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978-1-107-01265-3 - Democracy and Its Elected Enemies: American Political Capture and Economic Decline

Steven Rosefielde and Daniel Quinn Mills

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DEMOCRACY AND ITS ELECTED ENEMIES

Democracy and Its Elected Enemies reveals that American politicians have usurped their constitutional authority, substituting their economic and political sovereignty for the people's. This has been accomplished by creating an enormous public service sector operating in the material interest of politicians themselves and of their big business and big social advocacy confederates to the detriment of workers, the middle class, and the nonpolitical rich, jeopardizing the nation's security in the process. Steven Rosefielde and Daniel Quinn Mills contend that this usurpation is the source of America's economic decline and fading international power, and they provide an action plan for restoring "true" democracy in which politicians only provide the services people vote for within the civil and property rights protections set forth in the constitution.

Steven Rosefielde is a professor of economics at the University of North Carolina, Chapel Hill. His most recent books include *Russia in the 21st Century: The Prodigal Superpower* (Cambridge University Press, 2005), *Masters of Illusion: American Leadership in the Media Age* (with Daniel Quinn Mills, Cambridge University Press, 2007), *Russia Since 1980* (with Stefan Hedlund, Cambridge University Press, 2009), *Red Holocaust* (2010), *Two Asias* (edited with Masaaki Kuboniwa and Satoshi Mizobata, 2012), *Prevention and Crisis Management* (edited with Masaaki Kuboniwa and Satoshi Mizobata, 2012), and *Asian Economic Systems* (2013). He holds a PhD in economics from Harvard University.

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32 Avenue of the Americas, New York, NY 10013-2473, USA

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of
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www.cambridge.org

Information on this title: www.cambridge.org/9781107012653

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First published 2013

Printed in the United States of America

A catalog record for this publication is available from the British Library.

Library of Congress Cataloging in Publication data

Rosefelde, Steven.

Democracy and its elected enemies : American political capture and economic decline /
Steven Rosefelde, Daniel Quinn Mills.

pages cm

Includes bibliographical references and index.

ISBN 978-1-107-01265-3 (hardback)

1. United States – Politics and government – 21st century. 2. United States – Economic
conditions – 21st century. 3. Democracy – United States. I. Mills, Daniel Quinn. II. Title.

JK275.R67 2013

320.97309'051-dc23 2013013920

ISBN 978-1-107-01265-3 Hardback

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In memoriam for David Rosefielde

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Preface

This book elaborates a concept of “true democracy” (rule of elected representatives obedient to the people’s agenda rather than politicians governing for themselves in the name of the people) derived from economic utility optimization theory and the principle of majority rule under minority property and civil-rights constraints (consistent with the U.S. Constitution). It compares the size and scope of the United States’ federal government with the true democratic ideal and finds them excessive – waste, fraud, and abuse cost taxpayers approximately \$2 trillion annually (see Chapter 6). *Democracy and Its Elected Enemies* then describes how the United States’ elected officials across the political spectrum behave in domestic and foreign affairs, showing that their actions are motivated to a considerable degree by selling public services in collaboration with big business and big social advocacy. The economic motives that shape domestic political behavior fully apply to foreign policy and form a bridge connecting what might otherwise seem to be separate domains.

Politicians, big business, and big social advocacy collectively set the national agenda in ways that allow them not only to overtax, but also to indirectly serve themselves through fiscal and monetary leveraging, inflation, interest-rate rigging, special-interest mandates, subsidies, preferences, insurance guarantees, “tax-expenditures,” grants-in-aid, bureaucratic layering, and outsourcing at home and abroad. This behavior, it is argued, is the primary source of the United States’ contemporary economic woes. Proof of the thesis is provided by the bloated scale of government in all these dimensions compared with a true democratic benchmark; the system’s inefficiency, waste, fraud, and abuse; bipartisan refusal to roll back and retrench in the face of declining microeconomic vitality; and a looming financial mega crisis driven by national debt. The problem isn’t technical. It is systemic.

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U.S. presidents, federal legislators, and judges, it is argued, have transformed their positions as the people's agents into a new form of electoral sovereignty – the rule of politicians primarily committed to the leveraged sale of public services. These nest-feathering elected officials are dubbed “politarchs” to distinguish them from their predecessors who operated on a smaller venal scale, and their rule is called “politocracy.”

Scale matters because bigness strangles competition and separates the electorate from officials who are supposed to serve as the people's representatives. Moderate misconduct gave us bad democracy; gross misconduct has killed democracy and substituted politocracy.

We chronicle the domestic and foreign economic consequences of this “noiseless revolution” and offer suggestions for remedying the damage to the United States and the tarnished global cause of true democracy. A similar phenomenon can be observed in other nations with elected government, but the nuances cannot be prejudged and the topic must be left for further investigation.

The volume was originally conceived as a sequel to our *Masters of Illusion* (Cambridge University Press, 2007), but gradually became more ambitious. We view the thesis as it has finally emerged as a Kuhnian political paradigm shift in the perception and analysis of contemporary U.S. elected government and its adverse global impact.¹

Most contemporary treatments of democracy are mired in nineteenth-century partisan, class, and social frameworks that encourage scholars and the public to choose sides between big business and big social advocacy. Others attribute contemporary government economic mismanagement to sin or institutional inertia. Our approach does not dispute these influences but places primary blame on the trans-partisan power and material self-seeking of politicians, big businessmen, and big social advocates. It constitutes a clean break with critiques attributing responsibility for bad electoral government to the class struggle, partisan wrangling, institutional determinism, and human nature, offering instead a real science of elected national, transnational, and world government based on collusive utility seeking in the presence of state, business, and social coercive power.

The book isn't idealist or utopian. It isn't Democratic, Republican, Independent; conservative, liberal, or libertarian; right, left, or middle. It is

¹ Thomas Kuhn, *The Structure of Scientific Revolutions*, Chicago: University of Chicago Press, 1962. A Kuhnian revolution requires both a new and a researchable paradigm. The concept of politocracy provides a new lens for reinterpreting the United States' past, present, and future and for applying the same logic to rethinking modern state governance more broadly.

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neo-institutional economic science that reveals an urgent need for a new, true democratic politics aimed at curbing the trans-partisan exploitation of workers and the middle class and re-empowering everyone's personal liberty in the United States and beyond.

The claim to science isn't perfunctory. Our thesis is formulated as a testable hypothesis. We assert that: (i) The U.S. economy is microinefficient and macrodestabilized by bad governance; (ii) bad governance is primarily caused by insider self-seeking; (iii) excessive bigness is an aspect of insider self-seeking; (iv) insider goals (codetermined by politicians, big business, and big social advocacy) conflict with the people's will; (v) the people's will requires drastic governmental downsizing; and (vi) if the rollback is accomplished, the principal sources of the United States' micro- and micro-economic disorders will be significantly ameliorated. Each of these propositions can be rigorously analyzed and objectively tested. Readers are invited to confirm or refute. The approach isn't speculative. It is scientific.

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Acknowledgments

The scope of *Democracy and Its Elected Enemies* is too large to permit us to thank all those who have contributed to its development, but special acknowledgment for their insightful observations is due to Jonathan Leightner, Bruno Dallago, Chiara Guglielmetti, J. Peter Pham, Torbjorn Becker, Assaf Razin, Jong Rong Chen, Szabina Czako, Stephen Blank, Stefan Hedlund, Jan Rylander, Vitaly Shlykov, Shirley E. Mills, and Steve Papa. April Lee, Chunxiao Li, and Huan Zhou provided invaluable research assistance. Susan Rosefielde gave her unstinting support.

Our project was largely self-funded, but elements have benefited from funding provided for related research. We therefore gratefully acknowledge the assistance of Harvard Business School's Division of Research and the Taiwan Visiting Scholar Program from the Ministry of Education, Taiwan (Republic of China), the UNC Institute for the Arts and Humanities, and the UNC Parr Center for Ethics.

To all, we offer our sincere gratitude.

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Executive Summary

Modern U.S. democracy is not a true democracy at all, despite its outward forms – universal suffrage; opposing political parties; elections; separate powers of legislature, executive, and judiciary; and a Constitution and Bill of Rights. It is not a true democracy because these forms of democracy have been usurped by several generations of elected officials for their own benefit. The essence of true democracy is that the government acts in accordance with the people's will (for the people's benefit); it is not that there are elections or any other of the forms of democracy. It is the perversion of this essence that has made the United States a postdemocratic society – a politarchy (often mischaracterized as social democracy) – a government of politicians, by politicians, and for politicians and their associates in big business and big social advocacy. The contest between political parties, between Republicans and Democrats, is superficial. Both parties are captured by politocrats, and their policies vary little; only rhetoric and personalities differ. The result is that the nation's economy is stagnant; unemployment is high; incomes are falling; finances are in crisis; and the opportunity for peace that followed the collapse of the Soviet Union is being squandered in continual warfare. Each of these tragic results benefits the politocracy while injuring the public. Worse still, the problems are not self-healing. The costs of politocracy will continue to mount, propelling the nation toward economic ruin and a sea of needless bloodshed unless the people take back sovereign powers from their elected enemies. It may still be possible to reverse politarchy – and the place to start is with a radical rollback of big government.