

# How Democracies Become Tyrannical

For most of the last three centuries, the ideas of liberty and democracy have been intertwined in the minds of both friends and foes of a free society.

The substitution of absolute monarchies with governments representative of the voting choices of a nation's population has been considered part and parcel with the advancement of freedom of speech and the press, the right of voluntary and peaceful association for political and numerous social, economic, and cultural reasons, and the guarding of the individual from arbitrary and unrestrained power.

But what happens when an appeal to democracy becomes a smokescreen for majoritarian tyranny and coalition politicking by special interest groups pursuing privilege and plunder?

Friends of freedom, including many of those who strongly believed in and fought for representative and democratically elected government in the 18th and 19th centuries, often expressed fearful concerns that "democracy" could, itself, become a threat to the liberty of many of the very people that democratic government was supposed to protect from political abuse.

## **The Tyrannies of Minorities and Majorities**

In his famous essay "On Liberty," (1859), the British social philosopher and political economist John Stuart Mill warned that there were three forms tyranny could take on: the tyranny of the minority, the tyranny of the majority, and the tyranny of custom and tradition. The tyranny of the minority was represented by absolute monarchy (a tyranny of the one) or an oligarchy (a tyranny of the few). The tyranny of custom and tradition could take the form of social and psychological

pressures on individuals or small groups of individuals to conform to wider communities' prejudices and narrow-mindedness, which intimidate and stifle individual thought, creativity, or (peaceful) behavioral eccentricity.

Mill also was insistent that while democracy historically was part of the great movement for human liberty, majorities potentially could be as dictatorial and dangerous as the most ruthless and oppressive kings and princes of the past. At moments of great collective passions and prejudices, individual freedoms of speech, the press, religion, association, and private property could be voted away, reducing the isolated person to the coerced pawn and prisoner of the political system because of sheer numbers in an electoral process. (See my articles ["John Stuart Mill and the Three Dangers to Liberty"](#) and ["John Stuart Mill and the Dangers of Unrestrained Government."](#))

For this reason, many of the great social philosophers and reformers of the 1700s and 1800s were often strongly insistent that, because of democracy's two-edged sword of liberty or tyranny, it was necessary to restrain the powers and reach of governments through written and unwritten constitutions that limited what even majorities could directly or indirectly do through their elected representatives. Hence, the role and importance, in the American case, of the Bill of Rights, the first 10 amendments to the United States Constitution.

The First Amendment states clearly and categorically, "Congress shall make no law" that might abridge some of an individual's freedoms, including freedoms of speech, the press, religion, and peaceful assembly, and freedom to submit grievances against the actions of government. Indeed, every one of those first 10 amendments was designed to place some restriction on the use of political power to infringe upon or deny different aspects of an individual's rights to his life, liberty, and honestly acquired property.

Ambiguities of language, nuances of interpretation, and changing attitudes have often resulted in debates and disagreements as to what and how such personal freedoms were to be understood and secured. But the underlying meaning and message should be considered beyond any doubt: there are aspects to the life and rights of the individual human being that government, even majoritarian government, should not and cannot abridge, violate, or deny.

Both monarchs of the past and dictators more recently have always denied such limits on their power to command and coerce those under their control, including prohibiting words and deeds by those over whom they have asserted their rule. They have rationalized their claim to unrestrained authority by appeal to a "divine right of kings" or a higher meaning of freedom that expresses the "will of the people" as a whole through the tyrant's supreme power.

**"Negative" Freedom = Liberty, "Positive" Freedom = Coercion**

One of the great linguistic tricks of the communists and many of the socialists of the 20th century was to try to distinguish between false, or "bourgeois," freedoms and real, or "social," freedoms. The former were those individual freedoms expressed in the Bill of Rights, which were labeled "negative" freedoms in that they "merely" protected a person against the aggression and coercion of others.

"Positive," or "social," freedoms required government planning, regulation, and redistributive control to ensure that need rather than profit guided production and that the shares of income and wealth among the members of society were more equalized according to a prior notion of distributive justice.

Individual freedom only requires that each person respect the life, liberty, and honestly acquired property of others, and that he follow the rule of peaceful and voluntary association

in all human interactions. Beyond this “negative” restraint on each of us, we are all at liberty to live our individual lives as we choose, guided by our own personal conceptions of value, meaning, and purpose in ordering and following our private affairs and dealings with others.

The notion of positive or social freedom requires the active and constant intervention of the political authority into the individual and voluntary interpersonal affairs of a country’s citizens precisely to command or prohibit how, when, where, and for what people may act and interact with others, so to direct and dictate certain results that those in government consider good, just, and fair. Individuals and their actions are made subservient to and confined within the collective or community or national interests of the society as a whole as defined and enforced by the government.

A little reflection should make it clear that whether these positive or social regulations and redistributive goals and ends are imposed by a one or a few (a tyranny of a minority) or are done so by a “democratic” government claiming to speak for the many or all (the tyranny of the majority), the individual who otherwise might be peaceful and non-infringing on the private actions and interactions of others is made the slave of some who say what he must do and what outcomes in life will be allowed or given to him.

### **Joseph Stiglitz’s Charge That “Democracy” Is Under Attack**

In our day and age, one of the political tricks played by the “social-justice warriors” and the redistributive advocates is to insist that what they call for and demand in terms of government economic and social policy is really the “democratic” will of the majority, and any opposition or resistance to it is a demonstration of that person being an opponent of democracy and therefore an enemy of freedom and the free society.

An example of this is a recent article [“American Democracy on the Brink”](#) by the noted economist and Nobel Prize winner Joseph E. Stiglitz, a professor of economics at Columbia University in New York. According to Stiglitz, a series of recent Supreme Court decisions demonstrate that democracy is in peril in America.

He repeats the now thread-worn charge that we do not live in a democracy today because the current occupant of the White House won 3 million less of the popular vote than his opponent in the 2016 president election. That Donald Trump won the election according to the presidential electoral rules specified in the U.S. Constitution in terms of winning an Electoral College majority is shoved aside and made into an implicit accusation that the Constitution itself is a rigged, anti-democratic institution.

One wonders, however, whether Joseph Stiglitz would be wearing sackcloth and ashes with his head bowed low if the 2016 outcome had put Hillary Clinton in the White House with an Electoral College majority, but with Trump having won a majority of the popular vote. Somehow I doubt it.

### **American Express and Market Competition**

Stiglitz’s first charge against “undemocratic” capitalism is the recent Supreme Court decision in favor of American Express concerning the company’s requirement that retail and other stores at which customers purchase goods with the use of credit cards not offer special discounts to buyers to use cards with lower transaction fees than their own. Stiglitz sees this court decision as corporate anti-competitiveness at the expense of the retailer and the consumer – the few exploiting the many.

But as the high court reasoned, not all credit cards are equal, and, therefore, it is not implied or required all companies issuing credit cards to charge the same transaction

fees to stores. The bulk of American Express's business involves "non-revolving" credit – that is, the large majority of American Express cardholders pay the full balance owed each month. Thus, American Express does not earn extended interest income from most of its customers through installment payments.

American Express customers who hold different types of the company's cards, with differing levels of services, perks, and discounts, tend to be, on average, in higher income brackets and spend more on various goods and services on, say, an annual basis. Thus, those shoppers paying with their American Express cards are likely to buy more, and on more expensive goods, thus more than making up the higher transaction fees American Express charges retailers. Furthermore, the attractiveness of many of American Express's cardholder perks has competitively worked to prod other credit card companies to introduce their own versions of points for dollars spent, cash-back incentives, and various other consumer services.

Implicitly, Stiglitz seems to have in the back of his mind the artificial economics-textbook notion of perfect competition, one of the unrealistic and arbitrary assumptions of which is that each seller in a market sells a product exactly alike his rivals' products in that market. The notion also holds that to differentiate your product from those of your competitors is, somehow, to act anti-competitively. Yet the very notion of competition understood as a rivalrous process is to constantly attempt to improve and distinguish your product from others'. This includes offering what consumers may consider a better product that might sell for more than your competitors' precisely because it's not viewed as the same as theirs. (See my article ["Capitalism and the Misunderstanding of Monopoly."](#))

Finally, no retailer is compelled to accept the American Express card as a form of payment in their place of business. Indeed, some stores only take Visa or MasterCard precisely to avoid the higher transaction fees from American Express. They

choose to forgo some consumer business that otherwise could have been theirs by deciding that the cost of lost business is less than the higher transaction fees to be paid to American Express. This reflects the diversity of choice and business decision-making in the competitive marketplace; it is not an instance of corporate anti-competitiveness.

What Stiglitz wants, instead, is to impose his notion of competitive "fairness" on others in the marketplace by compelling American Express to interact with retailers the way he thinks they should, and potentially undermine the profitability of American Express to continue to offer some of the features, services, and perks that make it attractive to those who voluntarily pay the annual dues for their cards. At the same time, while claiming to speak for the unsung majority of the consuming public supposedly taken advantage of by American Express, his policy prescription would serve the anti-competitive interests of American Express's credit card competitors, who would not have to work as hard to keep their customers away from one of their rivals.

### **The Undemocratic Nature of Compulsory Unions**

Stiglitz's second criticism also falls upon another recent Supreme Court decision: that state and municipal employees will no longer be compelled to pay mandatory dues to public-employee and teachers' unions when they might not want union representation or might oppose the political uses to which those funds are applied for political lobbying and campaigning. He raises a number of criticisms against the court's decision, including that selfish workers will choose to not pay dues and be free riders on the efforts of employee unions that improve the pay and work conditions of all in government jobs. He also charges that to deny unions that "right" to demand dues payments, whether individual public employees want union representation and political activism or not, is supposedly undemocratic.

In the tradition of George Orwell's newspeak in his famous novel 1984, Stiglitz twists the meaning of words to assert that union compulsion is freedom and that individual freedom of choice is employer exploitation. For a good part of the last 100 years, labor unions, especially beginning in the 1930s, were given a relatively free hand to force workers into union membership to have access to certain types of employment, and to restrict the number of people who could look for and find gainful employment in various sectors of the economy.

In their heyday in the middle decades of the 20th century, labor unions could shut down entire industries through strikes, could threaten or use violence to prevent non-union workers from taking jobs their members had walked away from during a strike, and could use their financial clout to influence labor and other legislation in their desired directions.

Compulsory unionism has been a tyranny of a minority of workers manipulating wages and work accessibility at the expense of the majority of the labor force as a whole. Changing market dynamics have reduced union membership in the private sector from over 20 percent of the labor force in 1983 to less than 7 percent as of 2017. On the other hand, today union membership in the government sector is over 35 percent. Unions' political and financial power is heavily dependent on their ability to compel mandatory dues from public employees, many of whom are denied the freedom to express whether they, in fact, want to pay these dues and to have union representation.

What is more democratic than to allow individual workers to vote with the choice to freely belong to a union or not, and to pay dues or not? The free-rider problem is a bugaboo that some economists and public policy advocates have long used to justify various forms of compulsory payment of fees and dues. People in many corners of life donate money, and contribute

their time and energy, for the furtherance of causes and activities that benefit many more than themselves since they consider them sufficiently important and worthwhile, even when others may choose not to participate while enjoying some of the gains from those voluntary interpersonal activities.

There is, also, nothing preventing unions, including in the government sector, from excluding free riders by negotiating wage and benefits that apply only to their members and not to others who have chosen to opt out of that union. Indeed, by following this type of path, it would soon be seen whether non-union workers decide that the benefits from joining such unions are worth the financial expense of the dues to be paid out of their salaries, and worth putting up with political use of some of their dues that they might disagree with.

Instead, Stiglitz, looking down on the labor affairs of ordinary workers from the Olympian perch of his academic heights, knows the “real” democratic choice that serves the true interests of workers better and more clearly than those public employees themselves. He may refer to a supposed imbalance between employers and individual workers that unions are to set right, but rather than allowing those individuals to decide, themselves, whether they think they need and are willing to pay for union representation against “the bosses,” he wants to force it down their throats. Yet he claims to be a voice for democratic choice! (See my article [“The Economic Case for Right-to-Work.”](#))

### **Free Versus Compulsory Speech**

Concerning one other legal case, Stiglitz rails against a court decision that decided in favor of licensed reproductive-health centers not being forced to supply patients with information about abortion options from which they might choose. He is shocked and indignant that the court did not impose compulsory speech on people – that is, that individuals and the organizations for which they work should not be forced

to articulate ideas and present alternatives with which they may strongly disagree.

The abortion issue has been and remains one of the most emotional and deeply contentious hot buttons in the public arena. Do you believe in “a woman’s right to choose” or do you believe in the “right to life”? It touches religious faith, the meaning of personhood and ownership of one’s own body, and the definition of the beginning of human life. Any wide social agreement about abortion lies far ahead on the horizon, if ever, given the scientific, faith-based, and personal divisions of opinion and beliefs.

To force anyone to express and explain the “other side” of this debate in terms of what a woman might or should do can only be considered a major infringement on the freedom of conscience of the individual. Would Stiglitz also demand – in the spirit of “democracy” – that clinics that offer abortion services be compelled to provide literature and lecturing to their patients on how abortion is “murder” and is a mortal sin that will send that woman to hell and into the arms of the devil for eternity? And to do it with serious conviction, so as not to unfairly bias a woman’s decision? I doubt Stiglitz considers applying the logic of his argument in such a symmetrical fashion.

This issue, like the others, has little or nothing to do with “democratic freedom” as conveyed by Stiglitz in his article. Indeed, the emotional appeal to the “democratic” idea and sentiment is all a linguistic sleight-of-hand to direct attention away from the real issue: shall the individual have his or her freedom of choice undermined or denied in the marketplace of goods or the mind by the assertion of the “majority will”?

Whether this “majority” of the members of a society is real or merely the smokescreen for a minority to use the democratic appeal to impose their demands on many others, it stands as a

denial and a threat to the peaceful choices and interactions of free individuals in society. It is a use of “democracy” as the latest weapon against human liberty.

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