Power And Prosperity: Outgoing Communist And Capitalist Dictatorships By Mancur Olson

Posted on October 22, 2019

The author states that when there is a balance of power among different groups and forces, democracy can automatically arise, and it ends the reign of autocracy. The democrats make their decisions with consensus, while an autocrat makes his decisions based on self-interest and earns the most benefits from the national income.

Introduction

Power and Prosperity: Outgoing Communist and Capitalist Dictatorships, written by Mancur Olson and published in 2000, explores the concepts and in-depth meanings of power, the logic of individual rights, anarchy, rational and irrational societies, law enforcement rules, communism, and economic markets for the survival of society. The author states that there is a huge lack of intellectual framework for the systematic understanding of both dictatorship and democracy. The author is an economist himself who has a deeper observation of collapsed nations like the USSR and presents solutions for the economy of the country to thrive. (Olson, 2000)

The author discusses the idea that some market economies are poor and some are rich; what is that makes economies poor? What institutions and policies does a country need to develop to enable the market economy for riches? The author lays emphasis on corruption, which was the reason for the fall of Russia; it is not a big problem in European countries, though. He reveals that the street crimes in Russia and America are a result of Mafia organizations; the communist countries suffered a lot from the corruption.

The Logic of Power

The author describes the point of view that the only way for societies to develop and prosper is to reap gains from social cooperation through specialization and trading activities. Society must provide a clear picture of incentives if it wants to achieve its higher goals. The formula for prosperity is different, and it helps societies rise from the bottom. The patterns of incentives actually determine the efficiency of production in the organizations, therefore we need to find out why people who are in power obtained power and what incentives they have? When will they do things to make much gains from trade and production? Therefore, these questions must be answered according to the logic of power.

Power and authority are the most important characteristics of political regimes; economists have tried to describe power using various economic theories. The power is defined as the capacity to bring about compulsory compliance, and it involves compelling authority. Human begins are able to exercise power which is not easy to understand, the malevolent human nature force them to use the power for self interest. The illegitimate power is called coercive power. The author claims that a criminal use of power to steal in a rich society is more useful than in a poor society. Whenever a criminal commits a crime, it reduces the wealth of society and also the amount that is available to steal. The criminal also ignores the damage it does to society with his mafia family. Criminal gangs obtain a fair share of the nation’s total income from tax theft.

Autocracy

The author reveals his argument that the monopoly of theft in society changes the incentives in society dramatically. He rationally ignores the damage he does to society, and that gives rise to anarchy when the socially perverse incentives do not work for the betterment of the nation. A leader of bandits with enough power and strength to control a territory has an incentive to settle down. He becomes a public good provider and autocrat who wears his crown. History proves that the self-interest of autocrats can be consistent with economic growth. Autocracy has been observed mostly by societies in the past. Before the advent of democracy, there has been significant growth in incomes, population, and civilization. In recent autocracies, economic growth has also been significant. When power is used in a constructive way instead of a destructive way, the improvement in outcomes is observed. The autocracy suggests that an autocrat will be able to buy everything they could want with a minute percentage of tax receipts. But how can we compare a democracy with an autocracy? The simple way to understand democracy is to consider two parties who try to win by the consent of the public and form the government. The fact is that democratic political leaders are also more interested in their self-interests, just like the autocrat leaders. (Krutz & Waskiewicz, 2021)

The tax collections are also controlled by the autocrats, which is why they have an immense impact on society and the economy. The majority of them earn a larger share of the income of a nation, and they develop more interest in the productivity of society. The author states the point that sometimes super, compassing majorities, in addition to democrats, also have superior interests in society. It is important to levy taxes to finance goods,

The Individual Rights

The author describes the point that the maximum income in an economy will only be generated if there is a high rate of investment, which provides long-term returns. Therefore, an autocrat will view these long-term benefits and try to convince the subjects to invest, and their capital will remain safe. The importance of a country’s stable currency also comes into play here to obtain the maximum advantage from long-term contracts. Autocracy also throws risks to an autocrat who is not sure of his security and may run the risk of his capital being confiscated. This can significantly turn into a major threat for them, which can reduce the amount of investments and savings.

The author does not undermine the importance of democracy or autocracy but wishes that people think of ways to replace autocracy with other forms of government. When the army officials declare a coup de tat, the autocracy can automatically come to an end. It is a possibility that when an autocratic reign ends, a democratic reign may start in the country. A democratic government may replace an autocracy. The author describes in the light of theories that the conditions necessary for the advent of democracy comprise conditions that result in the end of autocracy. Therefore, the author argues that autocracy is one of the most profitable occupations for individuals as opposed to democracy.

The theory of democracy would automatically hold true, and democracy would arrive when no group leaders supporting the autocracy overthrow it. It is a way to permit democracy and prevent autocracy. This also prohibits the leader of the group from overpowering others and using coercive power to abuse others. Therefore, political science and economics provide literature on the emergence of democracy in a well-known manner. That brings us to the logic of power sharing in democracy, where there is a balance of power exists between the various forces.

The leaders of the groups may not have control over them if different groups are mixed together and not confined to a single territory. Therefore, these leaders must go ahead and form a representative form of government through which the leaders can lead the way through their chosen representatives. These representatives also share the power; the election will be a consensus or agreement between these leaders during democracy who share each other’s interests consistently.

References

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