



Society, state and market: part I

human action

By: Chris Bassil - January 23, 2013

In many ways, the history of the 20th century can be understood as the history of an ideological struggle between different methods of social organization. In fact, “two systems can be said to have dominated the 20th century,” as economist Janos Kornai has written, identifying these two as “the capitalist system” on the one hand and “the socialist system” on the other.

Although this simplified spectrum is incomplete, and there is a world of gray area between and around these two categories, Kornai’s dichotomy serves as a useful clarification of the two main sides of most contemporary political debates. By dissolving the socialist and capitalist systems into their most basic core elements, we see that they favor either the “state” or the “market” as the most appropriate method of social organization. (To pick a general example out of the blue, then, a social democrat and a free-market capitalist might favor universal health care and free market health care schemes, respectively, as the most efficient means for allocating scarce health-related resources).

As Trevor Burrus, a legal associate at the libertarian-leaning Cato Institute, has observed, we tend to fall on one side or the other based on which of these two methods of organizing society—state on the one hand, market on the other—we feel is more representative of “us,” or “the people,” and which we feel is more representative of “them,” or “an alien and possibly illegitimate organization grafted onto civil society like a parasite.” This, in turn, depends on whether we feel that the state or the market offers us a greater chance for the “perception of meaningful participation.”

So, then, is it the state or the market that offers each of us a greater opportunity for meaningful participation? In America today, social democrats—by definition—would argue that it is the state, and I suspect that they would base their case largely on the right to vote. A popular understanding of this argument holds that each of us, regardless of station in life, gets one vote and therefore receives equal representation in the government. This argument is sometimes extended to suggest that we, in fact, are the government.

Literally speaking, of course, this statement is false. The government is made up of a handful of elected officials, who are voted into office every two, four or six years, and a growing number of their appointees. “We” are not the government, “they” are. (This much is laid painfully clear by the exclusive special health, pension and security benefits “they,” the political class, receive at the expense of “us,” the productive class). But, the argument goes, such an idea is not meant to be taken literally. It is, after all, we who vote these officials into and out of office. Since we control who is voted in and out, and since those who are voted in and out are the government, then, by extension, we too must be the government.

This understanding of the nature of the state rests on a woefully incomplete vision of the voting process. First of all, most elected officials are not actually individuals of our choosing, but rather represent our (often slim) preferences between two candidates delivered to us by political parties. They thus represent our political views in the same way that a choice between Busch and Natty Light at Friday night’s frat party represents our true taste in alcoholic beverages. Furthermore, not all citizens vote, so how can they possibly factor into the idea that “we” are the government? Is “we” then narrowed down to just the voting population? If we take into account that much of that population voted against whichever candidate ends up holding office, then is “we” whittled down further to just the majority party within the voting population? And, within that population, what about those who change their minds mid-term, or who realize that they were duped by the candidate they voted for, or who voted for a candidate based on their economic views but not their foreign policy? Can it really be said that “they” make up the state, based on these flimsy and qualified votes cast in a matter of seconds years earlier?

If we return to our example of Friday night’s frat party, we can nicely summarize the opportunity that state democracy offers citizens for meaningful participation. A politician, perhaps funded by Busch Light, runs on a pro-Busch Light ticket. All those party-goers who favor Busch Light then mobilize their time, resources and supporters in order to sway voters into choosing the pro-Busch Light candidate. They may be unsuccessful, in which case their resources have been wasted and their participation has been meaningless. Or, if they are successful, the pro-Busch Light candidate can then do one of two things, both of which are inherently divisive. He can fail to implement the pro-Busch Light legislation he promised, in which case the meaningful participation on the part of his supporters has again been a meaningless waste of resources, or he can succeed in mandating a policy of Busch Light at all parties, in which case the Natty Light camp will be forcibly prevented from indulging their preferences. Any dissatisfied constituents, of course, will have to wait two, four or six years before their next chance for meaningful participation (which will involve a total rehashing of the tedious process described above), all while the pro-Busch Light candidate siphons resources away from the productive class and funnels it toward his salary and the promotion of special interests.

Readers, of course, will likely understand that the issues at stake in any state election are generally less trivial than the choice between two dissatisfying light beers. They have real consequences for life, liberty, property and happiness. Their tendency to devolve into tragedies of the commons, in which citizens race to confiscate and reallocate each other’s wealth in their favor, represents a method of social organization in which one citizen’s meaningful participation can come only at the expense of his neighbor.

Thus, the state can only be “us” when the losers in any election can become “them”—those who act, vote and think differently than “we” do—a condition that history, for our own good, has a tendency to warn against.

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