

Statism and Democracy: Mises vs. Rothbard

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Appendix: Differences between Mises and Rothbard on the Use of the Term "Intervention"

The aim of this essay is to contrast Ludwig von Mises's statements about statism and democracy with those of Murray Rothbard. Both writers regarded statism as an ideology about government. For Mises, statism is the ideology that government agents should do more than maintain the conditions of capitalism. For Rothbard, it is the ideology that a government is needed to promote the general well-being.

Mises recognized the prospect for government agents who use coercion and compulsion to do more than what is necessary. To counter this propensity, he recommended democratic institutions and economic education as means. Rothbard criticized Mises's definition of statism, although he did not refer to Mises. Consistent with this, he also criticized writers and speakers who recommended any kind of government, whether autocratic or democratic.

This essay illustrates these points by referring to the writings of the two authors. Part One compares the authors on statism. Part Two compares them on democracy. Part Three presents a brief conclusion.

1. MISES VS. ROTHBARD ON FREEDOM AND STATISM

In their respective treatises, neither Mises nor Rothbard dealt with the concept of statism directly. In their other works, both regarded it as an ideology about what a government should do. They also both stated that the ideology of statism is opposed to freedom. Since both defined freedom in their treatises, a reader can identify differences between them by identifying and comparing their different definitions of this term. In this section I first compare their definitions of freedom and then I turn to their remarks in their other works on statism.

Mises and Rothbard on Freedom

Mises

In HA, Mises defined freedom in the following way:

[W]e may define freedom as that state of affairs in which the individual's discretion to choose is not constrained by governmental violence beyond...the frame of the market economy. [A person] is free in the sense that the laws and the government do not force him to renounce his autonomy and self-determination to a greater extent than the inevitable praxeological law does. What he foregoes is only the animal freedom of living without any regard to the existence of other specimens of his species. What the social apparatus of compulsion and coercion achieves is that individuals whom malice, shortsightedness or mental inferiority prevent from realizing that by indulging in acts that are destroying society they are hurting themselves and all other human beings are compelled to avoid such acts (HA: 281).¹

¹This passage did not appear in the 1949 edition, prompting the Mises Institute scholars to assert that in the 1966 edition Mises had redefined freedom. That they were wrong is shown in detail in Part One of Chapter Fifteen. For the moment it is sufficient to note Mises's statements in the 1949 edition that, on the one hand, freedom requires forsaking the advantages of social cooperation (Mises 2004: 278-80) and, on the other hand, social cooperation, or society, cannot exist unless the state – i.e., a government – is employed to hinder people from destroying the social order (*ibid.*: 149).

The last sentence is quite complex the ordinary reader must read it several times to discern its meaning. What he means is that government compels malicious, etc. individuals to avoid acts that cause the division of labor to contract. Such individuals do not (or may not) realize that they are hurting themselves and others.²

Once the statement is clarified, the reader is in a position to understand the meaning of freedom to Mises. Freedom, he says, is

that state of affairs in which the individual's discretion to choose is not constrained by governmental violence beyond the margin within which...the government does more than protect people against violent or fraudulent aggression on the part of antisocial individuals (HA: 281).

Mises defined government as the monopoly over coercion and compulsion.³ Its function with respect to the division of labor is to establish and maintain private property rights, free enterprise, and the conditions required for a stable money. To perform this function, its agents must deter internal aggression and defend against prospective foreign aggressors. The resources needed ordinarily come from taxes. Thus, in Mises's view, freedom means first that a government provides protection of people against "violent or fraudulent aggression" but second that the government does nothing more than this. Freedom is achievable, he says, in the free market, or free market society.

A potential exists for the government to expand to such an extent that it shrinks the sphere of economic freedom more and more and, in the extreme, takes it away altogether.⁴ The more expansive the state, the less free individuals are (HA: 281, 285).

Rothbard

In his *Man, Economy and State* (2004 – MES), Rothbard defines freedom in terms of an intervention, invasion, or aggression. He calls acts that deserve these labels "hegemonic relations" (MES: 90-1).

In the first place, the *intervener*, or "invader," or "aggressor" – the individual or group that initiates violent intervention – may command an individual subject to do or not do certain things, when these actions directly involve the individual's person or property *alone*. In short, the intervener may restrict the subject's use of his property, where exchange with someone else is not involved. This may be called an *autistic intervention*, where the specific order or command involves only the subject himself. Secondly, the intervener may compel an *exchange* between the individual subject and himself or coerce a "gift" from the subject. We may call this a *binary* intervention, since a hegemonic relation is here established between two people: the intervener and the subject. Thirdly, the invader may either compel

²Another part of the quote that needs clarification is the term "praxeological law." When Mises says that the praxeological law restricts freedom, he means that in order to take advantage of the higher physical productivity of the division of labor, humankind must have a government to enable individuals to take advantage of the higher physical productivity of the division of labor under capitalism. I discuss this use of the term "praxeological law" in Part One of Chapter Fifteen.

³See the section on the conditions of capitalism in my essay "[The New Science of Economics in Mises's Treatise.](#)"

⁴The notion of a sphere of economic freedom is discussed in my [essay on methodologies](#) employed by Mises and Rothbard.

or prohibit an exchange between a *pair* of subjects (exchanges always take place between *two* people). In this case, we have a *triangular intervention*, where a hegemonic relation is created between the invader and a *pair* of actual or potential exchangers. All these interventions are examples of the *hegemonic* relation – the relation of command and obedience – in contrast to the contractual, free-market relation of voluntary mutual benefit (MES: 877-8).⁵

Freedom is the absence of hegemonic relations and, therefore, the absence of invasion or aggression.⁶ Thus he writes that there are “two and only two ways that any economy can be organized. One is by freedom and voluntary choice – the way of the market. The other is by force and dictation – the way of the State (MES: 958).” “The way of the market” refers to the organization that he defined as the noninvasive society. In that image, every action by a government agent is a type of hegemonic relationship. As I pointed out in my essays on the [noninvasive society](#) and [competing defense agencies in anarchy](#), the image requires the existence of strong social mores.

Freedom for Mises: a word used to describe a state of affairs in which the individual’s discretion to choose is not constrained by governmental violence beyond that which is required to establish and maintain the conditions of pure capitalism.

Freedom for Rothbard: a word used to describe a state of affairs that in which an individual’s discretion to choose is not constrained by government action of any kind.

Mises and Rothbard on Statism

Mises

In order to find Mises’s definition of statism, the reader should look in his 1944 book *Omnipotent Government* on how to achieve a post-WWII peace.⁷ There, he uses the French word “etatism.”⁸ The book contains two chapters on the subject.

In defining statism he first refers to the function of government. He writes:

With human nature as it is, the state is a necessary and indispensable institution. The state is, if properly administered, the foundation of society, of human coöperation and civilization. It is the most beneficial and most useful instrument in the endeavors of man to promote human happiness and welfare. But it is a tool and a means only, not the ultimate goal. It is not God. It is simply compulsion and coercion; it is the police power (Mises 1944: 47).

Then he assigns the word statism to an ideology that maintains that the state has “the task of guiding the citizens and of holding them in tutelage. It aims at restricting the individual’s freedom to act. It seeks to mold his destiny and to vest all initiative in the government alone” (Mises 1944:

⁵Note that by referring to property in the quotation, Rothbard implicitly assumes that rights to benefit from the use of material items exist even without a government.

⁶Rothbard’s definition of intervention differs from that of Mises and it is essential for a reader who aims to compare the two writers to appreciate this. I discuss their differences in the appendix.

⁷This book was published before the English version of HA.

⁸He explains why he preferred this term at Mises 1944: 5n.

44). Consistent with this he writes in a 1960 article that statism maintains that government omnipotence should be substituted for the decisions of the entrepreneurs of a capitalist economy (Mises 1960: 15).

Rothbard

Rothbard seems to have deliberately avoided the use of the word “statism” in MES. Only once does he refer to statist interference. He seems to have relegated his use of the term to his *Power and Market* (1970), which was republished in the 2004 Scholars Edition of *Man, Economy and State*. There, a reader encounters the same confused conclusion that he reached in his 1962 treatise about the free market society. Only this time, he uses the concept of statism.

One of the conclusions of this analysis is that the *purely free market* maximizes social utility, because every participant in the market benefits from his voluntary participation. On the free market, every man gains; one man’s gain, in fact, is precisely the *consequence* of his bringing about the gain of others. When an exchange is coerced, on the other hand – when criminals or governments intervene – one group gains *at the expense* of others. On the free market, everyone earns according to his productive value in satisfying consumer desires. Under *statist* distribution, everyone earns in proportion to the amount he can plunder from the producers (MES: 1363, some italics added).

The reason that this conclusion is confused, it will be recalled, is due to his equating the term “free market” or its equivalent to his noninvasive society, which assumes that no one acts invasively. As shown in Part Three of my essay on the [noninvasive society](#), Rothbard falsely claimed (1) that the noninvasive society is the image of market interaction that economists had traditionally studied and (2) that the noninvasive society is feasible in reality. In this later discussion, he compounds the error expressed in his false claims by equating the situation faced by individuals in the noninvasive society with *freedom*. Specifically, he writes:

Not only do earnings on the *free market* correspond to productivity, but *freedom* also permits a continually enlarged market, with a wider division of labor, investment to satisfy future wants, and increased living standards (*ibid.*, italics added).

And he claims that “under a regime of *freedom*, everyone gains” (*ibid.*: 1364, italics added). He goes on to contrast this “regime of freedom” with a “regime of statism.”

[U]nder statism, some gain (X) at the expense of others (Y), we can say [that in] every intermixture of government ownership or interference in the market,...[g]overnment taxation and grants of monopolistic privilege...[and g]overnment inflation... X is *not* a pure gainer. The indirect long-run consequences of his *statist privilege* will rebound to what he would generally consider his *disadvantage* – the lowering of living standards, capital consumption, etc. X’s exploitation gain, in short, is clear and obvious to everyone (MES: 1364, some italics added).⁹

⁹Rothbard’s use of the term “praxeological reasoning” here reflects his use of the term praxeology to refer to his ethics. It is similar to his use of the term “praxeological truth” in 1962 (MES: 100). It is reasoning based on the assumption that individuals interact under the conditions of the noninvasive society.

In sum, for Rothbard, the terms “freedom” and “statism” are propaganda tools that he uses to promote his ethics. To refer to freedom is to express the assumption that no one, including no government agent, intervenes, invades, or aggresses. Since he regards intervention, etc. as bad, when he calls an action “statist” he is calling it “bad,” harmful in the long run, etc. Intervention includes not only a price control but also taxation, even if taxation exists to support government agents who establish and enforce the conditions of capitalism.¹⁰

Statism for Mises: an ideology about government that maintains that the government should do more than establish and enforce the conditions of capitalism.

Statism for Rothbard: an ideology about government that maintains that government action of any kind can yield net benefit.

The Difference between Mises and Rothbard on Statism

It is worth summarizing the difference between Mises’s and Rothbard’s definitions of statism. For Mises, statism refers to an ideology about government – about what a government should do beyond establishing and enforcing the conditions of capitalism. For Rothbard, it refers to an ideology to the effect that government action of any kind can yield net benefit.¹¹

2. MISES VS. ROTHBARD ON DEMOCRACY

Mises regarded democracy – or, more correctly, various democratic institutions – as a means of controlling government agents. Government agents are required in order to help protect capitalism

¹⁰Taxation consists of a coerced “gift,” which is his second type of intervention that Rothbard describes (MES: 877). He equates taxation with a price control at MES: 908.

¹¹Quoting recollections by Ralph Raico, Guido Hülsmann writes that “Rothbard was merely an extreme case of the entire species of Misesian students in the post-*Human Action* period. Their favorite sport was to find statist arguments and premises in Mises’s works” (Hülsmann 2007: 931). The main error in Rothbard’s attack was his interpretation of what Mises called the “utilitarian social philosophy” (HA: 147n). Rothbard erroneously labeled Mises a utilitarian and, therefore, a proponent of a particular ideology. All of Mises’s policy judgments, he maintained, were based on this classical liberal, utilitarian ideology. If he was correct about Mises, then he could meet Mises on an equal footing, since his own theorems were derived from ethical assumptions. Rothbard’s ethic – that individuals should not engage in invasive actions – could provide a basis for regarding Mises as a rival. But he was wrong about the policy judgments. Mises made policy *statements* based on his evaluation of intervention arguments. But he did not employ his science of the means to make policy *judgments*. The utilitarian social philosophy is not only an ideology; it is also the source of the [division of labor law](#), which is the basis for Mises’s value-free evaluations of intervention arguments.

So far as I know Mises did not expressly deal with Rothbard’s assertion that he was a utilitarian. However, he did make a comment that directly addresses Rothbard’s error. He wrote that “[t]he most remarkable fact in the history of our age is the revolt against rationalism, economics, and utilitarian social philosophy; it is at the same time a revolt against freedom, democracy, and representative government” (Mises 1978b: 9).

and freedom within a nation from internal and external threats. Yet, as the directors of the monopoly over coercion, they face incentives to carry out intervention actions that go beyond assuring the conditions of capitalism. Such actions are a threat to the higher standards of living achievable under capitalism and to freedom within a nation, as he defined it.

Rothbard asserted that capitalism can thrive without a government. Consistent with this, he regarded arguments favoring a democratic government as specious. They are mainly made by the agents of government or by their supporters to justify the agents' harmful actions. The purpose of this part of the essay is to document these different views. In the following I briefly summarize Mises's views, as described in my essay "[The Determinants of Public Policy: The Ideology of the Common Man](#)." Then I discuss Rothbard's critique of democracy.

Mises on Democracy

Mises's reasoning about democracy can be stated by referring to four ideas. First, a government is required to establish and enforce the conditions of capitalism and to help maintain peace. If individuals want capitalism, he wrote, they must agree to monopolize the coercive power, employ agents to establish the conditions of capitalism and peace, and then submit to the government's demands for taxes to finance these actions. Second, the agents of government tend to develop incentives, over time, to use their coercive power to weaken the conditions of capitalism. Third, to counter this tendency while avoiding civil strife and revolution, the majority must have a peaceful means of replacing anti-capitalist agents with pro-capitalist agents. Fourth, establishing and maintaining democratic institutions is a means for the majority to peacefully replace the government agents.

Mises's reasoning about democracy:

1. Capitalism requires a government the function of which is to establish the conditions of capitalism and to help maintain peace.
2. Government agents tend to have incentives to use their coercive power to weaken the conditions of capitalism.
3. To maintain the conditions of capitalism, including peace, the majority must have a means of peacefully replacing anti-capitalist leaders.
4. The best hope for replacing anti-capitalist leaders peacefully is to establish democratic institutions.

Mises asserted that capitalism requires a government to assure what he called the "smooth operation of the market economy" (HA: 257). He writes that

peaceful social cooperation is impossible if no provision is made for violent prevention and suppression of antisocial action on the part of refractory individuals and groups of individuals. One must take exception to the often-repeated phrase that government is an evil, although a necessary and indispensable evil. What is required for the attainment of an end is a means, the cost to be expended for its successful realization. It is an arbitrary value judgment to describe it as an evil in the moral connotation of the term (HA: 719).

Dictatorship vs. Democracy

The government consists of agents who may have incentives to expand their power and, in doing so, to interfere with the conditions of capitalism. If they can avoid being controlled by the people, they can gain temporary benefits by protecting special interests and by redistributing the wealth and income. To express this, Mises writes:

The state, the social apparatus of coercion and compulsion, is by necessity a hegemonic bond. If government were in a position to expand its power *ad libitum*, it could abolish the market economy and substitute for it all-round totalitarian socialism (HA: 283).

It would be possible for the conditions of capitalism to be instituted by the leaders of a non-democratic government. Whether these conditions would last, however, depends on the actions taken by the leaders of successor governments. If the next leaders had different aims, capitalism may end. In any case, there is no way, under a dictatorship to assure a peaceful change of leadership. The change may entail civil strife and violent revolution. If so, there would be a period of uncertainty about private property rights, free enterprise and the status of previously negotiated contracts. In other words, a violent change in government is likely to disrupt and possibly destroy capitalism. Thus Mises writes that democracy, or rule by the majority, enables a peaceful transition of the control over the government. It enables people to avoid “civil wars, revolutions, or insurrections” (Mises 1927: 39; HA: 149-150).

Democratic Institutions Needed to Achieve a Peaceful Change of Leaders and Policies

How can people control the actions of their leaders and guard against the expansion of government power? One answer is that they may establish democratic institutions.¹² In a 1950 essay, he identified various *democratic institutions* and accompanying mores that he called “reforms and innovations” (Mises 1950: 304). I quoted Mises’s list of these institutions in Part Two of my essay “[Mises on the Determinants of Public Policy](#).” He believed that for peaceful capitalism to exist in the long run – i.e., for statism to be controlled – such institutions must exist. Then voters could peacefully replace leaders they believed to be less effective than their rivals.

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¹²“In order to prevent [expansion], it is necessary to curb the power of government. This is the task of all constitutions, bills of rights, and laws. This is the meaning of all struggles which men have fought for liberty” (HA: 283).

Influencing the Ideology of the Common Man

How can one who wants to preserve democratic institutions in order to control this tendency toward statism attain his end? Mises answers by referring to the “small minority of enlightened citizens who are able to conceive sound principles of political management.” Calling this group “the elite,” he writes:

There is no other means to safeguard a propitious development of human affairs than to make the masses of inferior people adopt the ideas of the elite. This has to be achieved by convincing them (UF: 93).

By the “ideas of the elite,” he is referring to ideologies about government that correspond to those required to replace leaders with unsound principles of political management with leaders who practice sound principles. He is not assuming that the masses themselves can conceive of sound principles. On the contrary,

(t)he masses, the hosts of common men, do not conceive any ideas, sound or unsound. They only choose between the ideologies developed by the intellectual leaders of mankind. But their choice is final and determines the course of events. If they prefer bad doctrines, nothing can prevent disaster (HA: 864).

A synonym for the ideologies about government held by the masses, or by the common man, is *public opinion*. This concept is described in my essay [Mises on the Determinants of Public Policy](#). Freedom of speech and the press provide individuals with opportunities to “build an arena” within which economic policies and future democratic institutions can be debated among intellectuals and in which rival ideologies about government can be presented to the molders of the common man’s ideologies into forms that are palatable to him. The common men’s ideologies about government are “crude and simplified.”

But all knowledge of the many is crude and simplified. What matters is not to change the ideology of the masses, but to change first the ideology of the intellectual strata, the “highbrows,” whose mentality determines the content of the simplifications which are held by the “lowbrows” (Mises 1948: 157).¹³

History of Democracy

Democratic government did not emerge in history as a sudden creation of enlightened leaders. It is the product of a long co-evolution with the expansion division of labor law, capitalism, and the gradual adoption of liberal economic policies. Mises writes that freedom

¹³These ideas seem to have been first expressed in Mises’s 1927 book on *Liberalism* (Mises 1927: 39-42). They reflect the views of what Mises called the ideology of liberalism.

It is worth noting that there may be several strata of opinion leaders. The “highbrows” may include brilliant thinkers who lack knowledge of economics but who do not regularly communicate with the common man. Then there are the lesser thinkers who possess powers of persuasion that are effective in influencing the common man and who regularly exercise these powers. In between, there may be many who do not fit strictly into either category but who, if the economist can teach them the lessons of classical liberalism, would take actions that ultimately influence the common man to prefer “good doctrines.”

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can work only where the peaceful cooperation of individuals is protected in such a way against oppression and usurpation.

Constitutional government by elected officeholders representative government is an institution to give the citizens in the administration of public affairs a supremacy as far as possible analogous to the sovereignty they enjoy in their capacity as consumers in the market economy. Supplanting the rule of the aristocratic lords of the feudal ages and all systems of slavery and serfdom, it developed in the countries of Western civilization simultaneously with the gradual disintegration of the economic self-sufficiency of families, villages, counties, and nations and the evolution of the world-embracing system of the international division of labor. It is the political corollary of the economic democracy of the market economy, and it gives way to a dictatorial regime whenever and wherever the voluntary cooperation of men under the system of free markets is abolished by the establishment of any kind of socialist management (Mises 1951b: 283).

Prospects

There is no guarantee that the common man will support leaders who promote sound economic policies and who try to preserve the essential democratic institutions. Democracy:

cannot prevent majorities from falling victim to erroneous ideas and from adopting inappropriate policies which not only fail to realize the ends aimed at but result in disaster. Majorities too may err and destroy our civilization (HA: 193).

However, there is no other system that offers the same prospect.

It is also possible that ideologies about government may remain divided in spite of the efforts of the intellectuals and the molders.

A country's public opinion may be ideologically divided in such a way that no group is strong enough to establish a durable government. Then anarchy emerges. Revolutions and civil strife become permanent (HA: 191).

Still, the best hope for maintaining capitalism and avoiding statism is democracy. Mises's concluding two sentences of the treatise are as follows.

It rests with men whether they will make the proper use of the rich treasure with which this knowledge provides them or whether they will leave it unused. But if they fail to take the best advantage of it and disregard its teachings and warnings, they will not annul economics; they will stamp out society and the human race (HA: 885; SE: 881.)

The implication of Mises's references to democracy and public opinion in this context is that humankind may fail to take advantage of the special knowledge produced by the economist if (1) government leaders disregard it in their policy making, (2) if the people fail to guard sufficiently against the expansion of government power by establishing democratic institutions or (3) citizens adopt ideologies about government that

Mises on reasons why people may fail to take advantage of the special knowledge of economics:

1. Government leaders may disregard this knowledge in their policy making.
2. Citizens may fail to guard sufficiently against the expansion of government power; in particular, they may fail to establish the necessary democratic institutions.
3. Citizens may adopt ideologies about government that neglect capitalism or the democratic institutions required for the peaceful change of government.

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Rothbard's Critique of Democracy

Rothbard's approach to democracy begins with his concept of freedom. He defines freedom specifically as "freedom from violence" (MES: 91-2; 339-40; 653). All of his views about democracy are derived from a single question: How does democracy affect freedom from violence. To answer the question, he investigates the difference between the violence of a democratic government and the violence without a government, both historically and theoretically. In light of his exploration of the noninvasive society, a reader might expect that he would compare the violence of democracy with the violence of his noninvasive society. However, his goal is to criticize the proponents of democracy without directly mentioning that construct. The aim of this subsection is to describe his critiques with special emphasis on the peaceful change argument made by Mises.¹⁴

Democracy as a Contradiction

Unlike Mises, who defined democracy by listing a set of democratic institutions, Rothbard presents a specific definition which he claims is "replete with contradictions." "Democracy," he writes in *Power and Market*, "is a system of majority rule in which each citizen has one vote either in deciding the policies of the government or in electing the rulers, who will in turn decide policy" (MES: 1287). For a system to be a (true) democracy, its rules must permit a majority to vote to abolish the democracy. On the one hand, it must permit the majority to establish a dictatorship. On the other hand, it must allow the majority to dis-establish the government and, by so doing, switch to anarchy. Rothbard writes that if "the majority of voters in a democracy are prohibited from doing one thing – ending the democratic elective process itself – then this is no longer democracy, because the majority of voters can no longer rule." He introduces this reasoning by referring to a "dilemma" (MES: 1280). Later in the same discussion, he calls it an "inherent contradiction" (MES: 1282).

Rothbard's reasoning about a dilemma is correct. Nevertheless, the terms he uses to describe the reasoning are misplaced. There is no dilemma or contradiction. There is simply the fact that which democratic institutions, by themselves, cannot insure the continuation of democracy. The endurance of democracy depends also on public opinion. See my section on "Democratic Institutions to Control Government Agents" in my essay "[The Determinants of Public Policy: The Ideology of the Common Man.](#)" Rothbard does not address Mises's reasoning.

In presenting this reasoning, Rothbard, does not identify anyone who subscribes to it. Nevertheless, he disparages those who he believes employ it. He does not refer to Mises and he is not concerned with how majority public opinion is influenced by the intellectuals.

Representative Democracy and "Majority Will"

Rothbard's second critique reasons that representative democracy cannot represent the "majority will," as claimed by expositors of the classical definition of democracy (MES: 1282). He immediately digresses from this proposition, however, by introducing geography. Recognizing that democracy exists in geographically contiguous nations, he returns to his previous argument about the "dilemma" of democracy. What if a local plebiscite votes to leave one nation and join another?

¹⁴Rothbard does not associate any of his critiques with Mises.

Or what if the plebiscite decides to either establish its own nation or to abolish the monopoly over coercion within a given geographical area (shift to anarcho-capitalism)? (MES: 1282-3)¹⁵ After this digression, he returns to his main point about the majority will. He goes on to describe a conflict between the classical one-person-one-vote rule and the modern view of representative democracy. This conflict is best described by the statement that different forms of proportional representation lead to different results (MES: 1283-4). Accordingly, the majority will is not a unique outcome of representative voting. Given these characteristics of real representative democracy, Rothbard concludes that it is unrealistic to assume that any particular voting outcome will represent the will of the people.

Rothbard is correct to say that the decisions of government leaders cannot represent the will of the people. The reason, however, is more fundamental than the ones he gives. It is that the “will of the people” is a vacuous concept. It cannot be traced back to the prerequisites and necessary characteristics of action. Accordingly, its users can only produce vacuous tautologies. Such tautologies are the tools of propagandists.

The Peaceful Change Argument

It is not long before Rothbard turns to the question of why democracy is needed (*ibid.*). It is in attempting to answer this question that he addresses the peaceful change argument. In his answer he does not mention Mises even though he must have known that Mises also made an argument to support this proposition. In any case, he claims to provide a definitive set of critiques. My report consists of describing these critiques.

Democracy May not be Needed to Avoid a Violent Overthrow

Rothbard’s first critique is that the peaceful change argument “completely overlooks the possibility of the nonviolent overthrow of the government by the majority through civil disobedience, i.e., peaceful refusal to obey government orders” (*ibid.*). He does not identify anyone who overlooks this possibility. In any case, Mises surely recognized that a peaceful change of leaders could be achieved without democracy. His argument favoring democracy over despotism is based on the assumption that change under despotism is *likely* to entail civil strife and/or revolution. On the one hand, he deduced this from a consideration of the incentives faced by government agents under dictatorship. On the other hand, he had studied historical overthrows. Rothbard did not consider either of these elements. It follows that Rothbard’s first critique is beside the point.

All Democracies are Good

Rothbard’s second critique is similar. He writes that “[t]hose who have adopted this argument have simply used it to give a seal of approval to all democracies and have then moved on quickly to other matters” (MES: 1288). Again, he does not refer to anybody in particular. Even if he is correct, the un-reasoned approval given by some people to democracy has no bearing on the recognition of incentives or the historical facts.

¹⁵I discuss secession further in Part Three of my essay “[Rothbard’s Illusion that Mises was a Radical.](#)”

Decisions by Winners of Civil Combat vs. Decisions under Democracy

His third critique is that democracy, as he defines it, cannot result in a one-to-one matching of the majority decision on policy or on who should be the leader with what might be called the “true preference” decision. In order to isolate this critique, a reader must first disentangle it from an irrelevant critique with which Rothbard intertwines it. He introduces the irrelevant critique first. He writes that the proponent of democracy asserts that “a democratic election will yield the *same result as would have occurred* if the majority had had to battle the minority in violent combat” (MES: 1288). Such a battle would presumably be fought between two factions that want to dictate the choice of leaders, the choice of economic and political policies, or both. He says that if the result is very different, then “we must either reject democracy or give up the argument” (*ibid.*).

The argument is confused. First, there is no reason to assume that the majority would win a violent combat. A group may be able to wield superior coercive power without containing a majority of the people. Second, there is no way to predict whose particular preferences would prevail in the post-combat choice of leaders or policies or what weights they would have. The choices would presumably be different from the choices made by an electorate in a democracy. But this fact by itself is not relevant to the peaceful change argument. Accordingly, there is no way to compare the prospective outcome of civil combat with the outcome of the majority voting that Mises has in mind.

Decisions in Democracy vs. “True Preference” Decisions

I now turn to Rothbard’s critique based on the proposition that democratic decisions will not reflect the true preferences of the people who he assumes are voters. He writes:

[I]f we define democracy as including equal voting, this means that democracy simply cannot meet its own criterion as deduced from the “peaceful-change” argument. Or, if we define democracy as majority voting, but not necessarily equal, then the advocates of democracy would have to favor: abolishing the vote for women, sick people, old people, etc.; plural voting for the militarily trained; poll taxes; the open vote; etc (MES: 1290-1).¹⁶

The concept of a community’s “true preferences” is similar to the concept of the “majority will.” It cannot be traced to the prerequisites and necessary characteristics of action. The political theorist could not devise any realistic system in which voting would reflect the true preferences. Rothbard’s reference to this amounts to a fundamental misstatement of the problem. It certainly does not address Mises’s peaceful change argument.

The peaceful change argument does not require a full specification of voting qualifications or a complete statement of how collective decisions are made in a democracy. A perfect mapping of voter preferences to government decision making is not required for democracy to perform the function that Mises ascribes to it.

Democracy as a Means of Achieving Other Ends: A Bizarre Conclusion

Rothbard’s conclusion is truly bizarre. Thinking that he has proved that democracy does not help to reduce violence, he asks about the other ends that imposing it might help people achieve. He writes:

¹⁶Rothbard is presumably referring here to the institutions of democracy that were prevalent in the US at the time.

The end [that is sought by a proponent of democracy] may be either to put a certain political leader into power or to attain desired governmental policies...The socialist and the libertarian, for example, while recognizing the inherent instability of the democratic form, may favor democracy as a means of *arriving* at a socialist or a libertarian society. The libertarian might thus consider democracy as a useful way of protecting people against government or of advancing individual liberty. One's views of democracy, then, depend upon one's estimates of the given circumstances (MES: 1291).

When he says that the libertarian may support democracy as a means of arriving at a socialist state, what he seems to have in mind is the proposition that anarcho-capitalism is more likely to emerge after the socialist state breaks down.

In this conclusion, one observes the logical outcome of Rothbard's false belief that he had proven that majority-rule democracy would result in as much violence against minorities as his imaginary "civil combat." Rather than seeing democracy as a means for potential participants in capitalist interaction to avoid the disruptions associated with civil strife and violent overthrows of a despotic government, Rothbard sees it as the imposition and maintenance of violence against people who would otherwise have been peaceful and

therefore free to enjoy the benefits of capitalism. The deduction that they would have been peaceful follows directly from his assumption that there are no invasive acts in the noninvasive society (what he calls the "free society").

Rothbard neglects the fact that no one lives in this "free society." One cannot make a legitimate argument about the interaction that would occur under realistic conditions on the basis of an image of interaction that would occur under conditions that are not realistic and could never be so, given human nature.

Rothbard's reasoning about democracy:

1. Freedom and capitalism are achievable so long as individuals do not act invasively.
2. All government action is coercive and invasive; therefore, all government action interferes with freedom and capitalism.
3. Advocates of democracy implicitly endorse actions by government agents; therefore, such advocates are necessarily opposed to freedom and capitalism.
4. Advocates of democracy make specious arguments.

3. CONCLUSION

Rothbard's views of statism and democracy are based on his image of a noninvasive society. In that image, individuals thrive through voluntary exchange even in the absence of a government. Every government action imposes net harm. With his ethical theorems in mind, he defined statism as an ideology that regards government action of any kind as good. Since he believed that every government action would harm someone, he opposed this ideology. Mises defined statism as an ideology that proposes government action beyond what is necessary to maintain the conditions of capitalism is desirable. If Rothbard was a sincere Austrian economist, he would have criticized Mises; since Mises argued that, given the conditions of the world as they are, the government is necessary for capitalism to fulfill its potential. But he did not confront Mises.

For Rothbard, Mises's idea that the institutions of democracy help to control a government and reduce the prospect for civil strife and revolution is a non-starter. The noninvasive society does not need a government. A government, whether democratic or not, can only do harm because it is an

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instrument of coercion. Nevertheless, Rothbard did criticize the class of writers who promote democracy as a means of reducing the prospect for a non-violent change in government leadership. Mises fit into this class. But, once again, Rothbard did not confront Mises's writings.

APPENDIX

DIFFERENCES BETWEEN MISES AND ROTHBARD ON THE MEANING OF “INTERVENTION”

As pointed out, Rothbard employed the term “intervention” to refer to all actions that entail the use of coercion in an otherwise voluntary, or non-invasive setting. He primarily used it to refer to coercive actions by government agents. He was especially interested in taxation. Mises also used the term “intervention.” However, he confined his meaning exclusively to market intervention – interference with market interaction. Examples are a government-imposed restriction on private property rights, a restriction on free enterprise and forced cancellation of previously-negotiated contracts.

Many individuals have incentives to cause market intervention. For example, some market participants can gain by blocking others from competing with them. To cause this to happen, they may bribe the government agents charged with maintaining the conditions of capitalism. Expecting to gain more in the short run than they lose in the long run, the market participants are willing to share some of their gain with the agents. The result is bribery and what is often called corruption. Such bribery and corruption may even be initiated by the agents themselves.

Interventions in pure capitalism necessarily entail a loss in material consumer goods. Mises acknowledged, however, that advocates of a particular market intervention may judge that the overall benefits of an intervention outweigh the loss in material consumer goods (HA: 748; 756). Moreover, interventions may be proposed for interaction under impure capitalist conditions. In this event, the amounts of material consumer goods may increase. When the economist evaluates cases of this sort, the evaluation of each argument requires that it be considered on its merit.

A student who is comparing the words of Mises with those of Rothbard on statism and democracy must be cognizant of the different uses of the term. Failure to do so can lead to errors in interpretation.

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*In chronological order according to the time at which the the original version was written.