

Is True Democracy Impossible under Capitalism?

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This article inquires into whether the social conditions of a population which are needed for democracy to flourish are met by a capitalist organisation of society. To assess the viability of democracy under capitalism, a link between socialism and democracy is highlighted. This article seeks to understand the social conditions needed for democracy to work. The article aims to illustrate that capitalism is conducive to democracy; however, to achieve “true” democracy, socialist welfare and regulation combined with capitalism is needed.

Introduction

Democracy – from the *Greek* *demos* and *kratos*, rule of the people – was first identified in Greek city-states with populations of a few tens of thousands, where male citizens met to take decisions collectively. The 5th century Athenian Pericles (1972: 25) championed this direct democracy as “power not in the hands of the minority but of the whole people”, even if it excluded all women, slaves and resident foreigners (Held 1996: 23-24). Democracy has changed to deal with today’s far larger and more complex states with bigger populations and more diverse societies so representative democracy with regular voting is now the most common

form of the rule of the people. Exploring capitalism and socialism as “ideal types”, while aware neither is monolithic in practice, this article intends to address both sides of the argument about whether democracy is impossible under capitalism. It will consider a range of issues, including: the role of free markets compared to planned economies; private property; ideological control; class inequality; and the media. It will also explore whether capitalism can be seen as the greater of two evils, and whether incorporating parts of both capitalism and socialism would produce the ideal conditions for true democracy.

Affluence and equality

Drawing on the views of Friedrich von Hayek, Milton Friedman and others, today’s neoliberals claim that capitalism, with its free market, private property and minimal or “night watch” state, has created the conditions allowing democracy to flourish. These provide pluralism through market competition and equality of opportunity by meritocracy. Neoliberals have assumed that capitalism went hand in hand with the rise of democracy, to the point that Fukuyama (1992) declared that the fall of the Berlin wall marked “the end of history”, and a combination of neoliberal economic policies and liberal democracies was the “universal consensus”. They assert that true democracy has been achieved and can only be achieved under capitalism.

There are however those who argue that socio-economic inequalities, an integral part of capitalism, undermine relations of civility and political equality, and that by its nature, a free market produces a tyranny of the elites (Kautsky, cited in Lenin 1933; Tawney 1964; Cunningham 1987). There are many issues to consider when assessing whether the conditions needed for democracy can be found under capitalism, and if not, whether the alternative of socialism could provide the best conditions for democracy.

It is true that democracy has often been legitimately achieved under capitalism. Conservative economists such as Friedman (1962) insist that it is no coincidence that “first world” countries which collectively have the highest rates of literacy, life expectancy and the highest recognition of human rights, are rooted in capitalist economies. Democratic principles are only achievable under free markets according to Friedman, who argues that they both enable political freedom and are a component of freedom itself (1962: 8). According to Heywood (1994: 316-320), this correlation is because the free market provides competition and self-interest encourages people to work hard and develop skills which ensure a productive and growing economy. Affluence allows economic freedom which creates a healthy and educated electorate that can increase their political freedom by increased participation. A free market allows a privately-owned media to criticise government, increasing freedom of speech and fostering a more engaged electorate and a better functioning democracy. From this perspective the link between free markets and political freedoms shows that capitalism does provide the necessary conditions for democracy.

Property and freedom

It can be claimed that free markets, private property and democracy are intertwined. Natural rights and libertarian theorists, from John Locke in the seventeenth century (1965) to Robert Nozick (cited in Heywood 2004: 318) argue that property rights breed flourishing economies, independence from the state, and important social and personal values that help create the conditions for democracy. First, they claim that property ownership is an incentive to labour as it ensures competition and creates a hard working population who strive for material goods, and thus create a growing economy with increased affluence (Wright 1951). This affluence also allows people to be better educated and have more time to be actively involved in politics. Second, property allows people to be self-reliant, as those without property, such as people in states in which

property has been nationalised, can be easily manipulated by the state or by wealthy people. A free and un-manipulated electorate is needed to ensure that democratic decisions are taken in the interests of the majority.

This point is echoed by Hayek (1976) who portrayed property ownership as the most important of civil liberties implying that personal freedom was only possible in a capitalist economic system. Finally, the social values and personal fulfilment arguably created by private property ownership give people a stake in society and an incentive to maintain order which reduces dependency on state welfare and public services. Heywood (1994: 320) suggests that these are also important conditions for democracy to occur. Thus private property, as the cornerstone of a capitalist society, promotes conditions necessary for democracy; political participation, an independent and self-reliant electorate, and social order. Moreover, free markets are integral to a capitalist system, being self-regulating and consumer-driven to provide the right amount of resources needed by a population.

Socialism's flaws

By contrast central planning is inefficient, argues Hayek (1988: 85). He suggests that it is impossible to know the amount of resources available for central control and therefore central planning cannot deliver what the consumer wants. Failures of centrally planned economies, which also lack pluralist media and democracy, range from the shortages of housing and food in the Soviet Union to the famine deaths of millions in China in the 1950s. Friedman (1962: 12) furthers this argument when suggesting that a functioning democracy needs extensive division of labour and specialisation, which are in turn characteristics of a free market. This illustrates how a consumer-driven economy provides the resources for an electorate to participate in a democracy.

A further criticism of socialism is Hayek's (1988) claim that too few have

too much control in socialist societies. He points out that the nature of society means there will be political elites under both socialist and capitalist systems, but there are too few checks on socialist power. He suggests that free markets are a check on government power as they are not centrally controlled, removing power from political elites, which does not happen under socialism. North Korea provides an extreme example, where the lack of checks on elites extends to creating a cult around the ruling dynasty (Myers 2012). In most societies, democracy rests on the idea of majority rule and a limited state is more likely to provide this, as there is less of a tendency to manipulate the views of the people so they are able to vote autonomously.

Capitalism's failure

Capitalism can however be criticised for its neglect of the problems involving private property. Private ownership arguably produces social and financial inequalities that threaten democracy. Gross disparities of wealth can be used to control others, or as Proudhon (1994) famously declared: 'All property is theft'. He meant that the rich could accumulate wealth easily through property then use that power to oppress the poor. Wealth disparity in society creates a highly-educated elite, undermining political equality. Under capitalism, the highest levels of politics are accessible only to the rich, this is evident in Britain today as there are 23 millionaires among the 29 members of the first coalition cabinet (Owen 2010). Kautsky (cited in Lenin, 1933: 12) also lends support to this view: he suggests that the economically dominant class is also dominant politically. Mill (2004: 181) found that 'democracies which at present exist are not equal, but systematically unequal in favour of the predominant class'. Inequality, expressed through wealth gaps, capital accumulation, market manipulation, monopolies and lobbying to influence the political process, can lead to social unrest, greater poverty and crime. Thus it can be argued that capitalism promotes inequality, which undermines democratic principles.

These issues were of concern to Tawney (1964: 49), who suggested that:

because men are men, social institutions – property rights, and the organisation of industry, and the system of public health and education – should be planned, as far as possible, to emphasise and strengthen, not the class differences which divide, but the common humanity which unites them.

Seeking to support democracy, Tawney wanted a planned economy to secure material and social equality, promote cooperation and build consensus. This is echoed by Cunningham (1987: 124) who argued that planned economies can create the conditions for mutual tolerance needed to respect minority rights, allowing full participation through less discrimination.

Choice and control

The existence of institutions which emphasise class differences can reduce the ability of the poor to engage in political participation. When the poor lack an equal role in a capitalist democracy, it can be argued that it is taken for granted that the majority want a capitalist market. Libertarian theorist Nozick (cited in Cunningham 1987: 106) recognises that, despite his political beliefs, ‘given the choice, the majority might opt to institute an egalitarian state’. Yet the louder voice of the rich means it is very hard to challenge the status quo. Levine (1984: 133) furthers Nozick’s claim by arguing that it is not in the public’s control whether they operate in a capitalist market; rather, through ideological control, capitalism is forced on society without real consultation. If it is true that the public is being ideologically manipulated and forced to accept capitalism, then true democracy is not taking place as the will of the people does not rule.

Reflecting on the ideological control used to implement capitalism, the media’s role in society has arguably shifted from a pluralist check on government power to the takeover of a few major companies and dominant individuals that act as oligopolies, which can stifle political debate and manipulate the public. From a sociological perspective true democracy is unachievable under capitalism because of horizontal integration of media, such as Rupert Murdoch’s media empire and its influence over people and governments (Fotopoulos 2008). This produces an elite media few who can bargain with political parties and manipulate the public to increase their revenue and legitimise capitalism as fair while maintaining class inequalities. This is what Cunningham (1987: 255), echoing the Marxist concept of false consciousness, described as false beliefs or common sense social descriptions that sustain one’s own oppression.

Conclusion

As the democracy of Greek city-states was flawed by exclusions and limitations of scale, capitalism’s unfettered free market is flawed by having never happened, since even the most liberal economy has regulation, tax breaks, subsidies, monopolies and other distortions. Meanwhile the boom and bust of market cycles reduce political freedom and democracy through economic instability, unemployment and inflation, whether in the hyperinflation of Zimbabwe or one million disillusioned 16–24-year-olds unemployed in Britain today (Office for National Statistics 2011). It is noteworthy that only 44% of 18–24-year-olds voted in the 2010 general election in the UK (Ipsos Mori 2010), a lower figure than any other age group. When the freedom of capitalism is the “freedom to starve” (Lenin, 1920) as the socialist welfare state is dismantled by austerity cuts, and when economic instability reminds voters they are not all in it together, it is evidence that democracy is impossible under capitalism.

The central control of socialism which denies political and economic choice while concentrating power in few hands appears to be matched by

the inequalities and instability of capitalism which denies political and economic choice while concentrating wealth and power in few hands. Neither capitalism nor socialism alone can provide the necessary conditions for true democracy. Capitalism's key characteristics, namely wealth inequalities promoting political inequality via private property, unaccountable free markets and tyranny of the elites in the economy and media, are evidence of its incompatibility with democracy. Socialism also has flaws; the state reduces individual freedom, produces dependency, and concentrated power brings political elites and tyranny. As well as raising new issues for exploration such as, determining the point at which capitalism's anti-democratic tendencies outweigh its positive impact, this article raises a further question. Can the freedom that capitalism brings encourage democracy to coexist with the socialist characteristics of a welfare state and economic regulation? This article concludes with the suggestion that the ideal version of true democracy would involve elements of socialist welfare and regulation to promote equality, and aspects of capitalism's free market to avoid pitfalls of central planning.

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