



Episode 334- The Democracy Scam

Guest: Frank Karsten

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WOODS: Your book is called *Beyond Democracy*, and you've got this fairly 19th century style subtitle. 19th century subtitles, at least in the U.S., are always quite long. So this one is *Why Democracy Does not Lead to Solidarity, Prosperity, and Liberty, but to Social Conflict, Runaway Spending, and a Tyrannical Government*. That is one hefty proposition you are expecting people to accept. But you don't just expect them to accept it. You go through systematically and relentless through various false propositions people have been led to believe about government. Just looking at the table of contents, you know you are about to be smashed over the head. I do want to get into these details, but I want to ask you what is it that makes someone decide in the 21st century to sit down and write a book against basically the most commonly believed political idea in the world?

KARSTEN: Well, I was a proponent of democracy 15 years back, and I have just, you know, I have followed what the mantra side—what we are led to believe by the media and the politicians and the educational system that we owe our wealth and peace to democracy and our freedom, and it was actually never debated. There was never a book or an article critical of democracy, and then I learned about the ideas of libertarians and especially Hans-Hermann Hoppe with his book *Democracy: The God That Failed*. And it turned my ideas around, but a few years back, I thought up these myths. The book is built up around these certain myths, and I thought, well, there's not yet an accessible, concise book explaining the problems with democracy. It is different from the book by Hans-Hermann Hoppe, and we are very much indebted to what he wrote, and it's a very good book, but it's a collection of academic essays. So it's quite different, and it touches on different subjects, too. So I thought it was lacking Internet the libertarian library.

WOODS: I am looking here at the 13 myths, and they are indeed propositions that virtually everyone believes.

KARSTEN: Exactly.

WOODS: And so I'd like to go through what you consider to be maybe the most widespread or the most poisonous among these. In fact, you know what? I would like you to do that, but on the other hand, I am the host, and I have a couple I want you to talk about first.

KARSTEN: Sure.

WOODS: First of all, democracy is indispensable to a sense of community is something that I think we get from progressives a lot, that democracy brings us together as we come together and decide in the public square how our common life is to be lived. When they explain it that way, it does for just a brief moment have a superficial plausibility, that we're all coming out of our private concerns, gathering together, and making decisions publicly about our common life. Why is that a myth?

KARSTEN: Well, it is a myth because it's not the only thing that brings us together, and it brings us together for different reasons or for the wrong reasons because it's at least a social conflict. Because in a democracy, winner takes all, and you see that during elections especially like the Republicans just like the Democrats and stuff. You never have democracy because if you've just got the 51%, you can tell the other 49% what to do. So it actually leads to social conflict instead of a sense of community, but of course, if it won't do that, then there are so many other things that gives us a sense of community like our shared hobbies and the things we do on Facebook and social media, so it is certainly not necessary for a sense of community.

WOODS: I think a helpful analogy is—and I think you've got it here in the book—is to help people understand this point by thinking about what it would be like if certain decisions that we make on a daily basis were made democratically, like what food to eat or what kind of house to have or how many children to have—these sorts of decisions, or decisions that you make in the marketplace in particular, what kind of job.

KARSTEN: Exactly.

WOODS: If that were decided democratically, you would clearly see that plenty of people would be extremely unhappy because, far from all of us gathering together and making common decisions, what would really be happening would be some people would be making the decisions and other people would be living with the consequences of them.

KARSTEN: Yes, indeed, it is actually a very bad deal. You get negligible influence on the outcome of the decision and exchange, the others get to tell you what to do. So if we do that with buying our food or stuff, people would immediately see it's a ridiculous proposition, but somehow they don't see that when we discuss healthcare or when our educational system is decided democratically or insurances like Obamacare or pensions, and they have gotten used to this, and I think this is normal. But we don't use democracy in so many aspects our lives like science and the family and corporations and it works very well. It's a very peaceful way of designing things because we don't interfere with each other's decisions and money.

WOODS: Related to this point are two of your other myths that people rule in a democracy and people get what they want in a democracy. I think here there is a fundamental equivocation when it comes to the word people.

KARSTEN: Well, yes, first, people think that in a democracy somehow people have one idea about how to rule the country—something like the people against the government—but it's, of course, not true. There are 300 million opinions on how to do things in the United States, and so there is not one people that wants something. So that is a problem. We all want different things, and often opposing things. So that creates a problem, and even if we would all want the same thing like better education, we don't get what we want if we voted for it because when we do so, we give the government a monopoly on health care or an education, and then you get the equivalent of a Soviet Union-run sector with all its problems. So even if we would like to have the same things, we still don't get it.

WOODS: All right, take us through one or two more of what you consider to be the fundamental, most critical, and most damaging myths that people believe with regard to democracy, and of course, for people listening, we will get to what do you recommend instead? Of course, we're going to get to that, but we have to clear these away first.

KARSTEN: Yes, well, I think it would be very hard for me to pick one, but I think one of the main myths is that it is equated with liberty, which is completely the opposite of what it is, of course. Liberty is individual liberty and not the majority telling you what to do and how to spend your money. So that is quite a problem to tell people because they have such ingrained—such deep beliefs regarding this, but we're in the forefront of this anti-democratic movement I think in the world, and the cracks are beginning to show, luckily. So, yes, it is not liberty. It is actually a threat to liberty, because the amount of regulation in the United States, for instance, considered by many the land of the free, which is ridiculous, I think, the amount of regulation has increased 200-fold in the last 200 years. They tried to micromanage the life of the individual. They mess with what we do and what we eat or what we say or our healthcare or whatever or how we raise our children. There's no limits to what democracy can tell us what to do or not to do. So, yes, there are many myths indeed.

WOODS: Let me play devil's advocate here. Let's think back to the major European states after the Congress of Vienna, and the 15 years or so after that when there is a conservative reaction, would I have been able to read anything I wanted to in these states? Would I have been able to write anything I wanted to? Would they have tried to stamp out the very phenomenon that you and I are taking part in right now, a podcast with no restrictions on it? Wouldn't you say that clearly in major ways, yes, it's true that the code of federal regulation is huge, and there are many regulations on economic activity, but in major ways we are freer today in these democratic societies than we were in non-democratic ones two centuries ago?

KARSTEN: Well, I am not a historian, but—and it's also very difficult to say. It depends, of course, on what freedoms you value most. If you were a homosexual you probably rather would be living in current times, but if you value low taxes, you would rather live in different times. I am quite an optimist about the situation in the world, but I would say it's difficult to say whether we are freer now than then because it's also a matter of personal judgment. But I wouldn't be able to say so, no.

WOODS: Now, you say here in your section part two—“The Crisis of Democracy.” And you say, “the results are in.” I think if most people looked at the results of democracy, they would be quite pleased. They would believe that people, for example, in the United States are no longer subject to various forms of discrimination. They would say that the owners of private property have fewer rights, but that’s a good thing because now other people can enjoy more liberty. I think people would say that democracy has yielded a welfare state that has saved people from the most degrading forms of material poverty. They would say the results are pretty good.

KARSTEN: I can imagine so. Of course, they see the results, but they don’t see the costs. They don’t see their own high taxes because most of the taxes are raised stealthily by the government. So they cannot make a clear cost analysis. But also, I think there are many negative side effects. For instance, the welfare state—it creates more dependency. It demolishes the family and the sense of community. It creates people who are very much dependent on the state, and it creates moral relativism. So I don’t think that’s a good thing. It’s also based on money stolen from people who didn’t want to spend it on welfare. But yes, they might think so, and if they want to have a society that is based on their ideas, they are free to do so, but please leave me out of it, I would say. And, well, they want to include me and you and others that disagree with them to follow the rules that they make up, and I find that a problem, yes.

WOODS: Unpack this idea that it encourages moral relativism. That will be interesting to some of my listeners.

KARSTEN: Well, in the past times without a welfare state, you had to behave well towards your employer, towards your family, friends, and your neighbors. Otherwise, in times of need, you wouldn’t get the support from them, but nowadays, you can solve them. You don’t have to show up for work, or whatever, and the government will say, well, you offended everyone, and you can be lazy and you can be irresponsible, but we give you money instead. We give you money anyway, so that creates—that is a moral hazard, of course. And so it creates moral relativism. You don’t have to behave well anymore because of the welfare state.

WOODS: Tell us about the trends that we’ve seen during the democratic age in terms of taxation, government spending, government employment—indicators like that.

KARSTEN: Well, regulation has gone up 200-fold, like I said, and that’s the same in other European countries. Another thing is the welfare state has increased from 30 years back about 28% of people living on some kind of government benefits to about 50% now in the United States. Another thing is interesting, too, is that 100 years back, the level of taxation was about 12% of GDP on average in the Western democracies, and now it’s around 50%. So you have to work for the government half a year, in every year. So another—a very important thing I think is that decline in economic growth. For the last 50 years, and we still live in the results of that, the economic growth as a percentage of GDP has decreased from 6.5% in the 1960s to 1.4% in the zeros, and now we don’t even reach that. And, of course, that is very explainable.

I am not saying that these statistics are provable or whatever, but they are certainly a strong indication that the enormous redistribution machine that democracy is doesn't lead to more productivity, for instance, or people willing to invest in risky business. So these are very convincing trends, I think. These are long-term trends, and very few people know of this. I think they relate with the principles and the dynamics of democracy. Everybody is trying to live at the expense of others, for instance. That's one dynamic. I compare democracy often with going out for dinner with 100 people and deciding up front that you will share the bill evenly, and of course, everybody has a very strong incentive to order that dessert of \$10 because you're only going to pay \$0.10 for it, but the problem is everybody shares the same incentive, so the essential tab will be enormous, and individually, you can do very little about it.

WOODS: Let me read you a sentence from *Beyond Democracy* just to get your comment because this one jumped right off the page at me: "Voting is the illusion of influence in exchange for the loss of freedom."

KARSTEN: Yes.

WOODS: What do you mean by that? Because that would shock the average person to hear something like that said.

KARSTEN: Well, I like to shock people.

WOODS: Oh, you don't say.

KARSTEN: Well, I was shocked by these ideas too, and 50 years ago when somebody would say, well, I am not in favor of democracy, I would think, oh, he doesn't look like a fascist. Or he doesn't look like an elitist—probably he's an elitist then, maybe. So people can probably—me in the same way and wrongly so—but if you vote, you have a negligible influence on the outcome of the decision, and in return, you get—other people can tell you what to do with your money, and this is a very bad deal, but it's considered the best thing since sliced bread, which is remarkable. If we were to decide democratically what kind of bread the baker should bake, then of course, the people who like whole wheat bread would really see the other people as their enemies, and we would have demonstrations in the streets because everybody would know that, well, if I lose, then I get to eat the other bread or something. It's a ridiculous system, and so, yes, it seems the people who stand in the voting booth—they think they have some influence somehow, but they don't know the statistics of it probably, and so they have—it doesn't make sense to vote because whether you vote or not, the result is exactly the same. The chances of your vote making a difference are so extremely small that it's better to, you know, to spend your time more wisely like having a beer or something.

WOODS: Right, and of course, there's a whole lot of very valuable public choice analysis about all of this, because when I go out to buy a car, I know that that decision will have an immediate impact on me because I will get the precise car that I buy, but when I go out to cast a vote, well, I may not get what I am voting for, and even if my candidate does win, well, I don't know what

he's going to do when he winds up getting in. It might be the opposite of what he says. So in other words, what I do in that voting booth doesn't really dictate the future for me. Whereas what I do at the automobile dealership does have an immediate, specific, expected outcome. So I am going to research that car. I am going to find out everything I can about it. Whereas politicians, well, I might like the colors on his sign or think that he wears a nice suit or he looks presidential. He looks like he's out of central casting from Hollywood, and I vote for him on that basis. We make political decisions on frivolous ground that we would never use to decide which car to buy or major life decisions.

KARSTEN: Yes, indeed, Michael Huemer, the libertarian philosopher, had a good TED talk about this why people are so irrational about politics because it's not really a choice that affects them directly. It's more like a vague preference you have, and you get something completely different. So it doesn't matter whether you like Obama because he's black or because he smiles nicely or whatever, and so people are very irrational as voters, but generally, quite rational as consumers.

WOODS: All right, so now let's get to the million-dollar question. What else is there? We know there are problems with democracy, but if you look at the actually existing societies today, there are very few places you'd want to live that aren't democracies in this sense. I know I am going to get emails from people saying the United States is a republic, not a democracy. I am talking about how it operates now. There is nowhere you'd want to live that isn't a democracy, so do you have some pie-in-the-sky alternative, and if so, if it's a pie-in-the-sky alternative, then it's a nice philosopher's argument, but it's not relevant to our lives.

KARSTEN: Well, first I must say that democracy once was a pie-in-the-sky too.

WOODS: Good point.

KARSTEN: And, well, what's the alternative. I find it very difficult for people to explain it. Of course, most people have never heard of it. So it's pretty much similar to explaining how spontaneous order works or how the market works. Or compare it to one experience I had when I was first introduced to the Internet, and my first reaction was, hmm, whose company is behind this? So that's the difficulty I am confronted with. But actually it's not so difficult because many decisions of people are made outside of the realm of democracy. We don't decide collectively what we buy. Science, and the family, and companies are not run democratically. But I am in favor of not voting with your pencil—what we do in a democracy—but to vote with your feet—what we do in the markets. And the one, voting, is a vague preference, like I said, and voting with your feet you can do 24/7, and it's a clear choice and pretty much you get what you want, and you don't interfere with others, which is very good.

Nowadays we have 200 countries for 7 billion people. That is far too few. I would propose to have many more, like 2,000 or 3,000. And the market for governmental service that I propose would decide on how many countries there should be, and the market discipline would decide what works best. It can be anything between authoritarian rule, like in Dubai, or the direct

democracy in Switzerland, and both seem to work pretty well nowadays, and it can be—there can be still participation. I am not saying that participation is wrong, and I am not saying what I think is perfect. Maybe I know what is perfect for me, but I don't know what is perfect for others. So there is still probably participation to some extent, but it doesn't necessarily mean one man, one vote, and it would neither mean that every vote would carry the same weight. So, yeah, we could have many micro-nations, and we would have decentralization, and for this market of governmental services we would need secession and special economic zones and charter cities and seasteading to create new political experiments, and when people vote with their feet, they are considered customers instead of voters that can only say something every four years. So I think it will bring out the best in rulers. I am not in favor of rulers, but people who provide these services like defense and security and policing and stuff. Does it make any sense to you? Like I said, it's difficult to explain to people.

WOODS: It does make sense to me, and I actually want to push you a little bit further in the radical direction I think you want to go by saying that I think Hoppe would say that what you're describing, of course, is what he also would like to see, but it's an unstable equilibrium because as long as the state exists in any form, it has incentives to expand again. One of Hoppe's theses in his work is that the irony is that the more liberal a state is in the European sense of classical liberalism—libertarian—the more libertarian a state is, the wealthier it becomes, the higher its tax revenues because the society is wealthy, the more resources the government now has, and therefore, the more incentive it has to become aggressive and expansionist, and so likewise, the best places that you're describing would have a tendency for this dynamic to unfold, and then we're back to where we are now. So it's an unstable position.

KARSTEN: Yes. I think I agree with Hoppe in this regard, yes, and, but we don't have to expect anything good as libertarians or liberty-minded people from the democratic process because we'll never get a libertarian in office, and even if he's in office, the dynamics of governments are corrupting. So I think it's very important for liberty-minded people to do away with the idea of democracy—to undermine its legitimacy and its usefulness, and while you had a talk—you had an episode on secession, and I think it's very important to think of secession instead of political action.

WOODS: Well, of course, I do, too, but I am very much in the minority, which is why I don't like being ruled by a majority. That's the problem. How can people get *Beyond Democracy*? Of course, they can get it on Amazon, I know that, and I will be linking to it on the show notes page. You are episode 334. So it's TomWoods.com/334. I will link to it there, but is there a website for it, and do you have a personal website? What do you want to link people to?

KARSTEN: Well, mostly at BeyondDemocracy.net, they can see that it's available in 16 languages and counting. The Chinese and Slovenian edition are in preparation now, and I am very optimistic about that. I am very pleased with it. So yes, *Beyond Democracy*, and there are links to various Amazon sites, and it's a very inexpensive book. You can get an e-version for

\$2.50 or \$3.00, and the paperback is \$10.00 or something. So it's very inexpensive, and I think it's a very good idea as a gift to annoy anyone.