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Money and humanity – how do they relate?

Free competition as the basis for a humane economy in the age of globalisation

topics:

- central ideas of the “Social Market Economy” in post-war Germany
- Social Market Economy as “programme for safeguarding freedom”
- competition as a necessity for a humane economy
- impact of globalisation on economy

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More than two hundred years ago, the French publicist and politician Mirabeau, who was much feared for the sharpness of his tongue, said that he knew only three ways to survive in a society: “One must beg, steal from one’s fellow men or be paid for producing one’s own goods.”

A society acting strictly according to the “categorical imperative” of Immanuel Kant, or according to the commandment of Christian love – who wouldn’t want this paradise on earth! But we have been expelled from paradise for once and for all. And instead of angels, we feel more and more that we are surrounded by thieves who are making their way through life using violence and cunning at the expense of others. Since we cannot live in a society of angels, and we do not want to live in a society of thieves, the only alternative is to rely on Mirabeau’s third “strategy for survival” as the moral basis of the economy. This was the course adopted by the founding fathers of the “Social Market Economy” in Germany after Second World War.

However, the principle alone does not determine behaviour. Everyone has a capacity for good and a capacity for evil. On the one hand, there is the honest businessman who feels committed to the principle of performance and counter-performance and who draws on the moral reserves of integrity and loyalty, fairness and a sense of justice. On the other hand, there is the unscrupulous cheat who is only interested in seeking his own advantage and trying to increase this by taking from others.

According to the economist Wilhelm Ropke, the principle of performance and counter-performance is a very sensitive and fragile artificial product of civilisation. The founding fathers of the Social Market Economy believed that this prin-

principle was only truly realisable in free competition, which for its part can only exist on the basis of certain moral standards.

Free competition borne by basic moral values and convictions is therefore the axis of our economic order. Its institutional guarantee vis-à-vis the private, collective and public quest for power was the central concept of the founding fathers of the Social Market Economy. According to Walter Eucken, another German economist, they set out to “create a humane and efficient economic order” which recognised the self-determination of the individual, i.e. his dignity and personal freedom. “Without freedom, without spontaneous independence”, says Eucken, “the human being is not ‘human’. Freedom is a precondition for all morals, as only those who have the freedom of volition and are free to act are faced with decisions, only they can really choose. (...) Only free decision allows the recognition and realisation of the binding moral world order. (...) Only the free individual, thinking independently, can come closer to the truth. Only the free individual is capable of an act of will.” At the centre of the concept of the Social Market Economy, we thus have the concept of securing freedom as the precondition for realising the humanity of the individual.

“Everything”, says Eucken, “leads to the question: What forms of order allow freedom? What forms of order at the same time also delimit the misuse of freedom? Can the freedom of the individual be determined in such a way as to find its limits in the freedom of others? And are these forms of order applicable in the industrialised world” – and today we must add: in the globalised world?

It was in free competition – and in free competition alone – that the founding fathers of the Social Market Economy saw the basic principle of a free, humane and efficient economic order. As a result of the interdependence of the various orders, this would in turn influence all areas of human existence and the organisation of the state system as a whole.

According to their thinking, democracy and the market economy formed an inseparable unit. Both depend on ethical preconditions which they cannot establish themselves. Röpke writes that “the world of economics draws from moral reserves with which it stands and falls.” The market, competition, the game of supply and demand do not produce these reserves, but consume them and must obtain them from sources outside the market. Justice, honesty, self-discipline, willingness, moderation, public spirit, respect for the human dignity of others – all these are values which the individual must furnish himself when he is active on the market. Such values ‘beyond supply and demand’ are essential pillars of society. They prevent the less good inclinations in people from gaining the upper hand. But most of all, without such values, it is difficult to imagine any meaning to life or any joy in participating in society. Smaller human circles, such as families, neighbours, communities, firms, clubs or action groups play an essential role here. Human warmth leads to a sense of responsibility and responsibility needs warmth. A community which is only held together by material interests will lose out in the future. And it is essential to ask whether we have not already been carelessly drawing on our moral reserves for too long without worrying about their replenishment.

Free competition is an essential form of personal freedom and thus a necessary precondition for every non-collectivist social constitution. It exists when, against a background of equal opportunity and fair competition, it is the better performance which is rewarded. It is the task of state competition policy to ensure free competition. According to Eucken, “the state must influence the forms, the institutional

framework, the order in which economic activities are conducted and must establish the preconditions under which an efficient and humane economic order can develop.”

Eucken states the following as essential constituent elements of a functioning competition order:

1. free competition as a basic principle,
2. the primacy of monetary policy, i.e. a stable monetary constitution,
3. open markets-a demand which is not only directed against state measures to segregate markets, but also against attempts by private power groups to use their strength to deter outsiders, or to manoeuvre them out of the market,
4. private ownership,
5. contractual freedom,
6. personal liability as a precondition in the field of competition and as an instrument to counter the depersonalisation of industry, and finally
7. consistency in the field of economic policy in order to ensure that companies have planning certainty.

These seven principles form a single unit and are so closely inter-linked that the isolated use of one of them can miss its target completely.

But the strict observation of these constituent principles alone is not sufficient to keep the system for regulating competition in working order. Flank protection is needed particularly controls on monopolies-in order to safeguard the regulating principles.

Eucken urgently warns against isolated measures in the field of economic policy and, in view of the strong interdependence of all parts of society, urges that an eye should always be kept on the overall regulatory context. He says that “anyone who does not observe the overall context of the economy is playing with fire and can cause an explosion by taking what may seem to be a harmless measure – often without those involved noticing who is to blame.”

Our free social order and system for regulating competition appear a very fragile construct against this background. And nevertheless, we can say without reservation: The Social Market Economy is the most successful economic and social order of the 20th century. It is the system for regulating competition which brings us all a maximum of economic advantage and social justice. It contrasts with the system of a state commando economy as well with the laissez-faire economy of classical liberalism. It is the order in which freedom and efficiency, justice and humanity can' coexist best of all.-But, we must ask critically: Is it still a valid concept for the future?

In the nascent age of globalisation, many people consider that, as a regulative concept, the Social Market Economy has been overtaken by reality. Its divisions are disappearing. It is claimed that globalisation countermands the basic principle of the Social Market Economy, i.e. the regulation of competition by means of a state competition policy. And in any case, they maintain, the role of the state as the rule-maker and referee in the field of competition is obsolete. In its current form, the Social Market Economy is an obstacle to the innovative ability, efficiency and competitiveness of German industry in the field of international competition and makes it difficult to implement essential structural changes. Furthermore, they continue, it is not even really social. It hinders the development of those who are efficient and willing, whilst at the same time not offering any per-

spectives to those who are really needy, for example large families and the long-term unemployed. From the point of view of these fierce critics of the Social Market Economy, it is therefore time for a change of paradigm.

Are we now on the threshold of the renaissance of a biological explanation of the economic process? An explanation which depicts the increasingly uninhibited expansion of the strong-as a result of internationalisation and globalisation-as necessary for prosperity in the longer term? Is the classical liberalism which we thought had been overcome now the new forward-looking paradigm in the field of regulatory policy?

I believe not! And I should like to present the following four arguments to counter the current pessimism concerning regulative theory-which is threatening to turn into fatalism:

Thesis 1

The Social Market Economy is a "programme for safeguarding freedom". Anyone who abandons it is opening the door to an economy dominated by power and lack of freedom.

Anyone wishing to abandon the concept of the Social Market Economy must be aware of the consequences of his action. He must realise that his actions can have the same effect as the snowball that sets off an avalanche. Due to the interdependence of the social orders, one must always expect three kinds of effects: the immediate effect, the triggering of a trend leading to a different economic order, and finally the effect on other orders, e.g. the ethical code of a society.

- He must know therefore that by abandoning the Social Market Economy, whose central principle is to protect free competition against private, collective and public concentrations of power, he is opening the door to what Eucken calls the "universal tendency to form monopolies-a factor for which all economic policies have to be prepared".
- He must know that he is encouraging the transformation of the market economy into a power economy – a "might economy".
- He must know that as far as the freedom of the individual is concerned, it is completely irrelevant whether the moving force behind this "might monopoly" is a private individual, a company, a collective or the state.
- He must know that-and here again / refer to Eucken – the constitutional state can only fully assert itself in those areas where its legal system has established a suitable economic order, and that monopolies of all kinds are incompatible with the principles of the constitutional state.
- He must know that any change of paradigm in the economic order necessarily has an effect on society and on the prevailing values in society.
- He must know therefore that he is thereby influencing, changing and possibly also endangering the existence of the individual in all areas of his life.

As Goethe said in Faust: “The first is free, the second’s slaves are we.”

Eucken called the Social Market Economy “the programme for freedom”. The question of the continued existence of the Social Market Economy is not, therefore, just a question of the continued existence of the market economy and competition. It is a question which presupposes clear decisions on values, decisions for or against freedom, for or against the limitation of power, for or against decentralisation, for or against responsibility.

Thesis 2

In an age of intensified processes of concentration, abstinence in the field of competitive policy is capitulation before the problem of excessive power.

For many people, the current wave of mergers in the industrial and financial markets is the symbol of the process of globalisation. Large parts of political and public life are paralysed, awe-struck by the icons of great and modern economic power. How else can one explain the crushing comments made by large sections of the German media about the decision of the American courts in the Microsoft case, and the claims that the judges were trying to stab technical progress in the back by employing a law from the century before last? The fact that the American courts had described Microsoft’s business practices as “predatory” because, according to the findings of the American anti-trust proceedings, Microsoft ousted competitors out of the market, prevented rivals from gaining access to the market, impeded innovations and abused its power on the market met with a widespread lack of understanding on the part of the German media. Influential schools of economic thought, such as the Chicago school and the neo Austrian school, administer further sedatives. They give assurances that there is no cause for concern as long as it is possible for potential competitors to gain access to the market. They claim that free competition will ensure that the temporary monopolistic position of the innovators is levelled out by competitors moving into the market. And this despite the fact that recent American surveys have clearly proved that the cost of market access for new competitors is very often so high that the counter-strength of potential rivals does not have a chance, or at least not in the short term. But this realisation has not yet taken hold. Here, blinded by the shining icons of economic power and trusting in the wonder weapon of potential competition, or simply fatalistically believing in the inevitability of the economic process of concentration in capitalism, people prefer not to recognise the situation, trivialise it or see it a result of economic determinism. The founding fathers of the Social Market Economy knew that economic concentrations of power harbour the danger of transforming the “economy of the market” into an “economy of the mighty”. The collapse of the concept of an economic order leads irreversibly to capitulation before the problem of a concentration of power. The wisdom of Confucius would seem to ring true: “When thought collapses, orders collapse”.

Thesis 3

The Social Market Economy is the compass for regulatory theory in the 21st century. There is no responsible alternative.

Eucken claims: “To establish conditions in the economy which do not inadvertently trigger disastrous trends of economic policy is not only a central task of economic politics, but is our decisive historical task.” This task presents itself again and with even greater relevance at the threshold of the 21st century with its important challenges.

In our search for a new compass according to which we can set our course of action, we must also take a closer look at the Social Market Economy. This is necessary and fruitful, but also presupposes that we are able to differentiate between the theoretical concept, on the one hand, and the form in which it manifests itself, on the other.

The Social Market Economy is not a unified theoretical concept but a dynamic, extended practical model and, as such, has had a decisive influence on the economic policy of the Federal Republic. Nevertheless, the various governments have repeatedly deviated from the principles of the Social Market Economy in important areas—be it intentionally or be it as an unintended reaction to changes in general conditions. Declarations of their belief in the principles of the Social Market Economy have sometimes been little more than mere lip service. The Federal Republic has accordingly strayed further and further away from the guiding principle of the Social Market Economy.

Anyone therefore who sees the way in which the Social Market Economy manifests itself today as the concept itself, anyone who does not critically ask in how far political decision-makers in the Federal Republic perceive competition as their responsibility, and in how far they have deviated from the course of the Social Market Economy in their perception of this task, is simplifying the problem with disastrous results: The Social Market Economy is being abandoned because of its alleged failure, whereas in actual fact it is economic policy which has failed because it has departed from the concept of the Social Market Economy.

I am absolutely convinced that the Social Market Economy is a forward-looking regulatory model that can be applied outside Germany and Europe, and that it can serve as an inner compass for determining a future world economic order. The Social Market Economy is the Third Way between Socialism and Capitalism. It is therefore the greatest challenge in the age of globalisation to continue to develop the regulatory concept of the Social Market Economy under changing economic and social conditions, to balance reality and the model more carefully, and to safeguard competition and thereby prosperity both at home and abroad.

Thesis 4:

We need a renaissance of competition policy and we need it in almost all fields of politics – both national and international.

The regulatory concept of the Social Market Economy, whose pivotal role is to secure free competition, can thereby serve as a compass and as a valuable corrective. As a concept which was originally developed as a national solution, it must, of course, prove its compatibility with the regulatory systems of other states in the process of liberalising and internationalising markets, and must demonstrate its

competitive strength. Allow me to mention some of the conclusions a politics of economy should draw, following the principles of Social Market Economy:

Conclusion 1:

Competition policy is a policy of freedom in the field of economics. One must therefore counter the current wave of mergers taking place within the framework of globalisation and the accompanying danger of a concentration of power by introducing suitable controls on competition in order to secure this freedom.

This includes: (1) establishing cartel and monopolies authorities at the German, European and international level, whose independence must be absolutely guaranteed-for example, along the lines of the German Federal Bank. These authorities must be able to work without interference from “special” ministerial exemptions and without the risk of becoming involved in considerations relating to “industrial policy”. In so far as multi-lateral approaches can pave the way to an international authority with responsibility for competition, for example within the framework of the OECD, these approaches must be welcomed as steps in the right direction.

These steps include (2): amending German and European competition laws in line with American law to include the possibility of deconcentrating economic conglomerations. This also has an important deterrent effect.

Conclusion 1:

The fact that the significance and implications of entrepreneurial decisions as a rule correlate with a reduction in the personal liability of the decision-maker describes a disastrous development which needs rectifying.

The fully liable owner-entrepreneur is the model on which the Social Market Economy is based, not the manager-entrepreneur. Unlike the manager-entrepreneur, the owner-entrepreneur has a very close, personal relationship with his firm. The economist, Joseph Schumpeter, put it rather melodramatically when he said that the owner-entrepreneur would, if necessary, be prepared to die on the threshold of his firm rather than to betray its interests for a handful of silver.

It may be that these criteria are no longer appropriate in our matter-of-fact day and age. But it does make one wonder-and it is difficult to understand why it should be that personal liability for entrepreneurial decisions diminishes the larger the firm and the more crucial the resulting significance and potential implications of such decisions. Eucken states that the positive effect of the principle of liability lies in the individual's fundamentally more cautious disposition of capital, which is more independent of his personal interests. It is precisely in this area that liability could be most beneficial. Responsible entrepreneurial decisions can hardly be expected without personal liability on the part of the decision-maker. Personal liability is the brake on entrepreneurial decision-making-a brake which seems more important than ever in view of the current wave of mergers and take-overs and the resulting global concentration of economic power. Many negative effects of the current wave of mergers, with their numerous flops, could probably have been avoided if company chairmen had been personally liable. The whole logic of market-economy steering mechanisms demands personal liability-and demands it

from everyone. The fact that many manager-entrepreneurs do not want to accept this key principle of a market economy, and are fighting against it tooth and nail—preaching others water and drinking wine themselves—is psychologically understandable but absolutely unacceptable. The introduction of the principle of liability is a precondition for a competition order. What is more: It is the precondition for a social order in which freedom and self-responsibility prevail.

Conclusion 3:

The state should not favour large-scale concerns and corporations.

Free competition depends on equal opportunity for all competitors. It is the task of the state to safeguard free competition. Free competition is impossible without absolute neutrality on the part of state policy towards companies of all legal forms. In the power game, politicians are repeatedly tempted to stray from this principle of neutrality, to make themselves guardians of the interests of large-scale concerns and corporations, or even to assume the role of a player. This does not serve the interests of competition—on the contrary: a policy which furthers such concentrations of power weakens the position of small and medium-sized enterprises, which form the backbone of our economic and social order. The re-establishment of equal opportunities in the field of competition is therefore a basic pre-requisite for strengthening the Social Market Economy.

This includes, for example, abolishing the tax privileges for corporations which were introduced during the recent corporation tax reform and which mean that such concerns have an advantage over individually-owned firms due to the different taxation of sales of shares. No competition policy—however efficient—can offset the resulting flow of capital away from investments in the capital holdings of small and medium-sized enterprises and towards concerns which are listed on the stock exchange

Free competition also includes the revoking of the so-called Basle Accord on the reform of own-funds rulings for banks, and the threatened rise in the price of loans for people setting up in business as a result of a higher risk assessment. This would restrict access to the market for new small and medium-sized enterprises in a most contra-productive way. This approach would mean that the state authorities responsible for the supervision of credit institutions would impede the financing of business start-ups, whilst the same state would grant tax privileges to help concerns listed on the stock exchange.

Free competition also includes resolute measures to oppose the tendency of public sector principals to award tenders to general contractors instead of awarding contracts to individual companies, thus undermining the Contracting Regulations for Services in the Building Industry (VOB). What is more, a number of empirical examples show that this practice is more expensive for the public sector than awarding individual contracts.

Finally, in order to restore equal opportunities in the field of competition, one must also reverse the role of the state as an entrepreneur by continuing the policy of privatisation. The far-reaching privatisation of public sector enterprises, particularly at the local level, and the introduction and strict observation of competition in this sector can strengthen small and medium-sized enterprises. Private companies currently have little chance against the multiple role of local authori-

ties as tax authority, regulation and planning authority, contract-placing authority, and rival.

Conclusion 4:

Instead of worshipping the icons of economic power we should take small and medium-sized enterprises as the model for the 21st century.

The claim that technical progress favours the advance of large-scale companies, or that such companies are even the sine qua non of technical progress, seems virtually not eradicable.

This is absolutely not the case, however. The founding fathers of the Social Market Economy already knew that the fields in which large-scale companies have the optimum operating size are more limited than is generally believed. This is particularly true today in view of the historically unique, cheap and decentralised availability of information and communications technology. Huge hierarchies are nonsense in the knowledge society.

According to Biedenkopf, a student of Franz Böhm, the next few years will see an increase in the number of virtual companies, which in turn will be made up of a larger number of linked, independent, individual companies. Biedenkopf believes that such companies, consisting of a number of independent small and medium-sized enterprises co-operating with one another, will be infinitely superior to hierarchical large-scale companies. The economic future will thus be considerably more decentralised than it is today. The age of globalisation is not therefore based linearly on the formation of world-wide concerns, but is characterised by two opposing trends: Concentration on the one hand and decentralisation on the other.

Here lies the great opportunity for small and medium-sized enterprises in the age of globalisation. And here also lies the great opportunity for our competition order. After all, small and medium-sized enterprises are not just one of many factors promoting growth and prosperity. Small and medium-sized enterprises are much rather the sine qua non of any policy aimed at prosperity and growth.

They oppose monopolistic and oligo-political trends and thus fulfil an important function in the field of competition policy. Compared with the structures of large-scale companies, they are much more flexible and dynamic, quick to discover new market niches, which they occupy and exploit, thus generating additional income. Small and medium-sized enterprises act as links between the different sectors of the economy and thus assume a central structural role. As a rule they produce more labourintensively, require less capital in order to provide jobs compared with large-scale companies and react to fluctuations in the economy less procyclically. They thus fulfil an important function in the field of employment policy. The fact is: Only entrepreneurs-and nobody else-certainly not the public sector-can create permanent jobs and jobs which finance themselves. Small and medium-sized enterprises offer wide sections of the population a broad spectrum of economic activity, and thus not only contribute to a better distribution of income and opportunity, but also encourage the development of new, additional entrepreneurs. Small and medium-sized enterprises are furthermore the “school of the market economy”. They promote the culture of independence; they are the “seeding bed” on which entrepreneurial “talents and virtues”, such as a sense of responsibility, the willingness to take a risk, the will to lead, the ability to organise and to intro-

duce innovations, can flourish. The fact that such values cannot be state-ordered, but must be learnt in daily business practice is painfully demonstrated by experiences in transformation countries, where for decades bureaucratic patterns of behaviour were encouraged and entrepreneurial virtues punished.

Apart from these economic factors, small and medium-sized enterprises are also an important social factor for developing and safeguarding the democracy. Self-employed persons are not dependent on others, either economically or personally. They bear the risk, act independently and on their own responsibility and thus help to firmly anchor the rules of the market economy and democratic awareness.

Small and medium-sized enterprises are the bastion of family businesses. Here independence and responsibility are learnt in the family context, with parents setting an example for their children day by day.

One thing becomes clear when we take a look at the whole spectrum of the positive effects of small and medium-sized enterprises: A policy which is aimed at growth, prosperity and the development and protection of democratic structures must attach central importance to the promotion and strengthening of small and medium-sized enterprises.

Small and very small enterprises are one of the great hopes of the 21st century. This applies both for developed as well as developing countries. But entrepreneurs do not appear out of the blue-and it is a great mistake on the part of macro-economic social and economic policies to believe the opposite. Experience shows that the introduction of a market and competition can quickly encourage new entrepreneurs, but these new firms are usually concentrated primarily in the commercial and service sectors. The foundation of new companies in the manufacturing sector, on the other hand, is more difficult since such enterprises require a combination of commercial and specialist skills. The ideal way to encourage enterprises in developing countries therefore is a combination of independent, interworks structures and the provision of micro-credits. Sometimes a sewing machine is all that is needed to take the first step towards entrepreneurial independence.

If the Social Market Economy is to develop its beneficial effects in the 21st century, one must return to and revitalise the values and convictions of the bourgeois society on which it is based. The middle classes form the backbone of this society. They not only encompasses key players in industry, trade, commerce, the professions and the administration, but also all citizens who shape or wish to shape their own lives on the basis of their own performance and their own responsibility, be they employed or self-employed. These middle classes must become the symbol of the 21st century.

Conclusion 5:

The guiding principle for formulating important areas of policy must be the own responsibility of responsible members of the bourgeois society.

In almost all fields of politics, a “re-evaluation of all values” (speaking with Nietzsche) has taken place. Anyone seeking a reference to the own responsibility of the citizen or to his autonomy or independence in the current regulations concerning labour law, social policy or education policy will instead find only bureaucratic rulings and restrictions on individual freedom. The bourgeois state has degenerated into a paternalistic welfare state. Worse still: This degeneration is not

even seen as reprehensible since society too has seen a transition in values and has developed a “fully comprehensive insurance mentality”. This correlates at an individual level to a “welfare mentality” instead of a “work mentality”. Necessary changes and decisive shifts in the field of labour and social policy thus meet with resistance from large sections of the population and are considered unsocial, unjust and unfair.

The Social Market Economy is a value-oriented order in which the “social” aspect is not only an accessory, but an integral part of the competition order. It is the antiprogramme to all forms of economic and social Darwinism. And just as its prime interest in the field of competition is the survival of the less strong, socially its aim is for social justice. The Social Market Economy embodies the three values of maximum freedom, free competition and social justice. It is in the field of tension of these values that it develops its dynamism. And it is the politicians’ task to balance and adjust this field of tension according to the given situation and possibilities.

Please do not misunderstand: I do not think that the field of politics has failed fundamentally in the past. I do believe, however, that-parallel to the changes in values in society and under pressure from these changes-it has strayed a very long way from the original concept of the Social Market Economy and from the principles on which it was founded. How else can one explain the paradox that social benefits and social redistribution apparently increase proportionately to the prosperity of society as a whole? According to Thuy, it seems that the more wealthy citizens become, the more state support they require.

One could claim that the wealth of a nation says nothing about the gulf between rich and poor, and that increasing prosperity has been solely to the advantage of the rich. But is this true of a country like the Federal Republic of Germany, where employees can be included among the ranks of the “middle classes”, both compared with the past and particularly compared with world standards? The Social Market Economy is a success story-also and particularly for the working population. It has not widened the gulf between rich and poor. It has reduced it and has helped large parts of the working population to join the middle classes.

One cannot speak in terms of a move away from the principle of equality and social justice, but of a return to the right measure. In other words: Away from an unjust guarantee of high living standards which can no longer be financed, towards securing the existence of those who are truly needy in our society.

To help those who really need help is and remains the task of the state-nationally and internationally. It can be proved that the constant increase in social benefits has been at the expense of the development aid budget. So in the end, it is the poor and the needy in the world who suffer as a result of the mistakes of social systems in highly developed societies, particularly in western Europe.

In the subsequent discussion, it will perhaps be possible to talk about the central issues of such a return to the basic social principles of our competition order in more detail. I should for now, just like to emphasise that in order to implement the long needed structural reforms, it is of key importance to make it clear to the population that a policy which is based on reducing state dominance in the field of social security does not represent a cut-back in social security, but the strengthening of the position of the individual. It does not take anything away from him, but gives him back his money and thus offers him an opportunity to accumulate assets, to become ‘self-sufficient’ instead of being able to claim questionable social

insurance benefits. The individual must recognise that autonomy, independence and own responsibility are worthwhile, that they do not only harbour dangers but also offer opportunities-opportunities to shape, determine and secure one's own life.

Conclusion 6:

In order to secure a future in freedom and prosperity, against a background of democracy and a market economy, we need a return to moral values beyond supply and demand.

It seems that we have all drawn on moral reserves for too long without worrying about their replenishment. For some time now, the social microcosm which surrounds us has been showing signs of collapse. In our cities, every second marriage ends in divorce. The prevailing reality in many schools is not the family but single parents. Egotism, self-realisation and the maximum development of one's own personality are today's realities and objectives. It seems only a question of time before our moral reserves will be permanently exhausted and with them the source from which our community is fed.

It is therefore imperative and of supreme importance for securing our future in freedom and prosperity that we should counter the individualistic and materialistic tendencies in our society with values which help the individual to find his way. The endowment of life with meaning and a return to old values are central tasks which we must tackle. And here our social circles, the family or the neighbourhood, the community or the firm-but particularly the Church, which is often closely connected with these circles-must play an essential role.

The world around us is becoming colder. We need warmth, for only warmth produces responsibility, solidarity and a sense of public spirit. To return to Walter Eucken, we must become aware again that "striving for the implementation of economic precepts is only one side of the competition order. The other side consists of trying at the same to achieve the will for a social and ethical order. This linkage is its greatest strength." At the moment, this linkage (or to be precise, the lack thereof) is its greatest weakness. For the sake of freedom and prosperity, we are all called upon to summon all our energy to remedy this situation.

The founding fathers of the Social Market Economy always had more than just pure economics in mind. They always viewed economics as just one part of a larger social reality which it was their task to shape. And they gave their ideas a secure foundation outside the field of economics-in moral values "beyond supply and demand" – the title of a book by Wilhelm Röpke, written in 1958. By doing this they were able to balance the laws of economics with the dignity of mankind.

In this current time of disorientation, we should remember this principle and should use it as a guide to take us into a humane economic system in the 21st century.