# Section 5: Democratic Voting Infringes on PPRs

According to the previous analysis about democracy, there are problems as follows:

(1) Democracy will harm the interests of the minority, which may not be lower than those of the majority. For example, one public choice may benefit 10 persons and harm only one, but the beneficiaries only get the benefits of 10 units, while the harmed suffer a loss of 1000 units.

(2) The representatives in indirect democracy vote for the interests of their own instead of all. What is more, the outcome of voting may not truly reflect the interests of the majority.

(3), The most serious problem of democracy lies in that if there is no appropriate and clear division between private space and public space, and the matters should have been private decision are wrongly regarded as public choice, democratic voting will infringe on PPRs rather than just the interests of the minority. Because everyone will inevitably be a minority in some cases, the infringement on PPRs of the minority by democratic voting will be eventually expanded to infringing on PPRs of all!

There is an imaginary example: If there were a voting to decide whether the properties of the richest man should be divided up, could it be passed? The answer is yes. People are self-interested, so if they could get money by voting, why not agree? They would make some grandiose excuses such as accusing the richest man of being nothing more than an unscrupulous bloodsucker parasitic on the public to conceal their real desires.

In developing countries, the essence of nationalization and land reform (taking lands away from landlords to be divided up among tenants) is precisely such an imaginary example in reality. In developed countries, there seem to be no such voting of openly robbing the rich, but the essence of “evil policies” including price control, minimum wage law, trade union, quantity control (such as purchase limitation and quota), social endowment insurance, trade protectionism and in fact all policies with purpose of income redistribution is also precisely such an imaginary example in reality. The essence of income redistributing is an infringement on the right to income right, and because such a policy often only redistributes income, but does not re-delineates PPRs, it will cause rent dissipation. In developed countries, all the policies of income redistribution are approved by democratic voting.

The appropriate and clear division between private space and public space is precisely the delineation of property rights. In other words, if democracy is implemented before the delineation of property rights, self-interested people will make use of voting to rob others’ private properties. It is the main cause of “tyranny of the majority”, and the harm to the interests of the minority is just part of it.

In modern times, the most painful lesson caused by democracy is the bloody French Revolution. The political scientists generally believe that it is due to the problem of direct democracy. However, the real cause is democracy without delineation of rights. It was in the National Assembly where the murders were approved. People always demonstrated on the streets, which was direct democracy and put tremendous pressure on the National Assembly, but after all, the decisions to send one after another to the guillotine were not the outcomes of referendum. It was unrestrained democracy to decide whether to deprive one of his or her life by voting in parliament, rather than dictatorial judgments according to the laws (contractual terms delineating rights) in court. In fact, it is far more than this time in history to kill people by democratic voting. As all know, Socrates, one of the greatest philosophers in ancient Greece, was sentenced to death by Athenians through democratic voting. The French Revolution was more dramatic in that Robespierre, who had approved many murders in parliament, was finally voted to be sent to the guillotine too. As mentioned just now, democratic voting that infringes on the interests of the minority will eventually infringe on those of all, because everyone will inevitably be a minority in some cases, which is tested by the blood of Robespierre.

Since ancient times, in the western political thinking, the reputation of democracy is notorious. In his “Politics”, Aristotle recorded and evaluated the political systems of various ancient Greek city-states he observed. He thought that three systems were good and three were bad, among which democracy was one of the bad systems.

Democracy changed to a good system when the US was established. Strictly speaking, it is American democracy that is regarded as a good system. What is American democracy? The essence of it is constitutional democracy, which is a democracy where voting is restrained by constitution known as the Bill of Rights or the first to the tenth amendments of the US Constitution. Bill of rights mainly prohibits Congress from legislating on certain matters, which means democratic voting is prohibited in these designated areas! However, on the one hand, the laws written on paper are not the laws really implemented in reality. The constitutions of many developing countries (especially South American countries) almost copy the Constitution of the US word by word, but most of them do not really implement constitutionalism. On the other hand, even the Constitution of US is ambiguous, which causes the American democracy degenerates to a bad institution eventually. With the Bill of Rights to prohibit the legislation of Congress (democratic voting) from infringing on PPRs, it is impossible to hold a referendum, or a voting in Congress to murder people as during the French Revolution, or openly divide up the properties of the richest man, but the legislations with the purpose of income redistribution seem not to infringe on PPRs, so they can be approved in Congress.

If the use of democratic voting is not clearly and strictly limited to the affairs in public space, combined with the fact that representatives vote for the interests of their own rather than of all, and the median-voter theorem, there must be interest groups in the voting system. Interest group refers to a small group of people unite for common interests and take common actions in voting. Interest group uses votes as political resources to harm others, because they are committed to preventing changes that are beneficial to society but unfavorable to this small group of people. In the democratic countries, it is impossible to push forward major reforms, because people with vested interests will kill it early by voting!

> READING MATERIAL: HOW CAN INTEREST GROUPS AND DEMOCRATIC VOTING LEAD TO “TYRANNY OF MINORITY” AND EVEN “ALL LOSE”?[^1]

> In addition to the traditional problem of “tyranny of the majority” in democracy, a small group of vested interests unites to form an interest group to influence the voting outcome, which will even lead to “tyranny of the minority”. Next we will show how it happens in democracy with the example of protectionism in international trade.

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> Under the institution of democratic election by one-man-one-vote, the strength of single individual is too weak. However, self-interested people’s intention to influence the voting outcome will not be weakened. The solution is simple: unity is strength! Those with common interests can unite to vote. Thus, the institution of democratic election by one-man-one-vote will inevitably give birth to interest groups.

> An interest group must be formed by a small group of people, because the fewer people, the easier it is for them to have common interests, and the easier it is to reach consensus and take common actions. After all, different people still have different interests, so obviously, the fewer people, the easier it is for them to have common interests, which implies there are transaction cost for those with different interests agree with each other. Ceteris paribus, the transaction cost of consensus increases with more people. For example, it is easy for dozens of students in a class to reach an agreement on where to travel, but it is very difficult for thousands of students in a school to do so.

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> Since the fewer people, the easier it is to form an interest group with common interests, and the easier it is to reach an agreement and take common actions in voting, the interests represented by an interest group can only be those of a small group of people instead of the public. Of course, if there are too few people in an interest group, there will be too few votes to influence the voting outcome, but in any case, it is better to unite to vote that insures their voting will not be offset.

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> How will politicians choose in democracy? Will they choose to represent the interests of the majority because democratic voting claims to use the minority rule? It is a naïve idea to think so. Politicians are self-interested, too. Under the specific constraints of democratic voting, politician will try to maximize the votes and minimize the cost of canvassing. With the constraint of interest groups, politicians will not foolishly make solicitation of the votes one by one, but the votes of interest groups. As long as a politician has persuaded the leader of an interest group, the leader can order all the members in the interest group to vote for him.

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> Next, we will demonstrate the terrible consequence of democracy with a numerical example.

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> As supposed in the example when the median-voter theorem was introduced, there are 1 million eligible voters in a country, of which 300,000 vote to the left and 400,000 vote to the right, so only 100,000 votes actually matter. Will a politician make solicitation of the 100,000 votes one by one? Of course not. He will try to win the votes of interest groups. Suppose there are 10,000 voters in an interest group on average, which means as long as the politician has persuaded the leader of an interest group, he can win 10,000 votes. In theory, he only needs to persuade 11 leaders of interest groups to win 110,000 votes.

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> Thus, can voting really be good at least to the majority? With interest groups, the united minority can defeat the disunited majority.

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> How to persuade the leaders of interest groups? Attention: we are not talking about bribery, black money politics, or vote buying that break the laws about voting. We are talking about the completely legal and known-to-all lobbying. The term of “lobby” originally meant a large entrance or reception room or area, but later was extended to refer to an interest group who tries actively to influence legislation in their favor in exchange for their political resources. What political resources do they have? Votes, of course! If a politician promises to help them approve the bills in their favor, the leader will order the members to vote for him. The politician does not need to care the interests of the public, but just needs to satisfy the interest groups. Thus, in democracy of reality, the interests of the majority actually do not matter.

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> However, the minority should not be triumphant to think they can be benefited by harming the interests of the majority. The horror of democracy not only lies in the tyranny of minority, but also the fact that it will ultimately harm all. Think more deeply of the above example. The politician must get enough votes from 11 interest groups. For example, there are interest groups in agriculture, textile industry, steel industry, and so on. Well, he has had enough votes, and is successfully elected. He is quite creditable, so he takes seriously all the promises he made in the election campaign and really fulfills them one by one. Therefore, he puts forward and makes sure 11 bills to be approved in parliament, each of which is beneficial to one of the interest groups at the expense of all the others in the country.

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> For example, he tries to approve an act of agriculture for the agricultural group that would implement trade policy of protectionism in agriculture and forbid foreign products to be imported to the country. As a result, the prices of agricultural products are much higher than before, so those engaged in agriculture benefit from the much higher income. However, the consumers have to pay higher prices to buy agricultural products, so they are all harmed.

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> Similarly, the politician tries to approve an act of textile for the interest group in textile industry, and those in textile industry benefit, but the consumers have to pay higher prices to buy clothes, shoes, socks, etc. and are harmed.

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> The key is: who are the consumers of textiles? Some of them are precisely those engaged in agriculture. And who are the consumers of agricultural products? Some of them are precisely those engaged in textile industry.

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> One is engaged in the production of one industry, but he or she is the consumer in all the other industries at the same time! If only the industry he is engaged in is protected, he can benefit without harm. However, the politician cannot just make solicitation of the votes in one interest group, because they are not enough for him to be elected. When the other industries are also protected, he will suffer as the consumer of the other products. The politician exchanges the legislations in favor to the interest groups for their supports in voting. Each bill approved in parliament is beneficial to one interest group at the expense of all the others, so there will be no beneficiaries eventually in democracy.

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> Some may ask since the democratic voting will attract interest groups, which will harm all, can the establishment of interest group be forbidden? However, it is impossible to prohibit people from uniting together to express their interests in a free society. According to the postulate of self-interest, it is impossible to suppress people’s nature to pursue their own interests. How about if people are informed that interest groups will eventually harm all? If there were only one interest group, the member in it can benefit at the expense of the others, so everyone will unite to protect his own interests as soon as possible, otherwise he will be harmed. In other words, the problem lies not in interest groups, but in democratic voting. Interest groups will harm all, which is only an inevitable result under the constraint of democratic voting.

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> In a word, with the human nature of self-interest, politicians will sacrifice the interests of the country in exchange for the votes of interest groups, but these united minorities are also the majority as consumers in the other industries and cannot be free from infringements on their rights. Thus, with interest groups, democracy has changed from an institution based on the majority rule that where the minority harm the majority, and eventually harm all.

Is democracy really desirable!?

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[^1]: This reading material is from another book of mine “The Truth of Trade”, P147, China CITIC Press, March, 2015. I have made some modifications for this book