



## BOOK NOTE

Hans-Hermann Hoppe. 2001. *Democracy: The God that Failed: The Economics and Politics of Monarchy, Democracy, and Natural Order*. New Brunswick, NJ: Transaction Publishers. ISBN 0-7658-0088-8

Once upon a time, long, long ago, in a faraway place (actually, a contrary-to-fact made-up one), there lived a group of human beings without benefit of government. Any government at all. How did they manage?

Well, whenever there was a dispute between two neighbors, or friends, or merchants, or between a retailer and a customer, the plaintiff and defendant together would hire someone to mediate between them. This would be a leader of the community, or a prince, or leader of the clan, or an old wise man, someone renowned for his wisdom and sense of fair play. If there were a robbery, or a rape, or a murder (or a commercial dispute in which one of the parties refused arbitration), the victim would resort to the same kind of person who, for an agreed-upon fee, would mobilize the community to bring about justice by use of force or banishment or both.

All was well in this idyll until a community leader, or prince, or wise man—the most respected and powerful of them all—decided that he didn't much like the competition from others of his own type. So, instead of allowing disputants a choice, he insisted that they all patronize services from only himself. But securing a monopoly over protection, defense and insurance was not enough for this ambitious man. In addition, he demanded that all members of the society pay him fees (taxes) whether or not they had any need of his assistance in such matters. He hired a bunch of intellectuals, professors and journalists (for a cut of the increased pie) to bruit it about that this new system was only proper and natural, and that the previous one was fatally flawed: morally, intellectually, spiritually and pragmatically.

This, in a very small nutshell, is the beginning of the downward slide of the human condition for Hans-Hermann Hoppe, Professor of

Economics at the University of Nevada, Las Vegas, and author of the new book, *Democracy: The God that Failed*.

But this is only the merest beginning of the record of human history, economics, sociology and politics told to us by this amazingly gifted storyteller.

Because at least this Prince (for that is what we plebeians must now call him) ruled in a reasonably wise and humane manner. He pretty much had to. There were of course some exceptions, but his own selfish personal interest dictated good stewardship over his domains. For with these vast powers, he was in effect the owner of the entire society. If he engaged in socialism, or promulgated price controls (especially for things he purchased), or raised taxes very much, or indulged in too much inflation, or expropriated property or in any other way threatened his people's incentives to create wealth, he might make out like a bandit (which he was in any case) in the short run, but in the long run he would kill or at least seriously maim the goose that was giving him all those golden eggs. No one worries about an oil change for a rental car, but if you own one, you tend to keep in mind its future operation. And, as an added incentive, if the prince didn't act in a reasonably responsible way, if he was in the process of ruining things, a son or a nephew or a brother would likely assassinate him, secure in the knowledge that the law of succession would transfer these spoils in his own direction.

But then a second tragedy befell mankind, one far more serious: we moved from monarchy to democracy. Now, all bets were off. The President or Prime Minister or Elected Leader knew that he had only so much time to feather his own nest. Why worry unduly about the future of the economy when he will not be around to collect after the next four years? Nor could he pass off his "kingdom" to his heirs. "Grab now" and "make hay while the sun shines" became the mottos of the elected officeholder.

This short-sighted behavior pattern transferred from ruler to ruled. It not only ruined the economy, but promoted war, exacerbated crime, increased interest rates (due to societywide impatience) and drove up all sorts of other indices of disarray (unemployment, homelessness, divorce, perversity). The decline of human civilization was caused by the rise of democracy; the way back to social sanity lies in the oppo-

site direction, through monarchy and then back to what Hoppe calls the “natural order”: a system in which no one, no one at all, initiates violence against non-initiators, and no one prevents anyone else from providing defense—judicial services.

But wait just one cotton-picking minute. Surely things are far better off, at least in the Western *democracies*, than they were hundreds of years ago when these very same countries were ruled by kings, princes and other monarchs. How, then, can anyone in his right mind seriously recommend the latter system vis-à-vis the former?

Hoppe’s answer is masterful: 21<sup>st</sup>-century democracies work better in many ways than did monarchies of earlier epochs, not because of their different political systems but in spite of them. Had there been 17<sup>th</sup>-century democracies, they would have been far worse than rule by princes during that century; and, if we are ever lucky enough that nobility replaces our present-day presidents and prime ministers, an increased ability to take the long-run view will actually *improve* matters.

The building blocks set up by Hoppe have great explanatory value, shedding light on all sorts of historical occurrences, from wars to poverty to inflation to interest rates to crime. This book is a must read for all those interested in obtaining a unique and valuable insight into economics, history, sociology and philosophy.

There are but a few and relatively unimportant errors that mar this otherwise splendid book. It seems churlish to even mention them, given the power and grace with which Hoppe presents his case. Yet, no review would be complete without a brief look.

First, Hoppe maintains, not that there is a strong tendency for individuals’ time preferences to decrease as they become wealthier, but rather that this is necessary. Is this relationship an empirical regularity or a matter of praxeology? If the latter, then there could *never* arise a counterfactual. A simple thought experiment suggests that this is not the case: I get a raise, or receive an inheritance, and decide to save less than before. Unlikely? Yes. Impossible? Hardly.<sup>1</sup>

Second, Hoppe maintains as a matter of principle that government is entitled to restrict immigration. To be sure, he maintains this position on the libertarian grounds that uninvited border crossings constitute trespass.<sup>2</sup> However, this argument is subject to two simple

refutations. First, if invited immigrants may not enter the country, then neither may new babies. Second, there are vast unowned areas of the United States; if immigrants enter these, there can be no question of trespass.<sup>3</sup>

Third, Hoppe maintains that libertarianism is but a version of conservatism, and the latter but a branch of the former. The two are joined at the hip, as it were. The truth of the matter, in contrast, is that there is an unbridgeable gap between them.<sup>4</sup>

Compared to the explanatory power of this book and its many and magnificent achievements, these reservations are but minor quibbles. This book will take by storm the field of political economy, and no one interested in these topics can afford to be without it. Imagine: a treatise that actually shows democracy in a bad light compared to monarchy, and from a strong property rights and free enterprise point of view. Never has anything of the sort been accomplished before.

Walter Block

Harold E. Wirth Eminent Scholar

Endowed Chair of Economics

Loyola University

### Notes

1. See on this William Barnett, Walter Block, and Joseph Salerno, "Relationship between Wealth or Income and Time Preference is Empirical, not Apodictic: Critique of Rothbard and Hoppe," unpublished manuscript.

2. In addition to the present book under discussion, see also Hans-Hermann Hoppe, "The Case for Free Trade and Restricted Immigration," *Journal of Libertarian Studies* 13(2) 1998: 221–33.

3. See in this regard Walter Block and Gene Callahan, "Toward a Libertarian Theory of Immigration," unpublished manuscript. See also Walter Block. (1998). "A Libertarian Case for Free Immigration," *Journal of Libertarian Studies: An Interdisciplinary Review* 13(2): 167–86.

4. Walter Block, "Plumb Line Libertarianism: A Critique of Hoppe," unpublished manuscript.