

Chapter Title: Democracy

Book Title: The Political Theory of Conservative Economists

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Published by: University Press of Kansas. (1990)

Stable URL: <https://www.jstor.org/stable/j.ctv1p2gktw.8>

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Chapter Five

Democracy

Poverty is the cause of the defects of democracy. That is the reason why measures should be taken to ensure a permanent level of prosperity. This is in the interest of all classes, including the prosperous themselves.

—Aristotle, *Politics*, bk. 6, chap. 5.

Democracy is one of the most used and abused ideas in the twentieth century. Since the end of World War II, virtually everyone has claimed to be a democrat and to be supporting, working toward, or preserving democracy. Denominations include liberal democracy, constitutional democracy, participatory democracy, direct democracy, representative democracy, economic democracy, social democracy, elite democracy, majoritarian democracy, mass democracy, limited democracy, and people's democracy; there are military juntas claiming to restore democracy and theorists attempting to curb democracy in the name of preserving it. Sometimes these terms overlap, and often they are incompatible, but there is still virtually universal agreement that democracy is good. All claims, however, cannot be equally correct. What then is democracy? Where does it apply? What conditions are necessary to have whatever we decide is democracy? What are obstacles to democracy? How theorists respond reveals much about their social-political-economic preferences and models.

The conservative economists agree about democracy. Democracy is acceptable, but democratic theory and practice do not meet the needs of a modern economic system. This economic censure focuses specifically on democratic politics, not economic democracy or demands to democratize the economy. It contends that democratic theory and practice must be radically altered to become compatible with a free economy. These theorists assert that contemporary democratic politics interferes with efficient operation of the economy

Parts of this chapter appeared in "Conservative Economist Critics of Democracy," *Social Science Journal* 21, 2, pp. 99–116, and are reprinted here with permission.

and that unless this trend is reversed by limiting government's economic role and reducing popular expectations, both democracy and the free economy upon which it depends are doomed. As with freedom and equality, the analysis of and prescription for democracy are based on supposedly empirical economic analysis but are actually a form of normative political theory prescribing major political and social goals and modifications. The assumptions in chapter 2 provide the basis for an attack on Keynesian and welfare economics and, through them, on liberal democracy. Democracy is condemned as a form of majoritarian excess with an inherent bias toward intervention and deficit spending. This critique is associated with a picture of democracy as a limited, procedural, and purely political phenomenon having no particular aims or superior values. This chapter examines the economists' theories of how democracy does and should operate, the implications for democratic theory and practice, and related policy proposals that illustrate the basic normative argument.

Economic-based criticism of democracy has a long history and is closely related to criticism of equality. The current attack reproduces many traditional charges: democracy undermines property and property rights; it engenders mob rule, instability, and demagogues; democracy is despotic imperialism where the masses impose their ignorance on the elite; the mass public cannot appreciate the complexities and long-range nature of economics; and political equality is separate and distinct from economic relations. Aristotle stated the essential criticism. Democracy meant rule by the poor—government for benefit of men without means. Though the best of the undesirable forms of government, democracy was unsatisfactory because it allowed the many to rule in their own interest, not the common good. Aristotle feared that democracy always included the danger of lawless mob rule, where, in the name of equality, the *demos* would use “their numerical superiority to make distribution of the property of the rich” or to confiscate “the property of the rich and less numerous.” Conversely, the majority was endangered by the rich attempting to despoil the people. The best system, his polity, combined elements of democracy and oligarchy. It limited the rival claims of both numbers or citizenship and wealth for preference in participation, giving a large role to the middle classes on the assumption that they had sufficiently broad interests to protect both property and wide, though not universal, participation. The good polity, however, protected property, even at the cost of limiting political participation.¹

Concern for the problems of mass participation was echoed by nineteenth- and twentieth-century economic theorists. Much of the current conservative criticism is similar to the arguments of Malthus, Spencer, and Sumner. Though authors such as Knut Wicksell, Anthony Downs, and Kenneth Arrow fall outside the framework of this book, they illustrate the contemporary theoretical context and background to the conservative criticism of democracy. Despite

Wicksell's (1851–1926) decidedly liberal political and social preferences, Buchanan repeatedly asserts that Wicksell inspired his work. He considers his discovery of Wicksell's 1896 thesis as “[o]ne of the most exciting intellectual moments in my career.” Though Wicksell did not employ these arguments to directly limit popular participation, Buchanan found in Wicksell an early statement of some of his most important views: politics and economics as exchange mechanisms; emphasis on the importance of rules in understanding policy outcomes; and concern for unanimity or near-unanimity in fiscal decision making.²

Downs accepts an individualistic perspective in analyzing how democracy operates, but he is not as overtly political as Buchanan, Friedman, and Hayek. Downs begins with a similar assumption—that people are self-interested and that their behavior is directed “primarily towards selfish ends.” Individual motivation is the key to understanding politics. As with Arrow, analysis starts with individual utility calculations. Democracy behaves like a political market in which parties compete for votes and candidates are rational utility maximizers whose primary purpose is election or reelection. This leads them to attempt to satisfy the largest number of voters possible—and voters to choose the party promising the most. However, in Downs's model, consistency and ideology limit political promises in a way absent from that of the conservatives.³

Arrow made the first systematic statement of public choice theory. He too assumes individual pursuit of self-interest. Arrow illustrates that when individuals have a set of rankings among alternatives; when social outcomes are positively correlated with individual preferences; when removing one alternative will not change the order of preferences; when citizens' choices are not limited so that a preference cannot effectively be expressed; and when no one is allowed to dictate a decision, then there will not be any one social decision that can satisfy or reflect all individual preference rankings. This calls the efficacy of majority decision making into question, because simply voting will not satisfy everyone's preferences—although if bargaining is allowed beforehand, more individual rankings may become congruent.⁴

Theorists such as Arrow and Downs are distinguished from Buchanan, Friedman, and Hayek because they are less explicitly and deliberately normative and political. Though their analyses provide the basis for questioning liberal democratic theory and assumptions and can lend themselves to the politically limiting arguments of the conservatives, they do not draw the political and policy conclusions made by the conservatives, for whom popular democracy is dangerous.

Democratic Subversion of the Economic Constitution

Conservative assumptions about self-interest, spontaneous order, the political market, and the inevitability of government inefficiency form the starting point

for a significant criticism of contemporary democracy. They are the basis for attacking Keynesian political economy and, through it, democratic values and practice.

Democracy is in trouble because it has abandoned traditional economic behavior and embraced Keynesian economics. These authors present both a political and economic criticism, each of which is essential to understanding their economic position. Buchanan, Wagner, and Tollison claim that under "The Old-Time Fiscal Religion," balanced budgets were the norm in the United States and Britain, and this "significantly limited the size of the state." This older discipline imposed fiscal restraints upon the natural "proclivities of ordinary politicians." The budgetary process produced surpluses in good times and deficits in bad times such as war, but these tended to balance. At all times the role of government was strictly limited. A balanced budget prevented excessive government spending and regulation. Governments could not collect sufficient taxes to meet all demands, nor could they shift payment onto the future, because an unwritten "fiscal constitution" prevented systematic deficit spending, ensuring limited government and limited extraction of resources from society.⁵

A balanced-budget rule formed the major part of this "fiscal constitution," defined as "a constitutional constraint . . . a fixed set of principles antecedent to and controlling the operating institutions of government." The fiscal constitution was superior to ordinary public policies, majority decisions, or temporary governments. Though it may have been unwritten,⁶ "it nevertheless had constitutional status" and "was an extra-legal rule or custom that grew up around the formal document," presumably like political parties or judicial review. The fiscal constitution regulated public spending and financial decisions and required that government spending be balanced by tax revenues, not borrowing. It was as fundamental as any political institution or rule.⁷

The use of constitutional language to refer to economic policy indicates that fiscal affairs are more primary than political rules and decisions. This language elevates the status of economics by contending that deficit spending is essentially unconstitutional, contrary to the rule of law, and perhaps subversive. Limitations on government economic power become essential to the restoration of the rule of law. Such limits are more important than mere statutes or temporary majorities and are justified by an appeal to a higher rule; the natural economic order. Because balanced budgets existed in the past, conservatives can point to their occurrence as a paradigmatic moment when people behaved properly, making it easier for them to demand, in the name of restoration, curbs on contemporary democracy. In this theory of history, democracies have been seduced to abandon the old fiscal religion and embrace an economic heresy congenial to the "inherent tendency"⁸ of democracy toward deficit spending and fiscal ruin.

The devil behind this seduction is, of course, the English economist John Maynard Keynes (1883–1946). He is condemned as the justifier of interventionist and welfare policy.⁹ Buchanan, Friedman, Hayek, and Wagner all assert that Keynesian theory “may represent a substantial disease”¹⁰ in democracy because it has released politicians from the limiting fiscal constitution. Keynesian economics is a dangerous construction, placing human will above the natural, spontaneous market process created by evolution. They claim that his macroeconomics and desire to reduce unemployment have taught democratic politicians that budget balance is undesirable and that interventionist government is necessary to save the economy from the disequilibria which the conservatives attribute to intervention. Buchanan and Wagner believe that Keynes “has turned the politicians loose . . . [and] destroyed the effective constraint on politicians’ ordinary appetites.” Politicians may now ignore all fiscal restraints on their natural propensity to spend and spend their way to reelection. With all spending restraint gone, such “Keynesians” as Lyndon Johnson and Richard Nixon could enlarge an already “bloated public sector.” Keynes is charged with elitism, concocting a corrupting political economy, undermining fiscal responsibility, and causing a “shift in paradigm” that has led to most current woes. These disorders include a “bloated” budget and public sector; inflation, which cannot be solved as long as we retain current democratic theory and practice and is a “clear and present danger to the free society”; and unconcern for the future.¹¹

This tendency is especially severe in democracies. Keynesian political economy supposedly requires elite or authoritarian government because democracies, unlike authoritarian systems, are uniquely susceptible to the lure of deficit spending. “[D]ebt is more dangerous for democracies.” It is “particularly insidious for democratically organized governments” because voters, taxpayers, and politicians have no collective image, no concern for their future selves. Instead, they want the quick fix—the easy answer which must inevitably lead to default.¹² According to Hayek, democracies cannot even create an adequate monetary system.¹³

Conditions would be better if Keynes’s ideas worked, but the conservatives contend that intervention and the provision of extensive welfare benefits are necessarily doomed to failure. Intervention in the market cannot work because it undermines economic freedom and the operation of natural, self-adjusting economic systems,¹⁴ decreases total wealth in society, and assumes that governments can successfully intervene in economic affairs. Government can do nothing to “permanently stimulate employment,” and its efforts usually go wrong. The result of heeding popular demands for intervention is to grievously weaken political democracy and the economy.¹⁵ Why? Because Keynesian intervention is incompatible with spontaneous order and is a major ob-

stacle to realization of democracy. Either intervention or democracy must give way. Although it is obvious to the conservative theorists that Keynesian and welfare economics must be eliminated, democracy does not fare well either, because of the claim that democratic institutions hinder the efficiency and rationality of the natural economic order.

The Critique of Democracy, Briefly Stated

Who will benefit from which public policies—i.e., the issue of distribution—lies at the heart of the debate over democracy and economics. Given their assumptions about freedom and the nature of markets, critics such as Friedman, Hayek, Buchanan, and Brittan have framed their questions so as to indict democratic politics for modern economic problems. In shifting from economic assumptions to political prescription, their position is simple: “[T]here is a fundamental flaw in the Constitution of the United States and of other constitutional democracies.”¹⁶ In answer to the question “whether there is something self-destructive about the process of political democracy”¹⁷ in the area of economic policy, these authors say yes.

Contemporary democracy is the major obstacle to democratic government. The conservatives present a picture of democratic man similar to Plato’s: blind, ignorant appetite rules. Citizens demand more than, in the nature of things, government can supply. “Excessive expectations”—anything that is outside their market, such as demands for security, welfare, protection, reduced pollution, readily available medical care, publicly funded retirement systems—are at fault. People in democracies are peculiarly prone to short-term thinking because they find it difficult to employ cost-benefit analysis and want only the benefits. Ordinary democratic politics is too weak to control fiscally damaging demands without constitutional props. Unrestrained democracy cannot resist special-interest claims or apply a balanced budget over a period of years, because it attempts to satisfy majority and group demands which, given human nature and the political market, can never be satisfied.

Budget deficits are the natural result of democratic politics. They grow unmanageable, undermine investment, cause inflation, and destroy a productive economy. As a result, the money supply is manipulated by electoral politics, special interests rule, and the danger of major tyranny grows. Too much of a redistributive burden is placed upon government because democracy requires prior agreement on a nonpolitical method of distribution. If politics decides who gets what, its decisions are always arbitrary and disputable, leading to renewed and unending distributive conflict.¹⁸ A dangerous dilemma remains. Democratic man must be disciplined, or the economic system will col-

lapse in an orgy of disastrous intervention, destroying in turn the freedom necessary to democracy.¹⁹

Both the public and the government are unwilling to accept the economic system as natural and settle for less in the short run with the promise that the spontaneous economic order will produce more in the long run. Politicians naturally wish to remain in office and so attempt to meet demands regardless of eventual consequences. Thus “the temptations to encourage false expectations among the electorate become overwhelming to politicians.” This is inevitable, given the political market and its “inherent and fundamental” bias toward meeting demands, the “lack” of fiscal restraints, and “governments [that] are collectivities of utility maximizers” who do not represent any mythical collective or common interest. These economists assume that each official bargains and trades, based on pure self-interest, to improve his or her position, regardless of long-term effects. They doubt “that government can be safely trusted to operate in the public interest . . . on the contrary, it must be expected to be generally engaged in operating against the long-term interest by serving its short-term political advantage.”²⁰ As a group, these authors do not discuss role playing, the constitutional position of counterelites, or the limiting impact of values. Instead, they assume that each official maximizes personal utility—reelection—by tempting uncomprehending and greedy voters with promises of more and better fiscal goodies plundered from the creative minority. This behavior corrupts democracy, undermines freedom, and violates the rule of law, creating a bias toward intervention, deficits,²¹ and inflation because only deficits can finance intervention without raising taxes and deficits are the major cause of inflation. The electorate comes “to expect too much from government action at too little cost,” expectations fed in large part by “competitive vote-bidding.”²²

The economic theorists usually speak of politicians and the government as general, undifferentiated terms. On the rare occasions when they mention parties or party competition, they assume that the self-seeking and shortsightedness that characterize individuals typifies group behavior. Indeed, parties are no more than aggregates of self-seeking individuals who have no corporate identity except their shared loyalty to advancing self-interest.²³ Unlike its efficacy in the economic market, competition in politics is disastrous. Parties compete for support, each attempting to become the monopoly supplier of public goods, and the winner is the one who makes the most extravagant promises. Ideological differences mean nothing.²⁴ Such buying of votes and support is an inevitable result of elections.²⁵

As with many traditional conservatives, universal suffrage, while accepted in principle, is seen as part of the problem. Majority voting leads to “overexpansion” in such areas as the social insurance budget.²⁶ “[T]hose with the lowest

incomes use the political process to increase their income” through coercive redistribution. Universal suffrage thus “increases the number and proportion of voters who favor redistribution.”²⁷ This a priori argument, so reminiscent of Aristotle, appears plausible but has little connection to reality. The poor tend neither to vote nor to participate politically in any other way. In the United States, for example, the poor are the most politically alienated, voting less than any other group.²⁸

As these economists see it, part of the problem is that the United States has changed from a pattern of liberal democracy, where the duties of government were strictly limited by a fiscal constitution and a confined notion of the rule of law, to corrupt, undisciplined majoritarian democracy. Democratic majorities readily transgress any limits, claim exclusive power to define what is right, ignore the rule of law, and modify constitutions at will. Democracy degenerates into a search for pure equality that refuses to recognize economic differences. According to Buchanan, contemporary politicians believe that it is legitimate to implement any policy “so long as ‘democratic’ procedures prevail.” To Hayek, democratic majorities reject all limits, claiming the right to settle issues howsoever they please. They insist “that whatever they desire is just,” yet the thirst for unattainable “social justice” leads to greater and greater abuses of power. Buchanan claims that except for “procedural guarantees,” majorities have come to believe they can do as they please and that this is the “essence of ‘democracy.’” To Brittan, contemporary majorities believe that they have a right to impose their will and are limited only “by the fears of physical resistance or a collapse of business confidence.”²⁹

Though his criticism is based less on economics per se than the others, Hayek best summarizes this position. Separation of powers has broken down. Legislatures no longer pass general rules equally applicable to all regardless of status or position but claim unlimited power to govern and change the rules of governing. Modern governments and the temporary majorities that support them decide limits to their own power. Unconstrained by acceptable constitutional rules, they literally are lawless. Without recognized limits, coercion, compulsion, and political pressure are seen as cheap ways to force (largely wealthy) minorities into conformity, shifting economic burdens to the creative and productive few. Inevitably governments serve special interests.³⁰

These majorities, however, are not real majorities—majority rule being impossible—but are shifting coalitions of minorities in temporary alliance. Group politics are the *bête noire* of conservative criticism. Fear that legislatures will focus on special or partial interests dates to at least Adam Smith, Edmund Burke, and James Madison and was part of Aristotle’s and Cicero’s concern over democracy. Interest group selfishness helps explain why the older fiscal

constitution has been abandoned. Though Hayek believes that the barriers to “arbitrary use of power” were breached for “benevolent” reasons, efforts to help the less well off inevitably create conditions for the exercise of unlimited, arbitrary power by temporary coalitions of coercive groups. Friedman charges that efforts “to promote” the public good inevitably lead to promotion of “special interests.”³¹

Unlike those political scientists who consider competing groups to be a democratic, stabilizing factor, most of these economists believe that “the group pursuit of self-interest may be inherently unstable” in contrast to individual pursuit of self-interest.³² Self-interested individuals, acting rationally, produce market competition while groups—usually labor unions or welfare seekers—pursuing the politics of compromise, accommodation, and intervention destroy competition. Indeed, government regulation, which always promotes monopoly and transfers wealth to groups able to influence government, results almost exclusively from lobbying against the public interest. The greater the omnipotence claimed by democratic government, the more groups will organize for both protection and plunder, and the more government will be forced to *buy* their support. Legislative majorities *must* meet sectional demands or be replaced by other, more compliant temporary coalitions.³³

This situation flows from the inferiority of the political market to the real, economic market. A market model explains both democracy and its problems for these theorists. The economic market is supposedly responsive and responsible to individuals; it is competitive, free from coercive power, and allows little or no manipulation and no real monopoly. Individuals are free to enter or leave at any time, free to accept or reject any transaction, with few or no restraints. The “democratic political marketplace,” however, is characterized by coercive “near monopoly of power,” limited choice, and the necessity for losers to accept what winners want. Unlike the economic market, choice is severely limited, and the political market cannot provide different services or policies to meet individual needs. Centralization forces the same products on everyone. If government could meet separate needs, that would give public officials dangerous discretionary power. The nature of politics as a zero-sum game encourages further group competition and exacerbates the democratic dilemma.³⁴

Not only is the economic market superior in general terms, some authors claim it is necessary, in a causative sense, to freedom and political democracy. Democracy requires that people have free and complete control over private property, with this autonomy in turn limiting government. Any invasion of private property rights or market freedom upsets the equilibrium within which individuals find room to attempt to develop and compete. Once upset, this equilibrium must be restored by limiting government power to intervene in

economic relations, or both the market and democracy will be destroyed. The choice is simple: capitalism and democracy or socialism and tyranny. A mixed or nonmarket society cannot be democratic and free.³⁵

The conservatives also claim that the market is the real realm of democracy, superior in every way to political democracy.³⁶ The market's "ballot" is preferable to the political "ballot" because it leaves more room for individual choice and freedom. This makes the market more democratic than the political system. Friedman claims that "the economic market is a more effective means for achieving political democracy than is a political market." As a voluntary alternative to inefficient coercion, it gives people exactly what they wish. It permits "unanimity without conformity . . . proportional representation."³⁷ Thus proportional representation is not applicable to politics, and its superiority in the economic market condemns politics.

Other conservative economists also see the market as both free and democratic in a way that politics can never be. For Gilder, it is "ultimate democracy." Hutt says that its inegalitarian aspect is a virtue. In the market, each person's dollar is treated as the equal of any other person's dollar, ensuring that those who are valued most by others will have the most votes. To the extent that there are restraints in the economic market, they limit the ability of one person or group to coerce another and are natural in that they are "imposed under the 'democratic' form . . . [i.e.,] consumers' sovereignty."³⁸ Equal formal access to the market guarantees that market relations are voluntary, entered willingly and consciously. This turns the market into the true realm of consensual, non-coercive relations, whereas politics and the so-called political market remain the realm of nonconsent and coercion.

The political market, which emphasizes once and for all (for a particular time period) elections, does not fit with the conservatives' previous picture of interest-group activity within democracy. The economists correctly imply that democratic politics is a continuing process of conflict and accommodation, a process much closer to their view of an economic market than they will admit. Yet they reduce the "political market" to zero-sum elections where the individual has little voice, choice, or role. The concept of a political market leaves no room for consensus building, the nonrational and irrational in politics, or the educational role of participation in democratic politics. It denies the place of manipulation and limited choice in economics. Everything is reduced to a simple exchange, and these exchanges are not intrinsically better in a democratic system than in a dictatorship. In both they are made for selfish, individual purposes. There is no moral difference between types of exchanges unless they involve redistribution or intervention. Unfortunately, it is not clear why these are significantly different from other exchanges. By reducing democracy to an exchange procedure—one which, by their evidence, usually

involves selfishness and corruption—democracy is stripped of any significant moral content and of its traditional claims to moral superiority over other forms of government. All that distinguishes democracy from dictatorship in this model is democracy's allowance for "peaceful change of government," and given the economic problems peculiar to democracy, that is temporary and precious little.³⁹ If democracy is justified only as a procedure for peaceful change of government, does not hereditary monarchy receive superior justification on the same grounds?

The Economists' Picture of Democracy

The economic theorists never quite explain what democracy is, but they claim that excessive popular demands and participation coupled with Keynesianism undermine and pervert democracy. The same critique is repeated over and over with little variation. Current democracy is described as mass man seeking through coercion his own immediate self-interest. The massively selfish and ill-informed electorate demands the impossible, producing a built-in, inherent bias toward intervention, deficits, and inflation. Budget surpluses are virtually an accident. They can develop on a regular basis only with conscious decisions to raise taxes and/or lower spending, but such decisions alienate some voters and are difficult to make. Democratic politicians decide policy only according to what they can gain from a choice in terms of voter support.

This is a picture of pure majoritarianism drawn from Rousseau's dreams and Calhoun's nightmares. It contains every charge made against popular government since Plato. Majorities refuse to be guided by fundamental law. They decide what is just and what is law. Regulation, welfare, and intervention are solely in response to lobbying by special interests against the public.⁴⁰ These theorists share none of the pluralists' image of government as a balance between competing claims; nor Galbraith's image of it as a counterweight to private power; nor Keynes's premise that government intervenes to promote the stability of capitalism. Rather, the political market and human nature make such hopes futile. Under democracy, intervention aids only special interests. Nothing accrues to the general advantage. There can be no long-term improvement.⁴¹ Welfare policy, redistribution, and intervention simply take from one group and give to another, and in general, the recipients have no legitimate claim to the wealth confiscated from productive individuals.

The conservative critics agree about how democracy should operate. They do not repudiate democracy, as traditional property-rights theorists often did. Instead, they redefine, modify, and limit democratic theory and practice. Democracy has neither goals nor purposes,⁴² except peaceful change of governors.

Conservative democracy is a procedural and instrumental means—confined to voting or choosing from a limited number of alternatives—for majorities to select governors and affect the general direction of public policy. Claiming that it has another aim or purpose indicates a belief that there is a truth superior to individuals, which may be legitimately enforced by coercion. Democracy is functioning badly because of mad attempts to give it positive content.⁴³ As a procedure, it is limited to politics, and these authors consider it perverse to attempt to expand democracy to other areas.⁴⁴ Because pluralism and interest-group politics lead to fragmentation and government involvement in the economy, the conservative economists favor a democracy similar to Joseph Schumpeter's, which would limit popular input and the range of political decisions. Thus democracy is legitimate if it is not too responsive to popular economic demands. Its survival depends upon an unrestrained market. To intervene in the name of democracy, as suggested by Keynes, Thurow, or Galbraith, undermines the underlying economic reality necessary for a successful democracy—market freedom.

Proposed Solutions

There are two essential criticisms made by these authors. Intervention subverts economic efficiency and freedom. Contemporary democracy encourages intervention. What is to be done in the midst of this fiscal and moral⁴⁵ decay? Like an errant child, democracy must be disciplined—i.e., made to conform to correct economic theory—if it is to be saved. Since democratic man is incapable of controlling himself, he needs a guide and limits: a return to pre-Keynesian public policy. How? Through a “constitutional revolution” . . . to preserve liberal democracy.” We must rescue “the true ideal” of democracy and “protect democracy against itself,” through “modification of the institutional structure” and limits on the power and resources of government. For Hayek, contemporary democracy must lead to socialism, which inevitably leads to totalitarianism; therefore, it is legitimate to deprive democratic governments of the power and resources that allow intervention and regulation even if these “may generally be regarded as good purposes.”⁴⁶ This involves imposing limits on democratic government, because it is less able to “exercise self-restraint” than “an autocratic government.” Current “unlimited democracy may well be worse than limited governments of a different kind.” Thus, “*all* government, but especially if it be democratic, should be limited.”⁴⁷ This is accomplished by reducing government's scope, size, and activities; depoliticizing distribution by placing most economic issues off limits to politics; stripping democracies of the resources that allow intervention, regulation, and welfare; restricting participation; and modifying majority rule.

Given the shortcomings and irresponsibility of democracy, where will the constituency develop for reform? Since there is no acceptable agreement on political-economic values and approaches, and since these critics do not trust normal democratic politics or the mass public (Buchanan and Wagner consider the hope that voters can be educated to support better policies to be “a tiresome relic”⁴⁸), correct economic policies must be imposed by incorporating them into constitutions. Conservative economic theory must be elevated to the same, perhaps superior, constitutional standing as basic political rights and the structure of government already a part of western constitutions. Given their political market, these conservatives may believe it is easier to generate one-time support for constitutional change than to maintain support for limits on a year-to-year basis.⁴⁹

A balanced-budget requirement is one of the most common proposals for depriving majorities of the means to violate the economic constitution. Most of these authors support a balanced-budget amendment⁵⁰ ending deficit spending, to contain what they consider democratic fiscal excesses. Friedman has actively campaigned for such limitations as California’s Proposition 13. For Buchanan and Wagner, “Budgets cannot be left adrift in the sea of democratic politics.” Citizens must be forced to recognize the full implications of spending.⁵¹ Some authors prefer that budgets be balanced each year, regardless of the business cycle, except in a clearly defined situation such as a war or a major economic crisis. Even then, it would require a qualified majority—for example, two-thirds of the legislature—to override the balance mandate. Similar requirements have been called for in both the United States and Britain.⁵²

A balanced-budget amendment is one of many proposals designed to limit government spending, government’s share of the gross national product, intervention, and provision of welfare. Because majorities abuse their power, and the budget and size of government are “bloated,” a balanced-budget requirement must be supplemented by constitutional provisions to limit taxing and spending power, thereby shifting resources to private control, even if this would have no impact on the size of the economy.⁵³ Each of these authors prefers individual to public spending of resources. To Friedman, “The deficit in the federal budget is only a symptom of a more deep-seated malady: the size of government spending.”⁵⁴ Even if there were no deficit, public spending would harm freedom and the economy. Proposals for reducing the size of the public sector include⁵⁵ curtailing monetary growth, perhaps to a rate similar to growth in real gross national product (GNP); a requirement that legislative budget decisions be made by a qualified majority, such as three-quarters of the entire legislature; tax and expenditure limitations; and even a return to the gold standard, though this is very much a minority position.⁵⁶ Each recommendation is designed to restrict what democ-

racies can do in socioeconomic relations by reducing the resources upon which they draw.

It is now easy to see why all of these authors reject tax increases. Although tax increases to curb inflation and end deficits were the standard remedy of pre-Keynesian economists, the conservatives hold that balancing the budget by increasing taxes would enable democratic government to continue to redistribute resources and intervene in the economy. In an increasingly popular but unsubstantiated charge, these theorists assert that as long as resources are available, democratic majorities will continue their selfish and destructive activities. Raising taxes simply gives democracies more resources to spend and waste and cannot lead to any long-term reduction in the deficit.⁵⁷ Friedman believes that it is better to run large deficits—perhaps in the hope that these will generate opposition to spending—than to allow government the means to expand through higher taxes.⁵⁸ Some economists also propose such constitutional limitations for Britain, wanting Parliament to impose rules on itself to restrain the rate of monetary growth, combine spending and taxing proposals, and adopt a balanced budget.⁵⁹ Brittan proposes limitations on majorities, electoral reforms to weaken party control, and proportional representation⁶⁰—all to confine the power of majorities to spend for social welfare and/or intervene in the economy.

However, more radical remedies are suggested by a conservative scenario in which separation of powers has ended and representative institutions have failed. Modern legislatures have acquired too much power, making them prime targets for shifting majorities and interest groups seeking to aggrandize themselves. Given the inevitable pursuit of self-interest and the political market, legislatures claim immunity from constitutional limits. Self-interested majorities support them, pushing aside constitutional rules and traditions. The legislature's power, however, is fragile. It must be used to serve these abusive, special interests, or it will be given to someone else.

This situation requires “basic alteration of the structure of democratic government,”⁶¹ particularly the power, function, and scope of legislatures, to conform to conservative economic theory. Hayek's solution reflects the pre-Madisonian concept of balance familiar to eighteenth- and early nineteenth-century constitutionalists. In that model, part of the legislature would be insulated from the mass public, and each interest would have a role in government such that it could virtually veto legislation inimical to itself. Hayek would do the same by ensuring the independence of one body from the public at large.

Hayek proposes a distinction between the legislature and the government or governing body, thus creating two different legislative bodies. One, the governing body, would be elected by existing democratic procedures. The other, the legislature, would pass fundamental rules equally applicable to all, that

guide, limit, and bind the governing body in carrying out particular acts to enforce the general rules. Significantly different electorates would choose the legislature and the “governmental body.” In an extension of Schumpeter’s logic, the legislature would ignore party divisions, group interests, and popular pressures, following its own opinions of right, wrong, and the permanent interest of the nation. Moreover, to curb popular influence and to insulate this body from public pressures, legislators would be elected for a fifteen-year term and would be independent of parties. One-fifteenth of this legislature would be elected each year. Candidates would be eligible at age forty-five and would be elected by people of the same age. One would vote for these legislators only once in a lifetime. To help ensure their independence while in office, members would be guaranteed an honorable and lucrative position upon retirement at age sixty. Such legislators, having independence from the electorate, political parties, interest groups, and public opinion, would presumably limit government to obeying the law, enforcing contracts, providing justice, and keeping out of the way of the economy. Other new governmental units, such as a constitutional court, would help ensure observation of these limits while arbitrating differences between the legislature and the governing body.⁶²

Buchanan, Friedman, and Hayek repeatedly claim that these proposals foster reestablishment of the *rule of law*, a rule that has a large economic component. Since the rule of law is desirable and since they represent the rule of law, anyone who disagrees with their position opposes the rule of law. People who differ with these far-reaching proposals are dismissed as acting in ignorance, bad faith, or narrow self-interest. Buchanan sees opposition to constitutional change as rooted in “constitutional illiteracy” or pure economic self-interest. In either case, opponents are worthy of no further consideration, because there is no principled, moral opposition to these irrefutable proposals.⁶³ This argument ignores that much constitutional debate is over what should or should not be included in a constitution, such as recommendations to grant constitutional status and protection to some welfare rights. That proposal must be dismissed as special-interest pleading, since all out-of-market proposals fall into that category. It is, however, common to try to have preferred policies incorporated into the Constitution—examples include the equal rights amendment, welfare rights, anti-abortion proposals, school prayer, and limitations on child labor—but economic conservatives claim something that these examples do not: an empirically valid analysis of political and economic reality that trumps all objections and is also good moral theory.

Implications

The political element in this economic critique is illustrated by what is excluded from analysis. Although this chapter centers on democracy, democracy is not the full picture. Conservative theory shifts the focus from economic failure to a critique of political participation and government. There is little or no discussion of technological change, corporate mismanagement, macroeconomic cycles, or the possibility that natural systems do not exist. There is little or no concern for social welfare, the social and political impact of conservative economic policies, or how these policies benefit the already affluent. These authors pride themselves on analyzing political economy in its institutional setting, yet that setting is limited to an extremely narrow range. There is no systematic discussion of why older economic values were abandoned. The entire focus is on misguided greed, mass selfishness, and political failure. Corporate and private market power are dismissed as impossible in a free market. With the exception of Friedman, none of these authors examines who is demanding what from government. OPEC, international trade and investment, and foreign policy are rarely mentioned. Defense spending is a great lacuna. Though it involves direct economic intervention, allocation of a large part of the GNP, nonproductive consumption of an increasing portion of national resources and a disproportionate share of scientific and engineering talent, no attempt is made to measure its impact on the free market. Only civilian spending is a danger.

Economists such as Brittan, Buchanan, Friedman, Hayek, and Wagner believe they can save democracy from itself. The cure for the ills of democracy is less democracy, not more, which requires substantial changes in democratic theory and practice to make them conform to and support correct economic theory. Conservative proposals are based upon unquestioned assumptions discussed earlier: human nature, evolutionary development of natural order embodied in the economic market, and the political market. The implications of this perspective for democracy depend on one's concept of democracy, as well as its goals, purposes, and possibilities. Instead of reviewing the many conflicting theories of democracy, we can measure the implications of conservative arguments against six common elements found in every theory of democracy. There is no single, agreed-upon conception of these elements, nor can they be considered in isolation one from another. Each element modifies and correlates with the others, producing a unique perspective on democratic theory and practice, depending on how each element is conceived. These common elements are the extent and type of democracy, equality, rights and freedom, participation, majority rule, and consent.

The *type and extent of democracy* refers to whether a theory emphasizes direct

or indirect democracy; whether democracy is a process or is directed toward achieving a goal or purpose; and whether democracy is (primarily or exclusively) political or if it is applicable to economic and/or social relations. Questions of this type are deeply contentious, for they involve conflicting views of the purpose and structure of both government and society.

The conservative critics would save democracy by limiting the instruments that make intervention possible: the scope and resources of government. Clearly, they reject democratizing the economy, if that means more equality or having a voice in governance, since that would destroy free markets and the spontaneous forces which generate them. Democracy does not apply to industry, economic relations, worker decision making, cooperativism, public ownership, codetermination, greater equalization, or any proposal for industrial or economic democracy. Democracy is limited exclusively to politics, unless one accepts the disingenuous claim that free markets are exemplars of real democracy.

The economic theorists also limit the scope of democracy by claiming that it is only an indirect procedure for selecting governors and a method "for determining governmental decisions." It is not designed to achieve anything. It does not involve "putting into effect the people's will" but is simply a competition for votes and, through the ballot, a limited system of elite accountability. As such, it has neither aim, goal, nor purpose.⁶⁴ Because politics is merely the pursuit of self-interest, even within collective goals, its only purpose is to protect that pursuit. This means that traditional democratic goals such as social justice, developing a community of feeling and civic awareness, citizen education, and a shared good beyond individual goods disappear. There is no social justice; it is a "mirage." There are no social values, only the values of separate individuals. Community, equality, and distributive justice cannot be public goals, nor do they have anything to do with democracy; rather, they destroy economic freedom, personal responsibility, and the rule of law.⁶⁵

Limiting democracy to political procedure weakens egalitarian claims and reduces the scope and potential power of government. Starting with Plato and Aristotle, opponents and supporters of democracy have agreed that *equality* (of some sort) and democracy are closely related. Traditional conservatives criticized democracy because of this link. Whether democratic equality referred to an equal right or opportunity to participate, an equal voice in government, equality before the law, or economic equalization to support participation, it upset the natural order. The economic critics believe democratic efforts toward equalization are a "disease"⁶⁶ that has gone too far and must be curbed. A large part of the conservative criticism of democracy is that political equality allows and even promotes demands for more economic equalization.

Political equality is satisfied by equality before the law and, generally, an equal right to vote.⁶⁷ Everyone is not equal,⁶⁸ and these theorists interpret pub-

lic efforts to expand political equality or improve social and economic status as an attempt to impose equality of income and outcome on society—an attempt that must destroy efficiency, freedom, and achievable equality through personal effort. As democracy is simply a procedure—voting and competition for votes—and has no higher ends or purposes, reduction of economic disparities is not necessary to democracy. Democratic equality requires no more equality than whatever is needed to attempt to compete in economic markets. It is fulfilled politically when people have an opportunity to vote. Friedman speaks for all these authors when he claims that organized efforts to reduce inequality undermine the economic freedom necessary to democracy.⁶⁹

Freedom and *rights* are integral to democratic theory and practice. Along with equality, freedom and rights are part of the historical criteria defining democracy. Whereas socialists and radical theorists have emphasized equality as essential to democracy, liberals, starting in the late eighteenth century, began to identify democracy with preservation of freedom. Many people continue to define democracy in terms of freedom. As we noted in chapter 3, the conservatives' primary value is freedom, not democracy, but political and economic freedom are narrow concepts. Economic freedom—being left alone to use our resources and property as we wish—is claimed as essential to political freedom and democracy. Redistribution cannot increase the freedom of those made better off; it only decreases the freedom of taxpayers. Poverty, few opportunities, and working for others cannot limit freedom under free-market conditions and are irrelevant to democracy. Since the conservative theorists believe that the market is free, not coercive, they are unconcerned that economic differences or control over economic resources may affect political and economic freedom and, through these, democracy.

The limited notion of freedom has profound implications. Determining how much freedom is necessary depends upon one's conception of the extent and content of democracy, what can be expected from people,⁷⁰ how they participate, and so forth. If the people and government have a reduced role, if intervention, welfare, and regulation diminish freedom, if political activity is inherently coercive, then it is not necessary to have an extended area of freedom and rights. The notion of social and economic freedom—positive freedom, affirmative action, worker participation, improved education, equal-pay requirements, protection from private power, guaranteed access to employment, minimum levels of maintenance—becomes unnecessary, dangerous, and irrelevant to democracy. In short, these theorists believe that demands for social, economic, and broader political freedom or rights undermine economic freedom, destroying the basis for democracy.

The same limitations apply to *participation*. Having a voice in determining the affairs of the community is one of the oldest, most contentious elements

in democratic theory. Equality, the nature and necessity of consent, the type and extent of democracy, the range and limits of majority rule, the purpose of democracy, and the scope of freedom shape participation. In keeping with their individualist pursuit of self-interest and the political market, the economic critics have a minimal, purely instrumental view of participation, applying it exclusively to politics. It is hardly different from plebiscite democracy, where the public is allowed to vote on issues or candidates presented to them but have little input in shaping or choosing them. The purpose of participation is to ensure the legitimacy of government through popular selection of the ruling elite and perhaps to protect self-interest. Participation has no other role. It does not create or educate⁷¹ the citizen, decide issues, determine common interest, or serve to integrate the community. Not only do the conservative economists undermine arguments for more participation, such as those of Thomas Jefferson and John Stuart Mill and of contemporary theorists such as Benjamin Barber, Robert Dahl, C. B. Macpherson, and Carole Patemen, they call into question pluralist⁷² and interest-group politics.

These economists reflect the traditional conservative argument that human reason is limited, successful intervention is difficult, and people do not know their real, long-range interests. The logic of this position is to limit political participation to voting and even to call for reduction in the level and intensity of voting participation because it leads to intervention in the market. Hayek questions whether government employees, “old age pensioners, the unemployed, etc.” should be allowed to vote. The belief that it may be legitimate to restrict voting rights for such classifications of people reflects the underlying assumption that self-interest is primarily economic, that people sell their votes for more government goodies plundered from others, and that politics is a secondary concern and phenomenon.⁷³

Because politics is the realm of coercion and the mass public cannot be trusted, participation must be limited to limit coercion. Full citizen participation and involvement in politics introduce too much ignorance, resistance to the dictates of the market, short-range thinking, and destructively self-seeking behavior into the political system. Once again, these theorists present an either/or situation: either extensive participation and pressure on government, accompanied by destructive intervention, or reduced participation and protection of the free economy. Hayek’s once-in-a-lifetime vote for the more powerful legislature, as opposed to the governing body, exemplifies this duality.⁷⁴ Friedman seems to see voting as the only legitimate form of political participation, but it is not very important. Participation in the market is superior to political participation. In politics, “Once I have voted, I have done my duty,” but there is continuing participation in the economic market. In politics, little or no incentive exists to vote or choose with care or to attempt to follow up on out-

comes. Instead, there is incentive to combine in order to plunder those less efficient in combining for plunder.⁷⁵ Though the other authors rarely discuss participation as such, their criticism of interest groups, responsive government, and the “political market” illustrate their mistrust of mass participation. In terms made familiar by Albert Hirschman, the conservative economists employ the more passive economic argument of exit from an undesirable situation rather than the more active political voice—that is, complaint and deliberate efforts to change an undesirable situation.⁷⁶ If government does not or cannot do very much, self-interest is protected, and it is unnecessary to participate extensively in government’s limited decisions. As man is an economic not a political animal, the need for political participation is further reduced. A chastened government also limits the scope of popular choice and reduces the impact of participation.

The inconsistencies in this criticism of participation escape the economists’ notice. Given self-interest and their political market, voting, much less more complex forms of participation, must be for narrowly self-interested reasons. Group membership, patriotism, appeals to common interest, and citizen education cannot be reasons for participating, though people may delude themselves into believing they are. The problem is that with any nontautological conception of individualistic pursuit of self-interest that can be made operational, participation is irrational nonsense for the maximizing individual, especially if the free-rider principle holds. If people pursue self-interest as these theorists claim, then there is no way to explain why they take the time to combine with others or why they participate, other than that people are irrational and incapable of seeing that individual participation is a waste of time given the unlikelihood of having an impact. That may be a defensible argument, especially within a simplistic individualistic perspective, but it is not the argument that these theorists make. Instead, they claim that there is excessive participation, that individuals combine to pressure and plunder the economy, and that this behavior must be disciplined by constraining constitutional devices.

All forms of democratic theory associate *majority governance* with democracy, but there is significant disagreement over the nature of majorities, who or what is a majority, and what are the limits to majorities. Majority rule is often justified on the Lockean principle that in a community of persons with equal rights, each person is to count as one and only one in decisions affecting that community, making majority decisions the only legitimate means to bind people consistent with their rights and equality.

Majority rule rarely means that a majority actually determines the day-to-day activities of government. Rather, it can signify either that a majority of representatives who have been elected by a majority of voters actually rules, or that the majority is more entitled to rule than a minority, or that govern-

ments must maintain support or approval from the majority, or that the majority is entitled to determine what government will do, given minority rights. The majority is often limited to certain categories of people: citizens, male citizens, or land-owning citizens. In all cases, the ruling majority is smaller than the number of persons or inhabitants subject to it, without apparent conflict with the fundamental principle. What proportion of those entitled to compose the majority is sufficient to constitute its voice or decision is also hotly debated, as is the question of what limits majorities.

Although the majority principle is accepted by these economic theorists, majority rule does not fare well. As noted before, they characterize majorities as greedy coalitions of selfish minorities. As with Aristotle, they fear that majorities may act foolishly and unjustly. Not only do these conservatives restrict the scope of majority decision making through limiting constitutional amendments, but the majority principle is dispensable in many circumstances. “[T]here is nothing hallowed about the simple-majority rule.” “The principal fallacy. . . . [i]n our age . . . is occupied by the principle of majority rule.” “Majority voting is a convenient *decision rule*; but it has been wrongly elevated into a fundamental moral principle” which allows “elective dictatorship” and rapacious majorities to impose any costs on a minority. Friedman finds majority rule to be “an expedient rather than itself a basic principle.” Buchanan believes that majority decision making might be inserted into a constitutional agreement, but there is nothing “sacrosanct” about what is only “one among a set of plausibly acceptable decision rules, any one of which might be chosen with equal validity.” In agreeing to a constitution, majority rule must give way to unanimity. Hayek repeatedly states that he is not opposed to majority rule, but majorities are usually bought and do not exist in any real sense; therefore, majority rule must be limited to prevent arbitrary—nonmarket—behavior.⁷⁷ Majorities required for addressing economic questions should be greater than 50 percent. Legislative majorities of two-thirds and three-quarters are proposed for fiscal affairs.

This call for increasing the power of minorities is often based on the idea that there is “a true majority view” that gets lost in vote trading, bargaining, and legislative maneuvering.⁷⁸ This view assumes the existence of a criterion for distinguishing a true from a false majority, and these authors represent the real majority, or what a majority should want and must be required to accept for its long-term good. But such a majority is more likely to develop if a large number of groups are required to enter a consensus, especially one that involves economics. By focusing on the power of 50-percent-plus-one to oppress minorities, these theorists ignore the possibility that minority vetoes are a major problem preventing majorities from making necessary hard decisions. The conservative proposal to limit majorities to force compromise increases the power of veto groups, especially those with great wealth. Until they, like Calhoun,

give an adequate explanation of permanent minorities needing protection through frustration of majorities, one can only assume their limiting principle can be employed by any minority seeking to oppose majorities.⁷⁹

There is a still more significant problem with the conservatives' view of majorities. Buchanan especially, though the others concur, argues that the individual is the source of value.⁸⁰ If individualism and individual freedom are considered primary values, there are only two possibilities for government: rule by unanimity (which as a practical matter is impossible) or the majoritarian principle, perhaps with limits consistent with the preservation of those values. If some principle other than equality or individualism is the basis of value, then majority rule (plus consent and individual rights) becomes less important. Given the procedural nature of conservative individualism and freedom, the market becomes *the* extra-individual value source. Preservation of the market model is the primary goal. Despite the description of fair rules as those that individuals decide upon, or accept, because they evolved, these rules must conform to the market. The market becomes the only arena for and supplants individual value-creation, individualism, and equal freedom, subordinating them to market needs. Thus subordinated, it is illegitimate and impossible for individuals to exercise equal freedom and individualism to join majorities demanding limits to market behavior. Majority rule is inferior to the market.

If participation and majority rule are unimportant, then the last common element in theories of democracy, *consent*, loses its value. To the extent that democracy includes governance by the people, there is no way to avoid consent. Even if one does not link obligation to consent, the essential notion of democratic rule, governance, approval of leaders, or dialogue between governed and governors implies that in some sense the public can or does give consent and that its consent is necessary to legitimize government. In general, consent refers to public or citizen agreement to and/or approval of government, and/or its policies, and/or the system of rules and institutions under which decisions are made. Consent is a quintessential liberal concept, one that expresses an individualistic ethic that governments and majorities receive legitimacy from and are limited in their power over individuals.

There is much disagreement over the meaning and adequate expression of consent, but it is unnecessary to review that debate. Except for their claim that the market is the realm of consensual relations, the economic theorists simply do not deal with consent.⁸¹ It is a nonissue. This lack of concern for consent is puzzling in authors professing individualism and occasionally a contractual source of obligation. But the economists' procedural individualism, lacking substantial content, coupled with their emphasis on spontaneous order, system needs, and fitting individuals to the system, is a weak support for consent. Given Hayek's and Buchanan's picture of institutional evolution—an

inherently organic as opposed to individualistic concept—and each author’s emphasis on the development of spontaneous order, consent does not confer legitimacy. Why people should be obligated to obey, especially when there is so much potential for losing many of the benefits they have gained in the last hundred years, remains unexplained.

Some Conclusions

These economists propose to create a free market, and this requires redefinition and remodeling of democracy. For them, existing democracy is objectively antidemocratic. It is neither pure nor strong enough to resist the popular policies which destroy it. Both the outcomes and procedures of contemporary democracy must be changed, because it is those procedures which make possible the responsiveness to temporary majorities that these authors find so repugnant. Economic theory sets the limits to what is possible. Liberal democracy must be replaced with a different model, one that compensates for self-interested human drives and safeguards conservative economic theory.

Though these theorists sincerely profess support for democracy, they display no awareness of how their language, attack on, and depreciation of democracy undermines democratic legitimacy *and* the legitimacy of democracy. Point by point, on all the great issues of normative democratic discourse, the conservative economists choose a minimal answer. Their theory provides a minor role for the public, which should be passive, quiet, obedient to leaders. Moreover, the power of leaders need not be limited by the selfish public, because there are more efficient restraints in market and constitutional prohibitions. Participation has no intrinsic value; it is instrumental and confined to voting with little government responsiveness. There is no notion that democratic participation educates citizens. Expansion of the “private” sphere and reduction of the area of public discourse weaken any sense that democratic government is a shared activity involving common citizenship, loyalty, or community. Among all of the many theories of democracy, this is a truly limited and limiting theory, a consumer model⁸² in which the public may choose from what is offered within the limits of the fiscal constitution but cannot attempt to change opportunities or have an active voice in formulating possibilities.

The analogy between economy and polity also breaks down. Politics is not simply buying or not buying something to consume but has always included changing options and behavior, both as means to ends and ends in themselves. Protest, with the purpose of participating in a decision, characterizes politics and is an essential difference between politics and economics missed by these authors. For twenty-five hundred years, principled democrats have

attempted to expand the number of people who have a role in deciding for the public. This disappears in the conservative model. With the public reduced to the accidental coincidence of the private, man the citizen disappears.

This theory also requires the reduction of popular political, social, and economic expectations, pointing to the next two chapters. As democracy is only a procedure, citizens should not expect much from it. Democratic man must accept the claim that many political-social-economic concerns such as social justice, employment, poverty, and private power lie in an area of natural and exclusively personal relations, outside the scope of collective effort or concern. Problems are not the fault of any identifiable person. Government cannot successfully intervene. This leads to the claim that public policy can be neutral, and those who lose from the economic theorists' policies should be willing to play by their fiscally limiting rules. Since economic relations are natural and political intervention is not, these theorists subordinate social, political, cultural, and aesthetic goals and values to narrow economic concerns. As such, this model accepts monocausality in human affairs, constricting the range of important human interests to the economic and private while failing to apply the self-interest hypothesis to its own analysis. Concurrently, an economic theory is elevated to the same constitutional status as free speech and distribution of power.

The conservative emphasis on democracy as procedure can be a useful corrective to dreams of unity and solidarity in achieving the one true goal that makes us democratic, but it is an incomplete picture. First, the argument is not consistently procedural. The market functions as the one true goal to which everything is to be subordinated, as illustrated in the next two chapters. For these writers, the market is superordinate to any other consideration, as it functions to achieve those political goods people desire—freedom, equality, democracy, justice, morality, community. Second, procedures do not legitimize themselves. They must have some goal or purpose. If procedures are self-justifying, any outcome of that procedure is legitimate. No principle would exist to limit extension of democratic procedures into other activities, a conclusion these authors reject. Operating rules embody values. They are means to an end. A procedure is chosen in part because of expected outcomes. There is no rigid distinction between constitutional order and results. To the extent that one is actually chosen, a constitutional order is chosen with ends in mind.⁸³ For example, no matter how far we fall short of reality, traditional defenses of popular government include protecting the interests of citizens, limiting the power of the aristocracy, educating citizens, and conferring dignity on the common man. Popular participation and limited government are means to these ends, not abstract procedures randomly chosen. Democracy is both procedures and goals. Goals may properly be debated, but it is not possible to

deny the legitimacy of goals by claiming that democracy is simply a procedure. If it is only that, if it does not promise a better life, at least in terms of more responsive governments than the brutalities of history, if people are not practiced in these goals and procedures, then there seems little reason for the inevitable losers to maintain a democratic system.

There is much wrong with our democracy, but the conservative picture of the operation of democracy is superficial and inadequate. Madison in *Federalist* No. 10 saw two cures for the inadequacies and dangers of popular government, paralleling the two cures for the dangers of fire. One is to end danger by destroying the element within which it exists; the other is to control its effects. The conservative cure and defense of democracy destroys the air in which democracy exists. If their view of how the economic market operates is wrong in any substantial component—if there is significant private power, if the costs of exiting an undesirable situation are very high, if self-correction extends beyond the lifetime of a person or a nation, if competitive self-interest produces in the economic market half the harm these critics claim it produces in politics—it would leave political control in the hands of unchecked elites and the public with little effective power.

Even if these critics were correct in their assumptions, and even if their political conclusions were logically necessary (both controversial and doubtful possibilities), that would attenuate neither the normative component of their supposedly objective and empirical critique of democracy nor the possibility that welfare, redistribution, and/or intervention are necessary to political stability, economic growth, and a popular sense of satisfaction and legitimacy. These authors exclude from their analysis defense spending; private and corporate power; the fact that the United States has nearly the lowest taxes of any industrialized democracy; comparative analysis of Japanese and European experience since World War II; considerations of foreign policy; and the defects of the old “fiscal constitution.” Had they included all these elements, they would still have presented an incomplete prescription for democracy. But this is not simply an economic theory. It is a political theory, though based on economics, with deep implications for politics. Given the popularity of this critique and its probable ramifications, democrats must ask for more, for this is a conflict over the scope and guiding philosophy of a democratic system, including the shape, direction, and beneficiaries of public policy.