The Diabolical Genius That is Modern Government

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More on our new theory of government.

You'll recall that this series began by pointing out how worthless most "theories of government" really are. They're not theories at all. They don't explain anything. Instead, they are just wishful thinking…flattery…and apologia for the elite who use government for their own ends.

The "social contract," for example, is a fraud. You can't have a contract unless you have two willing and able parties. They must come together in a meeting of the minds — a real agreement about what they are going to do together.

But what is the 'social contract' with government? There was never a meeting of the minds. The deal was forced on the public. And now, imagine that you want out. Can you simply "break the contract?" You refuse to pay your taxes and refuse to be bossed around by TSA agents and other government employees. How long would it be before you got put in jail?

What kind of contract is it that you don't agree to and can't get out of? They can dress it up…print out a piece of paper…have a solemn ceremony in which everyone pretends it is a real contract. But it's not worth the paper it's not written on.

Also, what kind of a contract allows for one party to unilaterally change the terms of the deal? Congress passes new laws almost every day. The bureaucracy issues new edicts. The tax system is changed. The pound of flesh they got already wasn't enough; now they want a pound and a half!

Every theory of government we've come across is a scam. So we offer a better theory: government is just a way for the insiders to take advantage of the outsiders.

Until the Industrial Revolution, the apologists relied on God to justify government. If one man bossed around another, it was God's doing they said. The Almighty got the blame. Which was neat and clean as long as you accepted the major and minor premises of it.

But the system came apart for two reasons.

First, it made God look like a fool. Monarchs governed in ways that must have been inexplicable to the "divine right of kings" theorists. Kings were frequently incompetent, murderous and venal. Finally, the theorists gave the theory and the kings the heave-ho at

the same time.

Second, the rising wealth and power of the productive classes required a new idea.

Insiders always use government to transfer power and money from the outsiders to themselves. When wealth was easy to identify and easy to control — that is, when it was mostly land — a few insiders could do a fairly good job of keeping it for themselves. The feudal hierarchy gave everybody a place in the system, with the insiders at the top of the heap.

But come the industrial revolution and suddenly wealth was accumulating outside the feudal structure. Populations were growing too…and growing restless. The old regime tried to tax this new money, but the new 'bourgeoisie' resisted. It wanted to be an insider too.

"No taxation without representation," was a popular slogan of the time. The outsiders wanted in.

There never is one fixed group of people who are always insiders. Instead, the insider group has a porous membrane separating it from the rest of the population. Some people enter. Some are expelled. The group swells. And shrinks. Sometimes, a military defeat brings a whole new group of insiders sweeping into power. Elections change the make-up of the core group.

But the genius of modern representative government is that it cons the masses into believing that they are insiders too. They are encouraged to vote…and to believe that their vote really matters. Of course, it matters not at all. Generally, the voters have no idea what or whom they are voting for. Often, they get the opposite of what they thought they had voted for anyway.

But the common man likes the humbug that he is running things. And he pays dearly for it. After the insiders brought him into the voting booth, his taxes soared. In America, with taxation without representation, before the war of independence, the average tax rate was as little as 3% or so Now, with representation, government spends about a third of national income. And if you live in a high-tax jurisdiction, such as Baltimore or New York, you will find your state, local and federal tax bill will run to nearly 45% of your income.

In short, the insiders pulled a fast one. They allowed the rubes to feel that they had a solemn responsibility to set the course of government. And while the fellow was dazzled by his own power…they picked his pocket!

It didn't stop there. Under the kings and emperors, a soldier was a paid fighter. If he was lucky, his side would win and he'd get to loot and rape in a captured town for three days. Relatively few people were soldiers, however, because societies were not rich enough to

afford large, standing armies.

The industrial revolution changed that too. By the 20th century, developed countries could afford the cost of maintaining expensive military preparedness, even when there was not really very much to be prepared for. But the common man was skinned again. Not only was he expected to pay for it, still under the delusion that he was in charge, he also believed he had a patriotic duty to defend the homeland insiders! That is the real reason that the modern democratic system has spread all over the world. It allows the insiders to mobilize more of the resources of the country on their behalf. Nothing can compete with it.

But now the insiders are in trouble. The typical citizen is beginning to realize that he's been had. As long as the insiders could plausibly promise him more and more benefits, he was willing to go along. But now, growth has stalled. They can't deliver. The insiders keep borrowing — more than $10 trillion this year alone. Soon, they'll be out of credit…out of time…and out of luck.

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