# Section 6: The Difficulties of Dictatorship

There are also difficulties for dictatorship that seem to be two kinds.

(1) Representativeness. In dictatorship one represents all, while in (indirect) democracy, a few (the parliamentarians) represent all. However, the key to a good representation lies not in the number of delegates, but in whether the interests of them are closely related to those of all. In the example of a rented house, the owner can represent the interests of multiple tenants in use of the public space in the house better than the committee by election, because his income comes directly from the tenants, and he is also under the competitive pressure of other houses.

(2) Arbitrariness.

These two difficulties can actually be regarded as one: the dictator may not be wise enough. If a dictator is wise, he will recognize his own interests are closely related to the interests of all. Especially for the dictatorship of Monarchy, just as the property rights of the whole house (including part of the house that is public space for tenants) is clearly delineated to the owner, the property rights of the whole country is clearly delineated to the dictator. There are public spaces for specific users, but they are all private properties of the dictator, so there is no reason for a wise dictator not to take care of the overall interests of all. What is more, a wise dictator knows well that there is information cost for him to know everything, so he will try his best to appoint talents and abilities as his ears and eyes to reduce the blindness of arbitrary decisions as much as possible. A perfect dictator needs to be wise instead of kind. A wise man will never be cruel because cruelty is no good for his interests, but silly kindness will lead to doing harm with good intentions. Most poor-performed emperors in ancient China were by no means cruel but fatuous in politics. In fact, the great thinkers in both the East and the West in ancient time all advocated that the most ideal state is the dictatorship of the wise monarch (the East) or the philosophy king (the West).

The real difficulty of dictatorship is that if the dictator is unwise, theoretically, power is concentrated in his hands, so it is difficult to get rid of him. Palace coups and uprising will cause bloodshed, but the transaction cost may be not higher than that of the election campaign every two years for parliament and every four years for presidency in modern western countries. The transaction cost of a court coup should be the lowest, because it involves a much narrower scope and generally a much lower frequency than the regular election. Uprising will lead to war, so the transaction cost may be the highest. However, not only the developed countries should be focused on, but also the developing countries should be taken into account. Most of them are democratic countries, and there are political turmoil and even wars from time to time. In dictatorship, the dictator only needs to be wise, while in democracy, it is not enough that the politicians are wise if there is no constitution to restrict voting with appropriate boundaries.

There is a problem similar to this difficulty of dictatorship: how to choose a wise successor. The hereditary system has a great advantage in delineating rights and minimizing the transaction cost of power struggle, which is precisely why it is adopted in ancient societies. However, there is no guarantee that the wisdom can also be inherited like blood lineage. Education has some use, but it is far from 100% reliable. It is not only a political problem, but also family businesses are all facing the same difficulty in inheritance.

There has been Japanese who translated a famous Chinese ancient book about “Imperial Art” into Japanese, and the preface for the Japanese edition was thought-provoking. He said, some may wonder, modern society is democratic, and what is the value in reading such an ancient book on imperial art? He thought this book was actually more valuable in modern times than in ancient times! Because in ancient times, only an emperor needed to study imperial art, but now every boss is a little emperor in his enterprise and needs to master it. Obviously, this translator has a good understanding about the essence of dictatorship, and knows that dictatorship with a wise dictator is the best institution, but the difficulty lies in how the dictator can be wise, and one of the means is learning from the ancient monarch. Thus, even if there is not monarchy in politics in modern society, it is still of great significance to study it deeply to solve the problems in enterprises, especially family enterprises.

As for the famous saying of Lord John Acton, “Power corrupts; absolute power corrupts absolutely” which is often used to criticize dictatorship, it can actually not hold up to closer inspection. What does “power” mean? Does it mean PPRs? What does “absolute power” mean? Does it mean clearly delineation of property rights? How can it corrupt the owner? What does “corruption” mean? Usually it means rent seeking in economics that is caused by administrative monopoly, precisely an infringement on PPRs. This statement may mean that one with huge power will easily become headstrong or unwise. However, that one is unwise is not necessarily related to he has huge power for a long time. More probably, his decision-makings have been proved to be correct, so he becomes too conceited and cannot accept others’ different opinions. During the Chinese history, Kangxi of Qing Dynasty, who was known as one of the best emperors, reigned for 60 years, while Emperor Yang of Sui Dynasty, who was known as one of the worst emperors, reigned for only 14 years. It is not power that corrupts people, but the stupid ones who have huge power can do great harm. It is not absolute power that absolutely corrupts people, but if absolute power falls into the hands of the stupid ones, they can only be stopped by uprisings with very high transaction cost.