

Public register: a populist tool to control the citizen

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Abstract

The so-called Beneficial Ownership Register turns over a new page in the book of control and surveillance mechanisms. It is a further piece in a puzzle where privacy, in general, and financial privacy, in particular, is constantly being eroded. This trend against the private sphere, which is a fundamental human right, requires a high level of awareness from trustees in order to help wealthy families navigate their wealth and values through this challenging era.

perhaps all proven to be inefficient to such an extent that further surveillance and control mechanisms are required? Or, what might be the real motivation behind all these control and surveillance measures that are installed under the pretext of increased transparency? In order to find an answer to this, let us first take a closer look at the term *transparency*.

Transparency depraves to an unsubstantial buzzword

The term ‘transparency’ is completely misused

Under the pretext of ‘fighting crime’ and in the name of so-called (however undefined!) ‘public interest’ claims, the term transparency depraves to an unsubstantial buzzword. Thus, transparency is misapplied to political measures of any kind, such as lately to the so-called Beneficial Ownership Register, which is embedded in the Fourth EU Anti Money Laundering Directive that will soon be launched throughout the European Union (EU). Considering this new measure, the question arises why such a Beneficial Ownership Register is needed at all? With Interpol, Schengen, Financial Intelligence Units, FATCA, the Automatic Exchange of Information, etc—to name only a few—various measures have been installed over the years in order to fight against criminal or unfair schemes. Have these measures

The term *transparency* actually originates from physics, where *transparency* is described as the capacity to allow electromagnetic waves to permeate matter; the term is particularly used in optical science, for instance, in connection with glass. Glass is optically transparent and one can look through it. This fact is seized by the promoters of financial transparency. They argue that the connotation of the ‘look through’ principle is a necessity for the *prosecution* of crime; but interestingly enough, not necessarily, a necessity for the *prevention* of crime! So, on the one hand, the public gets threatened by vague scenarios of terrorism and on the other hand, envy is fomented throughout society by exposing real (or assumed!) wealth and income. Witch-hunts are organized against the so-called ‘wealthy’ by claiming that they do not adequately contribute to society. And the fact that the accumulation of wealth can be very beneficial for the whole society—for instance, by being philanthropic, by creating jobs, or by initiating new businesses to the

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benefit of suppliers, which yet again creates new jobs—is completely ignored. Could it perhaps be that this excessive pursuit of an all-encompassing transparency is in fact driven by a strong urge to extend control over a citizen's private property in order to extend the room for political manoeuvres and to prepare a misappropriation of private wealth in order to cover public overspending?

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The path to a centrally planned economy

If one hears the opinions of many leading economists, politicians, the financial press, and monetary authorities, the impression emerges that Western industrialized nations are moving more and more towards the concepts of a centrally planned economy; concepts in which it is assumed that economic growth and public well-being can be achieved through monetary policy, regulations, or an over-sophisticated tax system, rather than through entrepreneurial achievements. These concepts, however, completely ignore that entrepreneurial achievements are the driving force for economic growth and social progress and that they, therefore, should not be curbed by directive measures.

Transparency degenerates to voyeurism with the obvious objective to achieve a mediocre equality. The present strive for social equality is in its consequence linked to a significant loss of individual privacy. The abolition of individual privacy is justified by the claim of 'total financial transparency'. Citizens are put under general suspicion and a scheme is devised that is completely incompatible with the principles of the rule of law or democratic systems. The entire inequality discussion is held under the noble pretext of fighting poverty. But in the end, equality is given preference at the expense of individual freedom, self-responsibility, and privacy. The only ones who

will really profit will be a small nomenclature of persons who will direct the economy and the people; and criminals who will get all the necessary information on their targets 'free of charge'. As the final consequence, this will not only lead to a planned economy but even worse to a planned and controlled citizen. Public Registers are proof for this trend and the more the private sphere is encroached upon via surveillance mechanisms, the easier it is for institutions, organizations, and individuals to get their hands on that private wealth. This is an objective of almost all political parties and a common ground of the so-called democratic parties of the centre and the radicals of the right and the left front. For populist reasons all these groups are advocating the erosion and limitation of property rights through excessive regulation and taxation. But worst of all, exaggerated transparency will damage private property even more through creating envy and supporting criminals.

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One should bear in mind: inequality is beneficial

The two greatest achievements of Western societies are individual freedom and self-responsibility. Both terms can also be attributed to the US Declaration of Independence dated 1776, in which the founding fathers clearly defined life, liberty, and the pursuit of happiness as mankind's goods that are worth protecting.

Individual freedom has led to creativity and independent thinking and has laid the cornerstone for scientific, technical, and social developments. The outcome of these developments is that people nowadays live longer and healthier and that a large majority of society has overcome extreme poverty. Self-responsibility has strengthened the awareness that

each and every one is responsible for his or her own well-being and has freedom of choice. Individual freedom and self-responsibility have further promoted an understanding that care shall be taken of people, who have fallen into misery for different reasons. Of course, the freedom of choice has also resulted in inequality; whereupon it needs to be emphasized that it has resulted in a beneficial inequality. Because only a freedom of choice allows each and every individual to decide independently how much effort, work, or risk they are willing to incur, and what their personal preferences and objectives really are.

Poverty can only be fought by a prospering economy. And it is proven empirically that property rights are the main basis for a healthy, sustainable economic situation, and social cohesion.

What does this mean for a trustee?

As trustees we need to be aware of this trend towards an excessive transparency. A trustee's duty is to protect and preserve wealth for many generations to come. Families, who have made enormous entrepreneurial efforts over generations, will only be able to continue with these efforts and use their wealth the way they deem it correct, if freedom of choice

prevails. Looking back at history it becomes obvious that individual freedom and self-responsibility have always been the driving forces for the development of successful societies. It is exactly the autonomy of decision that is beneficial to the economy; but certainly not centralized planning.

Trustees should get more actively involved in political and social debates

A trustee should discuss all these macroeconomic, social, and political developments with his clients in order to help them navigate their families, their wealth, and their values through this challenging era. It is a demanding challenge, but no one must be afraid of addressing it. Furthermore, trustees should get more actively involved in political and social debates. Trustees should in fact argue more effectively for:

- the importance of private wealth for society;
- the necessity of property rights and the freedom of choice;
- the positive effects that result from wealth that is preserved over generations; and
- and finally for the necessity of (financial) privacy as a fundamental human right.

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