

From the President

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Democracy, Freedom, and the Market

Last April the mayor of Ilave, Peru, was dragged out of a town council meeting by a mob of local citizens who severely beat and then lynched him. Four other councilmen escaped with their lives, but were all injured in the attack. They were accused by the attackers of corruption, bribery, and a failure to deliver on electoral promises of better government social services in the community.

Around the same time, the United Nations released a new study on the current status of and future challenges to democracy in Latin America. The authors conducted detailed research in 18 countries, including surveys of 20,000 people and interviews with 231 prominent political leaders.

Among the results was the discovery that 54.7 percent of the people surveyed said they would willingly support an authoritarian regime over a democratic one if such rule could “solve” the economic problems facing their countries. The *New York Times* (June 24) quoted the son of one of the individuals accused of lynching the mayor of Ilave as saying, “I believe in an authoritarian government, if it works. They do this in other countries and it works. Look at Cuba, that works. Look at Pinochet in Chile, that worked.”


The UN report, “Democracy in Latin America: Toward a Citizens’ Democracy,” found that only 43 percent of respondents

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are fully committed to democracy, while 26.5 percent hold “non-democratic” views and 30.5 percent express “ambivalence” about the type of political regime they live under.

The authors concluded that democratically elected governments were failing to satisfy the “political, social and economic aspirations of Latin Americans.” For these aspirations to be fulfilled, they said, democracy must be “deepened” through an expansion of “social citizenship,” in other words, governments’ efforts to combat poverty and inequality. Besides guarding people’s civil rights (defined as “guarantees against oppression”) and political rights (defined as “be[ing] part of public or collective decision-making”), it was essential, they argued, that there also must be protection of “social rights” (defined as “access to well-being”). Under the category of “social rights,” they call for “greater diversity and flexibility of economic policy options,” including a “diversity of forms of market organization.” They lament that the democratic system, which “is virtually a synonym for equality[,] exists side by side with the highest level of inequality in the world.”

In more direct language, the authors are claiming that the success of democracy in Latin America depends on the extension of the welfare state, as well as greater government regulation and control of the market economy. And furthermore, by implication, a democratic system that does not encompass such “social rights” fails to pro-



vide the population with true and meaningful “freedom.”

Whatever value this UN report might have in depicting public opinion in Latin America, the authors’ assumptions and conclusions continue to propagate a number of incorrect and indeed dangerous ideas. Put simply, democracy is not the same thing as freedom, and true freedom does not require the interventionist welfare state—in fact, the latter is fundamentally inconsistent with human liberty and the free society. The real scourge in all of these countries is the degree to which their governments already control and manipulate the economic and social affairs of their citizens. But it is freedom and the market economy that are wrongly blamed for the corruptions and distortions created by the interventionist state.

Monarchical Rule

Democracy has become identified with freedom because of the historical fact that in the eighteenth and nineteenth centuries the advocates of liberty often fought against regimes in which kings and noblemen claimed the right to rule over majorities without their consent. The right of the majority to have a say over their political destiny was seen to be an essential element in men’s freedom from arbitrary power and abuse at the hands of a few.

But basically democracy is only a device through which the decision as to who holds political office can be made peacefully. Electoral decision-making is premised on the idea that it is better for the majority to determine the outcome than the minority.

But the device for selecting officeholders tells nothing about what those elected are to do with their political power. From the time of the ancients it has been understood that a democratic majority can be as cruel and tyrannical as even the worst imaginable dictatorship or oligarchy. The entire history of the evolution of political constitutions shows that governments, even those duly elected by democratic majorities, must be restrained in

what they are permitted to do.

The reason for this—the formulation of which is the great and lasting contribution of the classical-liberal thinkers of the eighteenth and nineteenth centuries—is the realization that rights reside in individuals, not in collectives. Neither minorities nor majorities should have the authority or power to abridge the freedom of individuals to peacefully live their lives as they choose in voluntary interaction with others.

“Civil society” is the term given to the network of relationships men form for mutual and cooperative improvement of their lives through free association. And “market economy” is the term that refers to the network of exchange relationships in a division of labor through which men achieve gains from trade to better their lives.

Neither civil society nor the market economy is consistent with the interventionist welfare state. Whether imposed by minorities or majorities, political intervention in market transactions and government policies that coercively take what some have peacefully earned in order to reassign it to others, by necessity, violate freedom.

If the UN report is correct about a growing disillusionment with democracy in Latin America, it is because large segments of those populations expect the governments they elect to benefit them at the expense of others. When the governments instead use their regulatory and redistributive powers to benefit influential minorities close to those in political authority, frustrated “majorities” conclude that democracy has “failed” because the resulting plunder has passed into hands other than their own. They have been denied the “freedom” to gain something through government at others’ expense. And even worse, the minority they expected to plunder has been able to use the power of the state to plunder them.

If authoritarian regimes return to Latin America, as the UN report suggests is the danger, it will not be freedom or the market that will have failed. It will have been the “democratic” interventionist state. □