an extension, in various forms, of partnership and cooperatives. We have got to get the unions to take an interest in the efficiency of their industries. We really cannot go on running Britain as a dog-fight between the unions and the state or the management. Another thing is that you have got to exercise real political skills towards the unions.

The British think of themselves as being in the position of a liberal country such as ought to have existed in about 1890. The assumptions are liberal. Although we never were a liberal state of the pure order of John Stuart Mill and although very few people would now claim to believe the whole of Mill, nevertheless the background of British thinking is that we are a democratic liberal state of the Mill variety and must pursue the purposes of such a state: democracy will ultimately settle everything, drawn to the right conclusion by reason; we must be tolerant and decent; everything will come right through a mixture of state intervention and freedom; a general mix-up of simple liberal values. In fact I think we are far more like a late medieval state. In the 14th and 15th centuries the land was full of powerful barons with private armies - some good, some bad, but all pretty powerful; these are the trade unions now. The Executive is the Crown, which had a measure of power but had to manoeuvre between these barons. The ideas of democracy were pretty remote. If you were in charge of the Executive you had to be a skillful man. If you thought you could defeat the barons in open battle you took them on. If you didn't do that you invited them to dinner and quietly poisoned them. I'm not in favour of going as far as that but nevertheless we have to think of ourselves as being in that position.

These barons were not all bad and the trade unions have played a great part in British life. We may be very glad of them if we were ever really threatened by a communist coup or by some form of invasion. I have no doubt that the trade unions could then be a very valuable element because so long as they are there we are not a unitary state and therefore by simply taking over the Government you cannot take over Britain.

But at the moment they have got up an entirely wrong road. These strikes are not always by the very badly-off. The officials of courts have been on strike, people paid £10,000 to £12,000 a year. Every year the
taxpayer in Britain gives on average one thousand pounds to every worker in our steel industry. The steel strike is not against the employers, it is against the Government. They are saying that because it is a nationalised industry the Government must provide even more out of taxes. It doesn't matter to them whether the industry is profitable or not. Of course it makes an enormous loss. This is a feature not only of the strikes in the public sector which are by far the most serious, but even in the private sector. The unions are out to enforce their will over issues like the closed shop to win higher wages. If this makes the industry hopelessly unprofitable they demand that the taxpayer keeps it going. These are political actions against the Government and not like the nineteenth century strikes, when individual employers were making a huge amount of profit and paying very poor wages.

The people who run the British steel industry are the equivalent of civil servants, not steelmen at all. Villiers is a merchant banker. He only took the job on for a limited number of years. He has no stake in the industry. You go down to Corby, the big steel town, founded by the private steel firm Stewarts and Lloyds: the Lloyds lived there, or near it. The Lloyds money was invested in it and so was that of the Stewarts. The whole thing was brought home to them in every way. They suffered directly from strikes and they lost their own money. Now this has gone. The manager is going to be there for two or three years. He gets a certain salary, whether he does well or badly, and in due course he will go on to manage something else. The whole thing is entirely different. We have got to get the unions and the structure of industry wholly changed, with the unions taking an interest in running industry.

Until we can get back to being a Liberal state, the Government must think of themselves far more as the Crown in the old days, when it had to manoeuvre. There is no doubt that Mr. Heath took on the wrong people. It was fatal at that moment to provoke a controversy with the miners. This is not cynical, this is the basic business of politics and running a country: to manoeuvre to some extent. At the moment it is very necessary. I am certain we must have some changes in the law relating to trade unions. Prior is probably quite right in saying that these have got to be fairly gradual, but they have got to come. I have absolutely no doubt about that. You asked me what was going to be the ultimate test as to whether the disaffected right-wing people in the Labour Party were really serious in wanting a new political departure. The test is

Frits Bolkestein, *Modern Liberalism*
going to be whether they are going to support the Prior proposals. If they are not, then they are virtually saying that they cannot move away from the unions. That puts an end, to my mind, to their usefulness. If they are going to oppose them they might just as well remain in the Labour Party and knuckle under to its present leadership. Anyone who really thinks it is all right to keep the unions in the entirely privileged position they are in can't really have any claim to being a social democrat.’

Some of the trade union leaders have many great virtues. They have great loyalty to their members and in many ways they are rather efficient and humane. They live to a great extent among their own people and everybody finds them rather pleasant to deal with. Their public image is terrible but privately most people find it much pleasanter to deal with the local trade union boss than with the local bureaucrat.

**Bolkestein:** What about the saying: ‘I'll tell the lads to get their snouts into the trough’?

**Grimond:** Yes, their public image is terrible. In fact what they encourage is terrible. This picketing is really inexcusable. They can claim, though, that this sort of remark is unfairly picked up by the press. What they have been doing to the economy cannot to my mind be too strongly attacked. But they do have great virtues and in private they are extremely nice people to deal with. They do argue their case rather well and in a way they are much more real than the employers. Their solidarity does matter to them.

**Bolkestein:** How can you harness this solidarity for the good of the nation?

**Grimond:** We have got to get them into running industry to a far greater extent. We have got to change the law so that they can't carry on this violent picketing. We have got to do something about the closed shop. Also we must have a general discussion about what their nature really ought to be. This has not been done. The only argument is whether you approve or disapprove of picketing. If you disapprove you're simply union bashing. This is nonsense. If anyone bashes it is, of course, the

---

* On 19 May 1982 all but one of the 29 SDP members abstained from voting when Mr. Norman Tebbit's Employment Bill was given its third reading.

_Frits Bolkestein, Modern Liberalism_
unions. Serious discussion as to what their role ought to be is lacking, however.

15. The Liberal Party

Bolkestein: It is said of the Liberals that they are a traditionalist middle-class party with Celtic affiliations. Is that a fair description?

Grimond: It certainly has a basis of truth. It is quite true that the Liberals, immediately after the war, never did very well in the industrial areas and it is not their most hopeful ground now. It must be said, though, that things are changing. No one can deny that Rochdale is an industrial area. Cyril Smith won it in a by-election eight years ago and he has held it for three elections by a fairly large majority. We also had the Colne Valley. The Colne Valley is part of Yorkshire. It is a long valley, running up to the Lancashire border and because of the river coming down this valley it was a great centre of the woollen industry. There are a lot of mills, originally run by water but now of course on electricity. It is again a working class area. Richard Wainwright got in for it. He was then put out but he got back again and he too has held it for the last three elections. So we can claim that we are breaking into the heart of industrial England. Nevertheless we haven't got very far, nor have the Conservative Party. The Conservative Party is losing enormously in Scotland and in Northern England.

I don't dispute that we are to some extent a middle class party. The leadership of all parties is middle class in Britain. Of course, if you begin to fall as the Liberal Party did, it is your leadership which tends to survive, *ex hypothesi*. The survivors become the leaders and the leaders get the publicity so they tend to survive again and they tend to be middle class. The leadership of the Labour Party is very middle class and certainly of the Conservative Party. As for Celtic, this too is true - Cornwall, Wales and the North of Scotland - but not so much because it is Celtic as because of the way of life. These are areas of small farmers, fishermen and other people who are independent of the labour movement and who are not working-class proletariat but equally are not governing class at all. It is also because of the power in these places of the non-conformist Churches, which are of course tremendous breeding grounds for Liberals.

Frits Bolkestein, *Modern Liberalism*
16. The Prospect for Britain

Bolkestein: You wrote in the Times in December 1977: ‘We are now passed the crisis. We are sliding into disintegration’. Did you write this in a moment of dejection or do you still believe it?

Grimond: It probably is a little exaggerated. I don't mean to say that we couldn't stop the slide. The odds are, however, that Britain will become a 19th century Austria or Spain. It will not be unpleasant to live in. Vienna at the end of the last century, right up to the war, had good music and highly stimulating intellectual society but it was no great political or economic succes, nor indeed was 19th century Spain. This is undoubtedly the way we are going, coupled with a certain amount of disintegration. We are supposed to be a highly experienced little country but our strikes are quite deplorable. That Britain, which is a highly centralised society, should be torn by this kind of thing is odd.

It is true that the dominant political thought in Britain is still state-socialist, even among many Conservatives and to a certain extent among the Liberals. One tends, if there is any trouble, to think: ‘Well, the State must get in and pay a subsidy to take over and set up another organization’. That is still dominant in rather important places, for example in the civil service and to some extent in the schools. There has been a shift, however, and things like the I.E.A. receive far more attention than they did. The victory of Mrs. Thatcher was quite significant although it hasn't meant that everybody has changed his view; certainly not in the civil service, nor indeed in the educational world. Still, it is a shift, so the slide could be stopped. This is a very crucial time in British politics. One very crucial matter is: is there any hope of a Liberal Social Democratic Party? This is very important. Secondly, what is going to happen to Mrs. Thatcher's government? Thirdly, are the British now prepared to stand up to organizations? There are signs that some people will not obey their union. This is quite new. There is a shift towards personal responsibility although possibly for purely selfish reasons but a very good thing in my view. So there are cracks in what used to be considered a very solid basis in Britain. If they can be encouraged then I think the slide can be stopped.

Of course, one thing we have not discussed is Britain's position in the world. Foreign policy in Britain has rather disappeared off the political
agenda for a number of years. We are well aware that we don't carry much weight among the very big powers. Europe and joining it has taken up some of our interest but on the whole it has proved rather disappointing from our point of view, no doubt through our own fault. We no longer do much in the Commonwealth, in spite of Rhodesia. My feeling is, however, that the pressures from Russia and the question of the defence of the West are going to become very important and that this will have considerable impact on British policies. There is a section of the Labour Party which is extremely pro-Russian. I am not accusing them of disloyalty but they would defend Russia on every occasion. They defend its invasion of Afghanistan. They even defend its internal system. They are keen to go to the Olympic Games and so forth. Now if Russia's menace to the free world becomes much greater, this is going to present the Labour Party with issues that might lead to a very serious split, because there are a lot in the Labour Party, and there always have been, who are intensely anti-Russian. However much they may wish to have public control of Britain and however near they may get to sharing the communist view of how a state should be run, they are under no illusions about the dangers of external communism and I think would not remain in a party which really became a party of appeasement to the Russians.

17. Conclusion

Bolkestein: Isaiah Berlin has written an essay on Tolstoy called ‘The Hedgehog and the Fox’. The hedgehog is the man who knows one thing and knows it very well. The fox is the man who knows a lot of things but inevitably knows them less well. In which of these two categories would you put yourself?

Grimond: I'm afraid the less desirable animal and that is the fox. People who devote their lives to one thing probably achieve more but I would defend myself by saying that you must be a fox if you are a politician. You have got to take an interest in a lot of things. You can't just shut yourself away and say: I am now going to become the greatest expert upon whatever it may be. You are going to be pestered by the day-to-day debates in Parliament. Somebody is going to say: ‘Well, you've got to say something about this’. Then you've got to think and find out
about it. Politics is a very diverting occupation and this is even more so for the leader of a party. You can't lead the party on one issue, so that by career, by nature I am a fox, but also by education and no doubt by innate characteristics. I probably lack the intense concentration necessary to become a first rate scientist and I am not particularly well organised. The amount of my life I have simply wasted through not being reasonably well organised, trying to find papers that I have lost, the numbers of books which I have got half way through and then being diverted to something else when really I should have finished them at the time, do make me think that this is quite a serious lack. So I'm afraid I am a fox but I don't really think that a hedgehog could lead a party.

**Bolkestein:** You have now spent thirty years in politics. It is a grinding profession and because of the British electoral system it has not brought you the traditional rewards. Has it been worth it?

**Grimond:** To my mind infinitely worth it. I have enjoyed politics far more than becoming a Minister. I don't know if I would particularly relish being a junior Minister. There are few more boring jobs than being second or third in command of a rather dull Ministry. There is a lot of work but it is not very interesting and not very rewarding, so I don't regret that a bit. Politics is a fascinating business that takes one into all sorts of things (this is where the fox comes in) which otherwise one would miss and it has all sorts of elements which I like very much. I actually like the case work. I like the personal cases. I like having a definite constituency. I have groaned about going to Orkney and Shetland but I rather enjoy being involved in local things. I have no regrets about that and I don't really wish to go to the House of Lords, although I may conceivably go there - I can't see what else they are going to do with me. My only criticisms of politics are, first of all, that I think you must watch its effect upon the character. A man has recently written a book about the appalling effect of politics on people's health, how leading statesmen take to drink or suffer from diseases or premature senility. At the top, politics is very wearing upon the character. I have mentioned Heath but I see it happening to other people. I think that you have to be very tough to be the first Woman Prime Minister of Britain what with this constant criticism of your hair and your voice and also the need to hedge a bit upon things for the sake of votes. I think it can

**Frits Bolkestein, Modern Liberalism**
have a bad effect upon the character. Also, of course, one should watch one's effect upon one's family. I might end by telling how my youngest son when he was at school in Orkney was given a lift on the road by some people. We happened to know them but they didn't know who my son was. We heard the story from them. They tried to find out what his father did but he hummed and hawed and then they had the terrible feeling that there must be something awful about his father, he must be in prison or something. Eventually what he said about his father, in the strong Orkney accent that he then had, was: ‘Och well, he only gangs aboot’.

Frits Bolkestein, *Modern Liberalism*
Giovanni Malagodi
(The Hague, 18 October 1980)
In London on 12 October 1904.

University of Rome (law, 1926), with a thesis on political ideologies.

Vice-director of the Banca Commerciale Italiana at Milan.

Director-general of the Banque Française et Italienne pour l'Amérique du Sud in Paris and in Buenos Aires.

Minister plenipotentiary and financial and economic consultant to the Ministry of Foreign Affairs.

Chairman of the labour committee of the OECD in Paris.

Author of a report on Somaliland for the United Nations.

Member of the Chamber of Deputies for Milano-Pavia.

Senator for Milan.

Secretary-general of the Partito Liberale Italiano.

President of the PLI.

Honorary President of the PLI.

Minister of the Treasury.

President of the Liberal International.

Honorary President of the Liberal International.

Member of the Executive of the Federation of Liberal and Democratic parties in Europe.
Interview with Giovanni Malagodi

1. The Legacy of the Past

Bolkestein: Can the situation in the South of Italy be explained by the partition of your country between Byzantium and the Goths?

Malagodi: When the barbarians from the East invaded and settled in Italy in the fifth and sixth centuries they occupied the North and the Centre. The South of Italy remained largely in the hands of the Eastern Roman Empire. Under Justinian, the great emperor who was responsible for the Corpus Juris, Byzantium undertook the reconquest of the West. It managed to conquer a part of Spain and North Africa and from its bases in the South of Italy it moved against the Gothic kingdom in the North and Centre. The war went on for a long time under Belisarius until he was recalled to Byzantium because of court intrigues. He was replaced by a man of genius, the eunuch Narses, who continued the war against the Goths with success. Again because of palace intrigues in Byzantium he was recalled and as a vengeance, so the story goes, he opened the doors of Italy to the Lombards. They were the most savage of the barbarians. They occupied the North and the Centre of Italy and they moved down to the Northern part of the South, to Benevento. They did not occupy Venice, which was a little village in the reaches of the Adriatic, nor did they occupy Ravenna or that part of Italy which not by chance is still called Romagna. Ravenna was the centre of the military and political resistance to the Lombards. The Lombards did not occupy the South of Italy nor Sicily or Sardinia. This state of affairs has lasted in a way up to our days.

There is therefore an historical, political and cultural split between the South/Centre and the North, where in a couple of centuries the
Germanic invaders were totally absorbed. That part of Italy blossomed in freedom, even in anarchy. In the South the Byzantine government with all its sophisticated machinery was oppressive, in a way without even knowing it: that was its way of being. As it slowly declined it oppressed the native population more and more. In the South of Italy, a few centuries later, you hardly had any free cities. There was Bari and for a certain time there were Amalfi and the Duchy of Naples but on the whole it was the land of the Barons and of the Kings. After Byzantium the Arabs were in Sicily for two centuries, which is often forgotten, and then the Normans occupied Sicily and passed on to the mainland but they never really controlled more than the South of Italy and Sicily. They were bound by the frontier of the Byzantine Empire.

Another development was the Church which rapidly developed territorial dominions. From Rome it moved to Umbria and thence up the Adriatic coast across the Apennines to Ravenna and Bologna. That was the start of the territorial dominion of the Church. For many centuries this closed Southern Italy off from Northern Italy. There was an attempt by the first of the great emperors of modern times, Frederick II, who was of Germanic descent but practically an Italian (or even Sicilian more than Italian) to set up an absolute kingdom at the beginning of the thirteenth century. This failed, mainly because of the resistance of the Church and of the Northern Italian cities supported by the Church. So there is not one country, there are two. Which is the bond between these two countries? It is fundamentally a cultural one. It is the common religion and the common language and the feeling of a common descent from the culture and the empire of Rome. This kept them together. Italian poetry, in the vernacular, as distinct from the Latin poetry of the Middle Ages, was born in Sicily and from there spread to Tuscany. From Tuscany it spread to the North of Italy where it met a semi-French semi-Italian poetry. Out of this meeting was born the great poetry of Dante, Petrarca and Boccaccio and of the other remarkable writers of the end of the thirteenth and the beginning of the fourteenth centuries. They were in a way the real Founders of Italy, because they gave a cultural and spiritual message which was felt by the whole of Italy to be its own.

Dante never thought of an Italy united politically. He thought of a number of Italian states under the Suzerainty of the Emperor. But he also felt that we were all Italians, that we all spoke Italian, even if in dif-
frent ways and in different dialects. When he wrote his great poem, his idea was to cull the best of all the forms of Italian. Obviously, being born in Tuscany, he wrote and spoke mainly Tuscan but he certainly took in other elements. This has been a great bond all through our history.

The great flowering of the Renaissance between the fourteenth and the sixteenth century, followed by the Counter-Reformation, cultural decadence and foreign hegemony, first Spanish and then Austrian, strengthened the cultural bonds between the different states of Italy, but did not unite them. At the end of the eighteenth century, the political map of Italy was a puzzle of states, not very different from the fourteenth century.

When Napoleon and the revolution came to Italy at the end of the eighteenth and the beginning of the nineteenth century, it brought with it a very strong unitarian element which was in the tradition of the French state but this did not suffice to create a united Italy. It set up a divided Italy and the main division was again between the North and Centre and the South. There was the Kingdom of Naples, under Murat, the cavalry general and brother-in-law of Napoleon, who in the end, in 1814, conceived the idea of setting himself up as King of Italy in the name of freedom and independence but failed. He was arrested and shot somewhere in Central Italy. So when the unification of Italy came, there was the Kingdom of Sardinia, which really meant Piedmont, Liguria and Sardinia; there was Tuscany; there were small Duchies in the Po Valley; there was the Austrian domination in Milan and in Venice; there were the dominions of the Pope and there were the Bourbon Kings in the South of Italy. This was roughly the same picture as five centuries earlier. The dividing line was what is now the border of the responsibilities of the Cassa per il Mezzogiorno: the frontier of the old Kingdom of Naples.

2. The South

Bolkestein: It is sometimes said that the people in the South of Italy want to be somebody, while the people in the North want to do something.

Malagodi: If you understand by this that the spirit of individual initiative and responsibility is stronger in the Centre and North of Italy and
that the spirit of egotism is stronger in the South, I think you touch upon a point which has some truth in it. But when you speak of the South of Italy you must be careful. There is not one Mezzogiorno, there are several different Mezzogiorni. For instance, Sardinia is quite by itself. Sicily is again quite by itself and very proud of being so. The rest of the Mezzogiorno is made up of the ‘spine’ and the ‘flesh’. There is the middle part, where the mountains are, which is very barren and extremely poor and not very inhabited, and there are valleys and there is the coast where you have some areas of good land, good harbours, a much denser population and more activity and prosperity. Then there is the great city of Napels which is again something by itself. Some people have asked themselves whether it really is in Italy and not in the Levant. Lastly, there is Apulia, which is very active and thriving.

**Bolkestein:** Could one say that the people in the South are more prominent in political life than those in the North and that in industry it is vice versa?

**Malagodi:** No, I don't think you can say that. There has been a considerable number of very eminent politicians from the South and especially from Sicily, but there have been at least as many from the North and from the centre. Cavour, Mazzini and Garibaldi were from the North. Ricasoli was from the Centre. Depretis was from the North. Crispi was from Sicily but Giolitti was from Piedmont and de Gasperi was from the mountains of the North. Segni was from Sardinia, which is a South of its own. Moro was from the South but Togliatti was from Piedmont. The leading Liberals were half and half: Einaudi was from the North, Croce was from Naples, Gaetano Martino was from Sicily. Saragat is from the North but Longo, the Social Democratic leader, is from the South. As for business, if you go to Milan you will find to your astonishment that many of the leading figures in industry, trade and finance are from the South. One sometimes has the feeling that the Sicilians have something in common with the Scots: they come from a poor country with strong individualities and they try their luck at a career in Milan or Rome or in London and being capable and strongly motivated they often succeed.

**Bolkestein:** Since the last war there has been a tremendous exodus from
the South to the big industrial cities of the North. Did the people who moved North lose the framework of their existence? Did they lose their religion?

**Malagodi:** The loss of religion is a general fact. It is found today amongst those who have remained in the South almost as much as in the North. Certainly, the great migration from the South to the North is a fundamental fact of the last years but it was much less harmful than the migrations from Italy to America which were such an important phenomenon between the end of the 19th century and the First World War, when millions of Italians went to North and South America, mainly from the South of Italy. After the last war there has been a move of about two or three million Italians from the South to the North. At least they have remained Italians, they have not been lost to the community. They have to some extent lost their bearings and are not yet entirely absorbed into their new environment but I don't think that in another generation this will still be the case.

**3. The Church**

**Bolkestein:** How strong is the influence of Catholicism in Italy today?

**Malagodi:** It is often said that Italy is one of the least religious countries in Europe. That is not true. Up to the sixteenth century there was a very strong vein of orthodox religion and of religious feeling. All the great figures of Italian history and culture are religious figures. The sixteenth century was the turning point of Italian history. We then lost our political independence but also our spiritual independence. The Church which had enlivened intellectual life became an element of oppression. The Church of the Counter-Reformation was not a very good thing anywhere but in Italy it was especially oppressive. It was very oppressive in Spain but the situation there was quite different: after all, the Spaniards, to put it brutally, liked a strong spiritual government. We did not. Italy went to a certain extent to sleep. A few outstanding figures were forced by the Church into an anti-religious position but the people fell more and more into a form of religion which was conformity rather than inner faith.

There is a great book on Italy, which is the *History of the Italian Re-*
publics’ by Simonde de Sismonde, a Swiss descended from a family of Italian exiles of the Renaissance, for reasons of religion. The most significant part of it is on the causes of the decay of Italy after the sixteenth century, which he attributes to the Counter-Reformation and its ossified and externalized ethics. On the Catholic side there has been many an attempt to put this in question but I believe that it was indeed a very great factor. It has naturally had repercussions. A form of individualism in moral affairs has developed which is resentful of the Church. In non-Catholic or non-Christian Democratic circles there is a tendency today to overlook the developments in the Church over the last twenty or thirty years, which have brought the Church nearer to a liberal view of society. They have not accepted Liberalism as they have not accepted Marxism, although perhaps they have accepted Marxism a little more, from a practical point of view, than Liberalism. But on the whole they have moved nearer to Liberalism and we must take account of that. It makes for greater competition but it also creates a better atmosphere for liberal ideas.

In one of his great speeches on the Roman Question, as it was then called, Cavour suggested that Rome should no longer be the political capital of the Church as a territorial entity. He said: ‘This can bring about the reconciliation of the Liberal and the Catholic forces. The Catholic forces will form the majority and I shall then be very happy to be the leader of the opposition’. This is what over a century has happened. When we emerged from Fascism, the Christian Democrats found themselves to be the main party of democracy and there is no doubt that spiritually they are strongly influenced by Catholic thinking. Some of them point out that they are politically independent from the Church, but what they think of the structure of the state and of society, of the economy, of international relations and so on, is strongly influenced by the Church. One could say that the Church does the thinking and the Christian Democrats do the acting. When I first came into Parliament in 1953 there was a very distinguished lady from the same constituency who was a Christian Democratic Member of the Chamber. Once I asked her: ‘How does one become a Christian Democratic Member of Parliament?’ ‘It is very simple’, she answered, ‘you must be supported by your Bishop or your Bishops, according to the number of them in your constituency, by the religious orders, by the curates, by the Catholic workers’ unions and then also by the Party’. Today the Party is more
important, but still the real backbone of Christian Democracy is Catholicism.

**Bolkestein:** Are they then to some extent closer to the Marxists than to the Liberals?

**Malagodi:** Their position is slightly schizophrenic. There are two tendencies in Catholic thinking. There is a strong current which still reasons as the Church of the nineteenth century. ‘The Liberals are the capitalists; they are the rich; they are the enemies of God and the enemies of the people. Therefore we must be anti-liberal and anti-capitalist’. They confuse, deliberately or unwittingly, liberalism with capitalism. That is their position: ‘Nemici di Dio e del popolo’. This finds its expression, for instance, in Emmanuel Mounier, the personalist of French Catholic thought, who has had and still has a considerable influence on the left of the Christian Democratic Party in Italy. It is also connected with the great effort which the Church has made, starting with Leo XIII and the famous encyclical ‘Rerum Novarum’, to regain contact with the modern world through the masses, without accepting, to start with, the institutions of Liberalism. In a way this was not entirely new because even in the middle ages the Church had very often been more on the side of the free cities than on the side of the Emperors and the feudal nobility. With the rise of absolute monarchies and with the Counter-Reformation this changed but there remained an undercurrent which came up in the second half of the nineteenth century and has continued until now.

The encyclicals as such are certainly not Marxist. They are nearer to a modern form of Liberalism, with elements of charitable thought and a certain dislike of the mechanisms of the market, which, in effect, can to some extent be brutal. Liberals try to build institutions which will countervail this brutality but we know that to some extent it is unavoidable. The Church imagines that it is avoidable. However, the main institutions of our social and economic life are not put in question by the encyclicals. So you have these two aspects. On the one hand, a fight against capitalism and Liberalism together with a social policy which really ought to be nearer to the institutions and the free market of our present society. On the other hand, a strong current which finds that modern society is not entirely bad and that more of its institutions
should be accepted. The first current is in a way divided between those who have a tendency to seek revolutionary solutions and lend a hand to the Marxists, even if they are not Marxists themselves, and then those that are nearer to us.

The essence of the first Vatican Council was an explicit condemnation of Liberalism. The Syllabus is a long list of Liberal tenets and against each one of them is written ‘Anathema sit’. In Vatican II a great effort was made to get nearer to the modern world and to freedom. The constitution ‘Dignitatis Humanae’, On Human Dignity, is the nearest thing to Liberalism which the church has produced over many centuries. If you look at the Syllabus and then at Vatican II, you see two documents that could not be more different from each other. I have heard an eminent churchman say: ‘We have in fact accepted Liberalism’. To my remark that in the constitution ‘Dignitatis Humanae’ there were certain elements that were not yet very liberal, he said: ‘Those have been put in to please some old cardinals. You must not give them any importance’. I don't believe this to be the case, though. There is still an essential difference between allowing liberty and wanting liberty. The attitude of the Church, even in this document, is to allow liberty rather than to believe that out of free discussion a truth can emerge which is a dynamic truth, that there is no static truth given once and for ever.

However, it certainly is easier to cooperate with the Christian Democratic Party today than it would have been thirty of fifty years ago. Eighty years ago it was impossible in Italy. Catholics were forbidden to enter the political life of the Liberal State. There was a renewal of the Syllabus under Pope Pius X, about 1904, when modernism was born, which was a mild form of the Dutch Catholicism of today. The Pope condemned it most solemnly. When the agreement was made between the State and the Church in 1929, Fascism took upon itself not to allow any priest who was condemned by the Church to be a public teacher.

Bolkestein: Does the French phenomenon of the ‘prêtre ouvrier marxiste’ exist in Italy?

Malagodi: I don't think it even exists any more in France. We have priests who are deeply interested in keeping in touch with the workers but that is their duty and their right and we as Liberals should take a leaf out of their book. The ‘prêtre ouvrier marxiste’ is now non-existent in Italy.
Take, however, the so-called ‘theology of liberation’, which is very much alive in Latin America. If I were a priest in some parts of Central or South America I ask myself if I would not probably also be a priest with a rifle. The theology of liberation is the admittance of violence as an instrument for charity. In itself, this is a thing which the Church condemns. The present Pope has spoken clearly about it when he went to Mexico and to Brazil.

When the first great outbreak of terrorism took place in Italy, the leading review of ideas in the Church, the Jesuits’ ‘Civiltà Cattolica’, which is now 132 years old, published two articles on terrorism, which stated that one may not use violence; certainly, violence is used by those who oppress the people but one must refrain from violence oneself. However, conditions may arise where violence is unavoidable. Even the official review of the Church admitted that under certain circumstances violence could be necessary.

All political schools of thought admit this, perhaps with the exception of St. Francis and of Tolstoy. Even Mr. Gandhi sometimes acted violently against the British Raj. The first article of the Statutes of our Party in Italy, which are in conformity with Liberal thinking all over Europe, declares that we recognise the right of the majority to impose its will except when this is against freedom. That little word ‘except’ is the same word as the word ‘however’ in Catholic theology. It is a question of spiritual attitude: are you inclined to believe that you can redress the shortcomings of humanity by violence or are you inclined to think that you can do it better by creating greater awareness and responsibility? These seem to be the two fundamental attitudes and we are on the side of the second. So is the Church, on the whole, but some elements of the ‘theology of liberation’ go beyond the ‘however’ of the Jesuits. There are some elements in the Catholic Church in Italy that are rabidly anti-Liberal to this day. They are not pro-Marxist but they are more anti-Liberal than anti-Marxist.

4. Liberals and Republicans

Bolkestein: What is the difference between the PLI and the PRI?

Malagodi: The real difference between the PLI and the PRI is not very great. The programme for the European elections applies to the PLI as
it applies to the PRI. It covers the basic ideology of Liberals and the great problems of international politics and economics. What, then, is the difference between us and the Republicans? First of all there is the question how to handle the Communist problem.

There is no doubt that some change has taken and is taking place in the Communist area. If we manage to keep the Communists in the opposition but within the parliamentary and democratic system for another generation, the change will become greater and increasingly visible. We believe, on the other hand, ever since the war, that if we make a compromise with the Communists, if we accept from the Communists a part of their policies, this will not make their evolution deeper and quicker - it will make it shallower and slower. They would find themselves not confronted with the need of coming to terms with a free society but in the position of managing a sort of society that is neither free nor really unfree.

The position of the Republicans is that if at this stage you take the Communists into the machinery of government of a democratic state, you accelerate and deepen their education. So it is really a dispute between Father and Mother on how better to reclaim a rather difficult child. It is a dispute of fundamental importance. It does not only divide us from the Republicans but to some extent it also splits the Christian Democratic Party. There are those who quite openly believe that the communists should be taken in and those who do not dare to say entirely no but put conditions which in fact amount to saying no - which is a very Christian Democratic way of doing things. Even in the Socialist Party, after the evolution of the last twenty-five years, there is a majority that says: ‘It would be wonderful if we could have unity on the left, if we could have a left wing government, a left wing majority. Unfortunately the behaviour of the Communists makes this impossible today.’ So this dispute is not just between us and the Republicans - it is a deep difference inside the whole democratic front and it corresponds to the dialectic of freedom.

It is quite natural that you should have a discussion of this sort. If you look at the world, it is a discussion between those who insist more on detente and those who insist more on military superiority. It is not the same discussion, but is has elements of similarity. The ‘theology of liberation’ is again an instance of the same dispute: do you get the masses to be peaceful and free by shooting the capitalists or by educating

Frits Bolkestein, *Modern Liberalism*
them? One of the slogans of the Red Brigades is: ‘To kill one in order to educate a thousand’, which in a sloganly way says the same thing. So it is a dispute which is probably inherent in our society.

Apart from this dispute there is a difference in temper that goes back to Cavour and Mazzini. Mazzini had a strong mystical element, an element of ethical intransigence. He very much believed in the people as a mystical entity: ‘il Popolo’, which is not exactly the people, it is the ‘Volk’ as you would say in German. The ‘Popolo’ should save itself, it should work its way to freedom, to relative equality, to happiness and to independence by fighting by itself. On the other hand there was the more pragmatic attitude of Cavour, who believed that one could attain freedom and independence more in the British way, by making use of existing institutions, by bringing an element of novelty into old institutions, by taking account of human weakness and of the realities of the situation.

It is the great dispute of Burke, who was first for the freedom of the American colonies and then against the French revolution, because in the one case he found Great Britain too intransigent, while in the other case the French ‘Jacobins’ seemed to him much too rigid. In both cases he wanted his country to adhere to a pragmatic policy and to move with the flow of history. That was the attitude of Cavour.

There is also a difference, if you like, between British Liberalism and French Liberalism, the latter being very often ‘Jacobin’ in attitude while the former is sometimes not very far from conservatism. On the one hand, the British Liberals tend to be of different opinions on economic affairs while on the other hand, in political affairs, they are interested in extreme libertarian solutions. The two things do not always go very well together. You can have a Liberal attitude which looks at planning for the market and at civil rights at the same time, but the two things pushed to extremes can contrast with each other, which the British Liberals sometimes should be reminded of.

The difference between Mazzini and Cavour has to some extent remained down to our days. If you take the core of the relatively small electoral strength of the Republicans - in the Romagna, the provinces to the Northeast of Bologna, with some islands in Tuscany, in Rome and a small part of Sicily - you will find people who consider themselves to be the ‘left’ against the ‘right’. They have not, so to say, noticed the appearance of the Communists or even of the Socialists. They still see
things in terms of ‘résistance’ and ‘mouvement’ as in the France of the Restoration. They are the ‘mouvement’; we, and others, are the ‘résistance’. They are the progressives, we are weaklings. When confronted with a priest, such Republicans are what we call ‘mangia-preti’, ‘priest-eaters’. Today this attitude is obviously much weaker but it is still there. It goes right back to Mazzini, who saw himself as a great champion of the people against the anti-people. He saw the need for religion but a new religion of which he was the high pontiff, a religion which in him was a very noble ethical feeling but which in his followers took the form of ‘priest-eating’.

5. The Rise of Liberalism

Bolkestein: When one considers that the creation of modern Italy was a Liberal creation, one wonders what the cause of the decline of Liberalism in Italy has been and whether this had something to do with the rise of fascism.

Malagodi: Modern Italy was the creation of a very small élite. It was an élite which was born out of the shock waves of the French Revolution and of Napoleonic rule and which in its first decades consisted of very small groups. When Cavour came and the Monarchy of Savoy adopted the national cause, it took a Liberal élite to govern in Piedmont and then in Italy. In the third quarter of the 19th century the electorate numbered roughly a million and a half, of which about half did not vote because they were Catholics to whom the Pope had forbidden to take part in the political activities of the new Liberal state, through the famous ‘non expedit’. The elections were fought between, say, 300 electors on one side and 310 on the other, in a constituency of 1,500 electors of whom perhaps 700 or 800 did not vote. It all turned around a few heads of families whom one had to get on one’s side. You would give one major speech to which everybody went, then you would give a great dinner and that was the electoral campaign.

The beginning of real democracy in Italy came when the franchise was extended in the late eighties and early nineties and the number of electors went up to three million. In some constituencies candidates began to buy votes. It has been said that when the poor peasants found that they could get 10 lire for their vote, they suddenly understood that
it meant something. It was a strange awakening. However, between 1861 - when the Kingdom of Italy was born - and the beginning of the 20th century politics remained restricted to a very small group. There was the beginning of a Socialist movement which dates back to the early nineties. There was a slow movement of the Catholics towards participation. When the male franchise became quasi-universal in 1912, the Liberals were still a small group. The number of Liberal electors before universal franchise would, proportionately to the population, not be very different from what it is now.

It was a Liberal élite, surrounded by Catholic and potentially Socialist masses, which did what is the great title of honour of the Liberal élite all over Europe. It opened the doors of power, knowing very well what it was doing. It opened the doors of power to masses which it knew were not born Liberal. Giolitti said that the main purpose of the Liberal Government was to extend the basis of the Liberal State and to make the Liberal Monarchy more secure. In order to do that one would have to run risks.

**Bolkestein:** Is this not in contradiction to what you have said about your position as regards the Communists?

**Malagodi:** My answer is ‘no’ for two reasons. The first is that Giolitti had tremendous support in the monarchy and in the Liberal élite. The monarchy controlled the political world. The Senate was designated entirely by the King, who ruled the higher bureaucracy, the army and the police. When Giolitti opened the doors, he knew that he could close them at any given moment, should it be necessary. Around 1905 he once survived in the Senate by only two votes, because the Senate considered him to be too left-wing. He wrote in his memoirs that he was very happy to be able to show to the left in the Chamber of Deputies what the limits of their power were. In fact, he asked the King to dissolve Parliament and the Chamber came back with a much more moderate majority.

Secondly, he could play the game in conditions of relative security because the Socialists were not Communists. There was in them a strong vein of democracy. They were not as organized as the Communists are and they did not enjoy the support of Soviet Russia. The world was entirely different. The Catholic forces were anti-Liberal but from a social point of view they were conservative. For these reasons Giolitti
could take a different attitude towards the fundamental problem of the opening.

6. The Rise of Fascism

Bolkestein: What caused the polarisation that preceded the rise of Fascism?

Malagodi: The cause of the polarisation was the emergence of the Socialist and the Catholic masses on either side of a relatively small élite of Liberals. Several phenomena occurred. Before the war, in Italy as in other European countries, especially France and Germany, a wave of philosophical, ethical and political irrationalism was born. In Italy it was considered a sort of freak but it was deeper than that. There was futurism on the one hand and nationalism on the other, which was closely connected with the nationalism of the Action Française. It was fundamentally anti-Liberal and with regard to the Church it consisted of what in France were called ‘les Catholiques athées’. With respect to the Socialists, it was made up of people who considered the masses to be brutes but at the same time useful tools against the Liberals. This weakened the Liberal establishment because a part of the bourgeoisie followed this trend.

Then there was the First World War which Italy joined because it was impossible not to join it. It was obviously the occasion to round off the Risorgimento by annexing Trento and Trieste, which were the two remaining areas of Italians which were not in Italy. There was also a question of general equilibrium. We could not see Europe tear itself to pieces and not take part. The effort of the war was in a way too much for us. Giolitti had seen this clearly and was against joining the war early. He wanted us to enter at the end, as Russia did against Japan in 1945, but he misread the temper of the times. He did not understand the irrational forces that were loose in the world.

The war further weakened the Liberal élite. Through a terrible bloodletting we lost about 600,000 men. Of these, about 100,000 were young non-professional officers, the cream of the Liberal establishment. This is a loss which you cannot easily replace. Then there was a feeling, fed by irationalist and nationalist elements, that we had not got enough out of the war.
On the other hand, the Russian Revolution, together with the restiveness of the Italian Socialists, produced between 1919 and 1921 a wave of revolutionary threats. I don't think they were more than threats but they were very visible. I remember going to visit relatives in Turin as a boy. When the train entered the town through the industrial districts, one could see the workers with rifles and red armbands standing guard on the roofs of the factories. I also remember the Italian Socialist Party's newspaper, the ‘Avanti’, publishing the full text of a constitution for the imminent Italian Soviet Republic. There were disturbances in the streets. Officers were insulted, spat upon and knocked down, and this gave birth to a strong reaction.

In the countryside, especially where reforms were needed but not the confiscation of the land that was threatened by the Red Cooperatives, a movement of reaction was started by the farmers and their sons who had been in the war, generally as officers. They made common cause with groups of other officers and non-commissioned officers and formed bands in the larger towns that were largely made up of the ‘arditi’, the commandoes of the First World War. They were frustrated by the fact that they had been in command in war, they had had the excitement of war and now they were faced with everyday drabness, by threats to their way of life, by ‘defeatist’ positions in foreign policy. These various elements together formed a strong reaction to the Socialist restiveness.

Bolkestein: What was the attitude of the Liberal establishment with regard to this situation?

Malagodi: There were some people, especially in the government, who took it rather calmly. Giolitti with his immense *sang froid* managed to defuse the occupation of the factories. He also defused the D'Annunzio adventure. D'Annunzio was a leader of the more scatter-brained form of irrationalism which spilt over into politics. In 1920 he occupied the city of Fiume which was a bone of contention between us and the Yugoslavs and set up a very strange Republic which in a certain way was a forerunner of the Fascist State. Giolitti managed to get him out of Fiume and there he used force, because when necessary he was quite ready to do so. He put the finances of the state in some order. When he fell in 1921 the situation was already on the mend.
Bolkestein: Why did he fall?

Malagodi: He fell because he was a very old man. He was still wonderfully active but over eighty and he was confronted by the Catholic Party, the Christian Democrats of the time who were called the Popular Party, and he represented everything they disliked. They supported him but as soon as they could they limited their support. Not being quite aware of how serious the situation was in respect of these great irrational movements, he did the proper thing from a parliamentary point of view and resigned. The Socialists were divided. Their better leaders knew quite well what nonsense was going on but the lower cadres were revolutionary Socialists who felt that it was wonderful to be able to attack the capitalists and the King and the officers.

Then there was a group of Liberals who were not sufficiently unyielding in front of the Fascists. Giolitti thought the Fascists were a relatively small movement that would put the fear of God into the Socialists and disappear at the next elections. Part of the Liberal establishment reacted by going back to the conservative tendencies of the end of the nineteenth century. Another part of the establishment toyed with reactionary temptations and believed that it would be possible to make a deal with the Fascists: to set up something more conservative and more disciplined; which would put the Socialists in their place and use the Catholics without giving them too much power; which would create a kind of bourgeois-capitalist garden of Eden. These also were grievously mistaken because they underestimated the lust of power and the irrationalist tendencies of Mussolini and his followers and also the social needs of the times, which were distorted by the Socialists but real.

When Mussolini came into power with the blessing of the King, another part of the establishment believed that the only thing that could be done, would be to ‘flank’ the Fascists and try to moderate them, to exert some sort of Liberal influence on them.

Between 1920 and 1922 the Monarchy could have pushed the Fascists out of the picture easily. Even at the end of October 1922, when they threatened to march to Rome, the very weak Liberal government under Facta asked the King to sign an order of ‘état de siège’. There is no doubt that under an ‘état de siège’ there might have been a few wounded or a few dead but Fascism would have disappeared.
Bolkestein: Why did the Monarchy bring Mussolini into power?

Malagodi: There was a medley of reasons. There was a ‘conservative’ feeling of the Monarchy which was akin to the one of part of the Liberal establishment. On the other hand, there was a feeling that after all it was not right to suppress a new movement. It should be put into the picture and the establishment and the Monarchy were strong enough to keep it in its place. There was a feeling that shedding blood among Italians was a very bad thing. There may also have been the feeling that the time had come to stop the democratic game which was going too far. Victor Emmanuel III was ‘the Liberal King’ but the Liberal King betrayed Liberalism.

If you put all these things together, you have an establishment weak in numbers, starting a quite new experiment of cooperation with the Socialists and the Catholics but weakened by the restiveness of the Socialists who were encouraged by the Russian Revolution; at logger heads, to some extent, with the Catholics although needing them in order to form a government; the establishment divided, the Monarchy wavering and in the end coming down on the side of the Fascists.

It is true that a part of the Liberal establishment fought against the Fascists very strongly. A man like Amendola was a leader of resistance and paid for it with his life. Croce and Giolitti, who at first had thought they could use the Fascists, came down on the side of the opposition as soon as they noticed that this was impossible. In fact Croce was the mainstay of cultural and moral opposition during the whole of Fascism and we owe it largely to him that we still exist. Einaudi came into the picture a little later. On the whole there was a nucleus in the Liberal establishment which remained staunchly and openly faithful to the values of Liberalism.

But on the whole, the rise of Fascism weakened the Liberal establishment very considerably when it was already weak politically. Had it not been for the war, had it not been for fascism, had the monarchy been more faithful, the Catholics more understanding and the Socialists more moderate, the Liberals would have been stronger.

7. The Left versus the Right

Bolkestein: And now we are faced with this polarisation between the left
Malagodi: We entered Fascism with a Socialist Party divided between maximalists and moderates but still it was one party. We emerged from Fascism with a very strong Communist Party and with a diminished Socialist Party which for a long time felt that it was its duty to be the close ally of the Communists. So the left was strengthened and radicalised. When Fascism came, the future Christian Democrats were about 100 in a Chamber of 500. When we came out of the war in 1945 they had an absolute majority in the country and in the Chamber because they gave the impression that they were the only force which could stop Communism. Therefore we were faced with an increased polarisation and this situation has not changed very much since. Fortunately, the Socialists have recently moved to the Centre. It is a miracle, due in part to men, but very largely to the inherent strength of our ideas, that both we and the Republicans subsist today and have a political influence out of proportion with our numbers.

Bolkestein: When one looks at the French Communist Party one notices a gradual decline since the Second World War. Why has this not happened in Italy?

Malagodi: The polarisation in our country is greater than in France. France has been a united community since at least Louis XI. We have been a united community since 1861. In France one sees on the right a conglomerate of more or less Liberal parties and also the Gaullist forces which are conservative and nationalist but not anti-democratic. On the left there is a very large Socialist Party, much larger than the Communist Party, which is divided as all Socialist parties are between moderates and non-moderates but which on the whole has participated in the Government of the country, off and on, since about seventy years ago; and then you have the Communists. Certainly France is divided too. Léon Blum once shouted in the Chamber: 'Je vous hais', against the moderates of the centre and of the right. That is revealing for a man who was an intellectual of the higher bourgeoisie.

But France is less divided than Italy. The coherence of the French State and the efficiency of the French bureaucracy are greater. The bureaucracy is the bureaucracy of Louis XIV, of Napoleon, of the
Third Republic, of the ENA. It is a very strong bureaucracy. Our bureaucracy was not bad before the First World War, under much easier circumstances. Today it is weak. The strong polarisation obviously makes for a strong Communist Party. It is also stronger, and here I am not contradicting myself, because in a way it has always been a more moderate party than the PCF. The French Party has inherited the tradition of Jacobinism and of Saint Just. The Italian Party has always been more political and more understanding of the real situation. A man like Togliatti was 100% Communist but he was also a man of Italian humanist culture, which is a thing not without importance. He had learned thoroughly the lesson of Gramsci. Gramsci was again a Communist but deeply influenced by Croce. Gramsci understood that if one wanted to come to power in Italy, one must first get hold of the centres of cultural and social influence. That process changes the centres but it also changes the Party. Either you are an invading barbarian, like Lenin, and you change the situation by blood and fire, or you proceed gradually and unwittingly you find yourself on a Social Democratic road.

When I had just entered Parliament a discussion took place after the Tiber had flooded the lower quarters of Rome, which damaged very considerably not only the dwellings of many poor and middle class people but also a great number of shops, small industries and artisans. The Communist speaker, a powerful lady married to one of the great theoretical leaders of the Party and the daughter of an extremely rich man, said: ‘I'm very sorry but you are not doing enough. Think of these poor industrialists, shopkeepers and artisans whose way of life has been destroyed! We must help them to start again’. She made a speech which was half way between Liberalism and Social Democracy. Certainly this was done in order to get the votes of those people but when you reason in a certain way and you get certain votes you are to some extent conditioned by what you have been saying and by the votes you are getting.

How many Communist votes come from communists? In the elections of 1976 the Communists made a great spurt forward. They went from 30% to 35%. Why have they gone back to 30%? Because the experience of governing with them and of the crisis which is largely owing to left wing policies has persuaded 5% of the electorate that the Communists are not really their party. Even among the 30% which they now have there is another 5% to 10% which will in due course be taken away.
from them. Their normal standing in Italy today would probably be 25% and in due
course it will be 20%. Once the Socialist Party is perceived to be really and factually
independent from them, the polarisation will not be as great and we, as Liberals,
should also certainly gain ground.

**Bolkestein:** How will Berlinguer get out of the dilemma between, on the one hand,
a revolutionary party and, on the other, a reformist one? Does he know what sort of
party he wants?

**Malagodi:** When Togliatti arrived from Russia in 1944 we had until 1947 a
government of six parties which included the Communists. They were part of the
government, with the idea of taking it over later, but in the meantime they were
conditioned by the fact of governing with five other parties. When Mr. de Gasperi
decided to kick them out, they did not rise in arms against his decision. Even from
the beginning of his stewardship of the Communist Party, Togliatti had the idea of
short circuiting the ascent to power of the Communist Party by some sort of agreement
with the Christian Democrats. The Christian Democrats were for a long time against
this. What they had in mind was to add to the alliance with smaller parties such as
ourselves an alliance with the Socialists in order to detach them from the Communists
and put the Communists under pressure so that their evolution would speed up. They
actually came to an agreement with the Socialists at the beginning of the sixties but
they made two great mistakes. One was that they did not clarify sufficiently the
relationship between the Socialists and the Communists. They left a large area of
haze which was in part due to their intrinsic aversion from clear-cut issues. The
tradition of the Church in its worst aspect has always been that, faced with an heretic,
it either made him a saint or burnt him. It was never quite clear which of the two
solutions would be chosen. With regard to the Communists, one either took them
into the majority or the government, or one burnt them by keeping them outside.

The other mistake was that they did not clarify the main points of economic policy
with the Socialists and this had as a consequence that over the next ten to fifteen
years they followed a policy of great disorder, which was also due to the fact that in
the Christian Democratic Party there were strong elements of populism. I am reminded
of a
saying of Jo Grimond, that the Labour Party in England, a few years ago, had given up the idea of bringing in Socialism but was still so averse from the free economic order that it did not know how to make it work. When the Christian Democrats did this operation with the Socialists they had a double purpose: on the one hand, to keep the Communists at bay and under pressure and on the other, to work through the Socialists towards an agreement with the Communists. When Mr. Moro once in one of his cryptical phrases said: ‘We are now in the second phase’, (speaking of the agreement with the Socialists) ‘but then will come a third phase’, he probably had in mind some sort of agreement with the Communists. This is what is called the ‘historical compromise.’

The Communists have thought of the historical compromise ever since. They came very near to it in 1977/78 when a one party government was formed under Mr. Andreotti with the support of all parties, including the Communists, against our solitary opposition. This government fell because of its inner contradictions. Mr. Berlinguer found himself faced with the question of what to do. ‘The attempt to get into government through the majority has failed. The Christian Democrats tell us that they are ready to keep us in the majority but not to admit us into the government. The Socialists are no longer our close allies. They are competitors rather than allies. What shall we do?’ The answer has been to revert to a much sharper opposition, without, at the same time, working for a ‘third way’ and coasting away from the USSR.

The climax of this took place during the fierce Fiat strike in Turin when Mr. Berlinguer went to hold a major speech in front of the main gate and told the workers: ‘If ever you need to occupy these factories, occupy them, we shall be with you’. When they picketed the entrances to Fiat the pickets were mainly activists from outside Turin, from the region of Emilia Romagna where the PCI is especially strong. They were therefore the private army of the Communist Party. This was also a culmination of the contradiction between the Communists' political strategy and the economic and social development of the country. Italy still remains a country with a relatively free economy. We are a part of the European Community; we are in the European Monetary System; we have contributed to GATT; through the Community we are party to the Lomé-agreement. We are a country wedded to the only kind of economic policy which we can have and which is a free economic policy.
This is in contradiction to the sharp attitude of the Communist Party, which puts their present leadership in a very awkward position. As a result of these several weeks of general strikes at the Fiat factories, the so-called march of the forty thousand took place. It was made up of forty thousand people, partly lower cadres and skilled workers of Fiat and partly from the many smaller factories that feed Fiat with component parts. They marched through Turin asking that the strike should be ended. This has given a terrible jolt to the unions. The unions are divided in the same way as the Communist Party. Two years ago when the Communists joined the majority, they took an open position in favour of a compromise with the liberal economy.

8. Eurocommunism

Bolkestein: How do you see Eurocommunism develop over the next few years?

Malagodi: I don't think that the change has as yet gone very far and these contradictions in the attitude of the Communist Party prove it. When the Communist Party says: ‘We are either in the government or we are in a strong opposition’, it really means that it wants to conquer power, not that it wants to adapt. But the PCI must adapt itself in order to get power.

This is not without connection with the international situation. Even today there still remains a sentimental and political bond between the Italian Communists and the Kremlin. How far does the Kremlin believe that it is dangerous to allow the French and the Italian Communists to move in the direction of cooperation with non-Communist parties? Certainly the French Party has hardened its line very much over the last few years and so, in its Italian way, has the PCI. Does this mean that the Kremlin has the feeling that it is going to have Europe in its hands in the course of the next few years, not through war perhaps but through prevailing military force, encirclement, pressure on the oil resources, the weakness of America and the internal divisions of Europe? Maybe the Kremlin sees itself already as the potential master of central and western Europe and therefore tells the Communist Parties not to settle for a low price today when they can ask a much higher price in a few years' time. That is an element which is difficult to evaluate. One of the old leaders
of the Italian Communist Party told me recently: ‘We know what we are not but we don't yet know what we are.’

9. Christian Democracy

**Bolkestein:** Somebody once said that you can recognise an Italian Christian Democrat just by looking at him. Is there something in that?

**Malagodi:** Yes, something. You can also say it of a Communist, even if it is more difficult because the Communists have lost to some extent the puritan look they used to have ten or twenty years ago. Now they look more like normal bourgeois but certainly there is in their make-up an element of political bureaucracy which one finds to a much greater degree when one goes to Soviet Russia. With the exception of a few leading figures, the people there seem to be just bureaucrats. The Italian Communists are not so fat and heavy as most of the Russians but they are still political bureaucrats and sometimes you can recognise them. Sometimes they are intellectuals, bourgeois, lawyers or doctors and it is not easy to distinguish them from one of us.

One can generally distinguish the Fascists because there is a sort of artificial dash in their ways - they are *schmissig*, as the Germans would say. In the case of the Christian Democrats, there is an element of watered-down ecclesiastical suavity. They often speak in slow voices with a special kind of understatement which is not the understatement of an opinion so clear-cut that it needs not to be stated strongly: it is the understatement of somebody who does not want to give you a very clear-cut opinion. That reflects itself often in their way of being. Some years ago I was giving a major speech in the Chamber. We were in opposition against one of the many D.C.-led centre-left governments. Having criticised the government and the Christian Democratic party, I went on to say that there were, however, some positive elements in the Christian Democratic attitude which we had to recognise. The then Secretary of the Christian Democratic Party, Mr. Rumor, who is a suave man from the Northeast, from Vicenza, interrupted me sharply: ‘We

---

* This interview took place before the events in Poland and the rift between the PCI and the Communist Party of the Soviet Union on the Jaruzelski-coup.
don't need your compliments’, to which I answered: ‘Well, you Christian Democrats are quite impossible. If one criticises, you're angry; if one pays you compliments, you're angry. What should one do?’ People around me laughed and I went on. After my speech Rumor (we are old friends) came and sat near me and said: ‘Now look here, Giovanni, you must excuse me, I am a little nervous, you know what it is to be Secretary of a Party’. I said, ‘Yes, I know, even of a small party like ours’. He went on: ‘I was a little nervous, I should not have said it. You know, after all there is a difference between us. You Liberals have a much longer tradition of government and politics than we have.’ I answered: ‘That is quite true. Almost all of us have had a father and sometimes a grandfather in politics. In my case, for instance, my father was well known as a journalist and a Liberal Senator and my grandfather was a volunteer in 1848/1849 in the Liberal battalions that fought against Austria and then in the defence of Rome against the French’. Then he asked me: ‘Where did he fight in 1848?’ ‘Well’, I replied, ‘Just by chance he fought to defend your native town of Vicenza against the Austrians’. Rumor remarked: ‘The Emperor was then Franz Joseph, who was still Emperor in 1917. I had two old aunts who had a very old friend, a Monsignore. Once in 1917, when it seemed as if the Austrians would break through the mountain line and come down to Vicenza, this Monsignore paid a visit to my aunts. Upon entering the room he said in the local dialect: “He's coming back, our Emperor, he is coming back”.’ ‘That is the difference’ - I concluded - ‘my grandfather was shooting at the Emperor's troops in 1848 and your aunts were greeting the Emperor in 1917’.

**Bolkestein:** What is the historic achievement of de Gasperi?

**Malagodi:** De Gasperi's achievements were that faced with an entirely new situation - the paramount importance of the Christian Democratic Party in Italy - and entrusted with the formation of the government after the elections in 1948, when he obtained an absolute majority in the Senate and in the Chamber, he clearly saw that his great purpose must be not to raise again the ‘historical fences’, by which he meant the fences between the Liberal lay forces and the Christian Democratic forces. Therefore, even when he had an absolute majority, he never formed a government without one or more lay parties. He always called
upon us, the Republicans and the Social Democrats to join the government. Not that in numbers we counted for much, obviously, but politically it was very significant. Also he brought Italy into the Atlantic Alliance against very strong resistance by the Socialists, the Communists and a part of his own party, including Mr. Moro, who was then a young undersecretary. He also brought us into the European Coal and Steel Community. He brought Mr. Einaudi, who was an outstanding Liberal economist, into the government, first as governor of the Bank of Italy and then as Minister of the Treasury, and later got him elected first President of the Republic. He followed a general line of moderation which corresponded with the logic of a free system. He worked towards an agreement with the Socialists but on clear conditions which were not respected by his followers.

Having found the country deeply divided and devastated by the war, he left the country in relatively good political order, properly aligned with the West and enjoying the benefits of the Marshall Plan. He avoided the raising of the fences against the lay parties and initiated the first move towards what was in fact the centre of the future centre/left. It was a very considerable achievement. He was a man of great moral strength and intelligence. He had some resemblance to Giolitti.

I was drafted into the Italian delegation to the Marshall plan in September 1947. The then Minister in charge of the delegation took me to Brussels in order to introduce me to de Gasperi. The occasion was the celebration of the 100th anniversary of the Social Christian Party in Belgium. In Brussels we went to dinner at the Embassy and I met Mr. De Gasperi in tails, which was a very remarkable sight, as they did not suit him. The next morning I had to be in a certain theatre to listen to his speech. I thought it would be a boring celebration and was astonished to hear instead a most interesting speech in a ‘français rocailleux’. The main point was that if you are a Christian and you enter politics you have to make one great choice, which is the choice between Catholic pessimism and evangelical optimism, and that to his mind the proper choice was evangelical optimism. That is extremely important, if you compare him to a man like Mr. Moro, who was always a man of more subtle intelligence than Mr. de Gasperi but a deep Catholic pessimist. Moro conceived of the agreement with the Socialists first and with the Communists later as the lesser evil, as a kind of slow retreat.
Bolkestein: Is Christian Democracy in Italy capable of reforming itself?

Malagodi: As we say in Italian, there are no limits to God's providence. It may happen. It may be that if the Church finds the proper balance between the orthodoxy of the present Pope and the novelties of the Council and if this influences sufficiently the Christian Democratic Party, it will become a lay Christian party, not a Catholic Christian Party.

10. The Socialists

Bolkestein: What is the importance of Bettino Craxi? Is there a permanent re-orientation of the Socialist Party towards the centre?

Malagodi: I must protest against the word ‘centre’ because if Craxi heard it he would say: ‘I am not in the centre, I am a man of the left and I want an alternative of the left.’ In reality there is a movement towards the centre. The history of the Italian Socialist Party, as of other Socialist Parties in Europe, is a continuous infight between a moderate wing and an extremist wing. Take what happens in Labour today in Britain or the emergence of a large number of Jusos in the Social Democratic Party in Germany. In Italy this fight has always been bitter, ever since the Party was founded in 1892. After the Second World War the Party went through a period of extremism. In 1948 they fought the elections together with the Communists. It is very typical that as a counter-sign they chose the portrait of Garibaldi. Now if Garibaldi was anything he was anti-Socialist and if he had known of the Communists he would have been anti-Communist as well, but he was a popular figure and there was an element of ‘historical compromise’ even in the choice of Garibaldi's face as a kind of bridge between the Communists and the Socialists. Later Mr. Nenni became the leader of the autonomist current inside the Party. He was also leader of the Party so it started moving towards the Centre, especially after Budapest, after 1956. Then the Party moved back to the left and changed leaders. There had been the split with Saragat in 1947, there were other splits and some people moved to the left. In 1956-7 they re-united with the Social Democrats, there was a split on the left, then they separated again from the Social Democrats in 1959 and again moved to the left. This has been a permanent see-saw.
The moves of Mr. Craxi in the direction of the centre are perhaps more important than the preceding moves in the same direction. I don't trust the Socialist Party to be already a party of the centre, even of the centre-left, but they are on the brink.

Mr. Craxi has put forward a theory which goes by the incredible name of 'governability'. He says that it is the duty of the Socialist Party to contribute to the governability of the country. This means that he must make an alliance with the Christian Democrats. He has also asked to be Prime Minister, he has been refused by the Christian Democrats, he would ask again and would be refused again. Someday he may get the job but not until he has ten or fifteen percent of the electorate. We would not mind. We believe that he is by now in the democratic fold. I have known him since we were together in the Municipal Council in Milan, in 1955-1959. He was already inclined as he is to-day.

11. The Liberal Mission

Bolkestein: You have said that the main task of Liberalism in Italy is to broaden its base. Since the Renaissance we have striven for individually accepted solidarity. How does one broaden the base of Liberalism when the masses have been captured by visions of total power and of total prosperity?

Malagodi: The problem of broadening the base is a two-fold one. First of all it is a problem for the country itself. Here I refer to what I said about the Risorgimento. There were Cavour's efforts to govern with the centre/left and the centre/right at the same time; Depretis' efforts to do the same thing in the eighties; the efforts of Giolitti to bring the Socialists into the government and to make an alliance with the Catholics; the work of the Gasperi and the continuing efforts of the different parties to come together and give the government the broadest possible base, even including the Communists. Some say: without the Communists for the time being, but we have never thought of outlawing them. We have always thought that the Communists must remain in the democratic system, even if they cannot yet be in a majority or in a government. This problem of broadening the base of liberal democracy is a problem not only for Italy. Perhaps not for North America, perhaps not for some of the Northern countries where one is not faced with the
double problem of Communism and Christian Democracy. You don't have fascist remains. In Italy the problem still exists.

It is certain that we have made immense progress over the years, notwithstanding all disasters. If one compares the situation today with that of 1861 or of 1941, under fascism, one sees a much, much wider basis for democracy. That is the fundamental reason for which I am not pessimistic about the future of my country. Somehow we shall muddle through because we have a certain base on which to muddle through.

Then there is the problem of the Liberal forces in Italy. I have already told you the reasons, political and historical, for which we are today a small component of the total picture in Italy, even if you put us together with the Republicans. Taken together today we are just over six percent. When I became secretary in 1954, some elements in the Party thought I was a rabid anti-Socialist. They tried to set a trap for me by asking me to hold a major speech in Rome on this subject. I said that at that time it was impossible to have an alliance with the Socialist Party because it was in close alliance with the Communists. If however the Socialist Party moved away from this position and nearer to ours, the day would come when we would give them ‘il saluto delle armi’ - the salute of the arms. Perhaps later on we would move towards cooperation.

As we were squeezed into this polarised situation with these voting habits formed against us, it is a miracle that in 1964, just after the formation of the centre-left coalition, we got 7% in the national elections and 8% in the regional elections. We went down again in the elections of 1976, due in part to the extreme polarisation but also to the influence of the revolution of 1968 (in Italy really of 1969) plus the fact that many people saw the Communist danger approaching and therefore threw themselves into the arms of the Christian Democratic Party, with that beautiful saying: ‘You look at yourself in the mirror, you spit at yourself and then you go and vote Christian Democrat’. We have regained some ground afterwards because the situation has grown a little less tense.

The future is ours if we understand that the answers of the populist right and of the populist left to the new problems of the world are no real answers. The Socialists, even when they are Social Democrats, are by now barren. They repeat the watered-down Socialist formulae. There is a crystallisation of their mental position and the same holds good of the Conservatives. In Italy we have no official Conservative Party. We
have the Christian Democrats who are a mixture of Conservatives, Populists and left-wing Christian Socialists, but on the whole they are the Italian equivalent of a Conservative Party. They do not have real answers to the new problem either. To some extent they are more open to possible new answers because of the influence of the Church which is quite visibly trying for new answers but which has a strong limit within itself.

We are free from the orthodoxy of conservatism as we are free from the orthodoxy of economic liberalism. We do not believe that you are a Liberal only if you believe in an absolutely free market or if you think that ‘Money is no longer a responsibility of the State’. We know very well all that is true in the criticism which is levelled against the contemporary conditions. But we also know how much the world has changed and is changing. The novelties require novel Liberal answers.

Modern Liberal thought is the only one that can really bring into focus the new synthesis which is necessary between public intervention and the initiative, the autonomy, of the individual. For a modern Liberal the individual should be autonomous. He should at the same time be responsible. You can not have autonomy without responsibility. Autonomy without responsibility is anarchy. Anarchy in the last resort means totalitarian government as an unavoidable reaction. The individual, being autonomous and responsible, is also necessarily freely solidary with other individuals. If the individual is educated to be so, if the institutions are made in such a way as to help him to be so, one has a situation where the State intervenes frankly where it is necessary, but recognises that unless its intervention is founded upon the freedom and the free initiative of responsible individuals it is not efficient. It becomes merely bureaucratic intervention, it defeats itself and smothers the whole of society under its weight.

Finally bureaucracy becomes totalitarian even in a soft spoken way, which is the great fear that Tocqueville already felt in 1835 and which Burckardt spoke of in the 1860's. This danger is very much around. We are threatened with it. But the reaction should not consist of trying to go back to a totally free market which has never existed nor can it be solved by more elements of Socialism. The situation can only be solved by understanding the interplay of state intervention and individual initiative and responsibility. The thrust of the Liberal appeal should be for free men to understand what their freedom implies as a responsibility.
and therefore as an aid to the State to intervene but as an opposition to the State if it tries to intervene too much. We are not a brake, right or left, or a mere balancing force. We are a force of invention, a new synthesis between the free individual and the free community.
Minoo R. Masani
(The Hague, 28 May 1979)
Born: In Bombay on 20 November 1905.

Education: Graduate of Bombay and London Universities, barrister-at-law of Lincoln's Inn.

1932, 1933 and 1943: Imprisoned for civil disobedience activities.

1943: Elected Mayor of Bombay.

1945: Member of the Indian Legislative Assembly.

1947: Member of the Constituent Assembly and Provisional Parliament.

1948-1949: Ambassador to Brazil.

1949-1951:

1957-1962: Member of Parliament.

1963-1970:


1959: Founded the Swatantra Party together with C. Rajagopalachari.

1959-1971: General secretary and President of the Swatantra Party.

Since 1957: Head of Personnel and Productivity Services, a leading firm of Management Consultants in Bombay.

Member of the Executive Committee of the All India PEN Centre.
Interview with Minoo Masani

1. Gandhi

Bolkestein: Was Gandhi to you an example to follow because of his moral qualities or because of his political ideas?

Masani: I don't think I would dare to follow his example in life. There was nothing like him. He was an outstandingly great man: a bit of a prophet, a bit of a saint and an extremely great statesman. It is not given to us to have those qualities combined, so I wouldn't even dream of trying to copy him, but certainly learn from him, yes. I started knowing Gandhi in 1934 when we had just established the Congress Socialist Party in India and Gandhi, to whom I was introduced by my Father, thought he would save this young man from wasting his time. So he said: ‘Come and walk with me for ten days’, on a tour which he was carrying out in Orissa, ‘and let's discuss your ideas and mine’. This was a great privilege because I walked with him, with his hand on my shoulder and somebody else on the other side. Every morning and evening for ten days, for about an hour each time, so I got about 20 hours of solid conversation, which was quite a privilege for this brash young man. I was then full of nationalisation and the traditional Socialist way to the future. I tried to sell this to Gandhi but Gandhi just refused to buy any of it. Once he said: ‘Do you know my concept of nationalisation? It is that the people who work on the machines, the managers and the workers, should run and own them. Not the way the government own property in Russia, which is the bureaucratic way, but own them as trustees for the community’. When I went to Yugoslavia in 1955, long after the old man had died, they told me that workers' control meant that the managers and the workers own the factory as
trustees for the community and not for the government. I said: ‘Do you know Mahatma Gandhi told me that first? You gentlemen are twenty years behind the old man. He was well ahead of all of us and we did not know it then’. So I would say that he was right from the point of view of social justice: a kind of participatory running of a plant with an ultimate responsibility to the community which Ludwig Erhard called social enterprise, a combination of private enterprise and social responsibility. This I think is the answer to the problem of social justice and that of advancing towards a more free and equal society.

I stood up to Gandhi for the best part of ten years but by the end of the ten years he converted me and I said: ‘Marxism is wrong, Gandhi is right’. I wrote a little book in 1945, that was ten years after I first met him, called ‘Socialism Reconsidered’, where I discarded Marx and the Soviet Union and turned to Gandhi as the example of a better social order.

Of course Gandhi was a tremendous democrat. I have never known a man who was so humble and unassuming with young people. For his time he was very modern and as far as his democratic approach is concerned there were many instances where he was generous to a fault. You could say the most critical things to him and he never reacted the way Nehru or others did by saying: ‘How dare you’.

For instance, in 1934 he indulged in a kind of political manoeuvre which I thought was not fair. I was sitting in the All India Congress Committee and I sent a little note to him which read like this: ‘Dear Gandhiji, is there a printer's error in your draft or have you gone back on your word?’ I signed it and sent it up and I saw Gandhi put it in front of him. After about an hour he answered me and said: ‘My friend Masani is somewhere in the audience and has upbraided me for breach of faith. Today I am presenting the resolution of the Congress Executive and I want to tell him that I was overruled. What we had agreed on, he and I and Jayaprakash, I couldn't deliver. I'm sorry but I can't deliver the goods. I have been outvoted in my own cabinet’. So J.P. and I went to him at tea time and we said: ‘We don't accept this. You don't tell us you have been outvoted when you really have made a commitment. You have let us down very badly because we have done something on the strength of your assurance and you have not delivered’. I said as I parted: ‘I think this is subtlety unworthy of a Mahatma’. It was very cheeky of me. I was only about twenty-seven or twenty-eight. When we
got back, thinking that we had rather offended the old man, he started by saying
‘Gentlemen, I have been thinking over the tea-hour interval and I have come to the
conclusion that this draft has to be altered overnight. I suggest that we appoint a
committee of six or eight people’. The last two names were those of Jayaparakash
and myself, although we were not on the executive. We voted and Gandhi got our
opponents defeated. Now this showed the greatness of the fellow, that if two young
chaps would go and cheek him, he would say: ‘By God, you're right, I have been
rather too clever and that is not fair’, and eat his words.

That is one example. The other was his modernness. He was extremely modern.
He looked very patriarchic and archaic, but he wasn't. He was a very modern man
and I loved him because being also modern we were on the same wavelength. For
instance, I would never go to him without an appointment which he appreciated very
much. He said: ‘You know, you are the only chap who writes and asks: “Can I come
on such and such a day”? People just walk in on me. They have no consideration for
me. They think I am always waiting for them with nothing to do’.

The other thing was his punctuality. He was a wonderful man for time. He had a
big kitchen clock in front of him. You asked for half an hour and you got it. You
walked in at ten thirty and your time finished at eleven. When it got to eleven, he
interrupted and said: ‘Masani, your time is over’. Of course your face dropped because
you hadn't finished what you wanted to say. But Gandhi said: ‘Never mind, go to
my secretary and get in the queue again. There is a man waiting whose time this is.
Your time is over. You can't pinch his time but go and come in again in the afternoon’.
So I would go out and ask for another half hour and when you came in again in the
afternoon Gandhi would say: ‘Now this morning you were saying’, and he would
pick up that half sentence and say: ‘Please continue’.

I got into trouble with the British in 1935. They took away my passport when I
was in London. I was going to the Soviet Union when this happened. R.A. Butler,
who was then the Home Secretary, said in the House of Commons that I was a
dangerous Communist who had preached violence. Next morning the London papers
carried a reproof from Gandhi who said: ‘The Secretary of State should know better
than that. He is utterly ignorant. Mr. Masani is one of my men. He is no Communist.
He preaches non-violence. Mr. Butler had better restore the passport with an apology’,
which I got. Now this was the greatness

Frits Bolkestein, Modern Liberalism
of the man. He didn't need to be asked for help. He rushed to your aid even though you were not so much his man as a cheeky young Socialist.

**Bolkestein:** If one looks at Bombay and Calcutta today one sees the industrialisation that has taken place and one wonders whether the message of the spinning wheel hasn't been lost.

**Masani:** One shouldn't oversimplify his attitude to the machine. He said many things about the machine. He said: ‘I'm not against machinery as such. For instance, take a sewing machine which lightens a woman's labour. I think it is a wonderful invention and I think that every woman should have a sewing machine. I am all for electric power which lightens the burden of manual labour but I am against the craze for machines for the sake of machines, what with India having a large population and very limited capital resources. The man-to-capital ratio being as adverse as it is, one of the ways to improve this is to have technical advancement slowed down so that labour-intensive machines are used rather than capital-intensive machines’. Now I think that is legitimate. Nor do I think that it is completely lost. Mr. Charan Singh, who is a kind of farmers' leader, has taken over Gandhi's mantle on this. I do not agree with him because he takes an absolute position. In 1978 when he was Home Minister he said that the entire Indian cloth market should be reserved for handlooms which is one step ahead of the spinning wheel. I thought it was an outrageous proposition. I said: ‘You know, your idea is to create employment’. Yes, he said, labour-intensive as opposed to capital-intensive. I said: ‘Yes, but not this way. India has a very large modern textile industry, you can't just scrap it now. You could say that all future expansion should be reserved for hand-looms. I'm prepared to look at that, but to say that the entire labour population of thousands of people and their machines should all be scrapped, people thrown on the scrap-heap, that is no way to create employment! The first thing you create is a law-and-order problem of 500,000 people without jobs. Surely one doesn't start with this kind of absurdity? You had better re-state the whole thing.’

On the other hand the amount of money Nehru spent on the development of atomic power was a waste. He could as easily have waited for the rest of the world to develop this and then adopt it. We don't have to be autonomous or autarchic in every development like space or nuclear
power. Surely we can let the rest of the world lead us. So I would draw a line and say I am Gandhian on atomic power. I don't see any point in these white elephants eating up capital while there is no drinking water in the villages. There has to be a sense of proportion, so I would urge a middle path.

2. **Time**

**Bolkestein:** In your autobiography, *Bliss was it in that dawn*, you comment on the lack of punctuality in the Indian mind. Some people have noted that the Chinese and the Japanese have a very strong sense of history and that they are able to date historical events with great precision. They have also noted a lack of feeling for history in Indian thought and they have come to the conclusion that Indians lack a sense of historical perspective. I mention this because it appears to me that management has to do with a sense of time.

**Masani:** I think it is unquestionable that we are a very unpunctual people. We are not unique - I shall give other examples - but we *are*. People will ask me to help them with a job. I will say: ‘Come and see me’, and you would think that was one interview where they wouldn't keep you waiting. But no, they turn up twenty minutes late. I say to them: ‘You are twenty minutes late when you want a job. How late are you when you don't want a job? I am very put out. I really have lost all my enthusiasm for helping you. This is a very poor start’. ‘Oh, the bus was full’. I said: ‘I know the bus was full but do you know what I would do in your place? I would get here fifteen minutes before time. I would walk up and down the footpath and I would ring the bell at the right moment. I do that quite often with busy people. I am sure you can do that’. This is a very good example of the utter lack of respect for time.

Having said that, let me also say that I have known worse. I was in Brazil as Ambassador many years ago. The Carioca has no sense of time at all. People will accept invitations for dinner and either come very late or not turn up at all, without an apology to the hostess.

It may be that the Chinese and the Japanese have a better historical perspective. The Indian is very vague. He talks of his glorious past but hasn't the foggiest idea what period he is talking about.

I think it is a function of the agricultural way of life. In agriculture
you go by the sun. In the fields it doesn't matter whether it is seven thirty, quarter to eight or eight o'clock but in our daily lives every minute matters. Time is money. Now this concept that time is money is not part of a rural way of life. I would say that all rural peoples, maybe the Chinese are an exception, are unpunctual and lack a sense of time, whereas industrial peoples jolly well learn to accommodate themselves to time.

3. Metaphysics

**Bolkestein:** Another thing that has been said about the Indians is that of all the people in the world they have the most aptitude for metaphysics. In your autobiography you ask: ‘Is the Indian mind traditionally more dialectical than that of other people around the globe?’ Then you run into this problem of time. The contribution of the Indian mind to philosophy and metaphysics is enormous whereas the Chinese and the Japanese are very much of this world.

**Masani:** Well, I am not a scholar of the subject but it seems to me that the Hindu mind is dialectical and that black and white simply do not exist. Everything is grey. Everything is more or less equally good or equally bad. You are eclectic, you swallow everything and absorb it. Communism isn't bad, there are many good things about it, let's be tolerant, let's be neutral about it. So you sit on the fence about everything.

I believe that Nehru's policy of non-alignment, which we are still carrying on, somewhat tongue in cheek, is a policy of indecision, of sitting on the fence and not taking sides. I remember once in 1948 or 1949, before Nehru paid his first visit to Washington, he said: ‘You know the Americans want me to go to Washington and I am dodging it’. So I said: ‘Why?’ And he replied: ‘Well, they are a peculiar people. They want a yes or a no’. So I said: ‘What is wrong with that?’ He said: ‘I don't want to say yes and I don't want to say no!’ This whole theory of non-alignment came out of saying: why must I choose, let me sit on the fence between these two big chaps and keep both of them fairly happy, which we are still doing. So I think the Indian mind is involved and incapable of a decision. I am a management consultant and one of my conclusions is that the weakest thing in Indian business is decision-
making. Everyone is stalling, everyone is waffling, everyone is trying to put-off, passing the buck up and down. It is carried to such an extent that the decision-maker stands out a mile. Most Indians do not want to take a decision because they do not want to face the consequences. The bureaucrats are exactly the same, so are the politicians and I think this comes out of the metaphysical nature of the Hindu or the Indian mind.

Salvador de Madariaga who was our great Liberal doyen and who died in 1978 came to Bombay as a guest of ours for the Congress of Cultural Freedom in 1951. After the conference he went to Australia and on his way back he passed through Bombay. We had breakfast together and he asked me: 'Masani, something bothers me. Can you explain this: you chaps are so intelligent and so articulate, we admire this. I have just been to Australia and the Australians are not very bright. But look at the contrast: you had a beautiful garden and you made a desert out of it. They have made a garden out of a desert. Now who is intelligent, you or they?' So I said: 'I think both. There are different kinds of human intelligence. The Australian is the constructive kind that builds, shears the sheep, digs the land and makes water-works. We are the articulate, lawyer-type of intelligence, playing with words and arguments, who are not very good at construction.' So I would say that the Australian has a constructive kind of intelligence and we have a dialectical kind which is not very constructive.

**Bolkestein:** In *An Area of Darkness* V.S. Naipaul writes: ‘The Mahatma has been absorbed into the formless spirituality and decayed pragmatism of India. The revolutionary became a God and his message was thereby lost. He failed to communicate to India his way of direct looking’.

**Masani:** The Indian has made Gandhi in his own image, he is all things to all men and they use his name quite cynically. Gandhi said: ‘There is no such thing as Gandhiism. Gandhiism is what I say from time to time. Since I am not very consistent and change my mind often, those who really want to know what to believe should take the later statement on a particular subject. Since I do not believe that consistency is good’ - he used to call consistency the virtue of the ass - ‘if I drop something and change my mind then please listen to what I said later because that is what I think’. People like Jayaprakash have picked up what he said and
tried to interpret it. I would say that this is correct, though: we have not learnt the things from Gandhi that we should. Take ends and means. Indian politics today is in direct contradiction of Gandhi's statement that the end does not justify the means. Almost every Indian politician thinks it does and quite shamelessly says: ‘Well, my aim is good so you musn't quarrel with my method’. I would say Gandhi has failed on the biggest issue which he tried to put to the Indian people, but so did Jesus Christ, judging by what was done in his name.

4. Caste

Bolkestein: There is a third factor in Indian life: the sense of social stratification. It is the policy of the Indian Government to try and abolish caste. Is it happening?

Masani: It is probably fading out very slowly, not because the government wants it to go but because of the industrial way of life. You can't have untouchability in a factory: people working together and eating in the canteen, drinking water from the same water fountain, these things do not permit of that kind of discrimination. The caste system is breaking down slowly because of the change in the way of life. Also young people refuse to obey. There are Hindus and Muslims marrying Parsees and Hindus marrying Christians and foreigners and nobody gives a damn any more and the parents are there grinning from cheek to cheek quite happily, when twenty years ago they would have said: ‘I won't look at your face again if you do this’. In my time when I was a student it was considered absolutely unthinkable that you let your people down by marrying someone outside: you broke faith, you were destroying your community, your religion. So I would say that this is much more important than what the politicians say.

The politician, unfortunately, is thoroughly dishonest about it. Today caste is more important as a vote bank than it has ever been since Independence or before. Ideological things have faded away, but are you a Harijan? Are you a Jat? Are you a Brahmin? Are you a Sudra? People vote more or less according to caste. Jayaprakash said that caste is the biggest party in India. Indian politics have become almost caste-centred. The ideological fights that we carried on when the British were there have faded out. No one gives a damn about any ‘ism’. All they care about is: What caste does he belong to? They gang up by caste.
Charan Singh is a Jat. Jagjivan Ram is a Harijan. Morarji Desai is a Brahmin. Mrs. Gandhi is a Brahmin. The Brahmins and the Harijans combine against the middle orders, and vice versa. So I would say that caste is breaking down socially and economically but politically it is still very much alive, unfortunately, much too alive and no thanks should be given to the politician.

**Bolkestein:** Naipaul quotes the Gita: ‘Do thy duty even if it be humble rather than another's even if it be great. To die in one's duty is life, to live in another's is death’. He adds the following observation: ‘Every man is an island; each man to his function, his private contract with God. This is the realisation of the Gita's selfless action. This is caste. In the beginning a no doubt useful division of labour in the rural society, it has now divorced function from social obligation, position from duties. It is inefficient and destructive; it has created a psychology which will frustrate all improving plans. Is has led to the Indian passion for speech making, for gestures and for symbolic action’.

**Masani:** This is harsh, but I think that it is basically true. Caste interferes with social mobility. It interferes with a democratic society. Gandhi used to say that caste started without this freezing into compartments. He said: ‘I have no objection to caste, if a Brahmin can be a Harijan and a Harijan can be a Brahmin depending upon his intelligence and his way of life, that's fine’. But that is not what caste is about. The essence of caste is that it freezes you into a compartment. So we must accept that Naipaul is right in his denunciation of caste. It is something that may have had sense or meaning thousands of years ago, but which has lost all of it.

**Bolkestein:** The Goans are Catholics and have been under Portuguese rule for centuries. Even there you find castes. Is there something in the Indian mind that has given rise to this social stratification?

**Masani:** Let's not ignore the factor of colour. Caste started largely as a distinction of colour. The Sudras and the untouchables were dark Dravidian peoples and the upper class who came from outside India, from Central Asia, were fair. There is no doubt that the Caucasian people drove down the Dravidian people who were more urban and more
civilised than these nomads but the Northerners had the horse and the Southerners did not. In other words the tank was on one side and not on the other. So it was a military superiority but intellectually the South was more civilised.

**Bolkestein:** Isn't Madras one of the centres of Hinduism? Yet the people in Madras are on the whole darker than the people up North.

**Masani:** Yes, the Brahmin/non-Brahmin feuding has nowhere been as bad as in Madras. That is where the Brahmins have oppressed the non-Brahmins in the past so much that government circulars now keep Brahmin boys of the greatest brilliance out of positions. All jobs in government, barring a small minority, are reserved for non-Brahmins. The non-Brahmin, no matter how dull, is given priority over the Brahmin. This is retaliation for centuries of discrimination. This is ‘affirmative action’. In Tamil Nadu a dark man has priority over a white man, as in America. Brahmin boys are punished for the sins of their fathers who kept the non-Brahmins down. Now the Brahmins are paying for their guilt by being kept out of the medical profession, judgeships, government jobs. You can't become Chief Minister if you are a Brahmin in Madras or in Maharashtra. Rajaji was the last such to get to that position.

**Bolkestein:** Do you see the position of the Harijans improving?

**Masani:** We abolished untouchability by a stroke of the pen in the Constitution when I was a member of the Constituent Assembly, but that made very little difference because Hindu society as a whole has never abolished untouchability. In the villages, although no longer in the cities, the Harijan is discriminated against. In many cases he and his women are not allowed to draw water from the common well because they would pollute it. So there is another well where they can go. If they try to go to the village well, then sometimes they get away with it, but there have been assassinations over attempts by Harijans to establish equality. Now mind you, if he did not revolt nothing would happen. The examples which have come up in the last few years are an encouraging sign that the Harijan is trying to assert his right. Let us not idealise them either. They can ill-treat isolated people of the upper class.
just as cruelly as they have ever been treated by the upper class. There are examples of both.

**Bolkestein:** It is said that Charan Singh favours the land-owning classes and that the landless classes have become more oppressed.

**Masani:** This is basically Communist propaganda. There is an element of truth but not more. Charan Singh represents the landed farmer and communist propaganda is that he is the kulak leader. The kulaks were the salt of the earth. They were very good farmers whom Stalin killed because they came in the way of his wretched collective farming system. Now our kulaks are very small men because we abolished the feudal landlord system even before Independence. The zamindari system was abolished. Peasant farming alone remains. Now peasant farming is not equal: somebody has two acres and somebody has twenty acres and perhaps somebody may have fifty acres. We have middle-class farmers. We had a big convention in Delhi a few months ago and the reporters who interviewed the farmers found that mostly they weren't kulaks at all. They had two or three or five acres of land and had come to back Charan Singh politically. This myth is really left-wing propaganda which sells throughout the world. The Director General of the Indian Institute of Agriculture, who is one of our leading agricultural scientists, said to me: ‘We have made a study of this and we are going to publish papers to show that the benefits of subsidies and of fairer parity of prices do trickle down, even to the landless worker, but it takes a few years' time. You can't have it overnight’. Therefore it is not true that the green revolution only benefits the richer farmer. The green revolution is going to trickle down but it will take a generation.

**Bolkestein:** How have Charan Singh's policies affected the Harijans?

**Masani:** The Harijans are not all landless either. Most people in the West probably believe that the pattern of land-ownership is a pyramid with an apex and a very broad base. It is not so: it is an inverted triangle. There are more landed people in India than there are landless. If ‘one man one vote’ is worth anything, then it is more democratic not to be against the landed! It is true that the quantity of land is unequal. Among the landed, one would include a man with half an acre of land
but that does not mean to say that psychologically he is not a land-owner. Nehru made the point in a debate with me, when he was in favour of collective farming, saying: ‘Mr. Masani talks about the landed but how much land? Half an acre!’ My answer to the Prime Minister was: ‘Sir, a Mother loves her child however small it is, so the farmer loves his half acre as much as you might love forty acres, and you can't take it away like this’.

Bolkestein: What about the Adivasis, the tribals? Are they becoming integrated into national life?

Masani: Alas, yes, and I am against it. The Adivasis are the original inhabitants of India. That is what Adivasi means: the original inhabitant. They were the people who were there before the Dravidians. The tribes are the Gonds, the Bhils, the Murias, the Nagas and a hundred more. I am not an expert on tribals but I did stand for and represent in Parliament a tribal constituency in Bihar. The Adivasis wanted a separate state from the other people of Bihar who were caste-Hindus and I stood for them. They elected me. It is quite clear that they have an entirely different cultural pattern. I wore grey bags and a felt hat with an open shirt. In no other constituency in India could I have been elected if I had dressed like that. I was advised that if you put on a Gandhi cap you were a dead duck. The Gandhi cap and the khaddi-dressed Hindu were the enemy of the tribals. They call him a dacoit. You would be taken for one more dacoit who had come to exploit them. This was in 1957. I got elected. Nehru came and opposed me, but he couldn't make a dent because the tribals didn't care what the Hindu wanted. They said: ‘This man looks like the Sahib, the British who were here were our friends. They gave us hospitals’. The missionaries have done a wonderful job for the tribals. Throughout India the tribals have been looked after by the Christian Missionary. The Nagas are Baptists. They are more civilised than the North Indian Hindu. Their women are free. When our soldiers started rape they said: ‘You are barbarians. How can we be Indians? We don't rape women! We wait for them to accept us’. It would be a great pity if they did integrate because they don't want to, they want to have their own way of life. They would be more modern and civilised if they were allowed to come into the modern stream without going through the traditional Indian way.
5. Character

Bolkestein: In your pamphlet ‘Too Much Politics and Too Little Citizenship’ you mention Indian character. You write about the moral preaching of Indians.

Masani: This lack of character is a lack of discipline and of home and school training. There is nothing wrong with the Indian child when it is born, but the conditioning at home and in school and college is all wrong. Let's start with the home in North India. We think of the Gangetic Plain as being typically India. As you go South we think that we are more civilised and more down to earth. We look down on the Northerner. We think that India's evils come from the fact that all the Prime Ministers have come from U.P. which we think of as a sink of backwardness. That is true of literacy or education or the position of women. Bengal and the South are well ahead in all these things. They are cleaner, they are more decent, their women are freer. The social degradation is worst in the North. Now let's take the Northern home. In educated bourgeois families the boys are spoilt beyond redemption. These little brats are pampered from the time they are born because they are valuable. The girls don't matter. Formerly they used to bump off the girls. Now they just neglect them. This is still going on. This neglect is not a joke. India is one of the few countries where the male population is in the majority. Hospitals have two thirds of the beds reserved for men. The boys are looked after, but as the brat grows up he is spoilt. I have known Hindu families to send their boys to school in cars while the girls walked.

Nothing is denied to the male child, everything is laid on for him, he is the future boss, while the girls are neglected. Now the interesting thing is that in family after family of that kind, the girls wear the pants. The girls have character and back-bone. I think that the North Indian woman is twice the man and Indira Gandhi is no exception. I find in the bourgeoisie as a whole that the women are very much people, while their brothers are not. I am not saying that this is a good thing but this is how nature has rewarded or compensated for the injustice.

Bolkestein: Would you say that this is why Indians tend to moralise?
Masani: There is the difference between profession and practice which you are hinting at. We say one thing but don't practice it. I think this comes of being spoilt. Now again there is no discipline in school. There is rank indiscipline. In the last few years students have beaten up Vice-Chancellors with impunity and nothing has happened to them. There is also indiscipline in Parliament. They don't listen to the Speaker. They shout the Speaker down because they have a louder voice than the Speaker and then the Speaker says: ‘What can I do?’ and the Prime Minister doesn't name them because he or she is frightened of losing their support. So we have rampant indiscipline and I blame it on bad upbringing. The Battle of Britain was won on the playing fields of Eton. Well, we have no playing fields of Eton. We have got about twelve Etons in the whole of India and the politicians are busy destroying them on the ground that public schools are not compatible with socialism. In other words everyone must have an equally rotten education.

Bolkestein: To return to the matter of India, you know Nirad Chaudhuri's thesis as he put it in his book ‘The Continent of Circe’. Let me give you a quotation: ‘To put the matter briefly, the Hindu is the European distorted, corrupted and made degenerate by the cruel torrid environment and by the hostility both real and imagined of the true sons of the soil’ (page 149) and again on page 170 he talks about the Hindu outlook and he says: ‘That outlook is possible only among those who have been beaten by nature and broken in spirit. All of it boils down to one simple fact, collapse of courage and vitality. There is no hint anywhere that anything is happening in the moral or spiritual sphere - all the suffering is placed in the secular order, in one word, in the torturous Indogangetic plain’. Nirad Chaudhuri obviously looks to the harsh climate of the North Indian Plains as an important factor in the Indian mental make up.

Masani: There is no doubt that the climate makes people what they are. Extreme heat and humidity undoubtedly contribute to the lassitude and the low vitality of the Indian in many instances. Combined with malnutrition it becomes very marked, so I do not at all disagree with Nirad Chaudhuri, he is a very good observer. I think that his description of the Hindu being the European spoilt by the environment is a very good one. After all when the Aryans came, they were sturdy dynamic
vital people and you see this in the Punjab and in Haryana where the Aryan has not
been affected much by the climate and the resistance of the people around. The
Punjabi and the Haryana people are still the most vital people in India. They are the
sword arm of India. They are the best farmers. They produce crops of grain which
are out of all proportion to anyone else's. They have the only surplus state and the
green revolution has caught on. Everyone there is part of the green revolution but in
the rest of India it still touches only the fringe. The Punjabi and Haryana farmer has
big crops and makes a lot of money and feeds the rest of India. You do have this
contrast between these two Northwestern states and the rest of India.

6. Politics

Bolkestein: What is your opinion of the rôle of political parties in India?

Masani: They started well. I was Member of Congress Party at Independence, the
party of Gandhi and Nehru. I left in 1952 and started the Swatantra Party with
Rajagopalachari in 1959. I think by and large the party system has decayed instead
of developing. Every hope that a two party system would emerge gets frustrated.
The atomisation and the splintering are part of the Indian temperament. Now in India
we have a tremendous prejudice in favour of the two party system because we adopted
our ideas from the British and the Americans.

There was a variety of little groups: two Communist Parties, two Socialist Parties,
the Jana Sangh, the Swatantra Party, all coming and going but never any chance of
getting into power. The result was an irresponsible opposition. In March 1977 we
thought: At last Morarji Desai and the Janata are in power. Mrs. Gandhi has got a
good minority position. Now we can have a two-party system. But it is not happening.
I think this is part of the Indian nature.

I said this to Sardar Patel, in 1947 or 1948, before he became deputy Prime
Minister. In a Committee of the Constituent Assembly we were discussing the system
of election and I moved P.R. and Patel said: ‘No Masani, we can't have P.R.’ - this
was in a committee where we could talk freely - ‘we want the British two-party
system. I know it is unfair, you might get a lopsided parliament but that is exactly
what India needs: a strong government with 80% of the people behind it in Parliament
doing things and the others waiting their turn’. I said: ‘But Sir, you won't get this’, and he said: ‘Why not?’ I said: ‘Because we are Latins and not Anglo-Saxons’. He replied: ‘Explain that’. I said: ‘We are the splintering, disputatious kind. We do not have this great thing of compromise which the Anglo-Saxon has. They know how to submerge minor differences for the sake of cohesion and therefore they can afford to keep two parties going, which are coalitions but fairly disciplined. In India you won't have it because we will quarrel and we will split. All our societies, all our universities, all our trade unions bear witness to that. These parties will not stay together because of personal rivalries and factions’. This is what happened. The Socialists split and then we have three Communist parties, the CPI, the CPI (M) and the CPI (ML). I wouldn't be surprised if there were two Jana Sanghs in another two years, a moderate and an extreme. I would say that being Latins we must have a multi-party system and to have the British electoral system is nonsense because it distorts the whole thing.

**Bolkestein:** Do Indian political parties have a clear identity?

**Masani:** There is nothing to distinguish any two parties ideologically except the Communist and a slight Hindu orientation among the Jana Sangh. I would say the rest are completely footloose and opportunist and shift from time to time because of power considerations.

**7. The Jana Sangh**

**Bolkestein:** What do you think of the future of the Jana Sangh?

**Masani:** This is beyond any political prognosis at present. There are people who think that out of all these re-alignments the Jana Sangh will emerge as the Hindu Conservative Party on the one side and the Communist and the Marxists on the other. That could happen, but when you have got all these racial minorities which hate the Jana Sangh because they are Hindu and if you add to the Muslims and the Christians and the Tribals and the Harijans a certain modicum of anti-clerical Hindus, if I may put it in Western terms, then you get a majority that

---

* This interview took place in May 1979.

Frits Bolkestein, *Modern Liberalism*
way, so I don't think I should like to venture any guesses on the future of the Jana Sangh.

**Bolkestein:** Elsewhere in the world there has been an Islamic revival. Is Hinduism gaining in intensity?

**Masani:** There is a tremendous spiritual revival of Hinduism, a kind of grass roots thing which is decent and noble and prepared to open its arms to include non-Hindus like Christians and Muslims. That is a good thing, but most Hindu manifestations of late have been rather unpleasant. Take for example the Freedom of Religion Bill which was introduced by a Jana Sangh Member of Parliament. It professes freedom of religion but achieves exactly the reverse because it says that any conversion obtained by force, which is all right, or fraud, which is all right, or inducements, material or spiritual, is illegal and a crime. Now naturally all conversions are induced by spiritual inducements, otherwise why should a man want to change his religion? It is heaven after all and salvation for his soul that he does it for, so by definition this bans all conversions. This has been strongly resisted by the Christian churches and the Christian laity who say that this is an anti-Christian measure, and there are many of us who support them as a minority. The same with cow slaughter because the old man, Vinoba Bhave, threatened to die if the banning of cow slaughter was not made statutory throughout India. In Kerala and West Bengal which are ruled by Communist governments it is not. These two governments refused quite rightly to be influenced by the old man's fads. He has threatened to die and now they are going to introduce a constitutional amendment, with the banning of cow slaughter, which was a State subject, transferred to the Union where the Hindu majority can legislate against it. Both these are extremely dangerous symptoms of revivalism.

Take the Aligarh Muslim University Bill. When I was Chairman of the Minorities Commission in 1978 we unanimously reported that Aligarh is a Muslim University and should get the benefit of article 30 of the Constitution which says that minorities should have the right to establish and run their own educational institutions. Morarji Desai is a bit of a Hindu, though a moderate one. He considered this very dangerous and now they are trying to pass a Bill which says that Aligarh is not a Muslim Institution. I think that this is very objectionable as it is
of great importance to keep it alive. This is a most reactionary move of the Janata Government. Fortunately the Upper House has passed a Bill saying that it is a Muslim institution, a private member's Bill backed by Indira Gandhi and the Congress Parties. Altogether these are not very pleasant symptoms and therefore the anti-Jana Sangh feeling among decent Indians and even Hindus is strengthening.

8. The Swatantra Party

Bolkestein: You are co-founder of the Swatantra Party. How would you describe its fortunes?

Masani: We came into existence in 1959 as a reaction to the fact that all parties in India were either Communist or Socialist and that there was no non-Socialist party worth mentioning, except the Jana Sangh which was a denominational party. So Rajaji and I decided that it was time to have a Liberal-Conservative party. Rajaji was conservative and I was Liberal. Professor Ranga, who was the President for many years, was an agrarian who belonged to the Green International. So there were three trends. Rajaji was the conservative Hindu, Ranga was the agrarian, a farmer's man like Charan Singh, and I represented the Liberal bourgeoisie. These three elements came together to form this party. Rajaji wanted to call it a conservative party but Ranga and I both objected on the ground that we were not prepared to join a conservative party. Jayaprakash wanted it. He said that India needed a conservative party, it was a conservative country, but we thought it was a non-starter. In the end Rajaji invented the word *Swatantra* which means self-determined. ‘*Swa*’ is self and ‘*tantra*’ is a mechanism, so this means individual self-determination, freedom from within.

The Party grew for two reasons: ideologically the people wanted something which was non-Socialist. We gave the electorate a chance to vote against Socialism and they made good use of this. We became the biggest Opposition Party straight away, which was quite something. We got 21 seats in the First House and we were neck to neck with the Communists, who had been financed by Moscow for about thirty or forty years and were well organised. We outstripped the Jana Sangh, just like that, on coming into existence. By 1967 we had 45 seats in Parliament and I became the Leader of the Opposition.
This was the first reason for our success: people were getting sick of Nehru-Socialism which was statist, sterile and counter-productive. People were beginning to get fed up being overcontrolled. The other reason was our relative political competence. We made the best of our limited resources. The other politicians of India lived in a different world. I was brought up in the Labour Party in Britain and I introduced modern techniques of publicity, propaganda, films and posters. After the first election we started nursing constituencies, which was absolutely unknown in India. In India all parties adopt their candidates a few days before nomination. There is trouble between different castes and groups as to who should get what seat. It is done on a purely opportunist basis. Now I said: ‘Nonsense. That is not how you should run a parliamentary democracy. You nominate your candidates the day after the last election and you give him five years to nurse his constituency and get known. You give him resources and an office to work in and an agent’. All these British concepts which I introduced were absolutely revolutionary. My party disagreed. They said: ‘We must watch the other candidate and then appoint a man of the right caste’. That was considered smart: you oppose a brahmin by a non-brahmin and so on.

From 1962 until 1967, being General Secretary of the Party, I was able to say that anyone who nominates a candidate will get so much from the central office for an agent, whom we would approve of and who would report to us every month. Of course this was a great temptation to the average candidate so we nominated candidates from the word ‘go’ and by the middle of the term half of our candidates were in position. This paid dividends because many people got elected simply because they had worked in the constituency for three of four years which nobody else had.

**Bolkestein:** And then what happened to the Swatantra Party?

**Masani:** Well, what happened was very sad. In the 1971 elections Mrs. Gandhi had this ‘Indira wave’. She won the elections hands down not so much in votes but in seats and we were decimated. We came down from 45 to 8. Well, that is part of the game and I was quite prepared for it but I found that the Party was demoralised because in India everyone thinks very short-term. They thought that this was the end. I stepped aside and I let younger people take over. My first successor was H.M. Patel who
was Home Minister in Delhi in the Janata Government. He lasted a year or two and then he gave over to a young man called Piloo Modi, who was very immature and brash. Modi made a deal with Charan Singh, who then had a party called the B.K.D. Charan Singh was a Jat and he was a regional leader. We were a national party with support from all over the country, however small it was, but the demoralization was so intense that the Party outvoted me. It was decided to dissolve the Party and merge with the B.K.D. This I condemned as a very short-term move. I said: ‘The day will come when India will need the Swatantra Party, for God's sake keep it alive’. This happened in 1973. I refused to join the B.K.D. I stayed out and I have not joined any other party since. I thought that this was a great tragedy because, when March 1977 came, the Swatantra Party could have been the hard core of the new Janata Party. It might well have kept the Janata Party from going the way of all flesh, kept it a principled ideological party of the middle of the road, a Democratic Liberal Party.

Bolkestein: Do you think the Swatantra Party can be resurrected?

Masani: I don't quite see it. Indian politics have gone down an awful lot in the last ten years. Skulduggery has become absolutely normal. Mrs. Gandhi has destroyed standards. Now everyone is behaving like her and says: ‘Well, she does it, why not?’ So I think it would be very much more difficult now to form a Liberal Democratic Party with high moral standards and clean hands, considering how low we have sunk.

As I see it the choice between Indira on the one side and the Janata on the other is a terrible choice for any country to be driven to. Many people will vote for Indira Gandhi as a reaction against Janata, just as they voted Janata as a backlash to Indira. It is not good because they will move from the frying pan into the fire and back again.

I imagine that it will take much more of this kind of decay before people say: ‘For God's sake, let us put an end to it now’. This may lead to another dictatorship or to a military intervention, I don't know. So meanwhile we can go on talking about the principles which we espoused. For instance, I said to the traders of Maharashtra in Bombay: ‘You know, Rajaji was a great admirer of the trader. He said he was the salt of the earth but you gentlemen, misled by the big capitalists, have become cowardly. You have never stood up for yourselves. I am very
glad that for the first time you are prepared to fight for your right to live, all honour
to you, we are with you, because we Liberals believe in the small entrepreneur, the
self-employed man being the salt of the earth’. So I think we ought to keep the spirit
alight and I hope that somebody will say: ‘To hell with all these controls, let's go the
Singapore way, the Hong Kong way’. Our day will come but it may not be very soon.

**Bolkestein:** Do you think that your Party has left its mark on Indian politics?

**Masani:** I think so. The reactions to statism that are taking place would not have
happened if there had been no Swatantra Party for ten years, putting free enterprise
on the map of India.

**9. Nehru**

**Bolkestein:** Returning to an earlier period and to Nehru whom you knew well, what
did Gandhi see in him?

**Masani:** Nehru was Gandhi's spoilt child, in a way. He was very fond of him. There
is a tremendous contrast which Gandhi probably found attractive. One was Hindu,
the other was modern; one was conservative, the other was a fellow-traveller. Nehru
was everything Gandhi wasn't. They quarreled of course a great deal but Nehru was
a very smart politician and whenever they quarreled Nehru gave in. Unlike Subhas
Bose and Rajagopalachari and M.N. Roy, who fought Gandhi and left, Nehru never
allowed his differences with Gandhi to come to the top. He gave in and Gandhi liked
this. Sardar Patel was very bitter about it. He was really Gandhi's loyal lieutenant.
He felt this injustice very much and he used to complain to me about it. He said:
‘Gandhiji has a soft spot for him, he is spoilt, he is well educated, he is rich, he is
bourgeois, he is anglicised, he is smart and I am not’. Sardar Patel was a farmer's
man.

**Bolkestein:** What was the effect of Nehru on Indian political life?

**Masani:** I think it was disastrous and more and more people are now beginning to
see that Nehru has ruined the future for India. Nehru was not
a practical man. He never earned his living for one day in his life. He was a Brahmin, pampered by his father. I don't say that that was his fault, but I think it is a very great handicap in life not to know what it means to make good. Secondly, he was pedestrian. He was greatly overrated as an intellectual. He was very derivative and Krishna Menon dominated him intellectually. He put things more clearly. Nehru was a confused man: half democrat, half Stalinist. Nehru was a political democrat and an economic Stalinist. He wanted a complete Stalinist society including collective farming but without violence, by democratic plebiscitary democracy. Krishna Menon knew that you can't make an omelette without breaking eggs. He was a complete Communist and he led Nehru step by step along the path which Nehru was only too happy to follow. But Nehru used Krishna and when the time came in 1962 Nehru dropped him into the waste-paper basket without any scruples. There was a tremendous upsurge in Parliament to demand Krishna's resignation as Defence Minister on the ground that he was losing the war and that he was not to be trusted. That morning at the Party meeting when Nehru was asked to drop Krishna, Nehru said: 'Well, in that case I'll have to go also'. Now whenever Nehru had said this during his whole career, people had backed down but on this occasion they did not and a man called Tyagi, a junior minister, said: 'All right Sir, in that case you may also go' and everyone kept quiet, meaning that was all right with them. Nehru then realised for the first time it wasn't only Krishna - his own neck was at stake.

Now I happened to be involved in this because Nath Pai, a Socialist M.P., came to see me and persuaded me to go and see Nehru before lunch that same day saying: 'You must go to Nehru and make him realise that he can drop Krishna without being thrown out himself. Krishna is telling Nehru that you and Lohia and Kripalani are out for his blood. He says you are only attacking him for the moment but that as soon as Nehru drops him you will demand Nehru's resignation as pro-communist and you want an anti-Communist government', which of course we did. If we assured Nehru that we would stand by him if he dropped Krishna, he would do so. So I went along to Nehru and we had an amusing talk. I said: 'Jawaharlal, I want you to know that you have old friends like me and Kripalani and others. We have nothing against you but we are very much against you allowing Krishna to run this country and this war. If you fight the Chinese communist aggression as
we want you to, the whole country and we will rally around you and behind you and see the war to its conclusion’. And he smiled and very unhappily said: ‘Thank you’ because I'm sure he didn't like this at all. But the point is that that evening Nehru had accepted Krishna's resignation. So I would say that Nehru was quite unprincipled. Instead of saying: ‘Right, we were together, we did it together, we go together’, he was quite prepared to remain Prime Minister and sacrifice Krishna. So in a way all the evil was not on one side. I think they were very close to each other. They were as thick as thieves ideologically. But Krishna led Nehru by the nose intellectually.

**Bolkestein:** Your verdict on Nehru is quite harsh.

**Masani:** Well, it is what I think. He was a disaster for India.

**Bolkestein:** Was Nehru instrumental in causing partition?

**Masani:** No, there he was not to blame. All of them, except Gandhi, were on the same wave length. All wanted a partition of India to become masters in their own home. They were sick and tired of the coalition with the Muslim League. Nehru joined the other politicians in demanding immediate partition when Mountbatten was prepared to offer it to them. Gandhi and Jayaprakash were both against it. I was against it also. I remember asking J.P. to plead with Gandhi to fight it. J.P. came back and said: ‘No - Gandhi says: “I will remain passive, you do the same”’. We were a hopeless minority among a nationalist upsurge. Gandhi told J.P.: ‘Don't oppose it when it comes up in the Congress Party. These men represent their constituency. The people of India have had enough of it, they want partition. I don't want it. I want independence with a United India, but we have lost the battle for the people's mind, let them have it and don't come in the way’.

**Bolkestein:** Could it have been avoided at all?

**Masani:** I think so. I think if Mountbatten had not been sent by Britain to do this cheapjack act of withdrawing and leaving us to kill off a million people on each side, India could have been free and independent in another five to ten years. Mountbatten did an excellent job for Britain.
and a lousy job for India, and that was what he was sent to do, to scuttle. The Belgians did the same in the Congo and the Portuguese in Mozambique and in Angola. I think that a great power has no business to withdraw and leave the people to chaos after making its situation such that it can't do anything immediately. It must stay and see its responsibilities through.

**Bolkestein:** You say that it is a feud but it is a feud between brothers. Would you say that some time harmonious relations will come into existence between Bangla Desh, India and Pakistan?

**Masani:** Well, you've shown the way. I mean if France and Germany and the others who are not blood brothers and have had a feud for centuries can come together in a European Community, this is what we should do. We should have a sub-continent which is a community.

**Bolkestein:** There are about 50 million Muslims in India. Are they discriminated against?

**Masani:** Yes and no. I would say that they are definitely not oppressed. To say that they are oppressed would be unfair - as the Hindu has been oppressed in Bangla Desh and Pakistan, no. But there is discrimination. Take, for instance, the army and the police. It is not on paper but it is known that there is discrimination in recruiting, mostly in the army and the police. During the riots in Aligarh and Jamshedpur the police, who are 100% Hindu, were partisan against the Muslims, which would not have happened had there been a Muslim element in the police. So I would say that certainly many Muslims in India feel that they are second class citizens but I don't think there is any question of ill treatment. Of course, they certainly have justice, but historically they are made to feel that they are not quite trusted. There are people in the Jana Sangh who say that the Muslim must be Indianised before he can be accepted as a real Indian and I say: ‘What do you mean, Indianised, they are just as much Indian as you or I’, and they say: ‘Yes, but you can't trust them. If Pakistan were not there, then the Indian Muslim would be all right, but as long as Pakistan is there, we can't trust them’.

**Bolkestein:** If you look down the period that the British were in India,
what would you say about it?

**Masani:** Well, when they were in India I was very much opposed to them on nationalist grounds. I went to British prisons in India three times. I supported Gandhi without any reservations. I wanted independence, but after it came I saw no point in being nationalist anymore because its purpose had been served and to be nationalist after freedom means to be a victim of communist ‘neo-colonialist’ propaganda, because that is how the Communists influence the third world: by making them imagine that their freedom is in danger, which it isn't. So I evolved a world view and, looking back on it now, I think that British rule had its benevolent aspects and in some ways was a good thing for India. It gave us certain things we never had or probably would not have developed without them. The biggest, of course, was a common language and a common national feeling. I think H.G. Wells said that nationalism was nothing but a common aversion to a common enemy. Well, the British by being there gave us a catalyst against whom we could gang up and people of entirely different kinds who could never have combined did combine under Gandhi to throw them out. So I would say to the extent that India has developed Indian nationalism as opposed to linguistic or religious sub-nationalism, which are very alive, the British certainly contributed to it. The other thing they gave us was the rule of law. We had no concept of the rule of law or of civil liberties. When Nehru founded the Civil Liberties Union in 1935 or so under the British, a friend said: ‘Sir, do you realise that civil liberties are not understood in India, that the good old Nawab did what he liked and people don't understand this? It is an alien concept’. He was not opposing it, he was just explaining the difficulty of trying to explain. Thirdly, they brought a decent Civil Service and administration which we had not known. I would say that they did play a part in creating a modern nation. To what extent it is I don't know, but to the extent we are a modern nation the British certainly helped the process.

**Bolkestein:** But you regret the way in which they left?

**Masani:** I only regret the speed with which they left. I'm very glad they left the way they did because they left without bloodshed between them and us, without hatred, and there I think the credit goes both to Britain.
and to Gandhi for playing a game with gloves on. They played cricket, they sparred in accordance with the Queensbury Rules. What would have happened under the Japanese or Hitler or Stalin is quite easy to imagine. It would have been quite different. There is a strong pro-British feeling in India. There is more anti-Americanism than anti-English feeling, to the extent that you can generalise like that.

Bolkestein: Why is that?

Masani: It is a world phenomenon. I once mentioned it to an American, who was very bitter and resentful of this injustice, after all the aid they had given. I said: ‘That is exactly why you are disliked: because you are helping us’ and I quoted Confucius who writes that one man said to another: ‘Why do you dislike me so much, I have never done anything to help you?’

10. Communists

Bolkestein: Kerala has the highest percentage of Christians, of literates and also of Communists. Is there a connection between these facts?

Masani: Well, it is difficult to say. Bengal comes a good second. You know the saying ‘A little learning is a dangerous thing’. I wonder if the literacy of the kind and nature that we have in Kerala and Bengal does not play a subversive social role. You give people a certain amount of knowledge or access to knowledge, not really much wisdom with it, and what is otherwise acceptable becomes unacceptable. The Indian mass is docile and resigned to its fate because of karma. You must have done something to deserve your present lot. Now that is the old Hindu philosophy which makes a man live in a hovel and see a big mansion and not throw that fellow out and occupy his place - which he well could. He doesn't because he thinks: ‘Well, that is his lot and this is my lot, I must have deserved it - God made it like this’. I think that in the Middle Ages in Europe you must have had the same thing, the rich man in his castle and the poor man in his hut, and people accepted this feudal system. The seigneur was here and you were there. Now that was broken up by the French Revolution. I think that a similar process or catalyst is working in Kerala and Bengal. The fact that there is more literacy and
perhaps more Christianity, which is also a modernising element, makes people more reluctant to put up with things that are not acceptable to them. This takes a Communist form but it may not necessarily be evil in so far as its motivations are concerned. They are very intelligent people, both the Kerala and the Bengal people.

**Bolkestein:** Are the three Communist parties a potent force in India today, either singly or separately?

**Masani:** I never really thought that there was any early danger of India going Communist. In the last paragraph of my book on the Communist Party of India I wrote that in themselves the Communists were too weak ever to take over India but certain extra-territorial loyalties and a disciplined dedication to their cause made them a dagger pointed at its heart. I think they are a threat to our freedom and our way of life but I can't see them ever taking power by themselves. They are much too peripheral and much too alien.

Incidentally I should like to record my caveat against the words ‘left’ and ‘right’. They are very dangerous words and I find that the Western intellectual is a sucker for using these words and doing a lot to help Communist propaganda. What does it mean? To me a man who is ‘right’ is a Czarist. I accept the term right-reaction and I think that the Communist Parties of the world are the embodiment of right-reaction because they want to carry on the tradition of the Czar: absolutism, to use the human being as a serf or robot. To me Gandhi represents the extreme left of a near-anarchist individualist libertarian order where you have minimum government and maximum individual liberty. The Italian Liberals led by my friend Malagodi are always called right-wing party by American and English journalists. I think they are crazy. These words only help the Communists because they make everyone look ‘reactionary’ while the Communists look ‘progressive’. There is nothing more reactionary than a Communist, when you consider his ideas of human society and of the role of the individual. So one must be very careful in using these words. When my Party was called rightist I said: ‘Nonsense, we are extreme left because we want to liberalise Indian society’.

**Bolkestein:** Why is Communism an alien force in India?
Masani: The CPI has been financed and directed from Moscow right from the start. Not so much the CPI (M) at the moment, or the CPI (ML), but certainly the official party has been known to have an extra-territorial loyalty. This is documented in my book on the Communist Party, documents by Philip Spratt and others, who took their money and said they took it from Moscow, through Britain. You know, it is very interesting, the Soviet Empire in India was run through the British Empire while the British were there. The Communist Party of Great Britain ran the Indian Communist party for Moscow. They were Viceroys, and Palmdutt and Pollitt, whom I used to meet and talk with, were the people who gave the line to the Indian Party.

11. Two Nations

Bolkestein: There has been quite a spate of articles in the Western press about the fact that India seems to develop into two nations, an urban developed one of maybe 150-200 million people which is like the industrialised parts of Brazil or Mexico or Italy and then 500-600 million people in half a million villages. Do you see this cleavage?

Masani: I don't think that this is a likely development. It is true that there are two nations, to follow Disraeli's words. He talked of the rich and the poor, we talk of the urban and the rural, which is the main divide in India because, by rural standards, even the working urban class in India is privileged. So it is true to say that the real proletariat is rural and the urban classes are the ruling race. But I think that the Janata Government and Charan Singh particularly have been pulling the other way. Apart from Charan Singh there is B.P. Singh, who was Minister of State for Agriculture. He was a Swatantra man. These people are trying hard to narrow the gap by creating a new parity of prices, as rural prices are lagging painfully behind urban prices. They are trying to equate them. I published recently statements from B.P. Singh showing how much urban prices have shot up compared to rural prices. But there is a very conscious effort to put more money into rural projects.

If only enlightened policies were followed, India could become a raw material exporting country, which it should be. We are still trying to sell steel at uneconomic prices and coming a cropper. India should export processed foods, fruit, fish, rice, food grains and so on and buy manu-
factured goods with it. India can more than feed itself, if we don't neglect agriculture as Nehru did. We want to reverse those priorities: heavy industry, consumer goods, agriculture. We want to put agriculture first, then consumer goods and heavy industry last. Charan Singh was on the right track as a green international man. He is the nearest to what we stood for because we were also an agrarian party. So I feel that the trend now is to heal this rift and not to allow it to develop. I don't think the Western press would be right if it didn't bring out that there is rural urbanisation and rural industrialisation going on.

**Bolkestein:** A famous phrase of Engels is: *'Die verdammte Bedürfnislosigkeit'*, which means: ‘This damned lack of desire for something better’. Do you think this is still a factor of rural life in India?

**Masani:** Well, yes and no. This theory of *karma* makes the average Indian, whether urban or rural, extremely docile. He accepts his lot, even the worker, to the extent that he has not been wound up by propaganda. He is still prepared to accept that the boss is the boss and he is what he is and that is how it should be, so there is no real discontent. Now, how to inspire discontent when people don't feel it? I'm not sure that just inspiring discontent without adding the capacity to feed it or to meet the needs would be such a good thing. It might only lead to what is happening in Iran without giving anything better. I personally believe that discontent is divine and that people should try to improve their lot, but I don't know whether just having the psychology without the production would be such a good thing. It is probably good that people are contented until they can really get more.
Wolfgang Mischnick
(Bonn, 15 January 1982)
Born: In Dresden on 29 September 1921.
Education: Technische Hochschule, Dresden.
1939-45: War Service.
1945: Co-founder of the Liberal Democratic Party (LDPD).
1946-48: Member of the municipal council of Dresden.
         Member of the Central Committee of the LDPD.
1947: Elected deputy chairman of the LDPD in Sachsen but prevented from serving by the Soviet military administration.
1948: Escape via Berlin to Frankfurt am Main.
         Youth secretary of the FDP in Hessen.
         Engaged in journalism.
1950: Employed by FDP secretariat in Hessen.
1954: Member of the regional parliament of Hessen.
1955: Secretary of the FDP members of the regional parliament of Hessen.
1954-57: Chairman of the Young Democrats.
1956-71: Chairman of the FDP in Frankfurt am Main.
1956-61, 1964-68: Floorleader of the FDP in the municipal council of Frankfurt am Main.
Since 1954: Member of the Central Committee of the FDP.
Since 1957: Member of the Federal Parliament.
1964: Deputy chairman of the FDP.
1967-77: Chairman of the FDP in Hessen.

Frits Bolkestein, *Modern Liberalism*
Interview with Wolfgang Mischnick

1. Moral Leadership

Bolkestein: Mr. Helmut Schmidt has repeatedly criticized the idea that a politician must be expected to exercise moral leadership. Do you agree with him?

Mischnick: A politician who bases his acts upon certain premises naturally also exercises a certain moral leadership. The Chancellor wanted to make clear that he is not the moral leader of this country, i.e. that through his opinions he cannot determine the intellectual and moral development of the Federal Republic of Germany and in fact does not want to do so. For a liberal politician it goes without saying, however, that his political acts spring from the fundamental mental attitude of liberalism. Thus all decisions he takes follow from this fundamental attitude and so exercise a certain moral leadership.

It would be wrong and in complete contradiction to a liberal point of view to consider one man to be a moral leader whom all should follow. It goes against premises which I consider basic. Of course every government exercises a certain moral influence on the attitudes of people. But precisely in a liberal and democratic state one must be able to differ in opinion about the moral premises of politics. There should never be the feeling that the government's proposals are beyond doubt. On the other hand, one should always remember that for someone who carries political authority the debate about daily political decisions comes first, although he can only take them if they are founded upon a sure moral basis.

Bolkestein: Socialist and Conservative politicians have a closed view of
the world. Liberals, on the other hand, have an open view of the world. Does this make it more difficult for Liberals to provide intellectual leadership - an inspiration or an orientation - than for Socialists or Conservatives?

**Mischnick:** Liberals have the advantage of being open to any discussion with people who hold other points of view. They have the disadvantage of not being able to provide their colleagues with a political catechism for the daily debate. In that sense it is easier for Socialists and for Christian Socialists or Conservatives to ensure conformity between leadership and followers. This advantage Liberals have of being free in their discussions makes them less frequently end up in an ideological dead-end than Socialists or Conservatives. For the latter it is more difficult to let go of a point of view once they recognise that it is mistaken. Such a correction is easier for a Liberal because of his open world view. The disadvantages of Liberals are therefore not as important as their advantages, which consist in the ability to adjust more rapidly to developments and to draw the right conclusions from them.

**Bolkestein:** In order to have success, Liberal politicians need a fairly highly developed electorate because Liberalism is more difficult to understand than Socialism or Conservatism. It is a subtle philosophy and therefore harder to put across than other political philosophies. That is particularly noticeable where Liberal Parties are hemmed in by the two other main formations as in Germany and Italy.

**Mischnick:** Of course it is less difficult to mobilize the masses when one can propose to them a concept that is easy to grasp - a concept that may not be sensible yet will find ready acceptance. German Liberals have always exerted themselves to increase the voter's mobility, i.e. his willingness to decide not on the basis of tradition or of constraints which he may have outgrown but through analysis of the actual situation. In this we have had a considerable measure of success. At the same time it has the drawback that at each election we must fight anew for the vote of those who could have been our faithful supporters. Greater mental mobility means a greater exertion to keep the Liberal vote. To that extent it means a heavier burden on our party. I still hold our strategy to be right because in the long run it increases the chances of Liberals, as this
country shows. Moreover, it also means that it is easier for Liberals to master changing political situations, as long as they succeed in giving their mental mobility organisational shape. This is the main problem for Liberals: how to translate their insights organisationally in such a manner that they reach the mass of voters. It is necessary for the intellectual insights of Liberals to get translated emotionally somewhat more strongly, without these emotions serving as the basis of political decisions.

Bolkestein: In an interview with ‘Evangelische Kommentare’ the Chancellor discussed German youth. He said that teachers and other educators have neglected their duty to give an orientation to young people, largely out of cowardice. According to him, complaints about the permissive society should be directed to those who carry responsibility. Do you agree with Mr. Schmidt?

Mischnick: Although I do not share his opinion in every respect, one often sees that parents are quite prepared to leave everything connected with the education of their child - including political discussions - to its school and that schools, in turn, leave it up to the politicians. Here only a mutual and continuing cooperation can help. An open discussion is natural for a Liberal, certainly about matters which occupy the younger generation. But I consider it absolutely wrong to believe that one can convince young people by running after them and their opinions. On the contrary, one should acquaint them with the facts and talk with them about their often idealistic ideas in the light of real possibilities. My own experience with young people has shown me that they have the willingness to discuss on the basis of facts. All-important is whether they feel that the older person they are talking with discusses from inner conviction or whether he merely puts forward his party's programme or manifesto. The more I am willing to call into question my own points of view, the readier young people will be to discuss with me. This does not mean that we should take their opinions as the basis of our own considerations but that we should be willing to submit our point of view to be re-examined, if in fact they have reached a better insight. Conversely, I am not prepared to reconsider the standpoint which I hold to be true simply because young people have a different opinion. They will quickly recognise this as a weakness. It is also important that one should take
into consideration the natural differences between generations. This means that in his discussions with young people a politician must compensate for what their parental home and school have neglected, namely why certain situations of today have arisen - situations which one can only understand through their historical developments. A large part of the young generation lacks this knowledge. That is why so many refuse decisions which are necessary. I am thinking, for example, of matters like the NATO double track decision, the European Community and the Third World. In these matters their opinions are often based upon illusions, which are soon dispelled when one clearly sets out the determining facts.

2. The New Class

Bolkestein: In his book ‘Work is done by others’ (‘Die Arbeit tun die Anderen’), Helmut Schelsky writes about the new class of ‘salvation-brokers’, of those who preach the social gospel. Mr. Helmut Schmidt has spoken of people who preach a sort of patent ethics (‘Patentethiker’), who do not understand the economic process and who deprecate the welfare state. Is this new class as much in evidence as once it was?

Mischnick: I would not go so far as to speak of a new class. That might create the impression of a large number of people whose importance might be exaggerated. There are, in fact, people who hold such opinions and who create confusion. Usually, however, when one forces them to debate their point of view, they have to admit that they do not have any prescription and that criticism is their only strong point. They fail to put together a workable proposition. In our discussions with these ‘social evangelists’ it is necessary to make clear what the possibilities and the limits in reality are. I am certain that this is possible when one is prepared to carry the discussion to its conclusion. In the student discussions at the end of the sixties there were comparable ideas which to my mind were completely unrealistic. In those discussions it became rapidly clear that when they had to give concrete expression to their ideals, they were forced to correct them. It is a serious thing that the willingness to run after such utopians is today greater than yesterday or the day before. On the other hand, one should not consider them as a constant plague, as a
natural phenomenon: a Liberal above all should engage in a discussion about these matters and carry it to its logical conclusion. I am thinking in particular of ecology, which plays such an important rôle in the discussions with these young people. If one compares here the possible with the impossible, what is utopia with what is feasible, one can convince many people. There will always be a group that will chase utopias and need a lot of time before attaining a reasonable point of view. I feel that somebody who chases utopias at the age of 18 or 20 should no longer do so when he is 30.

**Bolkestein:** Don't you think that there is an element of luxury in this whole discussion?

**Mischnick:** Of course there is a connection. Our economic difficulties and our unemployment have given some romantics food for thought, in particular those who are prepared to do a normal job and suddenly realize that their job could be at risk if people lend an ear to certain siren songs. Those who want to opt out completely, who would really prefer to do nothing, will not allow themselves to be impressed even by that. But they are so few that in the long run they will have no significant influence. In the whole area of ecology and energy - the use of nuclear energy, for example - a more realistic point of view can be noticed. This does not mean that dangers are not heeded but rather that the possibilities of taking safety measures against them are seen in a more realistic light. To that extent I believe that the more difficult economic situation has given rise to a more realistic way of thinking. This should not make people with political responsibilities leave aside everything that has to do with ecology, however: they should take it just as seriously as before. In my view one can link economy to ecology in a sensible way and so give the vast majority of the people the assurance that one will not let nature go to waste on account of the economy.

**Bolkestein:** In the Netherlands there used to be an anti-industry mentality, especially in the seventies. This has changed now. Has it also changed in Germany?

**Mischnick:** That trend of thought existed and to a certain degree still exists. With the change in the economic situation it has changed, too. It
is beyond doubt, however, that for example with respect to industrial sites purely commercial considerations, such as industrial taxes received by municipalities, have been stressed for too long. The planning of industrial sites, the upkeep of recreational spaces and the separation of living and working areas have been neglected for a long time. At present planning and consultations concerning these respective areas are emphasized much more strongly. To that extent it was a shock therapy, which now shows its positive effects. I do not think that a durable aversion from industrial activities will arise. The realisation grows that the more decisions one wants to take in favour of the environment, the more one should see to it that certain financial conditions are fulfilled. This can only happen if the economy runs smoothly and is not throttled by ecology.

3. The Peace Movement

**Bolkestein:** Günther Grass has remarked in connection with the peace movement that fear is the only growth area left in Germany. What is the religious background of the peace movement? Why does it appeal more to Protestants than to Catholics? Is it a desire for peace or an alibi for the unification of Germany?

**Mischnick:** The peace movement has various roots. The desire for peace is so widespread in Germany that one should not distinguish between those who demonstrate and those who don't. However, many people have made use of the present desire for peace and have tried, from various motives, to give it a different organisational shape. Without doubt the people of the church that are connected with it recognised the original desire for peace but not that it was made to serve a different political purpose. It is a pity that there are forces which try to make use of it for another political end. They are of the most varying persuasions - some are Communists, others belong to groups that are rather anarchist.

This movement has struck a chord among people of the Evangelical Church more than among Catholics because the Evangelical hierarchy is more liberal than that of the Catholic Church. The Catholic hierarchy is more government-minded than the Evangelical one. The Evangelical Church has always admitted a greater degree of diversity because it con-
sists of different currents such as the Lutheran and the Calvinist ones.

The peace movement wishes to prevent and avoid all war and everyone shares this ideal. That the methods which are advocated are often unrealistic is a different matter. No movement for the unification of Germany is behind it, however. In the Evangelical Church of the German Democratic Republic the desire for peace exists just as much as here. Today it finds greater expression than before, not because the desire did not exist formerly but because the agreement between church and state in the German Democratic Republic has given the church greater freedom of expression. It would be wrong to deduce something else from this. The people who are active in this field have very different points of view. There are those who have never had the idea of re-unification and probably never will have it either. We know very well that in the Federal Republic of Germany the wish exists to arrive at a unification one day but also that a realistic appreciation of the chances of bringing this about exists too. This re-unification can only come to pass if the whole European problem is also solved. Whoever suspects neutralistic ideas behind it, such as a departure from the Alliance or an independent German line in opposition to the Alliance, is talking nonsense.

4. Re-unification

**Bolkestein:** Let me quote from an article by Wolfgang Pohrt in *Die Zeit*: ‘Nothing in Germany is harmless, especially not when a peace movement is the catalyst of a German awakening; the people [“das Volk”] do not form a definite concept but are the lie of an obligatory togetherness of those who must submit to an enforced national collectivity.’

**Mischnick:** I do not exclude that there are people who believe this. To think, however, that a great unification movement without regard for the facts of power politics is at present under way would be a mistake. The division of Germany is an unnatural situation and it is right that people in the Federal Republic and in the Democratic Republic feel themselves to be just as German as before. The 35 years since the war have made clear that nothing can be achieved by merely verbal declarations about re-unification. I repeat that people who are serious about
this possibility know very well that it depends upon a solution of the whole European problem, which is at hand neither today nor tomorrow. Nobody knows whether unification will come at some later date. Whoever believes that there is a movement which strives to make a re-united Germany neutralist or communist, ought to know that there is not the slightest support for this in the whole population of the Federal Republic. Perhaps a few indulge in such fantasies. Every election proves that they have no chance of getting into Parliament.

Many people feel that Europeans should understand how a close and durable cooperation is in their common interest. In the long run it cannot be a good thing that the most important political decisions are always taken by the two superpowers. The weight of Europe ought to increase because in the long run that will be the best guarantee of peace in Europe. That is why behind much of that sort of thinking there lies the wish to arrive at a wholly European position rather than a German nationalist one.

**Bolkestein:** If I were a German politician, the division of Germany would be a constant factor in my thinking. Do you believe there are many politicians here who feel that way?

**Mischnick:** It is evident that the division of Germany is a factor which plays a rôle in every decision. But it is also clear that owing to the normative effect of facts, possibilities in this respect are seen in a more realistic light today than 15 or 20 years ago. Developments have shown that the mere declaration of our long term goal to lessen tension achieves nothing. On the contrary, it fosters estrangement. If we want to lessen tension, we do so in order to keep up contacts. We should not stress present borders, we should not increase present difficulties and so put at risk such substance of the German nation as still exists. Whether this will continue over the coming decennia is something I cannot say. It is clear, however, that the desire to have more contact and so improve our relationship is as strong now as before and is even on the increase. But one should not conclude that this is because Germans want to broaden and strengthen their position. It is the obvious desire of Germans to associate with each other as others do. The division of Germany these past 35 years has as a consequence that many cannot even conceive what this means because they have never known it themselves. ‘Time is
the great healer’ - that is true; but time will not change the realisation that this division is artificial. Nor will it, on the other hand, give rise to forces that wish to change the situation by violent means.

**Bolkestein:** Metternich said in 1815 that Germany and the German people form abstract concepts. Why is the division between the German Democratic Republic and the Federal Republic of Germany artificial but the border with Austria not?

**Mischnick:** Because of the stormy developments of the 20th century, a relatively short period of existing together as one state has, of course, had a stronger effect than in the past, when one existed together over longer, but less intense, periods of time. For example, during the Holy Roman Empire of the German Nation, communications were much less frequent than now. When Germany was divided in 1945, aspects of geography and the borders of communities were not at all taken into account. What used to be Prussia was cut in two. The regions of Saxony, Anhalt and Thüringen did not keep their former shape. Territory which lay outside our borders remained separate and so no comparison with Austria can be made. Austria was a state and has again become the state it was between 1918 and 1938. An additional factor was our common fate: the need to rebuild our country completely after the war and the flight of millions who were displaced or sought freedom in the West.

One may ask, of course, whether after all this time the bond still is sufficiently strong. I am convinced that it is. Whether it will remain so in the long run is a question nobody can definitely answer. That is why an all-European solution would make things easier. Still, I wonder how other states and countries would react if they had lived together for 30, 50 or 100 years before being divided by force. The Polish people are automatically allowed to have their national identity and borders. One wonders why the German people are not.

**Bolkestein:** History has shown that a united Germany is too strong for Europe.

**Mischnick:** What remained of Germany after the war is much smaller than what it historically has been. Therefore such historical comparisons are no doubt incorrect. Secondly, if Germany were re-united, it
would so much form part of a European settlement that the concerns which used to exist not possibly recur. Thirdly, the willingness of Germans to keep and strengthen the European Community is at least as strong as that of the other countries, so this would also be a positive factor. Fourthly, I believe that a re-united Germany - I repeat that I do not foresee it in the next few decennia - would be an integrating factor within Europe, a stabilising factor that would not strive for hegemony. On the contrary, I think it would consolidate Europe as it would straddle the present division between East and West. Germany would occupy an important, but not the most important, position.

5. Between East and West

Bolkestein: After the war Adenauer took the decision that Germany should throw in its lot with the West. That was a historic departure from the ‘switch-politics’ of Bismarck, which were intended to prevent an alliance between France and Russia but which also turned Germany into a bridge between East and West. Do you think that in the coming decade Germany will turn its back on Adenauer's decision and return to Bismark's ‘switch-politics’?

Mischnick: We have not become a member of the Western Alliance, or rather, we have not decided in favour of the system of the Western Alliance, as a temporary impulse but out of the deep conviction that an integration of the countries of Europe will follow, if possible beyond the limits which we must observe today. That is the main thing. Let me repeat what I have just said: especially when one does not reject the idea of re-unification, one should wish for a solution for all of Europe. At the same time this means that the bond with the European Community will not be in jeopardy. On the contrary, we are working for its constant strengthening.

The proposals of Hans-Dietrich Genscher, the President of the FDP, are intended to go beyond the European Community as a purely economic affair and to arrive at a common position in matters pertaining to foreign policy and security also. Nobody in a responsible position would now wish to declare these areas out of bounds. On the contrary, he would want to strengthen the Community and so help a steadily more united Europe to attain an importance which would enable it to play a rôle in world politics that would be possible even today if only a greater
unison within the community existed. I realize that this will be very difficult because many national points of view come into play. It does make clear, however, that the concern that Germany might turn away from the European Community is simply not justified and that there are no relevant political groups which want to go that way. As part of a community so strengthened, we would rather want one day to transcend the boundaries which are now prescribed to us by the constellation of power. Whether we shall succeed is a different matter. All our deliberations are aimed not at a departure from the Community, but at undertakings which may be possible beyond present limits. Whether that will be feasible depends on developments within the Warsaw Pact and the Comecon. But there exists no significant political group which today would want to leave the European Community or NATO in order to pursue a policy of neutrality.

Bolkestein: President Kennedy said in 1963: ‘Ich bin auch ein Berliner’. Last year 50,000 people demonstrated in West Berlin against General Haig. Why the change?

Mischnick: The cooperation between Germany and France and the convergence within the European Community have caused relations between the Federal Republic and the United States to be judged within the framework of the Alliance and not outside it. But that has nothing to do with anti-Americanism. The demonstrations which took place in many different areas in 1981 have drawn a lot of attention. When one considers their numbers in relation to the total population, however, they represent a small minority. I admit that the demonstration in Berlin against the visit of the American Secretary of State has displeased me as much as others. On the other hand, one should not overestimate the importance of those who went from federal territory to Berlin. The overwhelming majority of the people of Berlin and in federal territory see the Alliance in the same light as before.

Of course the new American administration has given rise to a measure of uncertainty through a number of not very coherent decisions and declarations. This now seems to be clearing up. It was a phase in which one was uncertain whether or not anything would come of the arms control negotiations for the intermediate range. When it became clear that these negotiations would take place, the minds of many people were
set at rest - people who were worried that the Americans would backpedal on the negotiations and emphasize only rearmament. That was also the reason why many took part in the demonstrations, although basically they were not some sort of engaged anti-Americans.

Bolkestein: William Borm, who is member of the Central Committee of the FDP, has said that the protest of the people against the USA has become a national duty and that Germany is no atomic colony of the USA. What does that mean?

Mischnick: William Borm is not representative of the FDP. Of course there are people in the FDP who share his opinion but they form a minority. William Borm has not assessed the situation correctly and his effectivity has therefore not increased but decreased. He is held in esteem by many young members because of his senior position in our party. This should not be exaggerated, however. His motives are pure but his analysis is faulty, in my opinion, and therefore his point of view is unlikely to be adopted by the majority of the party.

Bolkestein: Günther Grass has said that politically and culturally, Germany, as it were, abdicated after the war - that it considered the USA as an ‘Ersatzvaterland’ (surrogate Fatherland). Do you think the time has come for a more pragmatic arrangement between Germany and the USA?

Mischnick: To say that there has been a mental identification between the Federal Republic and the United States would be going too far. I would rather call it a phase of aping the Americans. That there has been an Americanisation of daily life does not mean at all that the basic approach of Germans has become American. The consciousness that American aid was decisive in the reconstruction after the war is as alive now as it used to be. But that does not mean an adoption of the American way of life. It made sense to consider our relationship in a pragmatic way, as I have always done. There may be some who looked upon this relationship more euphorically and who are disappointed now that the euphoria has disappeared. A pragmatic way of looking at things is preferable because it is less subject to change and therefore more durable.
I think that relations between the Federal Republic of Germany and the United States, the European Community and the Alliance will continue to be conducted in this pragmatic way. The decisive bond, however, will as always be our common and fundamental love of freedom. This bond will not disappear. Even individual instances of mutual difficulties will not be able to break it. We may differ about tactics - for example, whether or not to apply sanctions against the Soviet Union or Poland - and there will also be differences of opinion concerning conflicts of interests. This does not mean, however, that our fundamental wish to preserve our freedom is impaired.

6. The Matter of Germany

Bolkestein: It has been said that the two main questions about Germany are these: what are the limits of German ambitions and, secondly, what is Germany's national idea? After the war the Germans found the limits of their ambitions in Europe. We have not managed to achieve political union in Europe, which has led to a disappointment here as elsewhere. As far as a national idea is concerned, the filmmaker Hans-Jürgen Silberberg has said that a Germany without vision would be horrible. Ralph Dahrendorf has spoken of a national purpose for the Germans. The German Socialist Party believes that no political action is possible without an utopia. How do you feel about these matters?

Mischnick: It is true that in the early fifties the desire to arrive at one great European solution was stronger in the Federal Republic of Germany than elsewhere. Many people said that it was a sort of surrogate philosophy that took the place of the impossible unification of Germany. At the beginning of this debate that may have been so. I am convinced that the German willingness to see a European Union as a goal - also a national goal - finds wide support in the country. The hopes and endeavours directed towards this goal are stronger in Germany than in other European countries. The concern that this goal may be beyond reach exists but does not prevent us from pursuing it. This means that the many adverse developments and problems in the European Community do not lead to negative opinions as quickly as elsewhere, although of course we too see them. One must be patient.

One of the most interesting phenomena since the war is that Germans
used to be reproached for moving too fast and being too impatient with political developments. That is no longer true. In my view Germans show more patience than many others. We shall pursue this goal even if the lack of decisions gives rise to concern about the way Europe is taking shape.

This means that we do not switch back and forth between a national idea and a European one, so that if, for example, things don't move in Brussels, a sudden wave of nationalism brings forth the idea of German unification again or vice-versa. These ideas are parallel. The more we are able to achieve a European Union, the greater will be the chance of bringing about national unification one day.

In my view one can call this desire - to have all of Germany as one member of a united Europe - a national vision. At the moment it would appear very unrealistic. But it would persuade a large majority that it pays to pursue the further development of the European Community as a long term goal, in spite of all disappointments. I believe this to be the only durable possibility of reconciling national considerations and European necessities.

Whether this will still be the case in 10, 20 or 30 years I cannot say. The further we leave the negative experiences of the last war behind us, the less our memories and our own experiences will play a rôle and the more other influences may gain strength. That is why all who carry political responsibility want to consolidate the European Community as much as possible - to prevent other influences from carrying us in a different direction in future. That is also why our European partners are well advised to take this point of view into consideration when they think about a European Union, which it transcends. I have the impression that nationalism is much stronger in the other European countries than in the Federal Republic of Germany.

**Bolkestein:** Alexis de Tocqueville has remarked that Germans have a genius for getting enthusiastic over an abstract idea. Is that still so? Why do Germans need a national idea? Is it not enough to be an economic miracle?

**Mischnick:** As a pragmatic person I believe that the need to realize an ideal irrespective of its costs is much less present than it used to be. It is not impossible that this need may become stronger the less other ideals,
about which I have spoken, become reality. I should add, however, that I cannot imagine people's lives being determined exclusively by pragmatic considerations. On the contrary, many emotional factors play a rôle too. Perhaps I may remind you or our writers, our scientists and our philosophers. What is decisive is that these ideals are not misused for purposes of power politics. I exclude this danger. Intellectual currents should not be seen in the light of a possible risk of misuse, as has happened once. The wish to seek the meaning of life not merely in affluence and in our everyday existence will not be translated into power politics nor will it create risks. We Germans have been cured of that and I am sure that the value of this experience will last a long time. It will even be difficult to unmask others who give their political purposes idealistic forms, such as communists or other exponents of a social gospel.

Bolkestein: Are the Germans contented?

Mischnick: The vast majority of Germans is contented, in spite of all economic difficulties. Interestingly, all opinion polls confirm that most people consider the general situation to be worse than their own. This shows that the overall situation is rather better than it is made out to be. Feelings of satisfaction with our overall development also find expression in the fact that the three political parties accumulate almost all the votes. I am convinced that these feelings are the cause of our rejection of all radical influences, even in these days of economic difficulties.
Jean Rey
(Brussels, 13 May 1981)
Born:
In Liège on 15 July 1902.

Education:
University of Liège (law).

1926-58:
Barrister at the Court of Appeal of Liège.

1935-58:
Member of the Municipal Council of Liège.

1939-58:
Member of Parliament for Liège.

1940-45:
Prisoner of war in Germany.

1948:
Alternate delegate to the third General Assembly of the United Nations (Paris).

1949:
Alternate delegate to the first Assembly of the Council of Europe.

August 1949-June 1950:
Minister for Reconstruction.

1953:
Alternate delegate to the fifth Assembly of the Council of Europe.

April 1954-Januari 1958:
Minister of Economic Affairs.

1958-67:
Member of the European Commission.

1967-70:
President of the European Commission.

1979-80:
Member of the European Parliament.

1971-1977:
Chairman of S.A. Sofina
Chairman of S.A. Papeterie de Belgique.

Honorary President of the International European Movement.

Doctor honoris causa of the Universities of Oxford, Harvard, Pace and Drew (USA) and Liège.

Minister of State
Interview with Jean Rey

1. Liberalism and Economic Policy

Bolkestein: In 1969 you said that you have evolved towards a more interventionist liberalism. What do you now think of the subsidiarity principle?

Rey: It is evident that Liberalism has evolved over the last 30 or 40 years. Our fathers and grandfathers were rather inclined to the idea that a maximum of freedom ought to be left to men, enterprises and regions, and that the intervention of the state should only be subsidiary, viz. where private initiative does not solve the problem. In this respect our ideas have evolved everywhere. We have a better view of the limitations of freedom. The Belgian liberals call themselves libéraux réformateurs. This means that we don't think private initiative can solve everything and that the intervention of the state in economic affairs is something to be wished for: that is modern Liberalism.

Bolkestein: You have written somewhere: ‘To circumscribe the action of the state in the economic domain is the fundamental problem that confronts the modern state.’ Somewhere else you defined the duties of the state as follows: ‘Neither laissez faire nor to act itself, but to control and to protect.’ Many Socialists would not be content with that. Among Christian Democrats there are many that want to go further. They say that it is not sufficient to control and to protect: the state must intervene actively.

Rey: That is exactly the difference between Liberals and Socialists. If we should go further than the definition which you just quoted, it would not
be a Liberal position anymore, it would be a Socialist one. I don't think that Liberals feel their message and their point of view have been refuted by events. On the contrary, we are inclined to believe that Liberalism is what is needed by our countries and that a good equilibrium between too much and too little freedom is Liberalism.

Bolkestein: The law of Lacordaire, the Dominican priest of the middle of the nineteenth century, states: ‘Between master and servant, between rich and poor, it is liberty that enslaves and the law that liberates.’ That was more than a century ago. Does it still apply today?

Rey: It was very revolutionary that a century ago a priest who represented Christian philosophy in France should be so bold as to write this phrase but it is, and remains, absolutely true.

2. Trade Unions

Bolkestein: You have warned against the state becoming a dispenser of advantages with the result that powerful group interests conspire against unorganized people. Has it not become very difficult to stop this process?

Rey: It is a problem of limits. How is it possible to draw the line between what is necessary and what is odious? In the second part of the nineteenth century syndicalism was a motor of social progress, of a transformation of society that was very beneficial. We are now in a period of exaggeration. The power of trade unions has increased without limitation, at least in some countries. In Belgium about 70% of the workers belong to an organization, which is three or four times more than is the case in France. The actions of these trade unions have become too heavy for the state. A real problem, which Belgium now has to face, is how to reconcile the necessity of keeping social progress with the need to avoid the extraordinary pressure which these organizations are bringing to bear upon the state. The trade unions have passed the stage of beneficial action and have entered that of exaggeration. Evidently we are in a period of danger.

Bolkestein: Is there a possibility that trade unions in Belgium will play a political rôle?

Frits Bolkestein, *Modern Liberalism*
Rey: They are already doing that. The influence of trade unions is so powerful that parties which have a close link with them are unable to resist it. This goes for the Socialist Party and the FCTB. When one looks at relations between the CVP and the Organization of Christian Workers, it is evident that the power of this latter organization is greater than that of the party. This is the reason why Belgium is at present in economic danger.

Bolkestein: Does this pose a threat to parliamentary democracy?

Rey: I should not say that it is a threat to democracy, only that parliament is too weak to resist the pressure of the trade unions. Consider the dispute in the first half of 1981 over the consequences of indexation, the link between prices and wages. The workers resist any loosening of this link. Our system is more rigid than that of any other country. It is not without consequences, of course, for unemployment. There is no country in the European Community which has more unemployment than Belgium.

3. Liberty and Responsibility

Bolkestein: You have written: ‘Liberty destroys itself if it does not find in itself the principle of its own limitation.’ You have also said that Liberalism is an attitude more than a doctrine. Here you make an appeal to self-restraint, to self-discipline. Present society is called the permissive society. One wonders whether yours is not a call to the wild, whether one is not fighting a losing battle and whether, in the absence of self-restraint, both in the economic sphere and elsewhere, it won't be necessary to have greater recourse to strict compliance with the law.

Rey: This goes back to the rôle which Liberals play when they are in power. Governments in which Liberals are present are more moderate in their decisions, in the risks they take for currencies and so on, than governments in which there are no Liberals. A government without Liberals very often loses sight of prudence and safety and so creates risks for the economy. That is exactly what we see in Britain.

The responsibility of the state is a consequence of the freedom of the citizens. Even where you give citizens and enterprises much freedom,
the state remains responsible for the welfare of the whole. Nobody can imagine that without discipline things are going to be for the best. They are not. Liberalism has a great responsibility in this respect.

**Bolkestein:** In 1961 you wrote something quite harsh about your own country: one works less, one risks less and one is less prepared to go abroad. That indicates a certain decadence. Do you still hold that opinion?

**Rey:** I have the impression that things are getting worse because Liberals have not been in power long enough to exert their influence. Over the last two years the only period in which the government was reasonable was between the spring and autumn in 1980, when Liberals were in power with the Socialists and Christian Democrats. The Liberals' presence compelled their colleagues to be more moderate in what they were trying to achieve. As soon as the Liberals left the government, financial discipline and a sense of the limitation of the power of the state were forgotten.

4. Decolonization

**Bolkestein:** Before 1960 many Belgians went to what was then called the Belgian Congo. Do you have the feeling that the process of decolonization there should have taken a different course?

**Rey:** Of course, it could have been prepared better. The government in Brussels should not have been forced, in the spring of 1960, to make a decision so suddenly and quickly, without having studied it peacefully and at length. The way in which the French behaved was more careful and more reasonable than what we did. We gave too much freedom too quickly to a population that still needed the influence of the Belgian colonists.

But I think it is of no use to remake history 20 years afterwards.

**Bolkestein:** That is, of course, perfectly true, but if one looks at various countries like Ghana or Tanzania, where the people are materially worse off than they were in 1960, one wonders whether the process that has taken place in Africa over the last 20 years has been to the benefit of the people that live there.
Rey: That is not the question! You could have put the same question to France in 1789, and asked if the people were happier in the first years of the French Revolution than they were at the end of the monarchy of Louis XVI. That is not at all evident but it does not give a fair account of what happened. The necessity of giving power to the black population was absolutely evident and if the government which came was not the best one, it was nevertheless absolutely inevitable. In the same way, universal suffrage certainly does not make for the best government but it is so much a consequence of our feeling of justice that it is absolutely inevitable. To ask whether this system is the best is not a good question.

5. European Integration

Bolkestein: Do you think that the welfare state, because it is so nationally determined and bound up in national rules and regulations, has inhibited the process of integration of Europe?

Rey: No, I do not think so. European policies are slowly taking the place of national ones. To form ten or, in the future, twelve countries into a federation is a process which is not at all an easy nor a quick one. The evolution which we are now seeing is quite normal. Having been so much involved in all these policies, I am not at all unhappy about the time which is needed for these things to happen. What is true, however, is that under certain influences, e.g. that of the French Government, mainly of General De Gaulle, there has been a break in the evolution. The way in which integration took place after 1966 was not as good as before that time. The fact that we need a certain time to turn national mentalities into European ones is something which should not create astonishment nor anxiety about the future. What has been accomplished quickly are things which were decided in the treaties themselves, e.g. a coal and steel policy and the customs union. All this has been functioning really very well. An economic union, with policies that still have to be decided upon, is, of course, much more difficult than was foreseen at the beginning. Like the oil crises, the great economic crises which now affect all of Europe were not foreseen when the treaties were drafted. The possibility was not, however, overlooked because there are provisions in the treaty for crises and they have been applied. When France had so many difficulties in 1968, we applied articles 108 and 109
of the treaties which gave the French Government facilities to overcome the problems of that period.

That it takes a long time to construct policy seems to me within the nature of things. Some people say that the Community is now in a period of stagnation, that its development is blocked. If we see what has been achieved in 1978, 1979 and 1980, that is not at all my impression. Within the Community we have realised in the last year two things which are very important. The first is the European Monetary System, which was not foreseen in the treaty and which is functioning better than could have been expected. The second is the election of the European Parliament, which was foreseen in the treaties themselves. After 20 years it took place and now our Parliament has been elected and nobody thinks that there is a way back. If we look outside the Community over the last two years, we see the Tokyo round, which followed the Kennedy round and which safeguards the Community against protectionism. There is also the accession of Greece, which means that the Community has not at all stopped the process of enlargement. The Community is on its way to encompassing all of western, central and southern Europe. In addition, there is the Yaounde Convention, now replaced by the second Lomé Convention, which is like a Marshall Plan of the Community for no less than 60 developing countries.

**Bolkestein:** You have in the past called attention to Georges Scelle's double law of concentration and decentralization. To what extent has this law become manifest in the European Community?

**Rey:** The evolution of the Community is a normal one with only one restriction, viz. the growing national tendencies. Apart from these tendencies the progress of the Community in the first 20 years of its existence has been steady, with the construction of policies that were not foreseen at the beginning or were foreseen but still had to be elaborated, like the common agricultural policy. This was put together at the Stresa Conference in July 1958 and then by the efforts of my colleague and friend Sicco Mansholt. Of course, the policy has its faults, which have become more evident after a number of years, but that does not mean at all that it is bad. There are efforts to amend it but nobody is proposing to drop the agricultural policy.

If we look at monetary affairs it is the same. At the time of the treaty
of Rome nobody dared to include a common monetary policy and one European currency. This was formulated ten years afterwards by Mr. Werner and given expression at the Conference in The Hague, the first summit conference, of December 1969. Our governments are now converted to the idea that it is nonsense to have a customs union and an economic union but to keep currencies that are completely national. We have to construct a system in which currencies slowly become *communautaire*.

So, chapter by chapter, we see the progress that has been made. At the same time, the idea that we cannot prevent the originality of our different governments, that we have to keep and protect the originality of our new member states and should not make them uniform has also been growing. It seems to me that these two aspects of the law of Georges Scelle have become manifest in the life of the Community.

The problem of national influence on Community decisions is of great concern. When we see that one country with a negative attitude can stop a necessary development, then we begin to realize that the system which has been followed after 1966 and which is not provided for in the treaty, *viz.* to take decisions in the Council unanimously, is really not the most suitable and that the time has come to amend it.

If we think of the institutions, there is not much to say about the commission which is working on the whole as was laid down in the treaty. If we look at the Parliament, the great change, of course, is its election which has given it much more independence. In the past, Members of Parliament were delegated by the national parliaments and they more or less waited for advice to be asked from them by the Commission and the Council. Now that they are elected, now that the great majority of them does not belong to any national parliament, they feel independent and representative of the population. The atmosphere of this Parliament, of which I myself have been a member from its beginning until July 1980, is thus much more dynamic than during the previous 20 years. Ministers are already obliged to take into account what Parliament is asking for and will be even more so.

The greatest difficulty in the Community lies with the Council of Ministers. Under pressure of the French and of General De Gaulle, in particular, the agreement of Luxemburg was made in 1966, when the French insisted that very important decisions should be taken unanimously. The actual application of this system has been quite different.
The unanimity system has not been the exception but the rule. This was difficult in the Community of six countries and is more difficult in the Community of nine or ten. Decisions are now taken only when everybody is in agreement. The treaty was not meant like that and Ministers themselves are now aware that the system has to be amended. At their meeting in Paris in December 1974, the Prime Ministers and President Giscard d'Estaing decided not only that the election of the Parliament should take place but also that its power should be increased and that the system of unanimous decisions should no longer be the rule. This decision was officially made and published in December 1974, but it has not been carried out. I think it will be one of the great political battles. It will take the efforts of Parliament, of the Commission and of public opinion to get Ministers to draw the consequences of what they recognize themselves as necessary, that is, to return, perhaps slowly, to the system of majority rule.

**Bolkestein:** You have been very active in the policy concerning Wallonia. What is your opinion of the regional policy of the EEC?

**Rey:** It is a beginning. What was put in the treaty is much too modest. It was foreseen that some measures had to be taken in some parts of the Community e.g. near the border that divides Germany in two, but the effort to construct a regional policy as such was successful only in 1974, after years of efforts by Mr. George Thomson who was a member of the Commission at that time and who convinced Ministers to accept the principle of a regional policy.

### 6. L'Europe à deux vitesses

**Bolkestein:** We have no common energy policy and apart from steel, we don't really have an industrial policy. Hence the idea of *l'Europe à deux vitesses*, especially in view of the enlargement of the Community with Portugal and Spain. Some people feel that those countries that want to move ahead more quickly together should do so, provided that their arrangements are open ended, in other words that other countries are able to join them when they feel ready to do so.

**Rey:** You are quite right to criticize the absence of decisions in the field
of energy. It is one of the great failures of the Community not to have been able, since 1973, to draw the consequences of the energy crisis. This is because of resistance by the French, at that time of Mr. Jobert, who, as Minister of Foreign Affairs, quarreled so much with Kissinger at the conference in New York of January 1974. At that time it was impossible for the nine countries to join in a common effort. If the nine had then joined up with the Americans and the Japanese, it is very likely that an agreement would have been made with the oil producers. We would still have given them the price increase they wanted but not such a sudden one as has created the economic crisis in which we find ourselves now.

I have never been in favour of an *Europe à deux vitesses*. That some countries have more difficulties than others to join a common policy can, of course, be understood. Transitory measures can be taken to help governments in this or that field to join the Community discipline and the common rule. This has been foreseen in the different treaties of enlargement. In the treaty of Rome there is a period of transition of 12 years. There were also special measures for countries that had difficulties in the first six years. These measures have been taken and we are through this transitory period. In the treaty of 22 January 1972, with Great Britain, Denmark and Ireland, transitory periods were also foreseen. In the treaty now in force with Greece, the situation is the same. So transitory periods can be stipulated to help a country to adapt its economy and its social situation to common rules, but the principle of an *Europe à deux vitesses* seems to me calculated to ensure that those who are in the second *vitesse* don't do anything to join the first.

**Bolkestein:** Is not the European Monetary System, which has been joined by all the countries except Britain, an example of an *Europe à deux vitesses*?

**Rey:** No, it is an example of a transitory period. Great Britain has never said that it was against the EMS, only that it was not ready at the present time to join the system. There are voices in England saying that the time has come for Britain to join the EMS. My impression is that in the next years this will happen.
7. Institutional Reform

Bolkestein: Jean François Deniau in his book ‘L'Europe interdite’ says that the Commission should not be responsible to Parliament and that it should amalgamate with the Council of Ministers. What do you think of this?

Rey: Some people say that the treaty ought to be changed but people should first ponder if there is any possibility of finding colleagues who are of the same opinion. It is not because J.F. Deniau thinks the treaty should be changed that the treaty will be changed. Socialists say that the treaty ought to be more Socialist and we have heard Mr. Mitterand himself say that ‘l'Europe sera socialiste ou ne sera pas’, which the Liberals have always said they were against. When we wrote the programme of the Liberal Federation of Europe, we said that quite clearly. At the presidential elections in France of April/May 1981, we heard Mr. Chirac say that the treaty must be changed. Mr. Chirac had not asked if we were ready to change the treaty. There was a greater man than Mr. Chirac to ask this question: General De Gaulle. When General De Gaulle created a crisis by withdrawing his ambassador from Brussels in September 1965, he said at a press conference that the best way would be to sit around the table with the other five countries and to modify the rules of the treaty. Paul Henri Spaak answered on behalf of the five that they were not ready to change the treaty and that the treaty would not be changed. They were ready to study the difficulties of France, to take measures in aid of the French but they were not ready at all to modify the treaty. The treaty had to be applied.

8. Defence

Bolkestein: Before World War II you wrote a report on foreign policy and on neutralism. This is something that is surfacing again. Why is neutralism again coming to the fore, after all the experiences that your country has had?

Rey: There are always people with certain ideas. In this case, they are the Young Socialists, who have no great experience of the past. Belgium has been neutral since 1831, when it parted from The Netherlands. It
was decided by the powers of that time that Belgium should be neutral. This neutrality was guaranteed by all the great powers. It has not prevented that Belgium was invaded by the Germans in 1914. At the end of the First World War Belgians in all parties gave up the idea that neutrality could protect their country. Perhaps the better way, they thought, would be not to remain neutral but to create close links with the two great powers that had fought on the side of liberty. Links were thus created between France, Great Britain and Belgium in 1920. These links divided our parties in 1936 when Belgium, for internal reasons, again turned to neutrality. This, once more, has not prevented our country from being invaded in May 1940. At the end of World War II there was nobody in Belgium who argued that neutrality had been a good idea. As a result, Belgium has taken part in the treaties of Brussels, of Paris, of NATO and so on. If a tendency to neutralism is now again appearing, this is a result, not of the parties, but of the Young Socialists in Flanders, who believe that neutralism is a way to protect Belgium against the consequences of war. I think they are deluded exactly as we were fifty years ago.

**Bolkestein:** The European Defence Community never came to anything. We now have the European Political Cooperation which was set up by General De Gaulle and then resisted by Luns. Now the shoe seems to be on the other foot. The other countries want to push the European Political Cooperation but the French seem to resist it.

**Rey:** I think you are right but the situation has, of course, slowly evolved. Once again, the General was very much responsible. Now that he is no longer there, his followers are blocked because they try to imagine what the General would have thought at the present time. That is useless because the General was evolving himself all the time. When I paid my visit to the General in October 1967 as successor to Hallstein as President, the General told me: ‘Mr. President, if I had been in charge of matters when the treaty of Rome was negotiated, perhaps it would have been different from what it is now; but don't worry, we have accepted it, we have travelled the first half of the road, we must now travel the other half.’

The General was speaking of his own evolution and therefore to speculate on what the General would have decided about present affairs.
is fruitless. In fact, ever more people think that because the community is increasingly a political organization, it becomes necessary to take a European position in defence. This evolution is very likely to continue.

9. The Influence of Liberalism

Bolkestein: What influence do Liberals have in the European Parliament?

Rey: There are 40 Liberals in a Parliament of 410 members, or 10% of the total membership. The presence of the Liberals has been most important because we separate the leftist group, consisting of the Socialists, the Communists and some Christian Democrats, from the other half of Parliament, which is more conservative, consisting of the majority of the European People's Party, the Gaullists and the British Conservatives. The discipline within the Liberal group is stronger and more visible than in the other groups. It seems to me that in Europe, as in The Netherlands, Belgium and Luxemburg, Liberals do not form a large group, but they express an opinion that has existed for two centuries and that represents something which is essential for the equilibrium of our countries: to avoid, on the one hand, too socialist a system and, on the other, too much conservatism. The presence of Liberals in the middle creates solutions that are more moderate than if Liberals had not existed. Although Liberals are not very numerous, they are essential. Liberalism doesn't belong to the nostalgia of the past but to the hope of the future.
Gaston E. Thorn
(Brussels, 28 May 1982)
Frits Bolkestein, *Modern Liberalism*
Born: In Luxemburg on 3 September 1928.

Education: Doctor of law (Montpellier, Lausanne and Paris).


Since 1959: Member of Parliament.

1959-1969: Member of the European Parliament; deputy chairman of the Liberal Group; Chairman of the Committee on Developing Countries.


1968-1874: Minister for Foreign Affairs.

Since 1970: President of the Liberal International.

1974-1979: Prime Minister and Minister for Foreign Affairs.


Since 6 January 1981: President of the Commission of the European Community.

Honorary doctorates from the universities of Aix (France), Louvain (Belgium), Miami and Texas Wesleyan College (United States) and London.

Interview with Gaston Thorn

1. Economic Policy

Bolkestein: There is relatively little inflation and unemployment in Luxemburg. What is its secret?

Thorn: The rate of inflation is not exceptionally low. We import from West Germany, from Belgium and to a lesser degree from France. Our inflation rate is higher than in Germany, and similar to the Belgian and Dutch levels, so if one takes account of our suppliers it is not particularly low. Last year, in fact, there was quite a growth in the inflation rate, prompting the government to take anti-inflationary measures and to modify the indexation system. Belgium, Luxemburg and Italy have the most extensive systems of wage indexation. With systems like these, there is the danger of a spiral - a form of spontaneous combustion as it were, whereby the system itself generates the inflation. It is supposed to be seeking to compensate. These measures of adjustment, of course, met some opposition from the unions but they are nevertheless having some effect.

On unemployment, while it is true that we have the lowest rate in the EEC, one should guard against hasty conclusions. A major contributing factor to this situation has been a fall in population, not to mention that for many years we have had to import foreign labour - which, indeed, constitutes 25% of the population of Luxemburg. Not that we have repatriated foreign workers - indeed, last year the inflow was greater than before. Still, with such a large part of the workforce foreign in origin, there is undeniably a certain margin of security.

Bolkestein: French economic policy is much more accommodating than
Germany's. Which approach do you prefer: the Keynesian or the neo-classical?

**Thorn:** I don't think that in political practice these economic concepts can usefully be pursued in their pure form. But if you ask for my opinion on the different tendencies in economic policies pursued in Member States I would say that personally I feel greater sympathy for the policy followed by Germany, which has achieved good results. I am not a believer in the virtues of Keynesianism and certainly not in present circumstances, but with unemployment at present levels one cannot ask each country to follow the same policy. Germany is a highly industrialised and very competitive country. It is perhaps understandable that Germany should accept the laws of the market more readily than some of its other partners, as a means of boosting its industry and ensuring continued high performance levels. French economic structures are somewhat different, as indeed are its political structures. Each country is of course a prisoner of its own traditions and history and the nationalised sector in France has always been larger than elsewhere. That said, the French have also shown little hesitation about enlarging their public sector. At the same time, there are also certain nationalised industries, like the automobile industry, which operate on market principles.

What I regret, is that both in France and elsewhere there is a tendency to think that one can reactivate the economy by a simple injection of purchasing power. I do not believe this is possible. What we really need above all is investment. Certainly we must create new jobs, but competitive and durable jobs. We must create advanced industries based on research. A general increase in wages or in consumption would, I fear, be no more than a false dawn. It would be paid for later in the day by higher inflation.

**Bolkestein:** Some Socialists say that the unemployed cannot afford to wait for an economic upturn and that one must therefore create jobs. It is a dilemma between sound government finances and the impatience of the unemployed.

**Thorn:** It is true that we find ourselves in a particularly difficult situation. The European Commission - and in particular Vice-President Ortoli - has often said that in certain countries the disastrous state of
government finances does not allow for a boost of purchasing power. The budgetary deficits in The Netherlands, in Belgium and in Italy are such that these governments can not undertake additional efforts. What they must do, I'm afraid, is to take some disagreeable measures in order to create a framework conducive to new investments, for indeed everything ought to be subordinated to the cardinal need for increased capital formation.

I cannot entirely disagree with the Socialists, though, not so much for economic reasons as for psychological and political ones. Let me illustrate what I mean. If a few years ago we had been told we would have 11 million unemployed, we would probably have thought that the breaking point of social tolerance would have been reached, with the result that the system itself would collapse. Indeed, no doubt we would have thought that with ‘only’ 8 million unemployed. Clearly, we have underestimated our tolerance. But how long can the system hold? Up to 12 million? Or 13 million? The system is not infinitely elastic and therefore we must do something - but it must not simply be increasing consumption nor benign neglect of the inflationary peril - factors which to a large extent have caused our present predicament. We must release the money necessary for investments. This will be easier for some countries than for others. Government finances in France have been relatively sound up to now, so the French government has possibilities which others do not have. In the Benelux countries unpleasant measures must be taken. Social security systems must be reviewed and perhaps reformed. Government deficits must be reduced. A shift from consumption to investment must take place.

**Bolkestein:** The EMS rests upon the Paris-Bonn axis. If the difference in economic policy between France and Germany became more pronounced, might it be replaced by a dollar-D. Mark axis, to which the guilder could be linked?

**Thorn:** I can't go along with your conclusion but, certainly, the EMS is under considerable strain because of diverging economic policies. The rates of inflation differ between the various European countries. True, there have been monetary readjustments, but these have been accomplished without too many difficulties and in any case in a framework provided for by the EMS itself. No, monetary readjustments are not
the problem but the fact that economic policies do not adjust in kind. When the EMS was set up the intention was that member countries would take fundamental measures - that measures were needed not just to combat the effects as represented by the rates of exchange, but that one would attack the root causes of these effects. In other words, governments would coordinate their economic policies. Unfortunately that is precisely what has not happened. What we need to do is to have the courage to sit around the negotiating table, discuss the economic policies of the various member states and see how far we can make concessions to each other. If we do not do this, the EMS - which is still incomplete for it does not yet include the United Kingdom and Greece - will experience great difficulties.

**Bolkestein:** Is an industrial policy possible without protectionism?

**Thorn:** As a Liberal I am resolutely against protectionism. Closing one's door serves absolutely no purpose. Our countries are condemned to export because we lack raw materials. We must import raw materials and export them in manufactured form. If we shut ourselves off from the world we are lost. If we broke up the Common Market which we have taken all these years to construct, it would be a tragedy. I agree with Raymond Barre and with Count Lambsdorff that those who have exposed themselves most to the wind of competition are best able to adapt themselves. Those who close the door do not know what the climate is like outside and will never adapt themselves. Nonetheless, where necessary, there should be ordered withdrawal, but not panic retreat. A businessman cannot simply say: ‘I am broke - too bad for my employees.’ Transition and change need management. Hence what the European Commission says to the Japanese: ‘We are not closing our borders, we agree to see your exports to us grow, but don't be so vigorous that you kill your client.’ With time to adjust, we need not take protectionist measures.

2. **Trade Unions**

**Bolkestein:** Do you share the opinion of others that unions have become too powerful?
Thorn: I wouldn't say that. We must recognise that they are going through a difficult time. It is not easy for a union leader to have to explain that he was perhaps mistaken - that we have left the fat years behind us and that we are now faced with the prospect of many lean years. Union leaders have in the past made promises of higher wages and shorter working hours, but now that this prospect seems out of reach for many years to come they no longer know what message to give their membership. In short, they are in a predicament, and it is one we must seek to understand. In current circumstances, they should not be forced to bear the heaviest burden for the present situation.

We cannot simultaneously advocate free enterprise and yet allow employers to avoid the responsibility of helping us to find the way out of our present dilemma. In happier economic times, business has taken its fair share of gains. Now it must also assume its fair share of responsibilities. Businessmen have the disconcerting reflex of looking to the state for help. Government and employers each have their responsibilities. We must now ask unions to show a degree of understanding.

Liberals were probably right when they were reluctant to allow worker participation in industry but wished unions to be given maximum information. The better unions are informed about the state of the company the more reasonable they are and the better the results achieved by the company. I once met an employer who said: ‘Those union leaders are no economists and do not understand the business.’ I replied: ‘See to it that they have better economic advisers who will prevent them from making unrealistic demands.’ We talk a lot about industrial dialogue, but if it only starts when the company is declared bankrupt, it is too late. The company's books and financial reports should be opened much sooner so that one can discuss with work force representatives, with due respect to legitimate confidentiality, how the company is faring and what the future prospects are.

Bolkestein: Can one ask unions to take the responsibility - even if it is only partial - of what they call ‘managing the crisis’? They say it is up to the employers. Are there limits to the usefulness of the tripartite approach in times of crisis?

Thorn: I am in favour of the tripartite approach. I have tried it in my country, at first with quite some success. Then the situation changed.
Let me return to what I said just now. A tripartite dialogue is essential with respect to information, but the final responsibility must of course always remain in the hands of those who have been elected to carry it. Politicians must never let their responsibility fall into the hands of either social partner.

**Bolkestein:** You are resolutely anti-corporatist.

**Thorn:** Absolutely.

**Bolkestein:** In a speech which you gave in the Middle Temple Hall on 12 November 1981 you said that we must adapt our traditional industries and technologies more rapidly than we have done in the past. How does one secure the support of unions for the introduction of new technology?

**Thorn:** What has always struck me is the time which our western economies have needed before recognising the true nature of the crisis. For too long one believed that it was simply part of the business cycle. Even when people recognised that it was structural, they failed to act in consequence. So, while speaking of a structural crisis they actually behaved as if it were a cyclical problem. They said: ‘We are going through a bad period - let us wait for better times.’ But in a structural crisis it is absurd to wait for better times because better times by definition will not return of themselves. Double-digit economic growth rates, as in the past we have had in steel and in construction, are no longer on. Finally it was realized that the job of restructuring industry needed to be tackled consciously. We must make a ‘tactical retreat’ involving ordered withdrawal from certain sectors, with some, but not massive unemployment. We must rebuild industrial capacity in other sectors and in yet others open up new potential. Many in business have not done this, but those who have, have reaped the rewards and that is why the Germans are less affected by the crisis than others. In some countries the steel industry waits unreconstructed for its plants to become profitable again. In these cases, such waiting promises to be indefinite.

Now it is true that the high technology industries needed in our countries, which enjoy amongst the highest standards of living in the world, do not employ many people. With the advent of the robot one wonders
where the tens of thousands of people who used to work in the steel and textile industries will ever find work. The industrial reorganisation we need will not take place from one day to the next. It will take ten or twenty years. Moreover, it is the small and middle-sized companies which have turned out to be the most flexible in adjusting to change. With their smaller size, they can adapt more easily. They don't need such enormous investments. The industrial giants will have to be replaced by a lot of small and medium-sized businesses. The great industries which lie at the base of the industrial revolution will not have the same importance in the Europe of tomorrow.

Bolkestein: It remains true, however, that unions find it difficult to accept industrial reorganisation because this inevitably means some loss of jobs.

Thorn: I accept that. However, the state does have various means of intervention at its disposal. Fortunately, the system we have today is different from the one existing in the thirties. Restructuring remains painful but not as painful as then. Is the glass half empty of half full? Are we laying off one third of the work force, or saving the jobs of two thirds?

3. The Problems of Europe

Bolkestein: There are two ways of approaching the problems of Europe. On the one hand, one may say that it is best to utilize to the full the instruments which we have. That is the approach of the French ‘relance’ document. On the other hand, one may also say that the time has now come for new structures. That is the approach of Genscher and Colombo. Which approach should we take?

Thorn: Much can be achieved by applying what already exists in the Treaty of Rome. We have caused a lot of damage by not applying the Treaty. If we said: the whole Treaty and nothing but the Treaty, we would make a lot of progress. This does not mean that we should only do what we have been doing up till now. We must add new policies to those which were laid down at the beginning, such as the Common Agricultural Policy. We cannot have a Europe only for the farmers or for the bureaucrats. We must have policies for industry, for energy and for joint research. Only then will people slowly discover that the European
Community can give them something which their own countries cannot. Now introducing new policies can be done without changing the Treaty. On the other hand, we should not be too afraid to change the Treaty, if that widens our possibilities. What was a good thing 25 years ago, not long after the war, when there where six countries, need not apply now. The world has changed. The Member States are different. Politics have changed. And so has Europe.

It would hardly do justice to the memory of Monnet and all those who wrote that excellent treaty to think that they would simply draft the same treaty in 1982 as in 1952: no more, no less. We owe it to them to see how, a generation later, we can widen and improve it - while basing ourselves on its fundamentals and acting in its spirit. Hence the Genscher/Colombo proposals which you have mentioned.

**Bolkestein:** In the Treaty of Rome there are three independent elements: the Commission, the Parliament and the Council. In the Genscher/Colombo plan there would in practice be only two. The Council would become much more important and Parliament would have much more power. They would be the two main elements. Why should one think up new structures if the political will in Member States is absent? One should begin with the political will and then see what one can do with the Treaty of Rome.

**Thorn:** I don't think Genscher and Colombo have the intention of diminishing the powers of the Commission. There is a representative of the Commission in the group that studies the Genscher/Colombo plan. We shall clearly do our utmost to prevent the Commission from losing power. However, I do of course recognize that Parliament must occupy a more important place than it does now. I also understand that Genscher and Colombo, being realists, want to recognize the basic realities surrounding the Council of Ministers. But I believe as you do that if the European Commission lost its independence, the Community would cease to make progress. One cannot make progress with a Council of Nations - if I may stigmatise the functioning of the Council of Ministers in this way. One cannot function if there is a Council of Nations which only takes decisions unanimously and an elected Parliament which tries to be the engine of it all. The Commission is the only truly European institution which can organize progress.
Bolkestein: There is ever more talk of a two-speed Europe, especially after the recent experience with Great Britain.

Thorn: I don't like the idea. I said so when Willy Brandt first mentioned it. I wanted the six countries of that time - thereafter the nine - to progress simultaneously. I was afraid that if at the first difficulty one country sought to detach itself from the others, fairly soon another would drop away and in the end there would be none left. It is not, therefore, a temptation to which one should give in too soon. However - let me choose my words with care - if after ten or more years we were to diverge profoundly over what the Community can be, then perhaps we would be forced to have, not so much a two-speed Europe but rather what I'd call the model of two concentric Europes. Let me explain. Perhaps one could envisage three or five or six countries with a common vision and a greater degree of integration. If that were to be the case - if certain countries were prepared to take certain risks - then they should be allowed to do so. Around this core there would be a larger ring of countries, which would be closely linked to the core group and in certain respects go along with it completely while being more reserved in other areas. One could imagine that. But there can be no question of an 'Europe à la carte'. One cannot say: 'Here I'll join in, but not there.' We must agree on certain basic principles, which perhaps we should now reconsider. This could be an agonising reappraisal. That is why I prefer not to envisage it just yet. But if it becomes necessary, we have a duty to do it. There should perhaps be a second Messina conference where the Ten must have the courage to look each other squarely in the eye and say: ‘Just what sort of a Community do we want?’

Bolkestein: Jean François Deniau has said that there will never even be three, five or six countries which will want to go more quickly than the others in all areas. Italy, for example, might want greater integration with Germany and the Benelux politically but not as regards its industry. That is why he is in favour of a ‘variable geometry’ Europe.

Thorn: It is an interesting idea but I do not see how it would work in practice.

Bolkestein: You wish to apply the Treaty of Rome. The Treaty stipu-
lates that decisions should be taken by majority, not unanimously as is now the case. How do we put the Treaty into effect?

**Thorn:** There are two ways of approaching the problem. Firstly, you can shock people by saying that we should go back to the system of majority votes as soon as possible. People will cry out against it - and not just in the larger countries like France and Great Britain. The smaller countries will also be afraid of being overruled. Everybody would want to retain the veto as an ultimate protection. The second approach is politically and psychologically better. It consists of organising the use of the veto so as progressively to limit voting by unanimity. At the moment anyone can say, on any subject: ‘It is of vital importance.’ In fact, one does not even have to say that. One merely has to say: ‘I am of a different opinion.’ We then say: ‘Well, we are not all in agreement: let us come back to this matter in a month or in a year.’ That is not the way to make progress. We should say - perhaps at the European Summits - what we are going to do until the next summit. Are we ready to decide on this matter by majority vote, on that matter by unanimity? If we handle the veto in this way it will become the exception and no longer the rule. The more experience we gain like this, the more people will be in favour of decisions taken by a qualified majority. They would perhaps be even more prepared to limit the veto if they had a guarantee that they could employ it in matters which would be truly essential and vital for their country.

**Bolkestein:** Piet Dankert has proposed that the European Parliament should have the right to be informed by the Council of the details of the vote, of the arguments in favour of the final decision and of the precise details why a decision concerns a vital national interest. Do you agree?

**Thorn:** Yes. In Parliament one also votes. Everybody puts forward his arguments and one knows the results. Why not in the Council?

**4. A New Solidarity**

**Bolkestein:** How can we avoid a relatively poor country like Great Britain paying more into the European exchequer than a richer country like France?
Thorn: Our British friends know the origin of this problem. They know that all this comes from the fact that they got on the train when it was already in motion. If Great Britain had been a member of the Community at the beginning, the Common Agricultural Policy would have been different. The Common Agricultural Policy was made to suit the conditions of the six founding countries. That is why it does not suit Great Britain. As the CAP takes up two thirds of the Community's budget it is understandable the British feel they do not get their fair share - our system of own resources being what it is. Raymond Barre, when he was Prime Minister of France, publicly recognized that this was the main problem. Fortunately, trade flows are slowly changing. When Great Britain joined the Common Market only 32% of its trade was with the other Member States. Today that part is 43%. The British are increasingly buying agricultural products from within the Community. Their agriculture is also assuming greater importance. They have even become net-exporters in some commodities in recent years like soft wheat and barley - a result of the Common Agricultural Policy. Differences are therefore being ironed out, while unlikely to disappear in the foreseeable future. The only way further to reduce this gap would be to draw up new policies specifically geared to British interests. Together with the Community's regional, social and industrial policies, the situation could I believe be changed.

Bolkestein: Would you consider a progressive system of payments in accordance with GNP?

Thorn: When we reach the 1% VAT limit, which is bound to happen in the coming years, we shall have to reconsider the problem of contributions and of own resources in the light of experience. Too many countries are of the opinion that these resources do not really belong to the Community. They are not really willing to give up their claims. They want an equivalent sum in return. Perhaps we should study the possibility of a system which reflects inequalities in wealth between Community nations, thus enabling contributions to be modulated accordingly. For the moment this is only a hypothesis but one which should perhaps be developed. One day, for sure, we shall have to come to terms with this issue.
Bolkestein: You have yourself spoken of a new European solidarity. What does that mean if not contributions ‘from each according to his wealth’?

Thorn: I think solidarity in European policy must be defined on a much broader basis than simple considerations of budget contributions and relative wealth allow. You cannot do a book-keeping calculation every day and at the same time pretend to pursue the objective of political union. A Community of nations obsessively preoccupied by its internal balance sheet or profit-and-loss account would never develop into a political entity of any meaningful kind. The economic problems of the present - like unemployment, inflation and recession - as well as the political, from Afghanistan and Poland to the Falklands - have made it plain that we can only face our major challenges by standing together and by acting coherently and jointly. My impression is that most people and politicians are becoming increasingly aware of this but there is a major step to take from simple realisation of the need for solidarity to actually acting in consequence.
Edzo H. Toxopeus
(The Hague, 10 December 1981)
Born: In Amersfoort on 12 February 1918.

Education: University of Utrecht (law, 1942).

1942-1959: Lawyer at Breda

1949-1959: Member of the municipal council, Breda.

1956-1959: Member of the Lower House.

1959-1965: Minister for Internal Affairs.

1965-1969: Member of the Lower House.


Since 1 November 1980: Member of the Council of State.
Interview with Edzo Toxopeus

1. Legislation

**Bolkestein:** We live in a time of increasingly detailed rules, which seem to confirm the law of diminishing returns. The results are a constipation of the legislature and of the judicial system. What is the cause?

**Toxopeus:** It is true. Every time there is a case which is not quite covered by a rule, a refinement is added. That is chiefly a tendency of Socialist politicians but now also of some Christian Democrats. It may also be enhanced by our Calvinist nature: we want to do everything precisely. Our income tax has become horribly complicated. All this increases the power of bureaucrats because they are the only ones who know the rules. The regulations that govern the subsidies which are supposed to induce employers to invest in underdeveloped regions are unknown to most of them. Large companies employ a ‘subsidiologist’ but smaller companies don't and it is to them that we look for the creation of jobs. Sometimes a company that has applied for a subsidy decides to give up when it realizes how many rules and regulations are involved. It is awful to realize that 36 years after the end of the war, there are municipalities where houses can be requisitioned and assigned. In some municipalities one can only obtain a residence permit when one can prove that one has economic and/or social ties with that municipality. One can only sell one's house to whomever is so qualified. It has made our whole housing policy rigid.

**Bolkestein:** Would it be possible to introduce what the Americans call ‘Sunset legislation’, i.e. laws that are taken off the statute book after a number of years?
Toxopeus: In theory, yes; in practice, it would be very difficult. There would be a lot of resistance, both in the bureaucracy and among politicians - Ministers as well as Members of Parliament. I can remember only a few laws that were taken off the statute book. The ‘Moles, hedgehogs and frogs Act’ has gone but all the others stay or are amended. We now have three acts on Disturbance, which apply according to various dates. It is beyond the comprehension of a normal citizen.

Bolkestein: Is this caused by politicians who want to prove themselves and think they can only do so by legislating? Or by a civil service that behaves according to the laws of Parkinson?

Toxopeus: Both, I think. I don't want to speak ill of civil servants. They often come across a situation which is not as they think it ought to be. They then think up a remedy which they propose to their Minister or alderman, saying: ‘Here is something which we haven't foreseen. This is what we should do about it.’

It is also because a Minister is judged according to the number of bills he manages to get through Parliament. That has become a sort of fetish. If a Minister would say: ‘I don't think it is desirable that I should enact more bills’, he would be told that he is a weak or a lazy Minister.

When I was Minister of Home Affairs they asked me to enact legislation that would provide for greater control over municipal councils, for example with regard to the salary scales that applied to their officers. I didn't want to do that. I did not want to have that power. If I did, I would be forced to make use of it, perhaps against my will. Johan Witteveen and Jelle Zijlstra always agreed that in economic affairs one should stick to general measures. During one of the cabinet formations in which I participated, somebody said: ‘We have made an electoral promise that there will be tax relief for farmers and for the self-employed’. This upset Zijlstra, who said that it was completely impossible: ‘Fiscal measures are for everybody, and not for groups.’

Let me give you an example that illustrates both of these tendencies. Years ago my colleague for Economic Affairs discovered that a general law on prices did not allow him to intervene in specific instances. The owner of the pier at Scheveningen had increased his prices and people were upset. Therefore this minister wanted to be able to take a decision in a single case. I fought this idea. Our legal system only knows laws
that bind in a general sense and not specifically. I thought it was absolutely wrong and I warned my colleague that if he got his way he would regret it. In the end he did get his way. What then happened was exactly what I expected. A decision was taken about the pier at Scheveningen and another one about a parking place in Wassenaar. They were of no importance to the Dutch economy but provided a good example of the inclination to regulate too much. His successor, a Socialist, rescinded that law.

**Bolkestein:** We also see that nowadays much legislation is given the form of a *cadre* while the issuing of the actual decrees is delegated. What do you think of that?

**Toxopeus:** In general it is a bad thing. There may be circumstances in which so many decrees of execution must be issued that one cannot put them all in the act itself. This is of course a result of the fact that we want to stipulate too much. As we cannot do that in the act we delegate the authority. What then happens is that Parliament wishes to see the decrees of execution before they become legally binding. In my view, that is not in accordance with the separation of powers between Parliament and Government. Parliament more and more tends to act as the municipal council of The Netherlands.

Certainly Parliament legislates, together with the Government. Therefore it is concerned with bills. For the rest it has a controlling, not an executory, function. This is changing, though. It more or less started with the affair of the three German war criminals who were held in Breda. Until the early seventies all Ministers of Justice had maintained that the granting of grace was a prerogative of the Crown and therefore *ultra vires* as far as Parliament was concerned. If Parliament did not agree with a particular act of grace, it could always pass a motion of censure against the Minister concerned. When the matter of the three war criminals came up again, however, the then Minister of Justice (now Prime Minister) said: ‘I shall not take a decision before Parliament has made up its mind’.

Give Parliament an inch and it will take a yard. At present you cannot even construct a provincial road without parliamentary interference. A Member of Parliament once said to me: ‘Government cannot take major decisions without Parliament.’ He forgot that nobody knows what is
a major decision, nor who should be the judge thereof. The result is that Government can no longer take quite ordinary discretionary measures without parliamentary interference. That is wrong. It places both Parliament and Ministers under too great a stress. It paralyses government. One never knows what is going to be decided.

2. The Functioning of Parliament

Bolkestein: Complaints have been made both about the diminishing number of lawyers in Parliament and about the decreasing quality of the legislation which Parliament produces. Is this also your feeling?

Toxopeus: One should not idealize the past nor be overly critical of the present. Yet one gets the impression that general interest in constitutional affairs is close to zero. One does not really hear a fundamental discussion about these matters anymore, not as we used to. Perhaps in the Upper House there are people who bother about such things. But not in the Lower House. It is a sign of the times. It has also been stimulated by the rise of the Democratic Party. This party wanted to change everything. One had to think up new things. Nobody talks about the elected Prime Minister anymore. At the time it got this Party a lot of votes, though. It was such an attractive idea. In a public debate I once put forward my objections: once a Prime Minister has been elected, Parliament must accept him as such; Parliament is therefore emasculated; you get a mixture of a parliamentary system with a constitutional monarch and a presidential system. The people of the Democratic Party had to agree with me. ‘But you see, we want something different’, they said. They seemed to think that constitutional law consists of a number of trenches behind which conservatives retreat and that one could just step over those trenches and not spare the other people a second thought. It was even deemed to be conservative to draw attention to this impression they were creating. If you do want to change a constitutional rule, then do it by act of Parliament. Unwritten rules also ought to be fully and openly discussed in Parliament before being changed. Constitutional law is, after all, the basis of our state.

Bolkestein: Those full and open discussions, however, are attended by a handful of members. Almost all Parliamentarians vote according to the advice of the specialists.
Toxopeus: It has been like that for a long time. I remember the time Zijlstra and I had to defend the Financial Relations Act in 1962. We had worked hard at it. The debates lasted quite a long time. They were attended by eleven members. Only at voting time were they all there, most of them asking their colleagues how they should vote. I found that frustrating. But it is unavoidable because those poor parliamentarians also have to do a lot of other things. It is boring to attend a debate for the whole day which you cannot follow. It is also annoying for the Minister not to be able to persuade his audience. The specialists are seldom to be persuaded. They have their opinions and it is difficult to get them to change their minds, especially in public. In the instance of the Financial Relations Act a certain MP had introduced an amendment which was legally impossible. I told him so but he would not believe me. I therefore asked for suspension of proceedings. We went to the Ministers’ room and I explained it to him once more, in the presence of the civil servants. There he took our word for it. In the plenary session he withdrew his amendment. That happened twice. The Speaker told me not to make a habit of it but I had no other method. This way he did not lose face.

Bolkestein: It all goes to show that once the plenary debate has started, the die is cast. One does not engage in a real exchange of opinions but goes through a series of obligatory gestures.

Toxopeus: When I began as a Member of Parliament I had to deal with a proposal to allow policemen to collect fines on the spot. That worried me. Was it right to place these temptations in their way? In the first reading I said I was against. The Minister, however, defended it very well. He stressed it was an experiment. I thought it over and in the second reading I said that although I had kept my reservations I was prepared to follow the Minister. A Socialist colleague came to compliment me. I was a young and inexperienced Member. What had I done? I had let myself be persuaded. I said I thought that was one of the reasons why one was in Parliament but this turned out not to be so. I must admit it has not often happened to me thereafter. The press makes it nearly impossible. Afterwards they write that you are weak, that you can not stick to your guns, that you have no backbone. This, in turn, is a consequence of the fact that the old breed of parliamentary journalists,
who knew a lot of what went on, has practically disappeared. All this makes for the show business we see today, which is not really very constructive.

3. Decentralisation

Bolkestein: There is no a priori reason why regulations must centralize but in practice they almost always do. Whatever central government has made its own it is extremely loath to let go of.

Toxopeus: Quite true. The first cabinet of which I was a member wanted to decentralize. I asked my secretary-general to make a list of all regional and local subsidies and to indicate which of these could be paid directly to the provinces or the municipalities for them to spend as they wished - whether it be for a swimming pool or tennis courts or whatever. Nothing doing. My colleague for Social Work said it might indeed be a good thing but that the local councils had not yet reached that stage, that they lacked the necessary staff, that they lacked a correct understanding of the problems - perhaps later. The net result was, and still is, nil. I admit television has not made things easier. People in the North can see what those in the South get and they want the same thing.

Bolkestein: It appears that two Liberal principles - decentralization and the importance of general, not specific, measures and rules - are under attack. How can we defend them?

Toxopeus: It is very difficult. It needs a more or less general consensus, which I do not see as yet. I think our Liberal Party should develop a sort of vision of the future. At the same time we should say which laws and regulations would have to be adopted, abolished or changed because they are incompatible with that vision. Only then could people opt clearly and consciously for it. At the moment it does not yet exist.

Bolkestein: Is it possible for Liberals to offer a vision?

Toxopeus: I think so. We plan just as much as the other parties, but Liberals are more realistic than politicians of other currents. We see people simply as people. We don't think as the Socialists do that every-
body is good and that if you take away the external reasons why some are bad you will see they are good after all. We are realistic enough to see that models are no more than an aid to thinking. They only indicate a direction. We do not believe in blueprints. What I mean by vision is a certain concept of society. Every political party must have one. Responsibility is one of our principles. Therefore people must be given a chance to carry that responsibility. This means that a number of certainties must be done away with. I don't mean that we should abolish the welfare state, of course not, but we must diminish the number of rules and regulations.

4. ‘Credit-for-Merit’

**Bolkestein**: Is ‘credit-for-merit’ a Liberal principle?

**Toxopeus**: I think it is. It results from freedom and responsibility. If one wants to have these, one should also be able to enjoy the material and immaterial advantages that are conferred upon responsibility and effort. Our marginal income tax discourages extra effort. That is wrong for any society. In the end everyone looks to the state for instructions and for a solution to his problems.

**Bolkestein**: The connection between effort and compensation is not so straightforward. It is simple where the work is simple. There compensation is a spur to achievement. But in the case of work that is more highly valued the ‘psychic income’, as it is called, is also higher. The *nexus* between pay and performance becomes more nebulous. Although income differentials have narrowed considerably, there is no lack of candidates for the jobs of professor or mayor, for example.

**Toxopeus**: Of course there are all sorts of reasons why one should want a certain job, even though it may not offer a higher salary. The evaluation of what a certain job is worth will have to be done by the market. One can, of course, say of a heart surgeon: ‘That man is very qualified for his job and takes a lot of satisfaction in it. Why should he also earn a lot of money?’ I think the market will have to decide that. What never ceases to amaze me is that nobody complains when soccer players like Cruyff or tennisplayers like Borg earn a lot of money. At the moment
civil servants are reasonably well paid, although you never know whether the quality of the people you get is sufficient. At a given moment you may notice that this is no longer the case. That is what happened in 1959. My colleagues and I noticed that able civil servants left the government in order to earn three or four times as much in industry. If the present government continues to level income differentials, we shall get a repeat of that situation. At the moment even the unions are complaining. A skilled labourer hardly earns more than an unskilled one. Even if they stop narrowing the lower income scales, they will still continue to level the upper ones. It is not at all clear what will be the result. What I do know is that any more levelling will be bad for the economy and therefore for the country. I do not want to reach a system where people are paid according to their needs. Who would determine those needs? This narrowing of wage differentials has done nothing to diminish envy.

5. Equity versus Certainty

**Bolkestein:** As is well known, there has always been a dilemma between equity and certainty. In the last 50 years there has been a movement in the direction of equity. The therapeutic quality of much of our criminology is an example of that tendency. As a result we seem to have lost sight of the advantages of legal certainty, of being certain of one's rights. Take the case of squatters that illegally occupy empty houses in Amsterdam or Berlin. They damage property rights yet the courts approach them with hesitation.

**Toxopeus:** As with all problems one should differentiate. I can understand squatters who have problems with their housing, who see a house that has been standing empty for a long time and move in. But there also exists a different sort of squatter, who does not squat because of housing problems but because he wants to change society. ‘I occupy this building in protest’ - that sort of thing. With those people one should have no consideration. Now the law does not provide for all this. Squatting is not theft. Nor is it disturbance of the peace because nobody lives in the house. Sometimes the judge orders the squatters to leave the building but the authorities do not dare to execute the order - not out of compassion but out of fear. The police gets into trouble because they
are insufficiently backed. The first requirement for a properly functioning police force is that the police know they are backed by the mayor and the other authorities, as long as they stay within the regulations. In Amsterdam that was not the case in the mid-sixties. One day they were told to carry out a charge, the next day they were reproached for hitting people. Those policemen did not know where they stood any longer. The authorities were also afraid of the media, which cheerfully reported every happening. Sometimes they knew what was going to happen before the mayor or the police were aware of it. Another aspect is that we are now discussing the right to housing for eighteen year olds. In that respect we have gone much too far. It is a result of political parties that vie for the support of the youthful electorate. One now gets the vote at eighteen. Perhaps that was a mistake, perhaps the vote should have been reserved for those over twenty-one.

**Bolkestein:** We have now discussed two instances of *courage civil*, or rather the lack thereof. People that earn up to, say, £50,000 per year don't want income differentials to be levelled. Yet they are being levelled because politicians are afraid of increasing them. Secondly, the people in Amsterdam want to be certain of their rights, on the streetcars or with regard to their property. Yet the police, who alone can provide that certainty, are insufficiently supported by the authorities. It seems as if politicians are not so much afraid of what people think - because they would not really stand in their way - as of what it is assumed that people think: of an idea, in fact.

**Toxopeus:** True, but they have reason to be afraid. The Socialist councillors in Amsterdam would not tolerate any strong measures from the (Socialist) mayor. He once gave orders that a building was to be cleared. Unbeknown to him one of the aldermen had also stuck his nose into the matter. The squatters said that they had come to an arrangement with this alderman. The mayor should have stuck to his guns but he began to negotiate with the squatters, hoping to avoid a confrontation. Perhaps he could do nothing else but the confrontation still came. Every squatter cheerfully makes use of a division within the local government. How is the mayor to know that the majority of the Amsterdam electorate wants him to take moderate and justified, but serious and decided, measures? That can only happen through the polls.
Bolkestein: It means there is something wrong with the representativity of elected bodies. The Municipal Council of Amsterdam does not always represent the real opinions of the people that have elected it. They - or rather its majority - represent certain ideologies or concepts that do not necessarily correspond with what the people want.

Toxopeus: I think it is the result of radicalism in the left-wing parties, especially the largest one: the Labour Party. The trouble with radicals is that they think they are right and that they therefore must enact their policies whenever they have the votes to do so. It is also an example of ends justifying means, which in a democracy should never be the case.

Let me give an example from Groningen. The present chairman of the Labour Party, who used to be alderman there, had appointed a committee that was supposed to come up with a traffic scheme. This committee consisted only of people who shared his ideology. They developed an extremely rigorous traffic scheme that was, in effect, directed against cars. The inner city was divided into 4 zones. One could not drive from one zone into the other; one had to return first to a ringroad. That was the plan as it was presented to the municipal council, where the left had a majority of one or two votes. Every amendment which the other parties proposed, in order to aid shopkeepers, for example, was thrown out. In politics, radicals only think in terms of power: I have one more vote than you, therefore I do not have to reason with you. Certainly at the local level a substantial majority should have its views taken into consideration. The result is now that this traffic scheme is detested by a large part of the city's population.

6. The Welfare State

Bolkestein: Is there a connection between football riots and the welfare state?

Toxopeus: I think so. I grew up in a time when things were not so simple, when you had to wait for many things you wanted. Nobody is now hit by unemployment in the way people were in the thirties, fortunately. The welfare state has made an enormous difference for the better. It has also fostered egocentrism, however.
People have lost their points of reference. The Catholic Church had a great influence on the way people lived. It is difficult now to realize how pervasive that influence was. When my daughter was young she came home one day screaming with delight because a little girl she knew took her bath with pants on. That must have been around 1948. This sort of influence has disappeared very suddenly. Catholics have suddenly lost their supports. The blow was less severe for the Protestants. Still, I remember that a student pastor denied, in a television programme, that there is life after death. That is a bit odd for a minister of the Christian religion and a great blow to those who still believe. So all those Protestants and Catholics have lost a considerable part of their certainties. What remained for them? The churches did not offer them a higher ideal any longer. Holiness existed no more. Norms disappeared. Nothing barred the road to egoism. I know that the extent to which people used to be restricted was absurd. But things have changed not gradually but suddenly and no new norms have taken the place of the old ones. There are clergymen who deny that some acts are good and others are evil: it is all a matter of relativity. That point of view fosters materialism among people who until very recently have had to live according to extremely strict rules. Then you also get those football riots.

**Bolkestein:** I can see the connection between football riots and the sudden loss of religion but what has the welfare state got to do with it?

**Toxopeus:** Those boys can afford to travel. They can pay for an airline ticket to see a match abroad. In my youth that was impossible. And there is no moral code - only the criminal code. People don't go to confession any longer and they no longer listen to a sermon in which they are told what is right and what is wrong.

The psychological consequences of the welfare state are much more serious than the economic or the administrative ones. To lose one's belief is one thing but getting something in its place is quite another. Also, we have had peace for a long time. During World War II we were united against a common enemy. After the war we had the period of reconstruction. I don't remember any of the phenomena we have been discussing from that period. Nobody remembers them. There was a lot of consensus and cooperation. Young people don't seem to be interested in those experiences. The longer ago it is, the less it means to them.
Bolkestein: Football riots, boredom, unnecessary polarisation, the welfare syndrome - are we perhaps talking about human nature itself, about ‘man's estate’? The value of the obstacle as such is no longer recognised as it used to be.

Toxopeus: We owe that to Dr. Spock, among other people. He now recognizes that he has been wrong. A bit late in the day. The obligations have disappeared at the same time as the constraints. Some people think that you cannot buck the trend. I think one ought to try. Children like it when they are given a sense of direction. They tell you, afterwards, that they appreciated leadership. They want to hear from people with more experience what is sensible. It still remains up to them - it remains their responsibility - but they are entitled to clear advice and these days they are not getting it in many instances.

It would be useful if Ministers and other people in authority would set an example. A good example is more effective than all sorts of lessons. One can set standards for people but if one is not prepared to live according to those precepts oneself then of course nobody will. In the 1950s Sydney van den Bergh resigned as Minister of Defence because he was cited in a divorce case. Nowadays people would consider that idiotic. After him there was another Minister who resigned because he had had an accident in a car while under the influence of alcohol. But that one was the last to resign because of what was considered ‘not done’. If one should now insist upon standards of behaviour for people in official positions one would be accused of being a moralising hypocrite. People don't dare to do that anymore. The press would call you a law-and-order fanatic but not a modern person.

Bolkestein: Liberals always talk of equal chances. That is difficult to achieve for children from radically different backgrounds. What do you think of positive discrimination?

Toxopeus: We have always limited those equal chances to schools and universities. Equal opportunities at the start, not equal results at the finish. It is true that background make a lot of difference. Some people who are reckoned to belong to the so-called intellectual elite do not seem to have integrated their academic knowledge very well. Some politicians have learnt a number of techniques - how to debate, what vocabulary to
use - but are unable to use those techniques in a harmonious way. You see that a lot in the Labour Party, where discussions very quickly become personal and acrimonious, while those same techniques keep the real working people at a distance because they can not keep up with the new party members. I suppose it will take another generation before this pseudo-emancipation becomes a true one. This should not prevent one from creating equal chances, of course, but it would be an illusion to expect too much too quickly.

**Bolkestein:** The Netherlands have been characterised since the war by three great social currents. The first was the tremendous increase in affluence, which we discussed. The second was the loss of religion. That we have also discussed. The third was democratisation. Is this third current as strong as it once was? Take the recent act that opens official files to the public. Little use is made of its provisions. Many people now express concern over the effects democratisation has had on the quality of our universities. Lastly, how many employees in commercial undertakings are keen to take on the extra responsibility that goes together with - or should go together with - democratisation?

**Toxopeus:** I don't think one can apply the term ‘democratisation’ to universities or to companies. Democracy can only apply to forms of government, at national or local level. If one uses the term with regard to education, one risks confusing two things: firstly, the participation of teachers, students and the cleaning staff in the running of the school or university; and secondly, increasing everybody’s chances of partaking of that education. I am in favour of opening up education to all and sundry - as long as they have shown they have the capacity. In companies there is indeed less enthusiasm for democratisation, so-called, mainly because of the economic situation in which we find ourselves. People in works councils do not like to participate in decisions about who ought to be sacked and I can't blame them. They do not want to carry that responsibility.

I find that works councils function well in general. Too many employers still look at them askance. The more one involves works councils in the running of companies the more support they will give. The members of works councils whom I know personally are all very reasonable people. Of course, it should be clear which matters can and which
cannot be discussed in works councils. I would not want a Yugoslav-type system of self-management and I dare say most workers wouldn't either. In that case they would have to decide about dismissals. They would not want that - they prefer to leave that to management.

As far as universities are concerned it is evident that at long last students find that they do not get proper instruction. That has been the case for years. Here too the change in economic climate has made them think of the chances of finding a job: it has reinforced the achievement principle. The recession has helped to redress the balance - that is about the only benefit it has brought, though.

Now as to your question: is this wish for democratisation still as strong as it was? I think we went too fast and too far along that road. Take the so-called participation. People are fed up with it. They have neither the time nor the inclination to discuss government plans *in abstracto*. They will do it when it comes nearer home. For the rest they leave all that to action groups.

### 7. The New Conformity

**Bolkestein:** The Netherlands is a country with a great density of communications. This is one of the factors that have led to a new conformity, which consists of two basic ideas. The first is the idea of guilt, which has been powerfully reinforced by the loss of religion. The second is the idea that man is good. It means an optimistic view of humanity which is at variance with the catechism of Heidelberg. I wonder what caused the change.

**Toxopeus:** It is an old Socialist thought: man is good, circumstances make him bad. A well-known Dutch columnist once wrote that Liberals have the same optimistic view of humanity. In that case I would not be a good Liberal. Man is capable of both good and evil. After the war I saw some very nasty things in Dutch camps where collaborators had been interned. It may have been understandable, given what happened during the war, but it was evil all the same. No, we are not all good. I would not know how to explain a certain number of things, if that were so. A lot of things, in the world and in this country happen because people are capable of evil.

What about television? I cannot see what good can result from a
programme like ‘Dallas’. If I were American I would not export that sort of stuff. I would never forbid it, mind you. No censorship. Apart from a few programmes - and how many people watch them? - there is little of educational value on television. All those damn quizzes and their expensive prizes revolt me.

**Bolkestein:** Back to the catechism of Heidelberg. Before the war, Christian Democrats like Colijn and Gerbrandy were of the opinion that people had to be governed by clear and strict laws. We no longer think in the same way. ‘If you only leave people to do their own thing they will better both themselves and society’. What has caused the change?

**Toxopeus:** It may be a reaction against the way things used to be, in the same way as the wave of democratisation in the sixties was a reaction against the manner in which officialdom used to run things. There was too little openness, too little discussion. Nobody knew how decisions were really arrived at. The old style officials wanted to be held accountable as little as possible. They were abruptly followed by the advocates of openness and democracy. It was a reaction.

In the same way people reacted against the strict norms that were applied before, during and immediately after the war. If one lets go of all norms because one feels that none is needed, one is driven to the conclusion that people are good. If they weren't good, you see, they would need those norms. But since we don't want them, people must intrinsically be good. Therefore, if we were only nice to each other and said that we were all good - all beautiful people - the world would get better. Let us trust the Russians! They forget that the Russians want to gain the world for Communism and that they are an entirely different people. Perhaps Sacharov and a few other dissidents think like us but that is all and, compared to the population of the Soviet Union, it is negligible. I doubt whether a single farmer in the Ukraine has ever heard of Sacharov and his Liza.

**8. To Govern is to Wait**

**Bolkestein:** A.M. Donner, who used to be President of the European Court of Justice and now teaches constitutional law at the University of Groningen, has said that to govern is not to foresee, in the famous
French phrase, but to wait until the problems are acknowledged and the needs have become so urgent that the solutions are evident and inescapable. Now to put forward an idea whose time has not yet come, is one of the deadly sins of politics. You will suffer twice: the first time because nobody agrees with you, the second time because people cannot forgive you for having been right after all. On the other hand, Donner forgets that politicians have the duty to bring about a situation where problems are acknowledged and solutions are debated.

Toxopeus: I think Donner is only correct when one takes government to mean legislation. For legislation one needs popular support. The traffic scheme in Groningen needed popular support. A law that governs the behaviour of citizens needs more than a one-vote majority. But government is much more than legislation. Government also consists of deciding about police activities. It also consists of making statements about affairs of current interest. People in government have the duty to gain acceptance for the direction in which they think society ought to be moving. Politicians in all sorts of positions have that duty.

Liberalism is too much identified with libertinism. Moral norms can very well go together with Liberalism. They do not have to stem from religion, of course. A journalist once wrote that I represented the code of conduct of the tennis court. Well, better than no code of conduct at all. At least on the tennis court one behaves reasonably and one does not knife people in the back. I don't see why a Liberal Party should not be able to stand up for that sort of behaviour.

Our modern society disparages excellence. This tendency corresponds to the financial levelling we discussed. We live in a time of social levelling, except for sport and the arts. Elsewhere, somebody who is exceptional is cut down to size. The media in particular encourage this. It is a pity. Outstanding people are out of fashion. Yet we need them more than ever.
Concluding remarks

‘Liberalism is an attitude more than a doctrine,’ says Rey. Federspiel agrees with him: ‘In Denmark we never considered Liberalism as an ideology but rather as a way of life.’ What is this attitude? Deniau provides an answer: ‘A spirit of tolerance, the acceptance that there are various currents of opinion in a country, respect for the opinion of others.’ In this sense Liberals may be found in all parties except those of the extreme right or left. However, the stronger the ideology - the more closed the view of the world - the less likely one is to encounter Liberals.

But Liberalism is more than an attitude. As Malagodi put it: ‘Modern Liberal thought is the only one that can really bring into focus the new synthesis which is necessary between public intervention and the initiative, the autonomy of the individual.’ ‘We do not believe,’ he adds, ‘that you are a Liberal only if you believe in an absolutely free market.’ This old-fashioned and restricted interpretation is now mainly used by political opponents. Liberalism still has this connotation in France. Deniau: ‘The French take it somewhat as: laisser faire, laisser passer. One gives free rein to anonymous mechanisms.’ It is the unacceptable face of Liberalism.

Malagodi admits that the mechanisms of the market can be brutal. ‘Liberals try to build institutions which
will countervail this brutality but we know that to some extent it is unavoidable. The Church imagines that it is avoidable.’ So do Socialists, at least they did until recently. Deniau puts it the other way around: ‘The economy is a stern judge. But at the same time one cannot base a Liberal vision simply on a respect for economic laws. A social element must be added.’ To what extent is the brutality of the market unavoidable? What is the social element that must be added? These questions go to the heart of the matter. No answer is valid for all countries and all time.

+ Rey has defined the duty of the state with the admirable succinctness that characterises his thought. It is as general as any could be: ‘Neither *laisser faire* nor to act itself but to control and to protect.’ Again: how much control should there be, how much protection? At present there is too much protection: ‘We cannot extend the personal social services any further,’ says Grimond; and Federspiel: ‘A good deal of social legislation has gone beyond its natural limits... Many people are perfectly satisfied to live on public grants.’ The safety net has become too much like a hammock, at least in Northwest Europe.

+ Pruning the excesses of the welfare state is necessary in order to preserve its substance. The Benelux countries, Denmark and Italy live far beyond their means. No welfare state is possible in an economic cemetery. Deniau: ‘The more one intervenes, the further one is obliged to intervene, and to intervene in detail.’ Bureaucracy becomes stifling and, in the end, self-defeating. State intervention obeys the law of diminishing if not negative returns.

+ ‘Absolute security means a prison... It means the loss of creativity, of the sense of responsibility,’ says Deniau. The trade-off between more security and more...
responsibility is fundamental to our present dilemma. In Northwest Europe, the pendulum has swung too far towards security. It is individual responsibility that now ought to be stressed.

Deniau wants to distinguish between risks that are unacceptable, because they are too great, and those that must be borne individually ‘because they are essential to freedom and democracy’. He rightly says that the budgetary criteria are insufficient - that liberals ought to define those risks which should be left up to the individual. Grimond defines the unacceptable risks as ‘totally unforeseen or largely unforeseeable matters’. This would not cover raising children, so do away with family allowances and thus run counter to the demographic policies dear to many governments, above all the French. Surely only risks of importance should be borne by the state.

Federspiel: ‘People should be responsible for their own lives. Only when... they are reduced to poverty owing to developments of society, or at least to a living standard below what they would normally expect, is it a duty of the community to assist them.’ Federspiel's ambiguity is revealing, for there is a lot of difference, usually, between poverty and the living standard people have been conditioned to expect.

A Liberal answer depends upon the country and the time. In a country like The Netherlands, people can bear a greater measure of responsibility than they do now. Dutch illness benefits cover the period of absence right from the start. As a result, absenteeism is considerably higher than in countries which leave the first few days unpaid. A proposal for a modest personal contribution towards the cost of every prescription obtained under the state health scheme was thrown out by the last Parliament. Yet the minimum wage has reached a level which makes such personal risks bear-

Frits Bolkestein, Modern Liberalism
able. Parliament's hesitation is unnecessary: these are measures which the electorate is ready to accept.

Which services should the state provide? ‘Services which everybody requires and which give solidity to the community,’ is Grimond's answer. The problem is how to know which services ‘everybody requires’. A majority vote of elected representatives may not be conclusive, as politicians may increase services for ideological or electoral reasons. Even if their vote were representative of the majority of the electorate, the minority would be compelled to finance services it might not want. It is therefore preferable that at least those services of which the benefits can be attributed individually should as much as possible be paid out of prices rather than taxes. This ‘benefit principle’ would increase public welfare, as user charges would force individuals simultaneously to reveal preferences and willingness to sacrifice. Thus governments would possess hard and continuous information about these preferences and could tailor their supply accordingly. A decrease in public expenditure would be the result.

An often heard objection to the benefit principle is that it runs counter to the wish to narrow income differentials. Yet subsidies to subjects perform this function - assuming one would wish to do so - more effectively than subsidies to objects, which have a habit of leaking away to people for whom the goods in question are not primarily intended. A Dutch study concerning housing and education concludes that the better paid profit relatively more from subsidies in these areas than those at the bottom of the income pyramid[1]. Similarly, a UK study on the National Health Service found that professionals, employees and managers had 41% more spent on them than was spent (in 1972) on semi-skilled and manual workers. These findings indicate that cultural differences deter-
mine access to medical care, and that the middle classes are doing better out of the welfare state than the working classes\(^2\).

\(^1\) Even where it is decided that a collective service should be provided, it need not follow that the government must see to it. Grimond calls attention to the possibility of privatisation. He mentions the stock example of refuse collection but obviously there are more possibilities.

\(^1\) Federspiel was confronted with the question: ‘Should the government restrict itself to alleviating obvious evils and abstain from fostering happiness?’ The implied answer seems plausible but is incomplete. Does education alleviate an obvious evil - ignorance - or does it foster happiness? It certainly creates the conditions for awareness and enjoyment, apart from providing an essential basis for society. A system of purely private education would have obvious drawbacks - even if the state set minimum standards and maximum fees. According to the ‘merit goods’ argument, certain goods deserve to be subsidised by the state because they elevate the mind. Some say that paternalism either achieves its purpose, in which case the subsidy in question becomes superfluous, or fails, in which case its continuation would be throwing good money after bad. This argument does not stand up as it takes no account of the succession of generations. Merit goods ought to be regarded with a good deal of suspicion, however, for the welfare state is by nature elitist. The more consciousnesses are raised, the fewer merit goods are needed - except by bureaucrats in search of a raison d’être.

The marginal trade-off between more security and more responsibility is not the only one. Another exists between more equality and more effectiveness. There
is considerable agreement that equality has by now been overstressed. Federspiel is quite blunt about it: ‘Equality can never be a human right.’ Masani complains that in India public schools are not considered compatible with socialism. ‘In other words everyone must have an equally rotten education.’

The trade-off between equality and effectiveness is particularly acute in the labour market. The difference between minimum wage and modal income in The Netherlands is now about £80 per month after tax. Moreover, the conjunction of progressive taxation and benefits that are inversely related to income gives rise to ‘marginal integrated rates’ that for a number of low and middle income earners exceed 100%. A lack of functional mobility is the natural consequence (as a lack of geographical mobility results from subsidised housing and the possibility for unemployed people to refuse work beyond a certain distance).

Rousseau said that the dream of equality is the most powerful engine in the world. Tocqueville added that the more equal one becomes, the more equality one wants. So, too, Toxopeus: ‘This narrowing of wage differentials has not done anything to diminish envy.’ Some have deduced from this that the government should leave incomes to be decided by the market since no incomes policy is likely to find favour - but this station has been well and truly passed.

Liberals are unlikely to be enthusiastic about an incomes policy. They feel that trade unions should have a meaningful rôle to play. They also attach importance to the freedom of contract. Thirdly, incomes policies tend to make the labour market rigid. These arguments have weight. However, parties to a collective bargaining agreement may be in a position of oligopoly, if not monopoly. It is a sound Liberal prin-
ciple that governments must counteract such accumulations of economic power, or at least alleviate their effects. Where contracting parties have become so large that their agreement influences the whole economy, governments must arm themselves with the means to intervene. An incomes policy may be necessary to ensure a better division of value added between consumption and investment.

For those who do not fall under a collective bargaining agreement the law of supply and demand should be left to work, provided no restrictive practices occur. ‘I think the market will have to decide that,’ says Toxopeus. Fiscal and parafiscal measures will thereafter see to a distribution of the welfare state's burden commensurate with income. For this the case is well established. The case for a government policy that aims at equality of income per se is more difficult to establish. Beyond a certain point the distribution of welfare becomes a hindrance to its generation. Some socialists seem to think that people are not so much interested in what they get themselves as in what other people do not get. It would be unwise to base an incomes policy upon such a generalisation of envy.

Toxopeus is amazed ‘that nobody complains when soccer players like Cruyff and tennis players like Borg earn a lot of money’. The matter is indeed intriguing. Could it be that their lifestyles and personal histories are such that many derive vicarious enjoyment from the good fortune of these stars? Or is it felt that the pleasure which they give to such multitudes warrants a very large income? There is certainly more empathy with these top performers than with the director of a corporation or an outstanding lawyer.

+ Most Liberals will be wary of positive discrimination. According to Federspiel, there should be equality of opportunity and nothing else. So, too, the Liberal De-

+F Positive discrimination
claration of 1967 (see appendix B), which urges equality of opportunity, both for individuals and for nations. It is a good principle. Such equality, however, is the exception rather than the rule. Hence the importance of education: to equalize chances as much as possible. Extra attention for children from a deprived environment? Yes, as long as no standards are lowered. No quotas but preference for minorities (including women) where qualifications are alike. Certainly not the situation in Madras as described by Masani: ‘The non-Brahmin, no matter how dull, is given priority over the Brahmin.’

Grimond draws attention to the paradox that, on the one hand, we have become more egalitarian while, on the other, ‘people look at one another far more according to their rank and what organisation they belong to.’ It has been said that European civilisation has shown the change from status (of pre-capitalist days) to contract (of classical capitalism) and that we now witness the change back from contract to the status within organisations. It is this development that Grimond has in mind: ‘We are... like a late medieval state.’

Western societies are to a considerable extent dominated by large organizations: government, corporations, farmers, unions. Galbraith may be wide of the mark in the solutions he has proposed - he has a point when he says that we have never taken proper account in our economic thinking of these large organizations.

‘Trade unions should have a meaningful role to play: that was the first argument against an incomes policy. There is a considerable amount of unease, however, about the power which unions have been able to accumulate. Rey: ‘Trade unions have passed the stage of beneficial action and entered that of exaggeration.'
Evidently we are in a period of danger.\textsuperscript{1}

It is not surprising that he should voice such a strong opinion: Belgium is the most heavily unionised country in Europe. He and Federspiel fear the increasing political weight of unions. In Denmark, ‘trade unions (have acquired) political dominance almost equal to that of Parliament.’ In Belgium things are even worse: ‘Parliament is too weak to resist the pressure of trade unions.’ Both men regret the hold of unions over political parties. Nor does Grimond mince his words: ‘What the unions have been doing to the economy cannot be too strongly attacked.’

In Germany and The Netherlands unions seem to show more restraint. How does one foster it? Grimond pleads for a change in the law relating to trade unions. He also wants unions to take an interest in running industry.

\textsuperscript{1} This opens a Pandora's box of what is variously called industrial democracy or workers' participation. The Stuttgart Declaration (see appendix C) calls for the participation of workers in the management, control and profits of undertakings. One should distinguish between (a) participation by the employee in decisions that immediately affect him; (b) participation - either by the works council or by unions - in decision that are taken at board level; and (c) co-ownership - either by the individual employee or by unions.

All Liberals are in favour of (a). Most would also be in favour of works councils having the right to be consulted before important management decisions are taken. The Dutch Companies Act of 1973, which prescribes equal influence for shareholders and employees on the composition of supervisory boards, was introduced by a Liberal minister. When Toxopeus says:
‘The more one involves works councils in the running of companies, the more support they will give,’ he is in that tradition. He adds that works councils are understandably reluctant to get involved when personnel has to be laid off. This inevitably limits the scope of their intervention. No participation by unions, however. As Federspiel puts it: industrial democracy should remain ‘within each company’s own domain, without direct or indirect interference by the trade unions.’

Co-ownership in the sense that employees own a piece of the business in which they work is an old Liberal ideal, even though in case of bankruptcy they would lose both their jobs and their savings. It lies at the heart of the Danish cooperatives mentioned by Federspiel as well as the Spanish Mondragon experience so admired by Grimond. There is a difference of opinion, however, about a Yugoslav-type system of self-management: Masani being in favour, Toxopeus against. The differences in development between India and The Netherlands probably account for this. On the other hand, there is general agreement that a central fund built up out of payroll levies and managed by the unions with the purpose of acquiring control over businesses is undesirable. Federspiel quite rightly says that this idea is ‘strongly resisted by a very large section of the workers themselves, who absolutely prefer available earnings to be added to their wages rather than place power in the hands of the union bosses.’

However much Grimond may be in favour of worker participation, it would be a delusion, he says, to think ‘that the whole human race wants to sit around discussing how its work or life or the organisation of public services should be run.’ He distinguishes between those who are prepared to sit around and dis-
cuss - the professional participators, one might say - and those who are not but want
to be kept informed and to have the right to express their views. That is fair enough.
Within a wider context, however, Toxopeus is more sceptical: ‘People are fed up
with participation. They have neither the time nor the inclination to discuss
government plans in abstract. They will do it when it comes nearer home.’ He has
decisions within the public domain in mind. In The Netherlands legally prescribed
participation in such areas as town planning has often made it very difficult to take
measures. Here, too, there is a trade-off: between more participation and more
effectiveness.

The matter of participation in industry is a prickly one. Much of Japan's success is
attributed to its industrial relations. Some Japanese companies are run by ex-bosses
of the company union. This is less likely to happen in Europe. In the twenties,
however, Japan had the most violent labour relations of any industrialising country.
(It shows how quickly social behaviour can change - at least in the East). Japan's
economic development was then stormy too. It would be unwise to take Japan as our
example: its culture and experience are too different. In The Netherlands the
‘harmony’-model of industrial relations is contrasted with the ‘conflict’-model. Most
Dutch union leaders would say that they strive for harmonious, not adversarial,
industrial relations, although of late the harmony has been wearing somewhat thin.
German unions also avoid adversarial industrial relations. Yet the Dutch economy
is much worse off than the German - it would, in fact, be in as bad a shape as the
Belgian if it were not for the mixed blessing of a lot of natural gas. French industrial
relations are every bit as adversarial as British, yet the French economy performs
much better. Obviously, the state of a country's industrial relations can not, by itself,
ex-
plain economic performance. Equally clearly, harmonious industrial relations are to be preferred by far to acrimonious ones. Participation stimulates industrial harmony - up to the point where it begins to stymie management.

‘Trade unions have more or less achieved their objectives,’ says Federspiel. Their dilemma is certainly great for there is no longer anything to share out. Hence the search for alternative gains. Dutch unions have called for ‘immaterial benefits’, which basically amount to employment guarantees and more participation. Unfortunately, jobs can no longer be guaranteed. Moreover, whatever joys may be left in participating in management decisions would be experienced by a small minority of employees. The rank and file are unlikely to accept participation by others as a substitute for their own cash. Also, such participation is likely to create a rift between those who participate and the employees they represent, because present consumption must now be sacrificed for future expectations. Union leaders in times of crisis and faced with decreasing memberships are not to be envied.

Certainly every effort must be made to get their agreement - tacit or explicit - to the economic medicine that is now unavoidable. Consensus is a great good and it must be striven for. How much do we compromise for the sake of consensus? What does one do when consensus is beyond reach? Governments must govern. Some unions demands are unrealistic, given the present economic situation. They must be resisted. French society is intensely confrontational. Yet France has made enormous progress in the past 25 years because, in the end, decisions do get taken there.

Apart from the extremes of right and left there are now only two political philosophies in Europe: Social-
ism’ and Liberalism. Socialism appears to be in as deep trouble as the unions. ‘The Socialists, even when they are Social Democrats, are by now barren,’ says Malagodi. Federspiel echoes him: ‘The Social Democratic Party has probably peaked out.’ The British and Dutch Socialist parties are deeply divided. The former has split - see Grimond's accurate analysis. The latter is unlikely to do so but still has no idea where it wants to go. The debates within the German and French parties are intense. In Germany at least this has electoral consequences.

What are the reasons for the difficulties of socialism? Partly it is a matter of style. Grimond: ‘The Labour Party has become the party of the establishment. It has become conservative,’ which recalls Malagodi's description of Italian communists as political bureaucrats. The main reason, however, is economic. ‘Democratic Socialism was a parasitic growth which depended on a liberal political and economic society. But it gradually weakened this society,’ says Grimond. Now that the economy is in difficulties - now that there are no more ‘nice things for left-wing people’ (in the Dutch phrase) to be shared out - Socialism is in trouble. Socialist parties find it difficult to decide what sort of marginal trade-off they want in the dilemma that is now basic to the welfare state. It is the dilemma between the creation and the distribution of wealth. Socialists want to distribute wealth in a way that frustrates the creation of it. They will have to choose and moderate Socialists will want to create more wealth. ‘The history of the Italian Socialist Party, as of other Socialist parties in Europe, is a continuous infight between a moderate wing and an extremist wing,’ remarks Malagodi. Which current will come out on top will obviously depend on the country and its circumstances. In Italy the Socialist leader Mr. Bettino Craxi has moved towards the centre.
What are the characteristics of Liberalism today? Liberals and Socialists share the ideal of a society in which no-one suffers undeservedly and in which security enlarges the scope of freedom. The Liberal Manifesto of 1947 (see appendix A) calls for security from the hazards of sickness, unemployment, disability and old age. What distinguishes Liberals? Basic for them is their desire for freedom. ‘Freedom is a fundamental human right and that is the basis of all liberal thought,’ says Federspiel quite rightly. Socialists would make the same claim. Yet the instrument they use - government in its many shapes - has become blunt and counterproductive. In the most important trade-off of all - between more equality and more liberty - it is more liberty that is now required, at least in the Benelux, Germany and Scandinavia.

The second characteristic, intimately connected with the first, is the primacy of the individual. Grimond bemoans the power of organisations which damages Britain. ‘The sad thing is that individuals know this but will not re-assert themselves.’ The change from contract to status ought to be resisted. Hence the importance of an independent mind. It is not surprising that the non-conformist churches have been ‘tremendous breeding grounds for Liberals’ in Great Britain.

Decentralisation comes third. Here difficulties become formidable, both in practice and in principle. A practical problem is that centralisation is almost impossible to reverse. ‘The central Civil Service was determined not to give up an inch of either its numbers or its powers,’ says Grimond in speaking of devolution in Great Britain. He proposes: ‘Raise standards of the poorer communities. Give them money but don't tell them what to do with it.’ Toxopeus tried to do just that, as Minister for Home Affairs, but ran into the determined opposition of his Christian

Frits Bolkestein, Modern Liberalism
Democratic colleague for Social Work. ‘The net result was and still is nil.’

Another difficulty results from the media, in particular television. Toxopeus: ‘People in the north want the same thing as those in the south.’ (It is not the only complaint about the media either he or Grimond has). Third is a problem that is inherent in the electoral contest. No democratically elected politician can afford to create the impression of inactivity, even though idleness could well be more beneficial than a centralising activity.

Fourthly, decentralisation means loss of control over standards. The maladministration of Italian hospitals has become legendary. How can the central government in The Netherlands guarantee the safety of the American consulate-general in Amsterdam when authority over the police rests with the mayor of that city? Decentralisation may mean replacing the benign despotism of the central power by the local bully, although this is more likely to happen in a vast federal country like the United States than in Europe.

In spite of all these difficulties, decentralisation will remain a Liberal ideal because it diffuses power and brings it closer to the people, so making local democratic control possible. Grimond, himself a Scot, is in favour of a considerable measure of autonomy for Scotland and Wales. Liberals in Germany and The Netherlands favour a strong regional policy within Europe. The European nation-states have become both too large and too small. They have become too small because the major problems of the economy and of security can only be tackled at a European level. They have become too large because many other problems can only be handled satisfactorily at a local level.
Their ideals of freedom and decentralisation make liberals give strong support to free and private enterprise - freedom under responsibility and within the law. Masani: ‘We Liberals believe in the small entrepreneur, the self-employed man being the salt of the earth.’ Of course the public sector supports the productive capacity of society. But it must also be paid for. There is nothing sacred about private enterprise, however; it is merely a means. Only ends can be sacred. Here the end is: the opportunity to enjoy freedom under conditions of (relative) affluence. Free and private enterprise is an important means, both for reasons of efficiency and because it underpins civil liberties. Grimond rightly says: ‘The only really effective economy is a free enterprise, market economy.’ Wherever private enterprise has been abolished the same fate has struck civil liberties. Conversely, wherever civil liberties are truly respected and all citizens can have recourse to due process of law, affluence has been the result. This goes to show that the classical human rights give birth to the social human rights and not the other way round, as is sometimes maintained.

It is thus no contradiction that liberals tend to be right wing in economic affairs and left wing in matters appertaining to civil liberties, for the one stand supports the other. Thus Grimond: ‘There are many people who may be right wing in the sense that they are Friedmanites but who would be highly liberal on some other issues,’ such as immigrants, abortion and crime and punishment. It is Socialists who are inconsistent when they claim to be left-wing in both spheres, for a concentration of power in the hands of the bureaucracy sooner or later limits the freedom of the citizens. It is this inconsistency that forms the internal contradiction of modern Socialism.
† A fifth characteristic appertains to the work of Parliament. Liberals prefer general rules to specific measures. Of course, this is no definitive guideline. An act of naturalisation is specific yet unexceptionable. At the other extreme, bills of attainder are since long obsolete. There is no doubt, however, that parliaments become ever more preoccupied with specifics. ‘Parliament tends more and more to act as the Municipal Council of The Netherlands,’ says Toxopeus. The legislative power encroaches upon the executive and exhibits the same law of diminishing returns.

It is not the only encroachment. The revolution of rising expectations has become that of rising entitlements. What used to be a discretionary power of government is now a right of the citizen. The inexorable expansion of government services in conjunction with the quest for justice engenders both a juridification of the administration and, increasingly, a policy-making role of the judicature. Thus the dividing line between the executive and the judicial power becomes vague. An ever more detailed legal network attempts to provide ever greater legal protection yet the attendant bureaucracy calls forth the Ombudsman.

Pseudo-legislation in the form of regulations and circulars escape parliamentary control. The intricacy of society and the demands of participatory democracy have turned legislation into an ever more cumbersome process. In consequence, much of it is now of an instrumental character. It is clear that this pseudo-legislation strengthens the power of the executive to the detriment of Parliament and of the citizen, as circulars may be modified by simple executive fiat. The legislative power hampers government while the executive power usurps legislation.

† Their love of freedom has made Liberals resistant to

"Communism"
Communism. ‘We do represent a strong opposition to Marxist ideas and to the risk of Communist infiltration,’ says Federspiel. He states that Denmark is a firm member of the Atlantic Alliance and does not want a free ticket. Both Denmark and The Netherlands have small radical-liberal or semi-radical parties which are strongly influenced by pacifist ideas ‘to the effect that we do not need any defence or armed forces because we can look after our safety by political means.’ Indeed, many people believe that dialogue can serve as a means of defence and that problems can never be solved by force. Liberals should beware of this delusion. They must remember what the price of freedom is.

The reason is given by Malagodi: ‘The sixteenth century was the turning point of Italian history. We then lost our political independence but also our spiritual independence.’ Federspiel is not entirely reassuring when he tries to explain that the word ‘finlandisation’ is misunderstood: ‘Finland watches Russian reactions and always acts before the Russians put any pressure on them. They instinctively know how far they can go without getting into trouble.’ That is precisely it. Although the word ‘finlandisation’ is a slur upon a courageous country - probably the least finlandised of Scandinavia - and its adroit diplomacy, the phenomenon is real enough. It means a marginal loss of independence owing to the political pressure that results from military intimidation. At present the marginal loss is small, for Western Europe is armed and not neutral. If neutralist ideas were to gain ground in Western Europe, the marginal loss would become substantial. At the end of that road lies the independence of Vichy-France.

Mischnick confirms that ‘there exists no significant political group (in Germany) which today would want
to leave the European Community or NATO in order to pursue a policy of neutrality.’

Yes, the division of Germany is unnatural. Germans want to ‘transcend one day the boundaries which are now prescribed... by the constellation of power politics’ - but only as part of a strengthened European Community. The European Community is thus both an outlet for and a limit to German ambitions: ‘One can call this desire - to have all of Germany as member of a united Europe - a national vision.’

*German neutralism

Mischnick is wise not to expect a reunited Germany within the next few decennia. No East German Communist government is likely to survive it, certainly not if this Germany were to form part of an enlarged European Community. Nor are the governments of France and the USSR likely to allow it. Mischnick may be right in saying that ‘a reunited Germany would be an integrating factor within Europe, a stabilising factor that would not strive for hegemony.’ The view from Paris is different. Any talk of German reunification will make alarm-bells ring in the Quai d'Orsay for a long time to come.

*...and unification

The matter of Europe continues to preoccupy Mischnick and Federspiel - who have not been members of the European Commission - as well as Rey and Deniau - who have - and, of course, Thorn, its current President. Of all political formations in Europe, the Liberal one is most in favour of its unification. The Stuttgart Declaration of 1976 unambiguously aims at a European Union. Deniau says, however, that the mere aim of constructing Europe will not mobilize popular support: we must say that ‘we are going to build Europe in order to achieve this or that object.’ He mentions three’ purposes: (1) to fight the economic crisis together; (2) to aid the Third World; and (3) to reunite East and

*Europe

Three purposes
West Europe in order to achieve a ‘Europe from Brest to Brest Litovsk’.

+ It is difficult to fight the crisis together if opinions differ how to go about it. In particular the difference between the accommodating policy of Paris and the stricter approach of Bonn is likely to make the coordination of economic policies difficult. Most Liberals will opt for a sort of neo-classical approach. Indeed, what else can one do when the government deficit amounts to 15% of GNP and one has to borrow at 20% p.a., as in the case of Italy; or even when the deficit is 10% of GNP and one must borrow at 12% p.a., as in the case of The Netherlands? Thorn regrets the tendency to think that one can stimulate the economy by an injection of purchasing power. Nothing that smacks of postponing today's problems by making tomorrow's worse can be congenial to Liberals.

The economic divergence between France and Germany will put the European Monetary System under increasing strain. The EMS is one of the five recent achievements of the European Community mentioned by Rey. The others are: (1) the direct election of the European Parliament; (2) the accession of Greece; (3) the Tokyo-round which liberalised trade and in which the European Community took a prominent part; and (4) the second Lomé-convention. This agreement between the European Community and about 60 countries in Africa, the Caribbean and the Pacific is the only treaty of structural development assistance. It furthers Deniau's second aim: to aid the Third World.

These achievements are real yet Europe is in considerable difficulties. Deniau looks to institutional reform for a way out. In his book *L'Europe interdite* he has proposed that the European Commission should be amalgamated with the Council of Ministers and that it
should not be responsible to the European Parliament. His proposals are in the French
tradition for they are based upon the firm reality of the nationstate. The recent ideas
of the German and Italian foreign ministers Genscher and Colombo go somewhat in
the same direction but give, as a counterweight, much greater importance to the
European Parliament. Rey finds himself at the other extreme. He wants the Treaty
of Rome to be applied. It is hard to disagree with Rey and Thorn that much would
be achieved if one did apply the provisions of the Treaty. The latter adds, however,
that we should not be afraid of changing it if this widens our possibilities. One tends
to agree with him, although the nagging suspicion remains that no revision can cope
with resurgent nationalism.

Both Rey and Thorn reject Deniau's 'Europe of variable geometry'. Rey also rejects
a two-speed Europe. Thorn is less categorical. He mentions the possibility of two
concentric Europes. A core group of countries would have 'a common vision and a
greater degree of integration'. Around this core there would be a larger ring of less
integrated countries. This essentially amounts to a two-speed Europe. There is little
doubt that Thorn's suggestion will have to be taken seriously if further integration is
to take place, especially after the accession of Greece, Spain and Portugal and in
view of the differences between Britain and the core group in interests, outlook and
temperament.

Deniau's third aim - a re-unification of East and West Europe - is as unlikely to
happen soon as Mischnick's re-unification of Germany: they are part of the same'
problem. The history of Finland after the second World War is a sort of miracle,
says Deniau. 'I don't think that (the Soviets) would agree to give the status of
Finland to their satelites if Western Europe remain-

Frits Bolkestein, *Modern Liberalism*
ed strong, armed and attractive.’ Our freedom and prosperity are a constant challenge to Soviet domination over Eastern Europe. What can one do to further Deniau's third purpose? Federspiel: ‘I doubt that we can do very much except do everything in our power to keep the people in Eastern Europe informed of what is going on.’

‘Europe should again be given a world rôle,’ Deniau insists. Of course, rôles are not given but gained. That is why he considers the ‘military dimension’ of Europe an imperative: ‘If we do not have a certain autonomy and a certain responsibility in the military field, in particular in the area of nuclear weapons,’ there will never be a political Europe.’ Deniau may well be right yet it is to be feared that he tries to square the circle. The French and the British are unlikely to pool their nuclear deterrents. The Germans are under international obligation never to possess one. Deniau admits that we cannot do without the American nuclear umbrella, even though this guarantee has ‘the tendency to foster a certain form of irresponsibility among Europeans.’ What then? Firstly, we must coordinate the manufacture of conventional arms. Secondly, we must define the conditions for the use of nuclear weapons. Both aims are important but they are best pursued within the framework of NATO, not the European Community.

‘Are there still Europeans who feel themselves to be such and who are ready to act as such?’ Deniau's question is important and valid. The answer probably is: very few. Deniau admits that decolonisation can contain ‘an element of resignation, of not believing anymore in oneself and in one's vocation.’ Yet, when it is done properly - as in black Africa - he calls it a ‘success of the will and not a failure’. It is interesting that an Indian should look at it from the other side.
Masani: ‘Mountbatten did an excellent job for Britain and a lousy job for India, and
that was what he was sent to do, to scuttle... A great power must stay and see its
responsibilities through.’ No doubt Rey is right when he says, referring to the former
Belgian Congo, that the transfer of power was absolutely inevitable. Let us not
pretend, however, that this transfer necessarily increased respect for human rights.
Self-determination often took place at the expense of the poor. Decolonisation is
nevertheless in the Liberal tradition. It is part of what Malagodi calls ‘the great title
of honour of the Liberal elite’, which is that ‘it opened the doors of power to masses
which it knew were not born liberal’. This applies to the Third World as much as to
Italy.

In Italy the Liberals formed an elite but ‘with influence out of proportion to their
numbers’. Rey says the same thing: ‘Although Liberals are not very numerous, they
are essential.’ Malagodi and Rey may be understating the popular appeal of Liberalism
today. Its message of freedom is gaining ground and not only in The Netherlands.
Ever more people, in Northwest Europe, want less bureaucracy and more freedom.

Freedom first, the primacy of the individual, the wish to decentralise, support for
private enterprise and a preference for general rules not specific measures - these are
five characteristics of modern Liberalism. In addition to this - and now we come
back to attitudes - Liberals prefer to look at the world as it is, not as they would like
it to be. ‘We like to say that we stand for’ common sense,’ says Federspiel; and
Toxopeus: ‘Liberals are more realistic than politicians of other currents.’ It is both
a strength and a weakness. It is a strength because seeing the world as it is, helps to
deal with it and to avoid the sort of dead-end street in

Frits Bolkestein, Modern Liberalism
which socialists now find themselves. It is also a weakness because it may mean a certain anemia, a lack of passion or vision, which limits electoral support.

As Mischnick explained: ‘This is the main problem for Liberals: how to translate their insight organisationally in such a manner that they reach the mass of voters. It is necessary for the intellectual insights of Liberals to get translated emotionally somewhat more strongly.’ If Liberals are to make use of the opportunities now open to them, they must complete the transition to a mass party. Malagodi refers to the same problem: ‘How does one broaden the base of Liberalism when the masses have been captured by visions of total power and of total prosperity?’ The only way in which one could do so is by offering a competing vision.’ Toxopeus: ‘What I mean by vision is a certain concept of society. Every political party must have one.’ The inherent difficulty of Liberalism is precisely that the very openness of its worldview makes it hard to promote ‘a certain concept of society’. The Liberal vision is one of freedom and tolerance, of balance and self-restraint. As Rey expressed it: ‘Liberty destroys itself if it does not find in itself the principle of its own limitation.’ It is the old message: nothing in excess.

F. Bolkestein

Eindnoten:

[1] ‘Profijt van de overheid - De verdeling van overheidsuitgaven voor Volkshuisvesting en Onderwijs in 1975’ (Sociaal en Cultureel Planbureau). For housing the report concludes that 27% of net expenditure accrues to the top 10% of income-earners and 27% to the lowest 50%. For education these figures are: 23% for the top 10%, 21% for the lowest 50%.

Appendices
A. Liberal Manifesto

*Drawn up at the International Liberal Conference at Wadham College, Oxford, in April, 1947*

We, Liberals of nineteen countries assembled at Oxford at a time of disorder, poverty, famine and fear caused by two World Wars;
   convinced that this condition of the world is largely due to the abandonment of liberal principles;
   affirm our faith in this Declaration.

I

1. Man is first and foremost a being endowed with the power of independent thought and action, and with the ability to distinguish right from wrong.

2. Respect for the human person and for the family is the true basis of society.

3. The State is only the instrument of the community: it should assume no power which conflicts with the fundamental rights of the citizens and with the conditions essential for a responsible and creative life, namely:
   Personal freedom, guaranteed by the independence of the administration of law and justice.
   Freedom of worship and liberty of conscience.
   Freedom of speech and of the Press.
   Freedom to associate or not to associate.
   Free choice of occupation.
   The opportunity of a full and varied education, according to ability and irrespective of birth or means.
   The right to private ownership of property and the right to embark on individual enterprise.
Consumer's free choice and the opportunity to reap the full benefit of the productivity of the soil and the industry of man.
Security from the hazards of sickness, unemployment, disability and old age.
Equality of rights between men and women.

4. These rights and conditions can be secured only by true democracy. True democracy is inseparable from political liberty and is based on the conscious, free and enlightened consent of the majority, expressed through a free and secret ballot, with due respect for the liberties and opinions of minorities.

II.

1. The suppression of economic freedom must lead to the disappearance of political freedom. We oppose such suppression, whether brought about by State ownership or control or by private monopolies, cartels and trusts. We admit State ownership only for those undertakings which are beyond the scope of private enterprise or in which competition no longer plays its part.

2. The welfare of the community must prevail and must be safeguarded from the abuse of power by sectional interests.

3. A continuous betterment of the conditions of employment, and of the housing and environment of the workers is essential. The rights, duties and interests of labour and capital are complementary; organised consultation and collaboration between employers and employed is vital to the well-being of industry.

III.

Service is the necessary complement of freedom and every right involves a corresponding duty. If free institutions are to work effectively, every citizen must have a sense of moral responsibility towards his fellow men and take an active part in the affairs of the community.

IV.

War can be abolished and world peace and economic prosperity
restored only if all nations fulfil the following conditions:

(a) Loyal adherence to a world organisation of all nations, great and small, under the same law and equity, and with power to enforce the strict observance of all international obligations freely entered into.

(b) Respect for the right of every nation to enjoy the essential human liberties.

(c) Respect for the language, faith, laws and customs of national minorities.

(d) The free exchange of ideas, news, goods and services between nations, as well as freedom of travel within and between all countries, unhampered by censorship, protective trade barriers and exchange regulations.

(c) The development of the backward areas of the world, with the collaboration of their inhabitants, in their true interests and in the interests of the world at large.

We call upon all men and women who are in general agreement with these ideals and principles to join us in an endeavour to win their acceptance throughout the world.
B. Liberal declaration of Oxford, 1967

We Liberals of twenty countries assembled in Oxford on the Twentieth Anniversary year of the Liberal Manifesto and the foundation of the Liberal International

reaffirm our faith in the principles of Liberalism as defined in the Liberal Manifesto

welcome the endorsement of these principles in declarations of the United Nations and their incorporation in the constitutions of many newly sovereign States

declare in the light of these principles our considered opinion on the developments of the last twenty years.

The liberal task in the present revolution in human affairs

1. The revolution which has been changing the course of human affairs in the last few centuries has gained and continues to gain increasing strength and momentum.

2. The increasing tempo of scientific and technological change, cybernetics and automation; nuclear power for peace or war; mass media of communication; the population explosion; the revolution in the expectations of welfare and public services; the worldwide development of an industrial order replacing a mainly rural static society; the achievement of independence by many people - all these open vast new possibilities of human progress. At the same time, and in a world with a widening gap between affluent countries and countries plagued by hunger and poverty, and where suppression of freedom, discrimination and aggres-
sive nationalism are rampant, they also create impulses towards concentrations of power, oppression and destruction on a scale the world has never before known or imagined.

3. The fundamental task of our time is to master these new forces and to turn them to the service of mankind. The means of guiding them are not material, but lie in the progressive development everywhere of free societies of enlightened and responsible citizens, adequately safeguarded by their common efforts against fear and want and against internal or external oppression. Such free societies can only be created and maintained through unremitting devotion to the principles of liberalism.

Decentralisation and Freedom

4. Co-operation and solidarity between free men are a growing necessity in the modern world. However, the drive towards unhealthy centralisation has encouraged the downgrading of parliamentary institutions, the excessive dependence of the individual on the State and the growth of new forms of absolutism and of irresponsible centres of power through uncontrolled bureaucratic growth, the formation of public and private monopolies and the restrictiveness of some combinations of employers, of workers, or of both together.

5. We believe that these tendencies can only be fought by devoted concentration on the overriding need for freedom in all its aspects, and in particular by:

(a) the greatest possible devolution and spread of power in the economic, social and governmental fields, especially by determined action against monopolies;

(b) maintenance of the widest multiplicity of expression and initiative in all matters of education and culture, including mass media of communication;

(c) making all necessary information available to enable each citizen to form objective judgments on all matters of public interest;

(d) protection of the rights of minorities to enjoy the essential liberties as set out in the Liberal Manifesto;
(e) elimination of racial and all other forms of oppressive discrimination;

(f) protection of the individual and group from all forms of unwarranted invasion of personal private life, such as mechanised spying.

**Economic policy and planning**

6. We believe that planning by governments of their own economic activities is a necessity, provided however it is not used to stifle the autonomy of the private sector of the economy and the price mechanism of the free market which also requires the maintenance of free competition. These are fundamental to ensure economic development, to maximise both production and consumption and therefore to provide the goods and services needed for social progress, in all countries of the world.

7. We believe that the community has a special responsibility to protect natural resources, cultural treasures and the beauty of cities and countryside from indiscriminate development, either by public or private interests.

8. A growing population demanding a disproportionate increase in consumption will provoke inflation, and endanger social and economic achievement and progress by promoting monetary instability. In a free democracy this can only be avoided by a system of voluntary, balanced restraint on the part of the state and all social groups. The efforts towards such a policy should enjoy a high priority in all countries.

**International economic co-operation**

9. We believe in the need for the free movement of people, goods, capital and services; for the international division of labour and for international co-operation on the widest possible scale in monetary, social and technological matters.

10. We advocate regional economic groupings provided they do not become instruments for regional protectionism or for economic exploitation by one country of other countries and do not degenerate into bu-
reautotechnocracies operating outside a system of democratic controls.

**Equality and Welfare**

11. We believe that a substantial part of the increased wealth available should be used to promote equality of opportunity, both for individuals and for nations all over the world.

12. For the individual, this involves security from the hazards of sickness, unemployment, disability and old age, and the provision of adequate housing.

13. It also requires the provision of the best possible educational facilities, physical as well as intellectual, humanist as well as technical, for everyone, irrespective of birth or means. To this end we favour the widest variety and choice of educational systems, subject to adequate academic standards and to the capability of the school to produce free responsible citizens.

14. It also involves the need to fight against the feeling of alienation in employees by giving them the right to participate responsibly in the running, stability and development of the enterprises in which they work and enabling them to acquire a financial interest therein.

15. Family planning must be facilitated with full respect for the responsibility and freedom of choice of the individual couples.

16. Internationally, it involves, on the part of the highly industrialised nations, a liberal trade policy taking adequate account of the special needs of the poorer parts of the world and the provision of financial and technical assistance to support them in establishing educational and social security systems, in creating the infrastructure necessary for economic expansion and in furthering agricultural and industrial development.

17. We believe that aid to poorer areas should not be given for selfish political or economic motives, and we stress the need for co-operation by the authorities and inhabitants of the areas and for the development
of their sense of freedom, initiative and responsibility. With the same aims in view, we believe that close co-ordination between governmental agencies, private enterprises and voluntary organisations is necessary.

**Peace and Freedom**

18. We believe that the United Nations, based on liberal democratic principles and on the development of a common international ethos, notwithstanding its present shortcomings, deserves the support of the people in all countries in order to make it into an effective world authority, with clearly defined functions and real power, capable of enforcing the rule of law in international relations.

19. We believe that the interests of all peoples, including those of the states now taking their place in the technological civilisation of today, will best be served by their governing themselves according to the principles of liberal democracy.

20. We reiterate our frequently expressed belief that lasting peace can only be ensured through freedom, and that liberal foreign policies must aim primarily at the enlargement of the total area of freedom throughout the world.

21. We believe in the need to pursue the immensely difficult end of a balanced, controlled and effective reduction of all armaments. Until this has been achieved, we believe that the free nations must co-operate to provide firm protection against nuclear or conventional aggression.

22. We welcome all regional groupings in all continents, based on the mutual co-operation of free societies, leading to the merging of national sovereignties. In this respect the achievement of European unity, open to all democratic European nations, is an imperative duty for the Europeans themselves in order better to be able to contribute effectively to the peace, freedom and welfare of the entire world.

Finally, we wish to underline once more our reasoned belief that the task of directing the world revolution for the benefit of man is a liberal task. It requires tolerance and co-operation in freedom. It requires a
liberal awareness of the growing human needs whose satisfaction is imperative, liberal ideas, liberal initiatives. It requires liberal parties capable of influencing the policies of their countries in a significant way.

We welcome, therefore, the self-searching and the stresses that are visible in non-liberal countries and movements, as an indication that the need for freedom is asserting itself even under most difficult circumstances. It is our duty and our will to do all we can to assist in this development.
C. Stuttgart Declaration

Adopted on 26 March 1976 by the Federation of Liberal and Democratic parties of the European Community

The democratic parties in the European Community, based on liberal principles,
- resolved to protect and to promote the rights and freedoms of the individual,
- desiring to make possible for all citizens of Europe a decent life in a free society,
- believing that peace, freedom and prosperity in Europe can best be assured if the European Community progresses towards a European Union,
- welcoming the decision to hold the first direct elections to the European Parliament in 1978,

have therefore decided to establish a federation of liberal and democratic parties in the European Community, based on the following platform:

1. The supreme task of the European Union must be to guarantee human, civil and political rights on the European level. We therefore call for:
   - a bill of human rights and fundamental freedoms, directly applicable throughout the European Community, to be drawn up by the first directly elected European Parliament
   - the right of every citizen to appeal to the European Court of Justice when his civil rights are impaired by decisions of the Community institutions,
   - the abolition of remaining administrative restrictions within the
European Community on the free movement of persons, goods, services and capital.

2. The European Union needs a free democratic constitution based on the principles of division of powers, majority voting and the protection of minorities. We therefore call for:
   - increased powers and legislative responsibilities for the European Parliament in all questions within the competence of the European Community, including political co-operation,
   - election of the European Parliament according to the principles of proportional representation,
   - accountability of the European Commission to the European Parliament and the Council of Ministers,
   - an endeavour on the part of the Council to increasingly take decisions by majority vote,
   - protection of the legitimate interests of the regions and minorities in the Member States of the European Community in such a way as to ensure that the diversity of Europe is preserved,
   - the greatest possible recourse to the Economic and Social Committee and to the Standing Committee on Employment, with a particular view to securing at the level of the Community the participation of workers in the management, control and profits of undertakings.

3. The European Union must assure steady and balanced economic growth, thus creating for its citizens the conditions for effective social protection in the vicissitudes of life. This can no longer be done on a national level. We therefore call for:
   - the Member States and the institutions of the European Community to make practical progress along the road towards economic and monetary union, for example through an ever greater harmonization of their economic and financial policies and of their currencies, including the creation of a joint central bank, and by increasingly holding their resources in common,
   - promotion of free competition within a free market system and its protection from abuse by monopolies and cartels, as well as from the excessive influence of public enterprise, by allowing private firms all the room necessary to form themselves into genuine instruments of democracy and progress in the context of a coordinated economy, with a view
to ensuring optimal economic growth and sufficient resources to provide effective help for the socially disadvantaged,
- the redistribution of wealth both by use of the Social Fund to reduce inequalities between individuals and the Regional Development Fund to reduce inequalities between Regions,
- development of the Common Agricultural Policy in ways which both benefit consumers and encourage efficient farming,
- further progress towards common environmental and energy policies.

4. The European Union needs a common foreign policy covering both the external relations of the European Community and the European Political Co-operation and designed to serve the freedom and security of Europe and peace in the world, side by side with our partners in the Atlantic Alliance, notably the United States, and in the United Nations. We therefore call for:
   - the development of the closest possible ties also with Western European countries which are not members of the European Community,
   - the further expansion along the lines of the Lomé Convention of cooperation between the European Community and the Third World in the context of a balanced development of the world economy,
   - active participation by the Member States of the European Community in all efforts to establish stability and peace in the Mediterranean region and in the Middle East,
   - the European Community to speak with one voice particularly in its relations with the countries of Eastern Europe and the Soviet Union.

5. The European Union must be founded on the common conviction that the freedom of the individual, equal opportunities for all and the free competition of ideas and parties are indispensable elements of a democratic society. We therefore:
   - welcome the accession to or association with the European Community and in future the European Union of every European State whose constitution and policy is in conformity with these principles,
   - are willing to co-operate within the European Community with all political groups which are ready without reservation to accept and defend the fundamental values of liberal democracy.